How the Government Reduces Inequality

Cues / Keywords & Questions	Notes / Main Ideas
Why reduce inequality? • Why is income inequality often considered unjust? • How can inequality threaten social stability? • How does equality improve health and well-being?	Five main reasons: 1. **Social justice** – inequality seen as unfair; redistribution gives equal opportunities. 2. **Social stability** – reduces tensions and distrust in institutions. 3. **Economic efficiency** – equal access to education and healthcare allows talent to flourish. 4. **Reducing poverty** – redistribution provides basic needs (housing, food, healthcare). 5. **Health & well-being** – equal societies are healthier, safer, and happier.
Before entering the labour market • How does compulsory education reduce inequality? • Why is language education essential for integration? • How do anti-discrimination laws promote fairness?	1. **Compulsory education** – ensures minimum skill level and better job chances (e.g. Finland's free system). 2. **Integration programmes** – language + social training for newcomers to join society faster (e.g. Canada). 3. **Legislation** – anti-discrimination and equal pay laws promote fair treatment and equal opportunities.
After entering the labour market • How do progressive taxes redistribute wealth? • What is the difference between replacement and supplementary income? • Why is cheap public transport important for mobility?	1. **Progressive taxes** – higher incomes pay higher rates; funds used for education, healthcare, etc. 2. **Social security** – offers replacement (unemployment, sickness) and supplementary (child benefit, healthcare) incomes. 3. **Quasi-public goods** – subsidised education and transport increase equal access and mobility.
Effectiveness & challenges • What's the difference between tax avoidance and evasion? • How does the Matthew effect weaken redistribution? • What are the downsides of privatisation?	1. **Tax avoidance/evasion** – rich individuals & firms exploit loopholes, reducing redistribution. 2. **Matthew effect** – wealthier groups benefit more from social measures (e.g. child benefits, tax deductions). 3. **Privatisation** – raises prices, limits access for low-income households, weakens equality.

Summary:
Governments reduce inequality through education, integration, fair legislation, taxes, social security, and public goods. These actions create fairness, stability, and growth. Yet, loopholes, the Matthew effect, and privatisation weaken their impact.