

SOC 321 (GIST 550) Assignment Gini Inequality Coefficient

The total score is 50. To earn the perfect score, you need to do 2 things. (1) Type your answers in MS-Word or any typesetting program and turn in your answers by the midnight on March 2nd (Wednesday). You should clearly identify the question number and your answers in the document. You can submit a hardcopy in class or upload your answers to the Canvas system. PDF rather than MS-Word is preferred. (2) Email me your excel (or other computation) file.

Let's assume there are two hypothetical small countries. The population size for both countries are 15. Their wage and education distributions look like Table 1.

Table 1: Wage Distribution

| i | Country A | | Country B | |
|----|--------------------|------|--------------------|------|
| | Years of Schooling | Wage | Years of Schooling | Wage |
| 1 | 2 | 2 | 10 | 5 |
| 2 | 3 | 6 | 11 | 8 |
| 3 | 4 | 8 | 12 | 11 |
| 4 | 3 | 7 | 16 | 18 |
| 5 | 5 | 8 | 12 | 10 |
| 6 | 6 | 9 | 9 | 4 |
| 7 | 4 | 8 | 13 | 19 |
| 8 | 7 | 12 | 17 | 20 |
| 9 | 9 | 16 | 18 | 24 |
| 10 | 3 | 9 | 8 | 6 |
| 11 | 4 | 10 | 9 | 7 |
| 12 | 2 | 2 | 10 | 5 |
| 13 | 3 | 6 | 11 | 8 |
| 14 | 4 | 8 | 12 | 11 |
| 15 | 3 | 7 | 16 | 18 |

Utilizing Table 1, answer the following questions.

1. What is the mean wage in Country A (4 points)
2. Compute *Gini* for wages in Country A (8 points)
3. Draw a Lorenze curve of the wage distribution of Country A (8 points)
4. What is the mean wage in Country B (4 points)
5. Compute *Gini* for wages in Country B (8 points)
6. Draw a Lorenze curve of the wage distribution of Country B (8 points)
7. Ceteris paribus, which country would you prefer to live in? Why? You may want to consider not only wage inequality but also the difference in education between 2 countries. (10 points)