LARS PETER HANSEN

Lars Peter Hansen is an internationally known leader in economic dynamics, including the study of macroeconomic and financial market linkages and time series econometrics. Hansen is the David Rockefeller Distinguished Service Professor at the University of Chicago. He is currently the director of the Becker Friedman Institute.

Hansen is recognized for making fundamental advances in our understanding of how economic agents cope with changing and risky environments. He has contributed to the development of statistical methods designed to explore the interconnections between macroeconomic indicators and assets in financial markets.

Hansen’s early research in econometrics was aimed at developing time series statistical methods to investigate one part of an economic model without having to fully specify and estimate all of the model ingredients. The applications he explored with several coauthors studied models of asset valuation, identifying and clarifying empirical puzzles where financial and economic data were at odds with prevailing academic models.

His recent work focuses on uncertainty and its relationship to long run uncertainty in the macroeconomy. He explores how models that incorporate ambiguities, beliefs, and skepticism of consumers and investors can explain economic and financial data and reveal the long-term consequences of policy options. With coauthors, Hansen has recently developed methods for modeling economic decision-making and their consequences for market outcomes in environments in which uncertainty is hard to quantify.

Currently, Hansen is co-principal investigator, along with Andrew Lo, on a research initiative with the Macro Financial Modeling Group that works to develop better quantitative macroeconomic models with enhanced linkages to financial markets. He was a recipient of the 2013 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Previously he received the 2006 Nemmers Prize, the 2008 CME-MSRI Prize, and the 2010 BBVA Foundation Frontiers of Knowledge Award.