

Relations between Income Inequality and Economic Growth: A Review of Selected European Economies

Nemanja Lojanica

Faculty of Economics, University of Kragujevac, Serbia

nlojanica@kg.ac.rs

The issue of wealth distribution is topical today. It is often discussed in the context of long-term development. Taking into consideration that economic inequality is globally present and that it becomes more and more pronounced, the primary goal of this paper is to examine the impact of economic inequality on economic growth in thirty European economies. In the battle against poverty, both indicators must be taken into account. Selected European economies are grouped into two categories: developed and developing economies. Regression analysis of comparative data was selected as an appropriate methodological framework for examining the dependence between the variables. The empirical results show that economic inequality, measured as GINI coefficient, is higher in developing economies; the same relation is negative in case of developed countries.

Keywords: economic inequality, economic growth, developing countries, developed countries, regression analysis