

Multiple Choice Answers

Q25: D

Multiple Choice Answers

Q20: C

Q24: D

Multiple Choice Answers

Q24: D

Multiple Choice Answers

Q24: A

Multiple Choice Answers

Q19: B

Multiple Choice Answers

Q23: D

Multiple Choice Answers

Q20: B

5(d)	Discuss whether or not fiscal policy is effective in reducing poverty. In assessing each answer, use the table opposite. Why it might: • policy measures to promote economic growth may increase investment and create jobs • increased spending on education providing more qualifications / skills, making it easier to find jobs, higher wages • more generous state benefits increasing income • progressive taxation may increase government revenue and allow more spending to reduce poverty. • cuts in indirect taxation e.g. VAT, may lower prices of goods and services, enabling the poor to buy more and reduce poverty. Why it might not: • contractionary fiscal policy / increased taxes could lead to more people losing jobs / income. • expansionary fiscal policy / tax cuts may be inflationary, causing higher prices for essential items and increasing poverty • education may only be accessible to those not in poverty • state benefits may lead to a cycle of poverty • progressive taxation may lead to brain drain and therefore less government revenue. • cuts in higher income tax rates may not reduce absolute poverty but may increase relative poverty.	8	<table><tr><th>Level</th><th>Description</th></tr><tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sided of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td></tr></table>	Level	Description	3	A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sided of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.
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