

Economic Policy and Social Inequality

COMPREHENSION • VOCABULARY • DISCUSSION

INTERACTIVE ONLINE TEST

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Reading Passage

Read the passage carefully. Each paragraph is labelled with a letter for easy reference.

- A** In recent years, the global discourse surrounding economic policy has increasingly highlighted the pressing issue of social inequality. Countries across diverse economies have grappled with the ramifications of policies that seemingly favor the affluent while neglecting the needs of the marginalized. The debate often centers on the effectiveness of tax reforms, welfare programs, and regulatory frameworks designed to mitigate economic disparities. In nations like the United States and Brazil, stark contrasts in wealth distribution have ignited public outcry, prompting policymakers to rethink traditional approaches. For instance, in the U.S., debates over progressive taxation have gained traction, with advocates arguing that higher taxes on the wealthy could generate essential revenue for social programs aimed at supporting the underprivileged. This has become a critical issue as more citizens demand fairer economic practices that promote equity and justice in society.
- B** Moreover, the impact of globalization has further complicated the landscape of economic policy and inequality. As multinational corporations expand their reach, local economies face the challenge of competing with larger entities that can exploit labor and resources more efficiently. This has led to a phenomenon often referred to as the 'race to the bottom,' where countries might lower labor standards or environmental regulations to attract foreign investment. A case in point is India, where the rapid industrial growth has resulted in significant economic gains, yet a substantial portion of the population still lives below the poverty line. The question arises: how can nations balance the benefits of globalization with the need for equitable growth? Policymakers are increasingly confronted with the task of creating frameworks that ensure growth does not come at the expense of social welfare and that the benefits of economic development reach all layers of society.

C

In addressing social inequality, some governments have turned to innovative policy measures, such as universal basic income (UBI) and targeted social investments. The implementation of UBI in pilot programs across various regions has sparked discussions about its potential to alleviate poverty and provide a safety net for those displaced by technological advancements. Countries like Finland have reported positive outcomes from these trials, showcasing how such policies can enhance individuals' economic stability and improve overall quality of life. However, critics argue that without comprehensive strategies to address the root causes of inequality, such measures may only serve as temporary fixes. The ongoing challenge for policymakers is to devise frameworks that not only promote economic growth but also ensure that the benefits are shared widely across all segments of society. This requires a commitment to long-term solutions that prioritize social equity over short-term gains, fostering an environment where all individuals can thrive. Additionally, it is essential for governments to engage with communities to understand their unique challenges and tailor solutions that effectively address their specific needs. By fostering collaboration between the public and private sectors, nations can create a more inclusive economic landscape that uplifts everyone.

Vocabulary Glossary

Key words and phrases from the passage. Study them before attempting the exercise below.

WORD / PHRASE	DEFINITION	EXAMPLE SENTENCE
discourse	talking or writing about a subject in a formal way	<i>The teacher encouraged discourse among the students about the book.</i>
ramifications	effects that happen because of an action or decision	<i>The new law had many ramifications for small businesses.</i>
affluent	having a lot of money and wealth	<i>She grew up in an affluent neighborhood with big houses.</i>
marginalized	treated as less important or pushed to the side	<i>The community felt marginalized by the lack of government support.</i>
progressive taxation	a tax system where the rate increases as income increases	<i>Progressive taxation means that richer people pay higher taxes.</i>
globalization	the process of businesses operating in many different countries	<i>Globalization allows companies to sell their products worldwide.</i>
equitable	fair and equal for everyone	<i>The judge made an equitable decision that satisfied both parties.</i>
universal basic income	money given by the government to everyone regularly, no matter their income	<i>A universal basic income could help people who lose their jobs.</i>

Vocabulary Exercise — Fill in the Blank

Use one word or phrase from the glossary above to complete each sentence. Each item is used only once. Answers are on the final page.

1. The government is considering _____ to ensure wealthier people pay more taxes.
2. With _____, companies can more easily trade goods across countries.
3. The report discussed the _____ of ignoring climate change.
4. Efforts to help _____ groups are important for social justice.
5. Receiving a _____ could help people cover basic living costs.
6. Creating an _____ system can help reduce social inequality.

Comprehension Questions

These questions are different from the online practice test. Choose the best answer (A, B, C, or D). Answers and explanations are on the final page.

Question 1

What issue does the passage mainly associate with globalization?

- A. Increased local competition
- B. Decreased technological advancement
- C. Stronger labor unions
- D. Higher environmental standards

Question 2

Why is progressive taxation debated in countries like the U.S.?

- A. It could increase government revenue for social programs.
- B. It reduces the wealth of all citizens.
- C. It leads to a decrease in economic growth.
- D. It is difficult to implement across all states.

Question 3

What is a challenge associated with universal basic income according to the passage?

- A. It may not address the root causes of inequality.
- B. It requires new technology to distribute funds.
- C. It is not popular among citizens.
- D. It increases unemployment rates.

Question 4

What is the primary purpose of the passage?

- A. To discuss the impact of economic policies on social inequality
- B. To promote universal basic income as a solution
- C. To criticize globalization and its effects
- D. To highlight the success of progressive taxation

Question 5

How does the passage describe the public's reaction to wealth distribution in the U.S. and Brazil?

- A. They favor current economic policies.
- B. They show strong support for globalization.
- C. They express dissatisfaction and demand change.
- D. They are indifferent to economic issues.

Discussion & Writing Prompts

Each prompt references a specific detail from the passage above. Use for classroom discussion or a short written response (150–200 words).

1. Paragraph A discusses debates over progressive taxation in the U.S. Do you think higher taxes on the wealthy can effectively reduce inequality in your country? Why or why not?

2. In Paragraph B, the 'race to the bottom' is described as a consequence of globalization. How can your country compete globally without lowering labor and environmental standards?

3. Paragraph C highlights Finland's positive outcomes from UBI trials. What factors might contribute to the success or failure of UBI in your country?

Answer Key

COMPREHENSION QUESTIONS

Q1 A

Q2 A

Q3 A

Q4 A

Q5 C

VOCABULARY EXERCISE

FIB1 progressive taxation

FIB2 globalization

FIB3 ramifications

FIB4 marginalized

FIB5 universal basic income

FIB6 equitable

Comprehension Question Explanations

Why the correct answer is right — and why each wrong option is incorrect.

1. What issue does the passage mainly associate with globalization?

✓ A — Increased local competition

The passage mentions that local economies struggle to compete with larger multinational corporations.

✗ B — Decreased technological advancement

The passage does not mention globalization decreasing technological advancement.

✗ C — Stronger labor unions

The passage does not discuss stronger labor unions as a result of globalization.

✗ D — Higher environmental standards

The passage describes a 'race to the bottom,' indicating lower, not higher, standards.

2. Why is progressive taxation debated in countries like the U.S.?

✓ A — It could increase government revenue for social programs.

The passage states that higher taxes on the wealthy could create essential revenue for social programs.

✗ B — It reduces the wealth of all citizens.

The passage does not say it reduces the wealth of all citizens.

✗ C — It leads to a decrease in economic growth.

The passage does not claim it decreases economic growth.

✗ D — It is difficult to implement across all states.

The passage does not mention difficulties in implementation across states.

3. What is a challenge associated with universal basic income according to the passage?

✓ A — It may not address the root causes of inequality.

The passage mentions that critics argue UBI may only serve as a temporary fix without addressing root causes.

✗ B — It requires new technology to distribute funds.

The passage does not suggest a need for new technology.

✗ C — It is not popular among citizens.

The passage does not mention the popularity of UBI among citizens.

✗ D — It increases unemployment rates.

The passage does not claim UBI increases unemployment rates.

4. What is the primary purpose of the passage?

✓ A — To discuss the impact of economic policies on social inequality

The passage focuses on how economic policies influence social inequality.

✗ B — To promote universal basic income as a solution

While UBI is discussed, it is not the main focus.

✗ C — To criticize globalization and its effects

Globalization is discussed but not the sole focus.

✗ D — To highlight the success of progressive taxation

Progressive taxation is one issue but not the central theme.

5. How does the passage describe the public's reaction to wealth distribution in the U.S. and Brazil?

✓ C — They express dissatisfaction and demand change.

The passage mentions public outcry and demands for fairer practices.

✗ A — They favor current economic policies.

The passage describes dissatisfaction, not favor.

✗ B — They show strong support for globalization.

The passage does not mention support for globalization.

✗ D — They are indifferent to economic issues.

The passage indicates active public concern.

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