

# MACROECONOMIC RISK CHAIR REPORT 2021-2023

SCOR and the Paris School of Economics have been collaborating on a chair dedicated to macroeconomic risk since 2017.

According to the RePEc ranking, PSE is the fifth-ranked Economics department in the world, surpassing institutions like Princeton, Stanford, or Oxford. PSE hosts two researchers who have received the prestigious Yrjö Jahnsson medal, awarded every two years to the best European economist under the age of forty-five: Thomas Piketty and Gilles Saint-Paul, the scientific director of the SCOR-PSE Chair on Macroeconomic Risk. Very recently, PSE has been joined by Gabriel Zucman, winner of the 2023 John Bates Clark medal, which is given to the best US economist under 40, and by Olivier Blanchard, one of the most influential macroeconomists of our times, who has been chief economist at the IMF after holding a professorship at MIT. Esther Duflo and Abhijit Banerjee, the 2019 Nobel Laureates, spent the 2020/2021 academic year at PSE. PSE also enjoys a strong presence in the public debate and its members hold positions of responsibility in policymaking, with figures like Agnès Bénassy-Quéré, former president of CAE (Conseil d'Analyse Économique) and Chief Economist of the Direction Générale du Trésor (Directorate General of the French Treasury), who is now the “*seconde sous-gouverneure*” of the Banque de France.

The SCOR-PSE Chair on Macroeconomic Risk is one of the flagship initiatives in research in macroeconomics at PSE. It significantly contributes to the international reputation of PSE and fosters a productive dialogue between one of



the world's leading reinsurance companies and the top European research centre.

## SCOR-PSE CHAIR 2017-2020

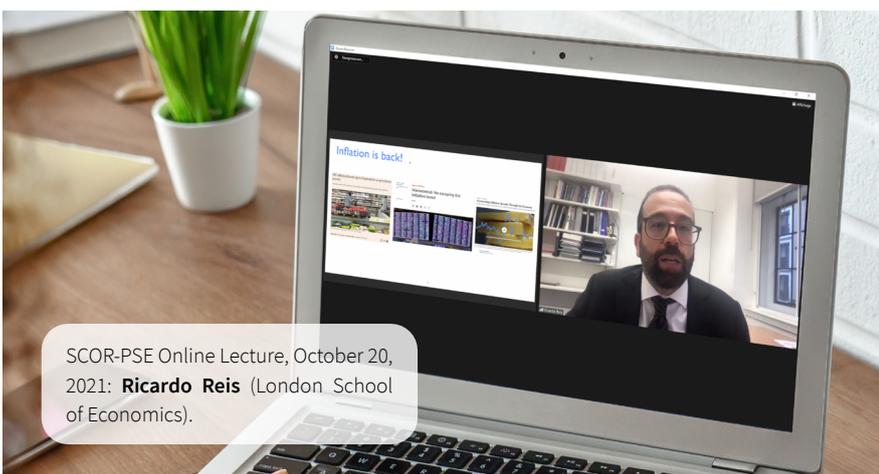
During the period of 2017-2020, a wide range of questions were addressed, both within conferences and invited lectures and in the series of working papers. Several topics were discussed, such as the analysis of the macroeconomic effects of rare events, the correlation between the economic cycle and uncertainty, financial contagion, and the impact of natural disasters. The Chair also kept up with current events and organized a seminar on global risks associated with the Chinese economy, as well as an online roundtable on the economic consequences of the coronavirus.

## SCOR-PSE CHAIR 2021-2023

The SCOR-PSE Chair on Macroeconomic Risk continued to grow in importance

during the 2021-2023 period. Over this time frame, the chair's activities remained centred around incorporating the possibility of fat-tail events and uncertainty into macroeconomic and financial modeling, as well as studying the financial and macroeconomic contagion effects of crises. Furthermore, the Chair sought to highlight recent research on long-term risks, with a particular focus on two main areas: growth risks, including issues related to productivity and secular stagnation; and risks associated with the sustainability of monetary policies in the post-Covid context. These themes were addressed in conferences, invited lectures, and in the series of working papers. Due to the health situation, several of these events had to be conducted online, especially during the first year.

These conferences brought together high-level international researchers, such as Luigi Zingales (Chicago University), Ricardo Reis (LSE), Laura Veldkamp (Columbia University), and Olivier Jeanne (John Hopkins University). The annual Chair conference, held each fall, also featured prestigious guests, not only from academia but also from economic administration and banking circles. The 2023 edition will take place on October 16th, with the main theme being structural changes and their implications for risks, dynamics, and macroeconomic policies. It will involve, in particular, a keynote lecture by Chad Jones, a professor at Stanford University who is a leading scholar worldwide on the issues of growth and innovation.





PSE Macro Days 2022, September 15-16, 2022: **Martin Uribe** (Columbia University), **Giancarlo Corsetti** (EUI) and **Klaus Adam** (University of Mannheim).

The “SCOR-PSE Junior Research Prize”, awarded to outstanding contributions by young researchers every year since the beginning of the partnership between PSE and SCOR, which was inaugurated with Mariam Farboodi of the Massachusetts Institute of technology, has been continued, with two laureates in 2021 (Edouard Schaal, Universitat Pompeu Fabra Barcelona, and Mathieu Taschereau-Dumouchel, Cornell University) and one in 2022 (Ian Dew-Becker, Northwestern University, Kellogg School of Management). The 2023 Prize will be awarded before the end of the year. This prize crucially contributes to the visibility of PSE and SCOR as partners in the promotion of economic research.

The Chair also supports a visiting program. Among others, let us highlight the visits of Facundo Piguillem (EIEF) in 2021 and 2022, who gave a lecture on macroprudential policies and discussed his research on sovereign debt default risk.

The Chair has also proved instrumental in contributing to the financial support of Ph. D. students at the Paris School of Economics, thus making it a more secure

and attractive environment for national and international students.

All research and activities conducted within the Chair are reported in newsletters, with the Chair now publishing three issues per year. These newsletters also feature interviews with researchers and presentations of top-tier publications. They are complemented by a series of working papers specific to the chair, allowing for the development and presentation of research conducted within the chair.

As indicated in the activity report, the work produced by PSE researchers within the Chair is published in top-tier international journals, such as *Review of Economic Studies* (a renowned journal in the field), *Journal of the European Economic Association*, *American Economic Journal: Macroeconomics*, *Journal of Economic Theory*, *Journal of Economic Growth*, or *Journal of Political Economy: Macroeconomics*. The network of external researchers to PSE that the Chair has facilitated and nurtured through its conference and visit program includes economists affiliated with prestigious institutions in Europe

and the United States. The work they have carried out and presented within the Chair naturally gets disseminated in major conferences and the world’s top journals.

### CHAIR RENEWAL

The current proposal for 2024-2026 centers more specifically on three emerging global macroeconomic risks resulting from recurrent crises since 2008. First, the challenge of high public debt in developed countries, a legacy of crisis management since the 2008 financial crisis. Second, concerns about the rapid advancement of automation, robotization, and artificial intelligence driving structural changes and productivity stagnation. Third, the reshaping of international flows due to geopolitical conflicts in Eastern Europe, the Middle East, and potentially Eastern Asia.<sup>1</sup> The geopolitical and macroeconomic context of recent years has shed new light on these risks, prompting fruitful research that the new convention will be keen to present and foster over the next three years.



<sup>1</sup> These issues are discussed with more detail in the proper application for renewal.



SCOR-PSE Junior Research Prize 2022, April 20, 2023: **Ian Dew-Becker** (Northwestern University, Kellogg School of Management).



PSE Macro Days 2021, September 16-17, 2021: **Saki Bigio** (UCLA).