

Living Standards and Growth Policies in Low-, Middle-, and High-Income Countries

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Introduction

The standard of living is the level of material goods, wealth, necessities, and comfort available to a particular socioeconomic group, mostly a nation. It includes factors like poverty rate, income, employment availability and quality, Gross Domestic Product, political and economic stability, national economic growth, house affordability, and quality, the expectancy of life, quality of education, and whether available (International Labour Organization. "Global Employment Trends for Youth 2013."). Living standards are linked to the quality of life. It is signified by the (GDP) Gross Domestic Product per capita which is the division of a country's gross domestic product by its entire population. GDP is the sum of output services and goods generated in one year by everybody in that country. In this paper, I will describe the economic growth levels of various countries in terms of their living standards and policies responsible for that growth (The World Bank. "World DataBank).

Classification of Countries According to their Level of Economic Growth and Living Standards.

GDP per capita is the critical element in quantifying the living standards of different countries. It enables us to classify nations into low-, middle-, or high-income groups (Nobelprize.org. "The Prize in Economics 1987).

Low-Income Nations

Also called economically challenged countries. They are the ones with \$1,025 GDP per capita in a year. These earn 1% of the world's income but represent only 18.5% of the population globally (Nobelprize.org. "The Prize in Economics 1987). Examples include Zimbabwe, Eritrea, Burundi, Liberia, Niger, Madagascar, Malawi, and Afghanistan.

Middle-Income Nations

Sometimes called East Asian Tigers. The GDP per capita of these countries ranges between \$1,025 to \$12,475 per year. Middle-income nations earn 32% of the income, representing 69.5% of the global population. They are from Thailand. South Korea, Malaysia, China, Singapore and Indonesia (Redvers

2012)

High-Income Nations

In most cases, their per capita GDP per year is above 12,475 U, S dollars. They get 68 percent of the world's income but represent only 12 percent of the population globally (Smith & Todaro, 2011). They include the following: Europe, the United States, and Japan

Problems Relating to the Policies of Growth Associated with High-Income Country, Focus of Major Public Policies Responsible for Addressing the Problems.

High-Income Country Growth Policies

For these countries, the challenges to the growth of their economy are the attempt to continually push for a higher number of educated individuals who can design, invest, and use advanced technologies, thus the ambition of their civic procedures that are growth-oriented is to move their supply aggregate curves towards the right (International Monetary & Fund Financial Surveys, 2013). The primary community plans to meet this goal are financial policies concentrated on an asset, investing in physical equipment and plant, human capital, and technology. They consequently know that growing economically works best in a climate that is market-oriented financially and stable. Because of this, they apply the money policy to keep inflation stable and low, minimizing the risk of fluctuations in exchange rates and giving courage to international and domestic competition (International Monetary & Fund Financial Surveys, 2013).

Middle-Income Countries Growth Policies

Physical and human capital, technology, and the inventiveness of market-based economic settings demonstrated a capable growth stimulant (The World Bank. "World DataBank). These countries face problems like the legacy of government economic control that can be removed only slowly. In most of them, the financial and banking sectors are regulated heavily. The government has also selected some industries for low-interest loans and government subsidies. The economies have realized that increasing market-oriented motives for workers and firms add value to faster growth (International Labour Organization. "Global Employment Trends for Youth 2013).

Growth Policies for Low-Income Countries

Most of these economies don't have the legal, economic stability, and market-orientated organizations necessary for a productive ground for their growth in the domestic economy and attraction of foreign investment. World Bank is set to fight poverty and increase income levels in these countries by 2030. However political instability hinders this achievement. The low-income economies are at a downside since any income received is immediately spent on basic needs like food (Nobelprize.org. "The Prize in Economics 1987). Failure to save leads to a lack of capital accumulation and funds that can be loaned for human and physical capital investment.

Conclusion

In conclusion, the goal of improving a nation is not radically increasing the **Gross Domestic Product (GDP)** but trying to raise the Gross Domestic Product per capita to increase people's living standards (Smith & Todero, 2011). Commercial development can be attained at the nation's equivalent through scheming policies that deepen capital, increase workers' productivity, and lead to technology increment.

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