

SOLUTIONS EXERCISES CHAPTER 3.2: PUBLIC SPENDING ON UNEMPLOYMENT BENEFITS AND PROGRAMS TO FIGHT AGAINST POVERTY

EXERCISE 1

Suppose that the following table collects the GDP per capita data for the EU-15 corresponding to the year 2021.

GDP per capita	no_i
20,000-25,000	2
25,000-30,000	3
30,000-35,000	6
35,000-40,000	3
40,000-70,000	1

Required: Analyze the degree of inequality and represent the Lorenz curve. Observation: take for each interval the class mark (midpoint of each one of the intervals) as its representative.

EXERCISE 2

Consider two countries (A and B) for which information is available regarding annual income in thousands of euros for 5 individuals:

	individual 1	individual 2	individual 3	individual 4	individual 5
Country A	10	5	30	20	0

	individual 1	individual 2	individual 3	individual 4	individual 5
Country B	25	40	20	10	5

- a) Assuming that the poverty line is 15 thousand euros. Calculate the proportion of poor in each of the countries, as well as the poverty gap. And if the poverty line were to be at 10,000 euros?
- b) Calculate different relative poverty lines using 25, 40 and 60% of median income.

EXERCISE 3

Choose the correct answer for each of the following questions. There is only one correct answer:

- 1) What is unemployment benefit?
 - a) It is the benefit that attacks workers.
 - b) It is one that protects workers who, being able and wanting to work, have lost their job and meet the requirements to access a salary.
 - c) It is one that protects workers who, being able and willing to work, have lost their job and meet the requirements to access the benefit.
 - d) They are all fake.

- 2) The unemployment benefit expires:
 - a) For refusing a suitable job offer without just cause.

- b) For working as an employee for a period of more than 6 months.
 - c) For being self-employed for more than 12 months.
 - d) For causing maternity leave.
- 3) To be entitled to contributory unemployment benefit it is necessary:
- a) Have contributed at least 360 days within the 6 years prior to the legal situation of unemployment.
 - b) Having contributed for at least 6 months within the 6 years prior to the legal situation of unemployment.
 - c) No prior listing period is required.
 - d) Have contributed for at least one year since joining Social Security.
- 4) What is not a legal situation of unemployment?
- a) Due to dismissal from the company.
 - b) By the will of the worker in a just cause.
 - c) By termination of the contract.
 - d) When the worker quits voluntarily.
- 5) What or what are types of poverty?
- a) relative poverty.
 - b) Relative poverty as inequality.
 - c) All of the above.
 - d) They are all fake.
- 6) Poverty is a complex concept and can be approached from different points of view. Mark the correct answer.
- a) Depending on the type of information used in the analysis: Objective / subjective poverty.
 - b) According to the established threshold: Absolute / relative poverty.
 - c) According to the time horizon analyzed: Static/dynamic poverty.
 - d) All the above answers are true.
- 7) Choose the correct answer :
- a) Concentration measures allow analyzing the greater or lesser degree of equality in the distribution of the corresponding values that the variable takes.
 - b) All dispersion or concentration indices are valid for evaluating the degree of equality or inequality of income distributions.
 - c) Traditionally, in inequality studies, neither the Lorenz curve nor the Gini index are analyzed.
 - d) None of the above is false.
- 8) Regarding the measurement of poverty, indicate the false answer:
- a) The objective of the relative poverty lines is to establish a threshold that allows classifying the population under study into two groups (the so-called "poor" and the rest).
 - b) The objective of the absolute poverty lines is to measure the cost of acquiring a basket of essential products that makes it possible to achieve the minimum levels of satisfaction in relation to basic needs.

- c) The objective of the relative poverty lines is to establish a threshold that allows classifying the population under study into two groups (the so-called "poor" and the "non-poor").
- d) None of the above is correct.