Wilf Csaplar Jr.   Economics 113   Homework #3   **Due Thursday 9/3 by 12:30 PM**

Do NOT write your name anywhere. (Canvas will tell me who turned in the assignment.) All answers must be typed, except for mathematics and graphs. Take pictures of your written answers and use your own software or https://pdfcandy.com/ to create a single PDF size A4. (pdfcandy.com will convert many file types to PDF, resize PDF, merge PDF and many other things for free.   However, Apple phones may require using CamScanner before using pdfcandy.com.) Failure to follow these directions will cost you 10 points.

1) (20 points) What is the desired outcome for income distribution? If that is achieved, what will happen to the goal of efficiency? Explain your logic.

2) (25 points) Draw a Lorenz Curve diagram in such a way that the Gini Coefficient is about .33. (.33 is what you get when you round 1/3 off to two decimals.) Explain why you feel the Gini Coefficient is .33.

3) (20 points) Question #1 implies it is hard to judge if an economic system is getting better or worse. Pretend we have numbers for each of each of our outcomes. How would take the six numbers and get a single number? Explain why you would use that method. The two methods are a straight average and a weighted average where the weights are determined by society. Make sure you mention why that method is better than the other method.
3B) (5 points) If you were forced to choose a weighted average, which outcome would you weight the most, efficiency, growth, income distribution, economic stability, long-run viability, and environmental sustainability? Why would you choose that one? Explain your logic.

4) (15 points) In general, is free trade better for the world or restricted trade? Explain your logic.

5) (15 points) The book shows two graphs on Page 112. They show that when there is more regulation, there tends to be more corruption. Why do you think that occurs? Explain your logic.