1.22 Government Policies to Reduce Poverty and Inequality: Test Pack

AQA 7136 · Calculators not allowed · about 20 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Write full sentences for extended questions and the final essay. No calculator is required. Show workings for any short calculations and justify evaluative points in the essay.

1 Define progressive taxation in the context of UK redistributive policy, and give one clear example of a progressive tax or feature of the UK tax system.

(Total for Question 1 is 2 marks)

2 Policy choice multiple choice, one mark. Which of the following is MOST associated with reducing inequality by increasing recipients human capital? A: Increasing the national living wage, B: Means-tested cash transfers, C: Public spending on education, D: Reducing VAT rates. Context: UK redistributive policy instruments.

- ☐ A
- ☐ B
- ☐ C
- ☐ D

(Total for Question 2 is 1 mark)

3 Explain what is meant by means-tested benefits in the UK welfare system, and give one advantage of means-tested benefits for reducing poverty.

(Total for Question 3 is 3 marks)

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4 Define proportional taxation and give one example of a proportional tax or feature in the UK context.

(Total for Question 4 is 2 marks)

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5 Short application: A policymaker proposes increasing in-work benefits that top up low wages. Explain two ways this policy could reduce measured poverty in the UK.

(Total for Question 5 is 4 marks)

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Mark scheme · 1.22 Government Policies to Reduce Poverty and Inequality: Test Pack

Question 1

a tax system where the average tax rate rises as income rises, so higher earners pay a larger proportion of their income in tax — **B1**

example: UK income tax bands where higher earnings are taxed at higher marginal rates (basic, higher, additional) — **B1**

Answer: A system where the average tax rate increases with income; example: UK income tax bands with higher rates on higher incomes.

Question 2

C is correct: public spending on education increases human capital which reduces inequality over the long run — **B1**

Answer: C

Question 3

means-tested benefits are payments where eligibility and/or the amount received depends on the claimant's income and assets — **M1**

advantage: they target limited public resources at those with the lowest incomes, increasing the effectiveness of redistribution — **A1**

this targeting can reduce measured poverty more for a given budget than universal payments that are paid to all households — **B1**

Answer: Means-tested benefits depend on income and assets; they focus support on the poorest people so limited funds reduce poverty more efficiently than untargeted payments.

Question 4

a proportional tax charges the same average tax rate regardless of income level — **B1**

example: a flat-rate tax where everyone pays the same percentage of income, or examples of flat elements such as the standard rate band for some national insurance thresholds — **B1**

Answer: A proportional tax charges the same proportion of income from all taxpayers; example: a flat-rate tax where everyone pays the same percentage.

Question 5

top-ups increase the net income of low-paid workers, directly raising household incomes above poverty thresholds — **M1**

this reduces the headcount poverty rate among working households and can cut reliance on means-tested emergency support — **A1**

second route: better in-work income can increase work incentives and employment retention — **M1**

sustained employment raises lifetime earnings and reduces long-run or chronic poverty — **A1**

Answer: Top-ups raise immediate incomes above poverty lines and can boost work incentives and retention, reducing both short-term and long-term measured poverty.

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