



Harry's Take

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A Brief Look at Affluence and Innovation Around the World

There are big differences in incomes in the developed world vs. the emerging world. In this article, I focus on the top 10% and 1% in incomes to measure prosperity, which is affected most by education and innovation. The top 10% in annual income represents the best of the professional and managerial sectors and how well they do. The top 1% is particularly good for signaling innovation from the smaller percentage of people who start new businesses that become substantial (i.e., those who more often create through radical innovation).

Measure of Affluence by Country: Income Levels, Top 10% and 1%

	Annual Income for Top 10%	Annual Income for Top 1%	Inequality/Innovation
The United Arab Emirates (UAE)	\$ 223,955	\$ 689,468	3.08
Singapore	\$ 193,352	\$ 627,111	3.24
The United States	\$ 138,475	\$ 506,752	3.66
Canada	\$ 107,026	\$ 268,197	2.51
Australia	\$ 103,376	\$ 219,931	2.13
Germany	\$ 100,996	\$ 327,069	3.24
France	\$ 92,016	\$ 251,865	2.74
Japan	\$ 89,643	\$ 240,301	2.68
The United Kingdom	\$ 84,900	\$ 255,019	3.00
Korea	\$ 79,531	\$ 234,887	2.95
Italy	\$ 78,923	\$ 207,748	2.63
Mexico	\$ 51,709	\$ 187,917	3.63
Russian Federation	\$ 44,195	\$ 174,753	3.95
China	\$ 44,182	\$ 121,168	2.74
Egypt	\$ 39,906	\$ 152,424	3.82
Brazil	\$ 34,751	\$ 150,658	4.34
Indonesia	\$ 30,544	\$ 113,939	3.73
Philippines	\$ 26,512	\$ 102,436	3.86
Nigeria	\$ 23,638	\$ 87,331	3.69
Pakistan	\$ 16,058	\$ 70,024	4.36
India	\$ 14,077	\$ 93,917	6.67

Source: <https://www.yahoo.com/now/much-earn-rich-23-major-230038280.html>

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I rank them by the top 10% of incomes in the first column. This is not the average income, which would be higher. It's the entry level of income to get into this class of affluence. The top two are more what I call city-states, U.A.E. at \$223,955 and Singapore at \$193,352, for that top 10%. These two countries are extremely urban (Singapore at 100%), and that's important, as rural households always skew lower in income on average. The top large population and broader country is not surprisingly: the U.S. at \$138,475. That is 29% higher than its neighbor Canada and about 50% higher than other developed-country competitors.

But what the three top countries most demonstrate is very high income levels in the top 1% (the real innovators)—from \$506,752 to \$689,468. Here, the U.S. is at number one, at a ratio of 3.66 of the top 1% to 10% entry-level incomes (signifying higher innovation levels), in the third column. Singapore and Germany are tied for second here, at 3.24, followed by U.A.E at 3.08 and the U.K. at 3.00. This totally resonates with what I would have estimated are the top 5 most-innovative countries.

In the bottom half of the chart are emerging countries. Here, incomes for the top 10% are much lower and range from \$14,077 in India to \$51,709 in Mexico. But for those countries, I consider a high ratio of top 1% to 10% incomes to be a sign of less-effective infrastructures and ease of rising affluence for the broader public—hence, a negative. Poorer countries always have a higher ratio of rich to poor that holds them back at first. Here, China has the lowest ratio at 2.74 and India has the highest at 6.67. China has 3.1 times the incomes of the top 10% as India, and that explains why China is the large-population country that has stolen the show in the emerging world thus far, instead of India.

I see that shifting the other way in the decades ahead... but that's a whole other topic.

Harry

Got a question or comment? You can reach us at info@hsdent.com.