Gini coefiicient

Dimension - Social Developments

Associated Key Factor:

Inequality and Social Exclusion

Data Source:

Luxembourg Income Study

See various working papers of the Luxembourg Income Study, www.lisproject.org/publications

Luxembourg & University of Syracuse, USA

http://www.lisproject.org/keyfigures/ineqtable.htm

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General Availability:

Reporting unit: Household

Reporting level: National

Reporting period: regularly

Data available from 1980 to 2000

Availability by country:

1980 - 1990: Spain
1981 - 2000: Germany
1981 - 1994: France
1981 - 2000: Sweden
1983 - 1994: Netherlands
1985 - 1997: Belgium
1985 - 1994: Luxembourg
1986 - 1995: Italy
1986 - 1999: Poland
1986 - 1998: United Kingdom
1987 - 1997: Austria
1987 - 1997: Denmark
1987 - 2000: Finland
1987 - 1996: Ireland
1991 - 1999: Hungary
1992 - 1996: Czech Republic
1992 - 1996: Slovenia
1992 - 1996: Slovak Republic
1995 - 1997: Romania
2000 - 2000: Estonia

The indicator:

The Gini coefficient (GC) is one of most widely used indicator of income inequality.

Description

The Gini coefficient may be expressed as a proportion or as a percentage. The Gini coefficient will be equal to 0 when the distribution is completely egalitarian. If the society's total income accrues to only one person/household unit, leaving the rest with no income at all, then the Gini coefficient will be equal to 1, or 100%

How is it measured?

Households are first ranked from lowest to highest according to income level. The Gini index incorporates these detailed shares into a single statistic.

What are the advantages of the indicator?

The Gini coefficient is based on the mean of the income distribution. This means it implicitly gives a higher weight to the middle income classes. This makes it more resistant against the underestimation of very high and very low income earners.

What are the disadvantages of the Indicator?

For the same attributes as above, the Gini coefficient has been criticised as tending to underestimate the amount of inequality (because of the lower weights for values on the edge of the distribution).

What is the policy relevance of the indicator?

As the Gini Coefficient measures the extent of income inequality it is widely used for social policy analysis to provide information on the redistributive effect of taxation and other governmental distributive means.

The Indicator is relevant for the following pathways of the FORESIGHT FOR TRANSPORT excercise:

	Transport Impact	External Determining Variable	Intermediate Variable	Contextual Information
Ageing and the labour market	☐	☐	☑	☐
Valorization of time and speed and daily mobility	☐	☐	☑	☐
Valorization of time and speed and tourism/business travel	☐	☐	☑	☐
Changing household structures	☐	☐	☑	☐
Flexibilisation of the labour market	☐	☐	☑	☐
Growth of transport demand	☐	☐	☑	☐