Referee Report:

Inflation/Unemployment Regimes and the Instability of the Phillips Curve

This paper analyses inflation and unemployment rate data for the United States, the United Kingdom and Germany to conclude that "..first, the inflation/unemployment relationship experiences from time to time major shifts. Second, that it is also inherently unstable in the short run....The analysis shows that reliance on any kind of trade off between inflation and unemployment for policy purposes is entirely misplaced." (page 2).

As the authors' own introduction amply illustrates, this point has been made countless times before, so it is hard to see why one needs another paper to make this point again.

What's new here is the use of fuzzy clustering (on a data set that spans more than a hundred years). But the use of this technique is not well motivated. The authors find that the data can be optimally divided into 3 clusters and interpret these as different regimes. No attempt is made to explain or justify this association.

If the authors could show that the statistical clusters they find can be associated with economically comprehensible, distinct regimes, then it might be useful to focus on the analysis in the second part of the paper. More specifically, it would be interesting to show that the three economies have tended to be in the same regime at the same time.