

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: NBER Macroeconomics Annual 2004, Volume 19

Volume Author/Editor: Mark Gertler and Kenneth Rogoff, editors

Volume Publisher: MIT Press

Volume ISBN: 0-262-07263-7

Volume URL: <http://www.nber.org/books/gert05-1>

Publication Date: April 2005

Chapter Title: Front matter, table of contents

Chapter Author: Mark Gertler, Kenneth Rogoff

Chapter URL: <http://www.nber.org/chapters/c6666>

Chapter pages in book: (p. -11 - 0)

NBER

*Macroeconomics  
Annual  
2004*

National Bureau of Economic Research



**NBER Macroeconomics  
Annual 2004**



**NBER Macroeconomics  
Annual 2004**

**Editors  
Mark Gertler and  
Kenneth Rogoff**

**The MIT Press  
Cambridge, Massachusetts  
London, England**

NBER/Macroeconomics Annual, Number 19, 2004

ISSN: 0889-3365

ISBN: Hardcover 0-262-07263-7

ISBN: Paperback 0-262-57229-X

Published annually by The MIT Press, Cambridge, Massachusetts 02142-1407

© 2005 by the National Bureau of Economic Research and the Massachusetts Institute of Technology

All rights reserved. No part of this book may be reproduced in any form by any electronic or mechanical means (including photocopying, recording, or information storage and retrieval) without permission in writing from the publisher.

*Standing orders/subscriptions are available.* Inquiries, and changes to subscriptions and addresses should be addressed to MIT Press Standing Order Department/BB, Five Cambridge Center, Cambridge, MA 02142-1407, phone 617-258-1581, fax 617-253-1709, email [standing-orders@mitpress.mit.edu](mailto:standing-orders@mitpress.mit.edu)

*In the United Kingdom, continental Europe, and the Middle East and Africa, send single copy and back volume orders to:* The MIT Press Ltd., Fitzroy House, 11 Chenies Street, London WC1E 7ET England, phone 44-020-7306-0603, fax 44-020-7306-0604, email [info@hup-mitpress.co.uk](mailto:info@hup-mitpress.co.uk), website <http://mitpress.mit.edu>

*In the United States and for all other countries, send single copy and back volume orders to:* The MIT Press c/o Trilateral, 100 Maple Ridge Drive, Cumberland, RI 02864, phone 1-800-405-1619 (U.S. and Canada) or 401-658-4226, fax 1-800-406-9145 (U.S. and Canada) or 401-531-2801, email [mitpress-orders@mit.edu](mailto:mitpress-orders@mit.edu), website <http://mitpress.mit.edu>

This book was set in Palatino on 3B2 by Asco Typesetters, Hong Kong, and was printed and bound in the United States of America.

10 9 8 7 6 5 4 3 2 1

# NBER BOARD OF DIRECTORS BY AFFILIATION

## OFFICERS

Michael H. Moskow, *Chairman*  
Elizabeth E. Bailey, *Vice Chairman*  
Martin Feldstein, *President and Chief Executive Officer*  
Susan Colligan, *Vice President for Administration and Budget and Corporate Secretary*  
Robert Mednick, *Treasurer*  
Kelly Horak, *Controller and Assistant Corporate Secretary*  
Gerardine Johnson, *Assistant Corporate Secretary*

## DIRECTORS AT LARGE

Peter C. Aldrich	Martin Feldstein	Laurence H. Meyer
Elizabeth E. Bailey	Jacob A. Frenkel	Michael H. Moskow
John H. Biggs	Judith M. Gueron	Alicia H. Munnell
Andrew Brimmer	Robert S. Hamada	Rudolph A. Oswald
John S. Clarkeson	George Hatsopoulos	Robert T. Parry
Don R. Conlan	Karen N. Horn	Richard N. Rosett
George C. Eads	Judy C. Lewent	Marina v. N. Whitman
Jessica P. Einhorn	John Lipsky	Martin B. Zimmerman

## DIRECTORS BY UNIVERSITY APPOINTMENT

George Akerlof, <i>California, Berkeley</i>	Saul H. Hymans, <i>Michigan</i>
Jagdish Bhagwati, <i>Columbia</i>	Marjorie B. McElroy, <i>Duke</i>
Michael J. Brennan, <i>California, Los Angeles</i>	Joel Mokyr, <i>Northwestern</i>
Glen G. Cain, <i>Wisconsin</i>	Andrew Postlewaite, <i>Pennsylvania</i>
Ray C. Fair, <i>Yale</i>	Uwe E. Reinhardt, <i>Princeton</i>
Franklin Fisher, <i>Massachusetts Institute of Technology</i>	Nathan Rosenberg, <i>Stanford</i>
	Craig Swan, <i>Minnesota</i>
	David B. Yoffie, <i>Harvard</i>

## DIRECTORS BY APPOINTMENT OF OTHER ORGANIZATIONS

Richard B. Berner, <i>National Association For Business Economics</i>	Robert Mednick, <i>American Institute of Certified Public Accountants</i>
Gail D. Fosler, <i>The Conference Board</i>	Angelo Melino, <i>Canadian Economics Association</i>
Richard C. Green, <i>American Finance Association</i>	Jeffrey M. Perloff, <i>American Agricultural Economics Association</i>
Arthur B. Kennickell, <i>American Statistical Association</i>	John J. Siegfried, <i>American Economic Association</i>
Thea Lee, <i>American Federation of Labor and Congress of Industrial Organizations</i>	Gavin Wright, <i>Economic History Association</i>
William W. Lewis, <i>Committee for Economic Development</i>	

## DIRECTORS EMERITI

Carl F. Christ	Paul W. McCracken	Eli Shapiro
Lawrence R. Klein	Peter G. Peterson	Arnold Zellner
Franklin A. Lindsay		



## Contents

Editorial 1

Mark Gertler and Kenneth Rogoff

Abstracts 7

**When It Rains, It Pours: Procyclical Capital Flows and  
Macroeconomic Policies 11**

Graciela L. Kaminsky, Carmen M. Reinhart, and Carlos A. Végh

*Comments* 54

*Gita Gopinath*

*Roberto Rigobon*

*Discussion* 80

**Federal Government Debt and Interest Rates 83**

Eric M. Engen and R. Glenn Hubbard

*Comments* 139

*Jonathan A. Parker*

*Matthew D. Shapiro*

*Discussion* 157

**Monetary Policy in Real Time 161**

Domenico Giannone, Lucrezia Reichlin, and Luca Sala

**Comments** 201

*Harald Uhlig*

*Mark W. Watson*

**Discussion** 222

**Technology Shocks and Aggregate Fluctuations: How Well Does the Real Business Cycle Model Fit Postwar U.S. Data?** 225

Jordi Galí and Pau Rabanal

**Comments** 289

*Ellen R. McGrattan*

*Valerie Ramey*

**Discussion** 315

**Exotic Preferences for Macroeconomists** 319

David K. Backus, Bryan R. Routledge, and Stanley E. Zin

**Comments** 391

*Lars Peter Hansen*

*Ivan Werning*

**Discussion** 412

**The Business Cycle and the Life Cycle** 415

Paul Gomme, Richard Rogerson, Peter Rupert, and Randall Wright

**Comments** 462

*Éva Nagypál*

*Robert Shimer*

**Discussion** 486

## **Relation of the Directors to the Work and Publications of the NBER**

1. The object of the NBER is to ascertain and present to the economics profession, and to the public more generally, important economic facts and their interpretation in a scientific manner without policy recommendations. The Board of Directors is charged with the responsibility of ensuring that the work of the NBER is carried on in strict conformity with this object.
2. The President shall establish an internal review process to ensure that book manuscripts proposed for publication DO NOT contain policy recommendations. This shall apply both to the proceedings of conferences and to manuscripts by a single author or by one or more co-authors but shall not apply to authors of comments at NBER conferences who are not NBER affiliates.
3. No book manuscript reporting research shall be published by the NBER until the President has sent to each member of the Board a notice that a manuscript is recommended for publication and that in the President's opinion it is suitable for publication in accordance with the above principles of the NBER. Such notification will include a table of contents and an abstract or summary of the manuscript's content, a list of contributors if applicable, and a response form for use by Directors who desire a copy of the manuscript for review. Each manuscript shall contain a summary drawing attention to the nature and treatment of the problem studied and the main conclusions reached.
4. No volume shall be published until forty-five days have elapsed from the above notification of intention to publish it. During this period a copy shall be sent to any Director requesting it, and if any Director objects to publication on the grounds that the manuscript contains policy recommendations, the objection will be presented to the author(s) or editor(s). In case of dispute, all members of the Board shall

be notified, and the President shall appoint an ad hoc committee of the Board to decide the matter; thirty days additional shall be granted for this purpose.

5. The President shall present annually to the Board a report describing the internal manuscript review process, any objections made by Directors before publication or by anyone after publication, any disputes about such matters, and how they were handled.

6. Publications of the NBER issued for informational purposes concerning the work of the Bureau, or issued to inform the public of the activities at the Bureau, including but not limited to the NBER Digest and Reporter, shall be consistent with the object stated in paragraph 1. They shall contain a specific disclaimer noting that they have not passed through the review procedures required in this resolution. The Executive Committee of the Board is charged with the review of all such publications from time to time.

7. NBER working papers and manuscripts distributed on the Bureau's web site are not deemed to be publications for the purpose of this resolution, but they shall be consistent with the object stated in paragraph 1. Working papers shall contain a specific disclaimer noting that they have not passed through the review procedures required in this resolution. The NBER's web site shall contain a similar disclaimer. The President shall establish an internal review process to ensure that the working papers and the web site do not contain policy recommendations, and shall report annually to the Board on this process and any concerns raised in connection with it.

8. Unless otherwise determined by the Board or exempted by the terms of paragraphs 6 and 7, a copy of this resolution shall be printed in each NBER publication as described in paragraph 2 above.