

Macroeconomics and production networks

Speaker:

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In this talk, I will focus on self-organized criticality (SOC) as a source of macroeconomic fluctuations. To showcase this idea, I will present a dynamic stochastic general equilibrium model incorporating a SOC mechanism. The model provides a micro-foundation for aggregate investment fluctuations attributed to "animal spirits" and provides a modern explanation for procyclical inflation dynamics in business cycles. I will motivate production network studies as an empirical linchpin for identifying the propagation effects observed in SOC.