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**Your Submission**

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**Journal of Monetary Economics** <JMEeditorialoffice@gmail.com>

Thu, May 5, 2016 at 5:46 PM

To: fkuhn@binghamton.edu

Cc: rrr4jme@gmail.com

Ref.: Ms. No. 16-037

Business Cycle Implications of Capacity Constraints under Demand Shocks

Journal of Monetary Economics

(processing date: 5/5/16/sln)

Journal of Monetary Economics

May 5th, 2016

Dear Dr. Kuhn:

Thank you for submitting your paper "Business Cycle Implications of Capacity Constraints under Demand Shocks" to the Journal of Monetary Economics. I am sorry to report that we will not be able to publish your manuscript.

The referee is an expert in this area, and he/she is very sympathetic to your work. Everything you do in the paper, you do well. On my own reading, I agree. At the same time, capacity constraints are well known in the literature, and there is little in the predictions of the paper that is particularly surprising. Moreover, while your model fits some feature of the data, there is little sense that it does so in a way that other models would not. And finally, your application end up being to a very non-original question, on fiscal multipliers, that isn't obviously connected to the paper. The referees also adds further doubts on whether your channel matters numerically or whether you could empirically isolate it in the data.

My sincere advice would be to not get too discouraged by this rejection. After just a few revisions to take into account the good comments that you received, I would just send it to another good journal, below the level of the JME, like for instance the Review of Economic Dynamics or the Journal of Economic Dynamics and Control. You are doing good work. But this paper just doesn't add enough novelty and value to make it to the JME.

The JME cannot publish most papers that it receives, despite the fact that most submissions are logically correct, constitute advances on the literature and concern interesting topics. Please understand that the JME cannot publish even the majority of those submissions on which it receives somewhat positive referee reports.

Even though we cannot publish your manuscript, I hope that the referee report provides some perspectives on your research that will aid you in improving your manuscript before it is submitted to another journal. The comments of the referee on your manuscript are available at <http://ees.elsevier.com/monec>.

Thank you for submitting your work to the Journal of Monetary Economics

Sincerely yours,

Ricardo Reis  
Editor