Answers to Questions for Review

16.1 The total weights are as follows: 1.00+0.42, or 1.42 for A; 1.00+0.18+0.18, or 1.36 for B; and 0.61+0.46+0.42, or 1.49, for C. So the equivalized incomes are as follows: £1,000/1.42, or £704, for A; £1,000/1.36, or £735, for B; and £1,000/1.49, or £671, for C.

16.2 (a) The median is £500 because it is the income of E, the household in the middle of the nine in terms of income.

(b) The poverty line is 0.6 of £500, that is £300.

(c) Three households are below the poverty line.

(d) Policy II would help the poorest two households the most.

(e) Policy I would leave just two households in poverty, while Policy II would leave four in poverty. To secure favourable headlines, the government might choose Policy I despite the fact that Policy II would help the poorest people more.