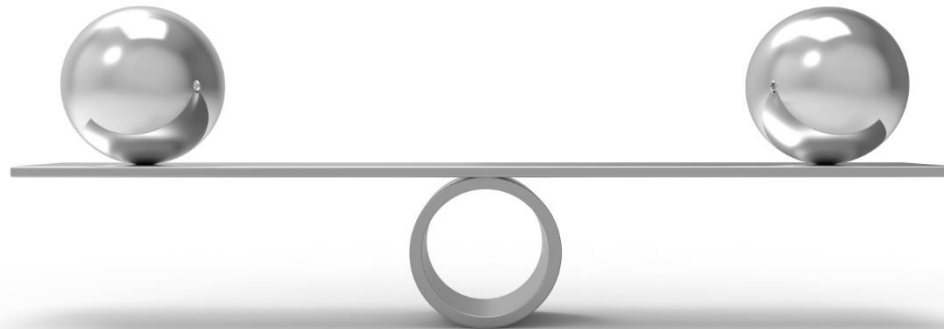


Matti Apunen 21.1. 2019

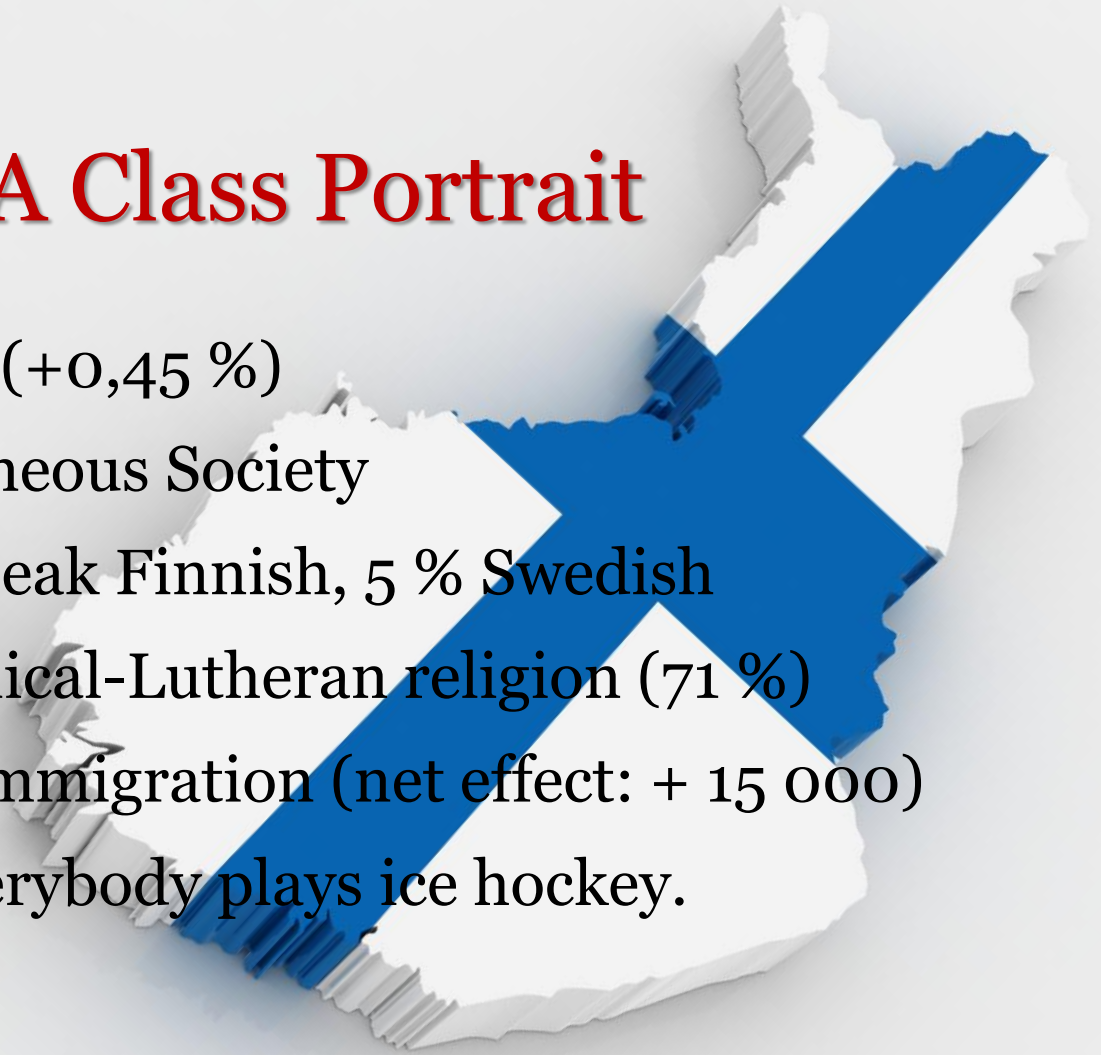
Inequality and Politics





Finland: **A Class Portrait**

- Pop. 5,5 M (+0,45 %)
- A Homogeneous Society
 - 88 % speak Finnish, 5 % Swedish
 - Evangelical-Lutheran religion (71 %)
 - Weak Immigration (net effect: + 15 000)
 - And everybody plays ice hockey.

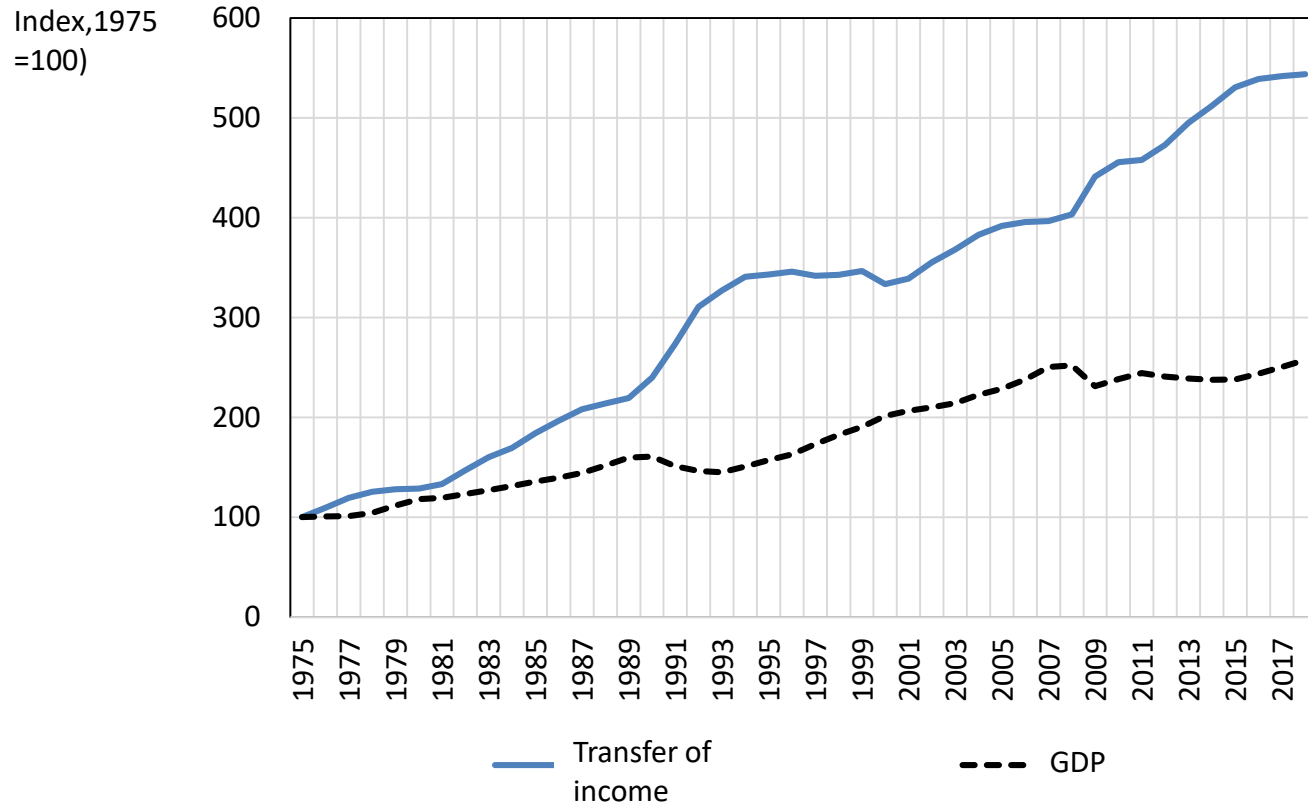


Finland: **A Class Portrait**

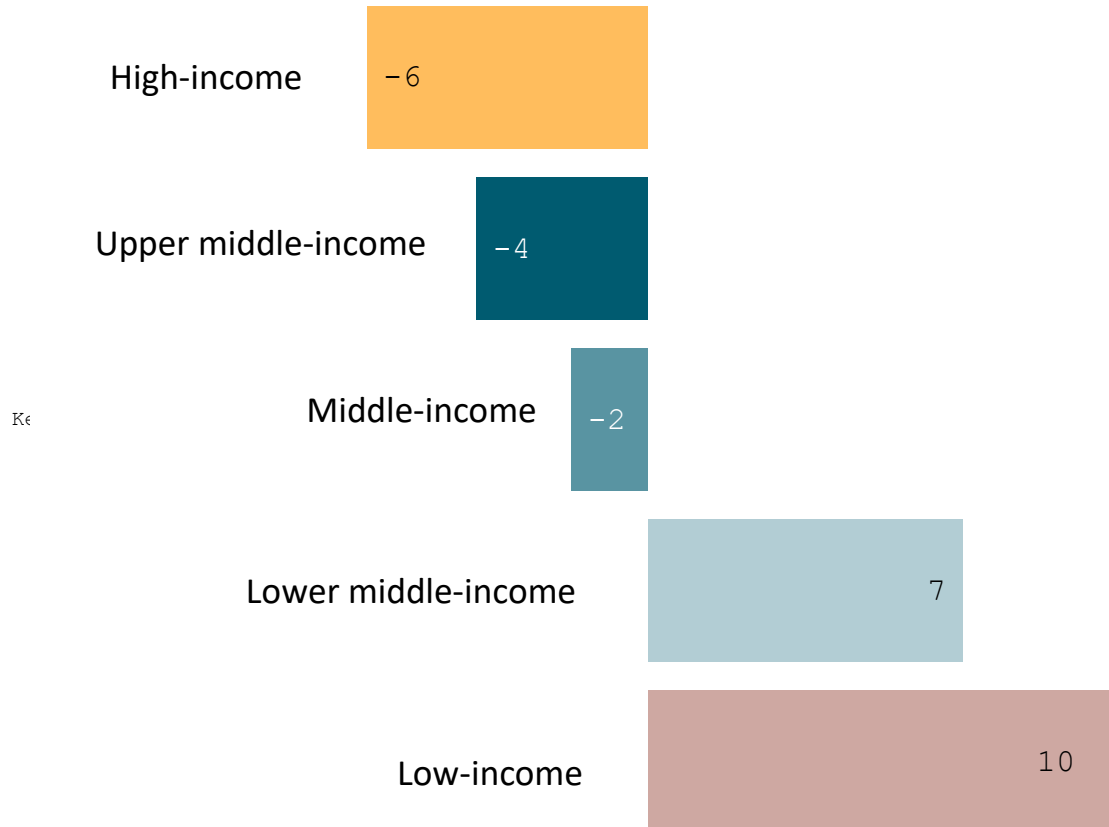
- Dominantly middle-class (68 %).
- Greatly equal: Gini co-efficient 27,7 (no significant change since 2000)
- Strongly transferring: Income transfer index about 500 (1975-2017).
- A country that is proud of its strong social cohesion, and the credit is given to things mentioned above.

A Welfare Society In Action

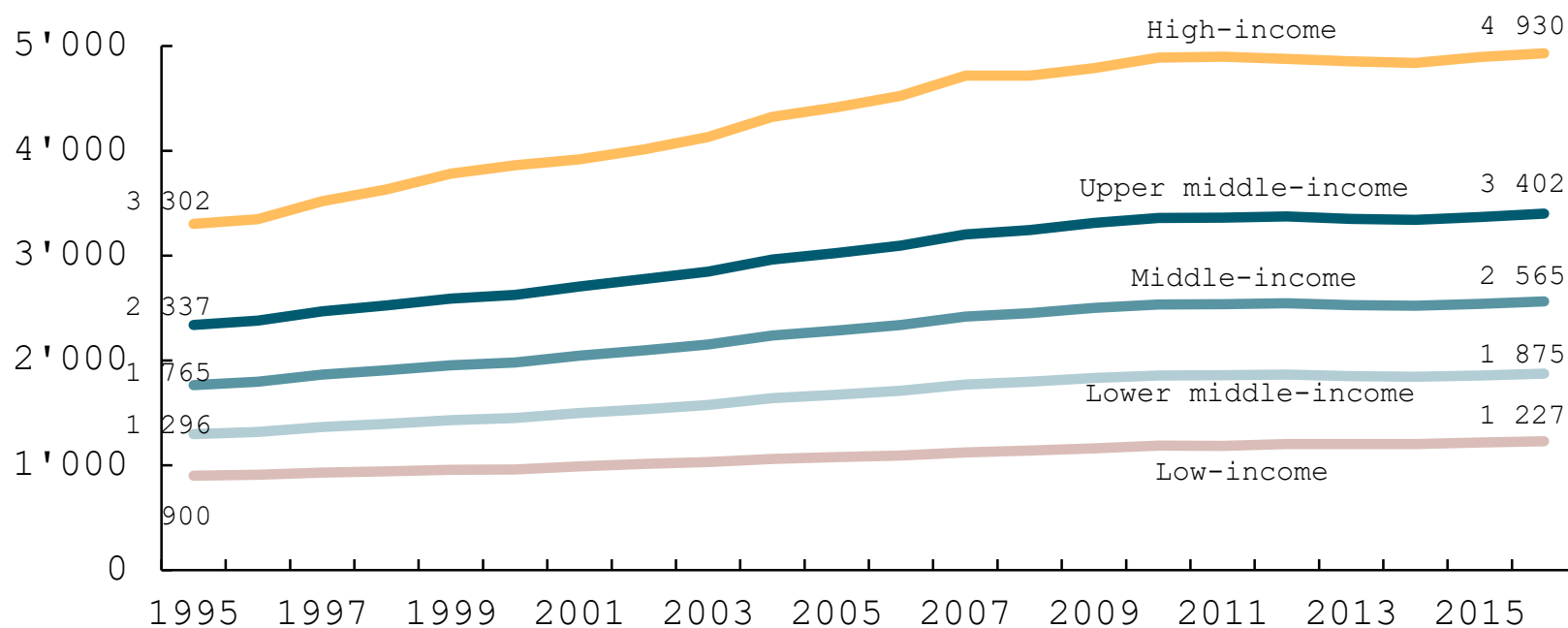
Public spending 1975-2018



Taxes & Transfers



Median Income



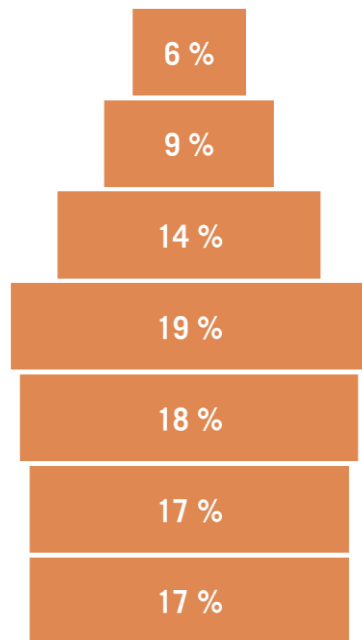
* Laskettu käytettävissä olevasta rahatulosta kulutusyksikköä kohden.
Lähde: Tilastokeskus.

Voters of Scandinavian parties: Attitudes on income distribution and immigration

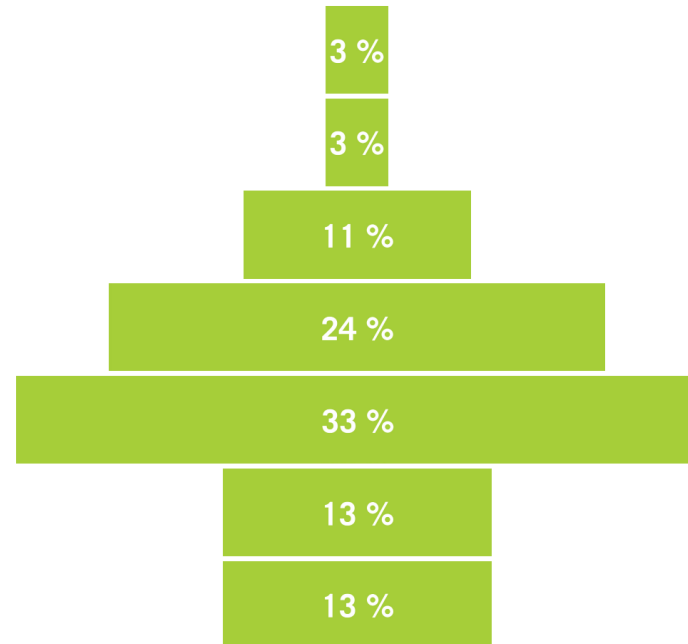


Income Brackets, **Perceived** and Real

Perceived



Real



Religion of Equality

- Voters are inclined to believe there are more poor & rich people than in reality.
- This notion leads to accepting higher tax rates, louder demands on transfers, underestimating dynamic effects.
- So, as a party leader, do not promise tax cuts. Your voters will walk away.



Tale of Equality and **Politics**

- We firmly believe in centralism (statism) and economy of scale. *One size fits all.*
- In this landscape, competition means inefficiency, lack of coordination, and greedy rent-seeking (“the law of the jungle”). Opening up the market has been painful and slow.

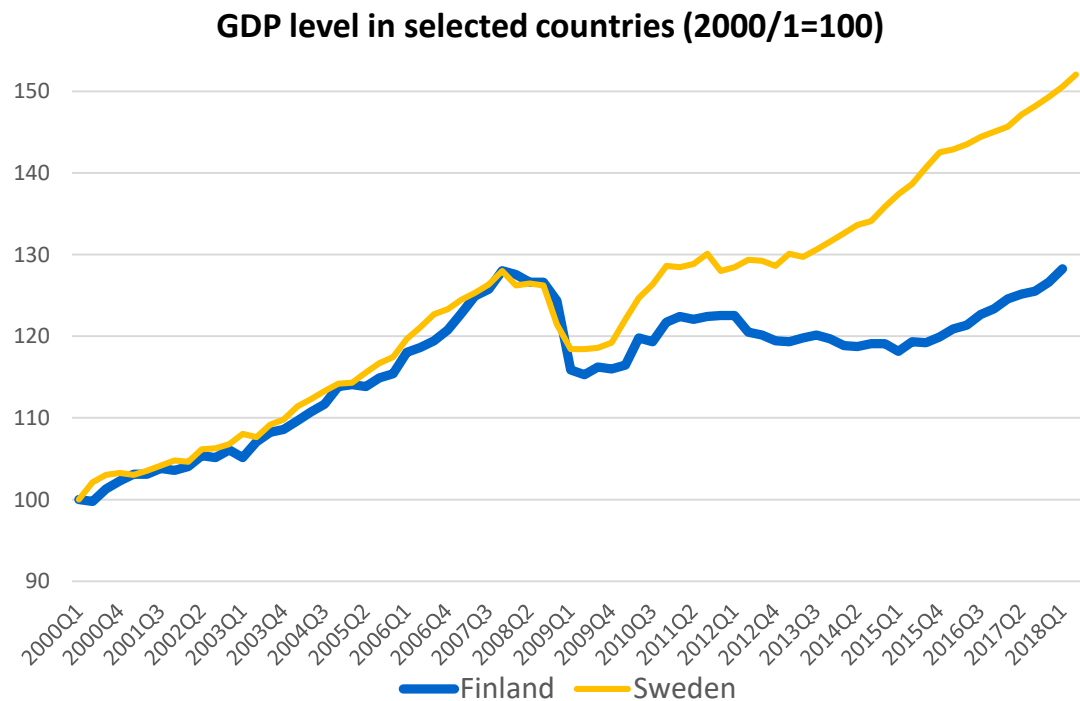


Inequality **Populism**

“As a people, we have discovered the ability to vote ourselves largesse from the federal treasury in such vast sums that we are destroying our own chances at prosperity.”



Hey guys, where are **you** going!



Lähde: Eurostat.

The Mystery of the Glass Ceiling

- Scandinavia: Strong traditions and manifestations on gender equality.
- Number of women in managerial position lower than in the Baltics, Central Europe



The Mystery of the Glass Ceiling

- Already in 1998 the ILO noted an unusually gender-segregated labor market in Scandinavian countries, with many women working in the public sector.
- Government monopolies crowded out private enterprise as the Finnish welfare state grew to its might.

The Mystery of the Glass Ceiling

- High taxes and welfare policies encourage women to work fewer hours, and generous parental leave systems influence to stay home.
- This reduces their ability to climb the career ladder.



Thank you.

