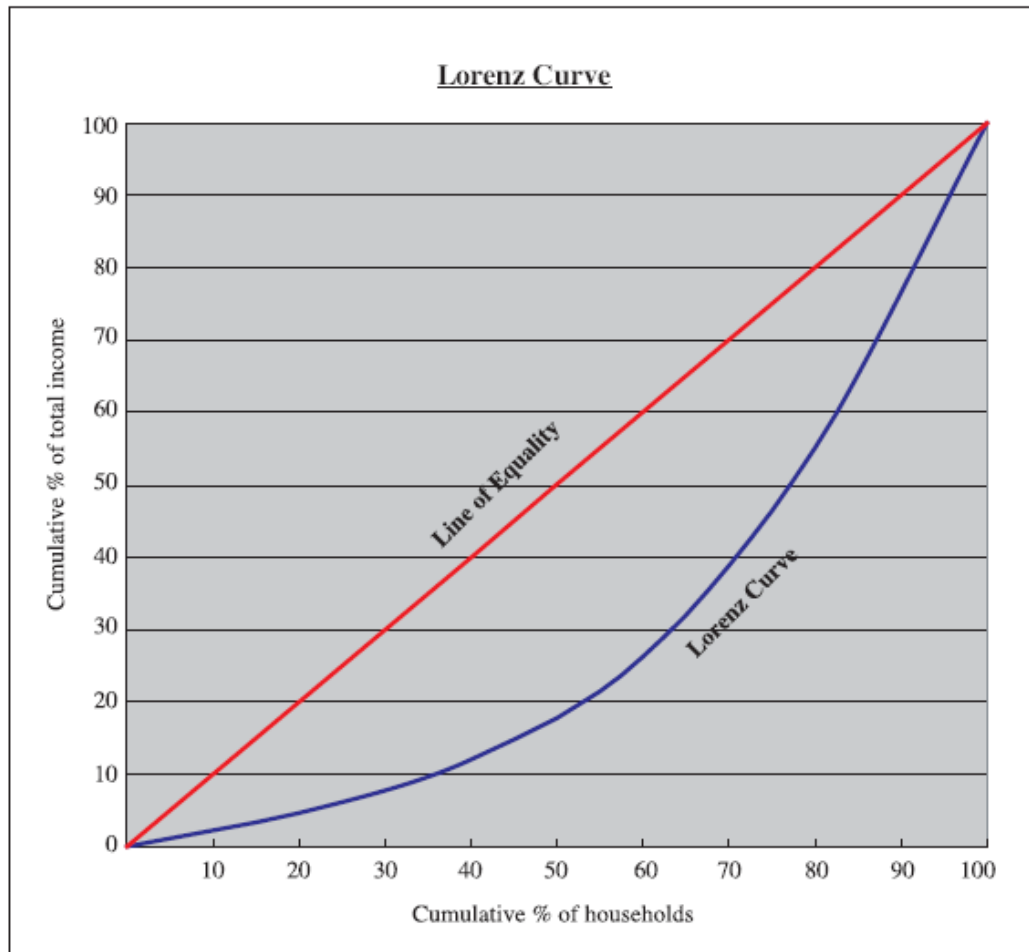


\* *Teacher's version P.51-57 (2.2: The Lorenz Curve - Activity 2)*

### Assignment 2

How would the following events/cases change the income distribution of a country?

Illustrate your answers with suitable Lorenz Curves.



- Some income of the low-income groups is transferred to the high-income groups.
- Government gives a fixed lump sum subsidy of \$500 to the low-income groups.
- Every household earns 5% less.
- All households have an additional annual income of \$1000.
- All households have to pay a lump sum annual tax of \$500.