
RED-17-108: Interim Decision

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Thu, Aug 3, 2017 at 3:36 PM

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Ms. No.: RED-17-108

Title: Business Cycle Implications of Capacity Constraints under Demand Shocks

Corresponding Author: Mr. Florian Kuhn

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Dear Mr. Kuhn,

Thank you for submitting your manuscript to the Review of Economic Dynamics. It has been reviewed by two experts in the field, who have submitted detailed and thoughtful reports.

Both referees basically like the paper: they think you are doing something novel, interesting, and potentially important, and I agree with that overall assessment. At the same time, both referees have many questions and suggestions. There is quite a bit of overlap between the two. For example, both referees would like a sharper calibration and discussion thereof, especially for the chi parameter. Both referees would also like to see a version of the model with flexible prices, to clarify the role of nominal frictions.

If you choose to revise and resubmit your paper you should respond to all the referees' comments.

Let me stress that it is policy of RED to limit revisions, whenever possible, to a single round. Thus, the next round will be an up-or-out decision, so you should aim to submit a revision that is essentially ready for publication.

I am giving you a deadline of one year from now for submitting the revision; if this should turn out to be a problem, please let me know ahead of time.

Please submit your revision online by logging onto the Elsevier Editorial System for the Review of Economic Dynamics:

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Your username is: fkuhn@binghamton.edu

The manuscript record can be found in the "Submissions Needing Revision" menu.

When submitting your revised paper, please include a separate document uploaded as "Response to Reviews" that carefully addresses the issues raised in the below comments, point by point. You should also include a suitable rebuttal to any specific request for change that has not been made.

To facilitate the electronic publication of your manuscript (should it be accepted), we request that your manuscript text, tables and figure legend be submitted in an editable format (Word, WordPerfect, or LaTeX only), and all figures uploaded individually as TIF or EPS files.

Thank you, and we look forward to receiving your revised manuscript.

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With kind regards,

Jonathan Heathcote, PhD
Coordinating Editor
Review of Economic Dynamics

Review of Economic Dynamics,
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