1.21 Causes of Poverty and Inequality in Income and Wealth: 30-minute Pack

AQA 7136 · Calculators not allowed · about 30 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Full sentences are required for the extended data-response and essay questions.
Time guidance: 30 minutes overall.

1 Data table: Household disposable income by decile in a fictional UK region. Decile 1 (poorest) = 8, Decile 2 = 12, Decile 3 = 15, Decile 4 = 18, Decile 5 = 21, Decile 6 = 24, Decile 7 = 28, Decile 8 = 34, Decile 9 = 45, Decile 10 (richest) = 95. Using this table of household disposable incomes by decile, explain how the data show there is substantial income inequality in this region. Use the data in your answer. (9 marks)

(Total for Question 1 is 9 marks)

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2 Discuss which single cause of income or wealth inequality is most significant in the UK today, evaluating competing causes and reaching a supported judgement. Use analysis, evidence and considerations of magnitude, time period and who gains or loses. Draw any diagram you find helpful and explain what it would show.

(Total for Question 2 is 15 marks)

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Mark scheme · 1.21 Causes of Poverty and Inequality in Income and Wealth: 30-minute Pack

Question 1

Level 1 Basic use of the data and limited analysis. Candidate makes simple statements about the distribution with limited numeric support or interpretation. **1-3**

Level 2 Clear use of the data with developed analysis. Candidate gives one or two numerical comparisons, such as ratios or shares, and explains their significance for inequality. **4-6**

Level 3 Thorough, well-evidenced analysis using multiple numerical comparisons (e.g. decile ratios, absolute gaps and concentration at the top) drawn accurately from the table, with a clear explanation of what each comparison shows about the scale of income inequality in the region. **7-9**

Indicative content:

- calculate simple ratios or shares: the richest decile (Decile 10) has income 95 while the poorest decile has 8, so Decile 10 is 11.9 times Decile 1 (95/8 = 11.875), showing very large disparities
- show the gap in absolute terms: the difference between Decile 10 and Decile 1 is 87 units, far larger than differences between middle deciles, indicating skew
- compare top quintile vs bottom quintile or top two deciles: top decile alone (95) is larger than the combined incomes of several poorer deciles, for example Deciles 1-4 sum to 8+12+15+18 = 53, which is much less than Decile 10 alone
- note concentration at the top: Decile 9 and 10 are 45 and 95, together 140, compared with bottom five deciles 8+12+15+18+21 = 74, indicating wealth of top deciles outweighs many lower households
- interpretation: such disparities imply unequal access to resources, potential differences in living standards, and potential policy implications for redistribution

Question 2

Level 1 Basic identification and description of one or more causes. Limited analysis or evaluation. Argument is brief and lacks supporting evidence or a clear judgement. **1-5**

Level 2 Clear analysis of at least two causes with evidence and some evaluation. Consideration of magnitude and time period, and a tentative judgement that weighs competing factors. **6-10**

Level 3 Thorough analysis and evaluation of multiple causes, including distributional impacts, magnitude, timing and policy interactions. Includes a clear, well-supported judgement and, if used, a correctly described diagram that adds analytical value. **11-15**

Indicative content:

- possible causes to consider: inheritance and unequal asset ownership, differences in education and skills, discrimination, unemployment and labour market segmentation, tax and benefit policy (pre and post distribution), regional disparities, automation and technological change
- analysis of magnitude: e.g. inheritance and housing wealth transfers can account for large shares of net wealth concentration, whereas wage inequality affects current incomes; discuss which is larger in the current UK context and over what time horizon
- time period and persistence: inherited wealth and property gains have long-term intergenerational effects, while unemployment shocks can be temporary; assess sustained versus cyclical causes
- who gains and who loses: asset owners, older cohorts and those with high skills tend to gain from property and financial asset appreciation; low-skilled, young or disadvantaged groups lose out
- policy interactions: tax and benefit systems can mitigate or exacerbate outcomes; pre-distribution policies such as education affect market incomes, while post-distribution taxation and benefits alter disposable incomes
- diagram suggestion: a simple distribution diagram showing two income distributions or a labelled supply-and-demand style sketch to show how skills shortages raise returns to certain workers; explain axes, shifts and what the diagram implies for inequality
- evaluation: consider measurement issues, trade-offs such as incentives, administrative feasibility, and evidence from recent UK trends, concluding which cause is judged most significant with justification

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