

Master 2 IREF – Economics of Global Risks

Discipline	<i>Economics</i>
Title of the course	<i>Macroeconomic Risks and Macroeconomic Dynamics</i>
Date start	<i>Start: 28 September 2018</i>
Date end	<i>End : 17 December 2018</i>
Course coordinators and contact details	<p>– <i>Marc-Alexandre Sénégas and Martin Zumpe</i> – <i>E-mail contacts: marc-alexandre.senegas@u-bordeaux.fr</i> <i>martin.zumpe@u-bordeaux.fr</i></p>
Mode of delivery	<i>In-class (eight lectures of 1.75 hours, two lectures of 2 hours)</i>
Level	<i>Master (2nd year)</i>
ECTS credit points	<i>3 points</i>
Language	<i>English</i>
Description	<ul style="list-style-type: none"> - <i>Assessing and measuring macroeconomic risks and uncertainty</i> - <i>Theoretical and historical analysis of the firms' role in risk-generating economic mechanisms</i> - <i>Coordination defaults by firms and macroeconomic risks [and presentation of collective strategies of macroeconomic risk management: institutional coordination of firms' behaviour]</i> - <i>Policy responses to uncertainty and to the emergence of macroeconomic risks</i> - <i>Implementation of some of the aforementioned elements into a small agent-based model</i>
Content	<ol style="list-style-type: none"> 1. <i>Aggregation effects in the Great Depression: firms and institutions as victims and offenders</i> <ol style="list-style-type: none"> <i>1.1 Chronology of the crisis</i> <ol style="list-style-type: none"> <i>1.1.1 Outbreak of the crisis</i> <i>1.1.2 Spreading and deepening of the crisis</i> <i>1.2 The role of aggregation effects</i> <ol style="list-style-type: none"> <i>1.2.1 Firms' decisions</i> <i>1.2.2 Banks' decisions</i> <i>1.2.3 Institutional mismanagement</i> 2. <i>Assessing and measuring macroeconomic risks / uncertainty</i> <ol style="list-style-type: none"> <i>2.1 Defining macroeconomic risks and uncertainty</i> <i>2.2 Measuring macroeconomic risks / uncertainty</i> <i>2.3 Macroeconomic risk and the business cycle:</i> <ol style="list-style-type: none"> <i>2.3.1 Tackling the interactions (VAR approach)</i> <i>2.3.2 Interactions and their theoretical</i>

	<p><i>underpinnings</i></p> <p>3. The firms role in risk-generating aggregation effects 3.1 <i>The effective demand constraint: the role of investment and real wages</i> 3.1.1 <i>The effective demand constraint</i> 3.1.2 <i>Risks associated to aggregation effects</i> 3.2 <i>Paradox of debt</i> 3.3 <i>Paradox of risk</i> 3.4 <i>Credit rationing and credit crunch</i> 3.5 <i>The need for institutional coordination</i></p> <p>4. Policy responses to macroeconomic risks 4.1 <i>Some guidelines for policy-making under risk (and uncertainty)</i> 4.2 <i>Some examples</i></p> <p>5. Towards an agent-based model of risk-generating aggregation effects (modelling project)</p>
Methods	<ul style="list-style-type: none"> - Lectures - Modelling project
Assessment procedures	<ul style="list-style-type: none"> - Written exam - Agent-based modelling project
Prerequisites	<ul style="list-style-type: none"> - English listening, reading and writing skills - Agent-based modelling skills (netlogo)
Other information	<ul style="list-style-type: none"> - Each lecture requires at least three hours of personal work at home (preparation and follow-up)
Bibliography	<p>Keynes, J. M. (1936) <i>The General Theory of Employment, Interest and Money</i>, chapters 3 and 19</p> <p>Lavoie, M. (2015) <i>Post-Keynesian Economics – New Foundations</i></p> <p>Fisher, I. (1933) <i>The debt-deflation theory of great depressions</i>, <i>Econometrica</i></p>