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# Economics

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### Case Study: The United Nations Millennium Development Goals

In 2000, the United Nations devised the anti-poverty Millennium Development Goals (MDGs), consisting of eight international development goals to achieve by 2015:



Source: [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)

#### Fiscal policies

These policies are used to redistribute income and wealth by using a combination of taxation and government spending policies. For example:

- Progressive tax systems (see Chapter 17) to reduce the wide gap between the rich and poor members of the country. Higher-income groups pay a higher percentage of their incomes in tax, with the tax proceeds being used by the government to support the lower-income groups or those without any income.
- Government transfer payments (see Chapter 15) give the unemployed and disadvantaged financial assistance to meet their basic needs. Examples of transfer payments are unemployment benefit, state pension funds for the elderly and child benefit (to reduce child poverty). This helps to provide a social safety net to ensure that every citizen has access to basic necessities.
- Government provision of basic services such as health care services, education and housing. This helps to improve access to such basic services for everyone and narrows the gap between the rich and the poor.

#### Monetary policies

These policies are used to control the money supply by manipulating interest rates and exchange rates:

- Low interest rates can encourage borrowing and investment to increase spending in the economy. In the long run, this can help to create more jobs and alleviate the problems of poverty.
- Low exchange rates (see Chapter 25) can encourage export sales as the price for foreign buyers is lower. As higher export earnings help to boost GDP, this can also help to create more jobs and wealth in the economy over time.