Question 10 (Answer: **B**)

- A tax-free allowance makes the tax system progressive at the bottom.
- Equity improves if the burden shifts further towards those best able to pay.
- So raising the allowance, or raising the top rate, makes the system more equitable.

Question 28 (Answer: **D**)

- A Lorenz curve plots cumulative income against cumulative population.
- Perfect equality is the 45° diagonal.
- So the curve *closest* to the diagonal shows the most equal distribution.

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Question 1 (Answer: **C**)

- Economic efficiency means getting the most output from the resources available.
- So its purpose is to avoid waste of scarce resources.
- Equality of income and full employment are separate objectives – efficiency says nothing about who gets what.

Question 23 (Answer: **D**)

- Cutting income tax raises the reward from working.
- Cutting means-tested benefits raises the loss from *not* working.
- Both widen the gap between working and not working, so the incentive to work strengthens – but inequality is likely to rise.

Question 30 (Answer: **C**)

- A *falling* Gini coefficient means income is becoming more equally distributed.
- So something has narrowed the gap between rich and poor.
- More progressive taxation, higher benefits or a rising minimum wage would all do it.

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Question 26 (Answer: **B**)

- A Kuznets curve plots inequality against the level of economic development.
- So income per head goes on the horizontal axis and a measure of inequality on the vertical.
- Cumulative percentages belong on a *Lorenz* curve instead.

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1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.
0	• No creditable response.

1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.
0	• No creditable response.

1(a)	**The article refers to the Gini coefficient. With the help of a diagram explain the link between a Gini co-efficient and a Lorenz curve.** Accurately labelled Lorenz curve **(2)** Formula to show calculation of Gini coefficient **(1)** The Gini coefficient measures the extent to which the distribution of income, (or wealth), within a country is unequal. **(1)** Gini value of 0 = perfect equality **(1)** Gini value of 1 = perfectly unequal **(1)** **Maximum 5 marks** Explanation of meaning of Gini coefficient–value of 0 = perfectly equal distribution **(1).** The Gini coefficient measures the extent to which the distribution of income, (or wealth), within a country is different. **(1)**
1(b)(i)	**Distinguish between equity and equality** Equality generally refers to equal opportunity. **(1)** Equity refers to the need to achieve greater fair outcomes. **(1)**
1(b)(ii)	**'But, according to a newspaper, a lot of what is said about inequality is wrong.'** **Analyse whether there is a conflict between what the newspaper wrote about changes in equality and Table 1.1.** Some limited supporting evidence, **(1)** However, the text is a general overall average while the table is for a particular country. **(1)** Text suggests a fall in inequality, Gini going down **(1)** Table suggests a rise in inequality, Gini going up**. (1)** There is no conflict, regarding changes in the national income, both text and table say they have risen. **(1)**

1(c)	**With reference to the article, explain the idea of globalisation and assess whether there is enough evidence to conclude that globalisation has a net benefit for everyone.** Globalisation means the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. **(2)** Benefits mentioned include increases in incomes, life expectancy (10 years in sub-Saharan Africa) and literacy rates. A fall in absolute poverty. A fall in inequality **(2)** Drawbacks mentioned environmental issues, exploitation of workers, domestic unemployment, increasing dependence on other countries**. (2)** The benefits have occurred while the population has increased so are probably substantial. However, there is no statistical information to compare the benefits with the drawbacks. Also it depends on what 'net benefit' means– does it mean an increase in quantity of goods, higher profits, or does it mean wider choice, better quality. It is difficult to make an overall assessment. **(2)**