Challenges in Identifying and Measuring Systemic Risk

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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.

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