

## Gini Coefficient

The Gini Coefficient is a measure of income inequality which is based on data relating to household's disposable income. A Gini Coefficient of zero indicates perfect income equality, whereas a coefficient of one indicates perfect inequality. The Gini Coefficients for the OECD countries for the late 2000's are shown in table 1 below, along with a corresponding ranking (with 1 being the most equal).

**Table 1: Gini Coefficients and rankings for OECD countries for late 2000's<sup>1</sup>**

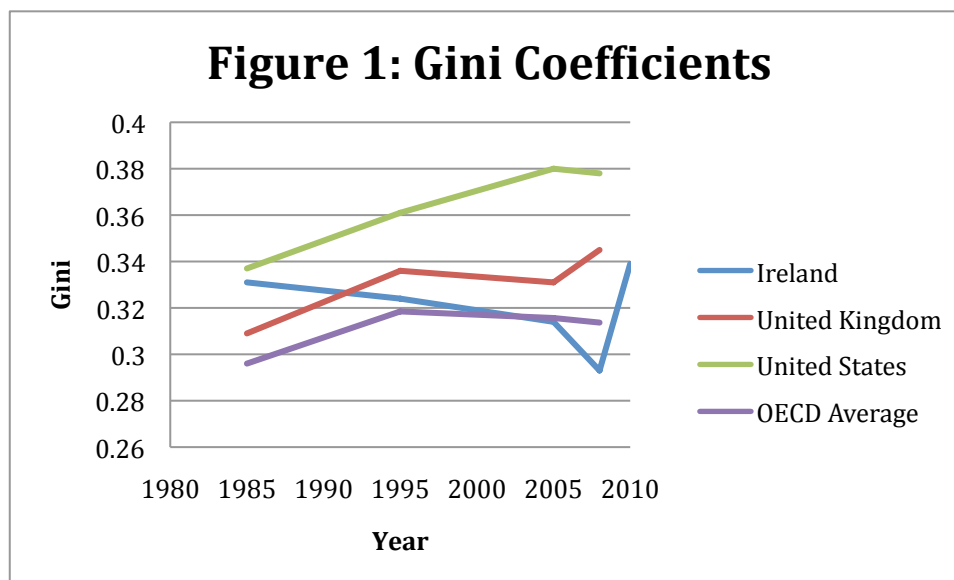
Country	Gini Coefficient (Total Population)	Rank
Slovenia	0.236	1
Denmark	0.248	2
Norway	0.25	3
Czech Republic	0.256	4
Slovak Republic	0.257	5
Belgium	0.259	6
Finland	0.259	7
Sweden	0.259	8
Austria	0.261	9
Hungary	0.272	10
Luxembourg	0.288	11
France	0.293	12
<b>Ireland (2009)</b>	<b>0.293</b>	<b>13</b>
Netherlands	0.294	14
Germany	0.295	15
Iceland	0.301	16
Switzerland	0.303	17
Poland	0.305	18
Greece	0.307	19
Estonia	0.315	20
Korea	0.315	21
Spain	0.317	22
Canada	0.324	23
Japan	0.329	24
New Zealand	0.33	25
Australia	0.336	26
Italy	0.337	27
<b>Ireland (2010)</b>	<b>0.339</b>	<b>27</b>
United Kingdom	0.345	28
Portugal	0.353	29
Israel	0.371	30
United States	0.378	31
Turkey	0.409	32
Mexico	0.476	33
Chile	0.494	34
<b>OECD - Average</b>	<b>0.316</b>	-

Source: OECD; <http://stats.oecd.org/Index.aspx?DataSetCode=INEQUALITY#>

<sup>1</sup> Late 2000's can refer to years from 2007-2009 depending on the country. For more information see <http://www.oecd.org/dataoecd/52/30/49147697.pdf>. The 2010 Gini Coefficient for Ireland is also included in the table. This comes from the CSO 2010 SILC Survey.

As we can see, Ireland's Gini Coefficient in 2009 was 0.293<sup>2</sup>, which was below (i.e. more equal than) the OECD average of 0.316. However, the latest Gini Coefficient reported for Ireland in 2010 is 0.339<sup>3</sup>. This indicates that from 2009-2010, there was a sharp rise in income inequality in Ireland. In 2009, Ireland ranked 13 out of the 34 OECD countries in terms of income equality. However, the revised Gini Coefficient of 0.339 in 2010 sees Ireland slide down to number 27 in the rankings. To put it another way, Ireland is the eighth most unequal country in the OECD in terms of income.

**Figure 1 below graphs the Gini Coefficients over time for Ireland, the UK, the US and the OECD average.**



**Notes:**

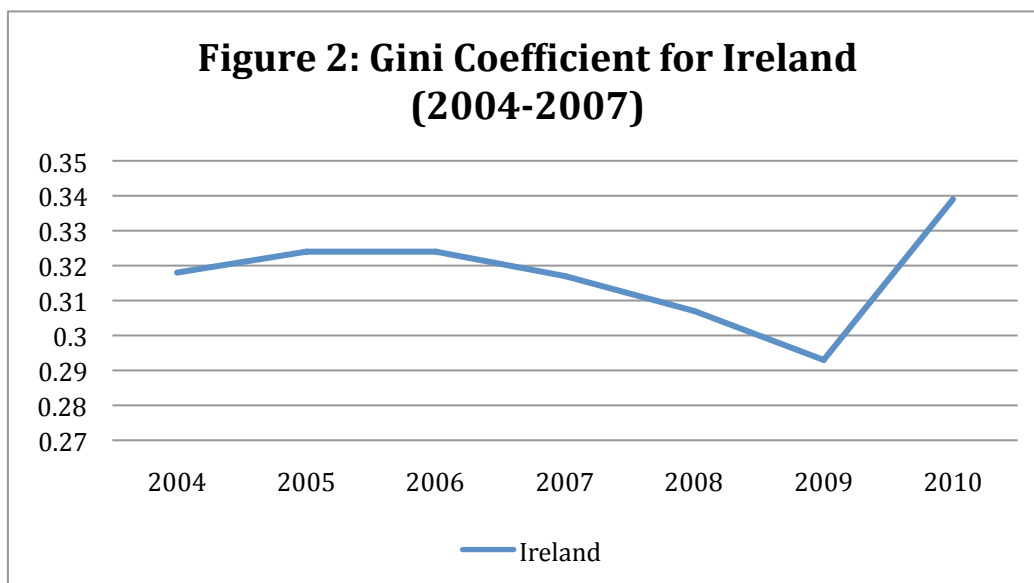
- 1) Source; OECD, <http://stats.oecd.org/Index.aspx?DataSetCode=INEQUALITY#>)
- 2) The 2010 Gini coefficient for Ireland is taken from the CSO SILC survey 2010. This can be accessed at [http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/prelimsilc\\_2010.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/prelimsilc_2010.pdf)
- 3) For the mid 1980's, data is unavailable for Australia, Chile, Czech Republic, Estonia, Hungary, Iceland, Korea, Poland, Portugal, Slovak Republic, Slovenia and Switzerland.
- 4) For the mid 1990's data is unavailable for Estonia, Iceland, Korea, Poland, Slovak Republic, Slovenia and Switzerland.

<sup>2</sup> Figures taken from OECD; <http://stats.oecd.org/Index.aspx?DataSetCode=INEQUALITY#>

<sup>3</sup> Source; CSO SILC survey 2010

[http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/prelimsilc\\_2010.pdf](http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/prelimsilc_2010.pdf)

In the early to mid 1990's, Ireland's Gini Coefficient fell below that of the UK and continued to fall throughout the 1990's and early 2000's. It eventually dropped below the OECD average in the late 2000's. However, following the sharp rise in 2010, Ireland is now more unequal than the OECD average and it's Gini Coefficient is very close to that of the UK. Figure 2 below shows a more detailed picture of the yearly changes in the Gini Coefficient for Ireland from 2004-2010.



Source: CSO SILC Survey 2010,

Again, this shows that there had been a gradual improvement in income equality in Ireland up until 2009. From 2009-2010, there was a rapid reversal which completely offset any improvements made in previous years.

### **Interdecile Ratios**

Table 2 below shows a number of different interdecile ratios for each OECD country. The P90/P10 ratio is a ratio of the income of those in the highest decile to the income of those in the lowest decile. The P90/P10 ratio for Ireland of 3.702, tells us that people in the highest decile earn 3.702 times that of those in the lowest income decile.

**Table 2: Interdecile Ratio of OECD countries for late 2000's**

	Interdecile ratio P90/P10		Interdecile ratio P90/P50		Interdecile ratio P50/P10	
	Level	Rank	Level	Rank	Level	Rank
Denmark	2.790	1	1.557	1	1.747	4
Czech Republic	2.908	2	1.730	7	1.737	2
Norway	2.976	3	1.617	2	1.771	5
Slovenia	3.017	4	1.638	3	1.864	11
Slovak Republic	3.122	5	1.781	10	1.873	13
Hungary	3.146	6	1.749	8	1.779	6
Finland	3.162	7	1.677	5	1.859	10
Sweden	3.165	8	1.658	4	1.716	1
Austria	3.205	9	1.751	9	1.818	8
Iceland	3.208	10	1.819	11	1.746	3
Belgium	3.324	11	1.701	6	1.940	16
Netherlands	3.343	12	1.841	13	1.865	12
Luxembourg	3.442	13	1.826	12	1.857	9
France	3.447	14	1.887	17	1.809	7
Germany	3.545	15	1.844	14	1.888	14
Switzerland	3.660	16	1.871	15	1.917	15
<b>Ireland</b>	<b>3.702</b>	<b>17</b>	<b>1.884</b>	<b>16</b>	<b>2.182</b>	<b>22</b>
Poland	3.972	18	1.979	22	2.362	27
Greece	4.025	19	1.971	21	2.180	21
New Zealand	4.169	20	2.050	28	2.065	17
Canada	4.177	21	1.947	19	2.122	19
Estonia	4.279	22	2.018	26	2.294	25
Italy	4.301	23	2.044	27	2.113	18
Australia	4.546	24	1.982	23	2.130	20
Spain	4.551	25	1.954	20	2.320	26
United Kingdom	4.559	26	2.008	25	2.199	23
Korea	4.817	27	1.936	18	2.429	28
Portugal	4.855	28	2.277	31	2.225	24
Japan	5.024	29	1.997	24	2.430	29
United States	5.902	30	2.205	29	2.672	31
Turkey	6.153	31	2.488	32	2.672	30
Israel	6.202	32	2.272	30	2.688	32
Chile	8.518	33	3.231	34	2.730	33
Mexico	9.675	34	2.977	33	2.860	34
<b>OECD average</b>	<b>4.261</b>	<b>-</b>	<b>1.975</b>	<b>-</b>	<b>2.114</b>	<b>-</b>

Source: OECD Factbook 2011; Economic, Environmental and Social Statistics

The P90/P10 ratio for Ireland of 3.702 is lower than that of the OECD average of 4.261. This means that the gap between the income of the highest and lowest earners is not as large as the OECD average. Ireland ranks 17 out of 34 countries.

The P90/P50 ratio is the ratio of the income of the highest earners to the median income. As with the P90/P10 ratio, the P90/P50 is below that of the OECD average indicating that the gap between the highest earners and the median earners is below the OECD average.

However, when looking at the P50/P10 ratio, it is quite a different story. The P50/P10 ratio indicates the gap between the median income earners and the lowest earners. Ireland's P50/P10 ratio is above that of the OECD average, which suggests that, relatively speaking, the gap between Ireland's middle earners and Ireland's low earners is quite large.