## Solutions

Each answer shows the steps, then the **result**.

**2.1**

- income inequality is about the flow of earnings; wealth inequality is about the stock of accumulated assets

**2.2**

- perfect equality (everyone has the same income)

**2.3**

- a progressive tax takes a larger share of income as income rises; a regressive tax takes a smaller share as income rises

**3.1 B**

**3.2 B**

**3.3**

(a)

- it rose

(b)

- perfect income equality

(c)

- a progressive tax