

Billionaires : Self-made or Daddy-made

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1. Answer

1.1. Part 1

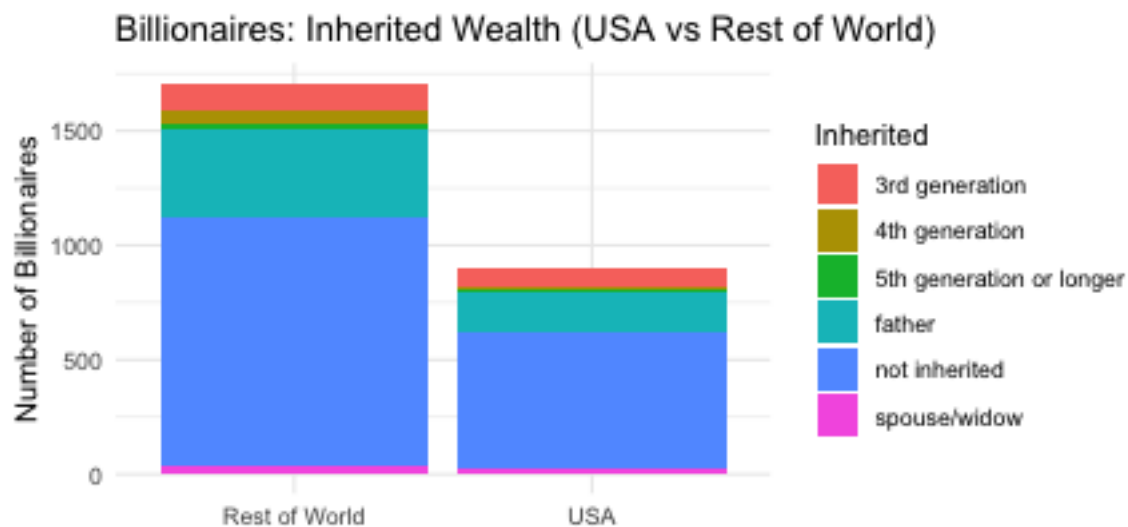


Figure 1.1: Billionaire Comparison

Kudos to the Americans , they have really created an economy that conducive for generating Uber wealth. Unfortunately, the notion held that those who are rich in America are only hard-nosed workaholics who built businesses from scratch, while the rest of the world's billionaires inherit their wealth , is simply not true.

Figure 1.1 shows that the Rest of the World has more self-made billionaires than the USA, yes the rest of the world has more billionaires who have inherited that wealth too, but we see that both can

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be true. Surely one might surmise that this hold purely based on the fact that the Rest of the World has more people than the USA , the next figure will address that thought.

Table 1.1 shows that over two-thirds of American billionaires over the history of time are self-made, dispelling any false notions that there is an entrepreneurial gene. Another noteworthy figure is the number of those who inherited via 5th generation or longer, as this family has been through depressions , recessions and yet maintains billionaire status.

wealth.how.inherited	count	percentage
not inherited	597	66.10
father	177	19.60
3rd generation	84	9.30
spouse/widow	24	2.70
4th generation	11	1.20
5th generation or longer	10	1.10

Table 1.1: USA Billionaires by Inheritance Status

Looking at Table 1.2 we see that the rest of the world has a slightly lower percentage of self-made billionaires at 63.8% . This is a narrative that the Americans are running with and I hate to be the one to confirm it.

wealth.how.inherited	count	percentage
not inherited	1091	63.80
father	381	22.30
3rd generation	126	7.40
4th generation	57	3.30
spouse/widow	35	2.00
5th generation or longer	21	1.20

Table 1.2: Rest of the World by Inheritance Status

As quants we aim to steer our clients to invest in companies that are profitable. Table 1.3 uses the number of billionaires associated with a company as a proxy for the profitability of the company, with 4 of the top 5 companies being US based it is no wonder the US is a certified economic powerhouse.

company.name	total_billionaires	region
Walmart	18	USA
Campbell Soup	16	USA
Hyatt	15	USA
SAP AG	12	Rest of World
Microsoft	11	USA

Table 1.3: Companies With Most Billionaires

1.2. Part 2

The year 2000 is widely regarded as the peak of the dot.com bubble, a period where technology startups saw immense growth and profits. Unfortunately, it came to an end known as the bubble ‘burst’ in the early 2000, but does that mean incredibly successful tech startups are a thing of the past?

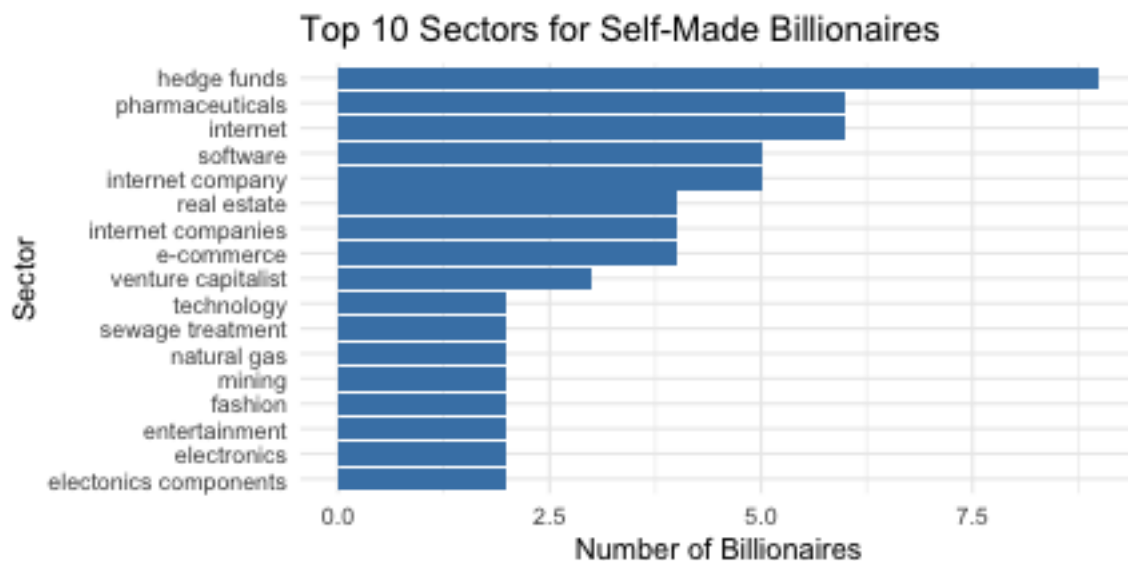


Figure 1.2: Companies founded Since 2000

Figure 1.2 shows that the technology sector remains strong—ranking as the fourth most common source of billionaire-founded companies since 2000. However, it trails behind consumer services type sectors such as pharmaceuticals.

References

Katzke, N.F. 2017. *Texevier: Package to create elsevier templates for rmarkdown*. Stellenbosch, South Africa: Bureau for Economic Research.

Appendix

Appendix A

Some appendix information here

Appendix B

Katzke ([2017](#))