

The standard of living

Economics



I strongly agree with the notation that Economies should be judged on a simple measure: their ability to generate a rising standard of living for all members of society, including people at the bottom. What does a high standard of living entail? This judgement is relatively subjective, but there are a number of factors that seems to be common to most economists' ideals. These include physical possessions, nutrition, health care, and life expectancy. The more prosperous an economy, the better off the citizens of that economy are in terms of material possessions and health.

Thus, prosperity is attainable when wages are high and countries are highly productive. This is not to say that prosperity is static. Instead, over time different countries becomes more and less prosperous. An economic boom in one country may bring temporary prosperity to that country. Similarly, a depression may wipe out some hard won gains in prosperity. Overall, prosperity is a relatively subjective judgement once the basic necessities of life are in place. Ultimately, long-run economic growth is the most important aspect of how the economy performs.

Material standards of living and levels of economic productivity in the United States today are about four times what they are today, in say, Mexico because of favorable initial conditions and successful growth-promoting economic policies over the past two centuries. Material standards of living and levels of economic productivity in the United States today are at least five times what they were at the end of the nineteenth century and more than ten times what they were at the founding of the republic.