

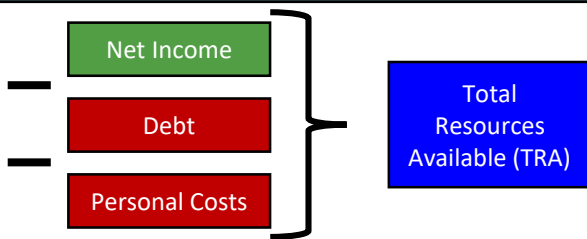
Measuring Poverty in the UK:

A report released by the Social Metrics Commission (SMC) evaluated the current ways in which poverty is measured in the UK and put forward a credible alternative in which poverty can be measured.

The SMC is an independent commission set up to develop new ways in which poverty can be measured across the UK, in order to assist government policy-making on this matter.

The Commission put an emphasis not just on measuring poverty but establishing what are the driving factors behind poverty in the economy. This is recognised by understanding the extent of poverty in the UK across households, the persistence of poverty across generations of families and the experiences of those that have lived in poverty in the past.

The marked difference between the SMC's poverty measure and some of the more conventional poverty measures (absolute and relative poverty) is that the commission propose comparing the total resources available to a household against a poverty line of 55%.



The poverty line is determined by a measure of material needs across the population. This might sound confusing, but essentially this is an average of the total resources available to each class of household in the UK i.e. single adults, pensioners, single parents and couples.

The idea is that if a household's total resources available fall below 55% of the median level of household needs then the household is defined as living in poverty.

It is estimated that if this measure was applied to the UK, 14.2 million people would be defined as living in poverty.

Explain how and why this approach to measuring poverty is different from the traditional measures of absolute and relative poverty in the UK.

Future Role of the WTO:



Another week and another tetchy exchange between the two economic power players of the global economy – the US and China.

This feud has rumbled on since 2016 and has resulted in a series of tit-for-tat tariff measures which covers \$250bn of Chinese imports into the US. The rationale behind these measures move in line with the belief that China persistently operates “unfairly” when it comes to trade. The accusations range from deliberate currency manipulation to theft of intellectual property from US firms.

This week, the US administration boldly claimed that China should be “evicted” from the WTO due to its constant rule-breaking on the global stage. The organisation, which represents 164 countries, was set up in 1995 to help liberalise world trade and reduce trade barriers and frictions between member states.

To what extent do you believe that free trade is mutually beneficial for an economy and its citizens.

Discuss the impact that China’s removal from the WTO could theoretically have on the global economy.

The Results Are In:

		UK SUGAR TAX	
		457 Producers Registered	
		Tax Rev.	£154m

This week the UK government released its first update in relation to the effectiveness of a sugar tax applied to soft drink manufacturers back in April 2018.

The tax was introduced to encourage individuals to switch their expenditure away from sugary drinks towards healthier alternatives. However, it has also forced many companies to re-formulate their recipes to reduce the sugar content in these drinks.

The level of the tax applied depends on the sugar levels contained in each drink. A lower tax rate of 18p per litre is applied to those drinks that contain between 5 and 8 grams of sugar per litre. A higher tax rate is applied to those drinks that contain over 8 grams per litre.

The headline figure was that £153.8m has been raised in tax revenue since April with projections that this will rise to £240m across the full year. Sounds promising? Well originally the Treasury forecast that the introduction of this tax would raise £500m in its first year.

It would seem at first glance that the decision for firms to re-formulate will benefit the health of the UK population, but will not result in the tax receipts the government predict.

What form of tax does this sugar tax represent?

With the aid of an appropriate diagram, illustrate the effects of the imposition of the sugar tax on the sugary drinks market.