6.) **Income and Wealth**

Income = INWARD FLOW OF MONEY e.g. Wages  
Wealth = ASSETS e.g. Car, House, Jewel etc.

**Why wealth difficult to tax**  
HARD TO DEFINE – should clothes be considered wealth when it is continuously being used? With marketable wealth, it is hard to define when you stop taxing it when money is being continuously reinvested. Also, should we tax doctors more for their human wealth and skills?

HARD TO MEASURE – the wealthiest people do not like to disclose their wealth and refuse to take part in surveys. They also disclose their wealth abroad in offshore accounts or offer it as a means of inheritance through ‘gifts’ to other members of the family to avoid taxation. As a result, people’s wealth is based on a series of estimates meaning it is too inaccurate to create a wealth tax system.

**Reasons for differences in wealth and income distribution**

**A.) MARXISM**  
- Differences in wealth are a result of **class exploitation**.  
- Capitalist business owners tend to be wealthiest whilst the workers **are exploited with low wages** in order to maximise profit, meaning they earn significantly less.  
- **Inheritance is the key** to ensuring wealth stays with the rich, as they pass their wealth down through generations ensuring it remains within the family.  
A03: - **MARXISM is too class focused**, it ignores why some other groups are paid significantly less than others, for example women and ethnic minorities.

**B.) NEW RIGHT**  
- Differences are a product of **hard work and talent**.  
- The rich are so because they are talented and get what they deserve in higher pay, whilst the poor are idle and get what they deserve.  
- **THATCHER** also believed in the trickle down theory, the idea that wealth will ‘trickle down’ to poorer members of society by not taxing the rich. In theory, by not taxing the rich, businesses will have more money to expand their business, creating more jobs for the poor.  
A03: - By not taxing the rich, **business owners spend extra money on personal assets**, NOT the company, therefore **industries do not expand**, the poor do not have more job opportunities and more debt is accumulated by the poor. Also, **most wealth is inherited** and has nothing to do with hard work.

**C.) FUNCTIONALISM**  
- **DAVIS AND MOORE** – Differences in wealth are inevitable as some jobs are more ‘**FUNCTIONALLY IMPORTANT**’ than others.  
- For example, **Doctors earn more money because they save lives**, which is regarded as important.  
- As society exists as a **meritocracy**, inequality is **fair**  
A03: - **TUMIN** – it is **too subjective** to regard some jobs as more important. For example, is a doctor worth significantly more pay than a nurse who does nearly the same job?

**D.) FEMINIST**  
- Differences in wealth are down to a **patriarchal society**  
- For example, as it is assumed women will look after the children whilst the man works, women tend to be in low paid part time jobs or no job at all, therefore the main differences in wealth is that men earn more.  
A03: - **Differences determined more by class**; a middle class woman will earn more money than a working class man. Meanwhile, as the pay gap between men and women has narrowed, the difference in pay between social classes has widened.
G.) **Worklessness** (Effects on the economically inactive)

1.) **Poverty**
- Debt leads to Material deprivation
- A person’s QOL drops and they can end up in a poverty trap.
- Leads to isolation as people cannot afford to take part in society

2.) **Ill Health**
- FAGIN AND LITTLE argue being unemployed undermines a person’s self-confidence and can be despairing.
- A person can lose their identity and suffer from mental health problems.
- Also material factors lead to a poor diet and poor physical health.

3.) **Negative for society**
- Unemployment causes stress on the welfare state as less people are paying tax.
- Economic growth slows as less people buy things.
- People become less employable during their unemployment.
- Money is spent on retraining people for jobs.

---

**GROUPS OF UNEMPLOYED**

**Working class**
- When they’re employed they are in low skilled jobs meaning they lack transferrable skills.

**16-24 year olds**
- No skills
- In education
- Uni makes them overqualified
- Skills mismatch as they have no experience but aren’t given the opportunity to gain experience

**Ethnics**
- 2016 - 5% whites unemployed compared to 9% BAME
- Cultural Barriers – believe men and women shouldn’t mix in workplace
- Language barrier
- Quals not recognised by UK
- Discrimination