

Link to YouTube video

https://youtu.be/PbhgvVC_4s4

Equality and social mobility to build tomorrow

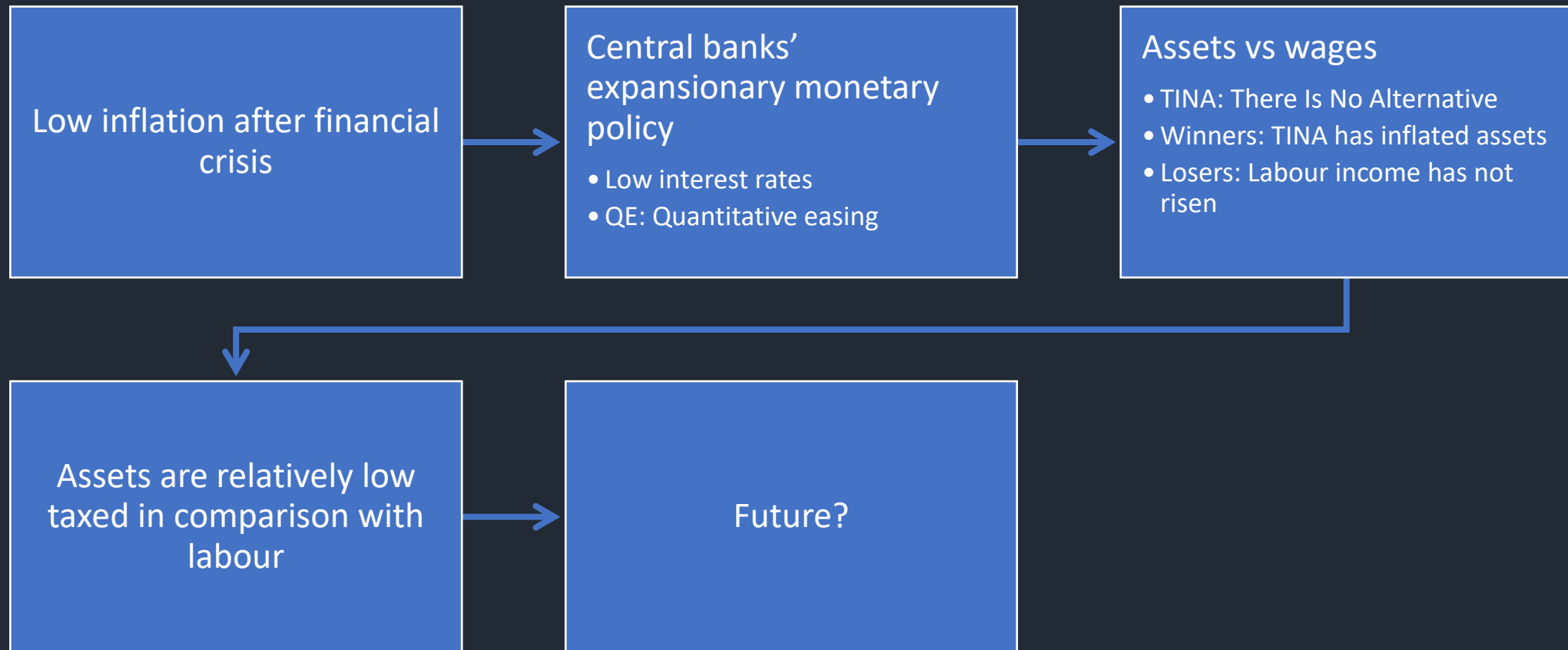
Presenting to: OECD Council

Lund Consulting Group

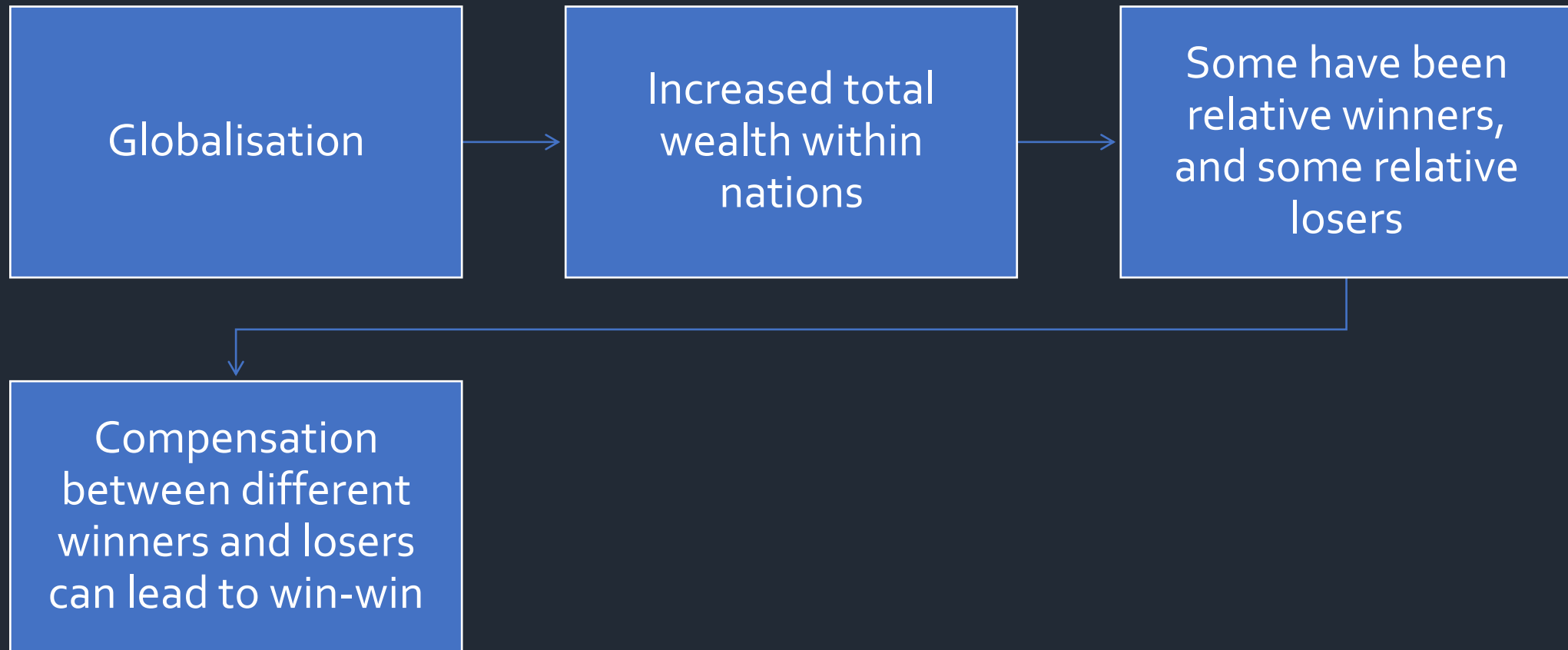
Sebastian van Dijkman, Jakob Palerius, Lum Rexha and Dominykas Vidžiūnas

“We may have democracy, or we may have wealth concentrated in the hand of a few, but we cannot have both” – Louis Brandeis

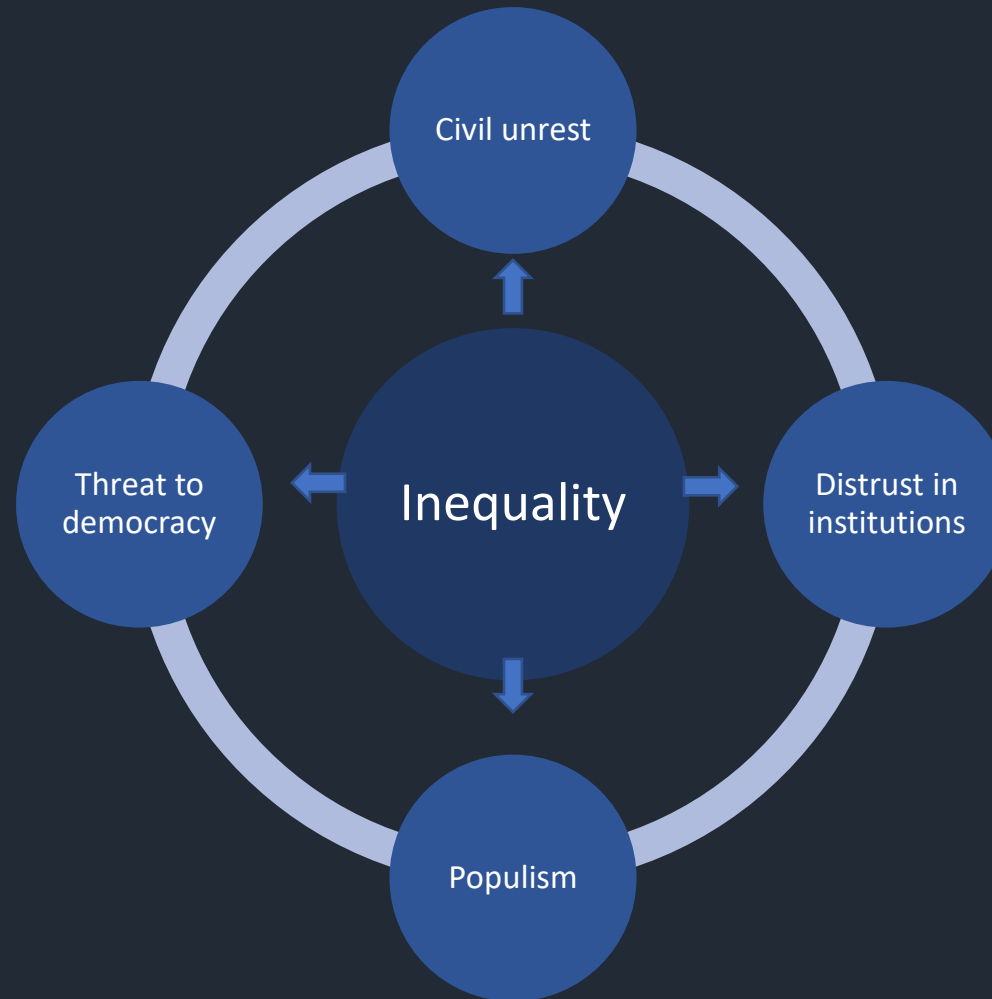
Situation: Monetary policies as a driver of inequality



Situation: Globalisation as a driver of inequality



Situation: Long term effects of inequality have already had concrete consequences



Main challenge

- How can inequalities be addressed without hindering innovation & growth

Our recommendation

- Level the playing field through international cooperation, asset taxes and investment in social mobility

Analysis: Defining equality and fairness

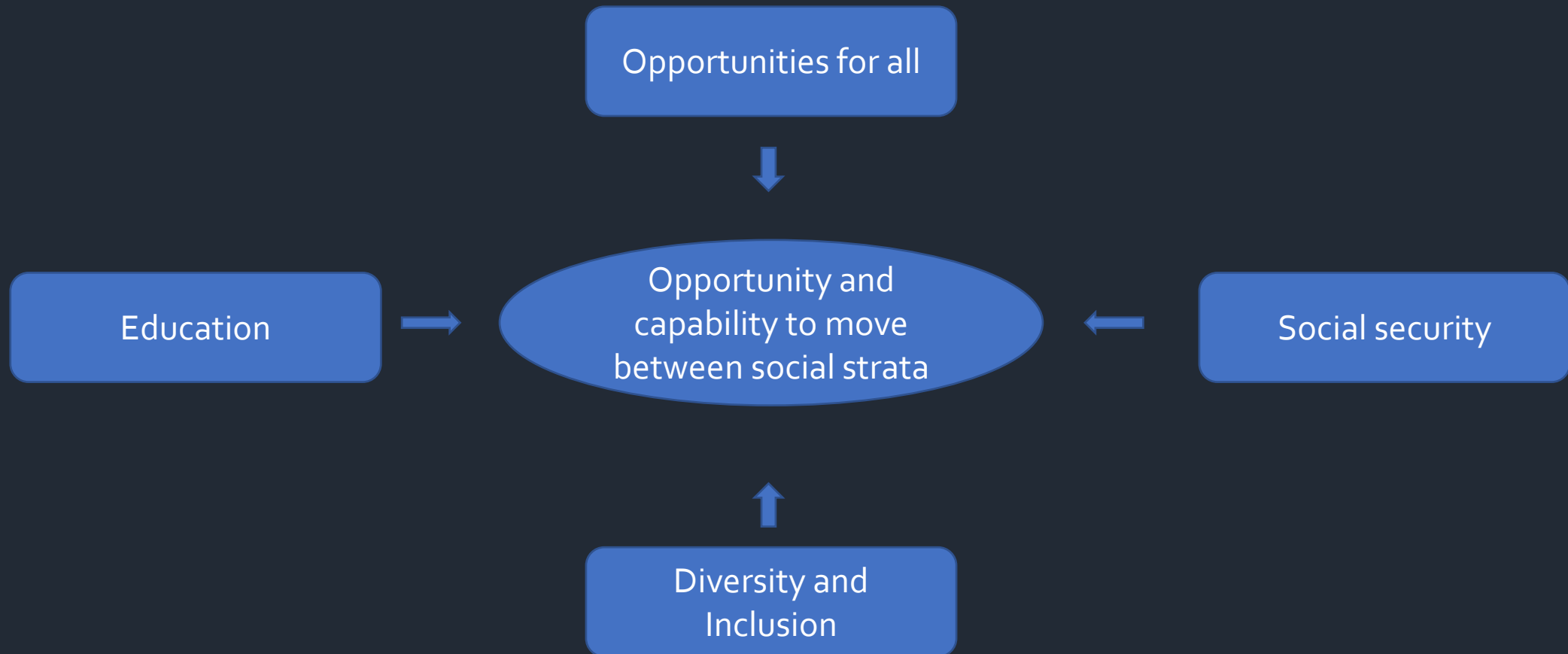
Equality

“Equality is about ensuring that every individual has the same opportunities”

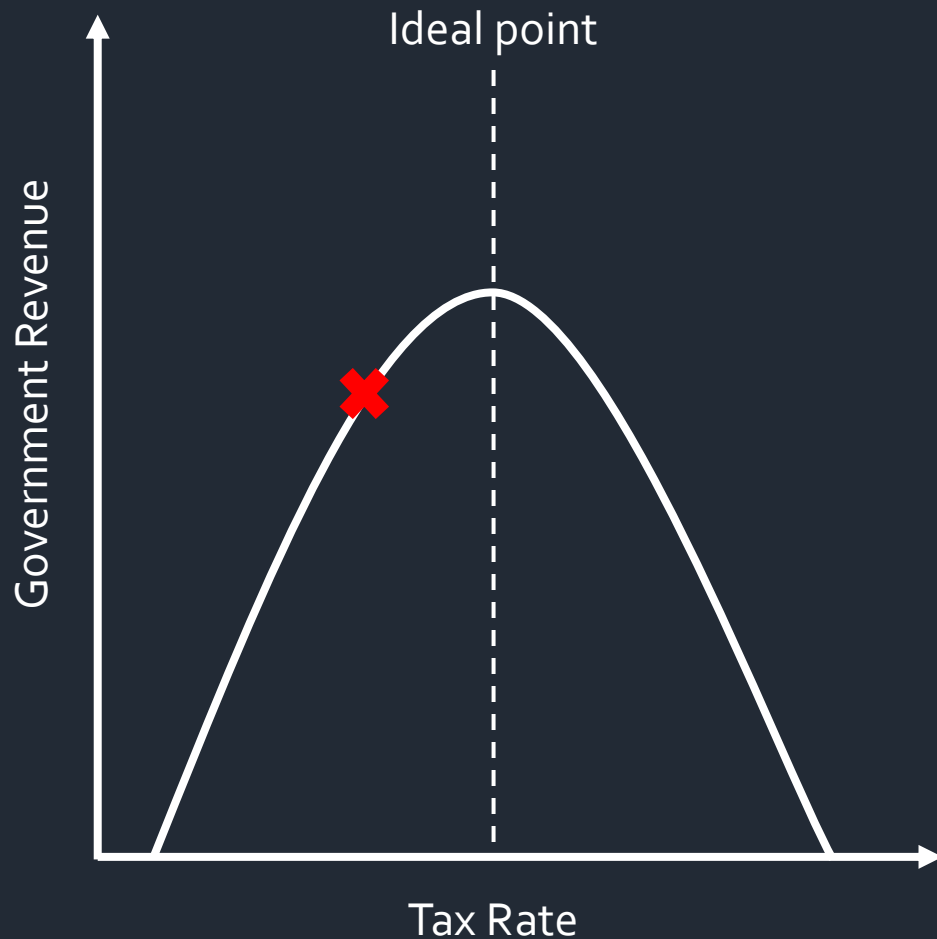
Fairness

“Fairness means treating people according to their needs”

Analysis: Social mobility, the cornerstone of fairness



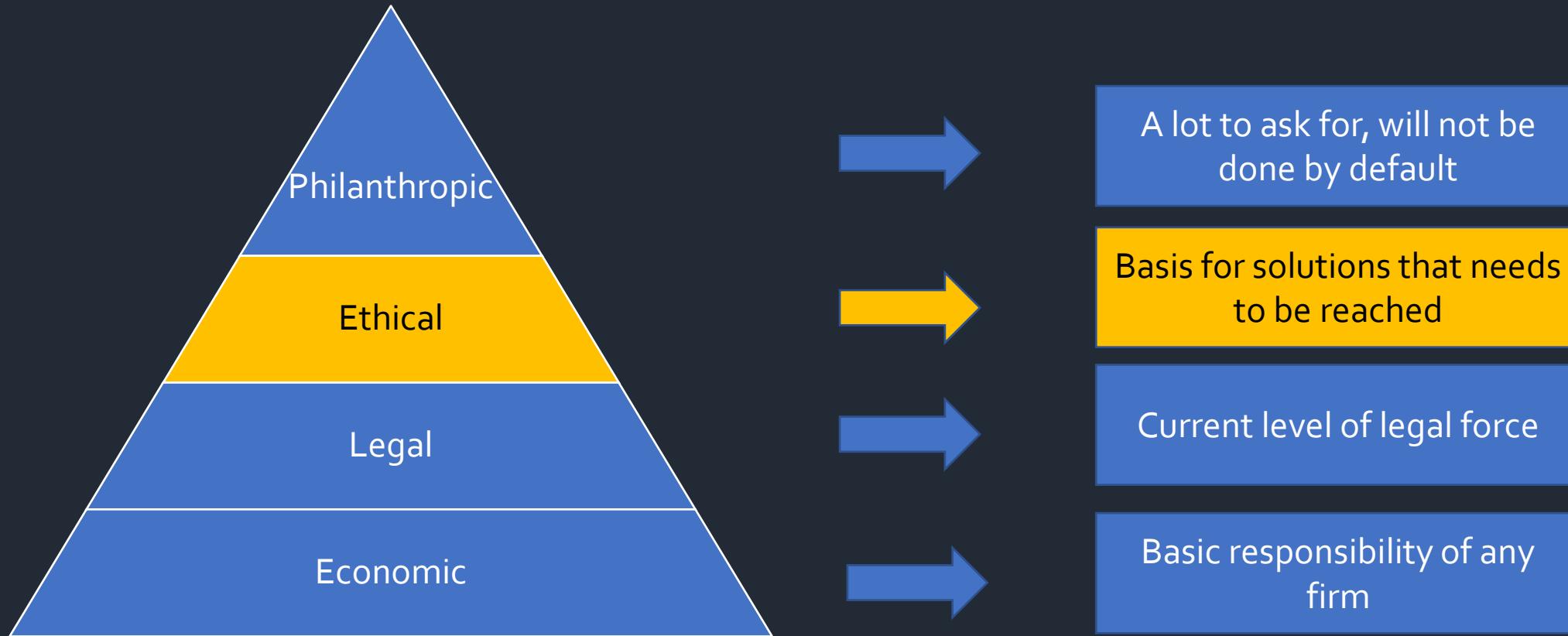
Analysis: Balancing innovation and tax rate



Too far left	Too far right
<ul style="list-style-type: none">• Increasing wealth and income gap• Less government revenue to finance redistribution policies	<ul style="list-style-type: none">• Disincentivizes innovation or new business creation

Important not only to collect, but to distribute properly

Analysis: Role of corporations in fixing income inequality



It is above the responsibilities for corporations alone to fix income inequality

Analysis: More systemic change is needed

It is not only up to corporations & individuals to solve this problem



Systemic change is needed



Governments need to regulate firms to reduce income gap



Inter-country policies need to be synergized

Alternatives: Three different alternatives to solving inequality

Universal
Basic Income

- Providing a basic level of income to all citizens regardless of situation

Leveling the
playing field

- Level the playing field through international cooperation, asset taxes and investment in social mobility

Let the
market
regulate itself

- Trust that corporations will manage the situation

Situation

Analysis

Alternatives

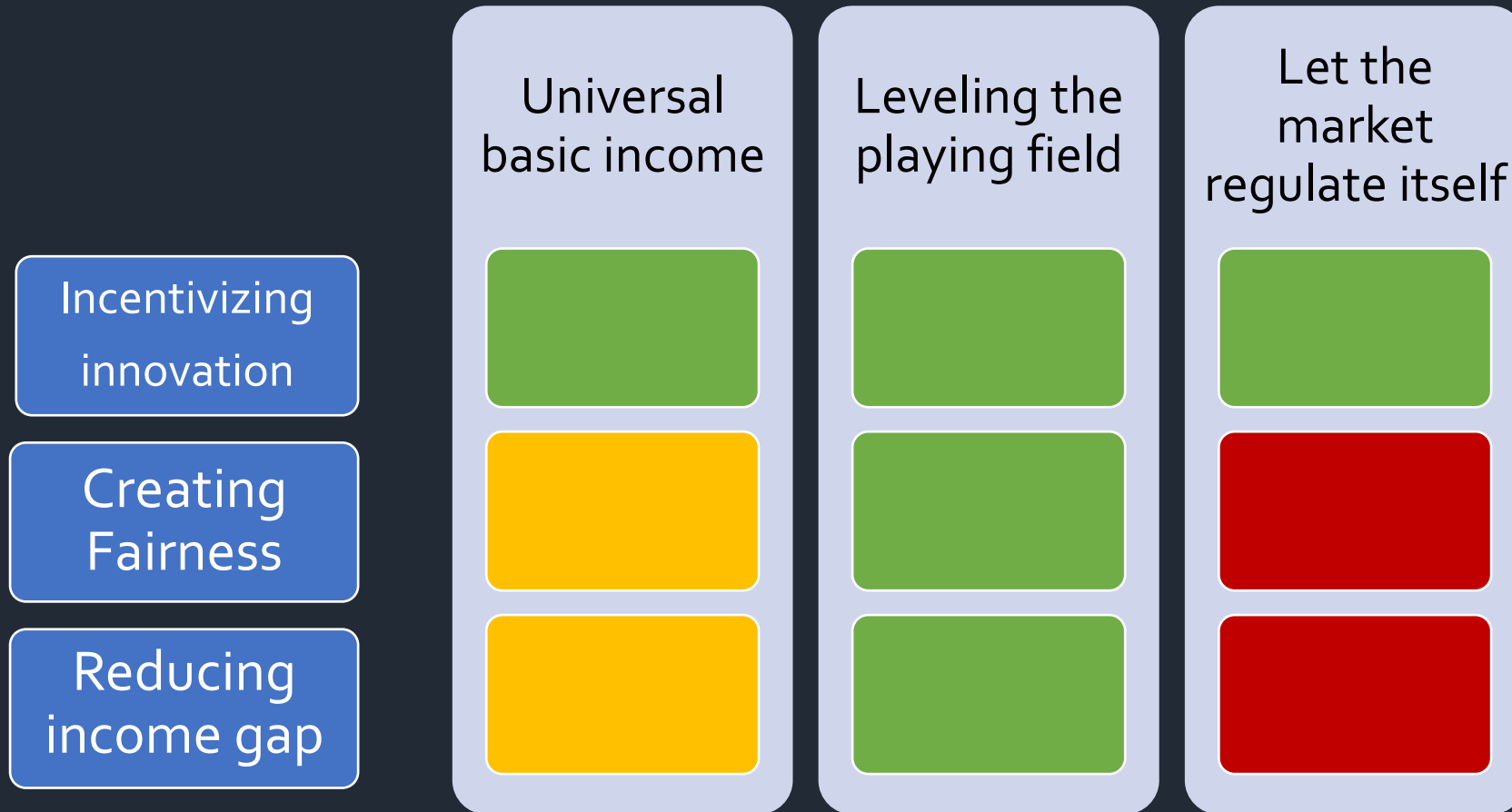
Recommendation

Implementation

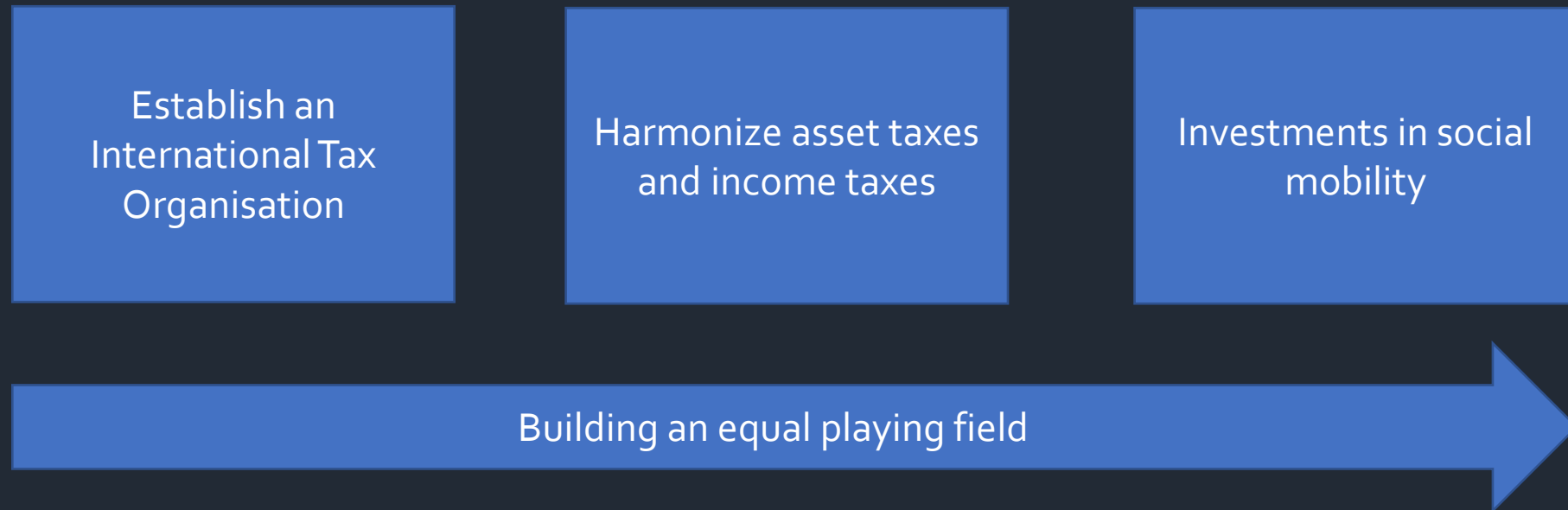
Risks

Conclusion

Alternatives: Comparing the three different alternatives



Recommendation: A three step solution to solve taxation, tax dodging and social mobility



Situation

Analysis

Alternatives

Recommendation

Implementation

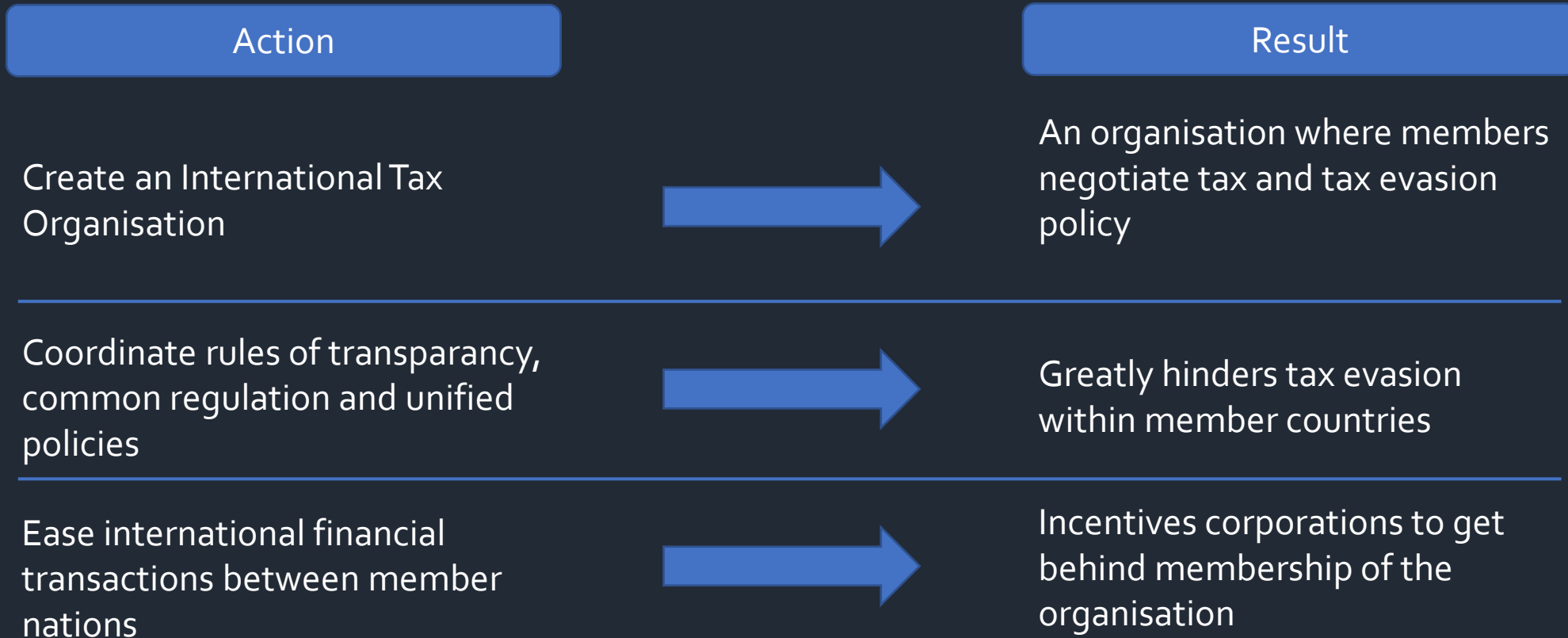
Risks

Conclusion

Implementation (1/3): Why is an international tax organisation needed?

*“Tax systems are national,
while capital is global”*

Implementation (1/3): Establishing an international tax organisation, based on the WTO and UN organisations



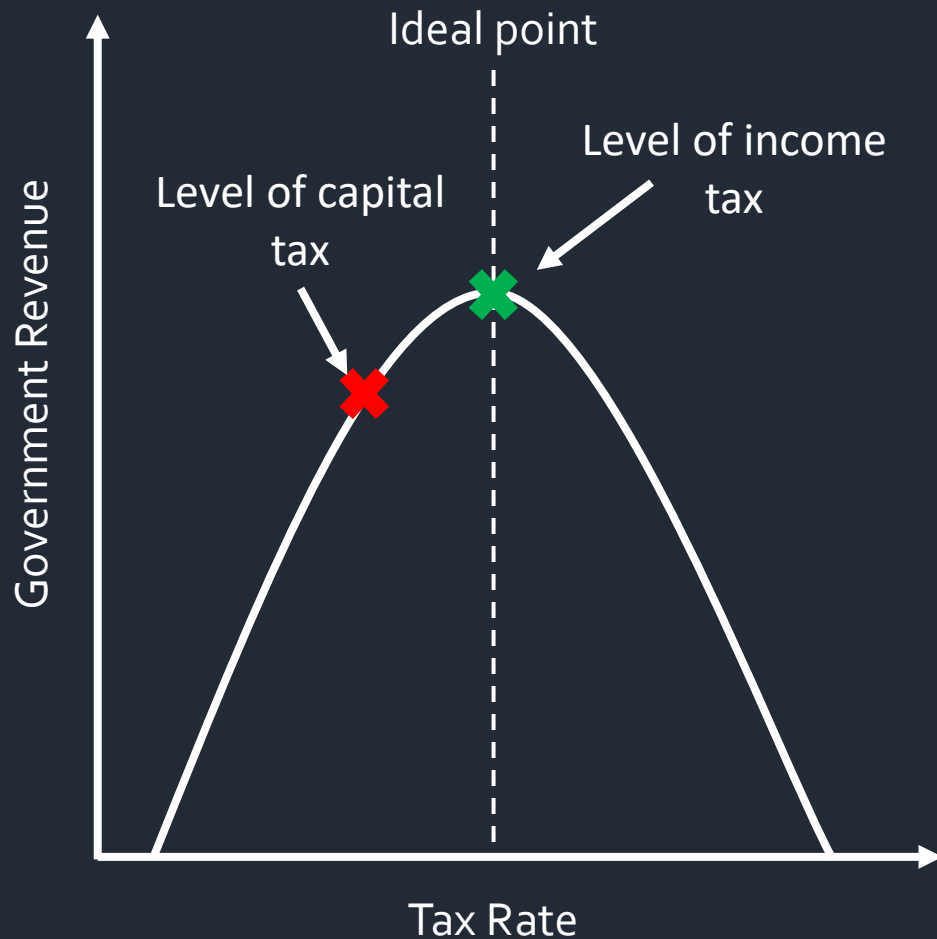
Implementation (1/3): An international tax organisation enables more progressive taxes

Less tax evasion between member countries

Increased government revenue

Enables more progressive taxes without the risk of tax evasion

Implementation (2/3): Increasing harmonization between income and capital taxation



Assets are taxed relatively low in comparison with labour

Wealth is mostly hidden in assets

"Money makes money", the rich get richer through investment

The tax system should be harmonized to consider both income and capital

Situation

Analysis

Alternatives

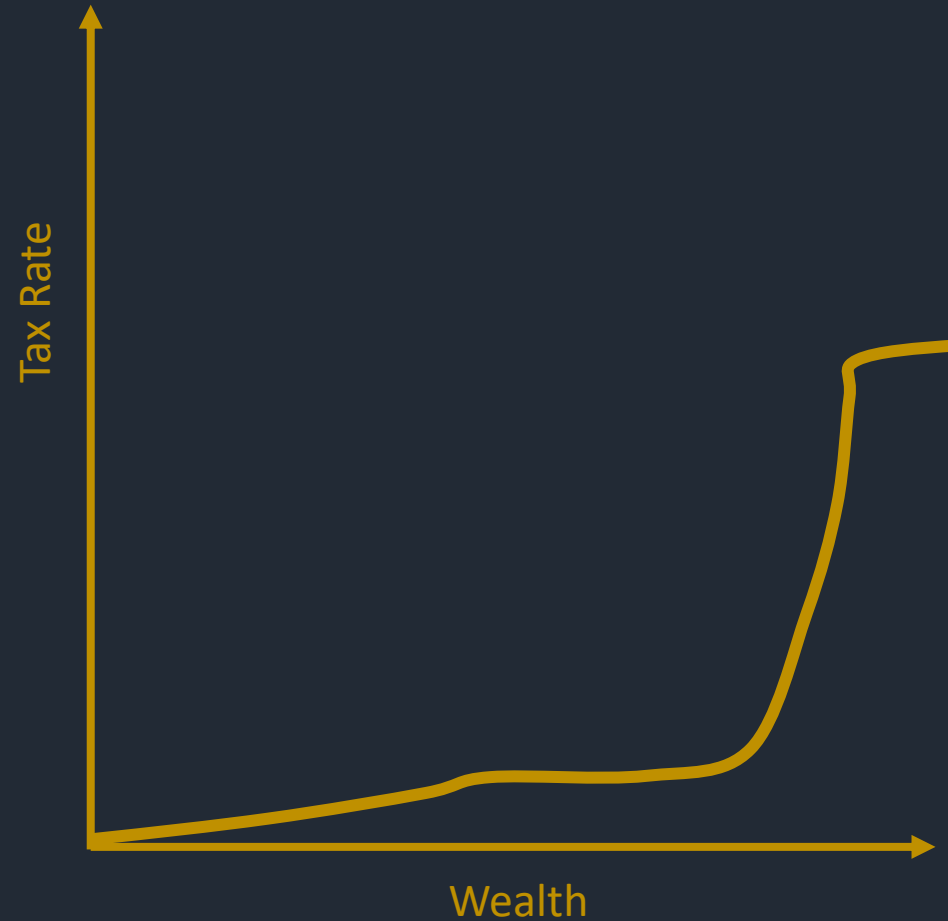
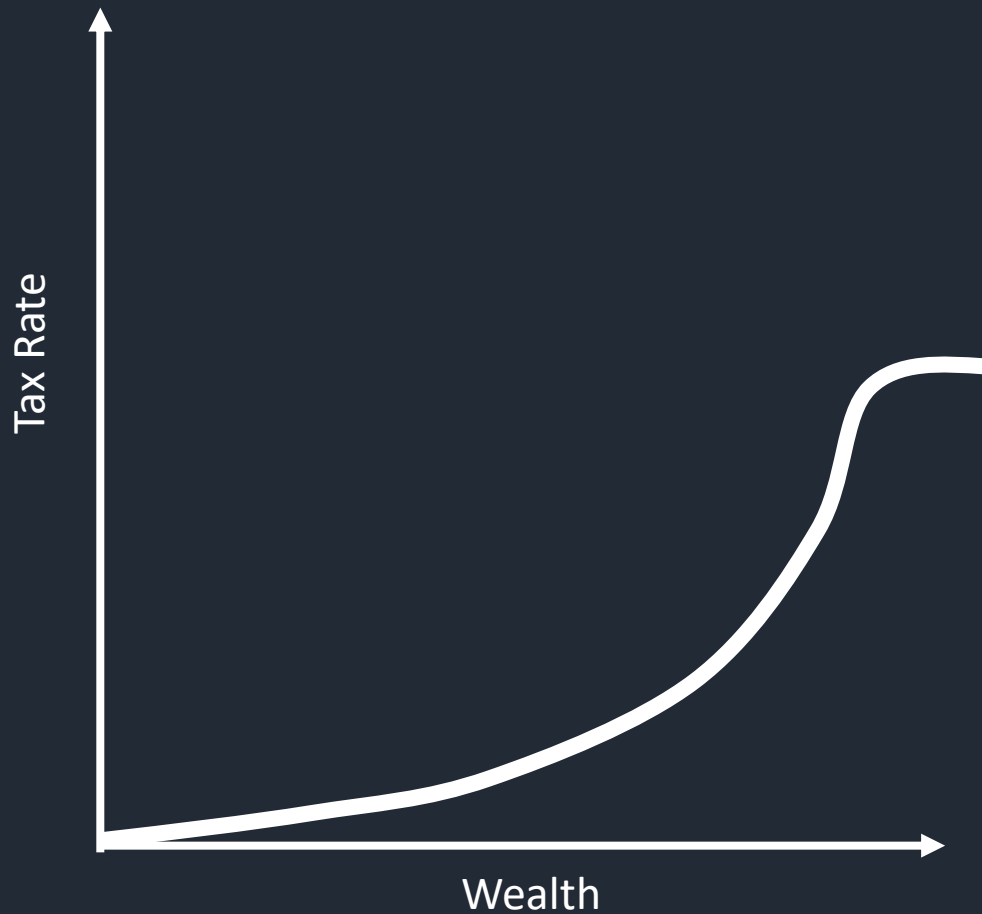
Recommendation

Implementation

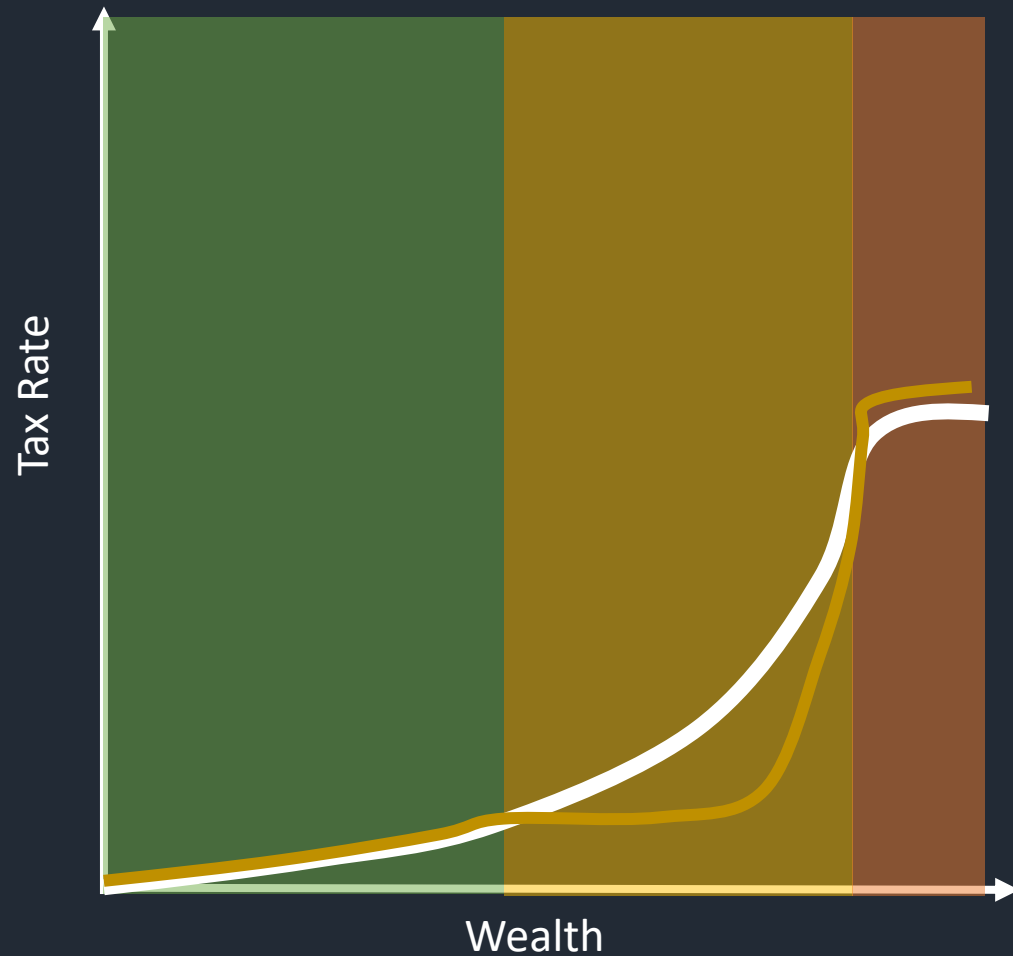
Risks

Conclusion

Implementation (2/3): Comparing the used wealth taxation standard with an possible new adjusted way



Implementation (2/3): Overlapping the graphs and presenting the resurgence of the middle class



Keep the tax rate low for the lower class

Smooth the tax rate for the middle class and increase the tax rate for the higher class

Partial reduction of the gap instead of further enlargement

Situation

Analysis

Alternatives

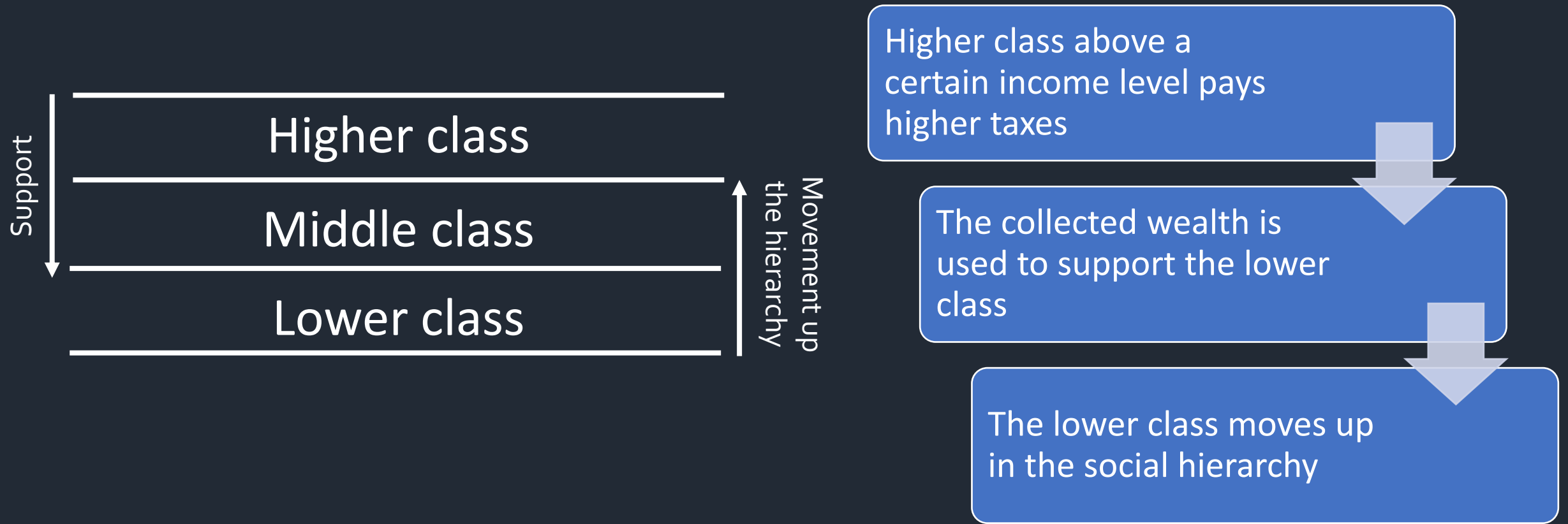
Recommendation

Implementation

Risks

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Implementation (3/3): Distribute the collected wealth by investing into social mobility



Implementation (3/3): Increasing social mobility through creating education opportunities

Invest into better opportunities for good education

Education is the cornerstone of social mobility – it is optimal to increase the chance to discover of capable people as much as possible.

Workforce becomes more skilled and educated

Through better education, the workforce can create more opportunities for themselves and has the competencies to capitalize on them

Implementation (3/3): Examples on how to provide better education opportunities

Subsidization of education

Investment into teacher education through better programs for teachers

Incentivizing people to become teachers through higher wages and benefits

Providing better financial support for capable students: scholarships, commute costs, etc.

Piquing student interest through providing more practical experiences

Situation

Analysis

Alternatives

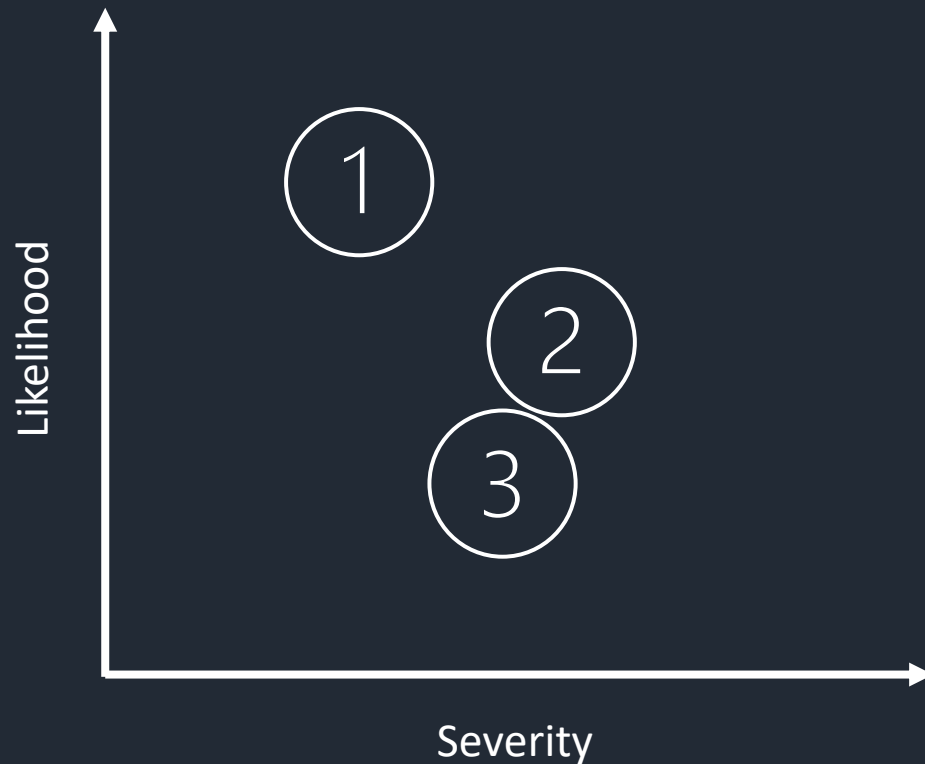
Recommendation

Implementation

Risks

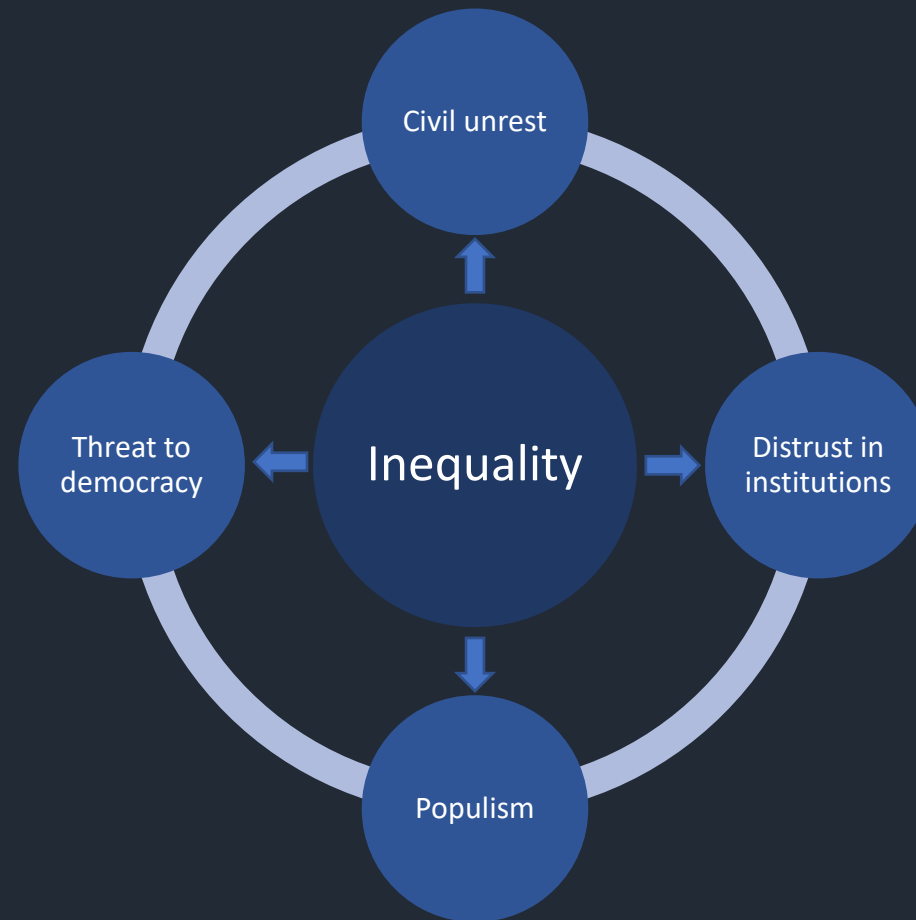
Conclusion

Risks and mitigation



Risks	Mitigation
1. Tax evasion continuing	Stronger non-monetary repercussions, increased transparency through ITO to catch evaders
2. Reaching a universal agreement within the ITO organization	OECD countries have a lot of negotiating power that can be utilized
3. Increased tax levels hinder innovation	Communicated incremental tax level adjustment depending on the national situation so as to not hinder innovation

Conclusion: Long term effects of inequality has already had concrete consequences



Situation

Analysis

Alternatives

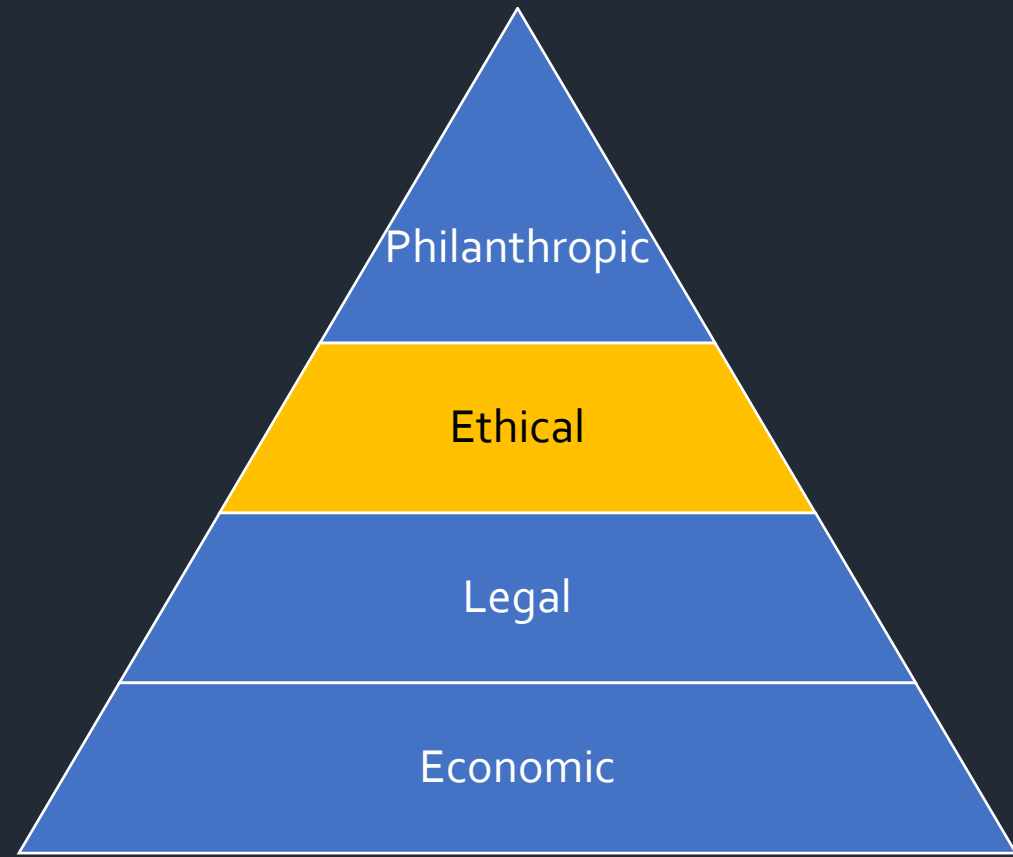
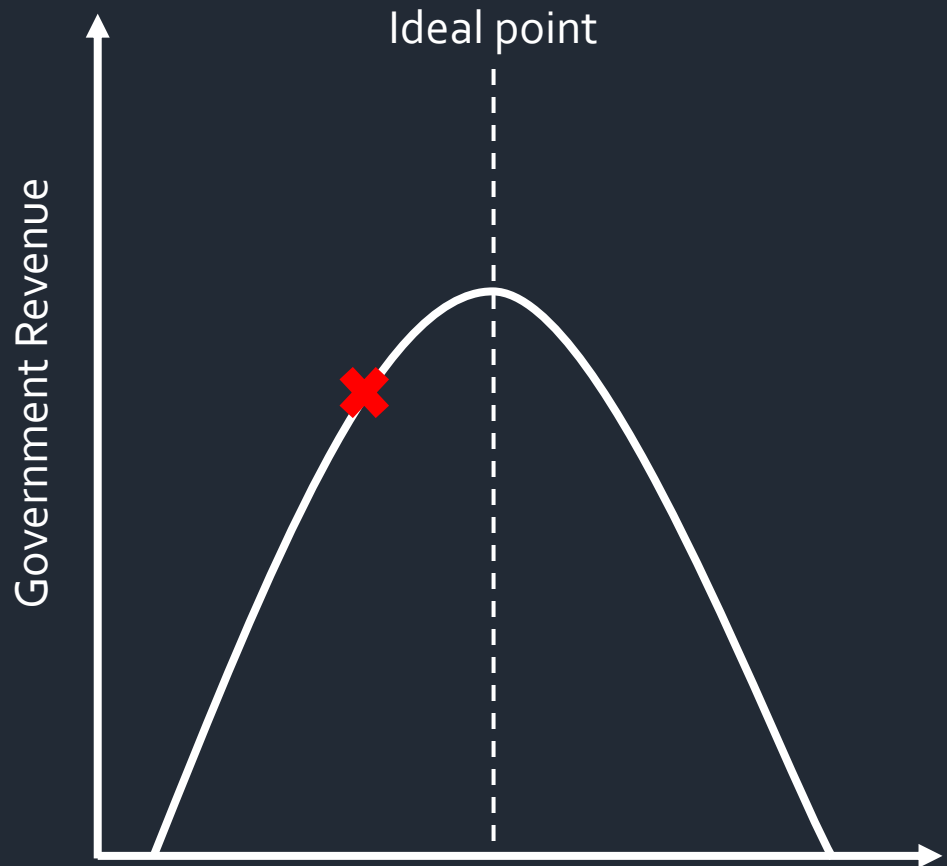
Recommendation

Implementation

Risks

Conclusion

Conclusion: Both tax collection and distribution need to be improved and corporations are not capable nor responsible to solve this problem alone



Conclusion: The three step plan of reducing income inequality

