

Challenges in Identifying and Measuring Systemic Risk

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February 11, 2013

Abstract

Sparked by the recent “great recession” and the role of financial markets, considerable interest exists among researchers within both the academic community and the public sector in modeling and measuring systemic risk. In this essay I draw on experiences with other measurement agendas to place in perspective the challenge of quantifying systemic risk, or more generally, of providing empirical constructs that can enhance our understanding of linkages between financial markets and the macroeconomy.

*First draft: August 11, 2012. I benefitted from helpful suggestions by Amy Boonstra, Gary Becker, Mark Brickell, John Heaton, Jim Heckman, Arvind Krishnamurthy, Monika Piazzesi, Toni Shears, Stephen Stigler and especially Markus Brunnermeier, Andy Lo, Tom Sargent and Grace Tsiang in writing this chapter.