

A photograph of a woman and two young girls standing on a grassy lawn. The woman is in the center, wearing a patterned dress and glasses. The two girls are on either side of her, also wearing patterned dresses. They are holding a white sign that reads "TÆNK hvis vores stærkeste våben var ideer". A white dog is lying on the grass in the foreground. In the background, there are trees and a modern building under a clear blue sky.

Cevea

**Hvorfor er den
stigende ulighed i
indkomst- og
formueudvikling et
samfundsmæssigt
problem?**

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Netøk, Kbh

26. september 2014

***Stigende opmærksomhed
og interesse i de rige lande.
Også i Danmark.***



Økonomien

Sociale forhold

Politik

Økonomien

Ulighed og kriser

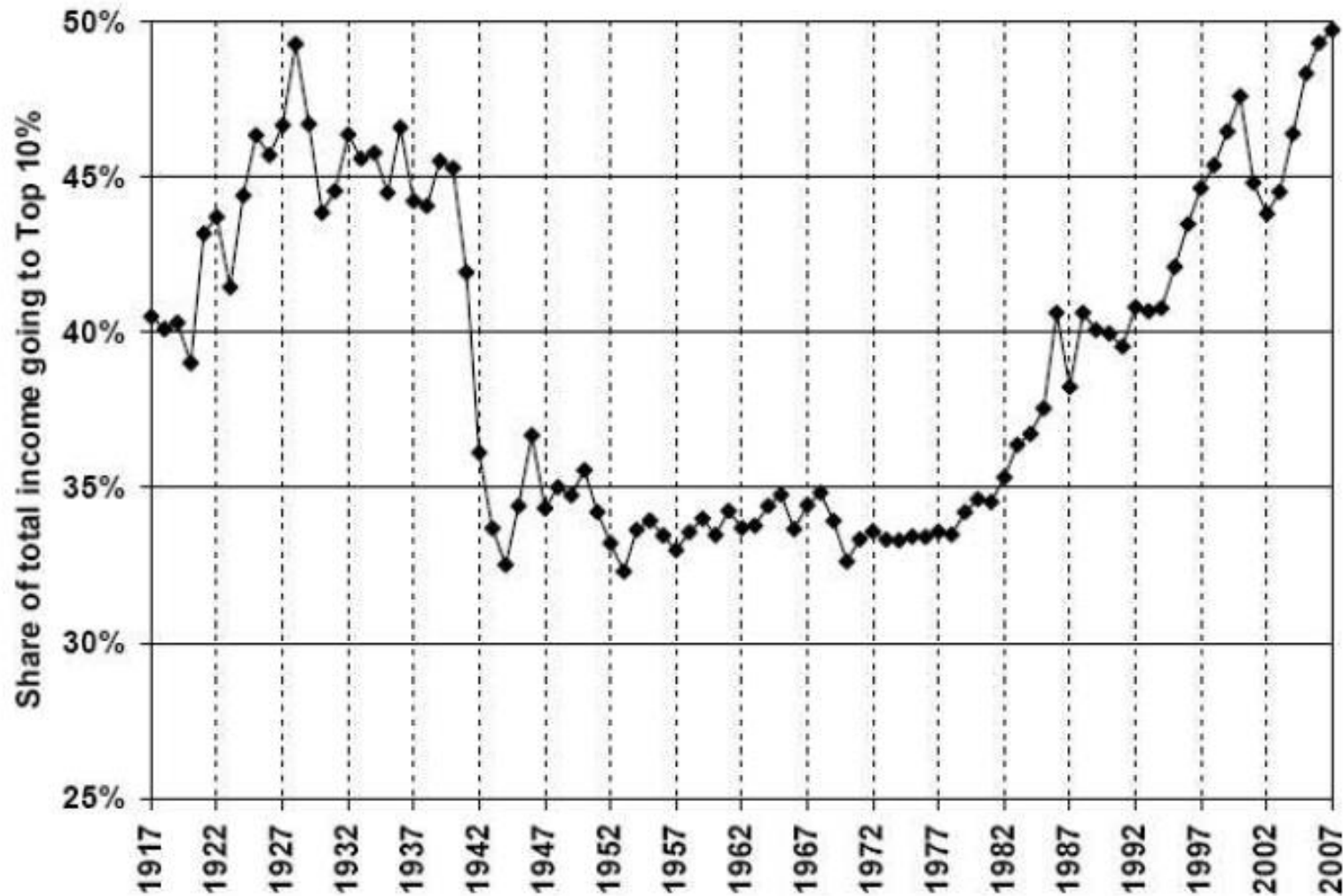
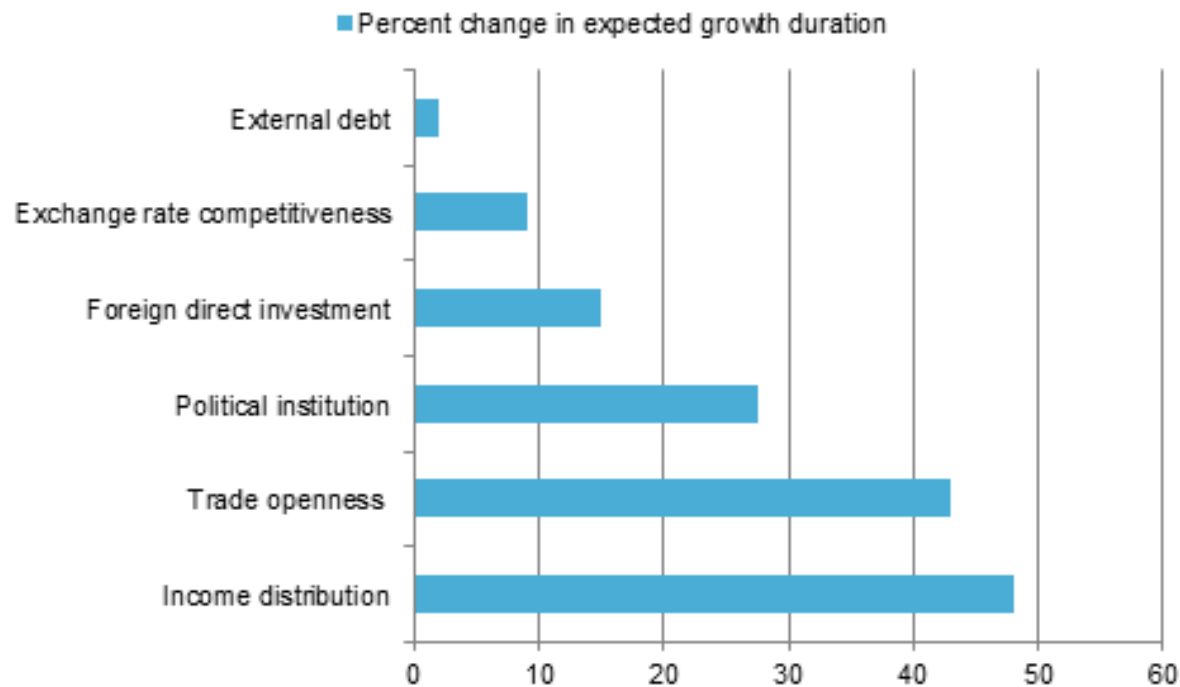


Chart 8 | [Download Chart Data](#)

Income Distribution Has A Stronger Impact On How Long Growth Lasts Than Other Factors



Note: See Glossary of Relevant Terms for details on authors' calculations. Source: Berg and Ostry, "Equality and Efficiency", September 2011.

Overview

- At extreme levels, income inequality can harm sustained economic growth over long periods. The U.S. is approaching that threshold.
- Standard & Poor's sees extreme income inequality as a drag on long-run economic growth. We've reduced our 10-year U.S. growth forecast to a 2.5% rate. We expected 2.8% five years ago.
- With wages of a college graduate double that of a high school graduate, increasing educational attainment is an effective way to bring income inequality back to healthy levels.
- It also helps the U.S. economy. Over the next five years, if the American workforce completed just one more year of school, the resulting productivity gains could add about \$525 billion, or 2.4%, to the level of GDP, relative to the baseline.
- A cautious approach to reducing inequality would benefit the economy, but extreme policy measures could backfire.

Conclusion

In this paper, we study the complex real effects of financial development and come to two important conclusions. First, financial sector size has an inverted U-shaped effect on productivity growth. That is, there comes a point where further enlargement of the financial system can reduce real growth. Second, financial sector growth is found to be a drag on productivity growth. Our interpretation is that because the financial sector competes with the rest of the economy for scarce resources, financial booms are not, in general, growthenhancing. This evidence, together with recent experience during the financial crisis, leads us to conclude that there is a pressing need to reassess the relationship of finance and real growth in modern economic systems. More finance is definitely not always better.

Conclusions

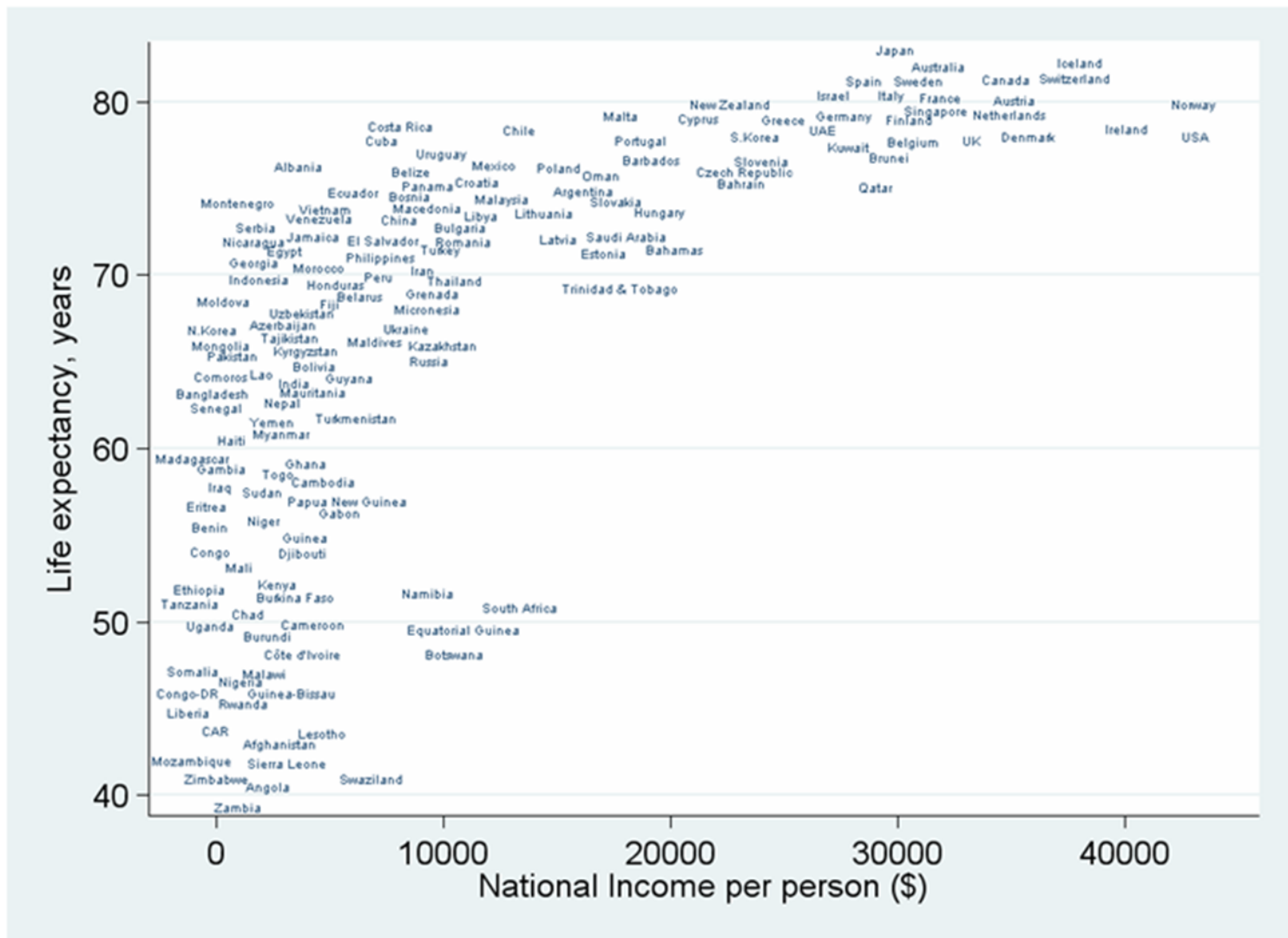
This paper questions this assumption and shows that in countries with very large financial sectors there is no positive correlation between financial depth and economic growth. In particular, we find that there is a positive and robust correlation between financial depth and economic growth in countries with small and intermediate financial sectors, but we also show that there is a threshold (which we estimate to be at around 80-100% of GDP) above which finance starts having a negative effect on economic growth.

There are two possible reasons why large financial systems may have a negative effect on economic growth. The first has to do with economic volatility and the increased probability of large economic crashes (Minsky, 1974, and Kindleberger, 1978) and the second relates to the potential misallocation of resources, even in good times (Tobin, 1984).

Sociale forhold

Lige samfund klarer sig bedre – også på de områder, vi måske tror vi kan lave en isoleret indsats omkring.

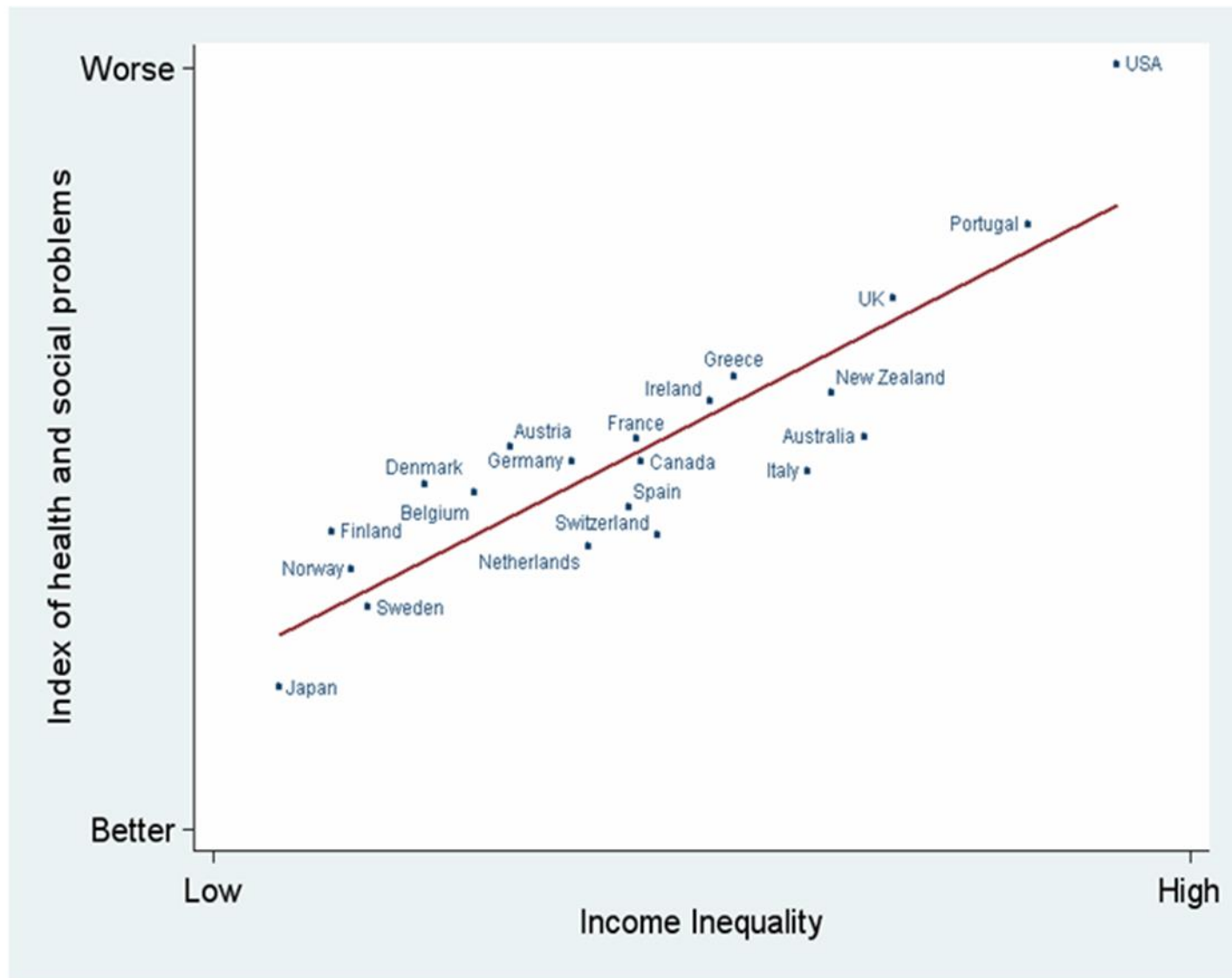
Income per head and life-expectancy: rich & poor countries



Health and Social Problems are Worse in More Unequal Countries

Index of:

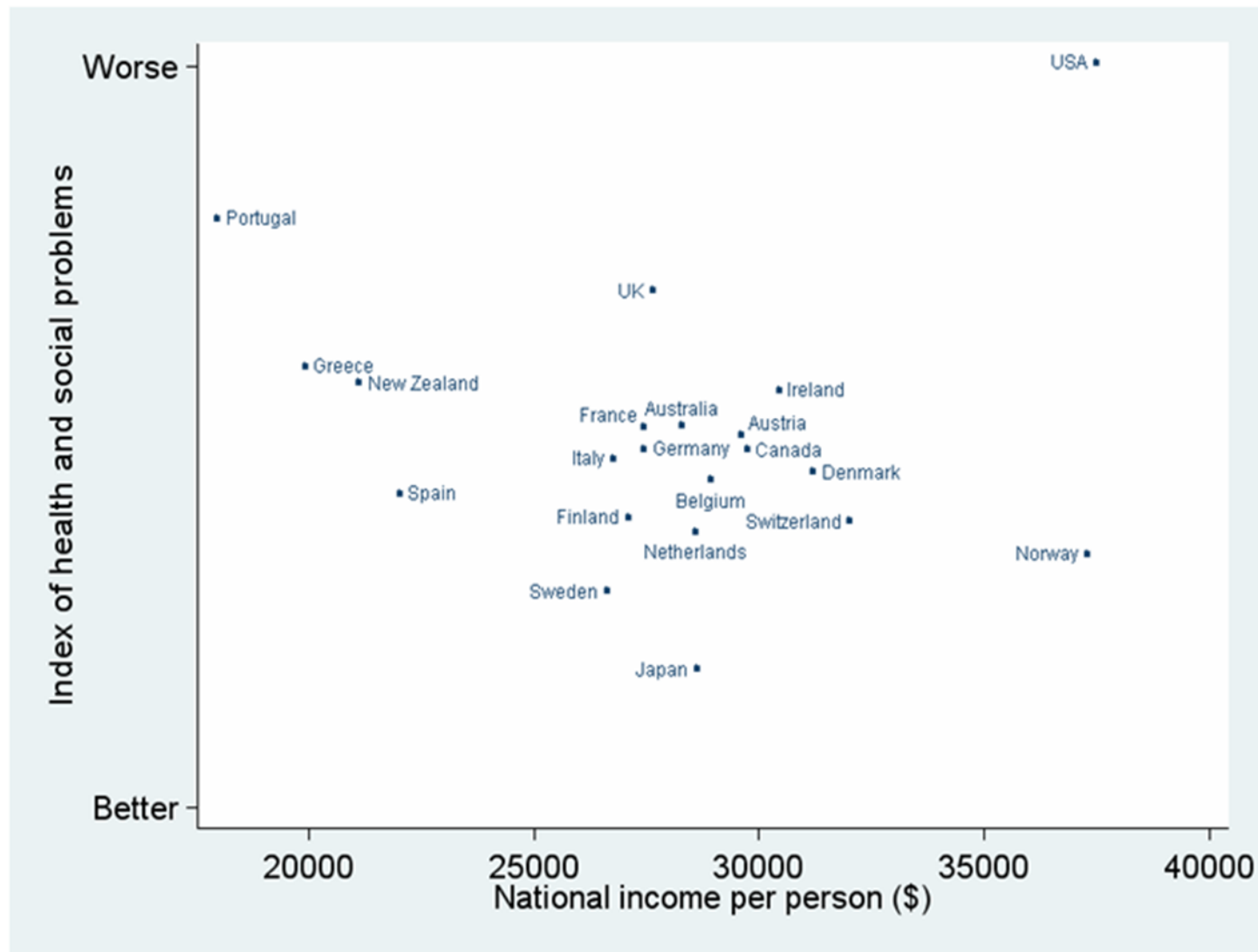
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



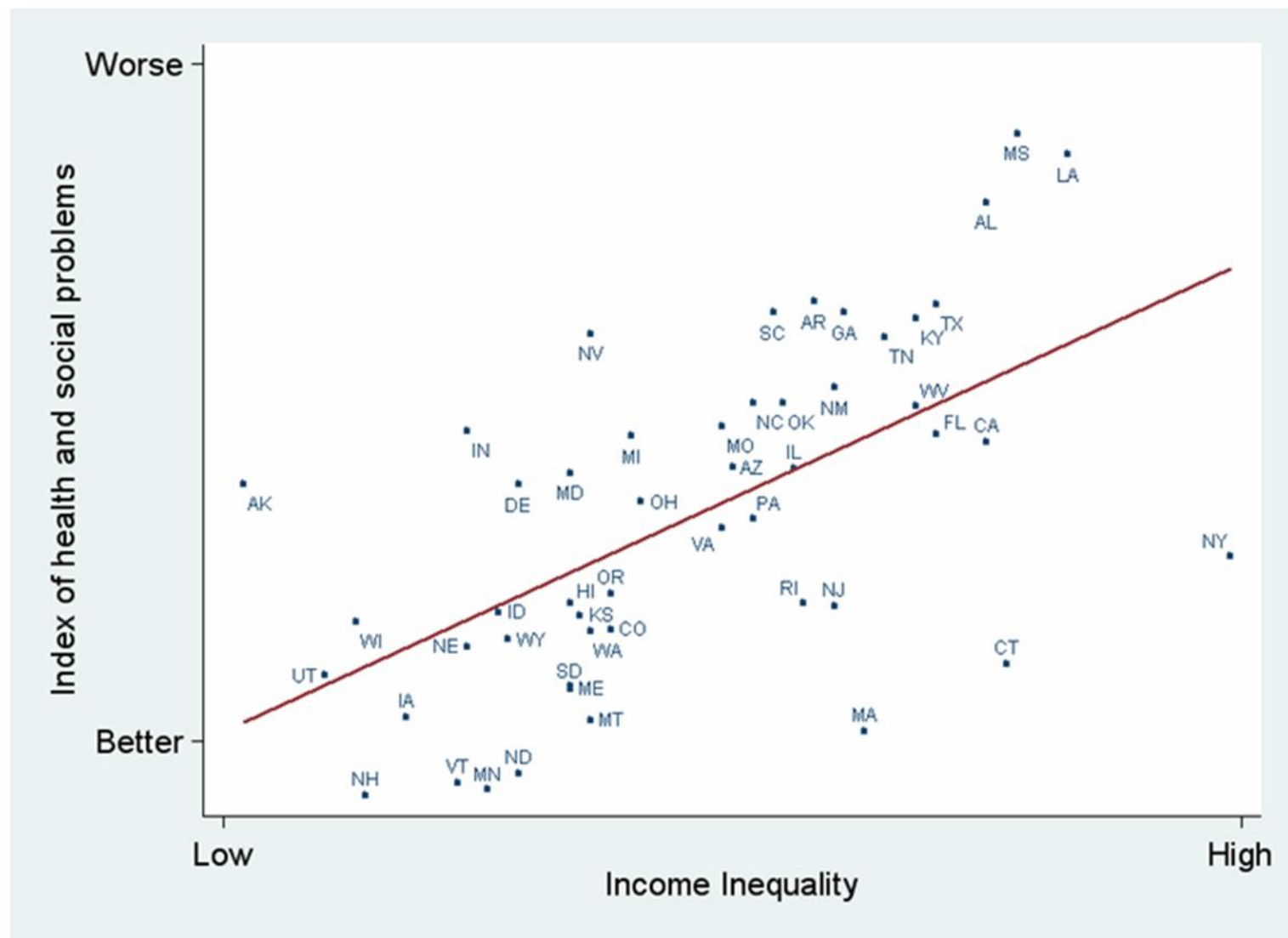
Health and Social Problems are not Related to Average Income in Rich Countries

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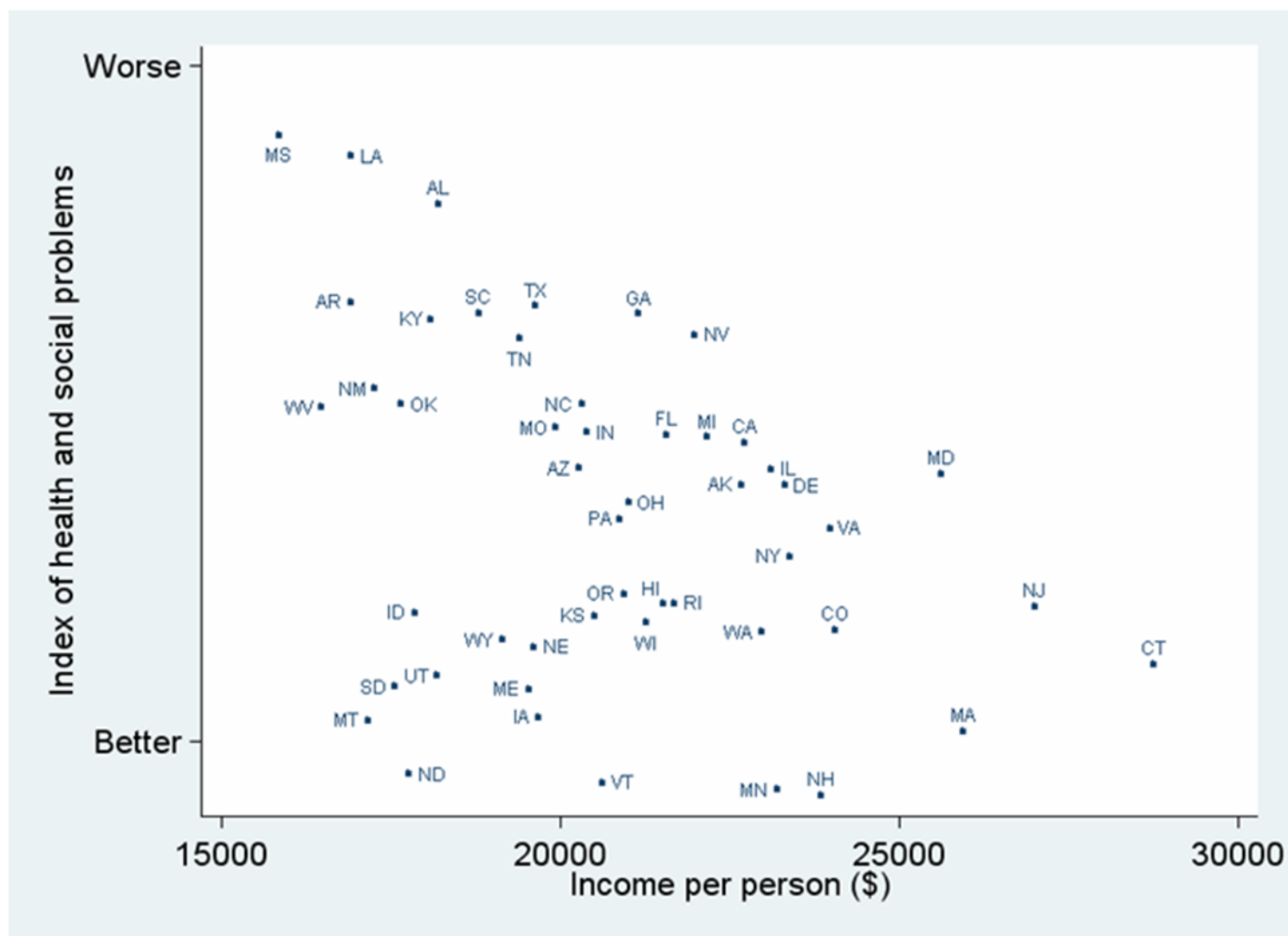
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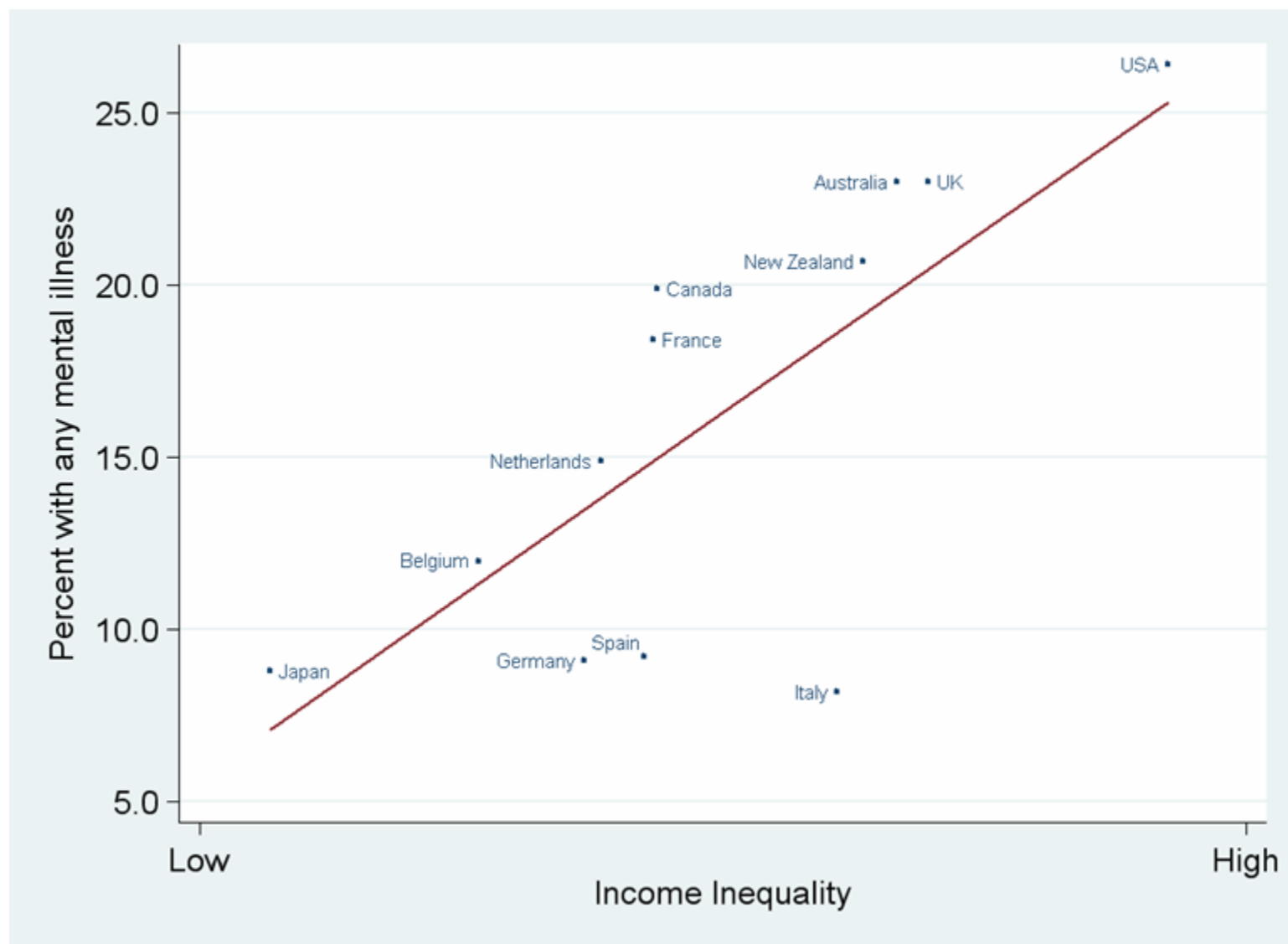
Health and Social Problems are Worse in More Unequal US States



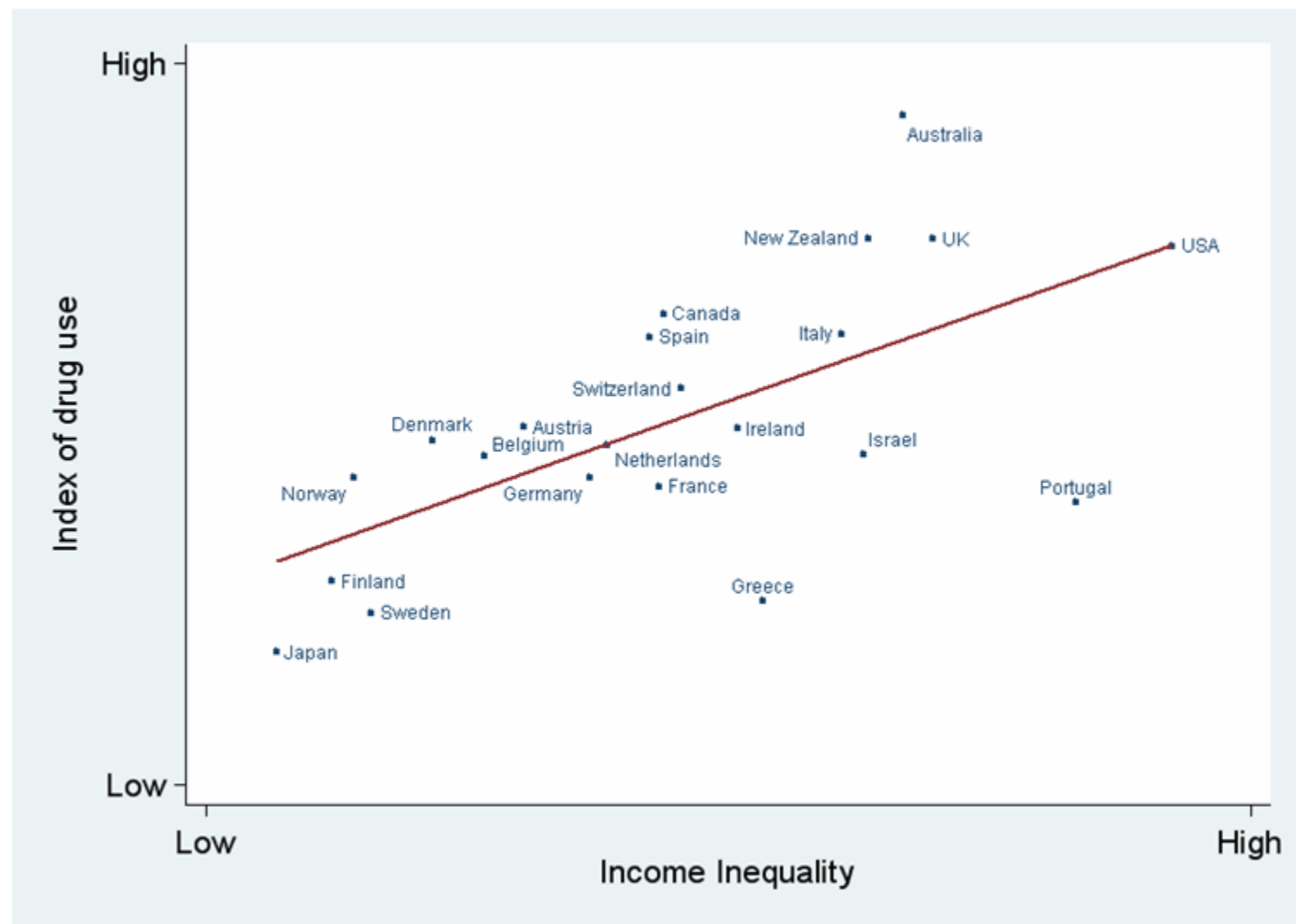
Health & Social Problems are Only Weakly Related to Average Income in US States



The Prevalence of Mental Illness is Higher in More Unequal Rich Countries



Drug Use is More Common in More Unequal Countries



Index of use of: opiates, cocaine, cannabis, ecstasy, amphetamines

Life Expectancy is Longer in More Equal Rich Countries

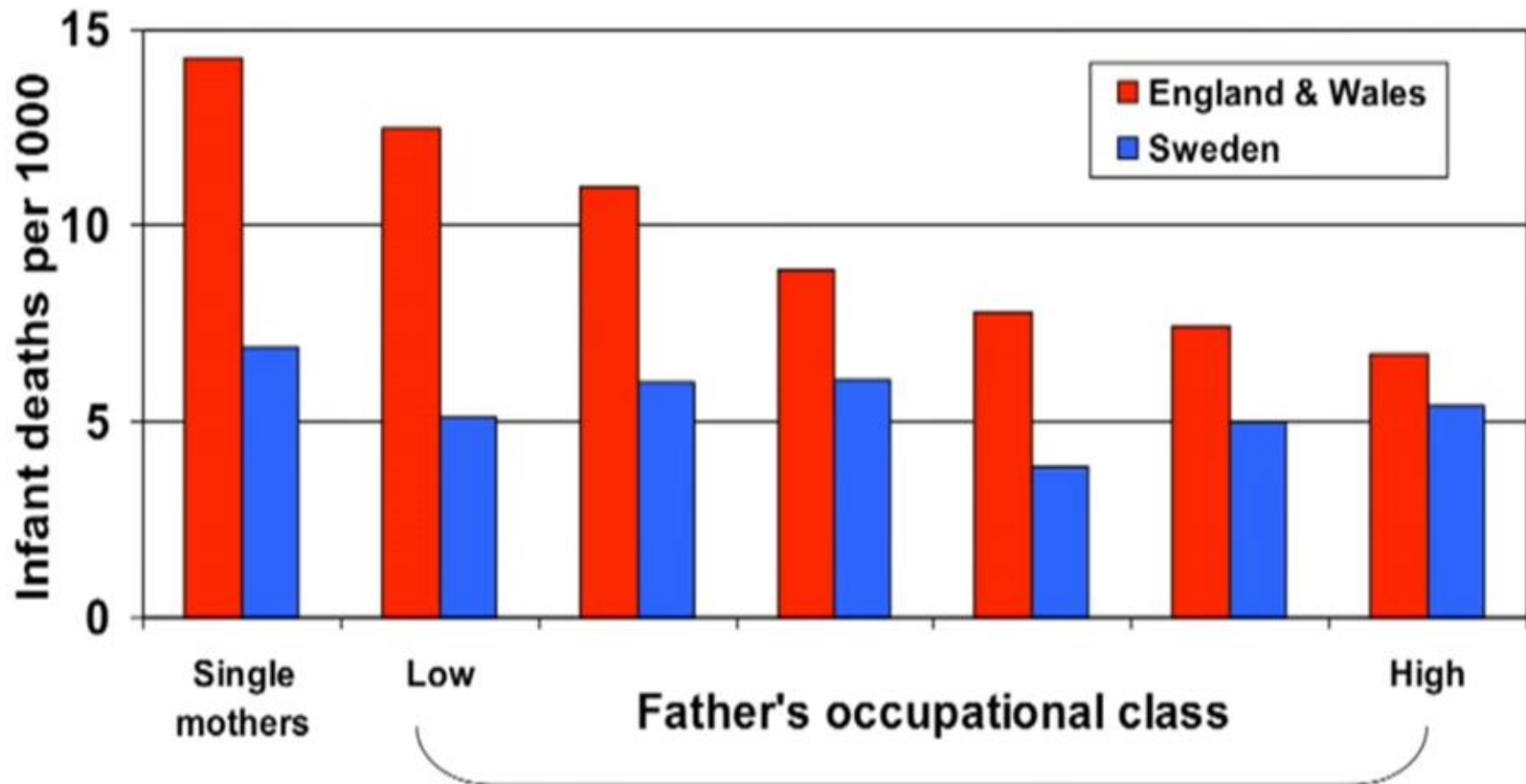


Infant Mortality Rates are Higher in More Unequal Countries



Wilkinson & Pickett: The Spirit Level

Infant mortality by class: Sweden compared with England & Wales



Wilkinson & Pickett: The Spirit Level

In summary... bigger income gaps lead to deteriorations in:-

Social Relations

- **Child conflict**
- *Homicide*
- *Imprisonment*
- **Social capital**
- *Trust*

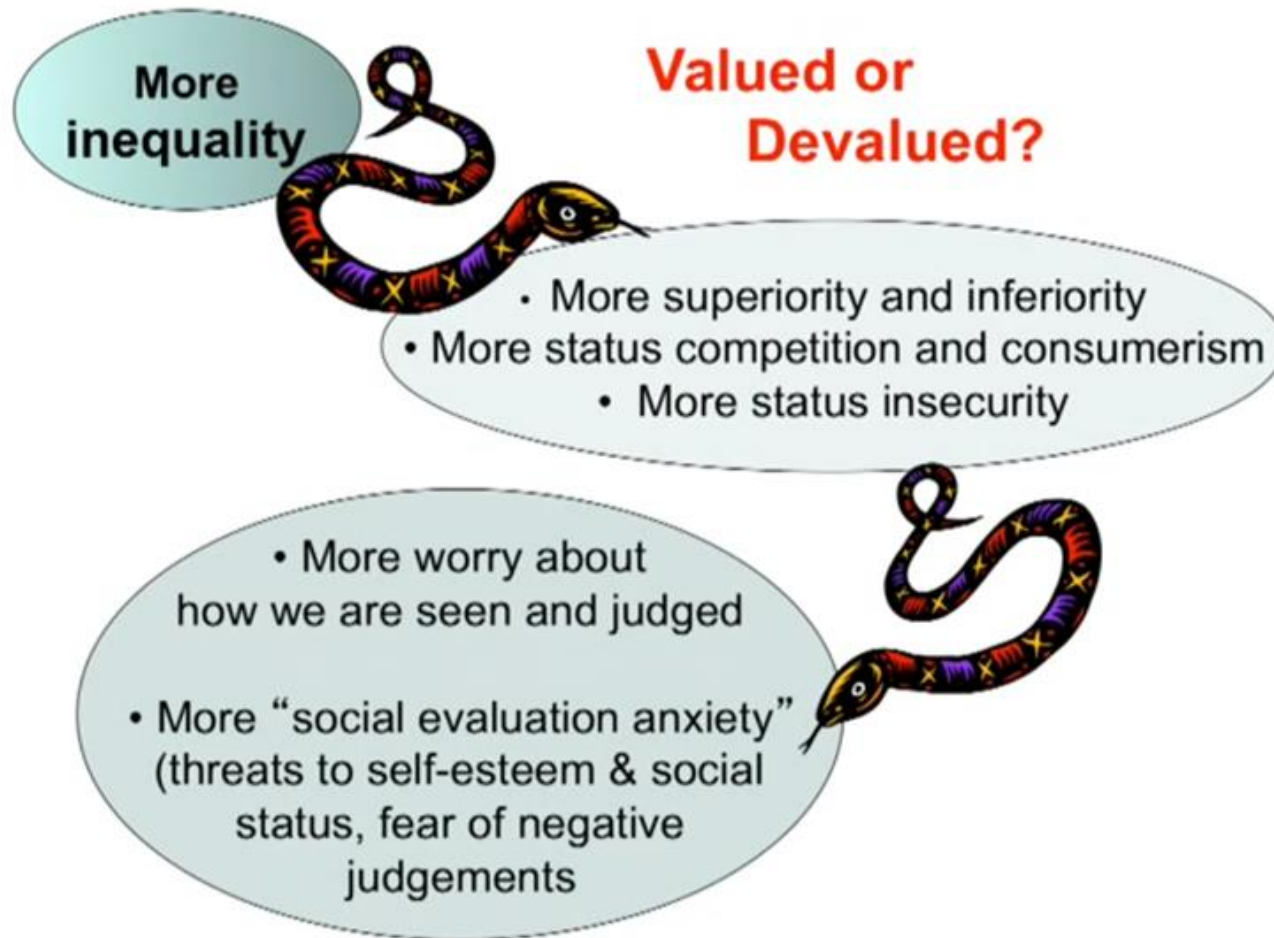
Health

- **Drug abuse**
- **Infant mortality**
- **Life expectancy**
- *Mental illness*
- **Obesity**

Human Capital

- *Child wellbeing*
- *High school drop outs*
- **Math & literacy scores**
- *Social mobility*
- **Teenage births**

Wilkinson & Pickett: The Spirit Level

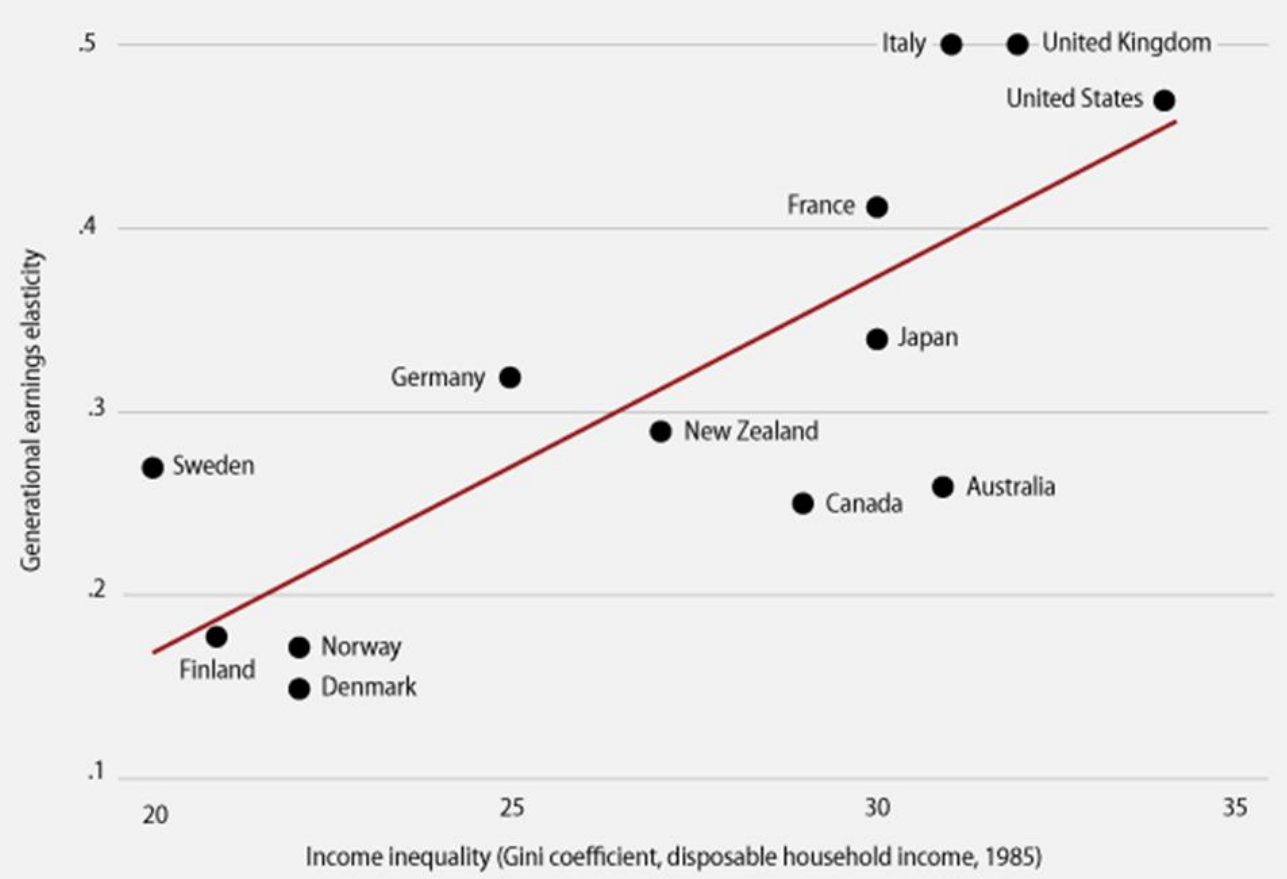


Lighed eller lige muligheder? Måske er der en tættere sammenhæng end vi lige tror.

FIGURE 1

The Great Gatsby Curve

More inequality is associated with less mobility across the generations



Source: Miles Corak, "Inequality from Generation to Generation: The United States in Comparison." In Robert Rycroft, ed. *The Economics of Inequality, Poverty, and Discrimination in the 21st Century* (Santa Barbara, California: ABC-CLIO, 2013).

Politik

