# Table of Contents

External Vulnerability and Preventive Policies: An Overview  
*Ricardo J. Caballero, César Calderón, and Luis Felipe Céspedes*  

Why Are Capital Flows So Much More Volatile in Emerging Than in Developed Countries?  
*Fernando A. Broner and Roberto Rigobon*  

External Conditions and Growth Performance  
*César Calderón, Norman Loayza, and Klaus Schmidt-Hebbel*  

Business Cycle Responses and the Resilience of the Chilean Economy  
*Helmut Franken, Guillermo Le Fort, and Eric Parrado*  

Policy Responses to External Shocks: The Experiences of Australia, Brazil, and Chile  
*Luis Felipe Céspedes, Ilan Goldfajn, Phil Lowe, and Rodrigo O. Valdés*  

Large Hoardings of International Reserves: Are They Worth It?  
*Pablo García and Claudio Soto*  

Currency Mismatches in Chilean Nonfinancial Corporations  
*Kevin Cowan, Erwin Hansen, and Luis Óscar Herrera*  

Is the Foreign Exchange Derivatives Market Effective and Efficient in Reducing Currency Risk?  
*Esteban Jadresic and Jorge Selaive*  

Managing the Capital Account  
*Sebastián Edwards*  

Sovereign Debt, Volatility, and Insurance  
*Kenneth Kletzer*
Exchange Rate Interventions and Insurance: Is Fear of Floating a Cause for Concern?
Francisco Gallego and Geraint Jones 353

Contingent Reserves Management: An Applied Framework
Ricardo J. Caballero and Stavros Panageas 399