Contents

Abstracts xi
Introduction 1
Lucrezia Reichlin and Kenneth D. West

Part I: Financial Crisis

Dennis Quinn and Hans-Joachim Voth

Comments 40
Huw Pill
John C. Williams

2 The End of Gatekeeping: Underwriters and the Quality of Sovereign Bond Markets, 1815–2007 53
Marc Flandreau, Juan H. Flores, Norbert Gaillard, and Sebastián Nieto-Parra

Comments 93
Vincent Reinhart
Albrecht Ritschl
Part II: International Economics Puzzles

3 The Feldstein-Horioka Fact 103
Domenico Giannone and Michele Lenza

Comments 118
Richard H. Clarida
Philip R. Lane

4 Can Parameter Instability Explain the Meese-Rogoff Puzzle? 125
Philippe Bacchetta, Eric van Wincoop, and Toni Beutler

Comments 174
Menzie D. Chinn
Domenico Giannone

Part III: Exchange Rates and Financial Development

5 International Reserves and Underdeveloped Capital Markets 193
Kathryn M. E. Dominguez

Comment 222
Philippe Martin

6 The Nontradable Goods' Real Exchange Rate Puzzle 227
Lukasz A. Drozd and Jaromir B. Nosal

Comments 250
Jonathan Eaton
Jean Imbs
7 External Balance in Low-Income Countries  265
Lone Christiansen, Alessandro Prati, Luca Antonio Ricci, and Thierry Tressel

Comments  323
Nicolas Coeurdacier
Michael W. Klein

Part IV: Panel Discussion on “Monetary Policy in a Low-Interest-Rate Environment”

Monetary Policy in a Low-Interest Rate Environment: A Checklist  335
Huw Pill

Monetary Policy in a Low-Interest-Rate Environment  346
Vincent Reinhart

Quantitative Easing: A Rationale and Some Evidence from Japan  354
Volker Wieland

The Zero Lower Bound: Lessons from the Past Decade  367
John C. Williams