

**25** In many high-income economies, increasing income inequality has led to greater levels of poverty.

Which combination of policies would aim to reduce income inequality?

|          | fiscal policy            | supply-side policy                 |
|----------|--------------------------|------------------------------------|
| <b>A</b> | decrease corporation tax | create more competition            |
| <b>B</b> | increase income tax      | reduce the power of trade unions   |
| <b>C</b> | increase inheritance tax | increase the national minimum wage |
| <b>D</b> | increase sales tax       | privatise more public sector firms |