

July 27, 2011

Philipp Kircher, Editor
Review of Economic Studies

Dear Philipp,

Kjetil Storesletten handled my “Theoretical Foundations” paper when it was originally submitted to ReStud a few years ago (MS 10596); it was eventually accepted subject to revisions, but in the course of making those revisions I discovered several ways in which the results could be made more general, more accessible, and more powerful. Those revisions took longer than intended (I was busy, among other things, working in the Obama administration for a year), but the result is a paper that is clearly a lot stronger than the draft that was accepted. However, Kjetil tells me that when he handed his duties over to you, there was an agreement that any papers that had not met the deadline for revision (which I have missed by a long margin!) would be treated as new submissions. I understand therefore that the proper procedure is simply for me to submit the paper through the regular process, as I am doing? (I believe I have fully addressed the suggestions of the referees as well as the editor’s suggestions (and in addition have moved some tedious results to appendices), but as it is not a resubmission I am not including a formal reply to the referees’ reports or the editor’s letter).

At the same time, I would urge you to reconsider a decision that Kjetil made around time my paper was accepted (subject to revision); Adam Szeidl had submitted a related paper that fits hand-in-glove with mine and is quite short, proving the existence of an invariant distribution in a model of precisely the kind I examine. (In fact, Adam’s paper was written in response to an earlier draft of my paper that speculated such a proof was possible but provided only simulation evidence of invariance). The two papers are so closely connected that I would urge you to reconsider Kjetil’s rejection of Szeidl’s paper; if you were to do so, I would be able to cut a bit of the discussion in the last section of my paper (presenting simulation results) by referring more to

Szeidl's paper.

Sincerely,

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