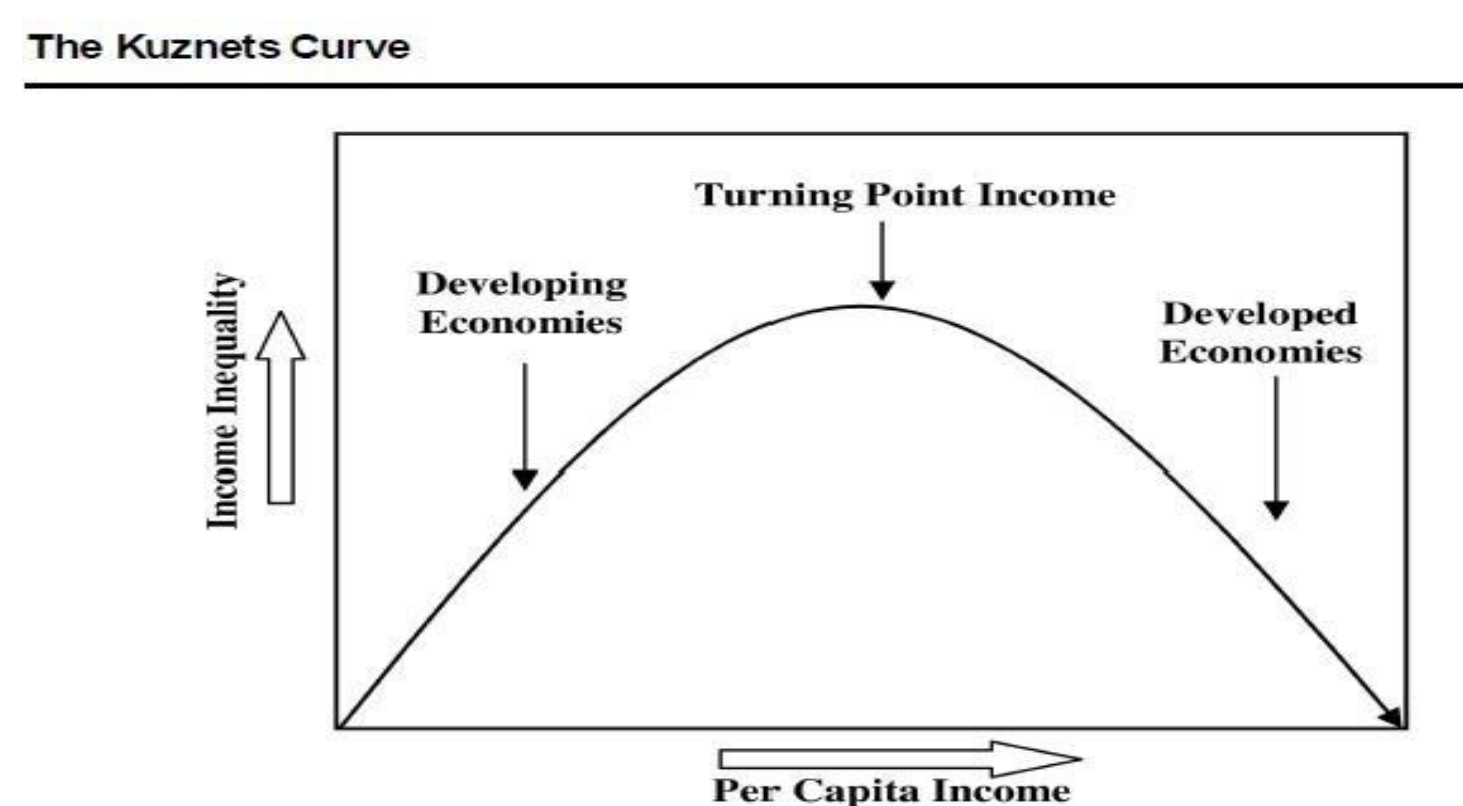


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Background

- Increasing income inequality and income losses in (mostly) advanced countries, despite **decreasing global inequality**
- Dispersion of income inequality – **heterogeneous**; not related to the level of economic performance (the role of **economic growth**?)
- Empirical literature – mixed evidence concerning this relationship:
 - positive** growth - inequality link (Chang et. al, 2018; Herwartz & Walle, 2020; Topuz, 2022)
 - negative** connection between concepts (Breunig & Majeed, 2020; Anyanwu et. al, 2021)
 - non-linear** / **non-statistically significant** relationship (Acheampong, Dzator & Sahabz, 2021; Batuo, Kararach & Malki, 2022)
- Kuznets' inverted U-shaped hypothesis:



RQ & Contributions

- What is the relationship between **ec. growth** and **income ineq.** in both advanced and emerging EU countries? (*Kuznets' theory validation?*)
 - Do **poverty**, **unemployment**, **human capital**, and **stabilization policies** play a role? (*Western vs Eastern Europe*)
- ✓ The study of this connection in **CEE countries** during 1994-2020 (*scarce evidence for post-communist economies behaviour*)
 - ✓ Evaluating the **Poverty-Growth-Inequality Triangle** in the EU using the PVAR strategy over 2000-2019
 - ✓ Investigating inequality's response in distinct sub-samples: **West, East, Eurozone, Non-Eurozone** (*differences?*)

Data Analysis

- Panel Cointegration techniques

- Dynamic panel & Forecast analyses
- Spatial econometrics

Results

Fig.1 Spatial distribution of ineq. growth

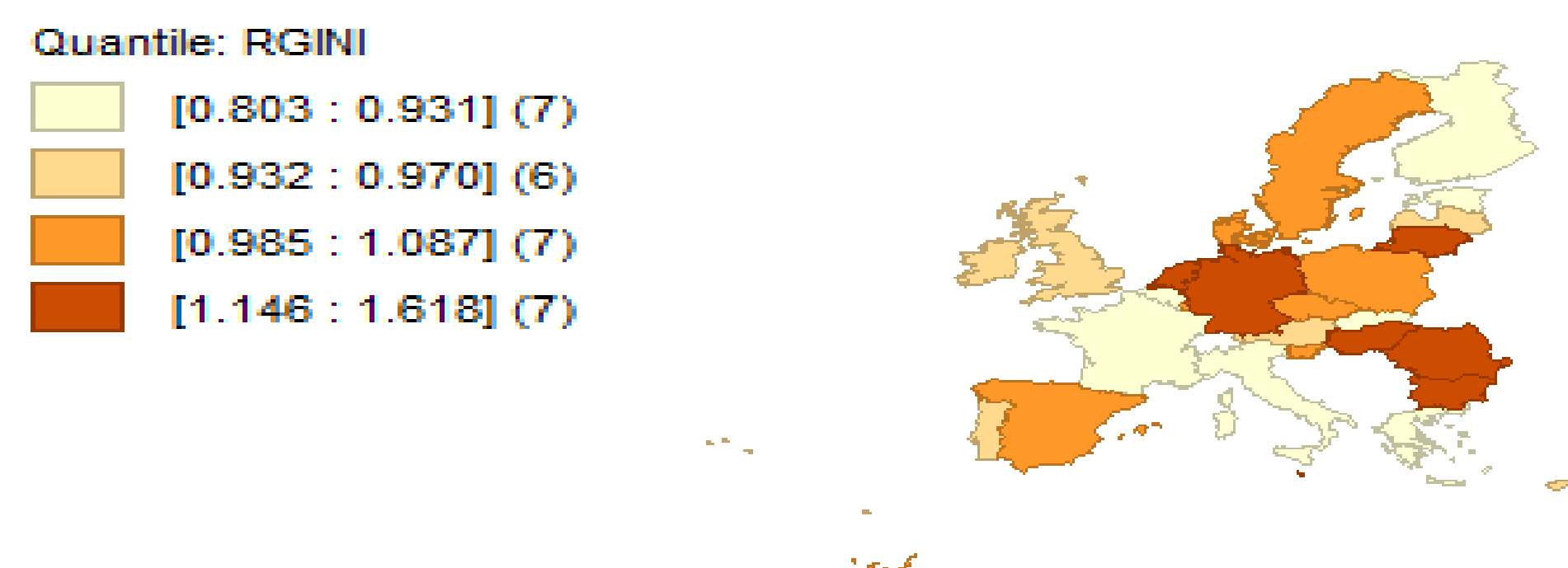


Fig.2 Spatial distribution of GDP growth

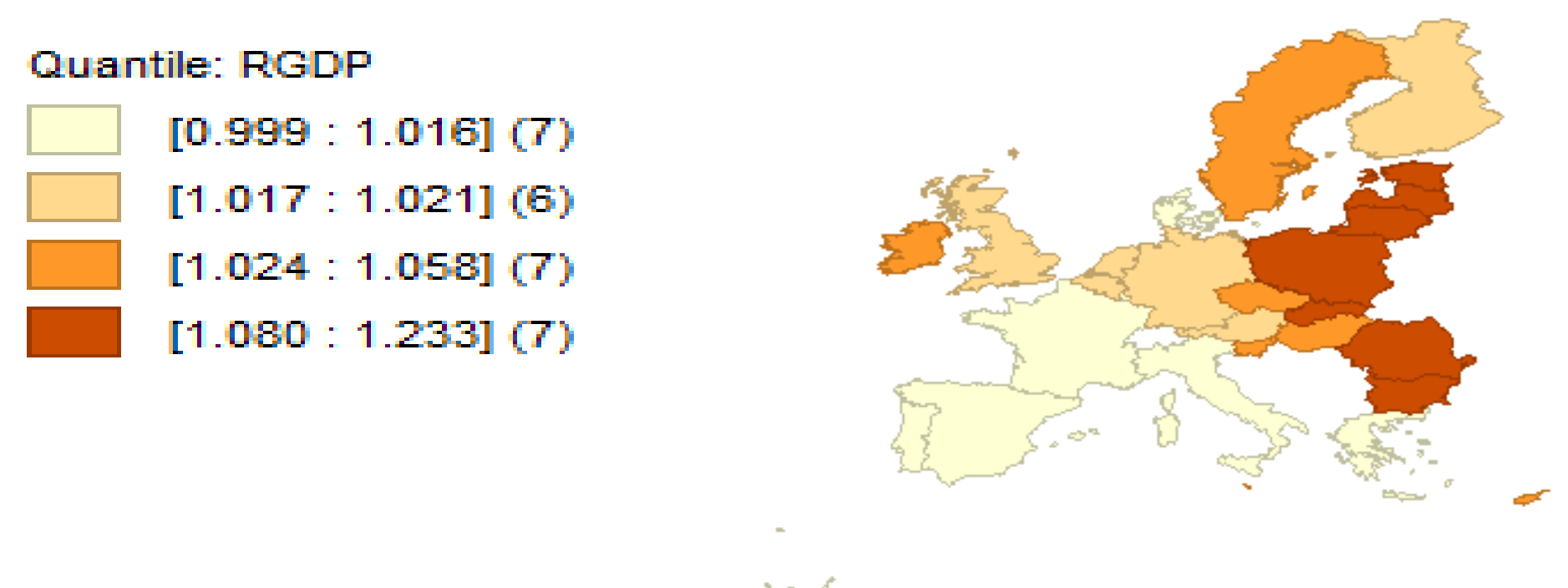
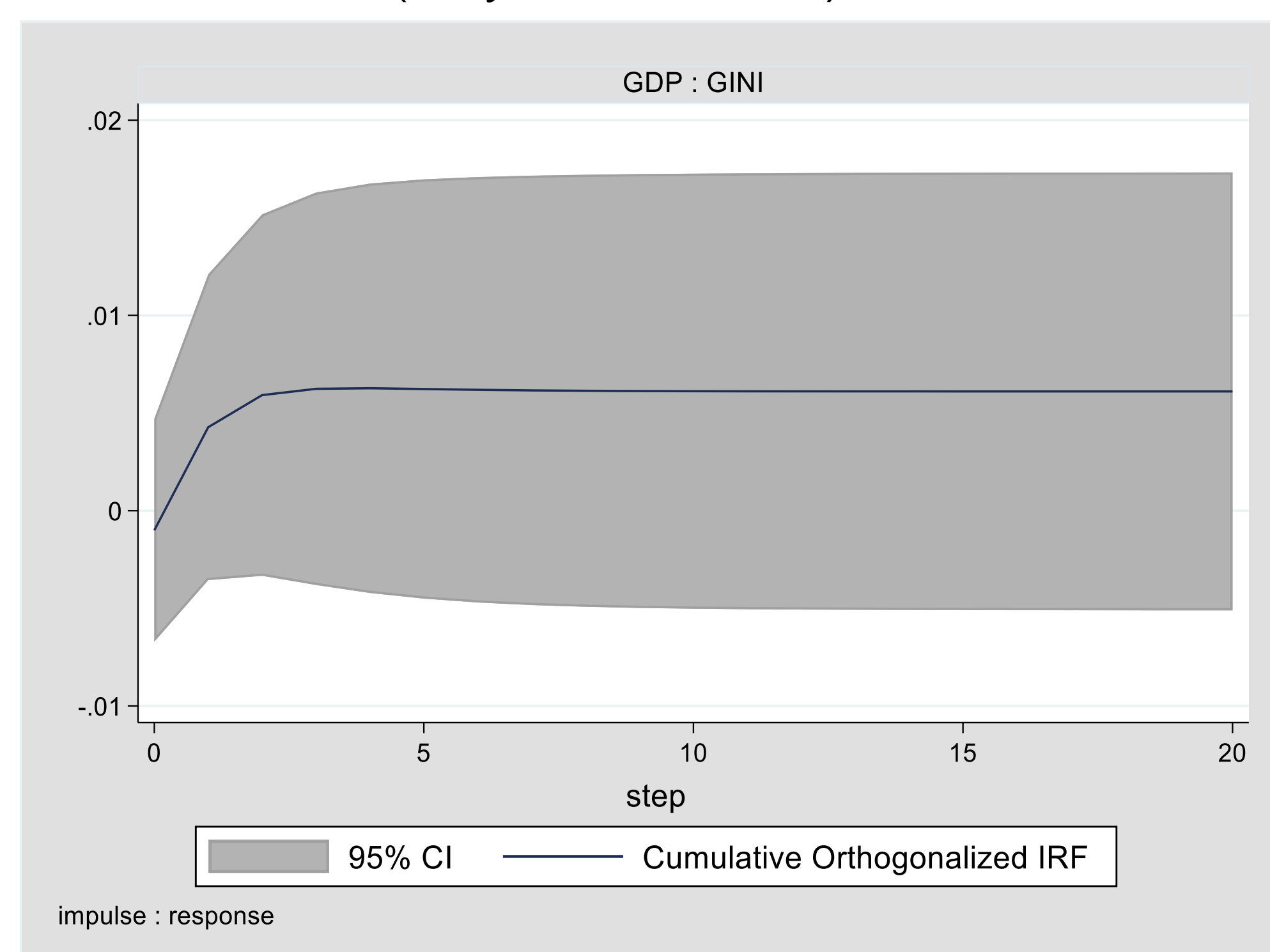


Fig.3 Inequality's response after a GDP shock – Europe (20 years forecast)



Conclusions

- In all Europe – **positive connection** between GDP and Gini; contradicts **Kuznets' curve** for emerging economies
- High levels of **poverty** and **unemployment** + low **redistribution** and investment in **education** foster future increases in income inequality