



Jonathan Welburn

University of Wisconsin - Madison

A Game-theoretic Model of Economic Contagion

welburn@wisc.edu

Global financial crises have revealed the systemic risk posed by economic contagion. We formulate a game between countries, central banks, banks, firms, households, and financial inter-governmental organizations to model the dynamics between the players. We model strategic choices, determine equilibrium solutions, and simulate the impacts of random shocks. Our conclusions enhance the understanding of global economic risk.

This is joint work with Kjell Hausken (kjell.hausken@uis.no) of the University of Stavanger.