



Laboratoire LEPRINCE-RINGUET  
Ecole polytechnique IN2P3/CNRS

# Séminaire

## Granular fluctuations: Theory and evidence

In the standard analysis of aggregate business cycles, Gross Domestic Product (GDP) fluctuations are assumed to be generated by perturbations to aggregate variables (eg. shocks to the Total Productivity of Factors or to monetary policy instruments). Microeconomic shocks hitting individual firms or households are neglected on the ground of a law of large numbers argument: If economies are composed of a large number of firms and households, shocks hitting individuals should wash out in the aggregate. The presentation will survey a recent strand of the literature challenging this view. Under some circumstances regarding the structure of the economy, the law of large numbers no longer holds and idiosyncratic shocks to firms can generate a substantial amount of aggregate fluctuations. This happens when the distribution of firms' size is sufficiently fat-tailed and/or when the economy is organized in asymmetric networks which help propagate microeconomic shocks. The presentation will focus on a number of empirical evidence supporting this view.

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Salle conférence  
du LLR

**Lundi 18 Décembre**  
**14h00**

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Responsables séminaires

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