Comparing the Wealth of Nations

By: Lisa Chu
Comparing the Wealth of Nations

- Think back to the indicators that we learned about earlier.
  - GDP & HDI

- Why is it important for governments and organizations to know which nations are rich and which nations are poor?
What factors are looked at when ranking nations economically?

1. Natural Resources
2. Infrastructure
3. Productivity
Natural Resources

- Resources that are made by nature and not by humans.
- These can be used to create goods and services.
- Countries with abundant natural resources may be able to create a healthy economy.
Infrastructure

- The basic structures, systems, and facilities needed for a nation to function properly.
Productivity

- The amount of goods and services we produce with the resources we have.

- Resources for producing:
  - Factories, machines, computers, etc.

- Note: higher productivity = more wealth
Economic Rank

- Nations are ranked and divided into three categories:

  1. Developed
  2. Developing
  3. Least Developed
Developed

- Healthy economy
- High standard of living
- Abundant natural resources
- Working infrastructure
Australia

- High GDP and low rate of poverty
- Tenth highest life expectancy - 82.07 years
- Department of Infrastructure and Transportation
  - Annual Reports
- Natural resources
  - Australia is the world's largest net exporter of coal accounting for 29% of global coal exports
Developing

- Low to middle standard of living
- Semi-developed infrastructure
- Rate of population growth is faster than developed nations
- Basic manufacturing exports
- Average level of productivity
Brazil

- Largest national economy in Latin America, but received an IMF rescue package in 2002
- Life expectancy is 73.4 years
- Large and diverse transport network
  - Primarily roads
- Natural resources
  - bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, rare earth elements, uranium, petroleum, hydropower, timber
Least Developed
- Lowest standard of living
- Very little infrastructure
- Trade reliant on raw materials
- Very low level of productivity
Ethiopia

- GDP per capita is one of the lowest in the world
  - Low agricultural productivity and plagued by droughts

- Life expectancy for men is 56 years old and the expectancy for women is 60 years old

- As of 2002 Ethiopia has a total of 20689 miles of roads, both paved and gravel

- Natural resources
  - small reserves of gold, platinum, copper, potash, natural gas, hydropower
Top ten developed (GDP)

1. Monaco
2. Liechtenstein
3. Luxembourg
4. Norway
5. Qatar/Bermuda
6. Switzerland
7. Australia/Macau
8. San Marino
9. Denmark/Cayman Islands
10. Sweden
Ten least developed (GDP)

1. Somalia
2. Democratic Republic of the Congo
3. Burundi
4. Liberia
5. Ethiopia
6. Malawi
7. Niger
8. Madagascar
9. Eritrea
10. Sierra Leone
How do countries of different economic ranks work together?

1. Outsourcing
2. International trade
3. Social responsibility
Outsourcing

- What is outsourcing?
  - Where companies export portions of their labor (i.e. manufacturing of goods) to other countries in order to lower production costs.

- What are the effects of outsourcing?
  - For the developed countries?
  - For the developing & least developed countries?
International Trade

- World Trade Organization (WTO): the only international organization dealing with the global rules of trade between nations.
  - Ensures that trade flows as smoothly as possible.
What does international trade do for countries?

- Raise living standards
- Stimulate economic growth & employment
- Support the environment and health
- Reduce trade tensions
- Help countries develop
- Leads to greater cultural exchanges
Social Responsibility

- What is exploitation?
- Labor exploitation
  - Work obtained from a person under threat
  - The person has not offered themselves voluntarily
- Bangladesh clothing factory fire
Assorted Questions

- Do you think the developed nations have a moral obligation to help developing nations?
  - If not, what role do you think developed nations should play in developing nations?

- Do you think in 2050 the list of developing nations will diminish?
  - Will the wealth be redistributed?