

1. The Republic of Bob has determined that their Lorentz curve is given by  $L(x) = 0.86x^2 + 0.14x$ . Find the Gini Index. SHOW YOUR WORK!

The Gini index is  $1 - 2 \int_0^1 L(x) dx$ . First, we'll compute the integral.

ALPHA: `int 0.86x^2+0.14x from x=0 to 1`

This gives us 0.356667. Then, plug that into the formula for the Gini index:

ALPHA: `1 - 2(0.356667)`

**Answer:** The Gini index is approximately 0.287.

2. Suppose the  $C'(q) = 2q^2 - 50q + 300$ . We also know that the cost when  $q = 1$  is \$40. Find  $C(q)$ .

We need to find an antiderivative of  $C'(q)$ . So we need to compute the indefinite integral of  $C'(q)$ .

ALPHA: `int 2q^2-50q+300`

So we find that  $C(q) = 1/3q(2q^2 - 75q + 900) + c$ . To find  $c$  we need to use the fact that  $C(1) = 40$ . Plug 1 into for  $q$  and set this equal to 40.

ALPHA: `1/3 q (2 q^2-75 q+900) + c at q=1`

ALPHA: `c+827/3 = 40`

So  $c = -707/3 \approx -235.667$

**Answer:**  $C(q) = 1/3q(2q^2 - 75q + 900) - 235.667$  or  $C(q) = 2/3q^3 - 25q + 300q - 235.667$

1. The Republic of Bob has determined that their Lorentz curve is given by  $L(x) = 0.943x^2 + 0.057x$ . Find the Gini Index.

The Gini index is  $1 - 2 \int_0^1 L(x) dx$ . First, we'll compute the integral.

ALPHA: `int 0.943x^2+0.057x from x=0 to 1`

This gives us 0.342833. Then, plug that into the formula for the Gini index:

ALPHA: `1 - 2(0.342833)`

**Answer:** The Gini index is approximately 0.314.

2. Suppose the  $C'(q) = 1.5q^2 - 40q + 900$ . We also know that the cost when  $q = 5$  is \$100. Find  $C(q)$ . SHOW YOUR WORK!

We need to find an antiderivative of  $C'(q)$ . So we need to compute the indefinite integral of  $C'(q)$ .

ALPHA: `int 1.5q^2-40q+900`

So we find that  $C(q) = q(0.5q^2 - 20.q + 900.) + c$ . To find  $c$  we need to use the fact that  $C(5) = 100$ . Plug 5 into for  $q$  and set this equal to 100.

ALPHA: `q (0.5 q^2-20. q+900.) + c at q=5`

ALPHA: `c+4062.5 = 100`

So  $c = -3962.5$

**Answer:**  $C(q) = q(0.5q^2 - 20q + 900) - 3962.5$  or  $C(q) = 0.5q^3 - 20q^2 + 900q - 3962.5$