
Subject: Re: Can the wealth index be used to measure wealth inequality?

Posted by [Reduced-For\(u\)m](#) on Mon, 14 Dec 2015 05:27:30 GMT

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I'm looking at this description of concentration index:

<http://siteresources.worldbank.org/INTPAH/Resources/Publications/459843-1195594469249/HealthEquityCh8.pdf>

It seems to me you need two kinds of information: 1) a health outcome of interest; 2) a ranking of household wealth.

I assume you want to use wealth index for (2). In that case, you don't need a cardinal measure at all, just a ranking (ordinal measure). At least that is my reading (and since it only enters as a rank and not as an actual covariate value in the formula, best as I can tell). From the WB paper on concentration index I linked to above (my bold).

"Note that the concentration index depends only on the relationship between the health variable and the rank of the living standards variable and not on the variation in the living standards variable itself. A change in the degree of income inequality need not affect the concentration index measure of income-related health inequality."

Am I mis-understanding something you are trying to do? If not, the second question doesn't make much sense - If you were interested in trends in wealth inequality, why not compute a Gini coefficient or something. In that case, your question makes sense, and I think the answer is probably no, but with a caveat. While you probably can't use the regular wealth index, maybe you could use the comparative wealth index that DHS has been working on, but a DHS expert would have to weigh in on whether or not that made sense (assuming you did want something more like a Gini than what I am thinking of as a "concentration index"):

Link to information on Comparative Wealth Index (might be out of date):
<http://www.dhsprogram.com/pubs/pdf/MR9/MR9.pdf>