

Increasing Income Inequality in the Nordics

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The Nordic welfare model

Inputs

- Generous welfare state
- Large public sector
- High taxation
- Collective agreements
- Strong trade unions and employers' associations

Output

- High living standards
- High employment
- Low income dispersion

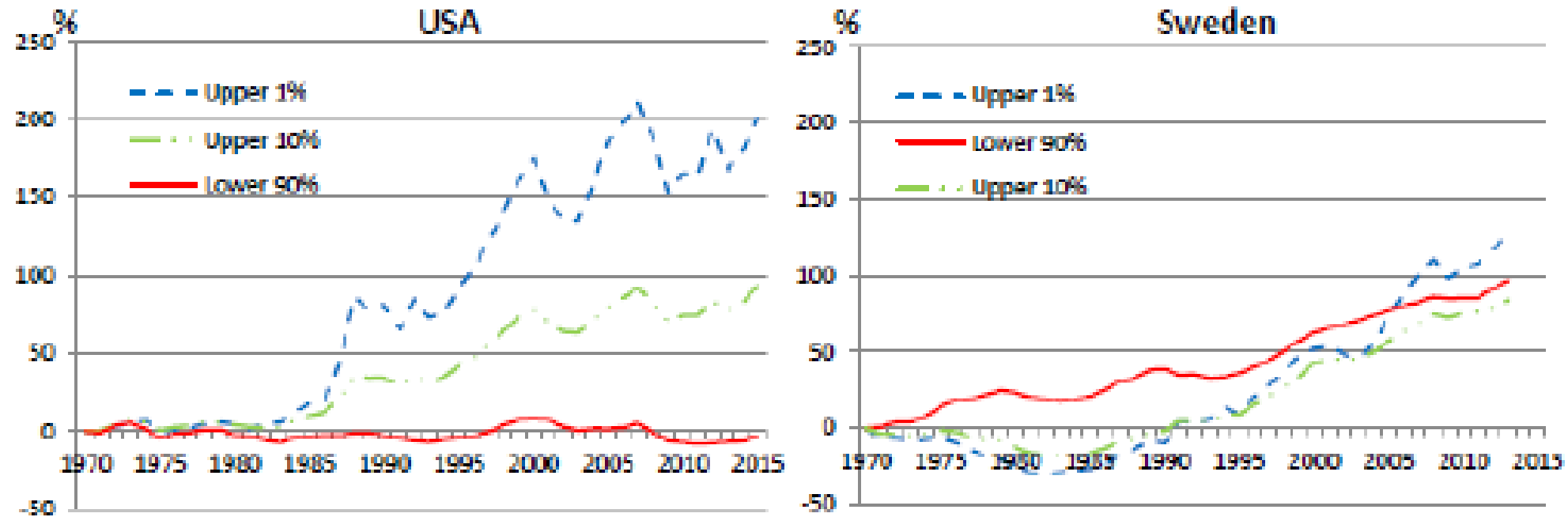
Articles in the volume

- **Income Inequality in the Nordics from an OECD Perspective** – Jon Kristian Pareliussen, Mikkel Hermansen, Christophe André and Orsetta Causa
- **Top Incomes in Scandinavia** – Jakob Egholt Søgaaard
- **Gendered Trends in Income Inequality** – Anne Boschini and Kristin Gunnarsson
- **Demographic Change and Inequality Trends in the Nordic Countries** – Jon Kristian Pareliussen and Per Olof Robling
- **Accounting for Public In-Kind Transfers** – Rolf Aaberge, Audun Langørgen and Petter Y. Lindgren

Policy issues

- To what extent is recent increasing income inequality in the Nordics an adjustment to earlier excessive income equalisation and to what extent is it undesirable?
- Increased income inequality is associated with less redistribution through tax and transfer systems
 - slow uprating of cash benefits
- Provision of government-financed welfare services has a strong inequality-reducing effect
- Substantial rises in top-income shares raise a host of issues regarding taxation of capital
 - capital income taxes
 - real estate taxes
 - wealth and inheritance taxes
 - conversion of labour income to capital income in the dual-taxation systems

Figure 2: Accumulated real income changes in the U.S. and Sweden, 1970–2015



Source: The World Wealth and Income Database.

Figure 3: Poverty rate by income definition and country, percent, 2009

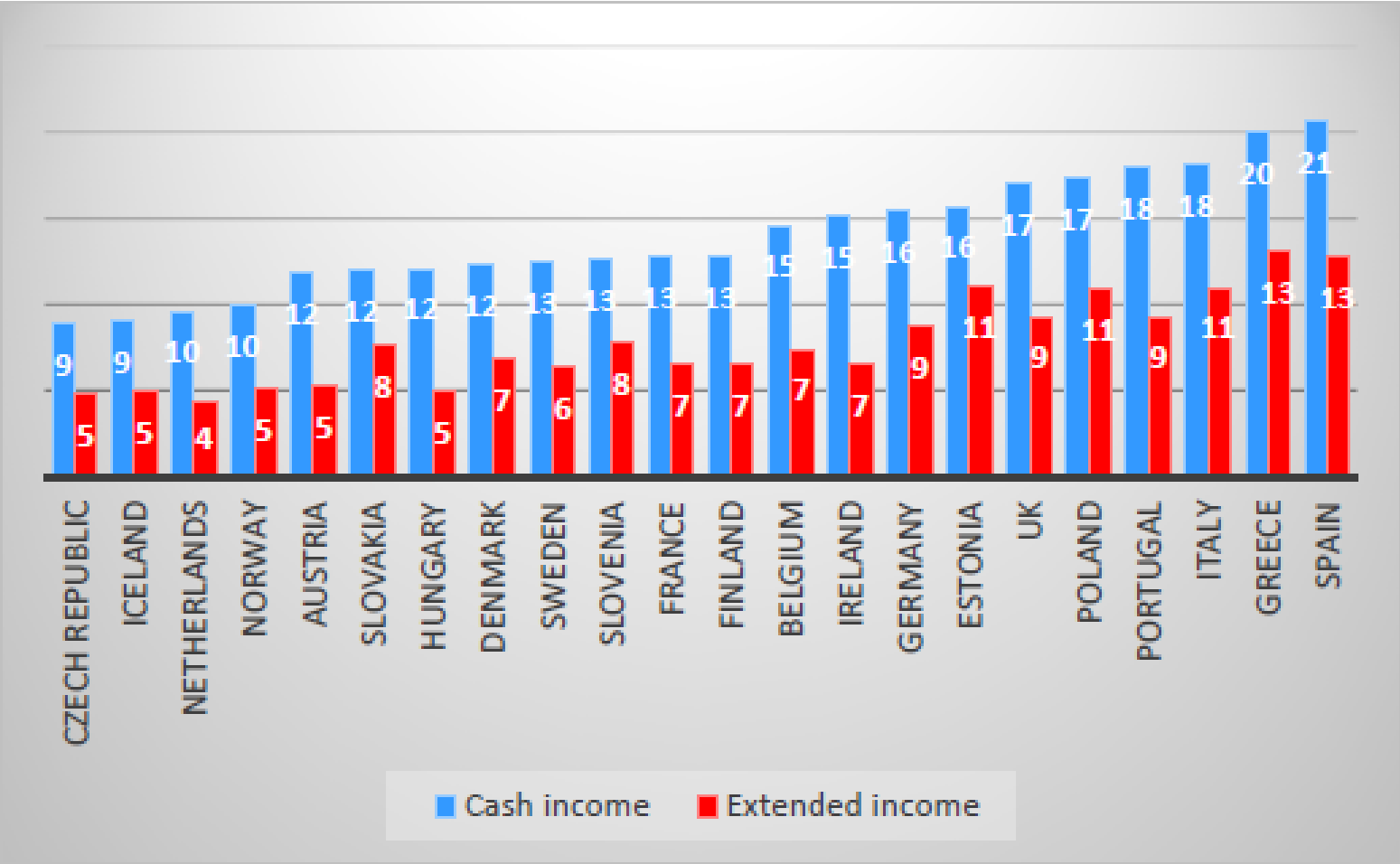


Figure 5: Poverty rate among single parents by income definition and country, percent, 2009

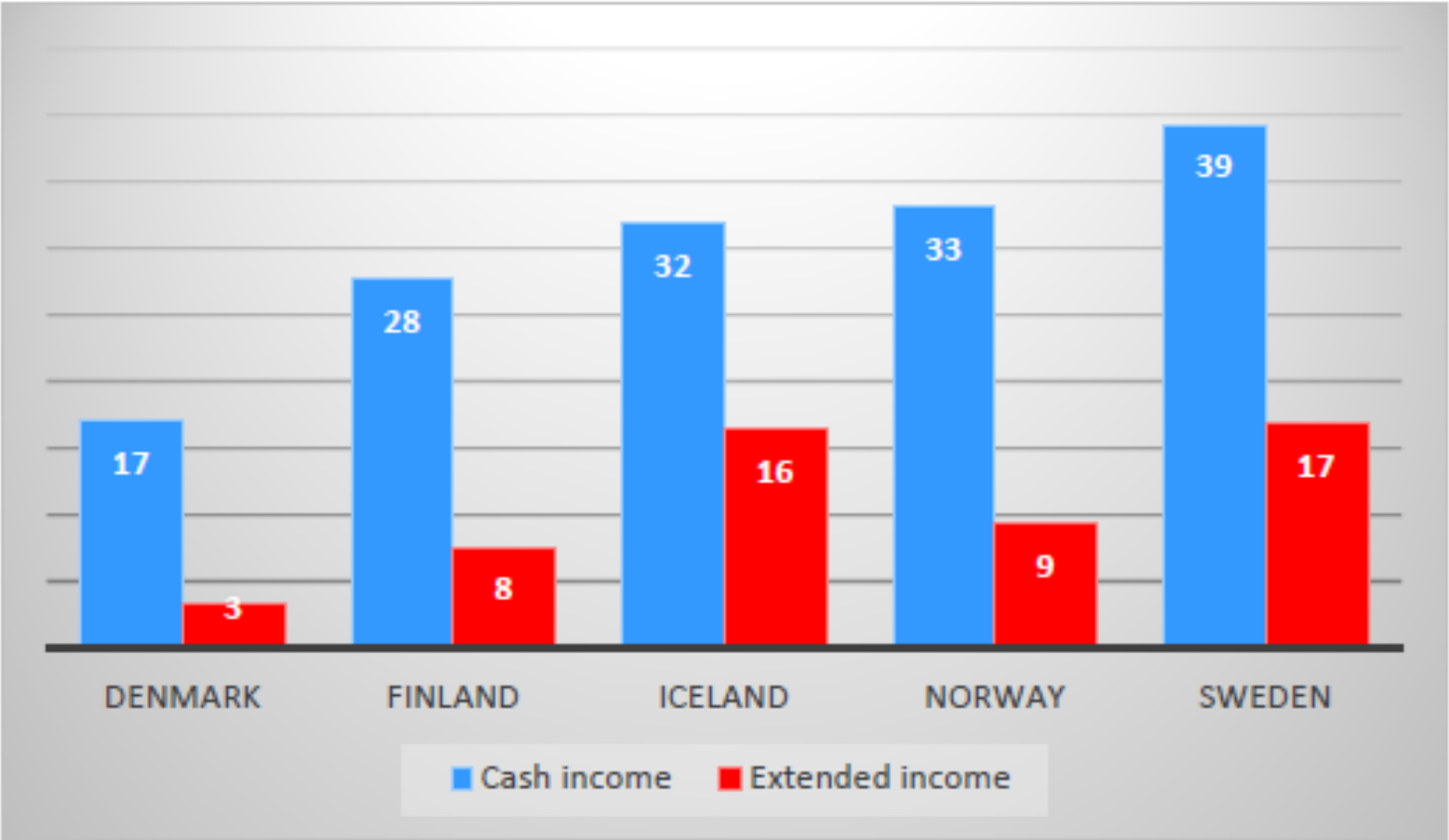


Figure 6: Poverty rate among single elderly (aged 75 and above) by income definition and country, percent, 2009

