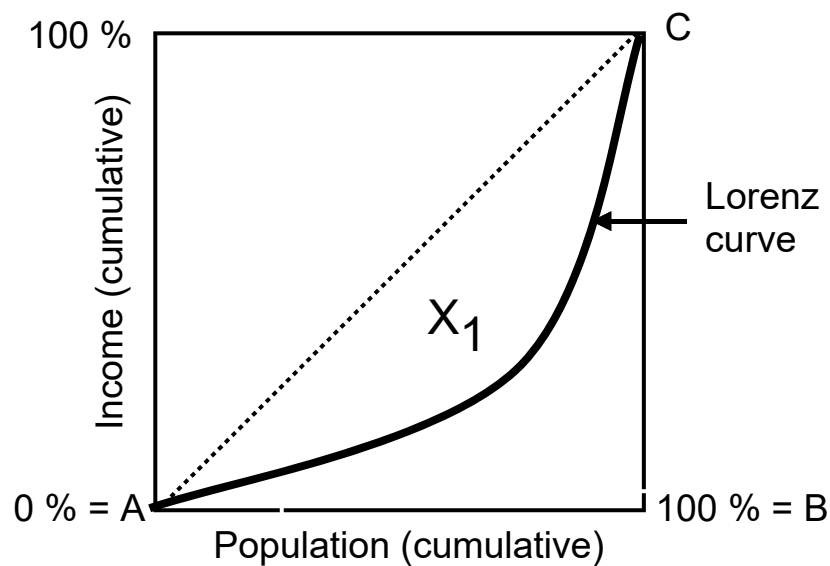


Gini coefficient and tax (E104a)

- ⇒ The following graph shows the Lorenz curve **before** taxation. How should the **income tax** be designed so that the Gini coefficient* becomes smaller?



* Gini coefficient =

$$\frac{\text{Area between the diagonal and the Lorenz curve (X}_1\text{)}}{\text{Area ABC}}$$

[Click here to get the answer!](#)