

VISUAL 2-2: Building a Lorenz Curve

The Citizens of Maple Land

The Data

Name	Income
Scott	\$90
Seth	\$15
Bob	\$70
Joe	\$200
Bonnie	\$125

Step 1

Name	Income (ascending)
Seth	\$15
Bob	\$70
Scott	\$90
Bonnie	\$125
Joe	\$200

Step 2

Name	Income	Share of Total Income
Seth	\$15	$\$15/\$500 = 3\%$
Bob	\$70	$\$70/\$500 = 14\%$
Scott	\$90	$\$90/\$500 = 18\%$
Bonnie	\$125	$\$125/\$500 = 25\%$
Joe	\$200	$\$200/\$500 = 40\%$
TOTAL	\$500	$\\$500/\\$500 = 100\%$

Step 3

Name	Income	Share of Total Income	Cumulative Share of Total Income
Seth	\$15	$\$15/\$500 = 3\%$	3%
Bob	\$70	$\$70/\$500 = 14\%$	3% + 14% = 17%
Scott	\$90	$\$90/\$500 = 18\%$	17% + 18% = 35%
Bonnie	\$125	$\$125/\$500 = 25\%$	35% + 25% = 60%
Joe	\$200	$\$200/\$500 = 40\%$	60% + 40% = 100%
TOTAL	\$500		

Step 4

The Lorenz Curve

