4.1 Student Handout (Why Are Some Nations Richer than Others?)

Name:_____ Period:_____

DETERMINANTS OF A NATION'S WEALTH AND PROSPERITY

DETERMINANTS

Efficacy of Institutions

(governments, rule of law, property rights, and financial systems)

Hint: Think back to what you learned about the tragedy of the commons and other market failures.

Efficacy of Economic Policies

(monetary and fiscal policies)

Hint: Recall the chain reactions set off by fiscal and monetary policy.

Human Capital

(residents' level of education, training, experience)

Hint: Reflect on the PPF and the relationship between GDP per capita and quality of life.

Physical Capital

(broadband internet, machinery, buildings, transportation networks, etc.)

Hint: Recollect the PPF and what you know about firms.

Innovation and Technology

(government support for research and entrepreneurship)

Hint: Remember what you've learned about the PPF.

Global Trade and Integration

(international trade partners; willingness and ability to import and export products)