

## **Abstract**

This thesis concerns with the comparison of income inequality within countries and with the analysis of income inequality determinants. Its main objectives are to: (1) examine the problem of international comparability of income inequality data and put together database with comparable data, (2) describe international differences in the level of income inequality and verify the hypothesis that there is a significant degree of similarity among countries within macroregions of the world, (3) discuss various explanations for international differences in income inequality, and (4) examine these determinants by cross-country analysis.

The issue of international comparability of data has usually been only insufficiently dealt with, what can lead to highly misleading results when comparing levels of inequality across countries. The thesis overviews the most important methodical problems and documents their typical neglect on two notable examples of CIA - The World Factbook database and the Human Development Report database.

One important problem in the cross-country comparisons is the adjustment of indicators of inequality based on different conceptions (e.g. household expenditures versus incomes). Existing literature mostly ignores the fact that differences between results based on these unlike conceptions may vary across countries and adjusts indicators of inequality by an uniform constant. Instead, this thesis comes with more accurate method of the adjustment by calculating the constants separately for each world macroregion.

The appropriateness of the abovementioned procedure is also supported by the confirmation of the importance of relative macroregional homogeneity in the levels of inequality – the macroregional affiliation explains 69,4 % of the variability in national inequality figures.

From numerous potential determinants of inequality identified by the literature review, the quality of governance and colonial history of countries have proved to be the most important according to results of our cross-country regression analyses. The educational and demographic factors, level of economic development and the abundance of arable land have also been found significant. However, the analyses has uncovered notable spatial heterogeneity of underlying factors - different explanations of inequality are thus suggested for different parts of the world (macroregions). For example, in sub-Saharan Africa and Latin America seems to be important the relative productivity of agriculture, which elsewhere remained insignificant.

**Keywords:** causes of inequality, cross-country analysis, income inequality, international comparability, macroregions