



KUZNETS'S INVERTED-U HYPOTHESIS FOR EMERGING COUNTRIES

Seher Gülşah Topuz, Taner Sekmen and Ömer Akkuş

Eskişehir Osmangazi University, Turkey

This paper investigates Kuznets's inverted-U hypothesis based on the relationship between economic development and income inequality for emerging countries. The unbalanced panel data set of 32 emerging countries that spans from 1995 to 2014 was employed for econometric estimations. The empirical evidences support Kuznets's inverted-U hypothesis. Therefore, it can be concluded that the income inequality increases during the initial stages of economic development, while it decreases during the advanced stages of economic development in emerging countries. According to these results, the governments should attach more importance to policies decreasing income inequality especially in initial stages of economic development.

Keywords: Inverted-U Hypothesis, Income inequality, Emerging countries, Panel data.