

## **Financial catastrophe and Macroeconomic crisis**

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**Date: 02.08.2017, Venue: P12 @ 2.30 PM**

### **Abstract**

The talk sets up a model of economic crisis by investigating the role played by movement in asset price as a driver of the dynamic interaction between the real and the financial sectors. Such movement influences income determination in the real economy in the short period through aggregate demand leading to the emergence of two macroeconomic regimes: consumption led or financial investment led. Underpinned by a more elaborate stock flow consistent accounting framework, the short period flow model formalized here examines the self-reinforcing dynamic process between credit creation through financial innovation and asset price movement. The model generates various outcomes in different macroeconomic regimes; in particular the abruptness of credit freeze, financial meltdown, and catastrophic collapse in asset price leading to a systemic fragility shown to emerge within the short period.

### **Speaker Profile**

Dr. Raghavendra is a Lecturer in Economics at the J.E. Cairnes Business School in NUI Galway. Dr. Raghavendra's research is focused on a number of major themes in the areas of Macroeconomics, Finance and Complex Systems, and Political Economy. The broad theme that connects various strands of his research is the issue of the dynamic interrelation between economic growth and distribution of income, and his current work focuses on this question in the context of financialisation. Dr. Raghavendra's research has been published in top journals including Review of Keynesian Economics, Metroeconomica, Journal of Economics, PLoS, ONE, European Physics Journal and Feminist Economics. Dr. Raghavendra's research has been acknowledged and reviewed in national and international media. In particular, Dr. Raghavendra's work on financialisation has been acknowledged and cited by the President of Ireland in his recent book, "When Ideas Matter: Speeches for an Ethical Republic".

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