

The Economics of Income: The Rich Nations Mystery

Why are some countries very wealthy and others so poor?
In this lesson you will learn about the factors that contribute
to a nation's economic success.

How Much Do You Know?

- Take this Kahoot! To measure your familiarity with the basics of economic development and growth
- Click [here](#)

Important Terms: The Vocabulary of Development and Growth

- **GDP** – The dollar value of all final goods and services produced within a country in one year. Not to be confused with national income, or how much all workers in a country earn.
- **GDP per capita** – GDP divided by population. This is a measure of how much the average person in a country produces, not how much they earn. It is considered a good way to measure standard of living in a country.
- **Standard of living** – this is often thought of as quality of life in a country. It includes things like measurable things like wealth, amount of material goods, and availability of services like health care and education as well as more difficult to qualify ideas like freedom, safety, and stability.
- **Productivity** – this is best described as the relationship of outputs to inputs. When discussing labor productivity, this measures how much the average worker can produce. Economic growth is closely tied to improving worker productivity.

Important Terms: The Vocabulary of Development and Growth

- **Human capital** – this term describes the economic value of a worker and his or her skills. It encompasses things like health, education, training, and experience. Generally, the higher the level of human capital, the more productive the worker is.
- **Physical capital** – this a term used to describe the machines used to produce goods such as industrial machinery, computers, transportation equipment, etc. The amount of physical capital available in a country is closely tied to its ability to grow economically.
- **Natural resources** – One of the four factors of production, natural resources are considered to be anything non-manmade in a country that aids in the production of goods and services or economic activity. This can include things like minerals, forests, or fisheries as well as things like arable land, natural ports, or potential for hydroelectric power.

Rich Nations Mystery

Congratulations!

- It has just been announced that all the students in your school are going to be offered the chance to participate in an international exchange program to one of six countries. Your family will travel with you and all of you will have to live, work, and study in your chosen country for a period of two years. You will be given the chance to do some research about your potential destination. Try to select a country or region that you think will give you the best quality of life, educational experience, and work opportunities. Look over these selections and make your choice.

Instructions

Each group will be assigned one of six possible countries. You will then use the resources below to try and find specific information about each country:

- The World Factbook: These websites provide information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for countries across the globe as well as helpful charts and graphs.
- www.cia.gov/library/publications/the-world-factbook/index.html
- <http://www.worldbank.org/>
- <https://www.nationmaster.com/>

Put all your information on the large poster board/piece of paper.

UKRAINE – NORTH KOREA – CHINA – HONG KONG – SWITZERLAND – SOUTH KOREA

Information Chart

For the country that has been assigned to you, try to find the following information using the sources provided to you in the previous slide. **In addition, contribute three categories and statistics that you determine on your own. Try and choose something that will help to explain the economic and/or quality of life conditions in that country.**

- GDP
- GDP per Capita
- Literacy
- Life Expectancy
- Education expenditures
- Infant Mortality Rate
- Industrial Production Growth Rate (the annual percentage increase in industrial production - includes manufacturing, mining, and construction)
- Unemployment
- Population % Below Poverty Line
- Health Expenditures
- GDP Growth Rate

Analyzing the data

When every group is done, look at all of the data collected by the groups and answer the following question:

1. Rank the countries from 1-6 in order of “Country I Would Most Like to Live In” to “Country I Would Least Like to Live In”
 - Give four reasons explaining your choice for most preferred country
 - Give four reasons explaining your choice for least preferred country
2. Based on the data displayed, give three factors that seem to contribute to a country’s economic success.
3. Based on the data displayed, give three factors that seem to contribute to a country’s economic struggles

Analyzing the data

When every group is done, look at all of the data collected by the groups and answer the following question:

4. For the country you did research on, identify three areas where your country might choose to make changes to improve their economy.
5. How does economic success translate to standard of living?
 - Provide 3-5 examples from the data to support your argument.
6. How do GDP and Per Capita GDP differ? To what degree do you think they are important in measuring the economic success of a country?

Country A: Ukraine

- **GDP:** \$ \$369.6 billion (PPP)
- **GDP per capita:** \$8,800
- **Population:** 43,952,299
- **Area:** 603,550 sq km
- **Natural Resources:** iron ore, coal, manganese, natural gas, oil, salt, sulfur, graphite, titanium, magnesium, kaolin, nickel, mercury, timber, arable land.
- **Literacy:** 99.8%
- **Life Expectancy:** 72.4 years
- **Education expenditures:** 5.9% of GDP
- **Infant Mortality Rate:** 7.7 deaths/1,000 live births
- **Industrial Production Growth Rate** (the annual percentage increase in industrial production - includes manufacturing, mining, and construction): 3.1%
- **Unemployment:** 9.2%
- **Population % Below Poverty Line:** 3.8%
- **Health Expenditures:** 7.1% of GDP
- **GDP Growth Rate:** 2.5%

Country B: North Korea

- **GDP:** \$ \$28 billion
- **GDP per capita:** \$1,700
- **Population:** 43,952,299
- **Area:** 603,550 sq km
- **Natural Resources:** iron ore, coal, manganese, natural gas, oil, salt, sulfur, graphite, titanium, magnesium, kaolin, nickel, mercury, timber, arable land.
- **Literacy:** 99.8%
- **Life Expectancy:** 72.4 years
- **Education expenditures:** 5.9% of GDP
- **Infant Mortality Rate:** 7.7 deaths/1,000 live births
- **Industrial Production Growth Rate** (the annual percentage increase in industrial production - includes manufacturing, mining, and construction): 3.1%
- **Unemployment:** 9.2%
- **Population % Below Poverty Line:** 3.8%
- **Health Expenditures:** 7.1% of GDP
- **GDP Growth Rate:** 2.5%

Country C: China

- GDP: \$ 23.21 trillion
- GDP per capita: \$ \$16,700
- Population: 1,384,688,986
- Area: 9,596,960 sq km sq km
- **Natural Resources:** coal, iron ore, petroleum, natural gas, mercury, tin, tungsten, antimony, manganese, molybdenum, vanadium, magnetite, aluminum, lead, zinc, rare earth elements, uranium, hydropower potential (world's largest), arable land
- Literacy: 96.4%
- Life Expectancy: 75.8 years
- Education expenditures: NA
- Infant Mortality Rate: 11.8 deaths/1,000 live births
- Industrial Production Growth Rate (the annual percentage increase in industrial production - includes manufacturing, mining, and construction): 6.1%
- Unemployment: 3.9%
- Population % Below Poverty Line: 3.3%
- Health Expenditures: 5.5% of GDP
- GDP Growth Rate: 6.9%

Country D: Hong Kong

- GDP: \$ 455.9 billion
- GDP per capita: \$61,500
- Population: 7,213,338
- Area: 1,108 sq km sq km
- Natural Resources: outstanding deepwater harbor, feldspar.
- Literacy: 96.4%
- Life Expectancy: 83.1 years
- Education expenditures: 3.3% of GDP
- Infant Mortality Rate: 2.7 deaths/1,000 live births
- Industrial Production Growth Rate (the annual percentage increase in industrial production - includes manufacturing, mining, and construction): 1.7%
- Unemployment: 3.1%
- Population % Below Poverty Line: 19.9%
- Health Expenditures: NA
- GDP Growth Rate: 3.8%

Country E: Switzerland

- GDP: \$ 523.1 billion
- GDP per capita: \$62,100
- Population: 8,292,809
- Area: 41,277 sq km
- Natural Resources: hydropower potential, timber, salt.
- Literacy: 99%
- Life Expectancy: 82.7 years
- Education expenditures: 5.1% of GDP
- Infant Mortality Rate: 3.6 deaths/1,000 live births
- Industrial Production Growth Rate (the annual percentage increase in industrial production - includes manufacturing, mining, and construction): 4.6%
- Unemployment: 3.7%
- Population % Below Poverty Line: 14.4%
- Health Expenditures: 11.7% of GDP
- GDP Growth Rate: 3.1%

Country F: South Korea

- GDP: \$ 1.54 trillion
- GDP per capita: \$39,500
- Population: 51,418,097
- Area: 99,720 sq km
- **Natural Resources:** coal, tungsten, graphite, molybdenum, lead, hydropower potential.
- **Literacy:** 99%
- **Life Expectancy:** 82.5 year
- **Education expenditures:** 5.1% of GDP
- **Infant Mortality Rate:** 3 deaths/1,000 live births
- **Industrial Production Growth Rate** (the annual percentage increase in industrial production - includes manufacturing, mining, and construction): 3.4%
- **Unemployment:** 3.2%
- **Population % Below Poverty Line:** 6.6%
- **Health Expenditures:** 7.4% of GDP
- **GDP Growth Rate:** 1.7%