

Measuring Inequality

Sociology

The standard measures, what each is sensitive to, and why they disagree.

Each measure privileges a different part of the distribution.

Measure	What it captures	Blind to
Gini	Whole distribution, 0 to 1	Where the gap sits
Palma ratio	Top 10% over bottom 40%	The middle
90:10 ratio	Distance between deciles	Tails beyond them
Top 1% share	Concentration at the top	Poverty
Poverty rate	Share below a threshold	Depth of poverty

Educational reference. Always ask: income or wealth, before or after tax and transfers, household or individual?