

Lorenz Curves

Name: _____ Date: _____

Directions: Follow along with the presentation and complete each step. By the end of the presentation, you will have a Lorenz Curve.

Step 1: You are given the following income data for the small country of Alpha. Adrian earns \$90; Bob, \$15; Cathy, \$70; Derek, \$200; and Eddie, \$125.

Step 2: Arrange income in ascending order. Complete the name and income columns.

Use the table below for Steps 2, 3, and 4.

Name	Income	Percent of Total	Cumulative %
Total Income:			

Step 3: Compute the total income by summing the Income column.

Step 4: Find percent of total income earned by each individual. Divide each worker's income by the total. Round your answers and place them in the percent of total column. (3)

Step 5: Calculate the cumulative percent of total. For two workers, the cumulative percent is the first worker's share (3%) + the second worker's share (14%) = 17%.

Step 6: Use the graph below to plot the workers share of income by quintile.

