

# WHY ARE COUNTRIES WEALTHY?

by Léon van der Lee

# WHY THIS SUBJECT?

- I believe in a idealistic future
- The abundance of wealth is the biggest source of fortune a country can have
- The lack of wealth is be the biggest disadvantage a country can have



# WHAT IS WEALTH?

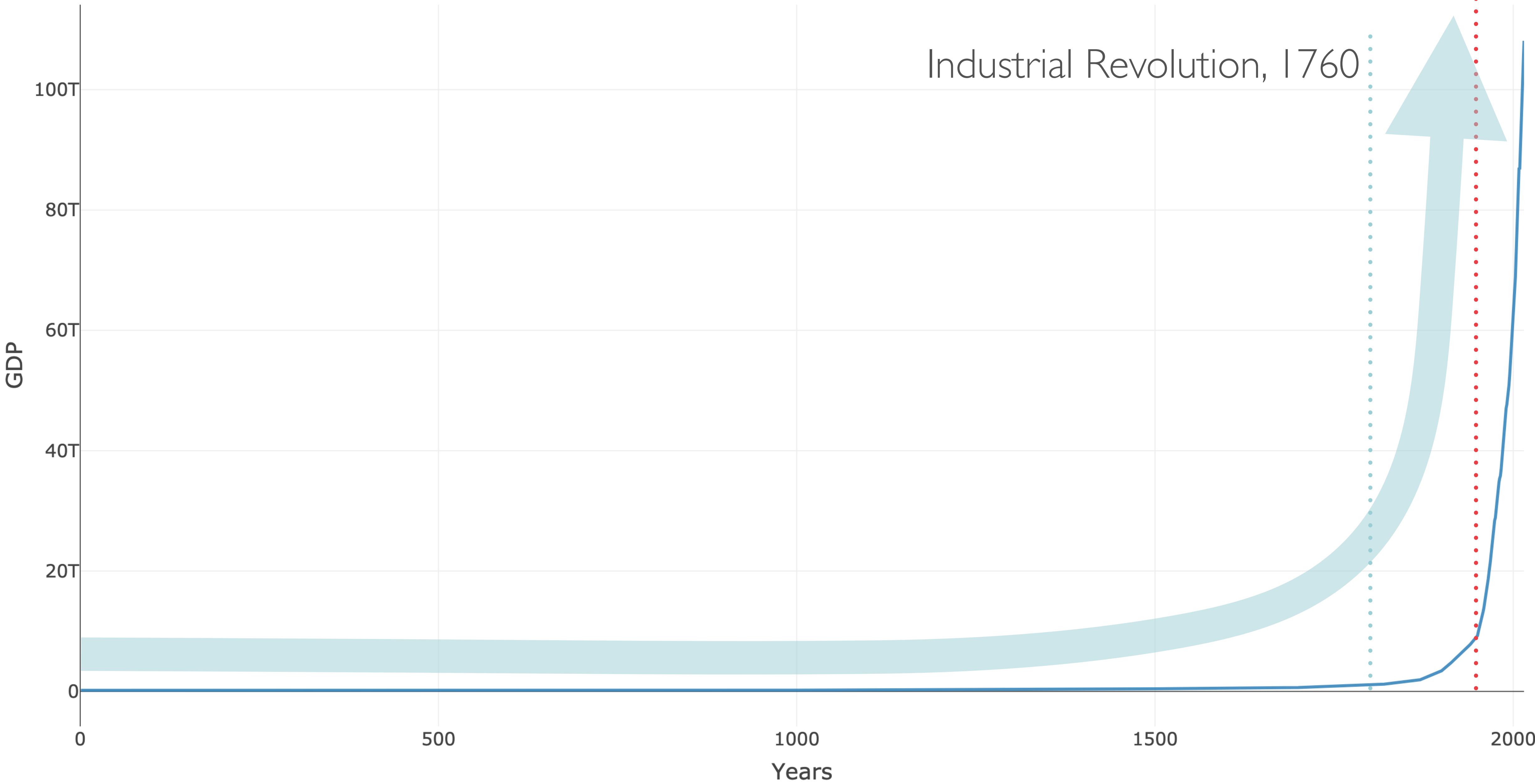
- “Wealth is the abundance of valuable financial assets or physical possessions which can be converted into a form that can be used for transactions”
- Wealth of a country is its total economical output

# THE HISTORY OF GLOBAL WEALTH

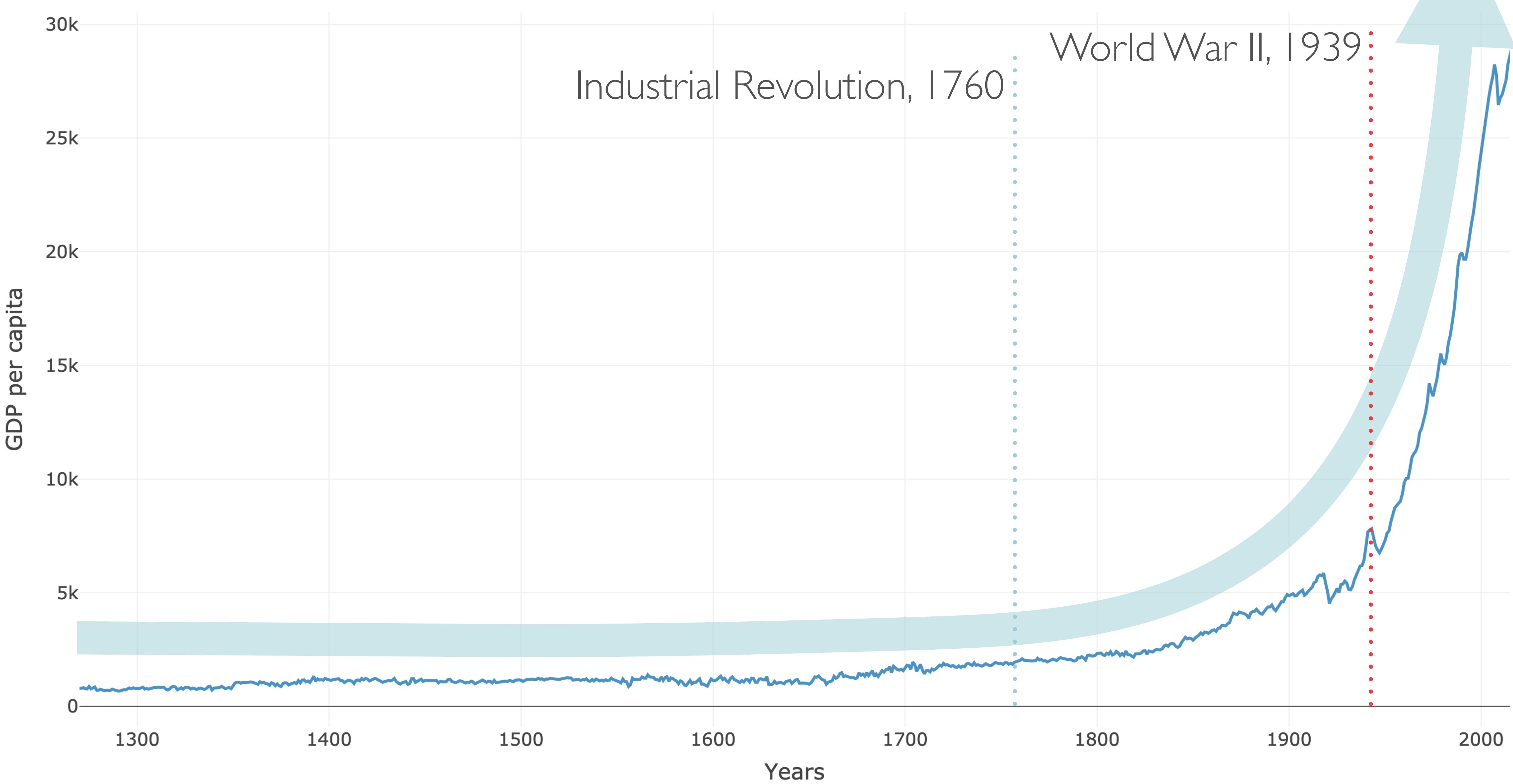
# World GDP over the last two millennia

World War II, 1939

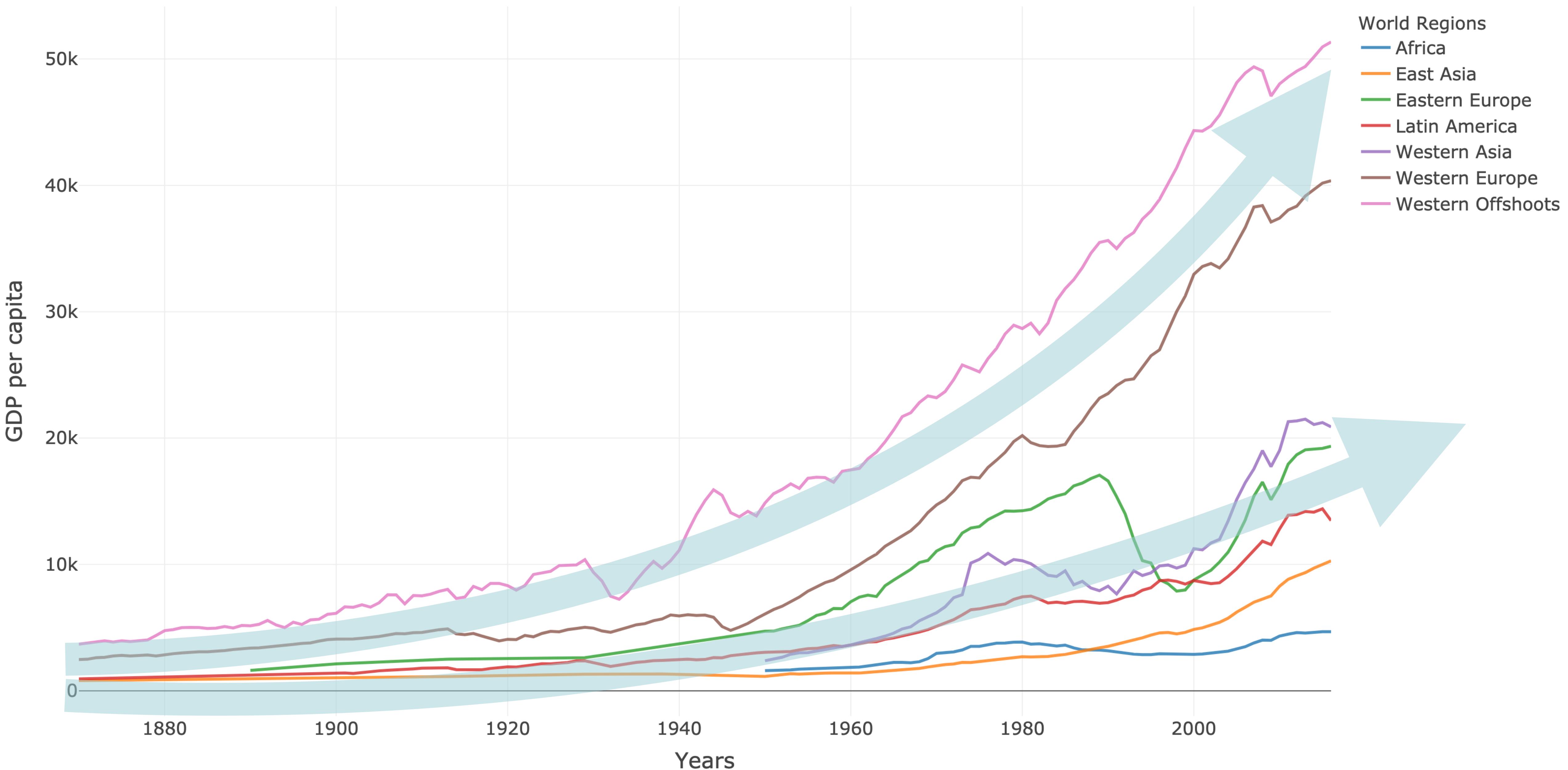
Industrial Revolution, 1760



# GDP per capita in England, 1270 to 2015



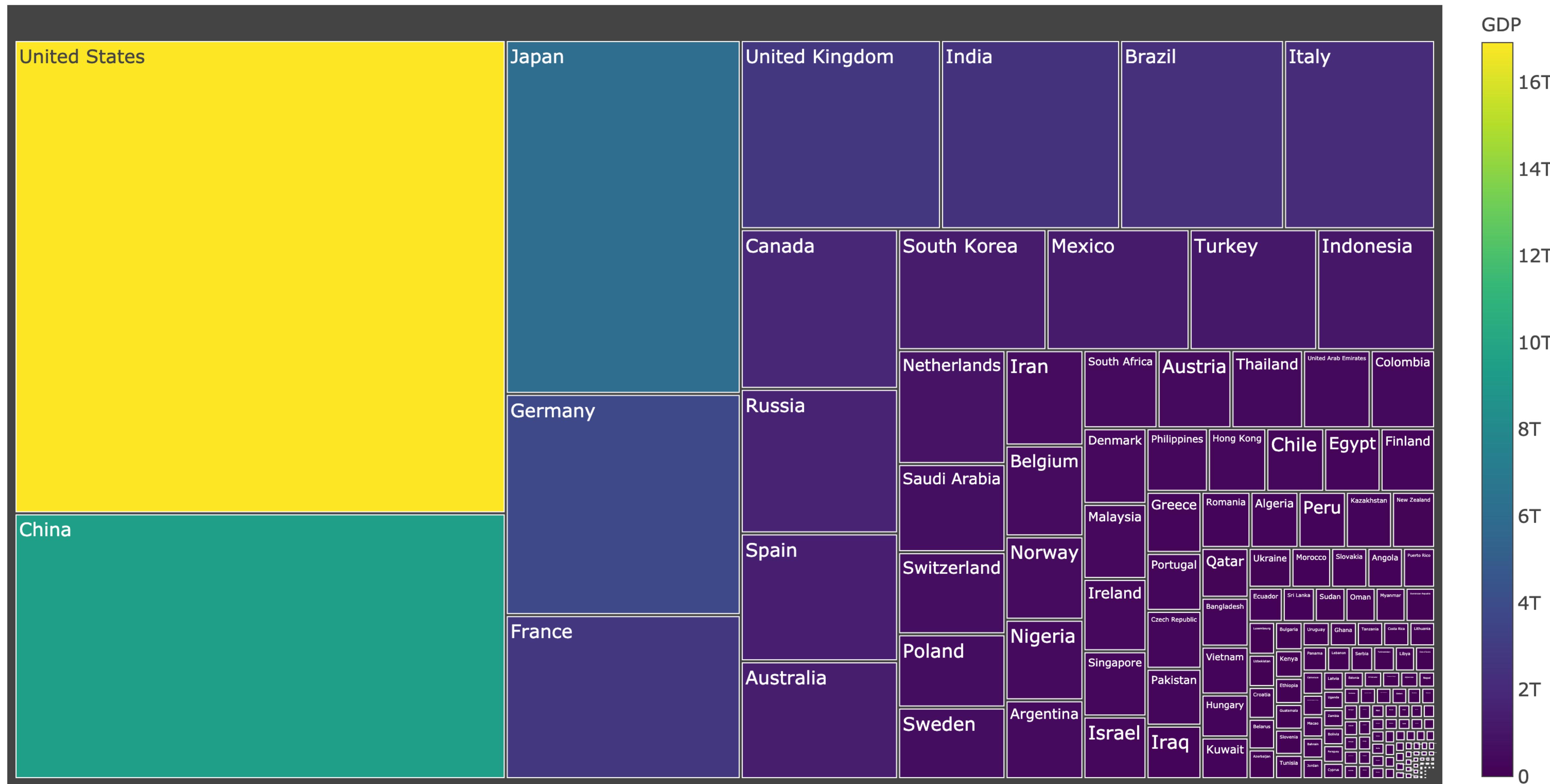
# GDP per capita, 1870 to 2016



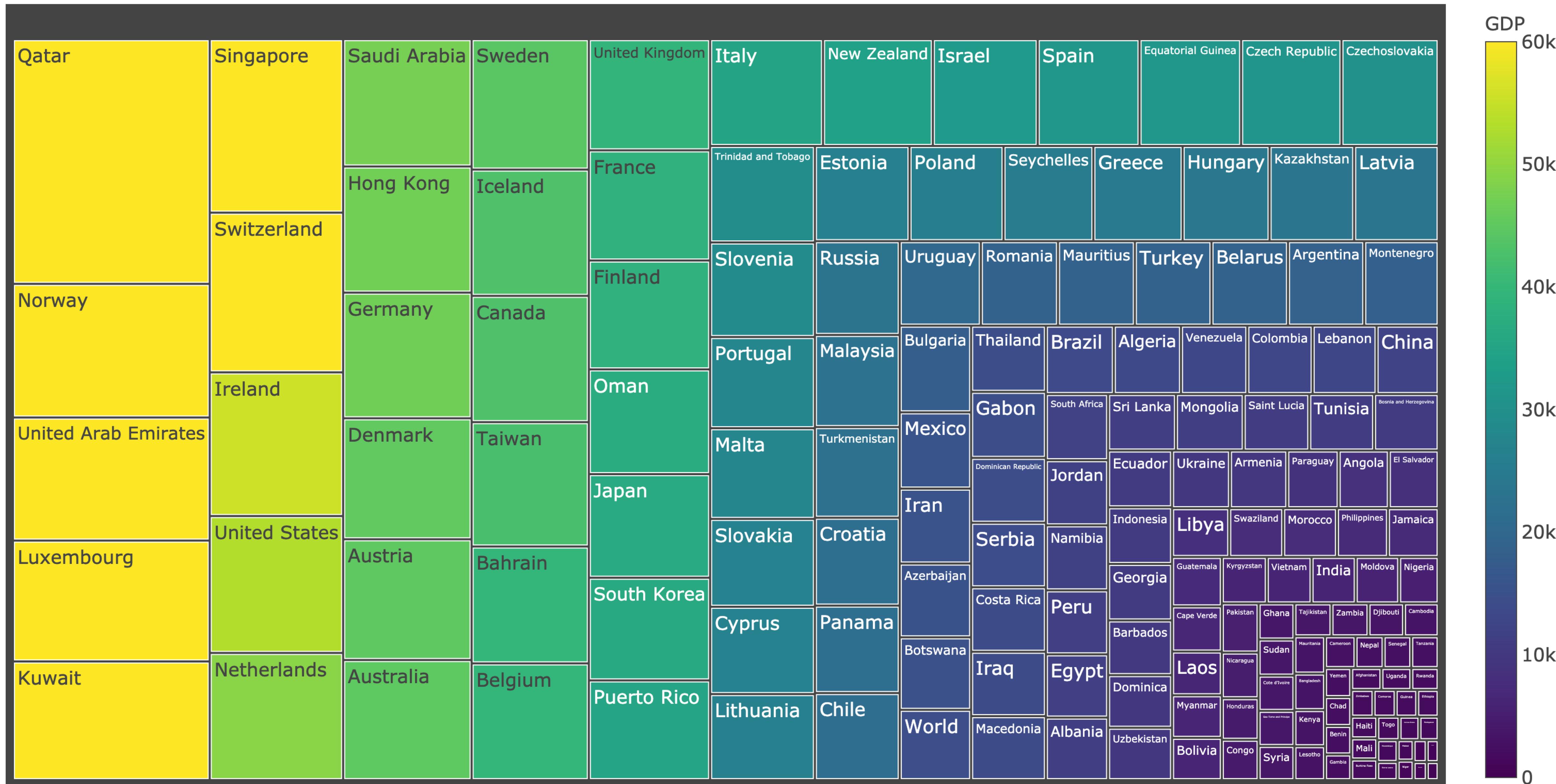
# GDP & GDP PER CAPITA

- Gross domestic product
- Gross domestic product per capita

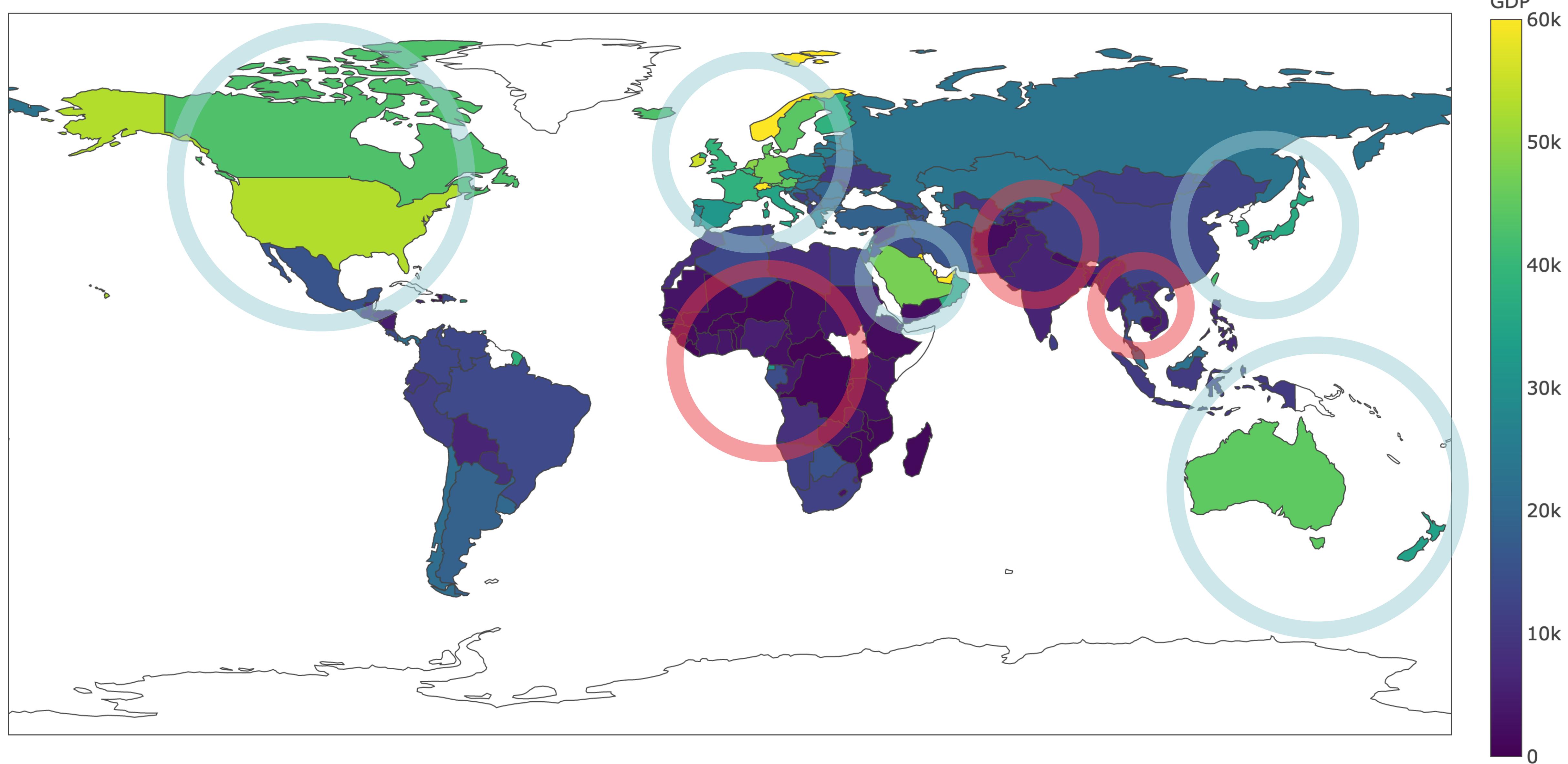
## Countries by GDP



## Countries GDP per capita



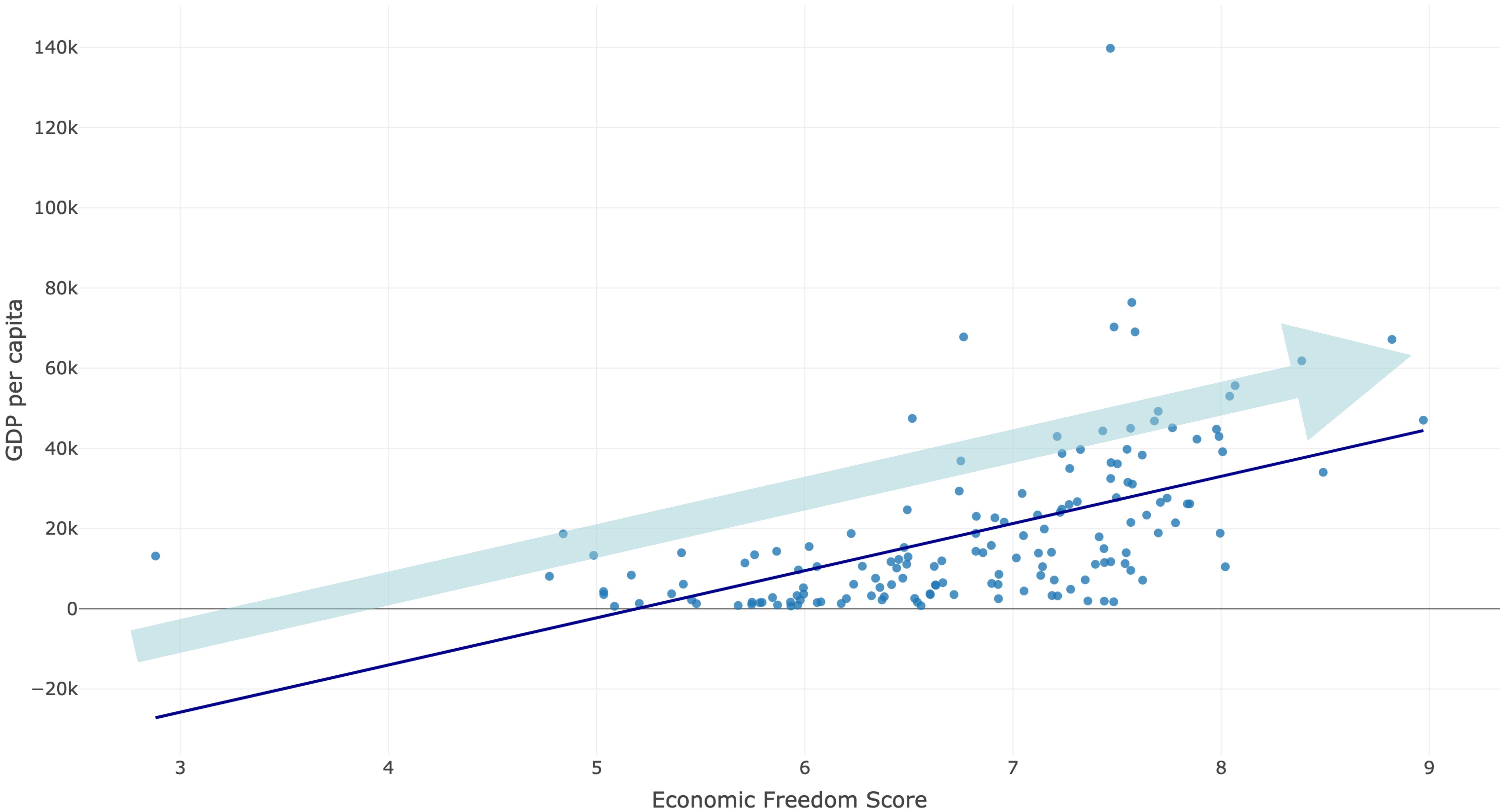
# Countries GDP per capita



# INDEX OF ECONOMIC FREEDOM

- Rule of law
- Government integrity
- Government size
- The higher the number the more economic freedom
- Regression analysis

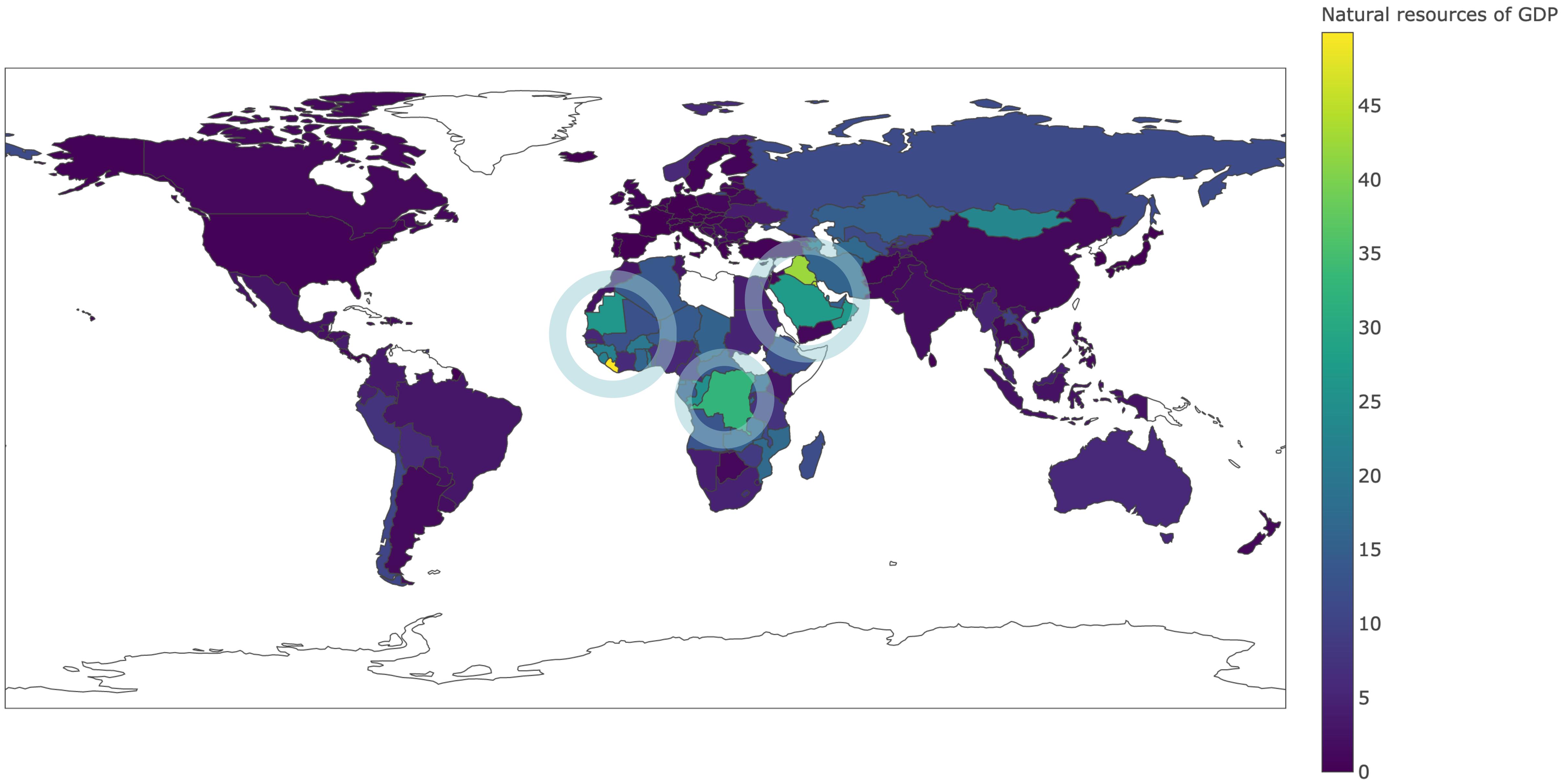
# Economic Freedom Score compared to GDP per capita



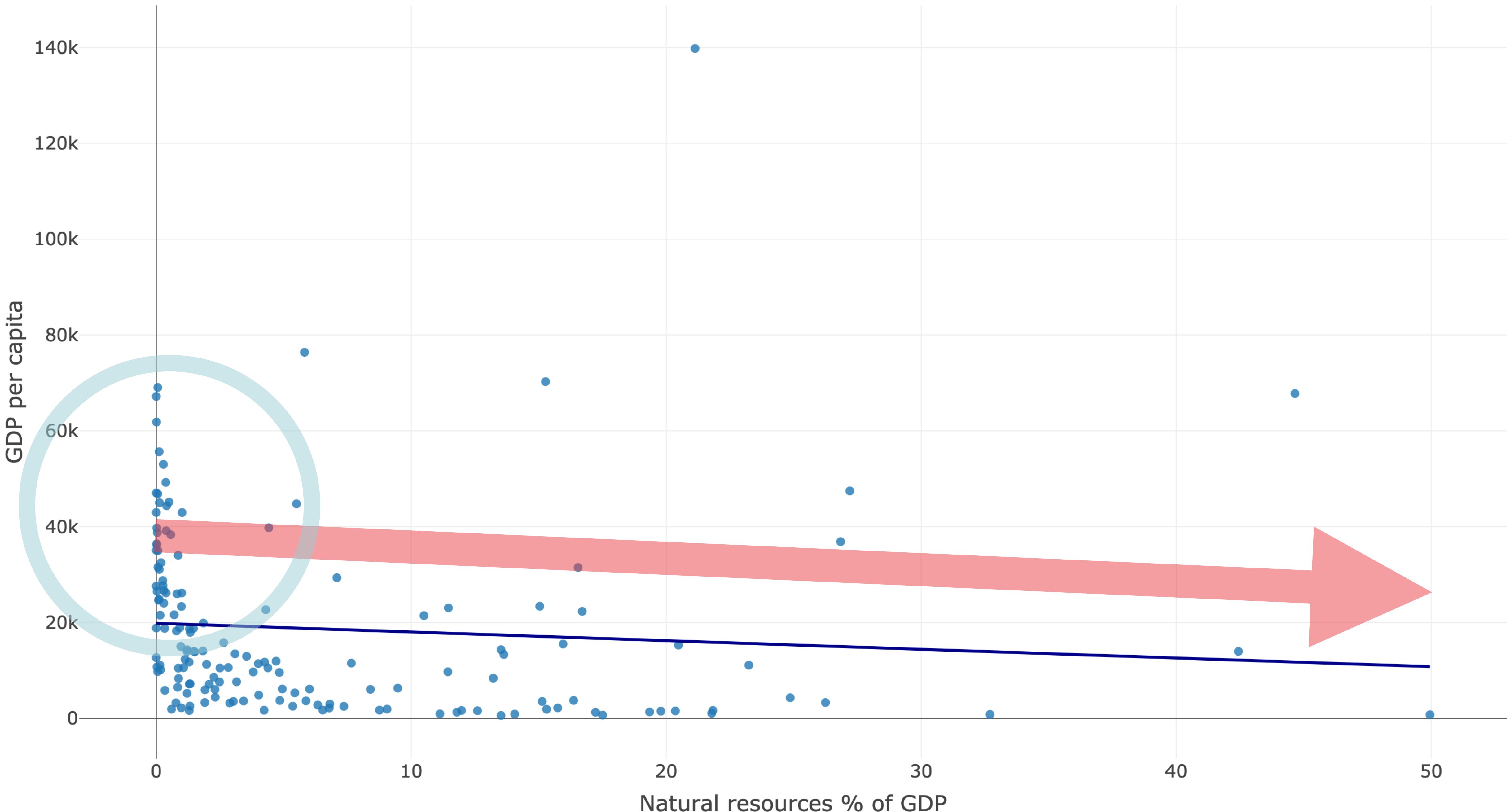
# NATURAL RESOURCES

- Fossil fuels: petroleum, coal, and natural gas
- Rare-earth elements: gold, iron, copper, silver, etc.
- Natural resources % of GDP

# Natural resources % of GDP

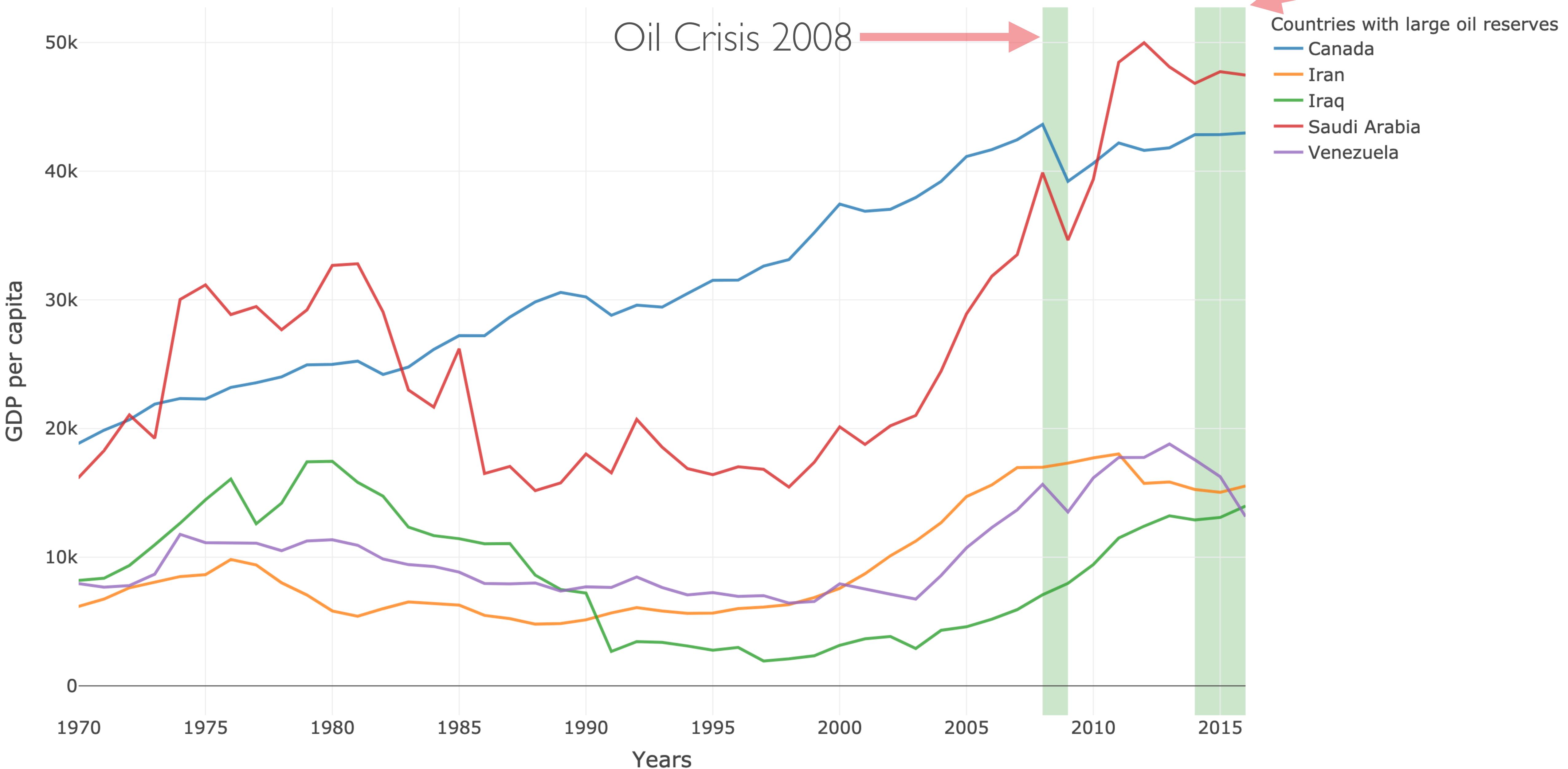


# Natural resources % of GDP compared to GDP per capita



# GDP per capita, 1970 to 2016, Countries with large oil reserves

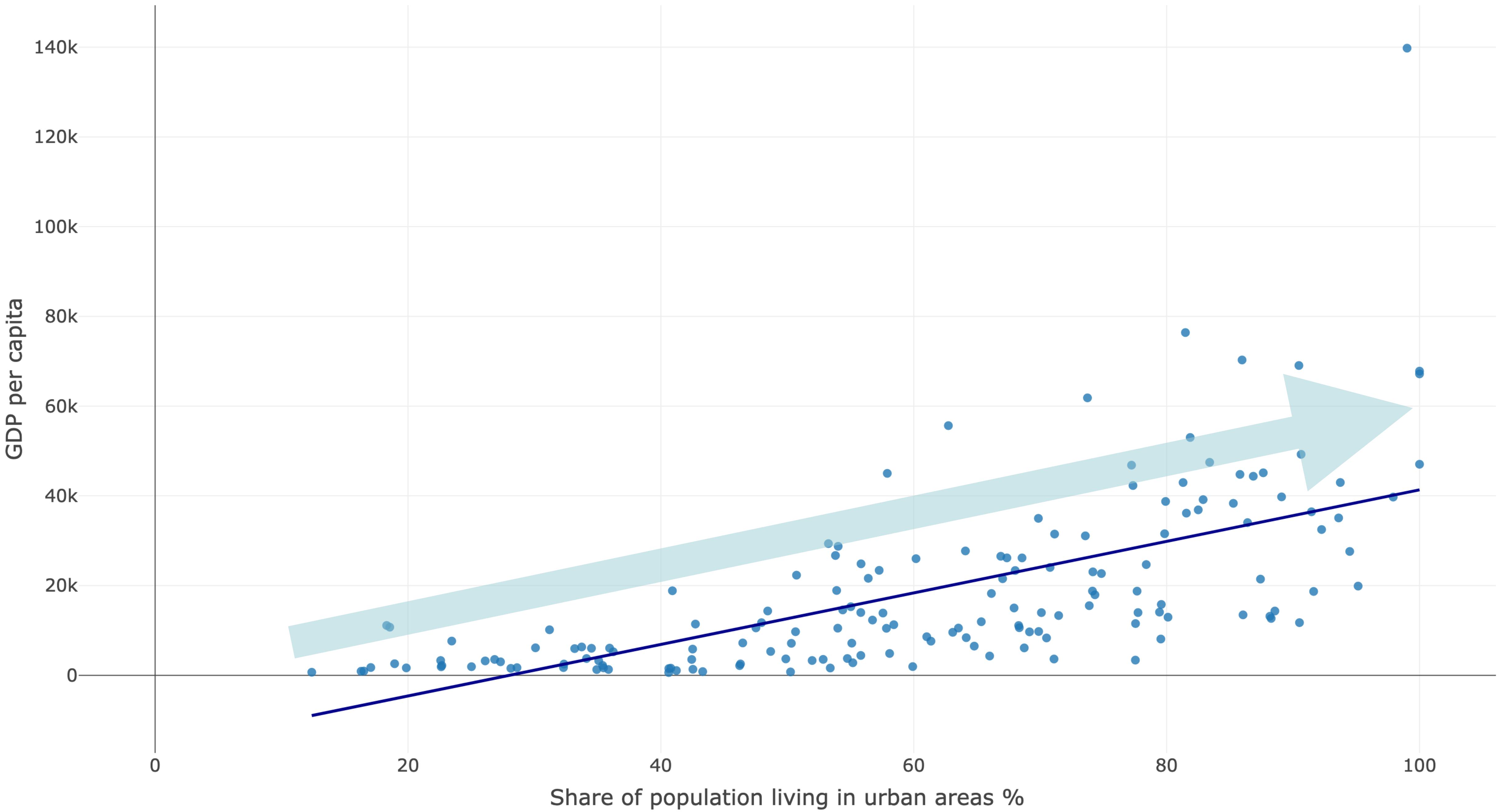
Oil Crisis 2014-2016



# URBANIZATION

- The population shift from rural to urban areas
- What share of the population lives in urban areas
- Share of population living in urban areas %

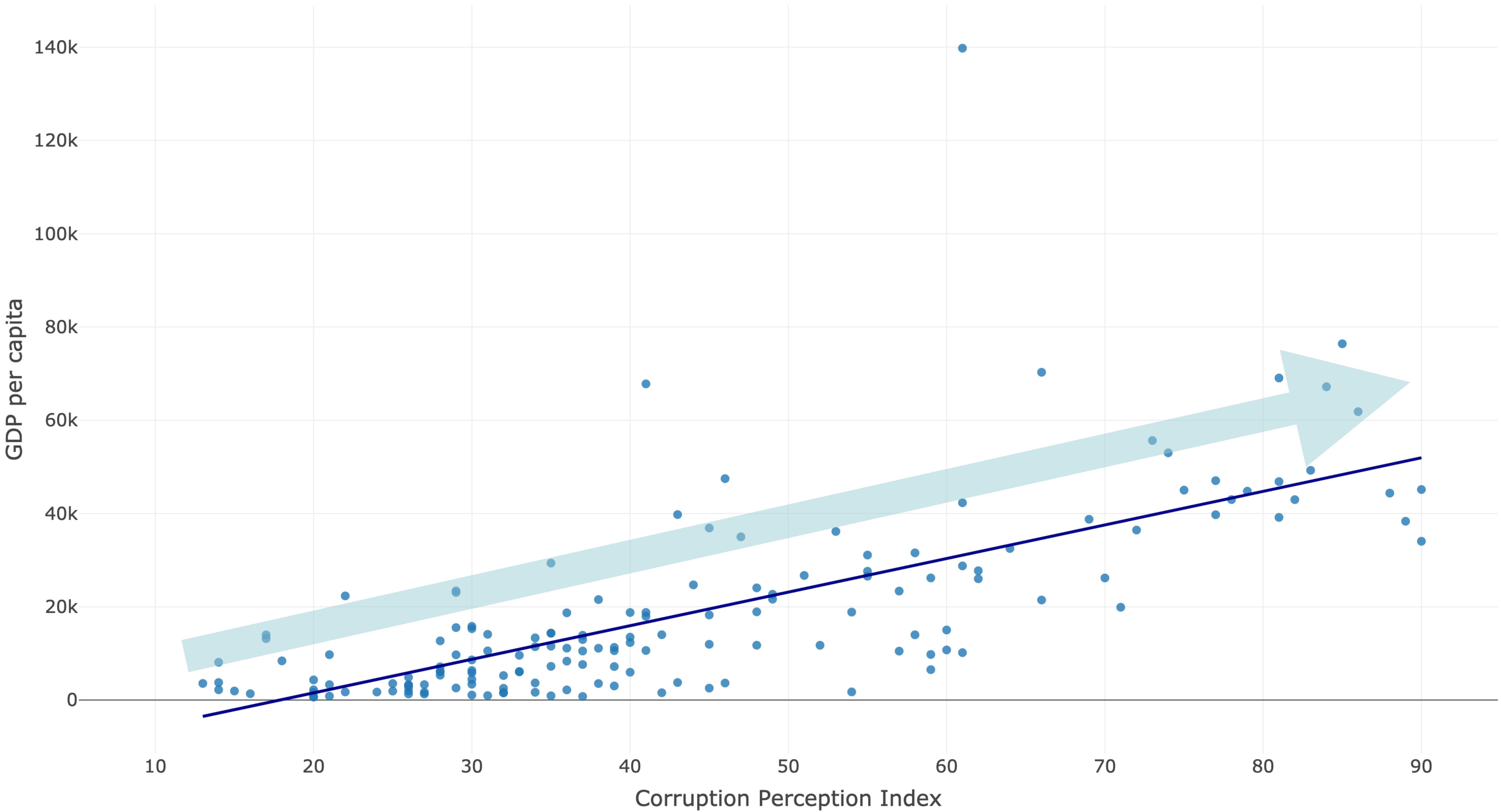
# Urbanization compared to GDP per capita



# CORRUPTION PERCEPTIONS INDEX

- Ranking countries by their perceived levels of corruption
- Score from 1 to 10 where 10 is the least corrupt

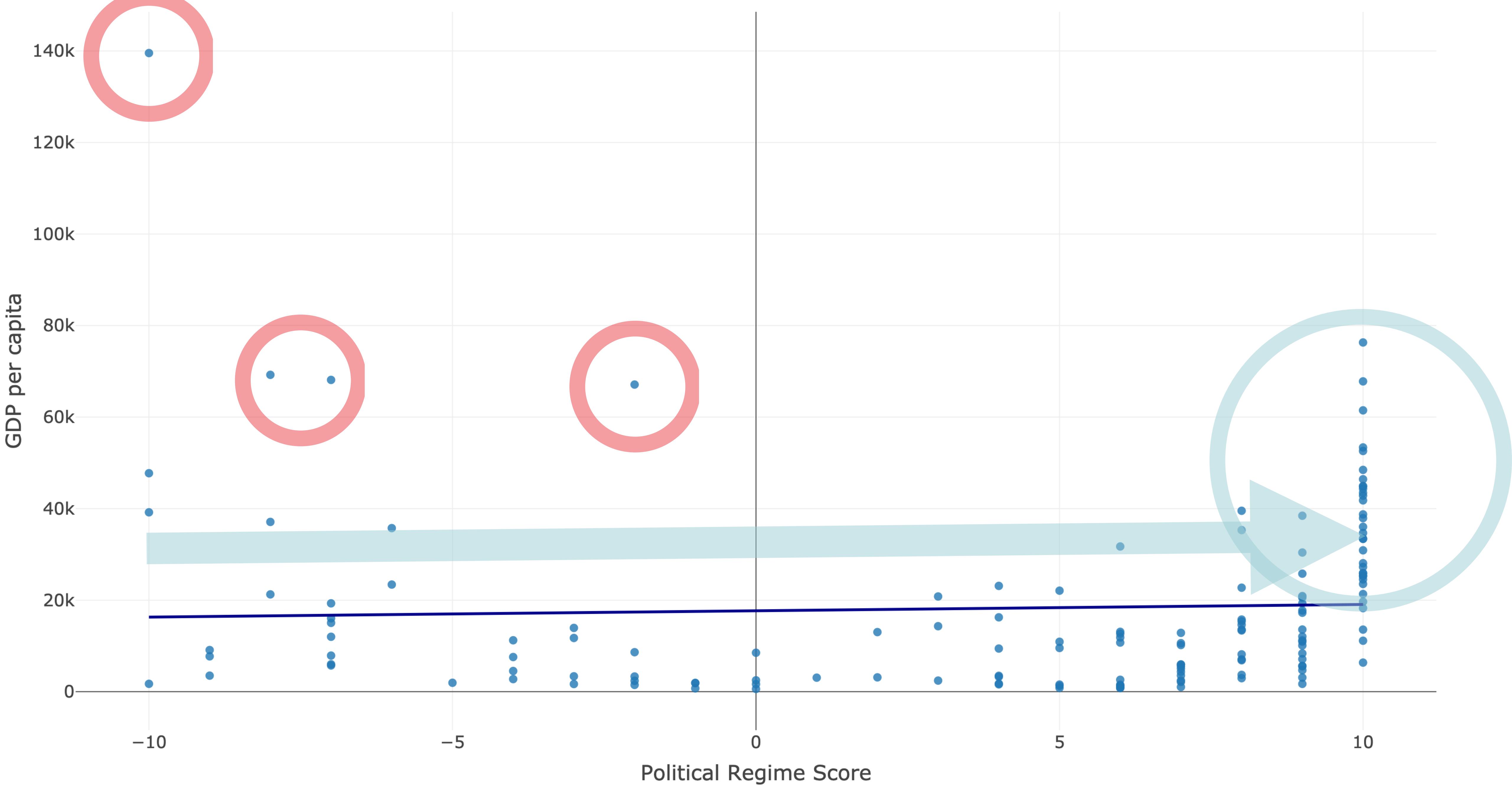
# Corruption Perception Index compared to GDP per capita



# POLITICAL REGIME SCORE

- Ranking countries from autocracy to democracy
- -10 (full autocracy)
- 10 (full democracy)

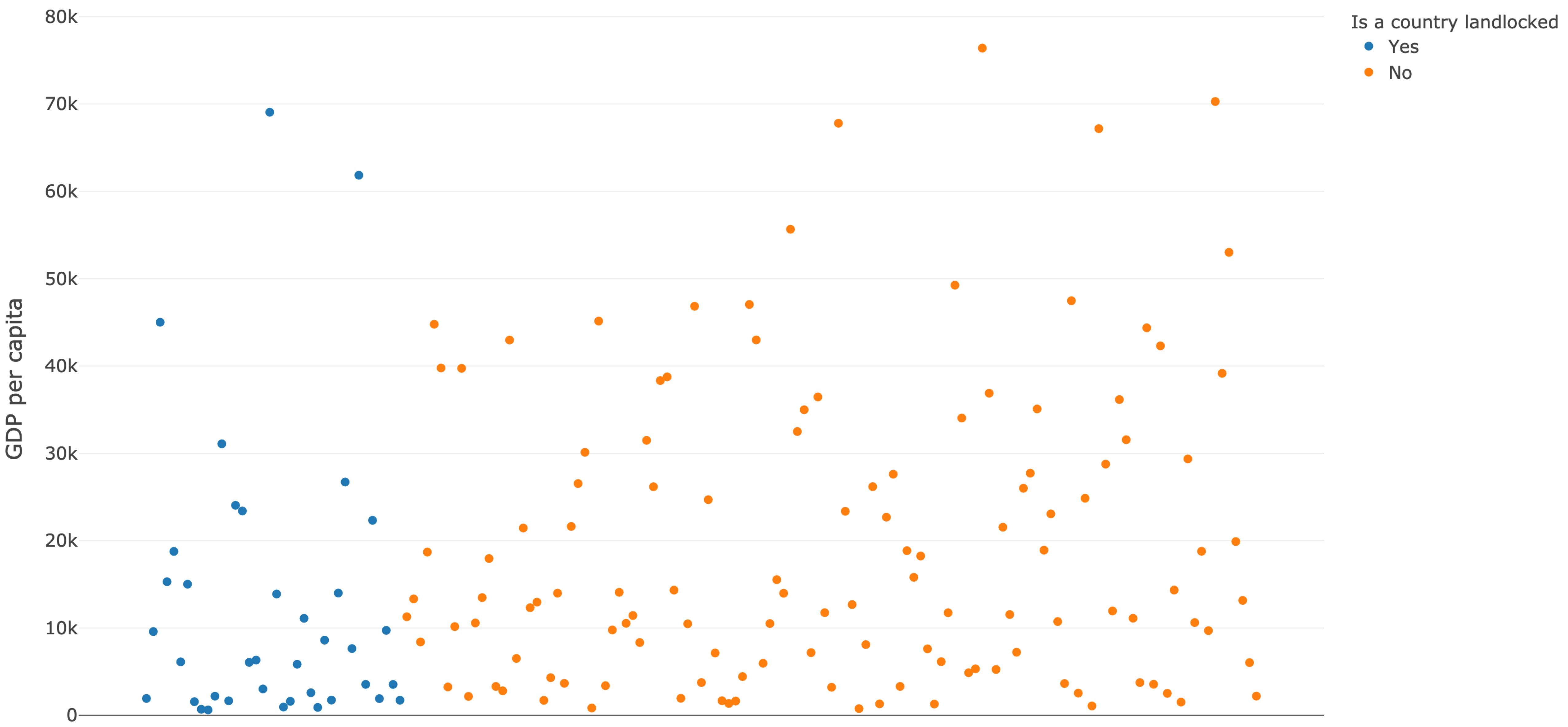
Political Regime compared to GDP per capita



# LANDLOCKED COUNTRIES

- A landlocked country is a country that does not have territory connected to an ocean
- 43 countries are landlocked

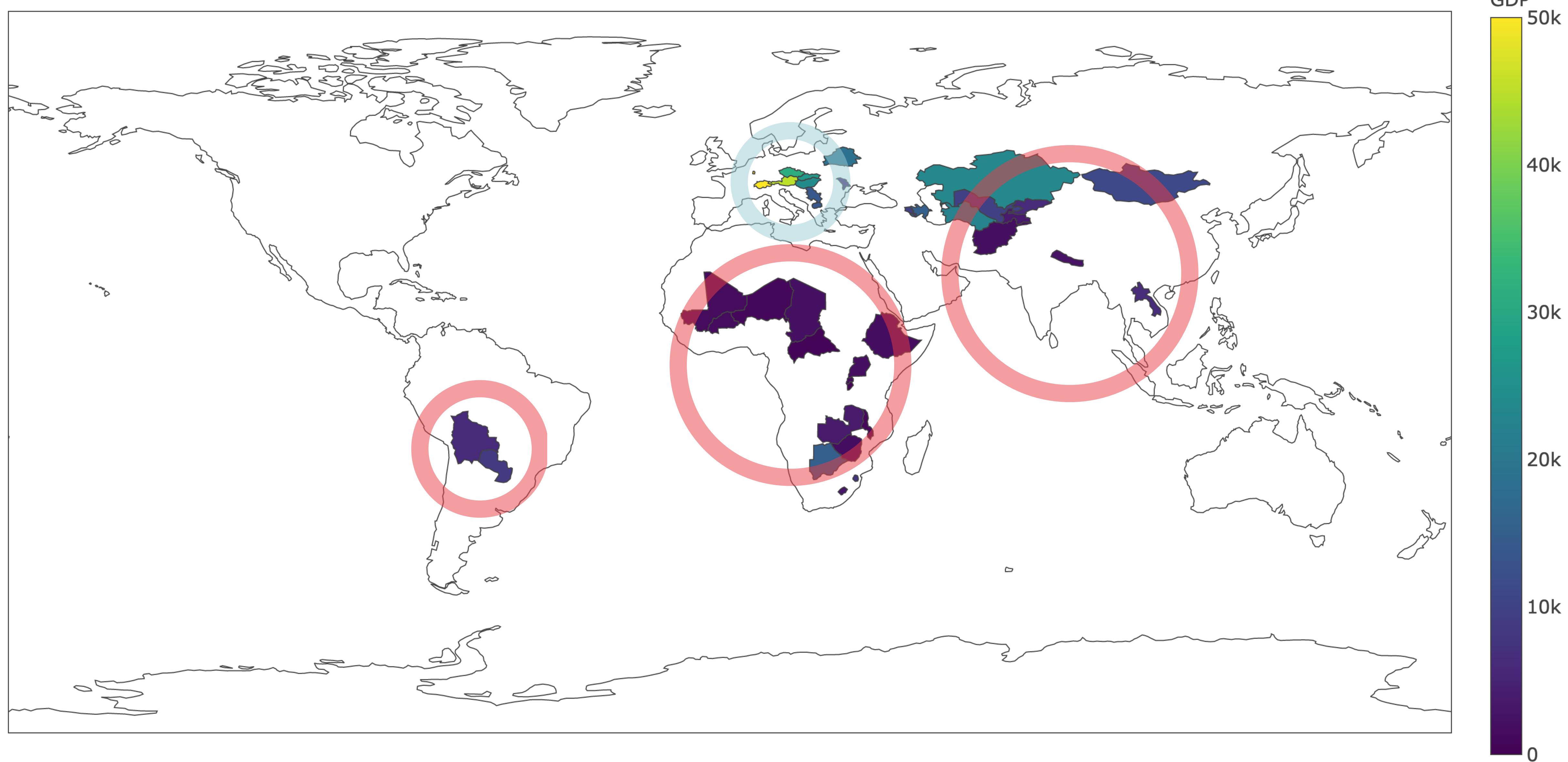
# Landlocked/Coastal Countries GDP per capita



# NULL HYPOTHESIS

- Do landlocked and coastal countries have the same GDP per capita
- Independent ttest
- pvalue = 0.032
- The average (mean) GDP per capita is double for coastal countries compared to landlocked countries

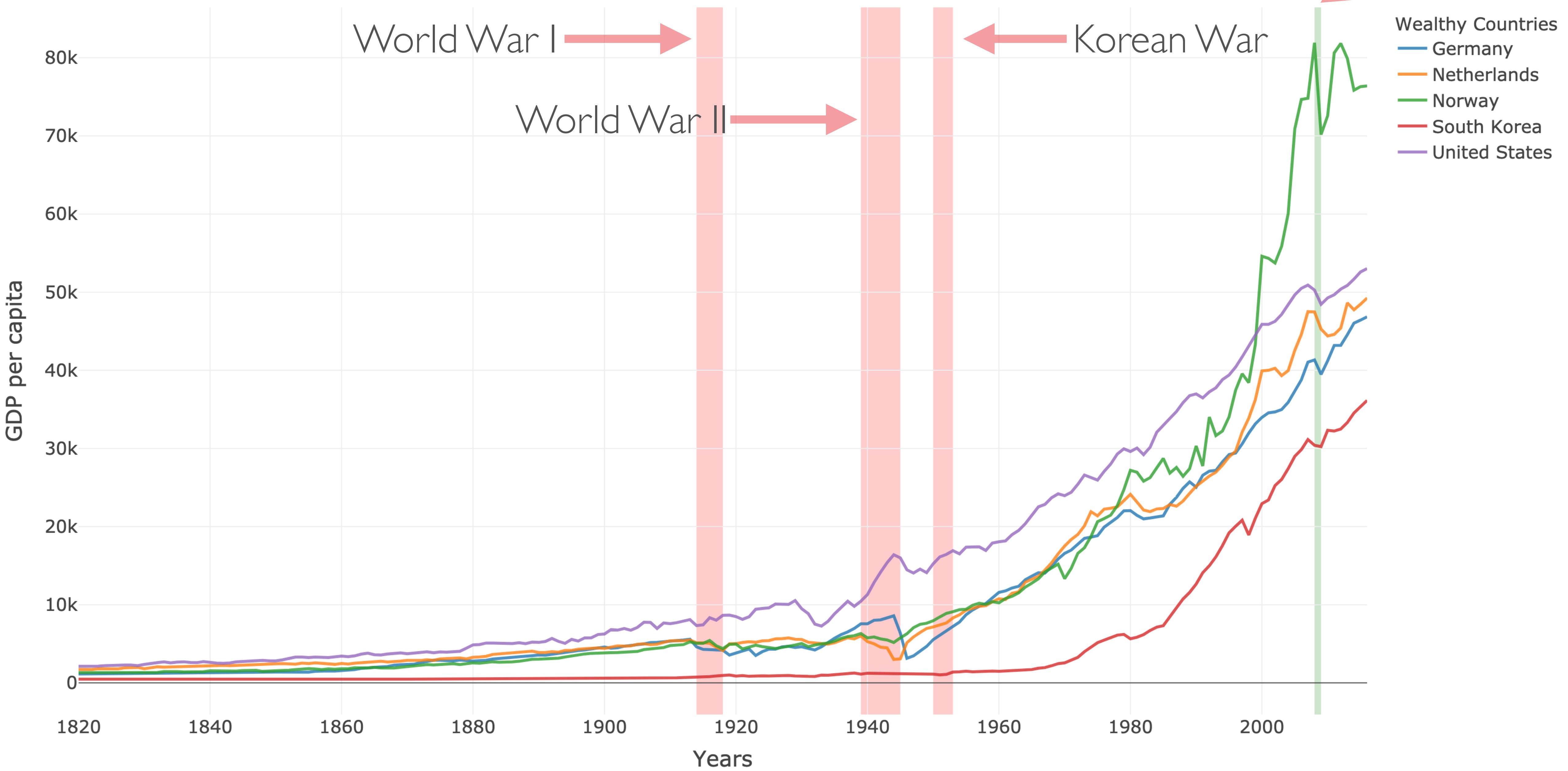
# GDP per capita for Landlocked Countries



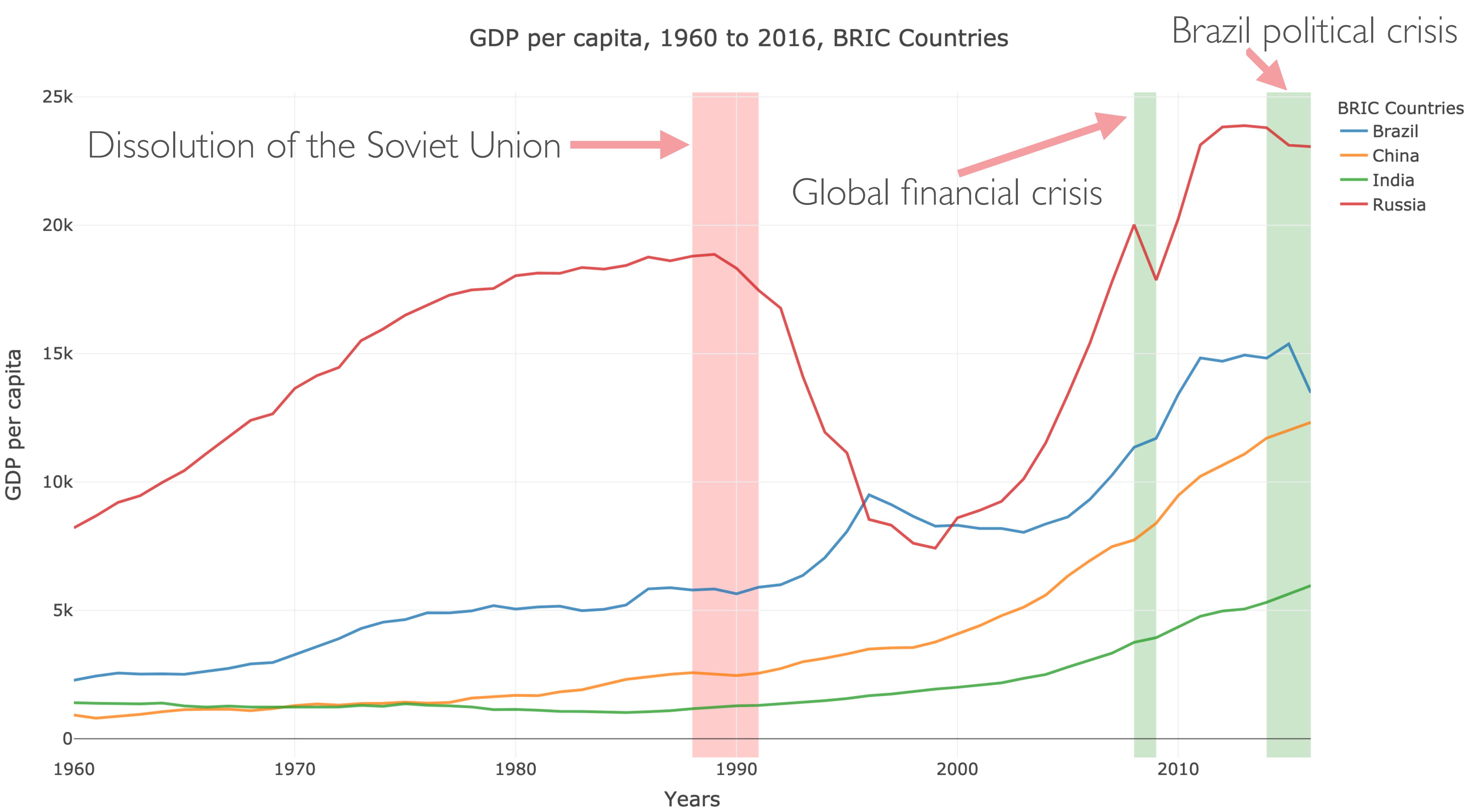
LETS LOOK AT SOME INDIVIDUAL  
COUNTRIES

# GDP per capita, 1820 to 2016, Wealthy Countries

Global financial crisis



# GDP per capita, 1960 to 2016, BRIC Countries



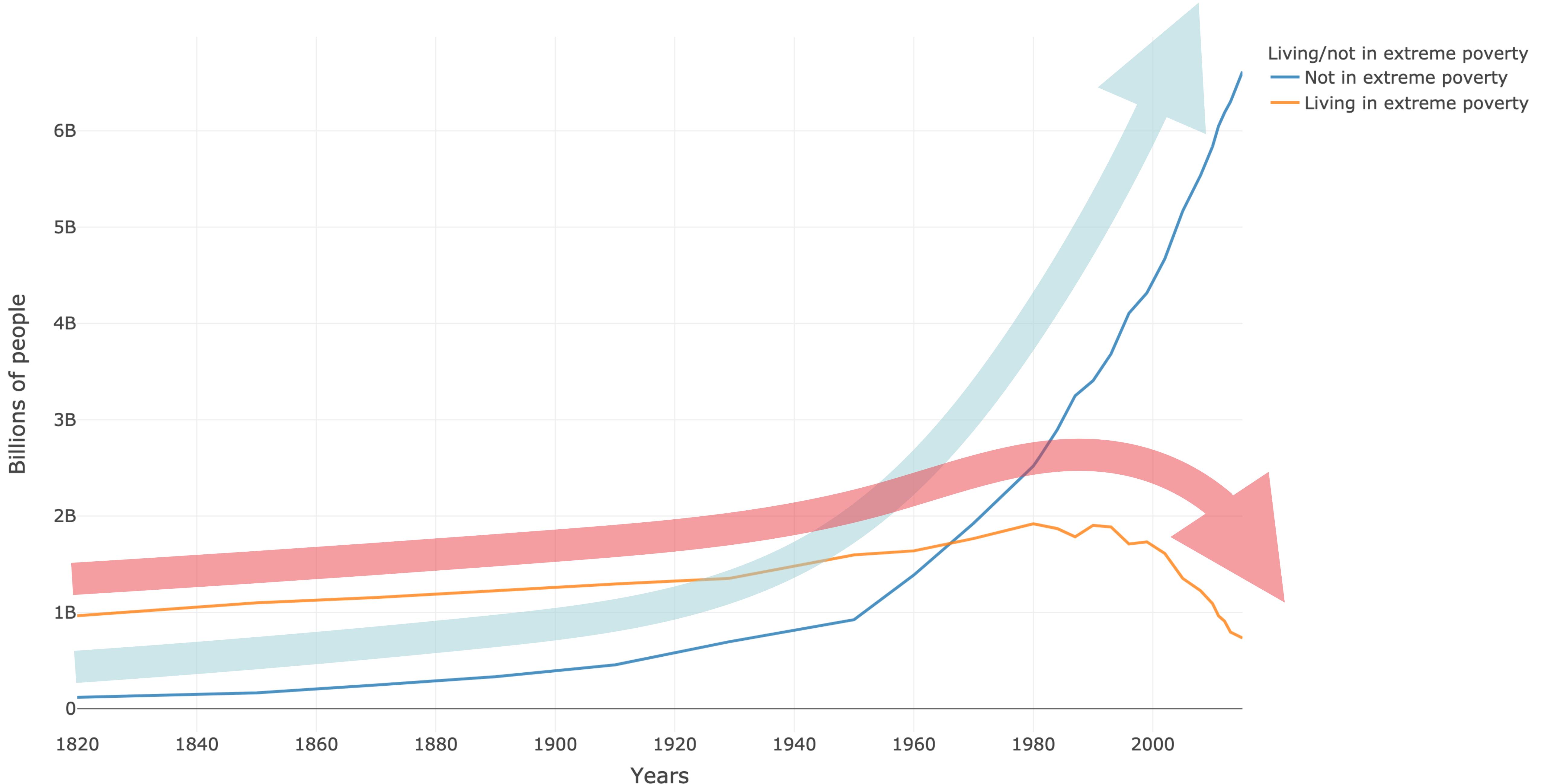
# CONCLUSION

- A country should have a free economy so that it can benefit from its greatest asset: its own population
- When a country has a lot of natural resources it should have a stable government that uses this advantage for long term prosperity
- A modern society should have a great infrastructure that gives people the possibility to work in the urban areas
- Every successful country needs strong institutions and a stable government
- A free democracy is a great advantage for economical success
- When a country is not connected to an ocean it should try to create stability in its local region

# EXTREME POVERTY

- International poverty line (UN) is \$1.90 per day (2015)
- What % of the world lives in extreme poverty (2015)?
- 10%
- Predictions are that we reach 0% between 2030-2035
- That means your children will hear you talk about this in the same way that your parents used to talk about black and white television

# Number of people living in extreme poverty, 1820 to 2015





THANK YOU FOR YOUR TIME

SOME QUESTIONS?