



3.4 Economics of inequality and poverty (includes HL only calculation)

Learning objectives

3.4 Economics of inequality and poverty	Depth	Diagrams, calculations and construction
Relationship between equality and equity	AO2	
The meaning of economic inequality <ul style="list-style-type: none">• Unequal distribution of income• Unequal distribution of wealth	AO2	
Measuring economic inequality <ul style="list-style-type: none">• Lorenz curve and Gini coefficient (index)	AO2 AO4	Diagram: Lorenz curve showing the distribution of income and possible changes in the distribution of income Construction (HL only): a Lorenz curve from income quintile data

Learning objectives

3.4 Economics of inequality and poverty	Depth	Diagrams, calculations and construction
Meaning of poverty <ul style="list-style-type: none">• Difference between absolute and relative poverty	AO2	
Measuring poverty <ul style="list-style-type: none">• Single indicators including international poverty lines minimum income standards• Composite indicators including the Multidimensional Poverty Index (MPI)	AO2	
Difficulties in measuring poverty	AO2	

Learning objectives

3.4 Economics of inequality and poverty	Depth	Diagrams, calculations and construction
<p>Causes of economic inequality and poverty, including:</p> <ul style="list-style-type: none">• inequality of opportunity• different levels of resource ownership• different levels of human capital• discrimination (gender, race and others)• unequal status and power• government tax and benefits policies• globalization and technological change• market-based supply side policies	AO2	

Learning objectives

3.4 Economics of inequality and poverty	Depth	Diagrams, calculations and construction
<p>The impact of income and wealth inequality on:</p> <ul style="list-style-type: none">• economic growth• standards of living• social stability	AO3	
<p>The role of taxation in reducing poverty, income and wealth inequalities</p> <ul style="list-style-type: none">• Progressive, regressive and proportional taxes<ul style="list-style-type: none">• Average and marginal tax rates• Direct taxes<ul style="list-style-type: none">• Personal income• Corporate income• Wealth• Indirect taxes	AO3 AO4	<p>Calculation (HL only): given the indirect tax rate, the amount of indirect tax paid from a given level/ amount of expenditure</p> <p>Calculation (HL only): total tax and average tax rates from a set of data</p>

Learning objectives

3.4 Economics of inequality and poverty	Depth	Diagrams, calculations and construction
<p>Further policies to reduce poverty, income and wealth inequality, including:</p> <ul style="list-style-type: none">• policies to reduce inequalities of opportunities / investment in human capital• transfer payments• targeted spending on goods and services• universal basic income• policies to reduce discrimination• minimum wages	AO3	



Starter

Video: [Global Wealth Inequality - What you never knew you never knew](#)

1. Discuss how wealth is distributed around the globe.
2. What are possible reasons for wealth inequality?

Equity and equality

In economics, equity and equality of income distribution are different concepts.

Equity refers to the fairness in the distribution of income, based on qualities, skills, experiences, and other factors.

Equality refers to the equal distribution of income, which is to reduce or eliminate income gaps.



What causes economic inequalities?

Economic inequality

Economic inequality exists in different parts of the world.



Two interpretations of economic inequality:

Unequal **income** distribution and unequal **wealth** distribution



Wealth vs Income

Wealth refers to the accumulation of assets that have a monetary value, including savings, land, buildings while income refers to the money households receive from factors of production.

Unequal distribution of income

When there is an unequal distribution of income, only a small percentage of people account for a high concentration of national income, while a large percentage of the population account for a low portion of national income.



Why might income be unequally distributed within a country? (recall from unit 2.12)

There could be differences between occupations, regions of a country, skills, experiences etc. Income inequalities can exist between countries, or even amongst households.

Unequal distribution of wealth

People with higher incomes are more likely to accumulate a greater level of wealth. Higher levels of wealth also result in larger income streams from their assets. However, low-income households are more likely to incur debts, which reduces their disposable income.



Higher levels
of wealth



More likely to
incur debts



Which is more easily measured,
wealth or income?

Real world example - data analysis

Source: [What The Data Says About Wealth Inequality](#)

Data Analysis Questions

1. What do you notice from the data?
2. What questions do you wonder about the data?
3. Research information that may help you answer your questions from Q2.
4. What conclusions can you make from Q1, Q2, and Q3?



Factors resulting in wealth inequality between countries

Video: [Why Some Countries Are Poor and Others Rich](#)

Discuss the factors which contribute towards the differences in wealth between countries



Economic factors – High international debts and loans

Although some countries have a high debt to GDP ratio, they also have a high wealth per person ratio, e.g., Singapore.



Natural resources

Countries with rich natural resources (oil, minerals) can trade with other countries to garner wealth e.g., Kuwait and Qatar.



Environmental factors

Countries facing environmental issues like floods and droughts e.g., Bangladesh are less prosperous, since these factors decrease their resource productivity and discourage investments.



Physical factors

Countries facing hostile landscape challenges are less able to achieve wealth. This includes hot and dry climates or conditions that are not suitable for farming.



Social factors

Countries with lower levels of education, population density, female participation in the workforce, and quality of healthcare tend to have lower levels of wealth.



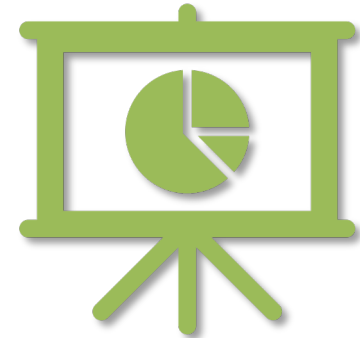
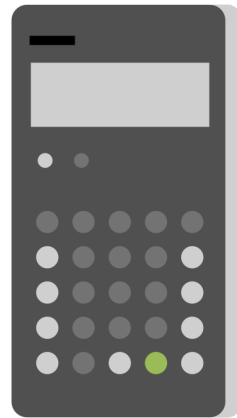
Political factors

Political instability caused by wars or corruption may limit the country's trading and economic activity, lowering the level of wealth.

Measuring economic inequality

The extent of economic inequality can be measured by the share of national income within a certain percentage of the population.

The share of national income can be split into deciles (10% of the population) or quintiles (20% of the population) for comparison.



Measuring economic inequality

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%
Brazil	3.6%	7.7%	12.3%	19.4%	57%	100%
Sweden	8.4%	14%	17.7%	22.9%	37%	100%

The table above shows the income shares within different countries in 2014.

Measuring economic inequality

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%
Brazil	3.6%	7.7%	12.3%	19.4%	57%	100%
Sweden	8.4%	14%	17.7%	22.9%	37%	100%



Analyze the data above and determine which country has the most unequal income distribution.

Measuring economic inequality

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%
Brazil	3.6%	7.7%	12.3%	19.4%	57%	100%
Sweden	8.4%	14%	17.7%	22.9%	37%	100%

Observation 1: The highest 20% of income earners in South Africa account for the highest portion (68.1%) of national income; The highest 20% of income earners in Sweden account for a comparably lower portion (37%) of national income.

Measuring economic inequality

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%
Brazil	3.6%	7.7%	12.3%	19.4%	57%	100%
Sweden	8.4%	14%	17.7%	22.9%	37%	100%

Observation 2: The lowest 20% of income earners in South Africa account for the lowest portion (2.4%) of national income; The lowest 20% of income earners in Sweden account for account a comparably higher portion (8.4%) of national income.

Measuring economic inequality

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%
Brazil	3.6%	7.7%	12.3%	19.4%	57%	100%
Sweden	8.4%	14%	17.7%	22.9%	37%	100%

Conclusion

The income distribution is the most unequal in South Africa and the least unequal in Sweden.



Activity – Plotting the Lorenz curve

Activity

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%

Step 1 Using the data above, create a table to show the **cumulative percentage of population** and **cumulative percentage of income**.

Cumulative % of population (%)	20	40	60	80	100
Cumulative % of income (%)	2.4	2.4 + 4.8			

Activity

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%

Step 1 Using the data above, create a table to show the **cumulative percentage of population** and **cumulative percentage of income**.

Cumulative % of population (%)	20	40	60	80	100
Cumulative % of income (%)	2.4	7.2	7.2 + 8.2		

Activity

Country	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Total
South Africa	2.4%	4.8%	8.2%	16.5%	68.1%	100%

Step 1 Using the data above, create a table to show the **cumulative percentage of population** and **cumulative percentage of income**.

Cumulative % of population (%)	20	40	60	80	100
Cumulative % of income (%)	2.4	7.2	15.4	31.9	100

Activity

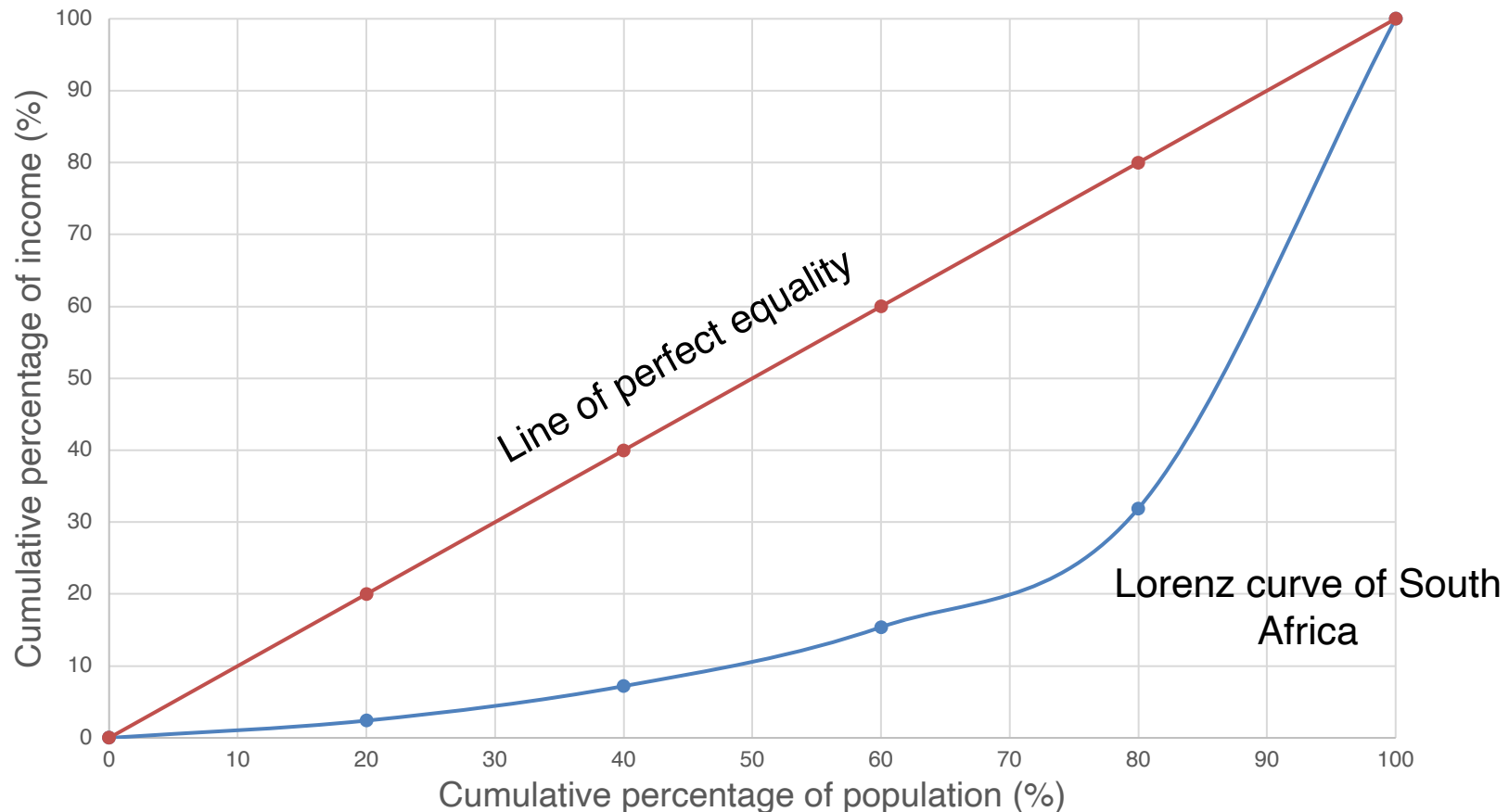
Cumulative % of population (%)	20	40	60	80	100
Cumulative % of income (%)	2.4	7.2	15.4	31.9	100
Cumulative % of income (%) (absolute equality)	20	40	60	80	100

Step 2 Insert an additional row of figures as the **cumulative percentage of population in the case of absolute income equality**. These figures show the situation when income is completely equally distributed in the economy.

Step 3 Use a spreadsheet to plot the above data points in a diagram, with x-axis as the cumulative percentage of population and the y-axis as the cumulative percentage of income. Select the option “Scatter with smooth lines and markers”.

Activity

Step 4 Label the axes correctly. Set the maximum value of both axes to 100.



Activity

Lorenz curve

The curve you have plotted is called the **Lorenz curve**, which is a graphical representation of the income distribution of an economy.

Line of perfect equality

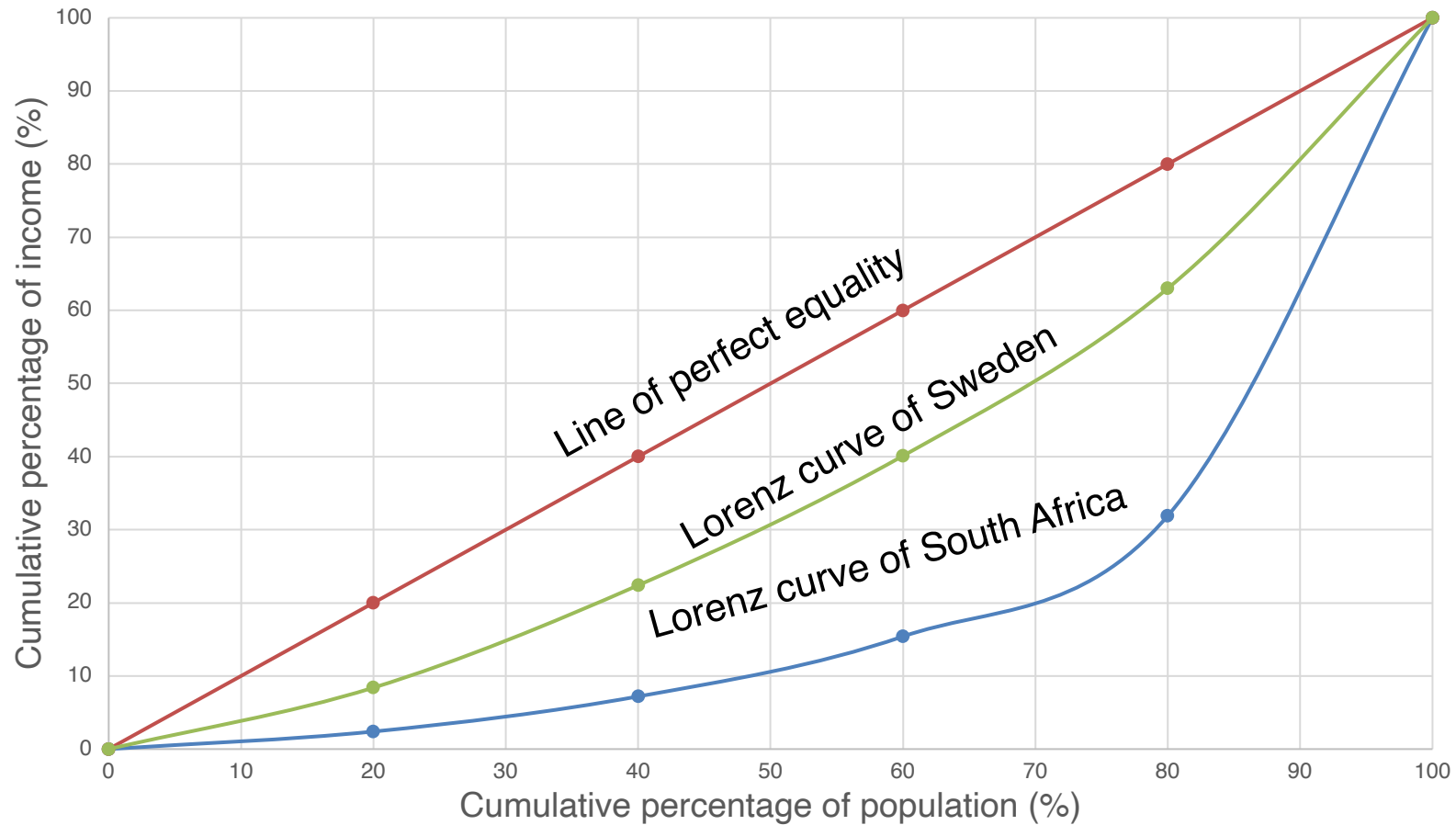
This line shows the situation when income is equally distributed in an economy. It means that the lowest 20% of income earners earn 20% of the national income; the lowest 40% of income earners earn 40% of the national income and so on.



You **MUST** plot and label the line of perfect equality whenever you plot a Lorenz curve.

Activity

Step 5 Repeat steps 1 and 3 with the figures for Sweden.

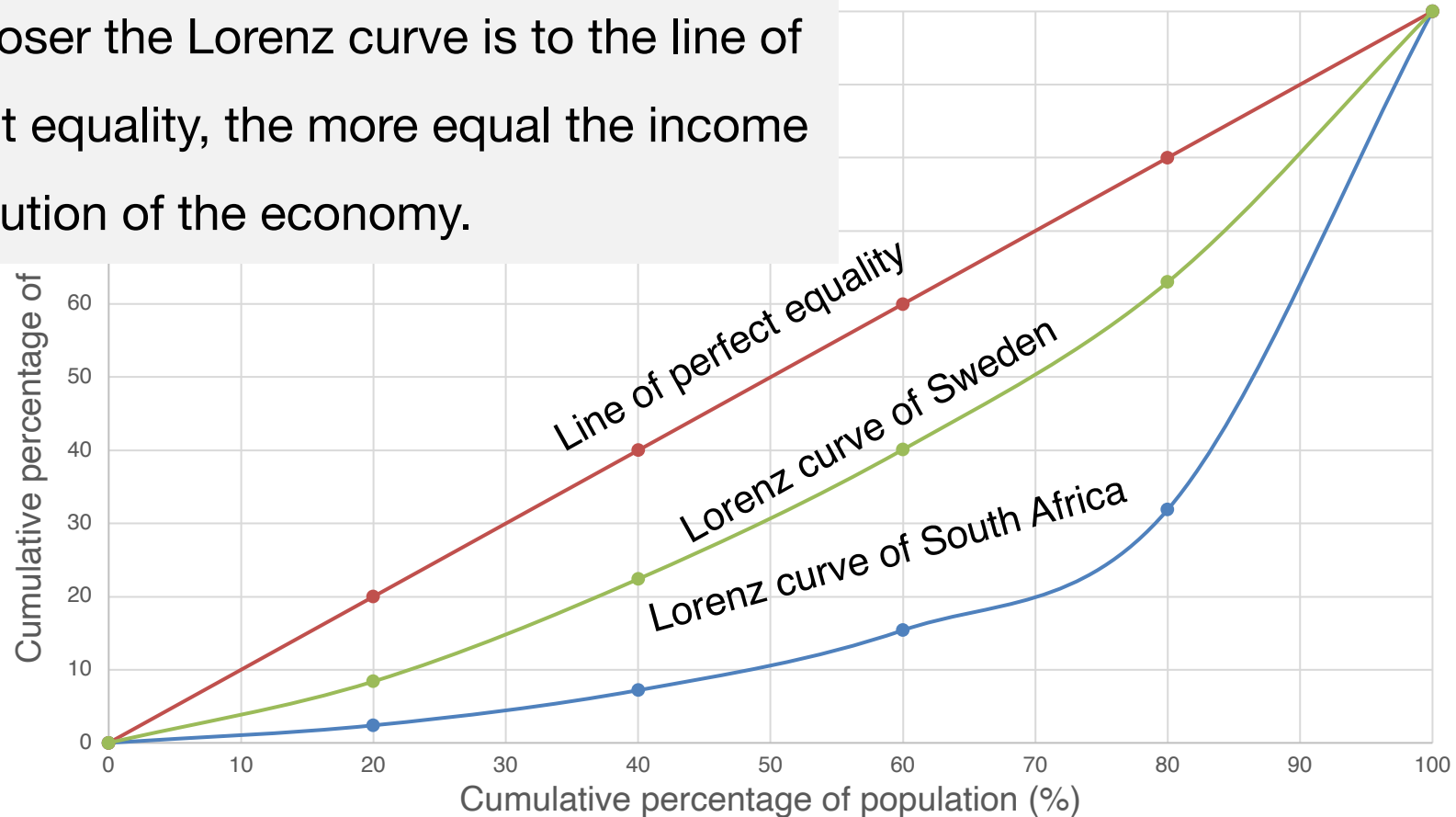


Activity

Step 5 Repeat steps 1 and 3 with the figures for Sweden.



The closer the Lorenz curve is to the line of perfect equality, the more equal the income distribution of the economy.



Gini coefficient

The Gini coefficient measures income inequality by calculating a value from the Lorenz curve.

The value of the Gini coefficient ranges from 0 to 1.

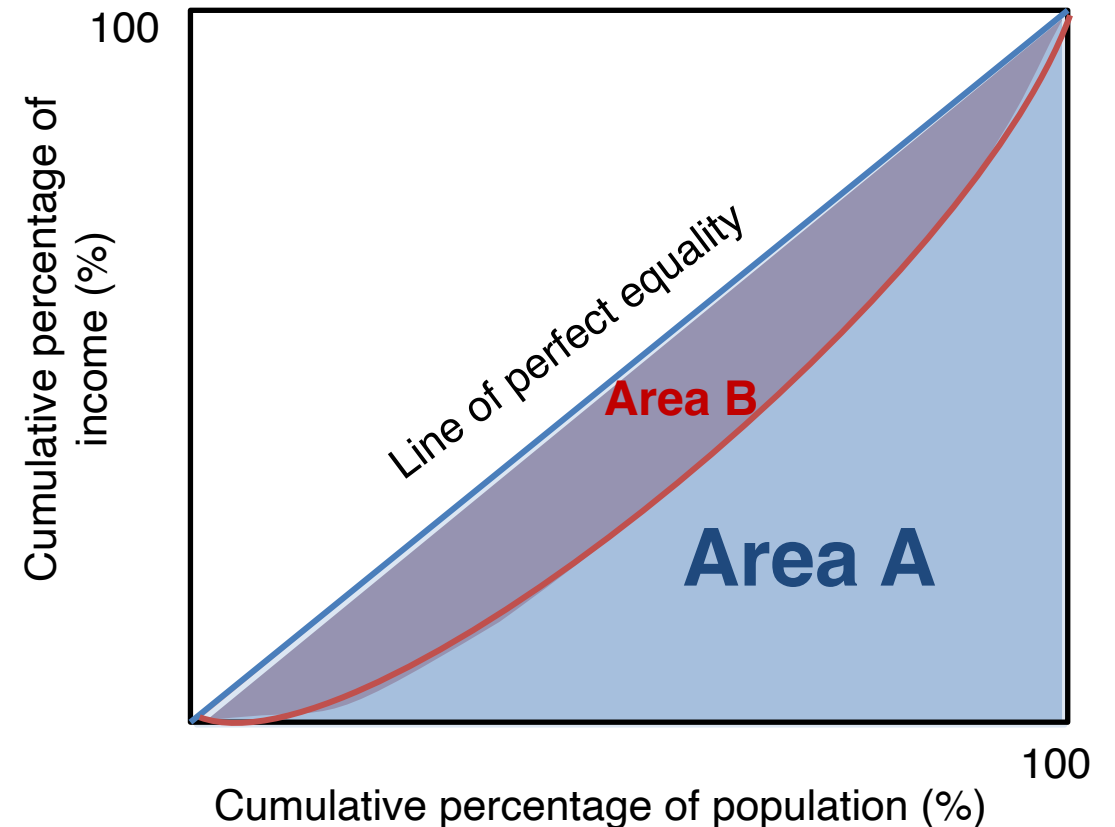
$$\text{Gini coefficient} = \frac{\text{Area B}}{\text{Area A} + \text{Area B}}$$



The larger the Gini coefficient, the less equal the income distribution, and vice versa.



What does a Gini coefficient of 1 represent?

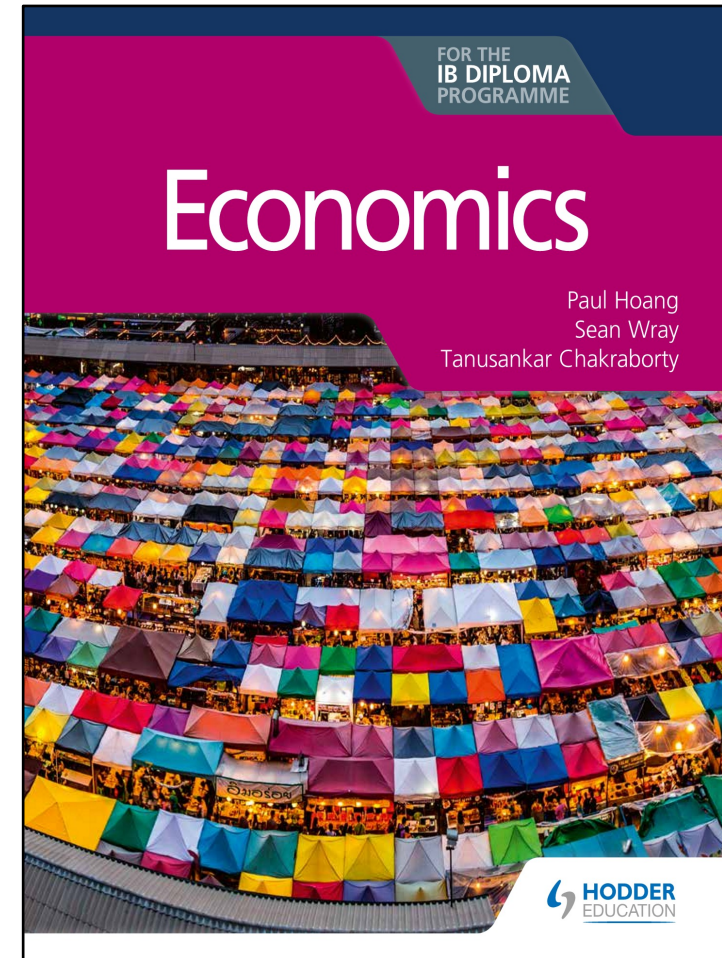


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- [10 marks]





Poverty

Poverty occurs when people do not have the minimum income required to afford basic human needs such as food, shelter, and clothing.



Absolute poverty

Absolute poverty refers to the situation where people cannot access necessities for survival.



Relative poverty

Relative poverty compares an individual's income with the median income within the economy. The relative poverty line is generally considered as below 50% of the economy's median income.

Negative consequences of poverty

- Low living standards – those in poverty are less able to secure basic needs, hence may experience lower living standards.
- Lack of access to healthcare and education – this lowers the quality of human capital in the country, hindering economic growth and development.
- Conflict and war – poverty tends to result in political instability or even civil war in extreme cases.
- Lowering the ability of governments to achieve other macroeconomic objectives.



Measuring poverty – Single indicators

Video: [How is poverty measured?](#)

1. How do we determine if a person is in poverty?
2. How is the poverty line determined?

Measuring poverty – Single indicators

1. International poverty lines

The international poverty line refers to the minimum level of income an individual must earn to afford basic needs. **The World Bank defines the international poverty line at USD\$1.90/day.**

The cost of living differs across countries, so when determining the international poverty line, the World Bank uses purchasing power parity exchange rates to ensure that price of goods and services are standardized.

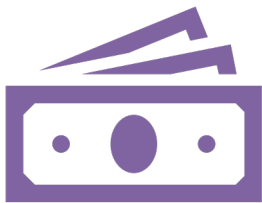
The international poverty line was USD\$1 in 1990, USD \$1.25 in 2008, and USD \$1.90 in 2011.

Measuring poverty – Single indicators

2. Minimum income standards (MIS)

This is a research method that determines the minimum amount of income needed for what the public believes is an acceptable living standard measured via a basket of goods and services.

This measures the number of people living below the income threshold required to buy necessities and changes over time.



Measuring poverty – Single indicators

2. Minimum income standards (MIS)

In the UK, the MIS is used to calculate:



Living wage



A reference point for the government for helping people in need



Costs of bearing and raising a child

Measuring poverty – Composite indicators

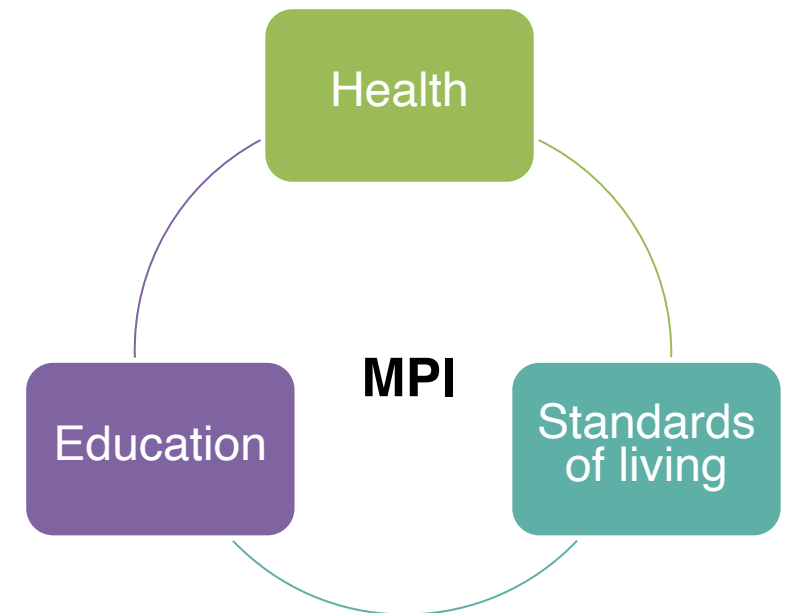
Multidimensional Poverty Index (MPI)

This is a composite measure of poverty that measures different deficiencies of individuals in terms of their level of health, education and standards of living.

More details on MPI: <http://hdr.undp.org/en/2020-MPI>



People are “multidimensionally poor” if they face hardships in one third of the ten indicators.



Measuring poverty – Composite indicators

Multidimensional Poverty Index (MPI)

Some of the most multidimensionally poor countries:

Country	MPI value
Armenia	.001
Ukraine	.001
Jordan	.002
Montenegro	.002
Thailand	.003

The lower the MPI value, the more deprived the people are.

Difficulties in measuring poverty

Some challenges in measuring poverty include:

- The subjectivity of relative poverty.
- Discrepancies in how the national poverty of poor countries translate to the the international poverty line.
- Problems of the “low income” benchmark. A permanently low income is different from a temporarily low income resulting from recession. Income should not be the sole factor for measuring poverty.
- PPP values differ based on locations and time. It makes it more difficult to measure absolute and relative poverty against the international poverty line.

Real world example - data analysis

Source: [Visualizing the Poverty Rate of Each U.S. State](#)

Data Analysis Questions

1. What do you notice from the data?
2. What questions do you wonder about the data?
3. Research information that may help you answer your questions from Q2.
4. What conclusions can you make from Q1, Q2, and Q3?



Causes of economic inequality and poverty

1. What are the reasons behind the rising inequality around the world?
2. How may taxation help reduce economic inequality?
3. How may income inequality be beneficial to society?
4. What problems does income inequality cause?

Causes of economic inequality and poverty



1. Inequality of opportunity

Some individuals have less access to employment and consumption opportunities. For example, people living in cities tend to have greater access to education, healthcare, and employment opportunities compared to people living in rural areas.

Causes of economic inequality and poverty

2. Different levels of resource ownership

Most households provide labour for wages while a smaller portion of households own businesses, land, and capital which generates multiple income streams.

3. Different levels of human capital

Human capital refers to the skills, health, knowledge and experiences that an individual possesses. There is a direct relationship between these factors and expected income levels.

4. Discrimination

Certain social groups such as ethnic minorities and woman have historically experienced discrimination in the labour market. This may result in greater difficulty finding employment or receiving lower wages for the same work.



Causes of economic inequality and poverty

How might gender inequality in India be related to economic inequality?

Causes of economic inequality and poverty

5. Unequal status and power

Higher income individuals are likely to enjoy a higher social status. At times, people in positions of power may use their influence to impact government policies to favour their own interests. For example, reducing the level of progressive taxation.

6. Government tax and benefit policies

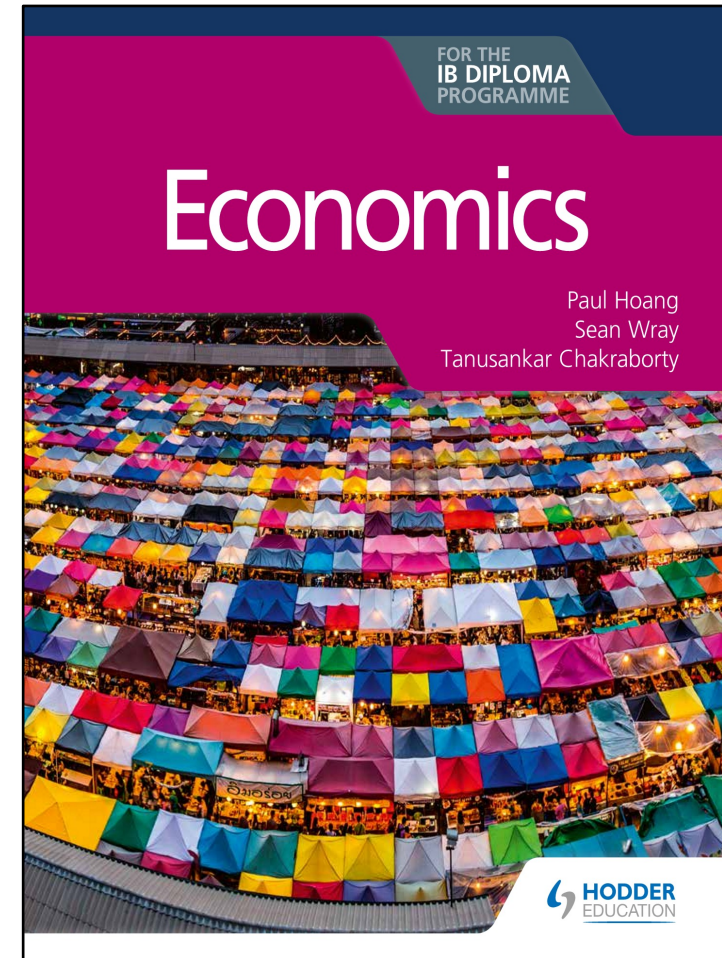
The combination of taxation and welfare benefits can redistribute income to help lower income groups. For example, direct taxes on luxury goods are used as to redistribute income from the rich to the poor; transfer payments can be provided to marginalized groups.

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- [10 marks]



Causes of economic inequality and poverty

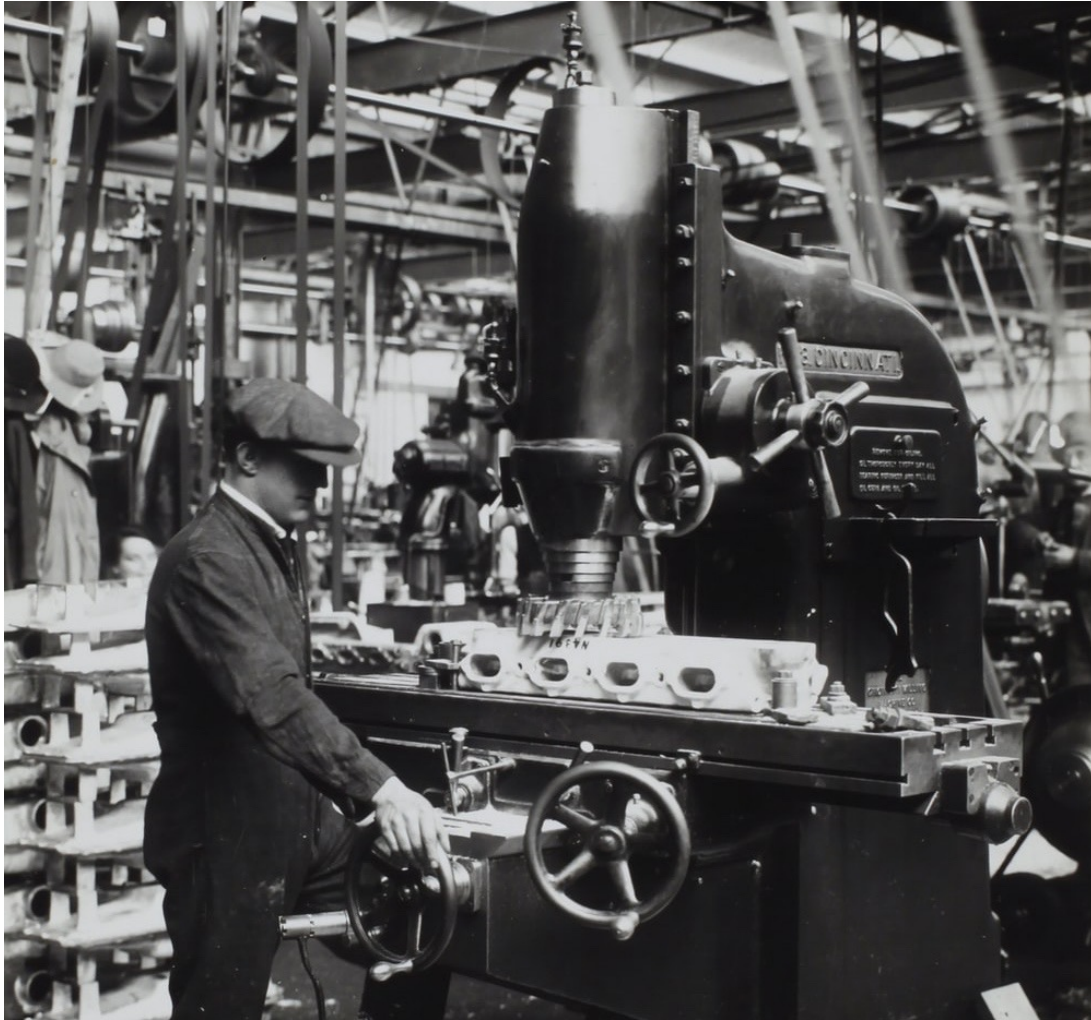
7. Globalization and technological change

The economic and social benefits of globalization are not distributed equally across the globe.

Market instability is caused when local firms cannot compete with large multinational corporations, creating greater inequality and poverty in low-income countries.

Trade liberalization policies have increased wage gaps between the educated and uneducated, and the skilled and unskilled.

Causes of economic inequality and poverty



7. Globalization and technological change

Technological changes have also caused greater inequality and poverty.

For example, US factories now manufacture twice as much as they did in 1984 but with only two-thirds of workers due to automation and technological advancements.

Causes of economic inequality and poverty

8. Market-based supply-side policies

Market-based supply-side policies (more in Unit 3.7) focuses on market forces to create incentives to work and invest, increasing the productive capacity of the economy. Examples include:

- Deregulation
- Privatization
- Trade liberalization
- Anti-monopoly regulation

While these policies benefit firms, they often lead to greater levels of unemployment and lower incomes for workers, increasing income inequality and poverty.

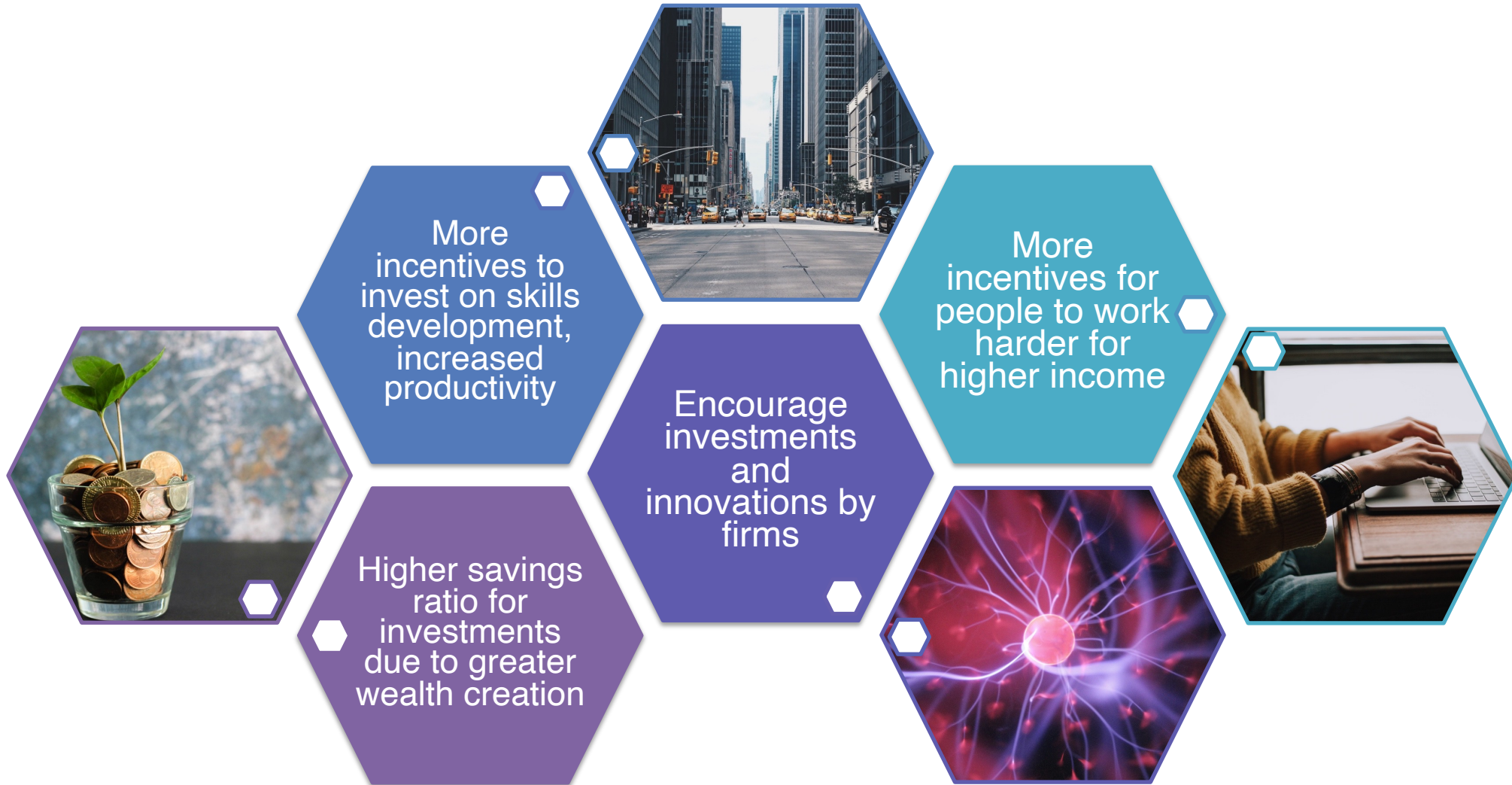


Real world example

Video: [Is Wealth Inequality Actually a Problem?](#) (from 5:40)

How might wealth and income inequality be beneficial to society?

Impacts of income and wealth inequality on economic growth



Impacts of income and wealth inequality on economic growth

Greater wealth inequality may also be detrimental to the economy.

- Social tensions e.g., protests and strikes can lead to lower investment and productivity.
- Higher government spending on transfer payments such as unemployment benefits.
- Workers discouraged from joining the labour force if there are attractive welfare systems.
- Demotivation for entrepreneurs of small businesses to invest due to the inability to compete.



Real world example

Article: [Who Are France's Yellow Vest Protesters, And What Do They Want?](#)

1. Why did the Yellow Vest Movement emerge?
2. What does this say about income inequality and social instability?

The role of taxation in reducing economic inequality

Taxation can be used to redistribute income:

- Tax revenues used to directly provide or subsidize merit goods e.g., healthcare and education.
- Provision of infrastructure e.g., transportation to provide opportunities for low-income groups
- Transfer payments to reduce income inequalities.



Progressive tax

Progressive tax means that as incomes rise, the average rate of tax increases, and vice versa.

The more progressive the tax system, the more effective in reducing income inequality.

Video: [How tax brackets actually work](#)

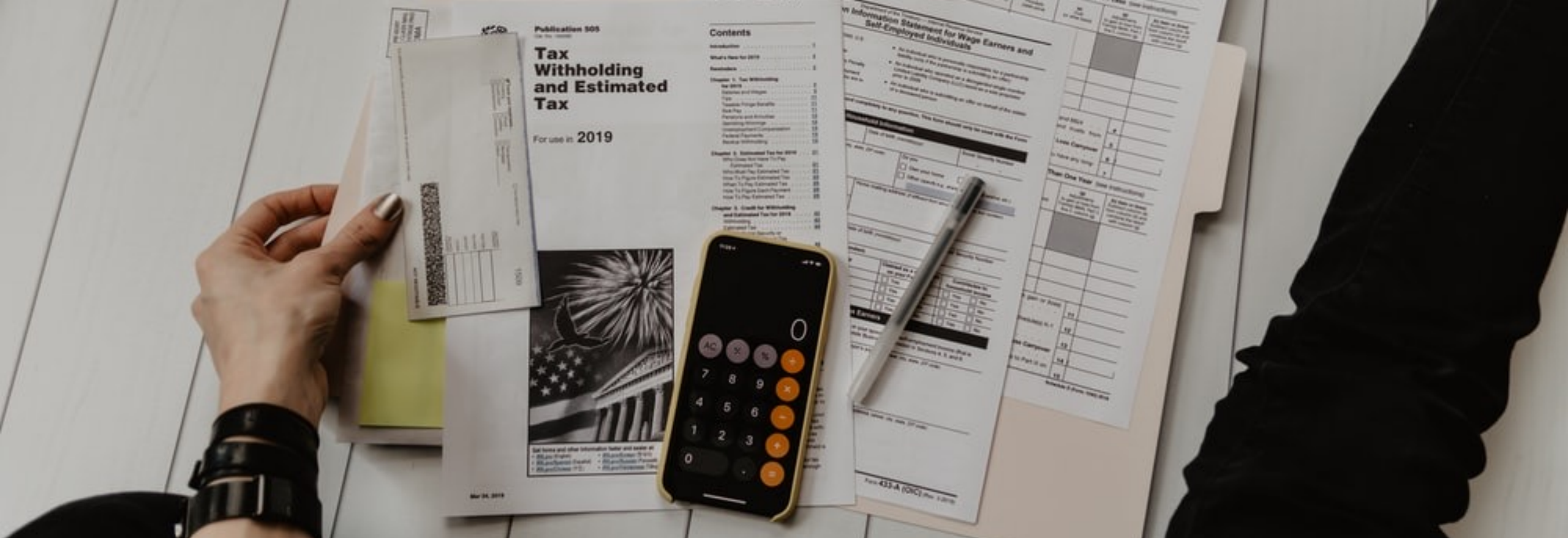
Progressive tax

The following shows the progressive tax rates in Hong Kong.

Suppose the taxable income of Tiffany is \$120,000.

1. The first \$50,000 is taxed at 2%, which is \$1,000.
2. The next \$50,000 is taxed at 6%, \$3,000.
3. The remaining \$20,000 of taxable income is taxed at 10%, which is \$2,000.
4. The total income tax = \$1,000 + \$3,000 + \$2,000
= \$6,000

Net chargeable income (HKD)	Tax rate
1st \$50,000	2%
2nd \$50,000	6%
3rd \$50,000	10%
4th \$50,000	14%
Remainder	17%



Proportional tax (flat rate tax)

Proportional tax means that the tax rate is fixed for all income earners. Examples of proportional taxes include capital gains tax, value added tax (VAT), and goods and services tax (GST).

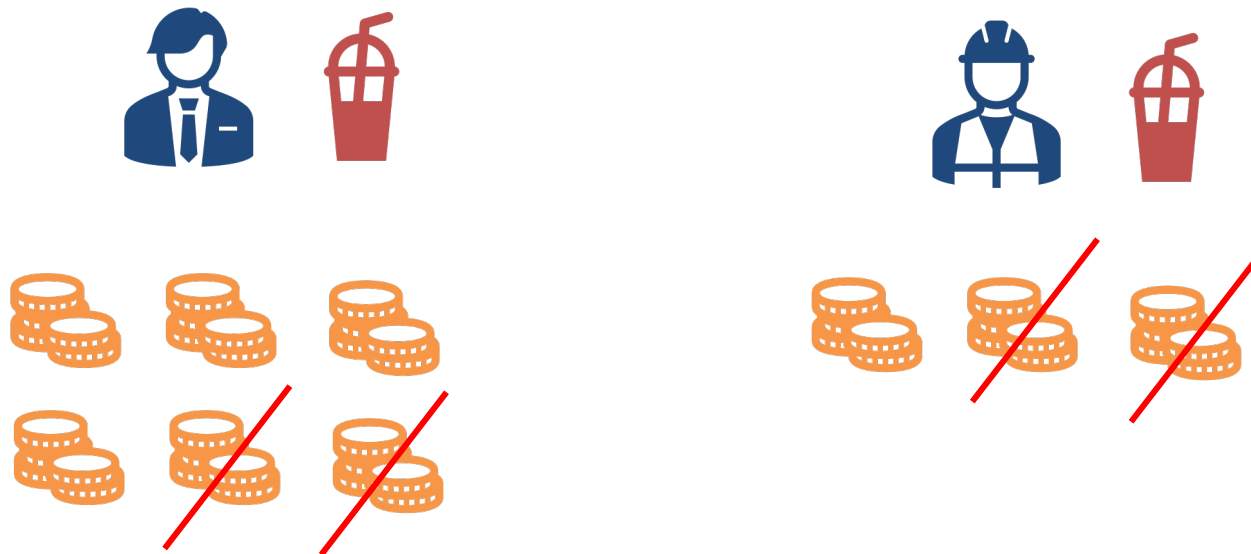


Regressive tax

Regressive tax means as incomes rise, the average tax rate falls, and vice versa.

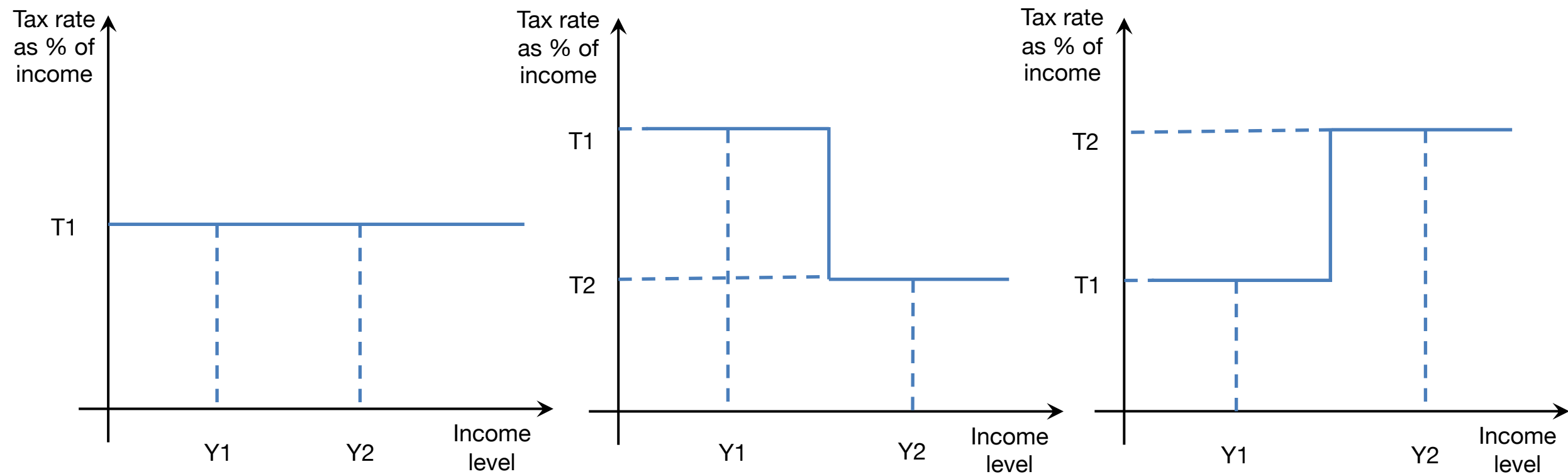
Regressive tax

Indirect tax is **regressive** in nature, as the government collects the same amount of tax for each unit of goods. This contributes towards a greater percentage of income for low-income earners while contributing towards a smaller percentage of income for high-income earners.



Different tax systems

Match the following diagrams with the corresponding tax systems.



Calculations

Fill in the empty boxes.

	Income of \$20,000		Income of \$40,000		Income of \$80,000	
	Tax paid	Average tax rate	Tax paid	Average tax rate	Tax paid	Average tax rate
Regressive tax (flat rate of \$2,000)	\$2,000		\$2,000		\$2,000	
Proportional tax (10%)		10%		10%		10%

Calculations

Fill in the empty boxes.

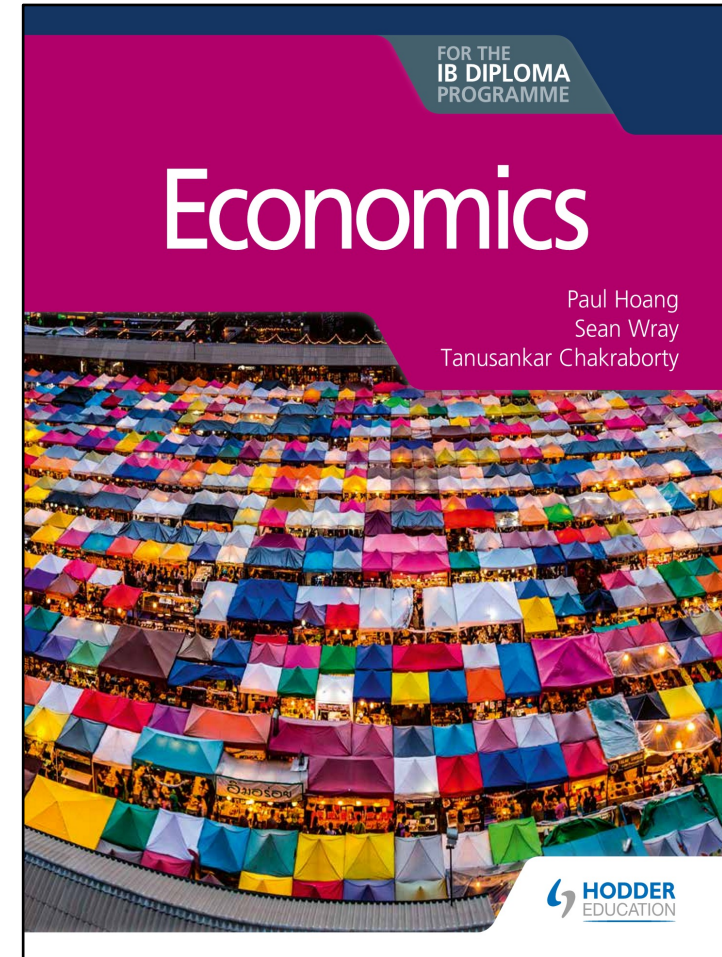
	Income of \$20,000		Income of \$40,000		Income of \$80,000	
	Tax paid	Average tax rate	Tax paid	Average tax rate	Tax paid	Average tax rate
Regressive tax (flat rate of \$2,000)	\$2,000	10%	\$2,000	5%	\$2,000	2.5%
Proportional tax (10%)	\$2,000	10%	\$4,000	10%	\$8,000	10%

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- Paper 3 Exam Practice Question 23.3
- [4 marks]
- Paper 3 Exam Practice Question 23.4
- [2 marks]



Average and marginal tax rates (HL only)

Average tax rate is the total amount of tax paid as a percentage of income.

$$\text{Average tax rate} = \frac{\text{Total tax paid}}{\text{Total income}}$$

Marginal tax rate is the change in tax rate on a change in income.

$$\text{Marginal tax rate} = \frac{\text{Change in tax paid}}{\text{Change in income}}$$

Research activity

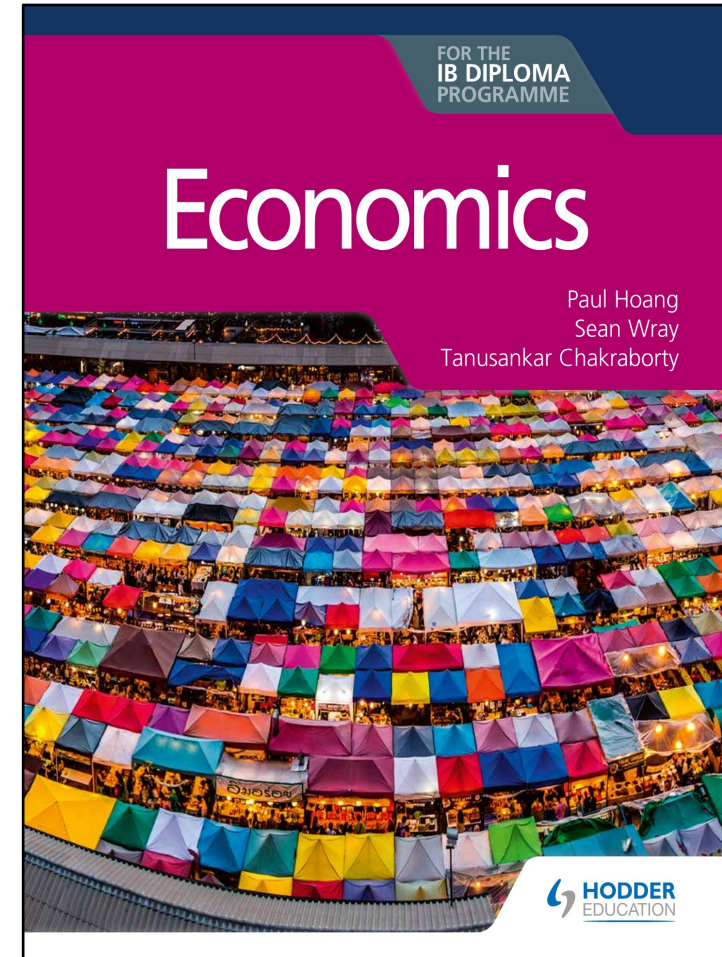
1. Research the tax systems of your country to find possible evidence of progressive, regressive, and proportional taxes.
2. On <https://tradingeconomics.com>, research the Gini coefficient of your country.
3. Interpret your findings on your country's tax system and the Gini coefficient, then present them to the class.

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- Paper 3 Exam Practice Question 23.5
- [6 marks]

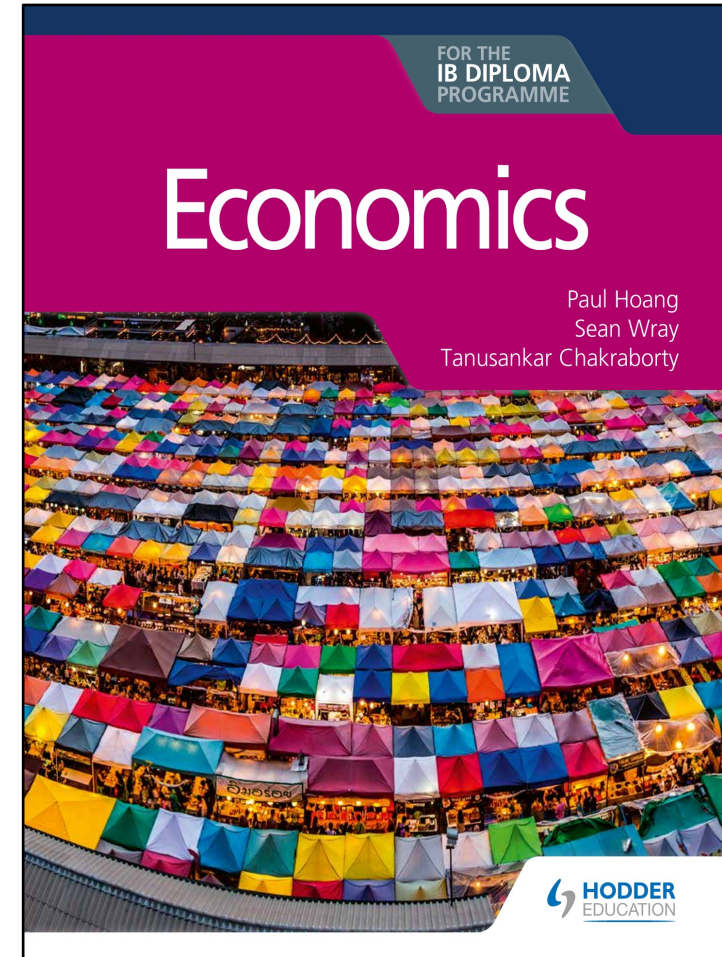


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- Paper 3 Exam Practice Question 23.6 [8 marks]
Paper 3 Exam Practice Question 23.7 [2 marks]
- Paper 3 Exam Practice Question 23.8 [2 marks]
- Paper 3 Exam Practice Question 23.9 [3 marks]



Direct taxes

Direct taxes are imposed on individual and business income rather than on expenditure.

In general, there are three types of direct taxes:



Personal
income taxes



Corporate
income taxes



Wealth taxes

Real world example - data analysis

Source: [List of Countries by Personal Income Tax Rate](#)

Data Analysis Questions

1. What do you notice from the data?
2. What questions do you wonder about the data?
3. Research information that may help you answer your questions from Q2.
4. What conclusions can you make from Q1, Q2, and Q3?

Personal income taxes

Most countries with high personal income taxes are economically developed countries. The governments make use of the tax revenue for the provision of public and merit goods.



What happens if the personal income tax rates are too high?



Personal income taxes

- Personal income taxes that are too high might discourage the unemployed to join the workforce, as the opportunity cost of working increases.
- More illegal transactions may take place, as workers have more incentives to avoid reporting tax liabilities.

Corporate income taxes

Corporate income tax is a type of direct tax imposed on the annual profits received by firms.

Firms argue for lower tax rates to improve profitability and increase investment in the long term

Higher tax rates makes income redistribution more effective

Overtaxing leads to disincentives and tax avoidance problems

Wealth taxes

A **wealth tax** is imposed on the market value of assets owned by individuals or firms.

Wealth taxes can be imposed on second homes that are not owner-occupied, inheritance, pension plans and investment funds, which helps to minimize income gap.





Real world example

Video: [How The Dutch Economy Shows We Can't Reduce Wealth Inequality With Taxes](#) (from 4:32)

1. How does the mortgage scheme in the Netherlands worsen wealth inequality?
2. Why are taxes on incomes ineffective in reducing inequality?

Indirect taxes

Indirect taxes that are imposed on expensive goods and services can be used to reduce economic inequality. For example, stamp duties are imposed on the sale of commercial or residential properties. The more expensive the property, the higher the tax rate.

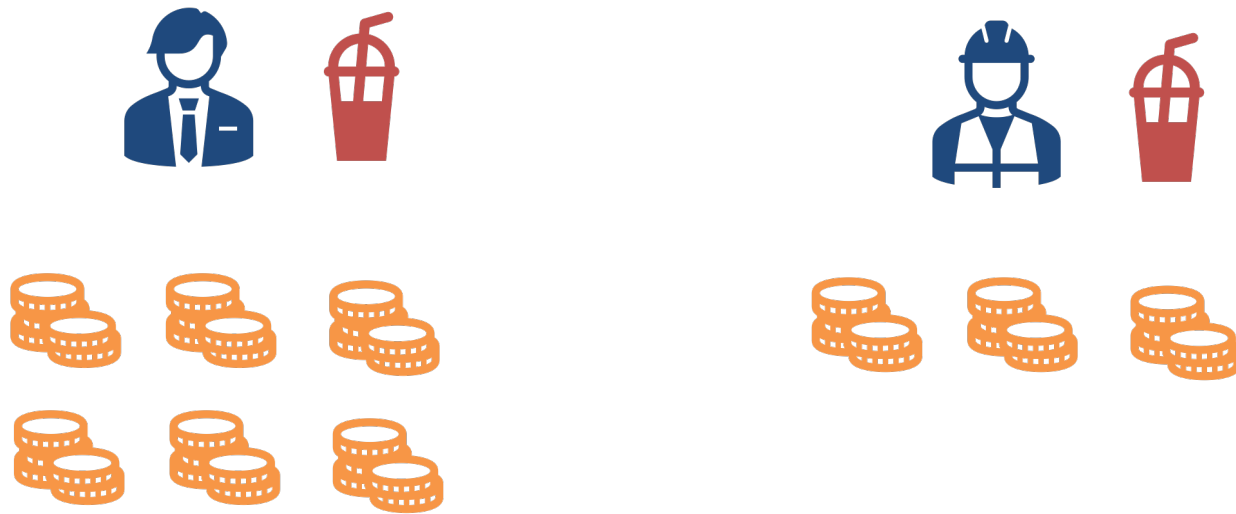


In most countries, stamp duty is progressive, which reduces income inequality.

As wealthier people have higher consumption expenditure, they tend to pay greater values of indirect tax.

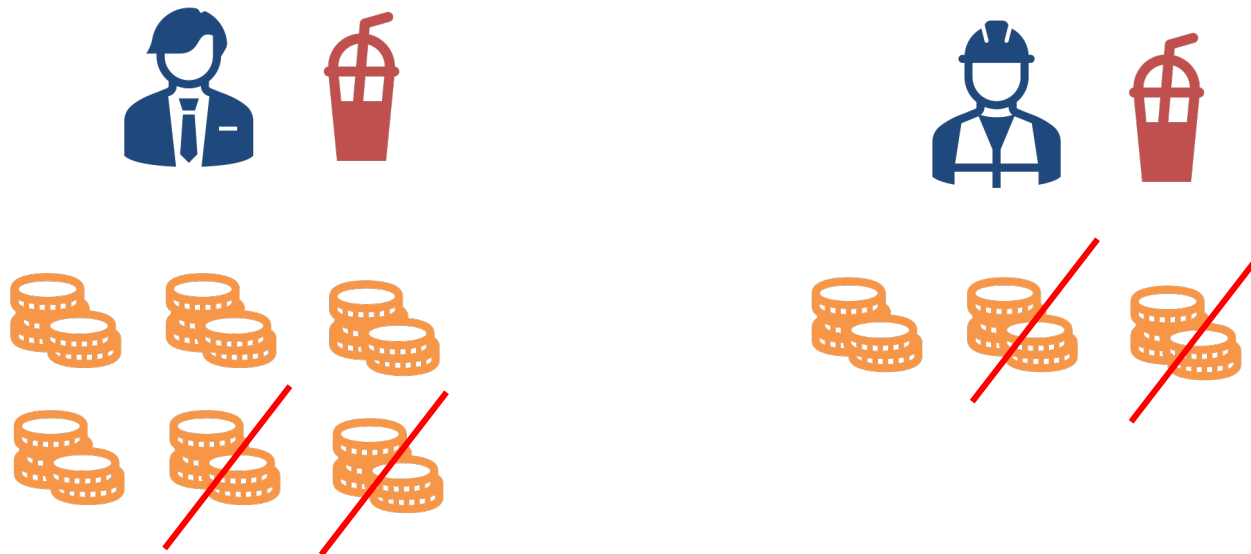
Indirect taxes

Suppose a country imposes an indirect tax of \$2/liter on all sugary drinks. Two different income earners each buy 1 liter of soda.



Indirect taxes

Both pay \$2 for the indirect tax, which accounts for a higher portion of income for the lower income individual. In general, indirect taxes on goods and services are **regressive**, widening income inequalities.



Other policies to reduce poverty, income and wealth inequality

- Policies to reduce inequalities of opportunities
- Investment in human capital
- Transfer payments
- Targeted spending on goods and services
- Universal basic income (UBI)
- Policies to reduce discrimination
- Minimum wages

Other policies to reduce poverty, income and wealth inequality

Policies to reduce inequalities of opportunities/ investment in human capital



Increasing minimum wage to raise incomes of low-waged workers.



Earned Income Tax Credit (EITC) scheme provides tax benefits for people with low income with children.



Investment in early education to increase labour productivity and mobility.



More progressive taxes to increase government revenue and reduce income inequality.



Encourage housing for low-income households, to lower social segregation by income.

Other policies to reduce poverty, income and wealth inequality

Transfer payments

Transfer payments are financial aids given by the government to vulnerable individuals.

Examples:

- Unemployment benefits
- Disability allowances
- Subsidies to domestic producers
- Student loans
- Pension payments

Drawbacks of transfer payments:

- Opportunity cost of government expenditure
- Potentially discourages workers due to increased opportunity costs

Other policies to reduce poverty, income and wealth inequality

Targeted spending on goods and services

Government spending on merit and public goods and services will allow lower income individuals greater access to satisfy their needs and wants.



Other policies to reduce poverty, income and wealth inequality

Targeted spending on goods and services

Conditional cash transfer programmes (CCT) are also common.

Article: [Conditional Cash Transfer Programs in Latin America](#)

1. What conditions must households fulfill to receive the money given by the government?
2. How does the conditional cash transfer programs help reduce income inequality?
3. What are some drawbacks of CCT?



The targeted spending on education and healthcare may be difficult to allocate due to limited funds, especially in low-income countries with little financial resources.

Other policies to reduce poverty, income and wealth inequality

Universal basic income (UBI)

Universal basic income is a concept where the government provides a set amount of money to the residents of a country on a regular basis, regardless of any other income they may have.

Video: [Universal Basic Income Explained – Free Money for Everybody? UBI](#)

Other policies to reduce poverty, income and wealth inequality

Policies to reduce discrimination

Anti-discrimination laws are essential in reducing and preventing discrimination in the workplace based on race, gender, sexuality, and other factors.

Minimum wage

The minimum wage is the lowest wage level an employer is required to pay workers during a time period. A minimum wage may encourage higher labour participation or allow the government to redistribute its resources for achieving other resources. There is also greater transparency in the labour market.



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