

<https://youtu.be/RZsWPp-WxgA>

Wealth disparity

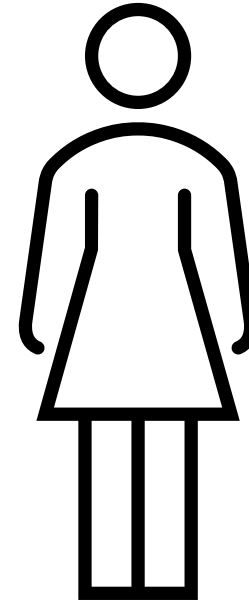
How to close the gap without sacrificing growth

Kaiserslautern Consulting

Lukas | Theresa | Rida | Leon

Gigantic differences in lifestyle and possibilities between different individuals

Maria



Working on her field to grow
veggies

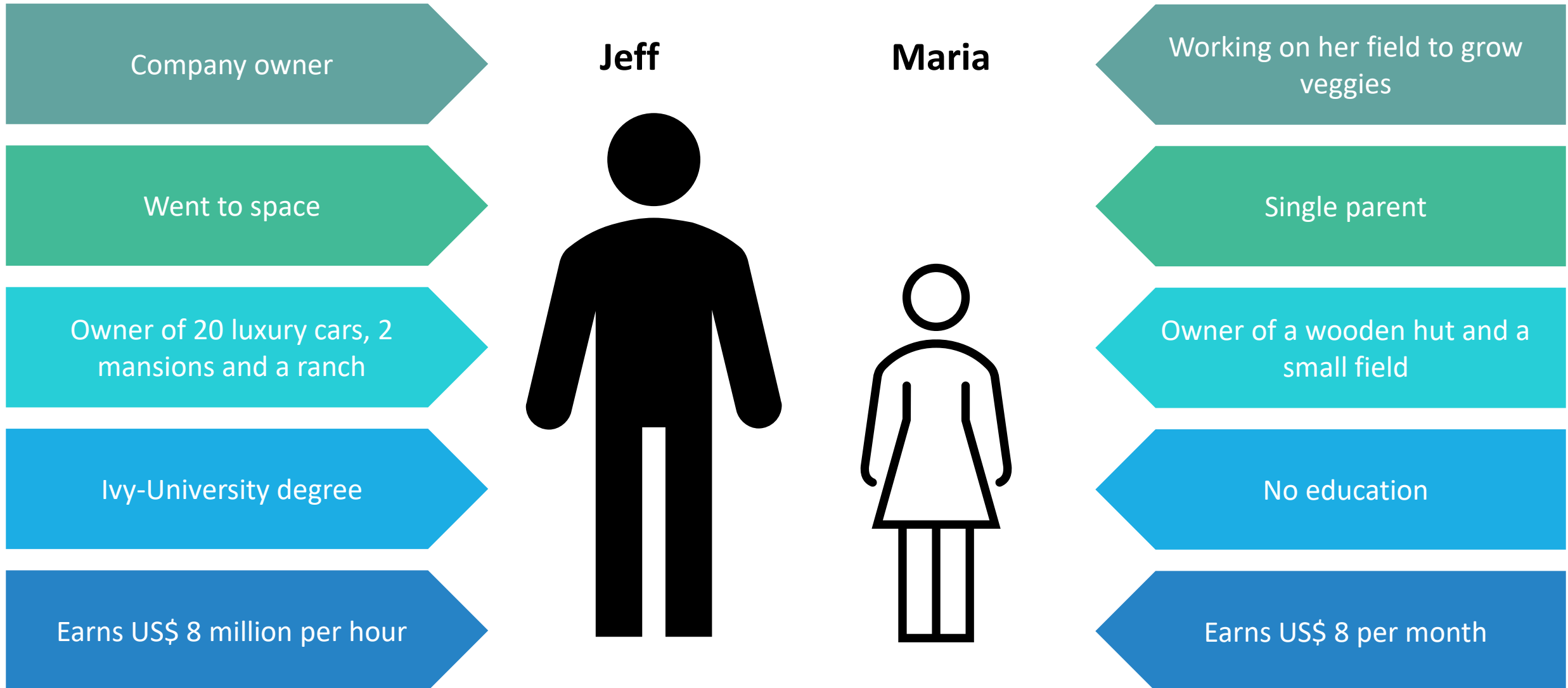
Single parent

Owner of a wooden hut and a
small field

No education

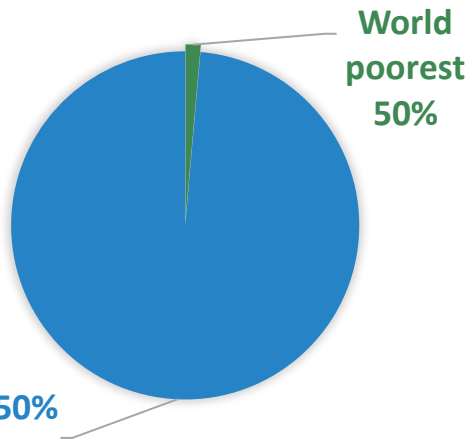
Earns US\$ 8 per month

Gigantic differences in lifestyle and possibilities between different individuals

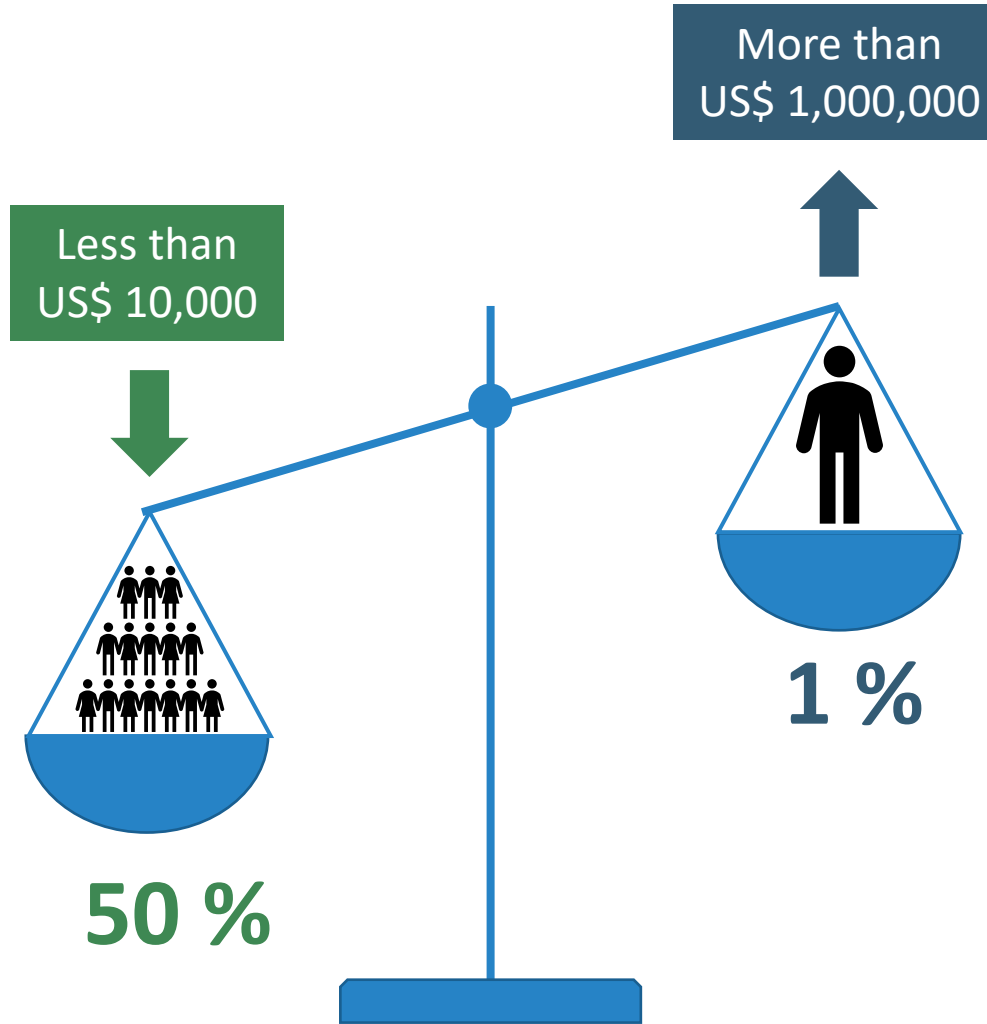


The world richest 1 percent owns over 40 percent of the world's wealth

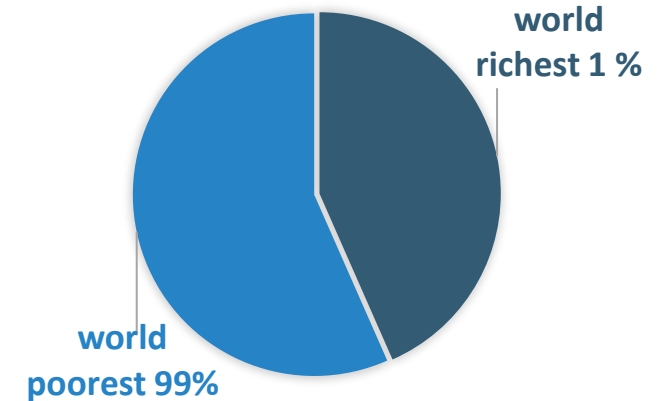
WORLD'S WEALTH



The world poorest 50 % hold just **1.4 %** of the world's wealth.

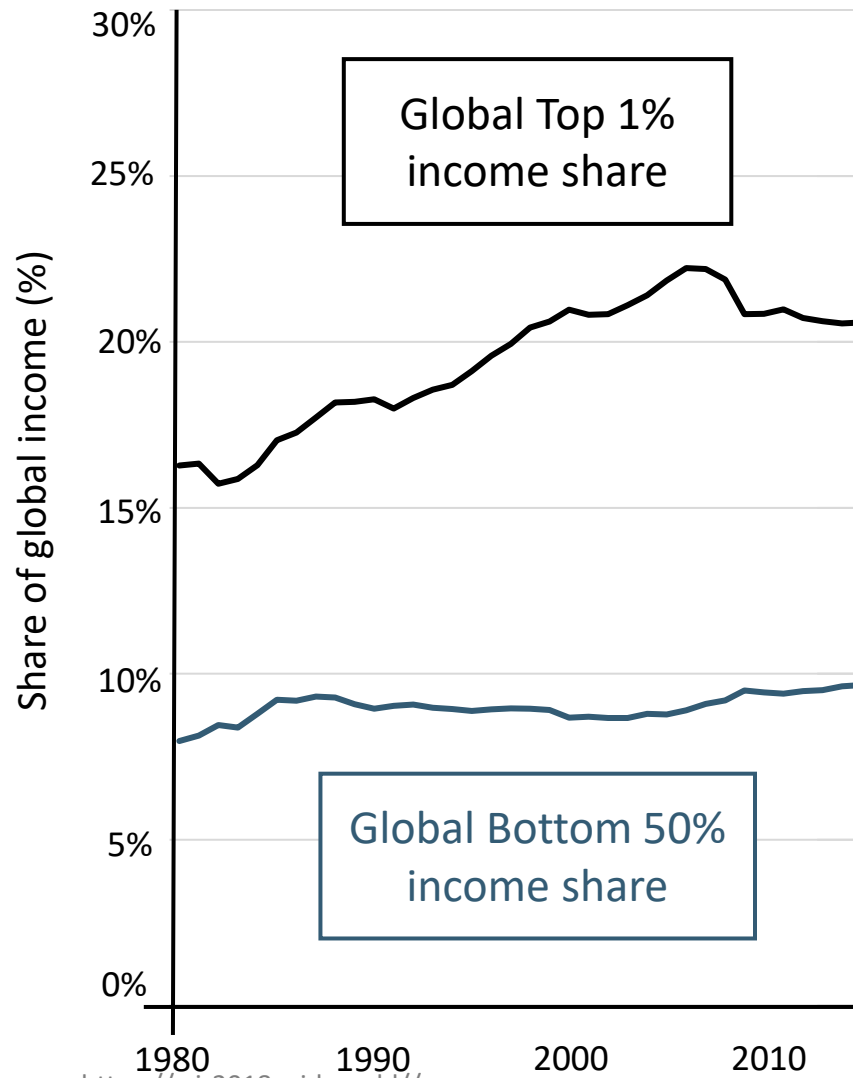


WORLD'S WEALTH



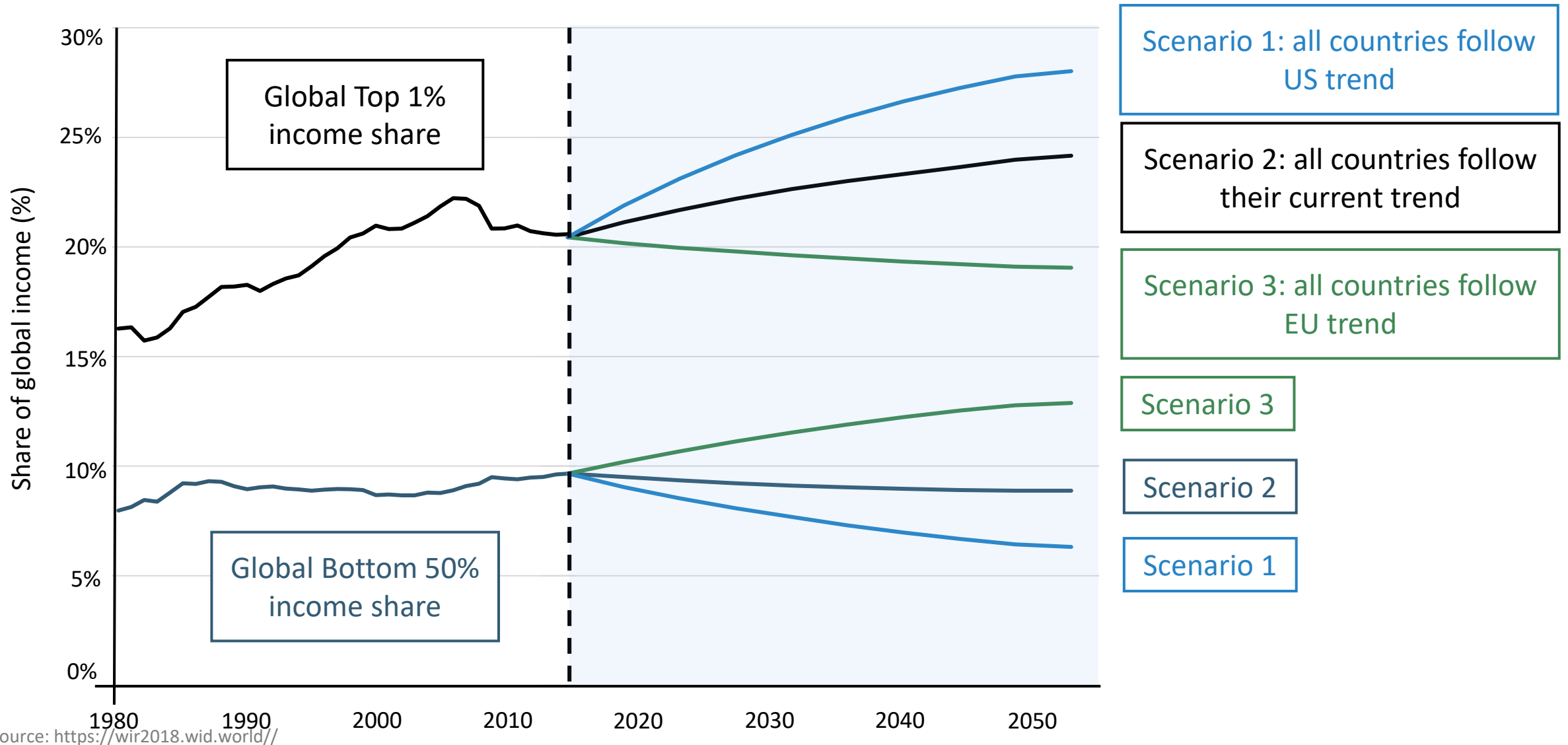
The world richest 1 % owns **43.4 %** of the world's wealth.

Rising global income inequality

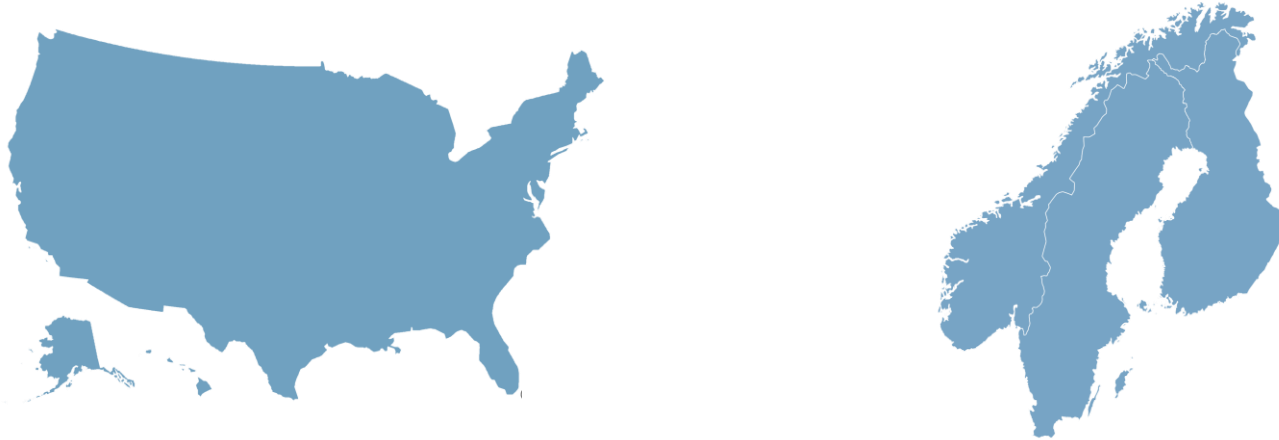




Source: <https://wir2018.wid.world/>

Rising global income inequality is not inevitable in the future



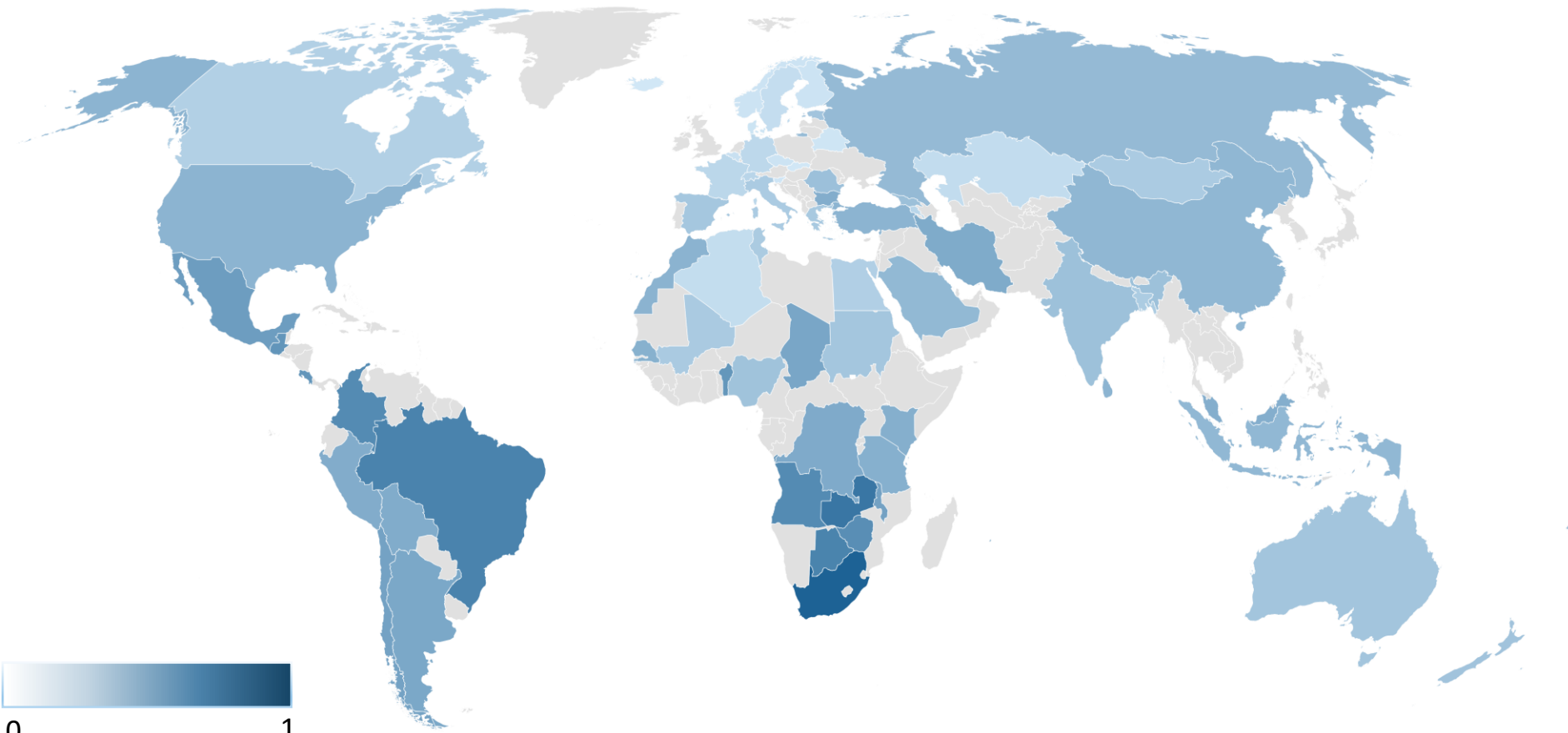
Scandinavia uses its taxes more efficiently to reduce wealth disparity



	USA	Scandinavia
Gini-coefficient before tax	0.508	0.416
Gini-coefficient after tax	0.394  -22%	0.257  -38%
Public education expenditure	5.2 % of GDP	7.6 % of GDP
GDP Annual Growth Rate	4.9	5.1
Wealth Tax	0	0.85 % for net taxable wealth above 150,000€
Top Income Tax	35 - 37 %	39 - 52 %

Source: <https://tradingeconomics.com/>

Wealth disparity measured by the Gini-coefficient, strongly varies between countries



Gini-coefficient
strongly varies
between each country

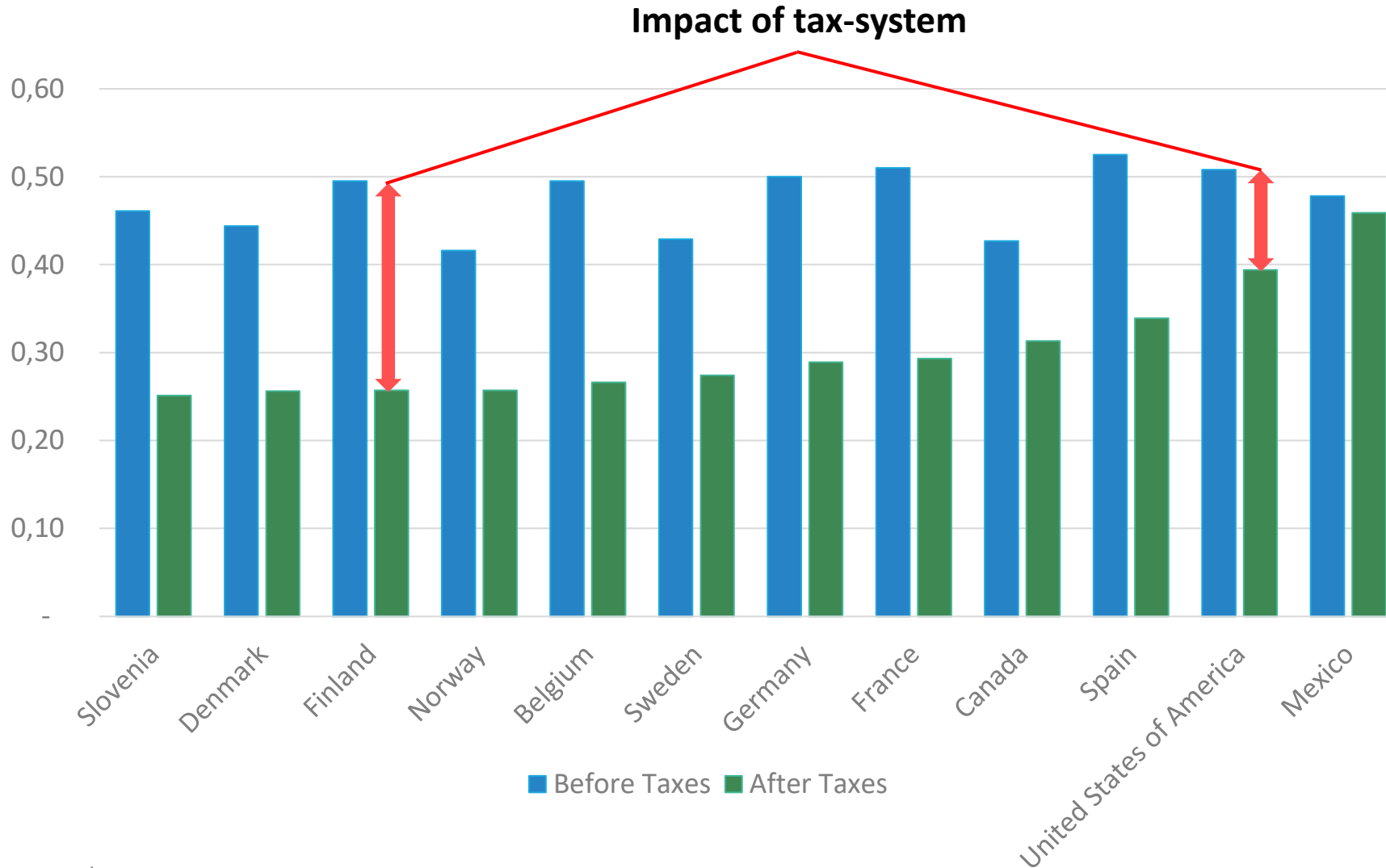
The worldwide Gini-coefficient is between
0.61 and 0.68

Scandinavian
countries record low
Gini-coefficient

Source: Worldbank.org

0 = equal distribution of wealth
1 = one person owns everything

Rightful taxes redistribution is permitting more equality



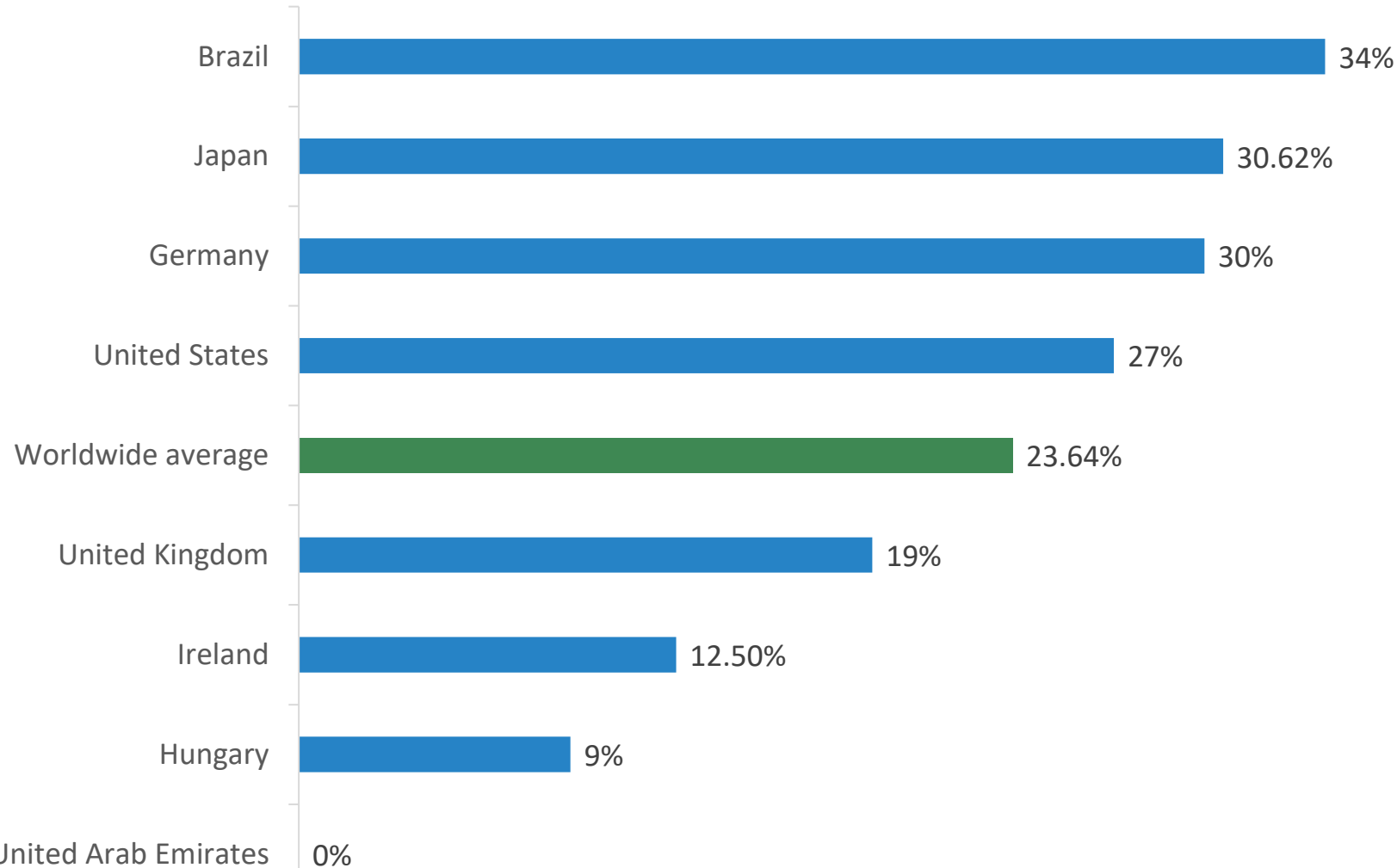
Tax system strongly impacts the wealth disparity

Immense differences between countries

Finland uses taxes more efficient to counter wealth disparity than USA

Corporate taxes vary significantly between different countries

Corporate tax in %



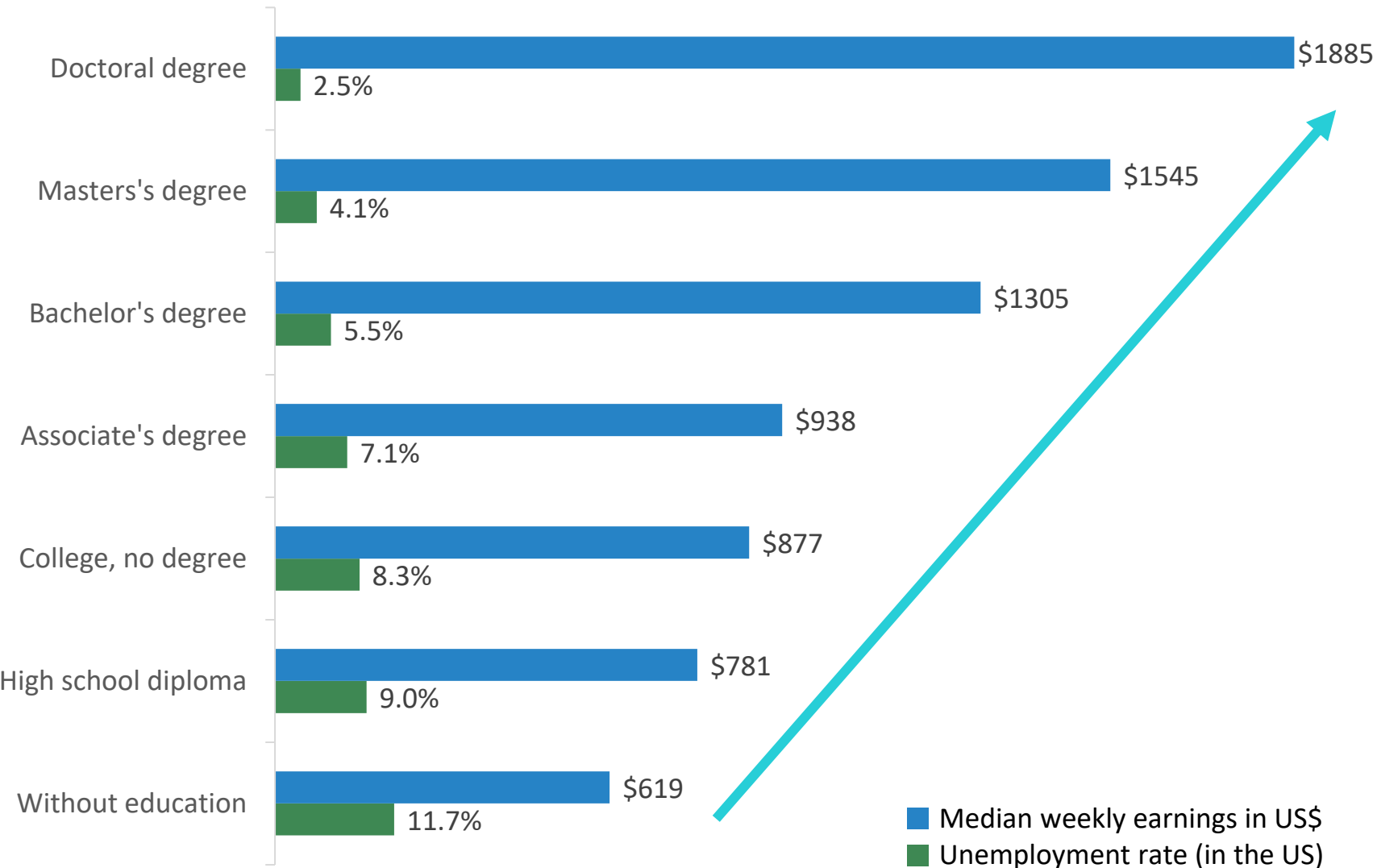
Huge differences
between corporate taxes

15 countries do not have
corporate taxes at all

Tax havens do exist and
enable companies such
as Amazon or IKEA to pay
no or only very little
taxes

Source: <https://taxfoundation.org/corporate-tax-rates-by-country-2021/>

Education leads to higher income and less unemployment



The higher the education the higher the income

The higher the education the less likely to be unemployed

Source: <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>

To overcome the immense wealth disparity, we have developed following alternatives

Invest in education

Governments should spend at least 7% of their GDP on education



Global minimum corporate taxes

Establish a global minimum tax of at least 20% for companies

Redistribution

Distribute 10% of rich's wealth to the poorest 30% of their country



Increase taxes for rich people

Establish 1% wealth tax and 50% income tax for people owning more than US\$1 million

Corporate leaders

Establish mandatory wage ratio of 100 between CEO income and median company worker income



Anti-trust law

Disperse monopoly markets by tighten anti-trust laws

Evaluation of the alternatives to overcome the wealth disparity

Criteria	Weight	Invest in education	Global min. corporate taxes	Redistribution	Corporate leaders	Increase taxes for rich people	Antitrust Laws
Gini-coefficient of 0.3	25%						
Economic growth	15%						
Long term impact	20%						
Acceptance	10%						
Increase of global bottom 50% income share	30%						
Decision	100%						

1 - 3 4 - 6 7 - 9

Evaluation of the alternatives to overcome the wealth disparity

Criteria	Weight	Invest in education	Global min. corporate taxes	Redistribution	Corporate leaders	Increase taxes for rich people	Antitrust Laws
Gini-coefficient of 0.3	25%	6	7	8	4	7	3
Economic growth	15%	7	4	3	5	6	5
Long term impact	20%	9	7	1	6	7	7
Acceptance	10%	7	2	2	4	2	4
Increase of global bottom 50% income share	30%	7	4	7	2	3	2
Decision	100%	7.15	5.15	4.95	3.95	5.15	3.9

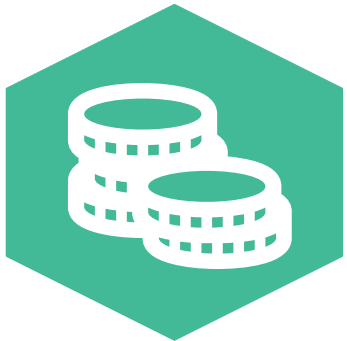
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Invest in education

Governments should spend at least 7% of their GDP on education

- Lay foundation for high income



Increase income and wealth taxes for rich people

Establish 1% wealth tax and 50% income tax for people owning more than US\$1 million

- Finance the invest in education and take the richest persons into responsibility



Global minimum corporate taxes

Establish a global minimum tax of at least 20% for companies

- Avoid tax haven and finance invest in education