

3.3 Addressing income and wealth inequality

Name: _____ Class: _____ Date: _____ Total: 25 marks

KEY WORDS income 收入 • wealth 财富 • benefits 福利金 • progressive tax 累进税
• income and wealth inequality 收入与财富不平等

Objective

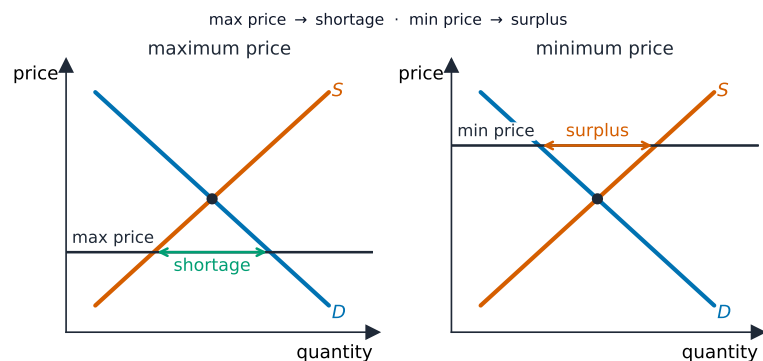
Build the skills to answer exam questions on **income and wealth inequality** 收入与财富不平等 — the difference between **income** 收入 (a flow) and **wealth** 财富 (a stock), the causes of inequality, and the **policies** to reduce it.

You must be able to:

- distinguish income from wealth
- explain the causes of inequality
- analyse policies (progressive tax, benefits, state provision) and the trade-off with incentives

1 Worked examples

■ Reducing inequality



A minimum wage is one policy that affects the income of low-paid workers

- Income** 收入 = a **flow** 流量 (wages, rent, interest over a period); **wealth** 财富

= a **stock** 存量 (assets owned at a point in time).

- Causes:** differences in skills/wages, ownership of wealth, inheritance, unemployment.
- Policies:** **progressive tax** 累进税 (higher % from higher incomes), **benefits/transfer payments** 转移支付, **state provision** 政府提供 of free services → **redistribution** 再分配.
- Trade-off:** very high taxes and benefits may weaken the **incentive** 激励 to work.

Answer shapes: AO1 + AO2 + AO3 (analysis) + AO4 (a supported judgement *in context*).

2 Practice

2.1 State the difference between *income* and *wealth*. [2]

2.2 Define the term *progressive tax*. [2]

2.3 State two policies a government can use to reduce inequality. [2]

3 Exam-style questions

3.1 A tax is **progressive** if, as income rises: [1]

A	B
C	D

- A the percentage paid in tax rises
- B the percentage paid in tax falls
- C the percentage paid in tax stays the same
- D the amount paid in tax falls

3.2 Explain two policies a government could use to reduce income inequality. [6]

3.3 Discuss whether reducing income inequality always benefits an economy. [12]
