

Trends and disparities in economic inequality in Cyprus and the EU

Andros Kourtellos* and Kyriakos Petrou**

Abstract

The goal of this paper is to examine the recent trends and disparities in economic inequalities for Cyprus and draw comparisons with the other EU countries for the period 1995-2016. We provide new estimates of intergenerational mobility of education, study the relationship between mobility and income inequality, and investigate trends and inequalities in a range of macro-level and micro-level indicators. Our findings show that Cyprus is characterized by a relatively high degree of educational intergenerational persistence and moderate levels of income inequality. Recent trends in income inequality show a spike in top income inequality due to the recent economic crisis. We also find that Cyprus follows similar patterns as the EU average but generally lags behind the Nordic countries, especially for social protection benefits and educational outcomes. Finally, our findings show that the relative female labor force participation in Cyprus is similar to the EU average with small negative deviations from the average value for men's returns to skills and moderate positive deviations for assortative mating. Notably, Cyprus enjoys the second smallest percentage of single-headed households in the EU.

Keywords: Intergenerational Mobility, Education, Inequality.

*Department of Economics, University of Cyprus, P. O. Box 20537 1678 Nicosia, Cyprus. Email: andros@ucy.ac.cy

** Cyprus International Institute of Management