Referee Report on "Shortfall of Domestic Resources to Eradicate Extreme Poverty by 2030"

This paper examines whether growth and domestic redistribution are sufficient to eradicate extreme poverty by 2030. The authors estimate the parameter of two tax policies that would raise enough revenues to eradicate poverty. In the “antipoverty cap”, the rate is fixed at 100% to find the required taxation threshold. In the “antipoverty tax”, the threshold is fixed to find the rate needed. In the lowest income countries, extreme poverty is estimated to persist even after strong growth and radical redistribution. The paper concludes by exemplifying international transfers that would eradicate poverty by 2030.

This paper addresses an issue that is apt and policy relevant. While the findings are mostly in line with the existing literature, I believe that contribution of the paper can be made stronger. I have three main concerns and some recommendations that I hope the author would find useful.

Main Concerns:

1. Limited novelty

[page 3] as it stands, the main contribution of this paper is to employ the Bolch et al. (2022) methodology to the most recent data i.e., the period 2018–2021 and to a larger sample of countries by imputing income data using consumption for countries with no income data available. The author claims using a poverty line higher than the one officially used in the first SDG as a contribution, which to me serves more like a robustness check. Altogether, these contributions reflect limited novelty for the Journal of Development Studies. The author needs to substantiate this part. One way to do this is to highlight the difference between the outcomes currently discussed and the outcomes obtained using latest data, but the sample of countries used in Bolch et al (2022) data. This will also give the readers a sense of how credible the imputation procedure is.

1. Absence of a theoretical framework

This paper employs a methodology like Bolch et al. (2022) to assess which countries have sufficient domestic resources to achieve the first SDG. It is important to briefly discuss this framework in the paper in a separate methodology section as I had to go back to Bolch et al. (2022) to refresh my knowledge about this methodology.

1. Narrow scope of the methodology

[page 6] the first paragraph starts with “Assuming that each country will continue to grow at the same rate as in the recent past…”, it would be nice if the author considers scenarios of heterogenous growth across countries. As this static framework is not suitable for drawing any causal inference, it would be good if the author mentions the difference between correlational and causal outcomes in the paper while interpreting the outcomes.

Minor points:

1. The structure of the paper

This paper currently reads more like a book chapter. It would be necessary to restructure it to be accepted in a journal. For instance, a summary of the key results must be included in the introduction. The key contributions of the paper can be discussed in light of the literature in the introduction.

5. In the conclusion, the author mentions the case of China’s profound government commitment. It is important that the author highlights how feasible such interventions in other developing countries, whether there could be any institutional barriers. Finally, as the author alludes to transfer based on international solidarity as a panacea to eradicate extreme poverty, it would be nice to discuss some policy directives on this matter. How feasible are these interventions based on the transfer of global income to eradicate poverty? This question remains largely unanswered in this paper.