Referee report on

Franco Bruni, José Siaba Serrate, and Antonio Villafranca (2018). The quest for global monetary policy coordination. Economics Discussion Papers, No 2018-59, Kiel Institute for the World Economy.
http://www.economics-ejournal.org/economics/discussionpapers/2018-59

This paper proposes to strengthen international monetary policy coordination. It argues that the normalization of monetary policy is a considerable challenge for central banks, in particular because market reactions could put financial stability at risk. International monetary policy coordination could help to deal with this challenge. Concretely, the paper proposes bi-annual regular meetings to coordinate the process of normalization and a suitable communication of the results of these meetings.

This paper deals with an interesting and relevant topic and is based on numerous recent papers and speeches. In my view, the authors could strengthen their points by improving the structure of the paper and the linearity of their arguments, by providing a more comprehensive discussion of the pros and cons of international monetary policy coordination, and by providing concrete examples for their arguments.

- The reader could be better guided through the different aspects and arguments mentioned by the authors. This could include dividing the paper into more than two sections (E.g., introduction, comprehensive discussion of pros and cons of international monetary policy coordination, challenge of normalization, the case for coordination, concrete proposal). Moreover, some of the arguments could be streamlined or grouped together. E.g.,
    - The authors could mention directly in the introduction that they think that there are short-run and long-run challenges for monetary policies that make a case for coordination (the long-run challenges are mentioned rather late).
    - The authors argue that normalization is a challenge for monetary policy in advanced economies as well as in emerging economies. However, the paper seems to be more concrete on the challenges for EMEs than for advanced economies.

- A more comprehensive discussion of the case for monetary policy coordination as well as of the pros and cons of coordination would be interesting. The authors argue that the main benefit of coordination could be its impact on markets' expectations and reactions. For example, the following points could be explained or discussed in a little bit more detail:
    - What are other potential advantages and disadvantages of coordination that have been discussed in the literature? What are potential trade-offs between coordination and no coordination?
    - Why exchange rate flexibility and non-monetary policies are not sufficiently effective to confront destabilizing spillovers.
    - What are the concrete mechanisms by which the normalization of monetary policy could lead to market reactions that put financial stability at risk?
    - What could be other negative side effects of normalization (in addition to potentially creating market panics) that make a case for international coordination? Triggering

capital flows out of EMEs? Exchange rate adjustments that prevent other central banks of starting with the normalization?...

- As the Fed in the United States has started with the normalization of its monetary policy, the authors could rely on this case to provide examples for their main arguments.
    - Have we seen market reactions that the authors consider to have had serious negative effects? Have we seen other effects that make a case for coordination (e.g., emerging market crises; impact of the normalization of other central banks, such as the ECB)? If not, there are probably still arguments in favor of coordination that the authors could make.
    - The authors stress that is key to provide the markets with information about the normalization process. In which respect, the Fed did or did not inform the markets well about the normalization? Which information would have been relevant with respect to international coordination?
- The authors could strengthen their arguments by providing concrete examples to the reader:
    - What are examples for global shocks or international spillovers (p. 4)?
    - By which mechanisms, the first move of a normalizing country could trigger expectations that complicate normalization in other countries (p. 5).
    - How the long-term challenges, described at page 5/6, could be concretely addressed by a stronger international coordination?
    - Why “only a sufficiently transparent coordination can convince markets that each normalizer has a compatible plan…” (p.8), e.g., with regard to normalization of monetary policy in the US and in the euro area?
- It is laudable that the authors make a concrete proposal and that they acknowledge that the “coordinated strategies” will turn out to be a "least common denominator". However, what could be concrete examples of such coordinated strategies that would be of help for normalization in the future? Again, concrete examples could strengthen the proposal of the authors.

Minor points

- The chart in footnote 5 might be better placed in the main text or could be deleted.
- I would not make use of bold type in the main text.
- Please, explain the “first-mover problem which only cooperation can remedy” behind the backdrop that the Fed in the United States seem to has started with normalization?
- Please, explain “monetary equilibrium” (p. 11)
- Sometimes the authors use inappropriate language, e.g.:
    - “impressive statistics” (footnote 5)
    - “strongest official advocate” (p. 3)
    - “The global game” (p. 6)
    - “cannot be a stranger” (p. 10)
    - “quite the contrary!” (p. 11)