

Are the Wealthiest Countries the Smartest Countries?

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It's not just how free the market is. Some economists are looking at another factor that determines how much a country's economy flourishes: how smart its people are. For a study published in an upcoming issue of *Psychological Science*, a journal of the Association for Psychological Science, researchers analyzed test scores from 90 countries and found that the intelligence of the people, particularly the smartest 5 percent, made a big contribution to the strength of their economies.

In the last 50 years or so, economists have started taking an interest in the value of human capital. That means all of the qualities of the people who make up the workforce. Heiner Rindermann, of the Chemnitz University of Technology, wanted to look more closely at human capital, and particularly the factor that psychologists call cognitive ability. "In other words, it's the ability of a person to solve a problem in the most efficient way—not with violence, but by thinking," Rindermann says. He wrote the new study with James Thompson of University College London.

The researchers collected information on 90 countries, including far-off lands from the U.S. to New Zealand and Colombia to Kazakhstan. They also collected data on the country's excellence in science and technology—the number of patents granted per person and how many Nobel Prizes the country's people had won in science, for example.

They found that intelligence made a difference in gross domestic product. For each one-point increase in a country's average IQ, the per capita GDP was \$229 higher. It made an even bigger difference if the smartest 5 percent of the population got smarter; for every additional IQ point in that group, a country's per capita GDP was \$468 higher.

"Within a society, the level of the most intelligent people is important for economic productivity," Rindermann says. He thinks that's because "they are relevant for technological progress, for innovation, for leading a nation, for leading organizations, as entrepreneurs, and so on." Since Adam Smith, many economists have assumed that the main thing you need for a strong economy is a government that stays out of the way. "I think in the modern economy, human capital and cognitive ability are more important than economic freedom," Rindermann says.