

Contents

<i>List of Figures</i>	xiii
<i>List of Tables</i>	xvii
1. First Principles	1
1.1 A preview of the book	3
1.2 Inequality of what?	4
1.3 Inequality measurement, justice, and poverty	7
1.4 Inequality and the social structure	13
1.5 Questions	14
2. Charting Inequality	17
2.1 Diagrams	18
2.2 Inequality measures	24
2.3 Rankings	31
2.4 From charts to analysis	36
2.5 Questions	37
3. Analysing Inequality	39
3.1 Social welfare functions	40
3.2 SWF-based inequality measures	49
3.3 Inequality and information theory	53
3.4 Building an inequality measure	61
3.5 Choosing an inequality measure	67
3.6 Summary	72
3.7 Questions	75
4. Modelling Inequality	77
4.1 The idea of a model	78
4.2 The lognormal distribution	80
4.3 The Pareto distribution	87
4.4 How good are the functional forms?	95
4.5 Questions	100

Contents

5. From Theory to Practice	103
5.1 The data	104
5.2 Computation of the inequality measures	112
5.3 Appraising the calculations	128
5.4 Shortcuts: fitting functional forms	135
5.5 Interpreting the answers	142
5.6 A sort of conclusion	148
5.7 Questions	149
A Technical Appendix	153
A.1 Overview	153
A.2 Measures and their properties	153
A.3 Functional forms of distribution	156
A.4 Interrelationships between inequality measures	163
A.5 Decomposition of inequality measures	164
A.6 Negative incomes	169
A.7 Estimation problems	170
A.8 Using the website	177
B Notes on Sources and Literature	178
B.1 Chapter 1	178
B.2 Chapter 2	180
B.3 Chapter 3	183
B.4 Chapter 4	187
B.5 Chapter 5	190
B.6 Technical Appendix	195
<i>Bibliography</i>	197
<i>Index</i>	225