Review Report

on “"Age-specific Rise of Income and Consumption Inequality"”

I am not familiar with the field of income inequity. But I do read this paper carefully and provide my comments and questions as following.

Overall, my impression to this paper is positive.

(1) The view point of this paper is novel that the author differentiates the income (consumption) inequity evolution for young and old households. Evidences are found that the inequality among young households increases more quickly than that for old ones.

(2) If this gap is verified to be stable and universe, it will contribute a lot to the understanding of the household economy and should be taken into account in policy making.

(3) The paper is well structured; the expression is clear and succinct.

At the same time, I have some suggestions and questions.

1. Major points

(1) Why family income but not the family income per person is used to study the income inequality? I think that family income per person may be better to reflect the income inequality, whether from the perspective of earning ability or consumption disposable wealth.

(2) In the regression equation in part 3, it is not clear to me why Gamma reflects the age-specificity effect. A explicit explanation to the logic behind it will be appreciated.

(3) The information in the top panel of figure 1 is very limited, only two lines each with 6 points. Firstly, the reason why age segments of 30-40 and 45-60 are choosed should be clarified. I think the segments such as 25-34, 35-44, 45-54, 55-64 will be better choice and one line should be plotted for each segment. Secondly, a moving interval of years such as 1968-1972, 1969-1973, 1970-1974, ... can be used to provide a clear trend of inequality evolution.

(4) The conclusion of this paper emphasizes that the rise of income (consumption) inequality is age-specific, more significant among the younger group. I feel that this is somewhat misleading. The first impression of reading this expression is that the younger is different from the older group. The fact I can catch from the bottom panel of figure 1 is that: in 1970, the inequality among younger group is small and that among older is large; in 1990, the inequality of both younger and older is large. So the inequality among younger becomes more and more similar to older. Actually, it seems that the inequality among those whose age in 58 to 65 does not change across 1970 to 1990.

(5) The author attempt to provide a plausible explanation to the age-specificity of inequality rise in part 3. But it seems too sketchily developed to convince me. The point needs to be explained is that why the inequality among younger is smaller than that among older in 1970, but those becomes similar in 1990. I agree with the

author that earning ability plays a role in it, but the key point may be that the new economy (in 1990s) makes the earning ability come into effect quickly (when the households are young) than traditional economy (in 1970s).

2. Minor points

(1) I cannot see table 2.5.4 mentioned in the 3rd line of the 2nd paragraph in part 2.

(2) Table 5 should be table 1 in the 2nd paragraph in page 4.

(3) Did you try to normalize the age and year when regressing the data, that is, transforming them in the interval [0, 1] which is a popular practice in computer science? It maybe provides better results.

(4) The author does not provide the value of T and H in part 3. Is T=1997-1968, H=65-20?

(5) Table 5 should be table 2 in the 2nd line of the 2nd paragraph in page 5.

(6) Table 5 should be table 3 in the 3rd line of the 3rd paragraph in page 5.

(7) It is not clear that whether the points such as the blue circles represent the data for the year of 1970 or for years from 1970 to 1979.

(8) The three lines in bottom panel of figure 1 can be plotted with different colors corresponding to the points.