

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (25 points) Use the following data to draw the Lorenz Curve and estimate the Gini Coefficient. Explain how you did both.

Bracket	1 st quintile	2 nd quintile	3 rd quintile	4 th quintile	top decile
% of income	5%	10%	15%	20%	30%

2) (20 points) Draw two different Lorenz Curves which have the same Gini Coefficient. In which country would you rather be in the middle class? Explain your logic.

3) (15 points) What is meant by the poverty gap? Why is that a more important number than the number of people under the poverty line?

4) (25 points) Land redistribution can hurt or help a country develop. Which do you think is more likely to happen? Explain your logic making sure you explain how it could hurt the economy and how it could help.

5) (15 points) Why might the poor be hurt more by government deficits than the rich?