To that end, eight inequality metrics are calculated and compared to one another in Figure 2. The Gini Index is a widely cited measure of income inequality. However, though it offers ease of interpretation, it sacrifices a lot of information. In Figure 1, Washington, DC and Cincinnati, OH have Gini indexes that are not statistically different from one another, but still have different income distributions.

To that end, eight inequality metrics are calculated and compared to one another in order to examine how the use of a particular metric impacts our understanding of well-being.

In Figure 4, the 90-50 ratio and 50-10 ratio produce very different results. The correlation coefficient is -.2608 with a standard error of .0005. The correlation coefficient is -.2608 with a standard error of .0005. Higher violent crime, higher cost of living, and higher population growth. Higher sales tax rates and lower income tax rates. In Figure 7, higher inequality at the top of the income distribution is associated with higher violent crime, higher cost of living, and higher population growth.

Other inequality metrics show similar patterns, aside from results in Figure 4. The second objective is to examine how the use of different metrics can lead to different conclusions.

The Gini Index is often used to capture income inequality. Based on Figure 2, a person may draw far different conclusions and see far different results. The 80-20 ratio is used if the Palma ratio is used. Similarly, different outcomes are found when different metrics are used in Figure 5. No judgements are made about one metric being superior to another. The main point is that each metric looks at a different part of the income distribution so they should be used in concert with one another.

There are two main objectives in calculating the eight income inequality metrics. The first is to examine the level of income inequality in MSAs in the United States. A significant amount of variation is found in income inequality, much of which depends on MSA size. Bigger MSAs have more heterogeneity. Income inequality is significantly higher in MSAs with larger populations. Larger population = 1 million (53 MSAs), 250,000-1 million (196 MSAs).

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