

10 A government has a policy where income tax is paid only after the first \$20 000 of income has been earned.

What would make the government’s policy more equitable?

- A Decreasing the threshold for paying income tax to \$10 000 for all taxpayers.
- B Integrating the tax and welfare systems by introducing a negative income tax.
- C Introducing universal benefits that are available to all citizens irrespective of wealth.
- D Means testing all benefits so that they remain the same even if real incomes fall.

1 Why would an economy wish to achieve economic efficiency?

- A to achieve an equal distribution of income
- B to achieve full employment
- C to ensure resources are not wasted
- D to ensure international competitiveness

26 What are the variables identified on the axes of a Kuznets curve diagram?

|   | vertical (Y) axis variable    | horizontal (X) axis variable |
|---|-------------------------------|------------------------------|
| A | cumulative % of income        | cumulative % of families     |
| B | measure of inequality         | income per capita            |
| C | measure of standard of living | economic growth rate         |
| D | income per capita             | optimum population           |