REDUCING ECONOMIC INEQUALITY AND PROMOTING INCLUSIVENESS FOR SUSTAINABLE ECONOMIC GROWTH

Rodica PISICĂ
PhD Student, Academy of Economic Studies of MOLDOVA
e-mail: pisicarodica@gmail.com

Rodica CRUDU
Coordinator, PhD, Associate Professor, Academy of Economic Studies of MOLDOVA
e-mail: crudu.rodica@ase.md

Abstract
In the article two approaches to economic inequality measurement (the decile dispersion ratio (DDR) and the Gini index) for the EU-27 member states are analyzed and the income inequality results, as a factor that influences inclusive and sustainable growth, are compared with the data on growth (GDP per capita) and actual individual consumption (AIC). The aim is to obtain evidence that a reduced income inequality is important for ensuring growth and, more specifically, an inclusive growth through a less concentrated distribution of income. At the end we draw conclusions on the relation between inequality and growth in the EU countries and how the mitigation of inequality can impact the inclusive growth, especially in the less developed EU member states.
The results have shown that both DDR and AIC reflect a similar ranking of the EU member states regarding income inequality, with certain slight deviations. The comparison of the income inequality results with the data on GDP per capita and AIC proved that the relationship between growth and inequality is not clear-cut. Nevertheless, it is clear that the less developed EU member states which present the highest inequality show the lowest GDP per capita and AIC. At the same time, the more developed EU member states that have a moderate (controlled) income inequality present also a rather high economic performance. The results have also shown that, while in the less developed EU countries income inequality hinders growth, in certain developed EU countries income inequality might have a positive impact on growth.

Keywords: *income inequality, economic growth, inclusive growth, inequality measurement.*

JEL Classification: *O40, O47, D63, E25, D31*

INTRODUCTION

Conceptual background, goal and research methodology. The topicality of economic inequality, which refers to the economic distribution of income, pay and wealth [19], derives from the fact that it is perceived as a major and multifaceted issue that the nations have been facing and that enhanced during the COVID-19 pandemic, especially at the national level. At the same time, it is an element that has its part to play in achieving inclusive economic growth the states are striving for. Whereas inclusive growth, which is "a concept that encompasses equity, equality of opportunity, and protection in market and employment transitions" [2] is vital for a sustainable economic growth that leaves noone behind.

Researchers like Milanovic (2011, 2016) see the global economic inequality as being a mix of "inequality within countries and inequality between countries" [16]. Also, it is distinguished between income inequality and wealth inequality, the difference between these two being that wealth is more concentrated than income as it represents "the value of a household's property and financial assets, minus the value of its debts" [16]. Thus, economic inequality is referred to in the specialized literature as including "the distribution of both income and wealth" [19] - [3].

The inequality in the world has reached the highest levels in the last 30 years and is deepening as a result of COVID-19 crisis. The data has shown that the top 10% of earners benefit from over ten times more income than the bottom 10%. Thus, the need to ensure that growth actually works for all and that it doesn't hamper everyone's well-being is probably more obvious than ever [18]. Therefore, new models have to be developed or the existing ones should be improved so as to broach the issues that go beyond GDP and focus on ensuring that growth is to the benefit of everyone [18]. The inclusive and sustainable approach provides a way to look at growth in its complexity and work on the future well-being on different dimensions simultaneously.

To expend on the aforementioned, it should be noted that the data related to income inequality has shown that "the share of the top 10% has risen globally during 1980-2016, during which period the top 1% captured 27% of the total growth in real incomes, which is more than double the 12% of the growth that went to the bottom 50% [1]. Whereas, with regard to the wealth distribution, "the 85 richest people in the world have as much wealth as the 3.5 billion poorest," which suggests that the global wealth distribution is even more concentrated than the global income distribution [19]. In addition, Bapuji (2019) in one of his studies argues, citing Oxfam (2019), that "the wealth owned by 26 wealthiest people is equal to the wealth owned by 3.8 billion people, i.e., the bottom 50% of the world. The economic inequality has become an issue of public concern, since the 2008 global financial crisis, when the Occupy Wall Street protests brought to light the growing economic inequalities, arguing that "the economic system is skewed in favor of the top one percent of the population." [3]

As mentioned above, the problem related to inequality in general and the economic inequality in particular, has enhanced as a result of the negative impact of the Covid-19 pandemic. Thus, if we were to look at the overall 2020 data, the global economy collapsed as the GDP fell by 6.4% in the EU, 5% in emerging countries (excluding China) and 3.5% in the US [25]. The social, health, and economic inequalities boosted and caused, in line with the International Labor Organization (ILO), the loss of 114 million jobs in 2020, with a disproportionate impact on different social categories. In addition, the number of people subjected to food insecurity increased in 2020 to 272 million, compared to 149 million people in 2019 in line with World Food Programme. At the same time, according to Bloomberg, the wealth of the world's top 500 billionaires grew by approximately 5% a year [25].

In this article the income inequality dimension of inclusive and sustainable growth in the European Union member states is analyzed in order to identify the challenges that the economic inequality poses on achieving an inclusive economic growth.

The increasing economic inequality in the recent years has triggered an outburst of analysis and judgement on the causes and consequences of these changes. Some are of the opinion that the inequality does not merit all the attention it has been receiving and the major problem that the humanity should deal with is poverty. Others think that while poverty is an important issue, economic inequality is an important issue in itself that has to be dealt with [19].

Nevertheless, the importance of addressing the inequality problem has been acknowledged by the international community: the 10th of the 17 sustainable development goals set in the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, aims at reducing inequality within and among countries and contains concrete and specific targets to reduce income-based inequality [22].

As for the EU member states, they are among the top countries regarding the implementation of Sustainable Development Goals (SDGs), however there are still large discrepancies between the member states regarding the implementation of SDG10 on reducing inequality in and among the member states. Currently, about 22.5% of the EU population continues to be exposed to the poverty risk and social exclusion while 6.9% of Europeans suffer from serious material deprivation. In 2017, the income inequality in the EU member states was in decline for the first time since the beginning of the financial crisis in 2008. Nevertheless, the earnings inequality is still too large with a continuous concentration at the top of the wealth ladder [10].

An issue that researchers are currently debating on is the impact that the economic inequality would have on the economic growth. Some are of the opinion that there is no mechanic relationship between the economic inequality and growth and it cannot serve as guidance for economic policies. They show in their study based on empirical data analysis that in the case of the developed countries the correlation between the inequality and growth is in fact positive admitting at the same time that with regard to the developing countries the correlation between inequality and growth is negative. Concurrently, they argue that the relationship between economic inequality and growth cannot have a causal interpretation [9].

Even though there is a difference in opinions among researchers regarding the existence of a causal link between the economic inequality and growth, more researchers concluded that there is an influence and interdependence between the two phenomena, some believing that inequality is positively linked to growth in the case of developed EU member states whereas in the case of the developing EU member states the income inequality is detrimental for economic growth [13] - [21]. Concurrently, it is thought that economic growth could have a different impact on different levels of the society and states depending on development level, in some cases increasing even the economic/income inequality [17].

As the idea supported in the article is that there is a certain interdependence between the economic inequality and growth (be it positive or negative), two methods of economic inequality measurements are applied, the decile dispersion ratio (DDR) and the Gini coefficient. The strong and week points of the methods based on data for the EU member states are considered and the data on inequality, as a factor that influences inclusive growth are compared with the data on growth and consumption. The intention is to analyze the income inequality for the EU-27 member states based on the decile distribution ratio (DDR) and the Gini index, to compare the results with the GDP per capita and the actual individual consumption (AIC) so as to understand the interrelation between the income inequality and economic growth in the EU-27 member states and ultimately to consider drawing some conclusions on the impact of inequality on the inclusive and sustainable economic growth.

The reason behind using DDR and Gini inequality measuring methodologies is that the first helps to understand the concentration of income within the top and bottom 10% of population in the EU countries and see how large the inequality gap is, whereas Gini helps to measure the disparities within the middle-income group, or within the top or bottom deciles. At the same time, to get more feasible data related to growth estimation, the GDP per capita as well as Actual Individual Consumption (AIC) are taken as reference to have a view both on economic growth and on the welfare of households.

The hypothesis to be proved is that income inequality has different effects on the economy depending on the level of states' development in the EU-27 member states. Concurrently, the overall aim is to obtain evidence that a reduced income inequality is important for ensuring growth and, more specifically, an inclusive growth through a less concentrated distribution of income.

To achieve the set goal, the method of data analysis and synthesis, comparison and contrast has been used. The informational basis consists of data retrieved from the World Income Inequality Database (WIID) and EUROSTAT.

As for the structure of the article it includes an introduction, where the conceptual background, goal and research methodology are described and the relevant literature is reviewed, the part devoted to the research results obtained after considering the economic inequality in the 27 European Union member states and the relationship between economic inequality and economic performance, and ends with conclusions which derive from the data analyzed in the research results part.

Literature review. The economic inequality in the EU member states as well as the relationship between the income inequality and growth have been analyzed by a number of researchers. For instance, Crudu (2015) has described how fiscal policy can be used as a tool to influence the distribution of income and analyzed the effects of tax and expenditure policies on reducing income inequality in the EU [7]. Buzoianu et. al (2016) has explored the worsening trend in economic growth in a range of EU countries over the last decade and the increased attention for the growing inequalities in the EU member states amplifying the academic and political interest in identifying wider measures to achieve economic performance [4]. In their research, Michálek et al. (2019) provided a classification of the 27 EU member states and Great Britain based on the analysis of the changes in the economic growth, inequality and poverty. The research has revealed the fact that the economic growth is correlated with a decrease in poverty but at the same time together with the increase in inequalities, the poverty increases as well [15].

In the same order of ideas, Soava et al. (2020) have analyzed the correlation between the following indicators: income inequality, economic growth and poverty threshold for EU- 28 member states for the 2005−2016 period. The research has shown that income inequality tends to increase with the early economic development and decrease when the country reaches a certain level of development [21]. At the same time, Jianu (2021) has examined the relation between the income inequality and the economic growth from the perspective of the development level of each EU member state. The results have shown that the income inequality has a positive impact on the economic growth in the case of the developed EU member states, while in the case of the developing ones the income inequality is detrimental for economic growth. This also proves that the income gap could have positive and negative effects on the economic growth depending on the stage of development [13].

Furthermore, the inclusive growth and its economic inequality dimension was studied by Heshmati et. al (2019) who argues that since the late 20th century, countries have been challenged by the trade-off between delivering generous welfare provisions and strong economic growth. This gave rise to the need to understand the causes of income inequality so as to create better policies that foster inclusive growth and reduce growing concerns surrounding income inequality [12]. Pursuant to the concept of inclusive growth, Cichowicz et. al (2018), have analyzed the transition economies of Central and Eastern European countries, which have become EU members (Bulgaria, Croatia, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, and Slovenia) aiming to identify the level of inclusive growth among CEE countries [5]. Meanwhile, Kalyva et. al (2018) focused their research on labor tax reforms which offer complementarities between growth and income inequality objectives. Their study expands on work carried out for the Eurogroup and the Economic Policy Committee in supporting the EU political imperative of addressing income inequalities while fostering growth [14].

Cordemans (2019) has emphasized that while inequality at global level has tended to decline over the last few decades, inequality within countries has actually widened. Higher inequality put back on the agenda the discussions about the pace, the pattern and the distribution of economic growth. At the same time the concept of "inclusive growth" that emerged in 2000s aims to provide the opportunity to contribute to and benefit from increased prosperity to everyone, which is also the focus of the article [6].

A recent article by Rodrik et. al (2021) brings to light the issue of unequal distributions of opportunities, resources, income and wealth across people. In the paper the researchers offer an organizing framework to think about policies for inclusive prosperity, providing a comprehensive taxonomy of policies, distinguishing among the types of inequality they address and the stages of the economy where the intervention takes place [20].

The literature review reveals a high interest of researchers in studying economic inequality and its relationship with growth, and especially inclusive growth, with a view to provide the necessary data and instruments to the governments to adopt the necessary inequality reducing and inclusive growth targeted policies. The purpose of this article is also to contribute to the research base with information and data on the link between income inequality and inclusive growth in the 27 EU member states by including in the analysis "equation" the actual individual consumption in order to get more precise results about the inequality and inclusive growth.

1. ECONOMIC INEQUALITY IN THE 27 EUROPEAN UNION MEMBER STATES

In order to be able to assess the economic inequality gap and to adopt well targeted fiscal and other relevant policies, it is important at first to measure the economic inequality and to possess reliable data as a starting point for action. With regard to the data quality, it should be emphasized that the developed countries, have more capacity than the low-developed states to collect statistical data, but the structure of income is also more complex [7]. The quality of data is also hindered by the fact that the high-income households would usually underreport their incomes. On the other hand, in the developing countries the income structure is less complex, but because of informality, i.e. shadow economy, and incomes in such sectors as agriculture which is difficult to measure, it is challenging to make accurate estimates [8].

The simplest way to measure inequality is by applying the decile dispersion ratio (DDR). It is considered to be a popular and rather easy method which represents the ratio that is obtained by dividing the average income/consumption/earnings of the top 10 richest percent of the population (the 90th percentile) to the average income/consumption/earnings of the poorest 10 percent (the 10th percentile) [23]. Figure 1 presents the ranking of the EU-27 countries in terms of DDR. The data shows that there is a large inequality gap among the EU member states.

As seen in the Figure 1 Bulgaria (DDR 15.2), Romania (DDR 13.6), Italy (DDR 12.3), Lithuania (DDR 11.5) and Latvia (DDR 11.3) are the countries with the highest decile dispersion ratio among the EU member states which indicates at a deeper income inequality in these countries. At the same time, the Czech Republic (DDR 4.8), Slovenia (DDR 4.9), Slovakia (DDR 5.1), Belgium (DDR 5.3) and Finland (DDR 5.4) present the lowest income inequality. It should be mentioned, though, that the income inequality gap in Bulgaria as per the decile dispersion ration is over three times deeper than in the Czech Republic.

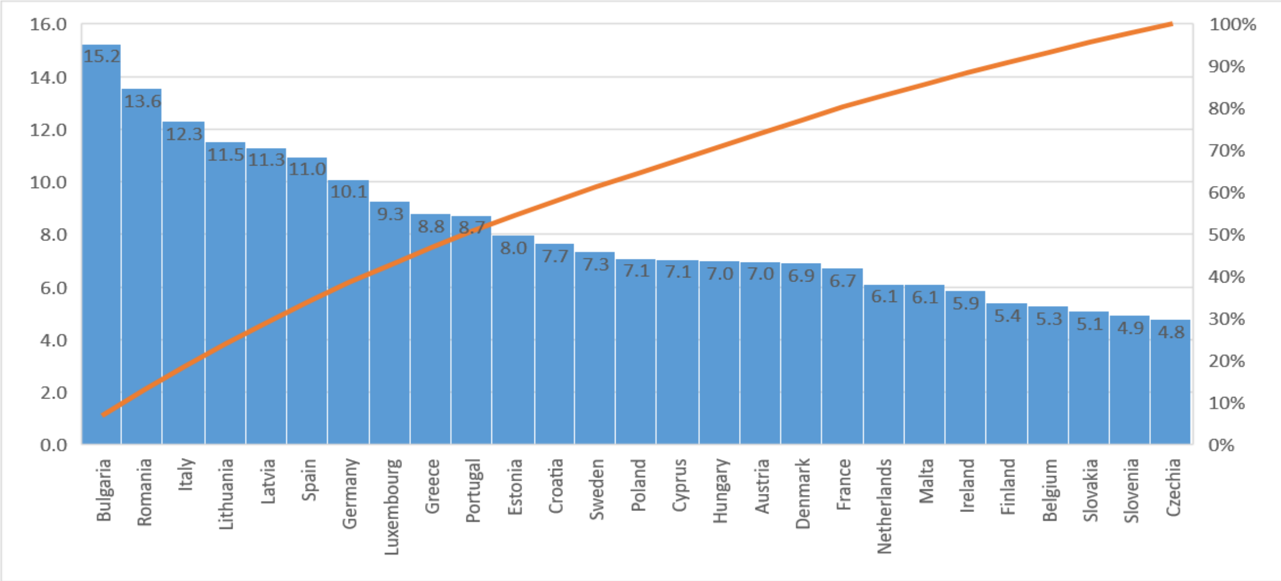

Figure 1. Decile dispersion ratio (DDR) calculated income-based for the EU-27 member states (2019 data), from less to more equal distribution.

Source: UNU-WIDER, World Income Inequality Database (WIID). Version 31 May 2021. https://doi.org/10.35188/UNU-WIDER/WIID-310521 (Accessed on 26.11.2021)

Given that the DDR doesn't take into account the incomes in the middle of the income distribution, neglecting at the same time the information about the distribution of income within the top and bottom deciles, in order to get a more reliable assessment of economic inequality, additional measure methods are used. For instance, in order to measure the disparities within the middle-income group, or within the top or bottom deciles uncovered by DDR, the Gini coefficient based on the Lorenz curve is used to reach a more comprehensive analysis of economic inequality. The diagram below shows the Gini index for the EU-27 member states (Figure 2).

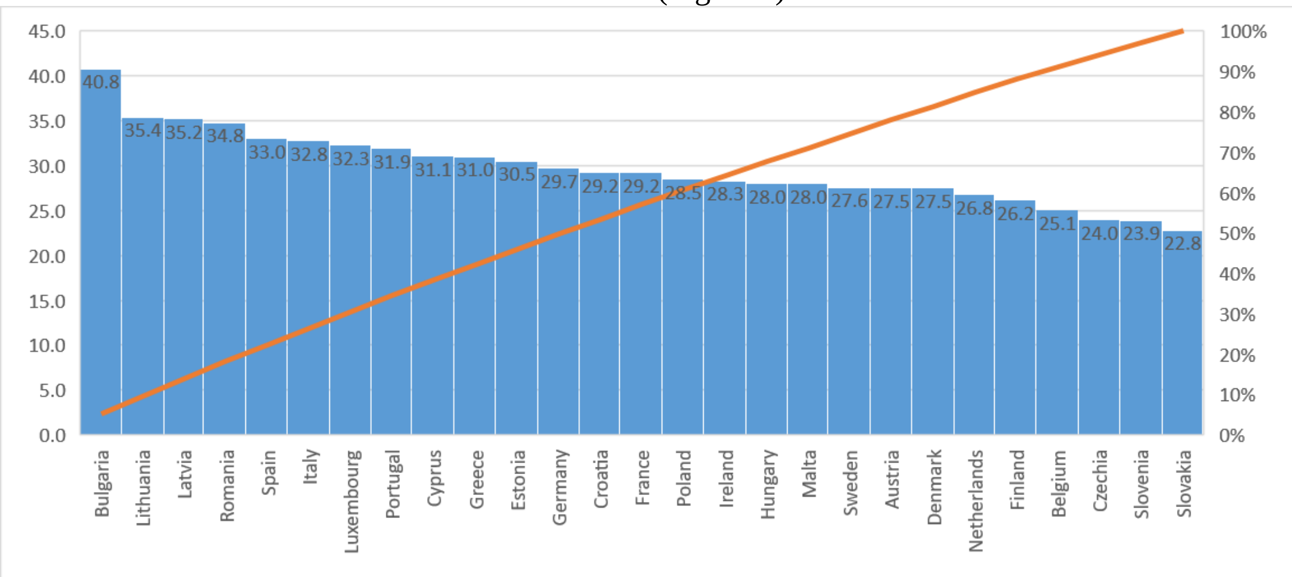

Figure 2. GINI coefficient (%) (income-based) for the EU-27 member states (2019), from less to more income equality

Source: UNU-WIDER, World Income Inequality Database (WIID). Version 31 May 2021. https://doi.org/10.35188/UNU-WIDER/WIID-310521 (Accessed on 26.11.2021)

The Gini coefficient for the EU-27 member states represented in the Figure 2 shows, in most cases, a ranking close to the DDR based results. Hence, the five countries where the Gini coefficient is higher (i.e presumes a deeper inequality) are: Bulgaria (40.8), Lithuania (35.4), Latvia (35.2), Romania (34.8) and Spain (33.0). Meanwhile, the EU countries that show the least inequality are Slovakia (22.8), Slovenia (23.9), the Czech Republic (24.0), Belgium (25.1) and Finland (26.2). At the same time, it is interesting to note that the Gini index of Bulgaria, which is the highest among the EU member states, is almost twice higher than the Gini index of Slovakia, which is the lowest in EU.

While the effects of the COVID-19 pandemic are still being calculated, early estimates predicted an increase in Gini coefficient by 1.2-1.9 percentage points per year for 2020 and 2021, signaling an increase in income inequality [24].

At the same time, it is interesting to compare the results of the two income inequality methods presented above. The comparison shows that overall, the ranking of countries is quite similar, with some deviations, though. Thus, Bulgaria ranks first in terms of both indicators, showing the widest income inequality, which indicates that reducing income inequality should be a serious concern for the country's government, in particular, and the EU in general. Additionally, in the top five EU countries as per both estimation methodologies we have also such countries as Romania, Lithuania and Latvia, even though with different rankings. Even though there is a correlation between the results in the two methodologies, there are still some mismatches for particular cases (i.e. Spain ranks 6th in DDR and 5th for Gini index, whereas Italy holds the 3rd and the 6th places respectively). Allowing for certain mismatches due to different methodologies used, it can be stated that if both estimations point at the same countries as having high income inequality, then this should serve as grounds to conclude that income inequality is an issue for the aforementioned countries and that it should be tackled by the respective governments.

With regard to the top five EU countries that present less income inequality (i.e. having a more even distribution of income), both DDR and Gini estimates list the same countries Slovakia, Slovenia, the Czech Republic, Belgium and Finland - in almost the same sequence. The only difference in ranking is presented by the Czech Republic, which according to Gini presents a deeper inequality than that of Slovakia and Slovenia. The fact that both approaches to estimating inequality provide very close results, suggests a certain degree of accuracy of both DDR and Gini estimates.

Nevertheless, even if the Gini coefficient is widely used to rank the countries with regard to economic inequality, it still doesn't cover the whole spectrum, as Gini is heavily dependable on the size of the sample and is impacted by demographic structure of the population, by the size of the household and migration. Thus, the quality of the data has a crucial role in estimating the Gini coefficient [8].

2. RELATIONSHIP BETWEEN ECONOMIC INEQUALITY AND ECONOMIC PERFORMANCE

In order to understand the relation between inequality and growth and to see if by comparing the data on economic inequality and growth, we could get a result able to confirm or infirm the hypothesis expressed by a number of researchers (i.e. that the economic inequality has a positive impact on growth in the case of developed countries and a negative influence in the case of developing countries), the GDP and actual individual consumption (AIC) for the EU-27 countries have been considered, and the results have been matched and contrasted with the DDR and Gini outcomes. The reason for choosing to analyze namely the EU-27 countries is that even though they have harmonized policies with reference to growth and inequality, still the member states have different levels of development, which should give us the possibility to draw certain conclusions on the situation with inequality and growth depending on the countries' level of performance.

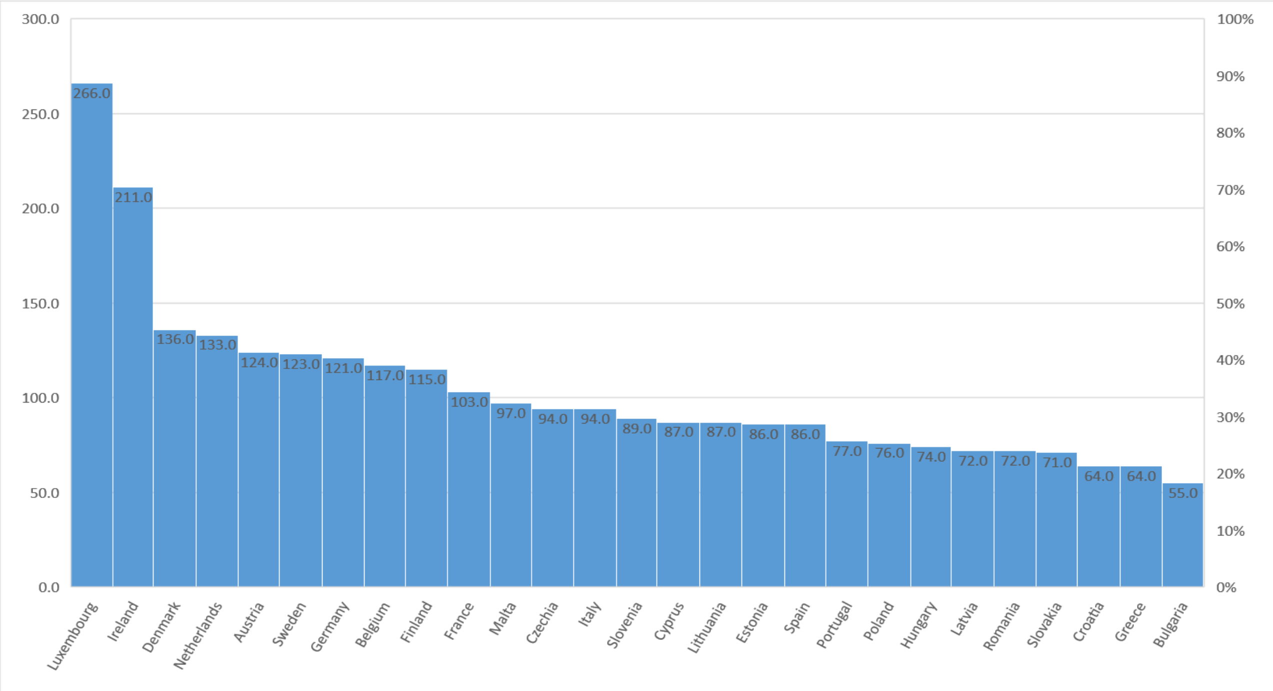

Figure 3. Volume indices of GDP per capita, 2020, (EU=100) for EU-27 states

Source: Eurostat (prc_ppp_ind) (Accessed on 28.11.2021)

As per Eurostat data (Figure 3), Luxembourg is the country with the highest GDP per capita among the EU-27 countries exceeding by about 2.5 times the EU average (103.5). It is considered that one of the reasons for this performance is the high rate of foreign residents working in the country and contributing to its GDP, without being included in the resident population [11]. Luxembourg is followed by Ireland, Denmark, the Netherlands, Austria (top 5). The GDP per capita of Bulgaria, Greece, Croatia, Slovakia and Romania places them in the least performing 5 economies among the EU countries.

The economic activity of the EU-27 countries as reflected in GDP can be supplemented by another important indicator, Actual Individual Consumption (AIC), that better expresses welfare of households and is said to serve as an alternative for GDP in this respect [11] (Figure 4).

As in the case of GDP, Luxembourg has the highest level of AIC per capita, much above the EU average (93.4). Germany, Denmark, the Netherlands and Austria come next in top 5 EU countries in terms of AIC per capita. A less large discrepancy registered in AIC per capita than in GDP per capita of Luxembourg, as compared to the other EU member states, is explained by the fact that the in-coming labor force contributes to GDP in the country but spend more in their country of residence [11]. The same gap between GDP and AIC is noticed with respect to Ireland. The countries that present the lowest 5 volume indices for AIC per capita are Bulgaria, Croatia, Hungary, Latvia and Slovakia.

Academy of Economic Studies of Moldova. ISBN 978-9975-155-73-1 (PDF). DOI 10.5281/zenodo.6255729

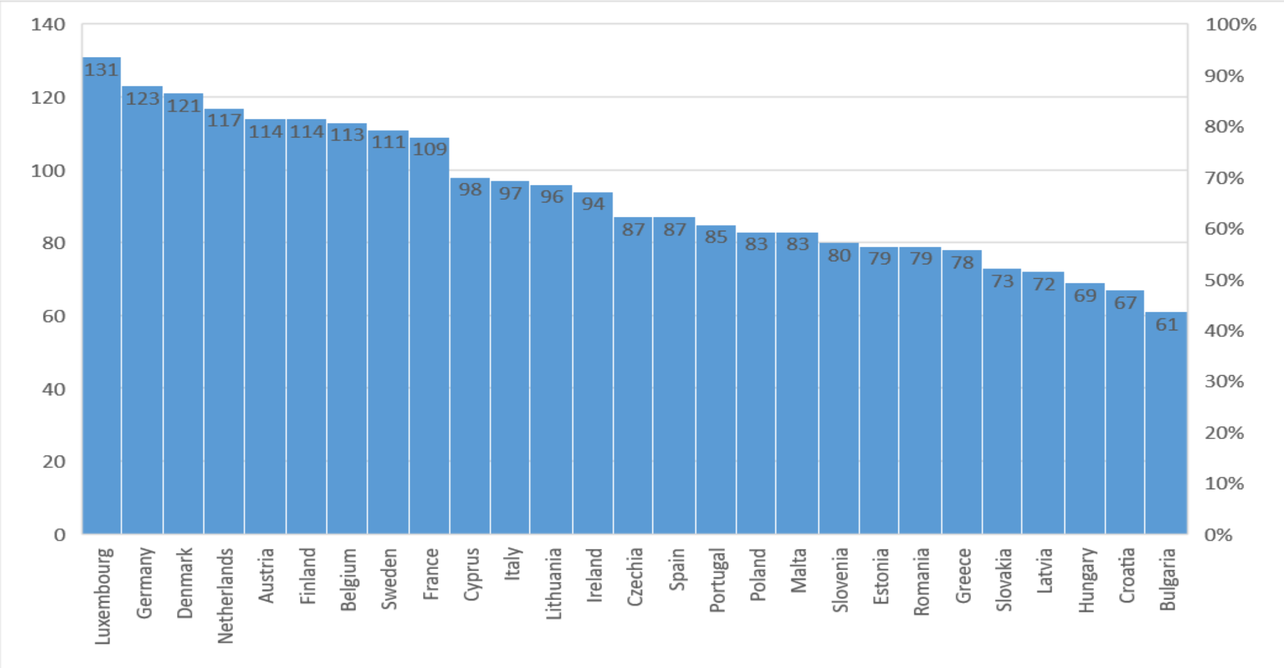

Figure 4. Volume indices of AIC per capita, 2020, (EU=100) for EU-27 member states

Source: Eurostat (prc_ppp_ind) (Accessed on 28.11.2021)

The analysis of income inequality and economic performance, as reflected by GDP and the AIC, reveals the following aspects: some of the countries that show high inequalities, present also low levels of GDP per capita and low levels of AIC per capita (Bulgaria, Romania, Greece and Latvia in top 10 in all the aforementioned estimates). Besides Luxembourg, none of the countries that show high GDP per capita performance and high AIC present the highest level of inequality (i.e. are not in top 10 in these estimates). These findings help us to conclude that normally, a high level of inequality is associated with a low economic growth and consumption power, especially with reference to developing countries, whereas a moderate (controlled) inequality leads to a high economic performance. At the same time, the trend noted in the case of the developed countries, even though not univocally, shows that a certain degree of inequality works well for their economic growth [13] – [21]. The most vivid examples that prove the above statements is Bulgaria which shows that for the developing European countries inequality is detrimental, whereas Luxembourg, on the other hand, shows that a rather high degree of inequality impacts positively the growth of the developed European countries.

However, it should be noted that the relationship between the economic inequality and growth is complex as there are also other factors that influence growth and more often in this tandem, i.e. economic inequality and growth, the cause and effect switch places.

CONCLUSIONS

The economic growth per se does not necessarily mean that inequality will be impacted. The inequality relates to how the obtained benefits are shared. Depending on this, the inequality might stay unchanged (if everyone gets the same share of the growth), be reduced (if the income of the poor increases quicker than that of the rich) or become deeper (if a larger share of the growth benefits goes to the rich). Sometimes the disproportional distribution of growth might occur if growth is brought about by a specific industry [8].

The DDR and Gini income inequality measurements have resulted in almost the same income inequality ranking of the EU-27 countries, with slight deviations due to different methodology used.

When contrasting the income inequality results with the data on GDP per capita and actual individual consumption (AIC) for the EU-27 member states, it is noticed that the relationship between economic growth and inequality is not clear-cut (consider the case of Luxembourg). Nevertheless, the results show clearly that the less developed EU member states, which present the highest inequality, display the lowest GDP per capita and AIC. Additionally, the more developed EU member states that have a moderate (controlled) income inequality present also a rather high economic performance.

Thus, we can conclude that the impact of inequality on growth is ambivalent. With reference to less developed countries the income inequality hinders growth, while in the case of developed countries, if controlled, it might have a positive impact on growth.

Therefore, even if some degree of inequality is beneficial for growth by creating incentives for harder work and competition, at the point where the economic inequality starts to negatively affect the economic growth, the governments should intervene with policies to reduce it. At the same time, a sustainable economic growth can be achieved only by keeping control on the economic inequality as one of the factors that influence the inclusive and therefore a sustainable economic growth.

BIBLIOGRAPHY

1. Alvaredo, F., Atkinson, A. B., Piketty, T., & Saez, E. (2013). *The top 1 percent in international and historical perspective*. Journal of Economic perspectives, 27(3), 3-20.
2. *Anand, Rahul; Mishra, Saurabh; Peiris, Shanaka J.. 2013. Inclusive Growth Revisited: Measurement and Determinants. Economic premise;no. 122. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/22618 License: CC BY 3.0 IGO*
3. Bapuji, H., Ertug, G., & Shaw, J. D. (2019) *Organizations and societal economic inequality: A review and way forward*. Academy of Management Annals. Research Collection Lee Kong Chian School Of Business. Available at: https://ink.library.smu.edu.sg/cgi/viewcontent.cgi?article=7249&context=lkcsb_research [Accessed on 27.11.2021]
4. Buzoianu, O. A. C., Barbu, C. A., & Cosma, R. M. (2016). Inegalitatea veniturilor în uniunea europeană. In *25 de ani de reformă economică în Republica Moldova: prin inovare şi competitivitate spre progres economic* (Vol. 1, pp. 137-140).
5. Cichowicz, E., & Rollnik-Sadowska, E. (2018). Inclusive growth in CEE countries as a determinant of sustainable development. *Sustainability*, *10*(11), 3973.
6. Cordemans, N. (2019). *Inclusive growth: a new societal paradigm?* NBB Economic Review June 2019.
7. Crudu, R. (2015). The influence of fiscal policy on income inequality in European Union's member states, *Business Systems & Economics*, 5 (1), p. 46- 60.
8. Dabla-Norris, M. E., Kochhar, M. K., Suphaphiphat, M. N., Ricka, M. F., & Tsounta, M. E. (2015). *Causes and consequences of income inequality: A global perspective.* International Monetary Fund. https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf [Accessed on 27.11.2021]

9. ECONPOL (2018) https://www.econpol.eu/publications/policy_brief_7 [Accessed on 29.11.2021]
10. European Commission 2019 https://ec.europa.eu/info/publications/reflection-paper-towards-sustainable-europe-2030_en [Accessed on 29.11.2021]
11. EUROSTAT GDP per capita, consumption per capita and price level indices - Statistics Explained (europa.eu)
12. Heshmati, A., Kim, J., & Wood, J. (2019). A survey of inclusive growth policy. Economies, 7(3), 65.
13. Jianu, I.; Dinu, M.; Huru, D.; Bodislav, A. *Examining the Relationship between Income Inequality and Growth from the Perspective of EU Member States' Stage of Development. Sustainability* 2021, 13, 5204. https://doi.org/ 10.3390/su13095204 https://www.mdpi.com/2071-1050/13/9/5204 [Accessed on 01.12.2021]
14. Kalyva, A., Prince, S., Leodolter, A., & Astarita, C. (2018). *Labour Taxation and Inclusive Growth* (No. 084). Directorate General Economic and Financial Affairs (DG ECFIN), European Commission.
15. Michálek, A., & Výbošťok, J. (2019). Economic growth, inequality and poverty in the EU. *Social Indicators Research*, *141*(2), 611-630. https://link.springer.com/article/10.1007/s11205-018-1858-7 [Accessed on 01.12.2021]
16. Milanovic, B. (2011). *Worlds apart: Measuring international and global inequality*. Princeton University Press.
17. Nolan B., Maître B. (2008) *Economic Growth and Income Inequality: Setting the Context*. In: Fahey T., Russell H., Whelan C.T. (eds) Quality of Life in Ireland. Social Indicators Research Series, vol 32. Springer, Dordrecht. https://doi.org/10.1007/978-1-4020-6981-9_3 [Accessed on 01.12.2021]
18. Organization for Economic Cooperation and Development. Available at: Inclusive Growth - Economic growth that is distributed fairly across society (oecd.org) [Accessed on 01.12.2021]
19. Peterson, E.W.F. *Is Economic Inequality Really a Problem? A Review of the Arguments*. Soc. Sci. 2017, 6, 147. Available at https://doi.org/10.3390/socsci6040147 [Accessed on 27.07.2021]
20. Rodrik, D., & Stantcheva, S. (2021). A Policy Matrix for Inclusive Growth.
21. Soava, G., Mehedintu, A., & Sterpu, M. (2020). *Relations between income inequality, economic growth and poverty threshold: new evidences from EU countries panels.* Technological and Economic Development of Economy, 26(2), 290-310.
22. Unite Nations. Department of Economic and Social Affairs. Sustainable Development. Available at https://sdgs.un.org/goals [Accessed on 27.11.2021]
23. World Bank LAC Equity Lab: Income Inequality - Income Distribution (worldbank.org) [Accessed on 26.11.2021]
24. World Population Review https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country (Accessed on 26.11.2021)
25. World Inequality Database. Newsletter FEBRUARY 11, 2021 Available at https://wid.world/news-article/newsletter-february-2021/ [Accessed on 27.11.2021]