

Income Inequality in Cyprus

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Abstract

The main objective of this paper is to analyze inequality, and its sources, in Cyprus over the period 1991-2003. Two different measurement methods are employed in order to assess the trend over the 12-year period. While the results for the overall income inequality evolution are conflicting, it is possible to assert whether the position in the income distribution improved or worsened for specific groups of households. The paper further analyses the characteristics associated with differences in income between households, which is important for designing appropriate policies and remedies for rising inequality.

Keywords: income, inequality, inequality measures, income inequality aversion, inequality sources, inequality policies.