

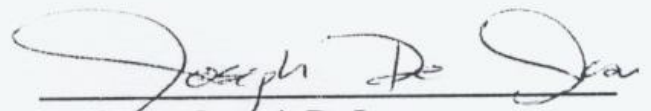
**Inequality and Growth: Evidence from Canadian
Provinces**

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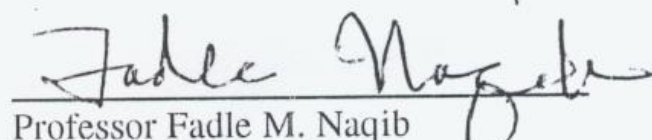
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Master of Arts in Economics**

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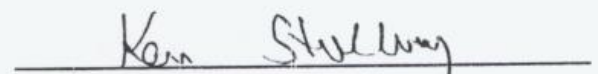
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Abstract

Canadian provincial data provide strong overall relationship between income inequality and economic growth using Gini Index as a measure of inequality.

Our finding supports the Kuznets inverted-U hypothesis — whereby inequality first increases and later decreases during the process of economic development. However, we find no significant relationship between inequality and growth using quintile ratio as a measure of inequality.

Granger causality tests suggest that inequality Granger-cause growth.