





Content

1. Personal Intro
2. Inequality in general
3. Pitfalls in inequality and equality
4. Educations systems and unemployment
5. Consequences of “mis”-education
6. Employment protection and inequality
7. Comparison DK CH
 1. General
 2. Decentralization & Bureaucracy
 3. Taxes & VAT
 4. Productivity in sectors
8. “No Risk” driving poverty

Lars Tvede books



LARS TVEDE

THE CREATIVE SOCIETY

HOW THE FUTURE CAN BE WON

UPDATED EDITION

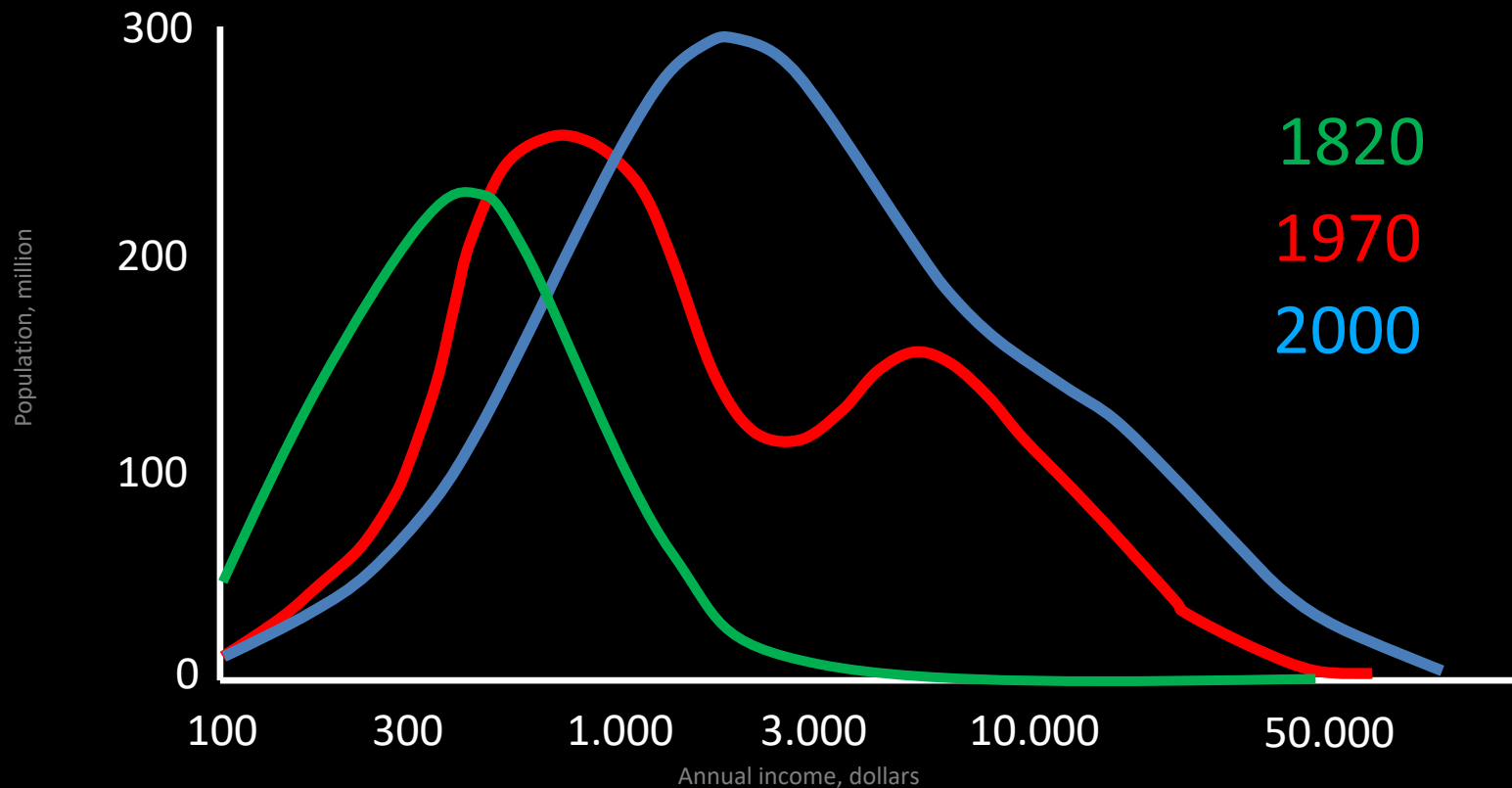


LARS TVEDE GÅSEN MED DE GYLDNE ÆG

... og den **overraskende**
fortælling om, hvad det
vil sige at være **liberal**

Gyldendal Business

Global income distribution



Global income distribution in 1800, 1975, and 2015

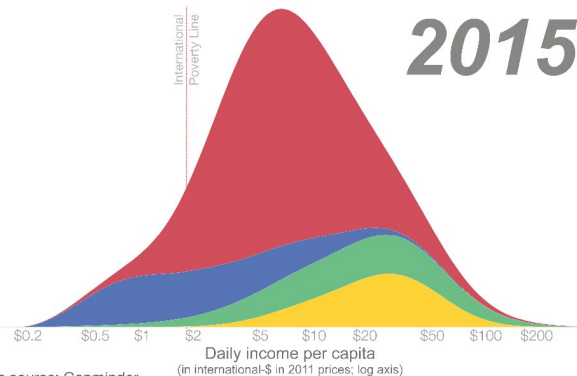
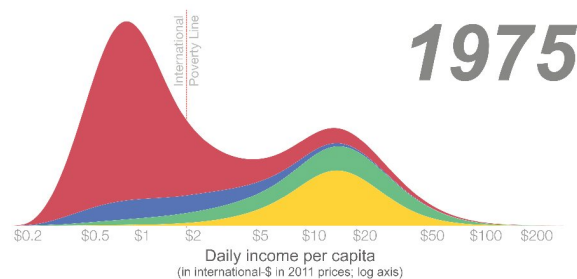
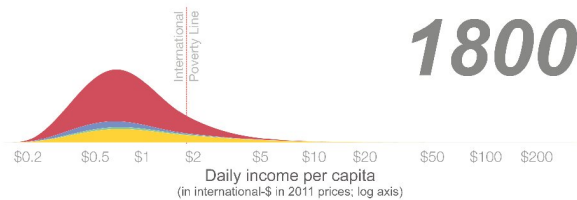
Our World
in Data

Income is measured by adjusting for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment).

These estimates are based on reconstructed National Accounts and within-country inequality measures.

Non-market income (e.g. through home production such as subsistence farming) is taken into account.

Europe Asia and Pacific Africa North- and South America

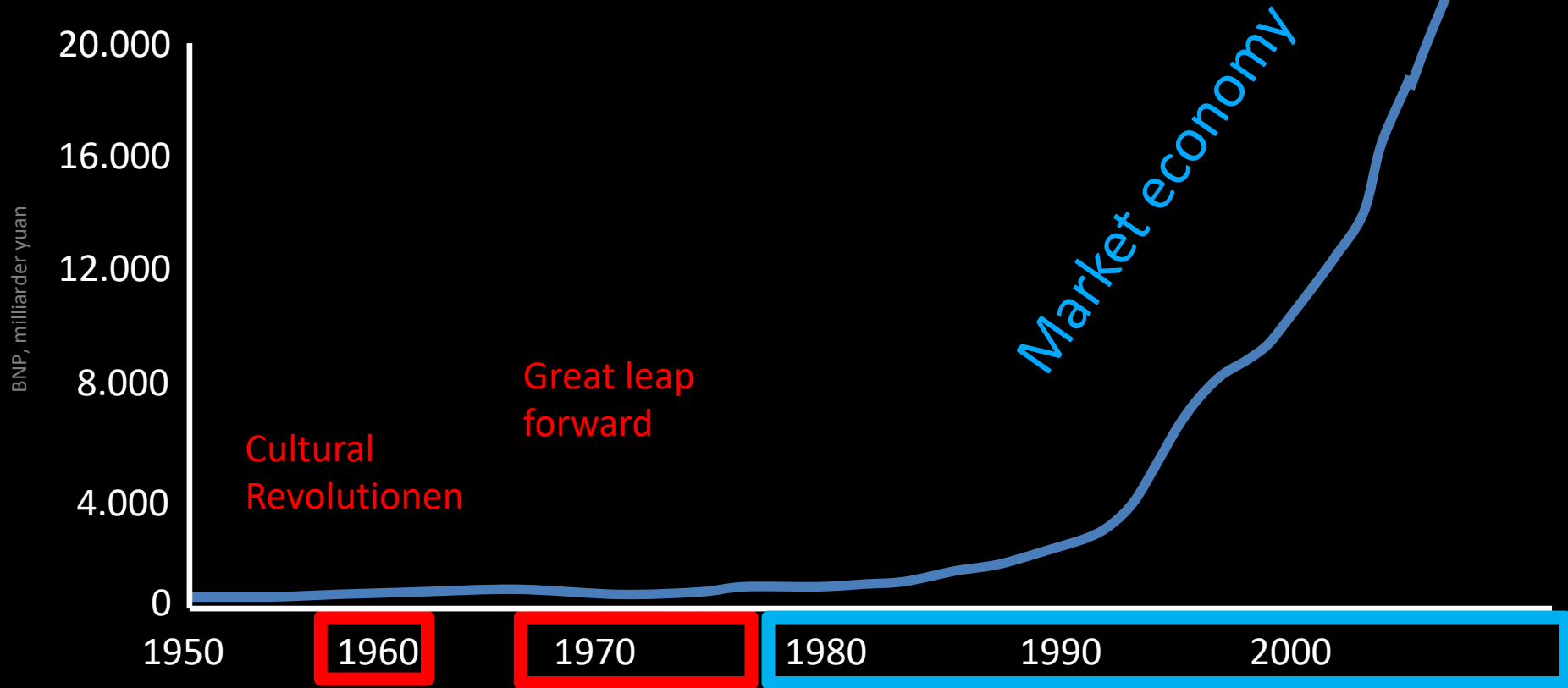


Data source: Gapminder

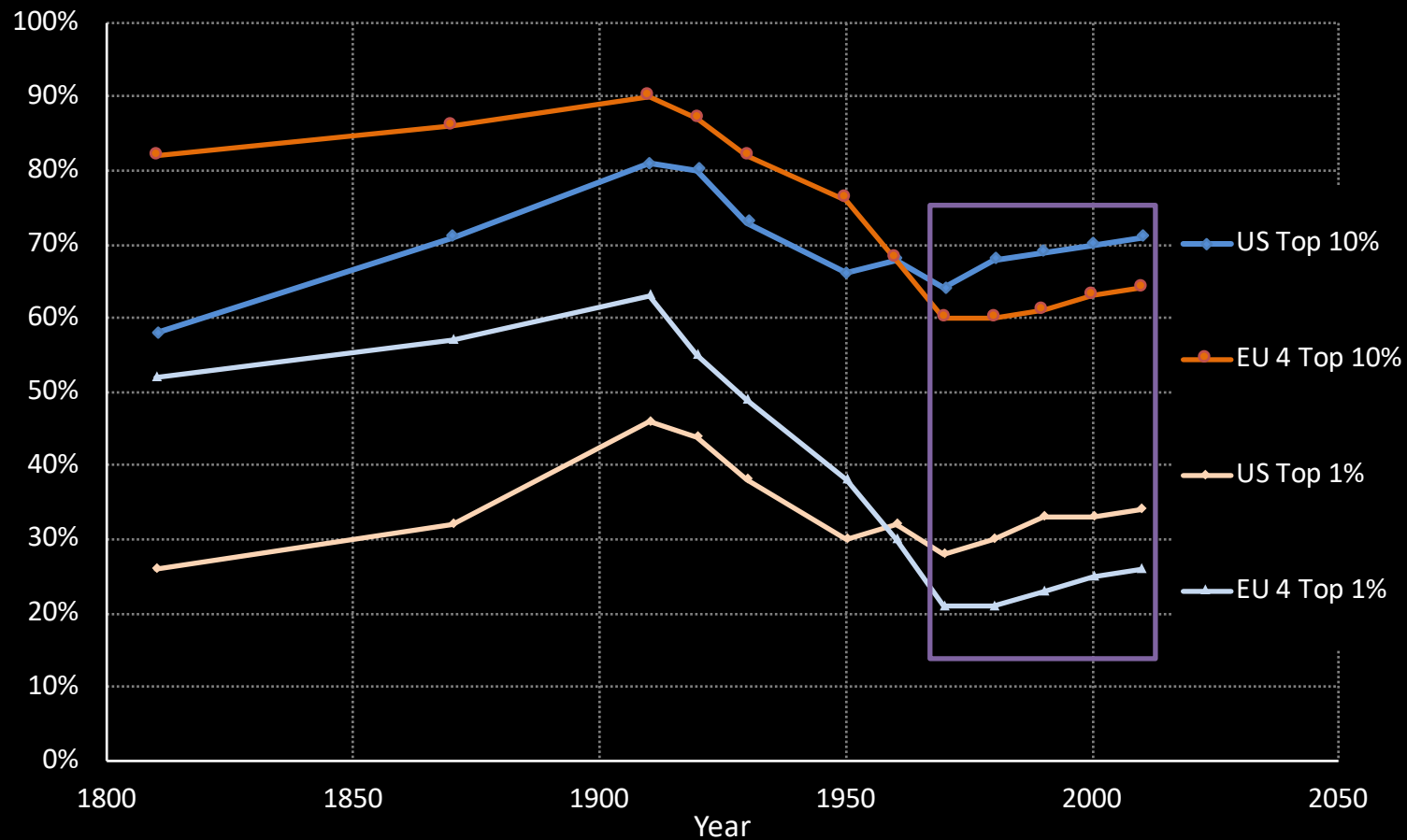
The visualization is available at [OurWorldinData.org](https://ourworldindata.org) where you find more visualizations and research on global development.

Licensed under CC-BY-SA by the author Max Roser.

Economy of China

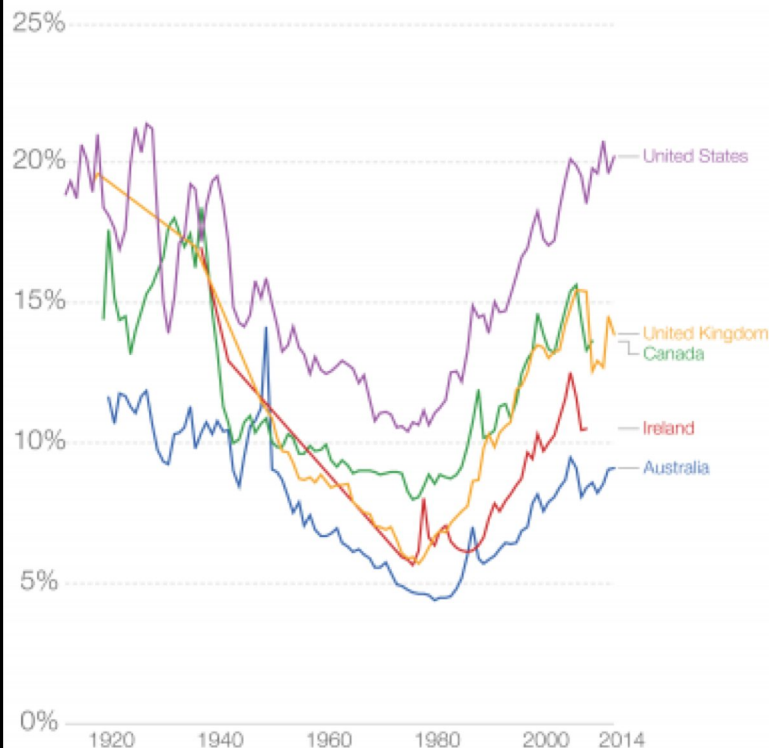


GINI Index

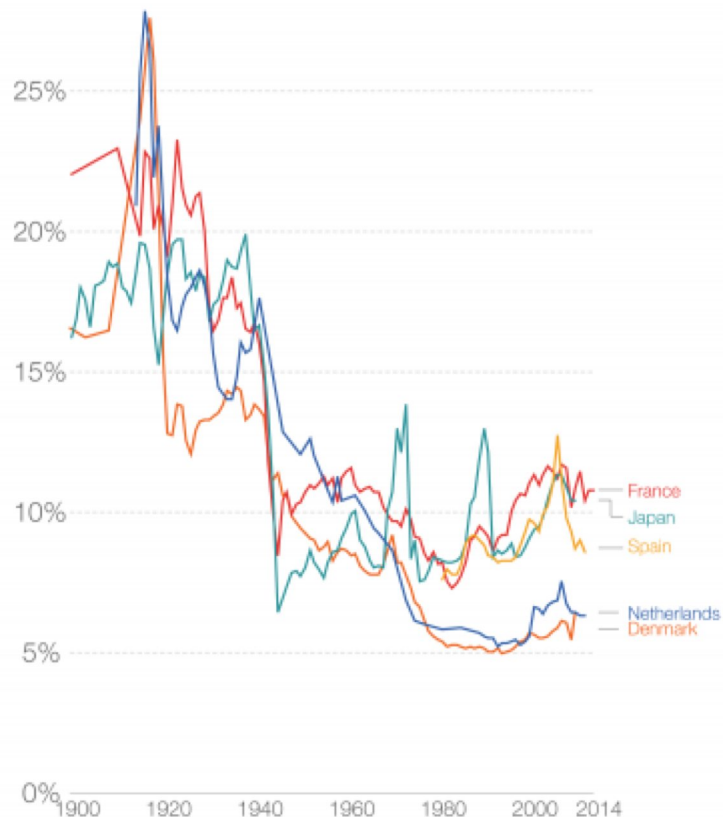


Share of Total Income going to the Top 1% since 1900

The evolution of inequality in English speaking countries followed a U-shape



The evolution of inequality in continental Europe and Japan followed an L-shape





1998



2017

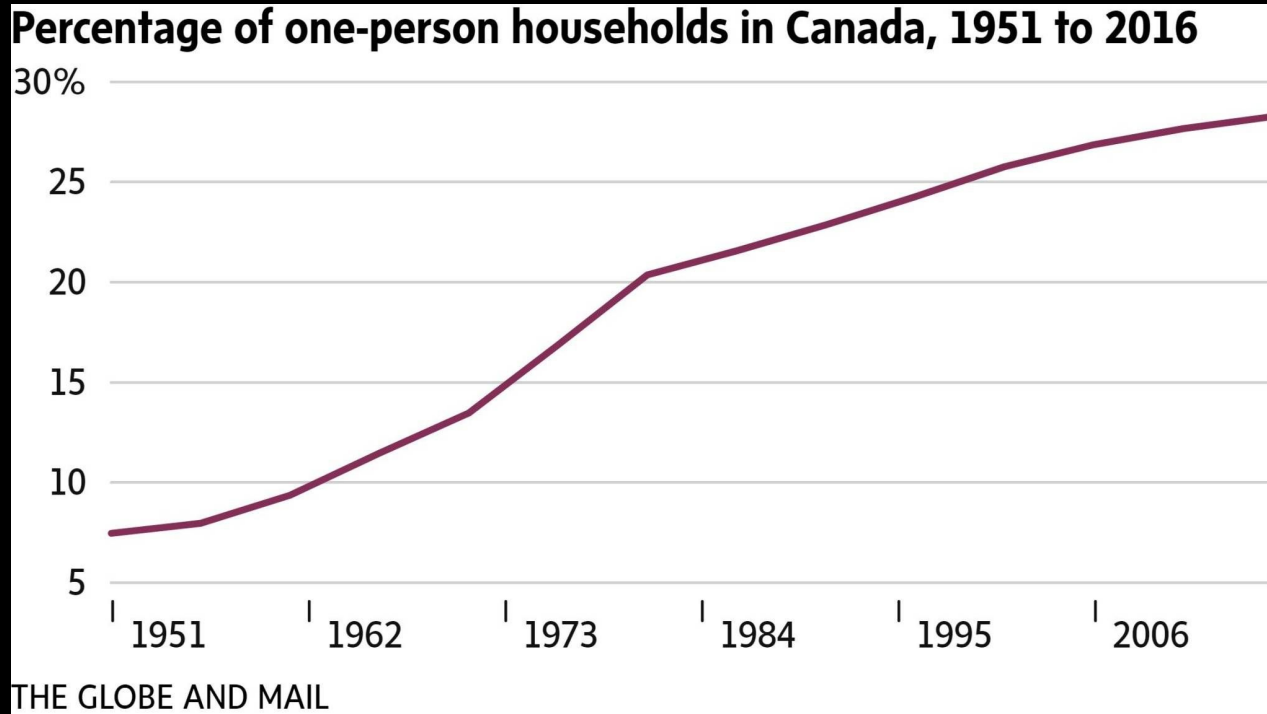


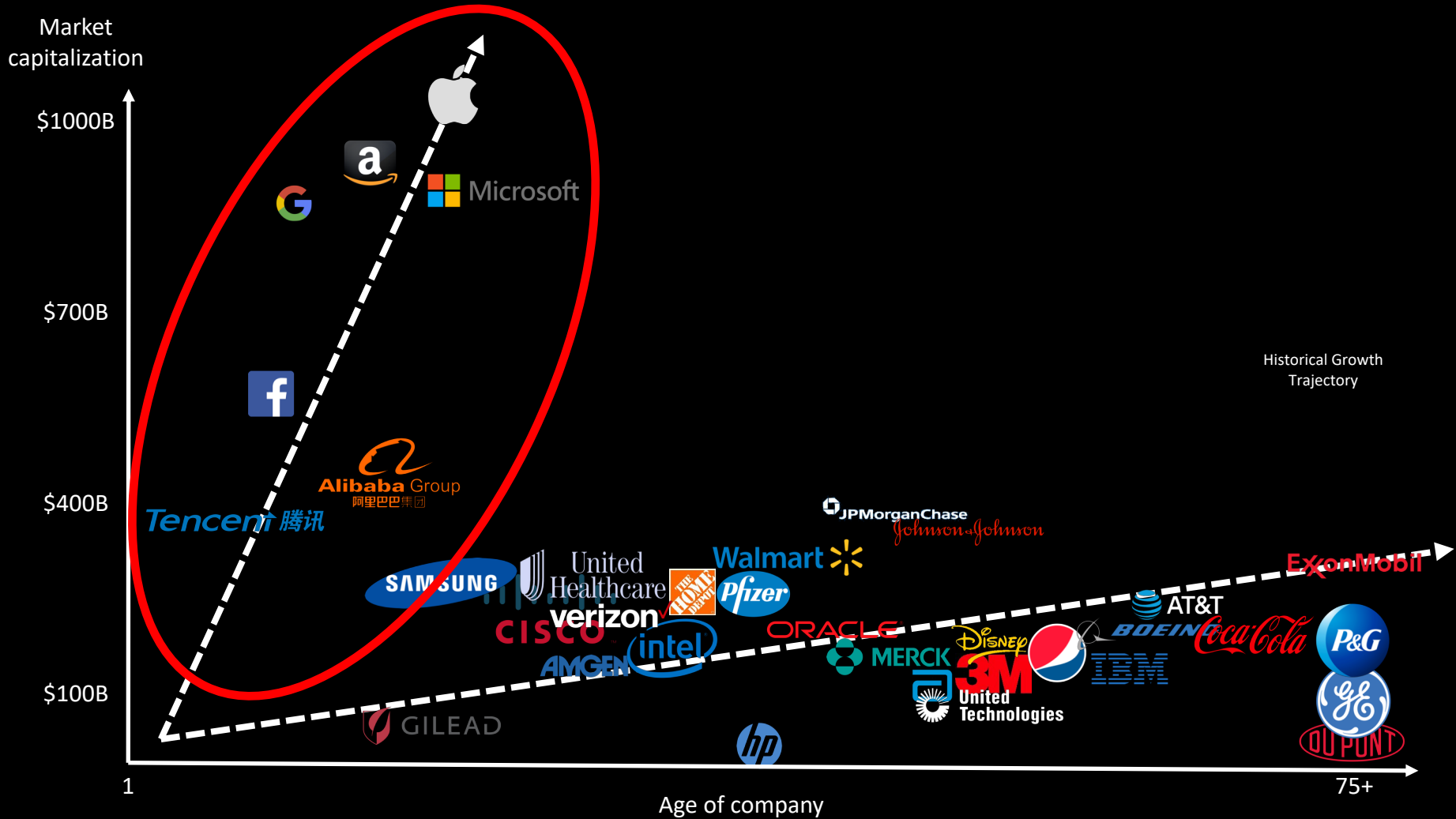
1994

1998: "I sell books."

2017: "I sell whatever the f I want."

More one-person households





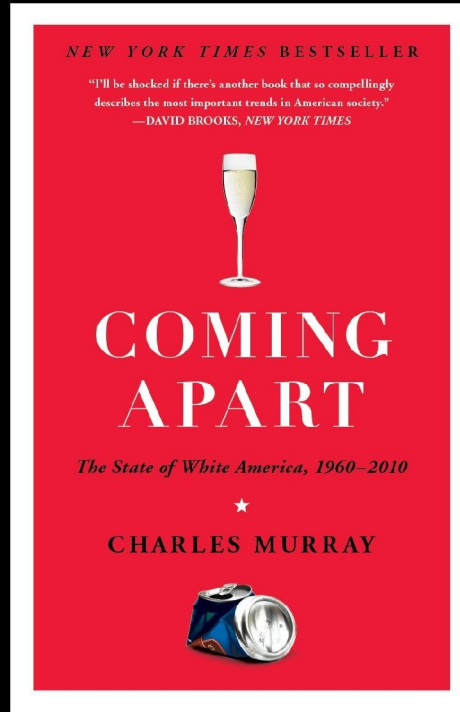
Churn

- 12 % of americans have been among the 1 % richest
- 39 % of americans have been among the 5 % richest
- 73 % of americans have been among the 20 % richest
- 73% of those on Forbes 400 only stay there a single year.

Asset inflation



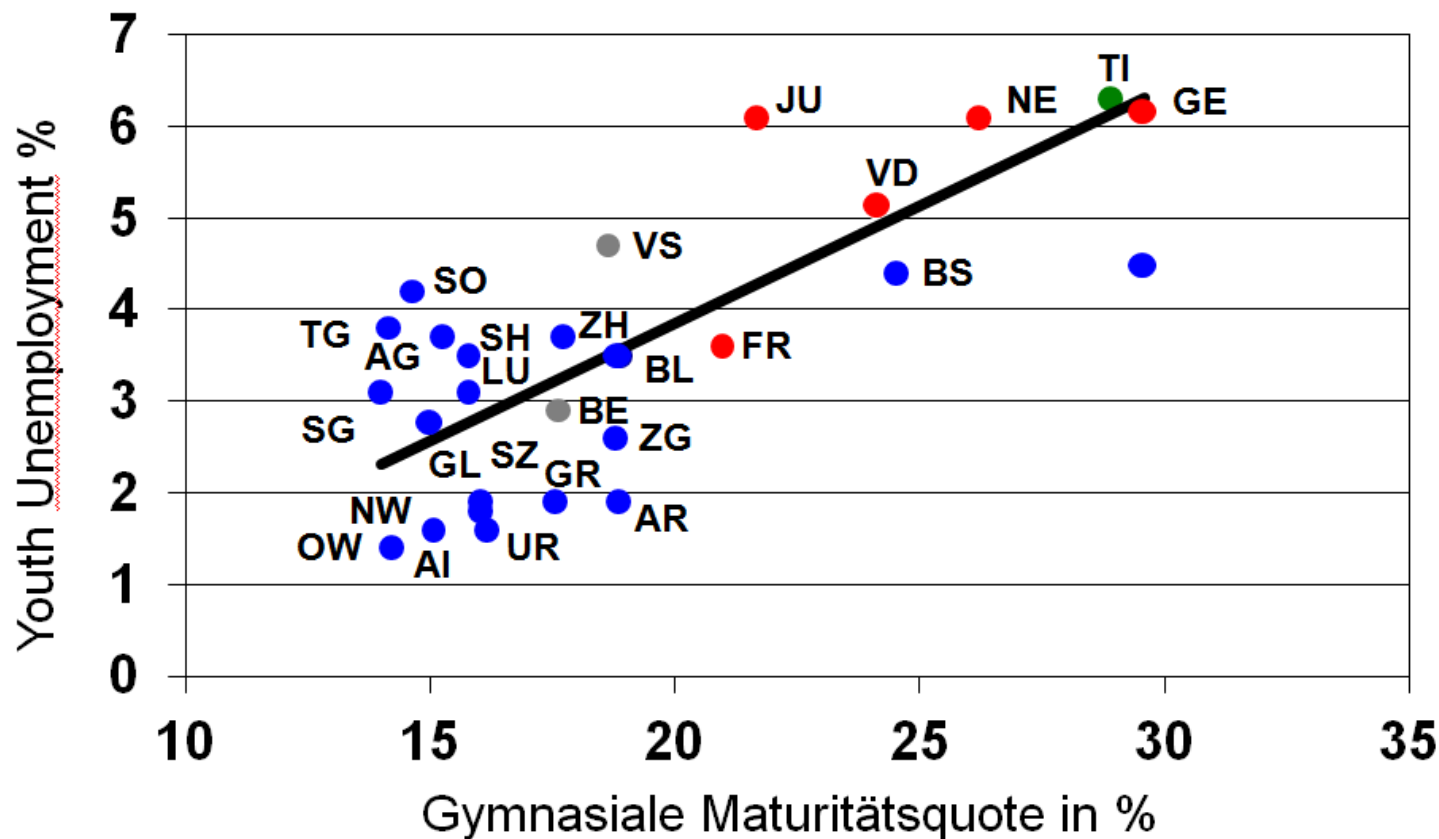
Female university education



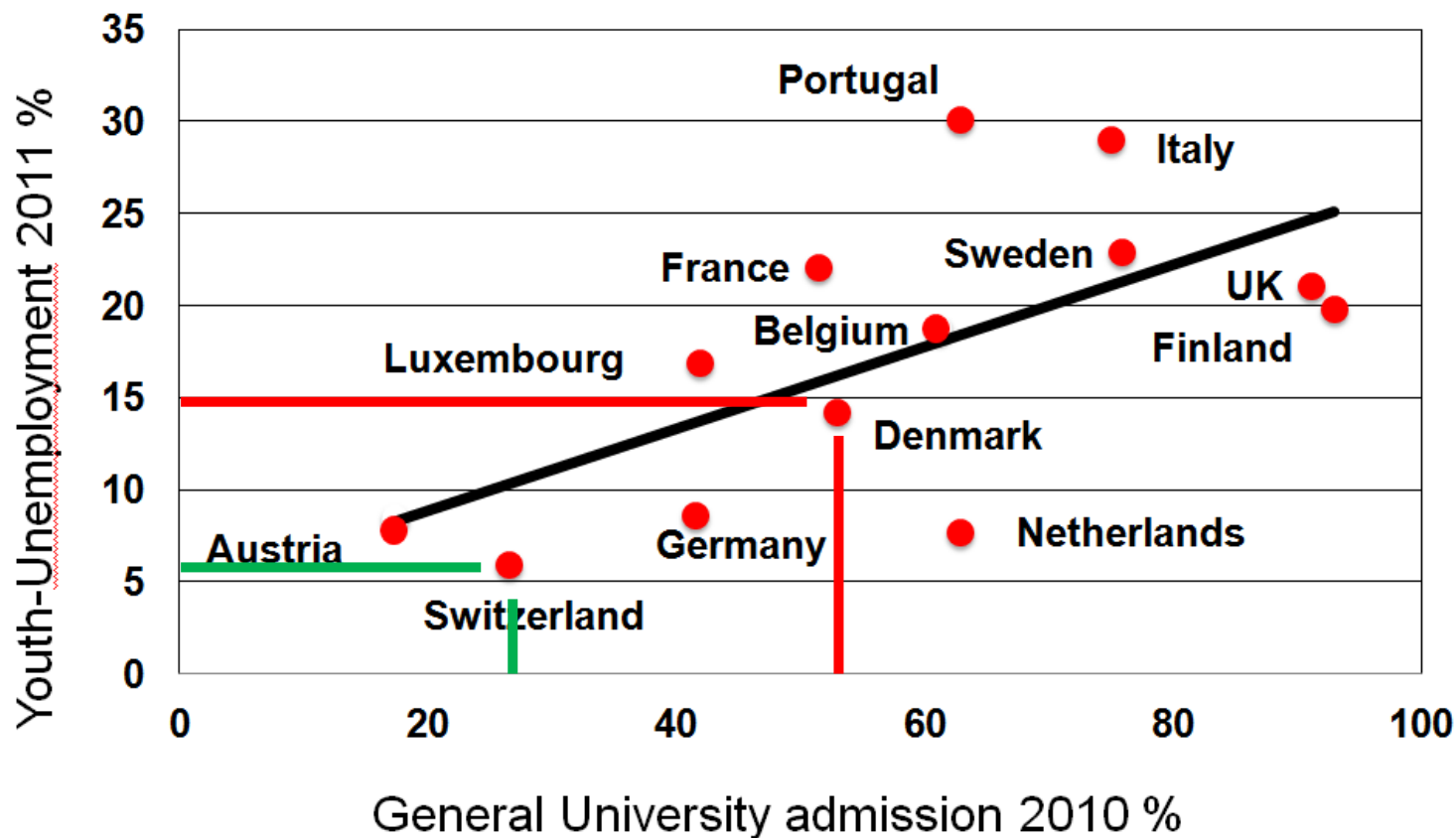
Concepts of Inequality and Misery

- Problem of inequality is not that someone gets very rich through brilliant innovation. is the topic (relative) inequality the right topic:
 - Example of living in an area where Bill Gates suddenly moves in – Do I get poorer by him moving in?
- First look at misery before we look at relative inequality. In more scientific terms
- Relative poor vs truly poor and Latent Poor – those on Transfer income
- Problem is about catching people who may or have fallen out of the system.
- It is about avoiding people getting lost or poor
 - less about reducing the number of wealthy
- Education and Switzerland Denmark and other countries:.....

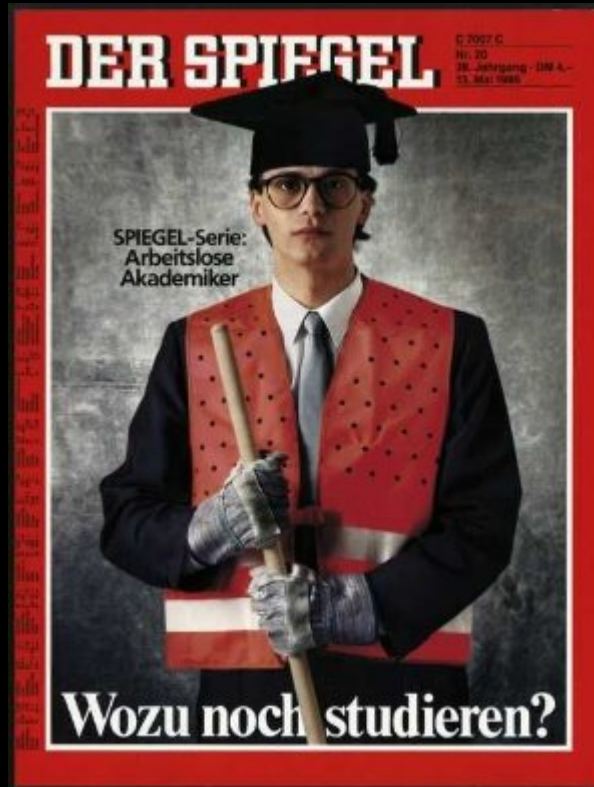
Youth-Unemployment versus High School degree quota



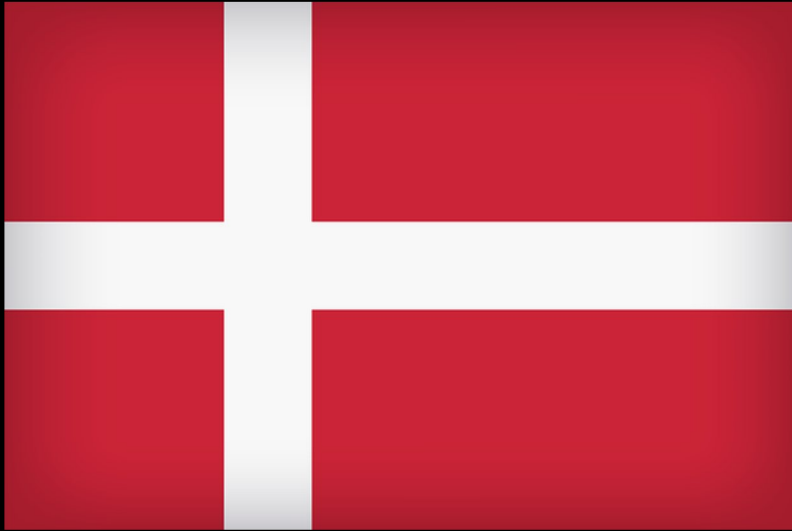
Youth-Unemployment versus High School degree quota



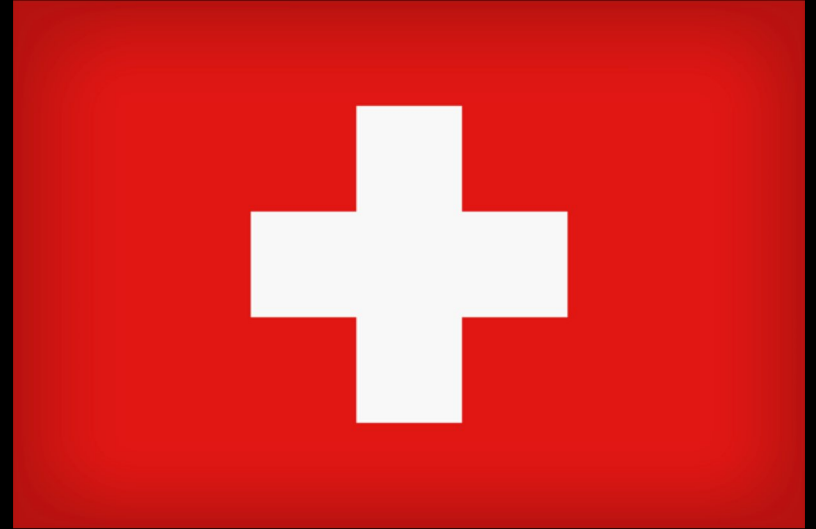
“Akademikerproletariat”



No education at all



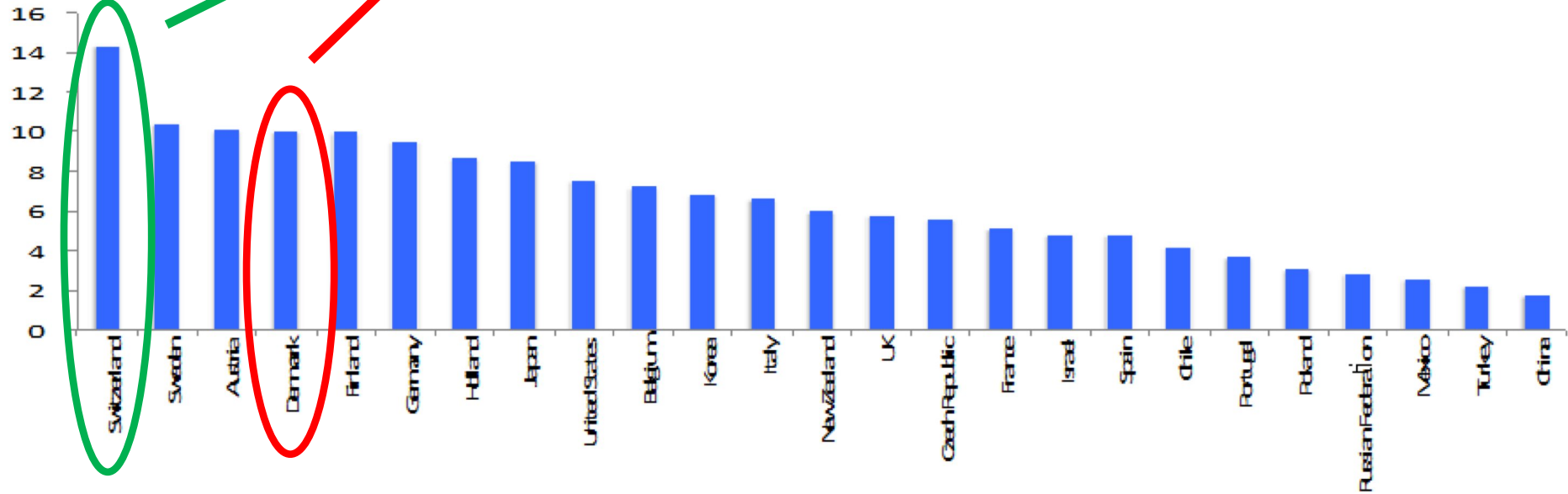
20%



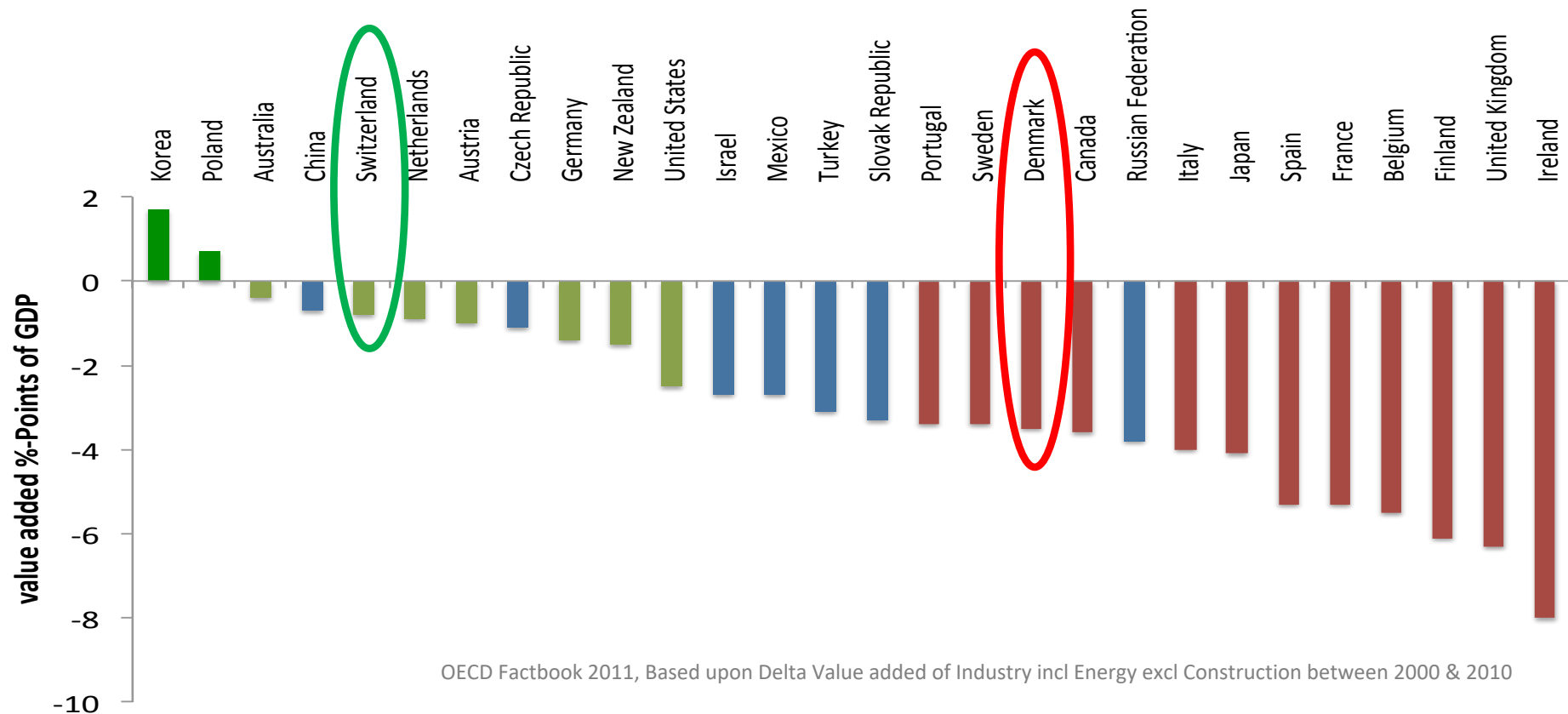
6%

Industry as proportion of GDP

Switzerland has ca. 40% higher share of GDP
and twice as high per capita in absolute terms



LOSS in Industry production 2000-2010



Red tape and unemployment

	Dismissal Red Tape	Taxes	Transfer Income	20yr avg Unempl
Germany	High	High	High	Appr. 8%
Denmark	Low	High	High	Appr. 5%
Switzerland	Low	Low	Low	Appr. 3.5%
France	High	High	Medium	Appr. 9.5%

Severance pay itself does not vary significantly



- Same Km²
- Same population (appr.)
- Each own currency
- Each own Central Bank
- Both no natural resources
- Both democracies (in different styles though)
- Both with low employment protection
- One is high Tax – one is low tax



World Happiness Report 2018

1. Finland
2. Norway
3. Denmark
4. Iceland
5. Switzerland
6. Netherlands
7. Canada
8. New Zealand
9. Sweden
10. Australia



The Danish Happiness Gene?



The Danish Happiness Gene?

Monday 14 July 2014

New research by the Department of Economics at the University of Warwick suggests that some nationalities are more genetically inclined toward happiness.

The research shows that the closer a nation is to the genetic makeup of Denmark the happier that country is – thereby offering a solution to the famous puzzle of why Denmark, in particular, so regularly tops world happiness rankings.

About the authors

[Eugenio Proto](#) is an Associate Professor in the Department of Economics at the University of Warwick and Research



Associate at its [Centre for Competitive Advantage in the Global Economy \(CAGE\)](#). His research addresses issues in applied economic, behavioural economics, labour productivity and development.

[Andrew Oswald](#) is a Professor



Human Development Index 2018

1. Norway
2. Switzerland
3. Australia
4. Ireland
5. Germany
6. Iceland
7. Hong Kong
8. Sweden
9. Singapore
10. Netherlands



Global Agewatch Index 2015

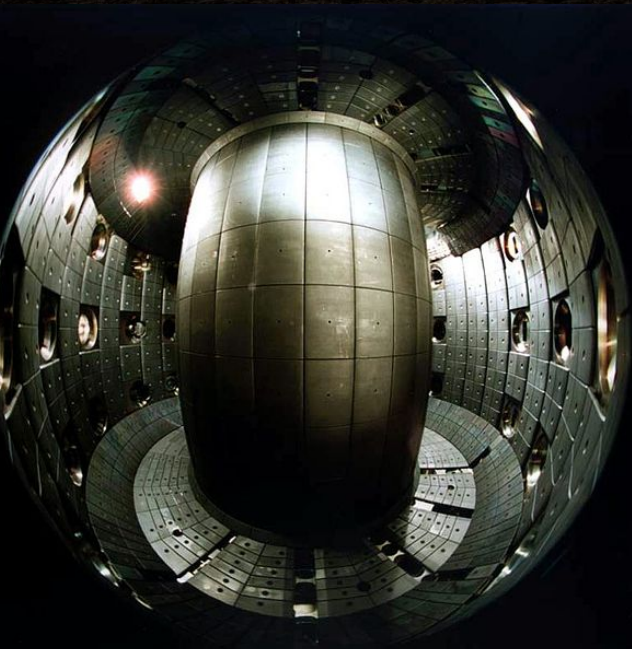
1. Switzerland
2. Norway
3. Sweden
4. Germany
5. Canada
6. Netherlands
7. Iceland
8. Japan
9. USA
10. United Kingdom

Social progress Index 2018

1. Norway
2. Iceland
3. Switzerland
4. Denmark
5. Finland
6. Japan
7. Netherlands
8. Luxembourg
9. Germany
10. New Zealand

Rankings in top-200

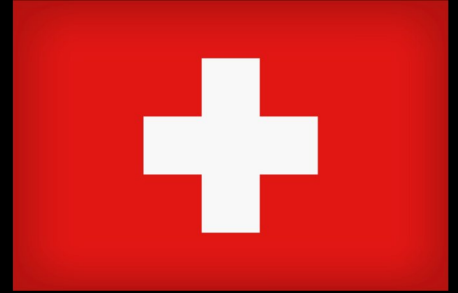
<u>Rank</u>	<u>University</u>
#7	ETH Zurich
#12	SPPL Lausanne
#78	University of Zurich
#79	Copenhagen University
#108	Geneva University
#112	Danish technical University
#139	University of Bern
#149	University of Lausanne



Global Innovation Index 2018

1. Switzerland
2. Netherlands
3. Sweden
4. United Kingdom
5. Singapore
6. USA
7. Finland
8. Denmark
9. Germany
10. Ireland

Decentralization

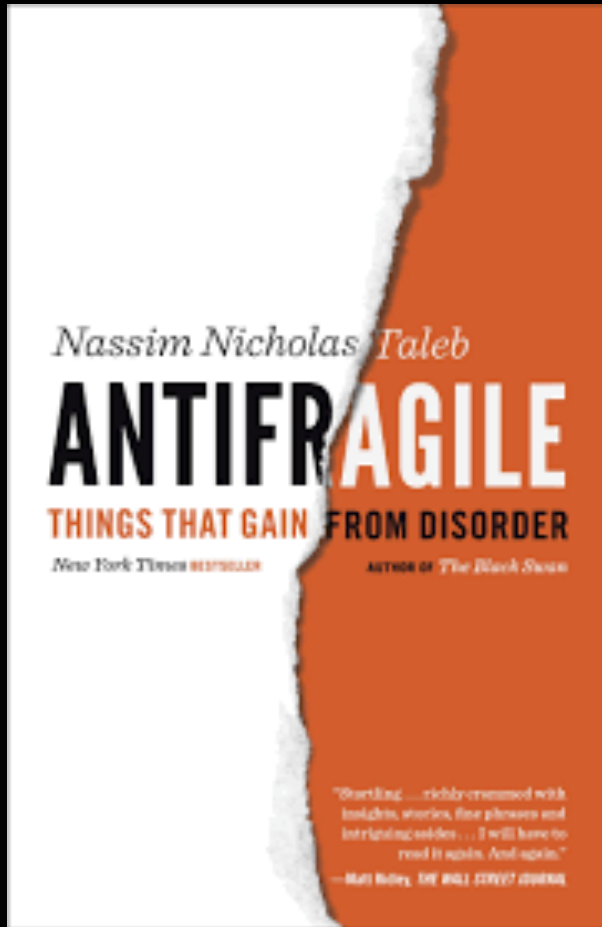


26 kantons
2,222 municipalities

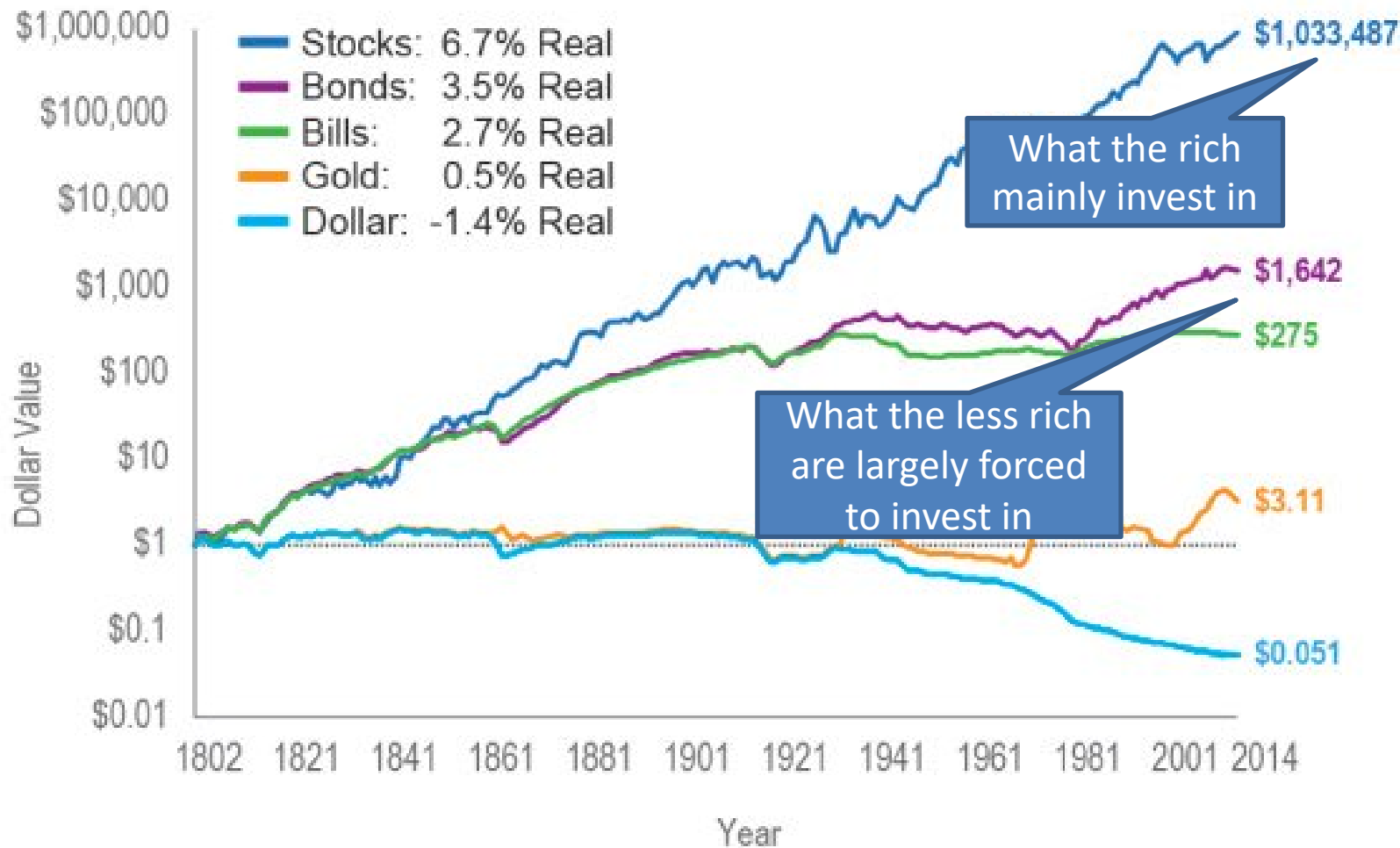
Decentralization

Picture Size = Tax Pressure





- a “learning organization” example from Banking:
 - Swedes invented bad bank in 1990’s (real estate crisis)
 - Concept copied very fast for UBS after Lehman.
 - Just think if we only would have had one Central Bank = ECB – much less trial and much less creativity, but more Group think.
- Decentralized systems are much more robust and resilient:
- Small units exhibit concentration of Insight, Power, Consequences.
- Centralized units are rigid and when they fail which they will and consequences are much worse



Swiss taxation

- Marginal tax typically ca. 30% (20 - 46 %)
- No capital gains tax on financial investmentst
- Wealth tax ca. 0 - 0,5%
- VAT: 2.5 -7.7%

Swiss constitution

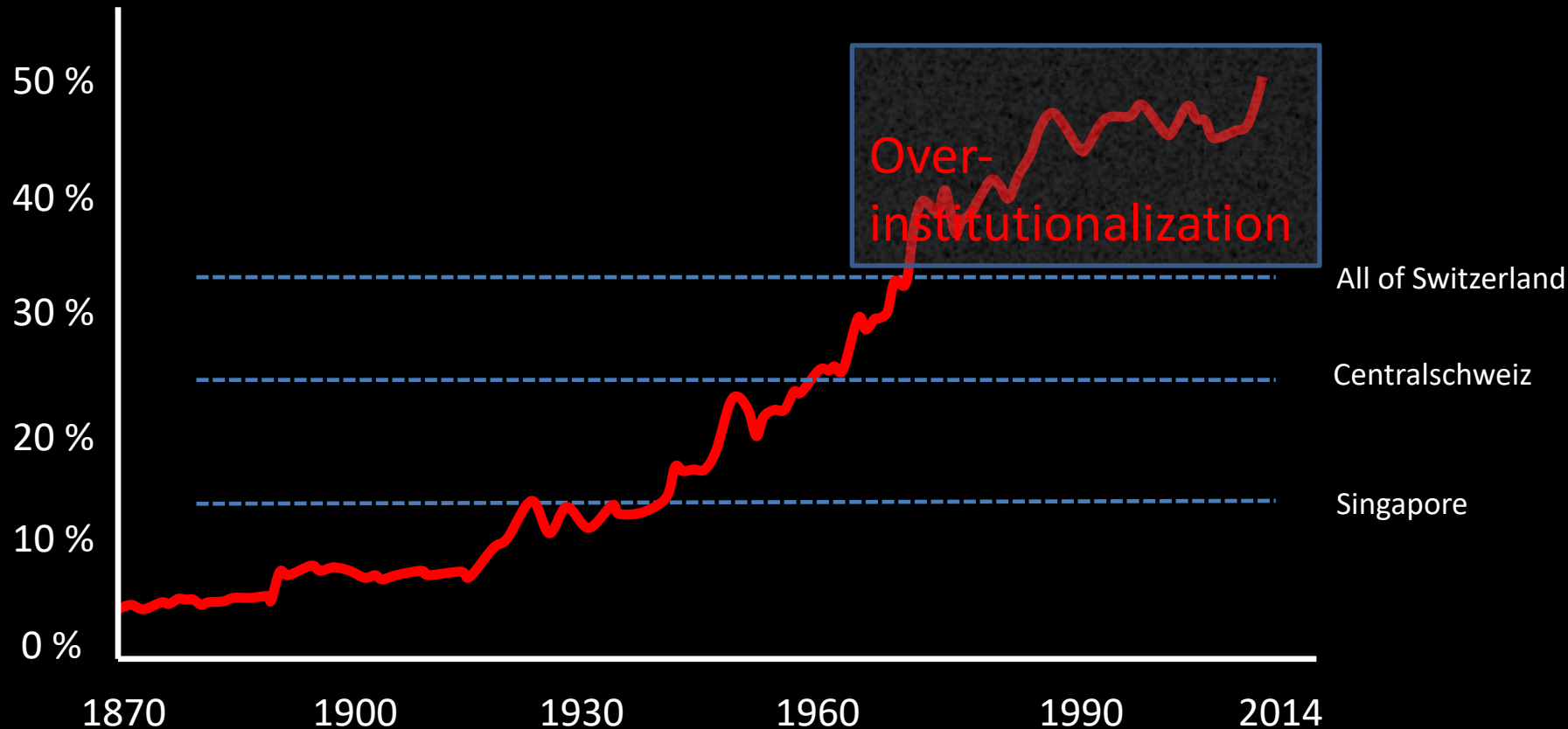
Max. 11,5 % income tax

Max. 8,5 % corporate tax

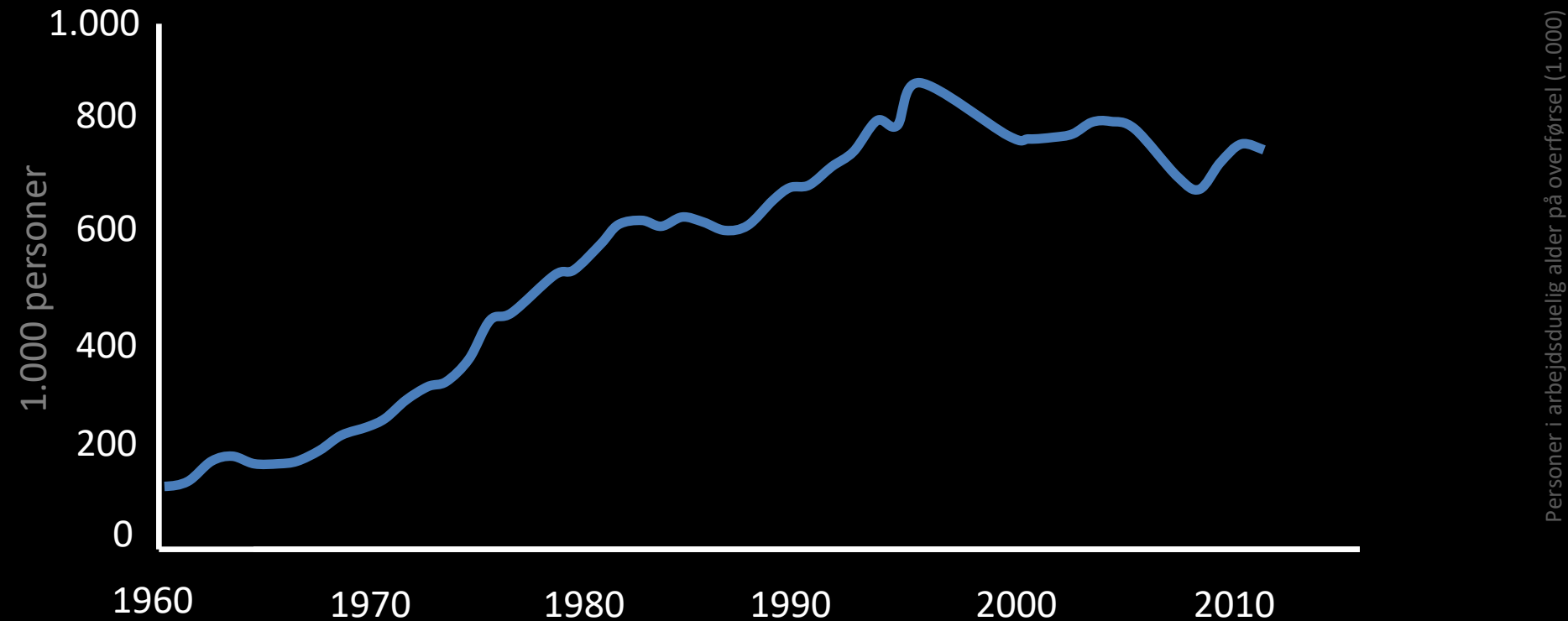
Max. 8,0 % VAT

No new debts

Danish tax pressure 1870-2014



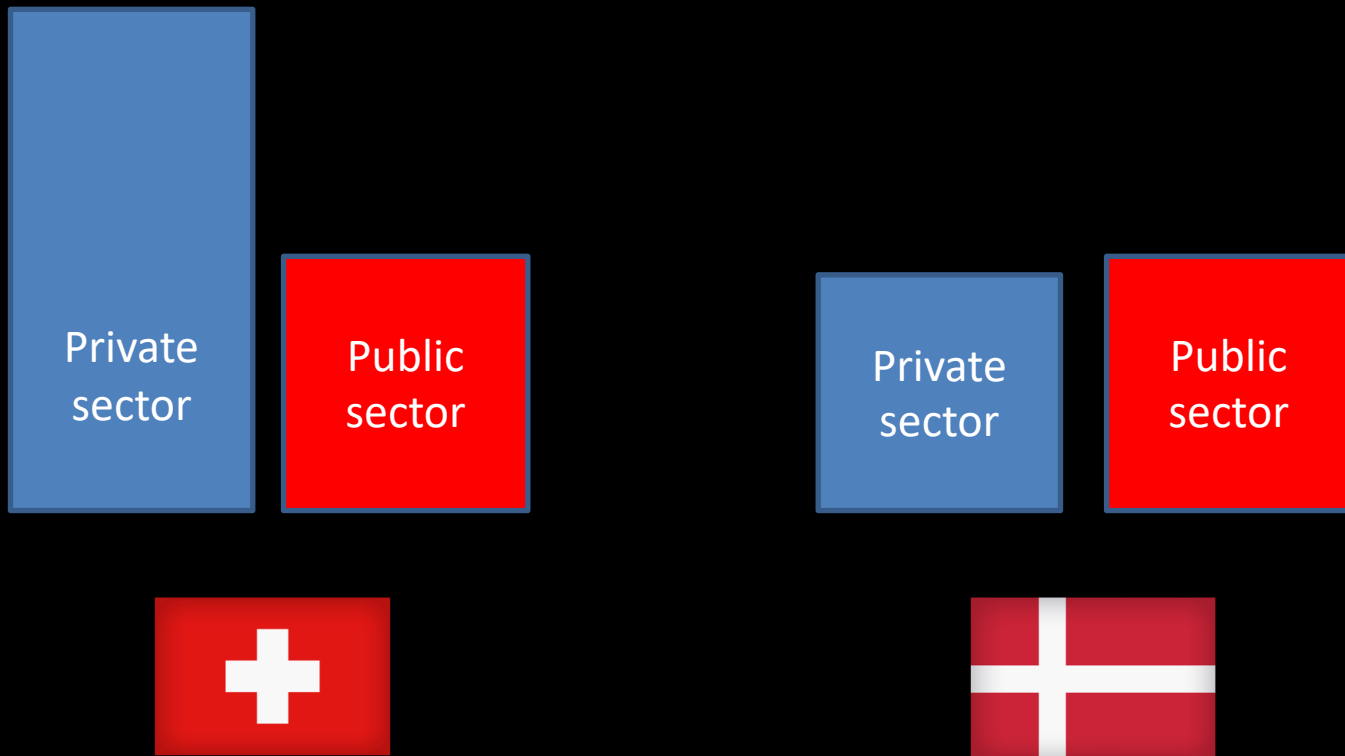
Danes living off transfer income



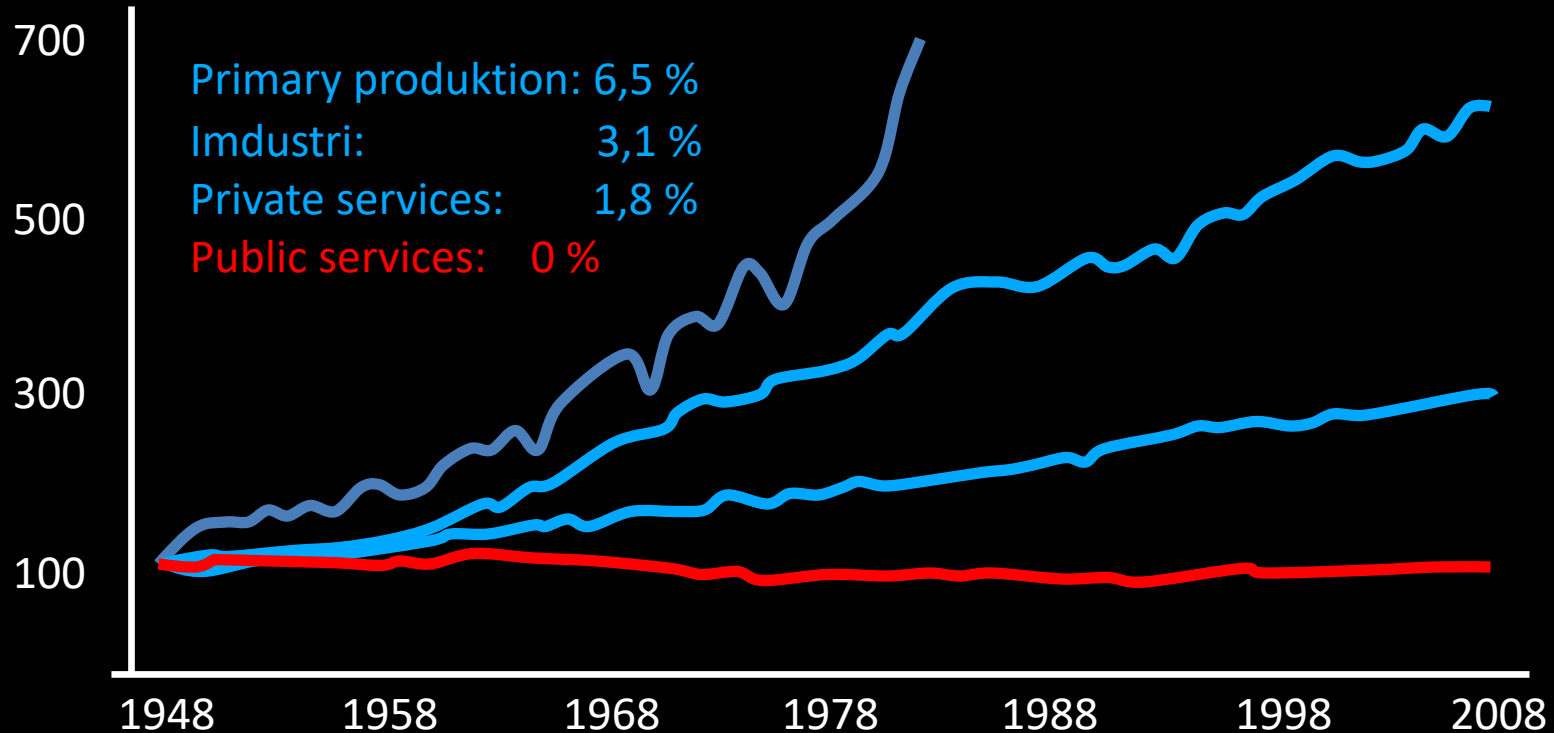
The Danish 5x trade barrier

- Home-owner Ulf needs a painter
- Painter Lars will do it for DKK 1000 + 25% VAT = 1250
- Ulf pays 50% income tax so needs to earn DKK **2500** to pay.
- Lars receives DKK 1000 but pays DKK 500 in tax. Lars has DKK **500** left after tax.

GDP per capita

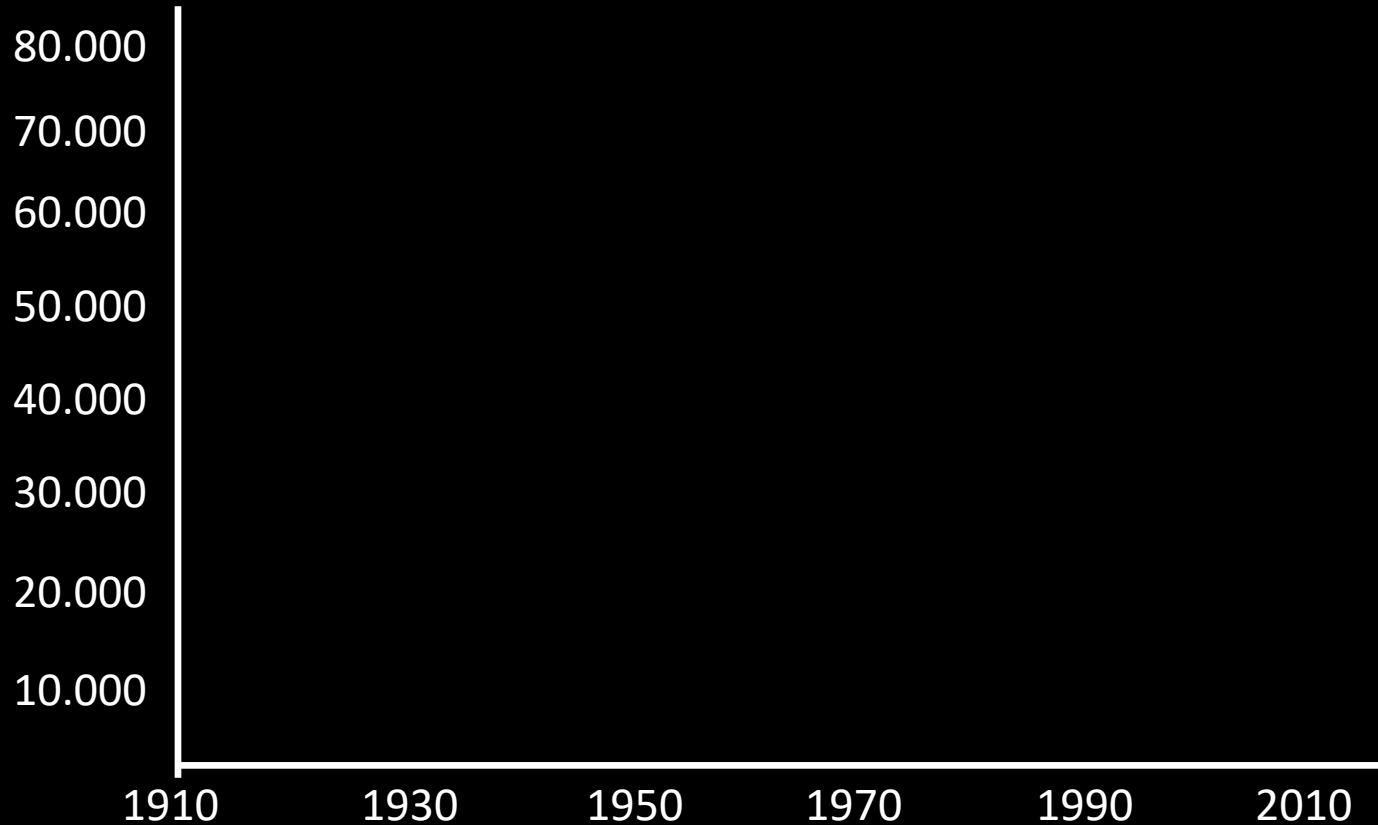


Danish productivity 1948-2008

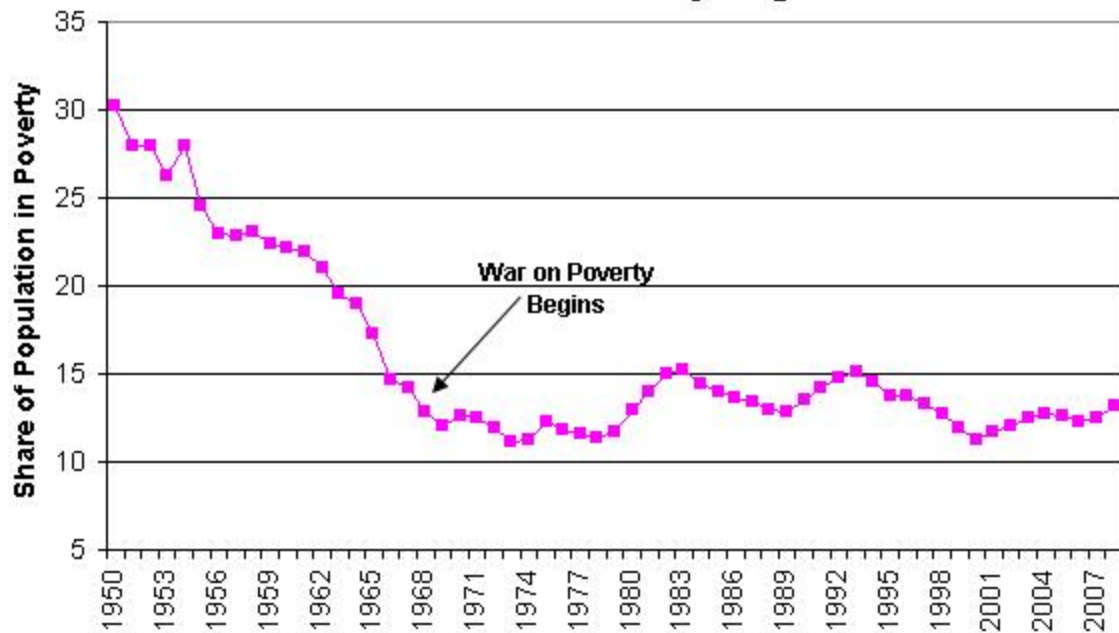


Bureaucracy is largely a fixed cost, so it hurts small business disproportionately and inhibits social mobility

American regulation



Poverty Rate Was Falling... Until the War on Poverty Began



Source: Census

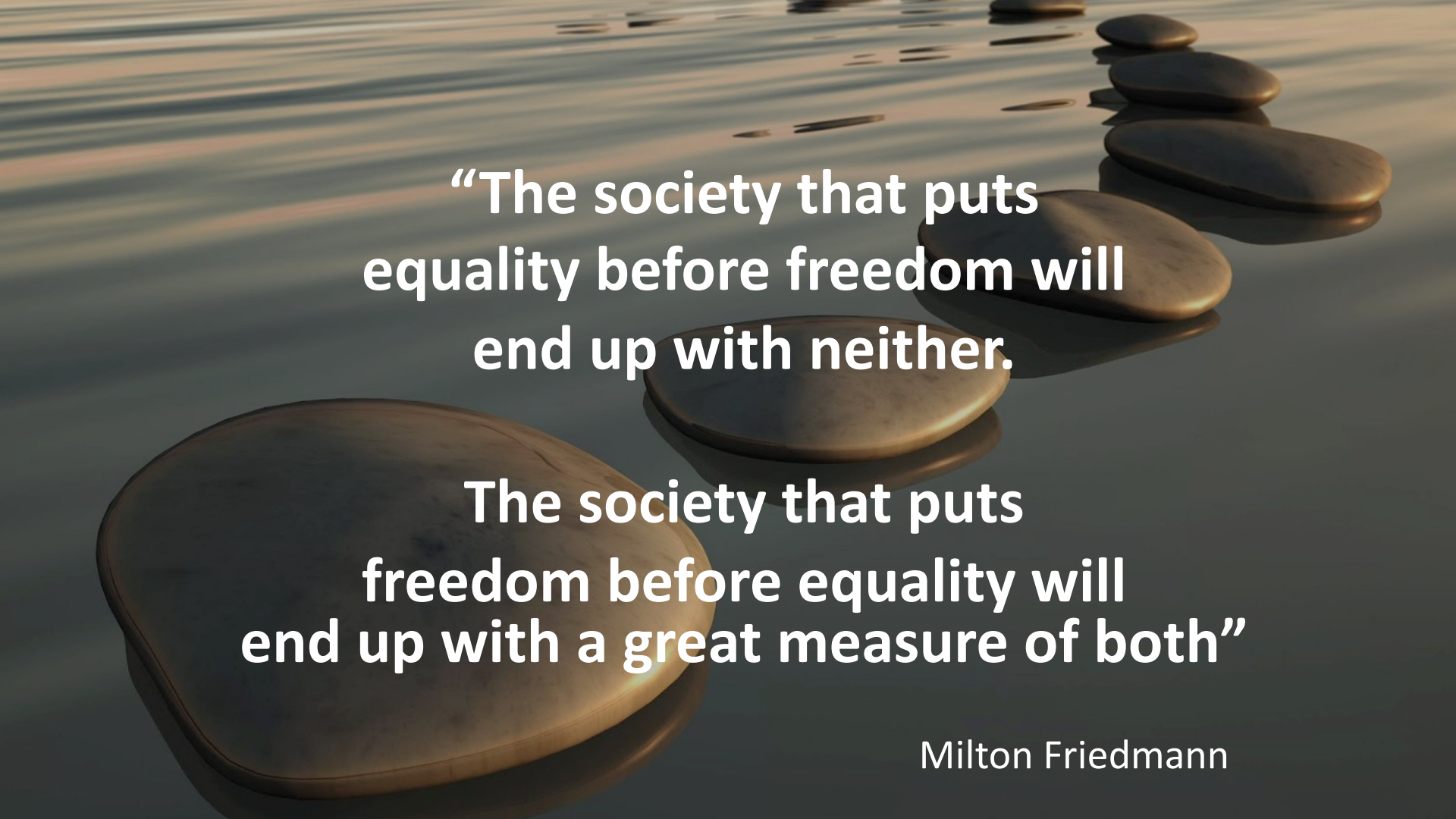
To reduce misery in a society, you primarily need

- Modest tax pressure
- Flexicurity
- Accept more risk in society
- Simpler regulation – especially for small business
- Balance Education: apprenticeship - less academic
- Support private enterprise – less bureaucracy

A row of smooth, dark, rounded stones is arranged diagonally across a highly reflective, calm surface, likely water. The stones are dark in color, possibly black or very dark grey, and their smooth, polished surfaces catch the light. The water's surface is like a mirror, reflecting the stones and the sky above. The lighting is soft and directional, coming from the upper left, which creates a warm, golden-brown glow on the stones and their reflections. The overall mood is serene and contemplative. Overlaid on this image is a quote in white, bold, sans-serif font.

**“Piecemeal social engineering is the gateway
to social reforms.
It is through criticism and piecemeal approach
that we discover result of a
particular social policy or action”**

Karl Popper

A row of smooth, dark, rounded stones is arranged diagonally across the frame, receding into the distance. They are placed on a highly reflective surface, likely water, which creates clear, slightly blurred reflections of the stones. The lighting is soft and directional, coming from the upper left, casting gentle highlights on the top surfaces of the stones and their reflections. The overall color palette is muted, consisting of dark greys, blacks, and subtle hints of blue and white from the reflections.

**“The society that puts
equality before freedom will
end up with neither.**

**The society that puts
freedom before equality will
end up with a great measure of both”**

Milton Friedmann