



Measuring and Decomposing the Income Gap between the Offspring of Poor and Non-Poor Families - Characteristic or Coefficient Effects

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Referee Report

Major Comments

The paper has a dual objective. First, it explores whether countries can eliminate extreme poverty by 2030 through domestic redistribution, considering various growth scenarios and redistribution models. Second, the author proposes and estimates a global income tax that could eradicate extreme poverty, assuming global cross-country redistribution is feasible.

The paper is well-written, and the author effectively situates the research within the existing literature. However, I believe the true contribution lies in the second section on global redistribution, rather than in the first part, which focuses on poverty projections and domestic redistribution frameworks. For instance, Lakner et al. (2022) offers a more detailed analysis of how growth impacts projected poverty, including estimates of the portion of GDP growth that benefits households and the variations in growth-incidence curves. Similarly, Bolch et al. (2022) estimate different anti-poverty taxes using two distinct thresholds. This paper does not introduce in these respects new analytical methods or theoretical frameworks. The results in the first section largely confirm previous findings: that domestic redistribution, even when accounting for growth, is insufficient to eradicate poverty in many developing countries. While this is an important point, it is well-known and has already been addressed by recent studies.

In contrast, I find the final section on global redistribution to be highly intriguing and thought-provoking. I would encourage the author to place greater emphasis on this section. To achieve this, I suggest reducing the discussion on poverty projections and domestic redistribution frameworks, instead directing readers to the existing literature. Any updates could be presented in an Appendix, with a brief discussion in the main body of the paper. The conclusion that domestic resource mobilization alone cannot eliminate extreme poverty would then serve as the starting point and justification for the focus on global

redistribution.

To approach this topic credibly, the author should address the issue of top incomes and adjust the projections accordingly. For a recent discussion on adjusting household budget survey data for top incomes, see Hlasny and Verme, 2022, and references therein. A discussion about the portion of GDP growth passing through different segment of the distribution (and in particular to top incomes) should be included. For completeness, I would also recommend conducting a similar analysis using wealth data to determine what global transfer would be required if the focus were on taxing wealth rather than income (which is already briefly mentioned in the current draft). Some insights about the geographical distribution of the burden would be of great value. For example, are there countries which would both receive and contribute to the transfer?

Minor Comments

- Poverty lines are kept fixed at 2020PPP levels. I would briefly mention whether the authors expect poverty projections to change with the likely update of international poverty lines with the new release of PPP estimates
- I do not find maps particularly compelling in this case. A table with averages of major regions would suffice in the main body of the paper (for instance using the World Bank definitions: East Asia and Pacific; Europe and Central Asia; Latin America and Caribbean; Middle East and North Africa; North America; South Asia), In an Appendix, I would list results for all countries included in the study

References

- Bolch, K. B., L. Ceriani, and L. F. López-Calva (2022). The arithmetics and politics of domestic resource mobilization for poverty eradication. *World Development* 149(C).
- Hlasny, V. and P. Verme (2022). The impact of top incomes biases on the measurement of inequality in the united states. *Oxford Bulletin of Economics and Statistics* 84(4), 749–788.
- Lakner, C., D. G. Mahler, M. Negre, and E. B. Prydz (2022). How much does reducing inequality matter for global poverty? *The Journal of Economic Inequality* 20(3), 559–585.