## Referee Report

Is the contribution of the paper potentially significant?

Given low interest rates in the large financial markets and revived capital inflows into emerging markets and developing countries, the question concerning the appropriate exchange rate regime remains an important one. For this reason the contribution of the paper is potentially significant.

## Main strengths

The paper provides an extensive overview on the previous research on this topic (stressing the respective strengths and weaknesses) as well as on the possible panel estimation techniques (stressing the respective strengths and weaknesses). The sample covers a large set of countries over a long time period and therefore allows robust estimations with respect to the number of observations.

## Weaknesses

Although the paper claims to address all shortcomings of the previous empirical literature, new shortcomings emerge. These are related to the large sample size over a long time period (which should contain a substantial number of structural breaks), the very simple proxies for exchange rate volatility (one de facto dummy and one de jure measure) and the very large number of explanatory variables (which are very likely to be subject to multicollinearity bias). To this end the "non-result" that the exchange rate regime does not affect the growth performance can simply be outcome of the attempt to address everything. The analysis of the effect of the exchange rate regime on growth necessitates to incorporate country specific and time specific characteristics, which is not done in the paper. Therefore the finding cannot be applied in general to the choice of the exchange rate regime.