

STANDARD OF LIVING

- It refers to the quality of life of an individual/household (welfare)
- It refers to the ability of a person to provide for their needs in order to maintain an acceptable existence. This would mean earning a certain amount of money in order to purchase items of the value that satisfy more than just the most basic of survival needs.

Measurements of standards of living

- Consumption – society's ability to consume certain type of goods and services is measured then compared to other countries.
- Income – standard of living is measured in terms of total income earned per capita (i.e per capita income) which is used to compare standards of living between countries

Per Capita income

- It refers to the average income received by every person in the country.
- Is calculated by dividing the real GDP by the total population.
- The standard of living of the population of a country is influenced by the size of the population

ECONOMIC DEVELOPMENT

- Economic development is an increase in of the standard of living of people in a country.
- It includes the improvement of health, education, infrastructure and living conditions in general
- Economic development is linked to economic growth – countries with higher GDP produce more goods and services and employ more people, the citizens enjoy a higher standards of living than citizens of poor countries.
- Economic growth rates shows whether a country is developing or regressing (backsliding)

Methods of development

- Attracting new businesses
- Building community capacity
- Building economic partnerships – this can be done through trade agreements with other countries.
- Expanding local markets/development of industries – supply of goods and services to domestic market and create job opportunities.

- Using out-dated facilities – sustainable development (means that the environment and social and economic resources have to be managed in a way that meets the needs of current and future generations e.g future generations should still have gold and clean environment.
- Promoting direct investment – capital formation
- Natural resources – effective use of natural resources including land, minerals, fuels and climate increases the output of a country.

Common characteristics of developing countries.

- **Low standard of living:** Low per capita income, slower growth of the per capita income, unequal distribution of income, poverty, low life expectancy, education
- **Low levels of productivity:** Lack of necessary skills, expertise, poor health, poor nutrition
- **High population growth and dependency burdens:** High birth rates, high population cause problems (unemployment, pressure on housing, education and health services), younger children and elderly people (non-productive) cause a dependency burden
- **High levels of unemployment:** Very few job opportunities for large number of unemployed people, low levels of literacy, low levels of technological skills
- **Dependence on primary sector:** A high proportion of people is employed in the primary sector
- Most exports are on this sector
- **Deficiency of infrastructure:** In most developing countries the major problem is infrastructure is lacking or poorly maintained. This results in poor access to markets

Developing strategies

These are economic and political measures designed to achieve human development, namely to improve the well-being of people.

1. **Improve the quality and quantity of factors of production:** Natural resources, capital formation, human resources, entrepreneurship
2. **Use of technology** by accessing modern technology
3. **Improve the infrastructure:** Investment will expand a range of opportunities
4. **Job creation**
5. **Government policies**
6. **SA's endeavours (best efforts)**

The government had to set new policies, implement programmes and strategies to develop a new democratic society to improve people's quality of life, which are:

Some of the endeavours are:

Provision of basic services (housing subsidies, free electricity, water, sanitation)

- Regional level (Spatial Development Initiatives (SDIs) by DTI – this is a policy that promotes development in areas where there is high poverty and high unemployment levels.
- Continental level (Industrial Development Zones (IDZs) – these are purposely built industries located near airports and harbour.
- Global level (Integrated Manufacturing Strategy (IMS) to improve international competitiveness (IMS aims at the development of technology in manufacturing)and being member of BRICS (**B**razil, **R**ussia, **I**ndia, **C**hina and **S**outh Africa) to improve cooperation between countries

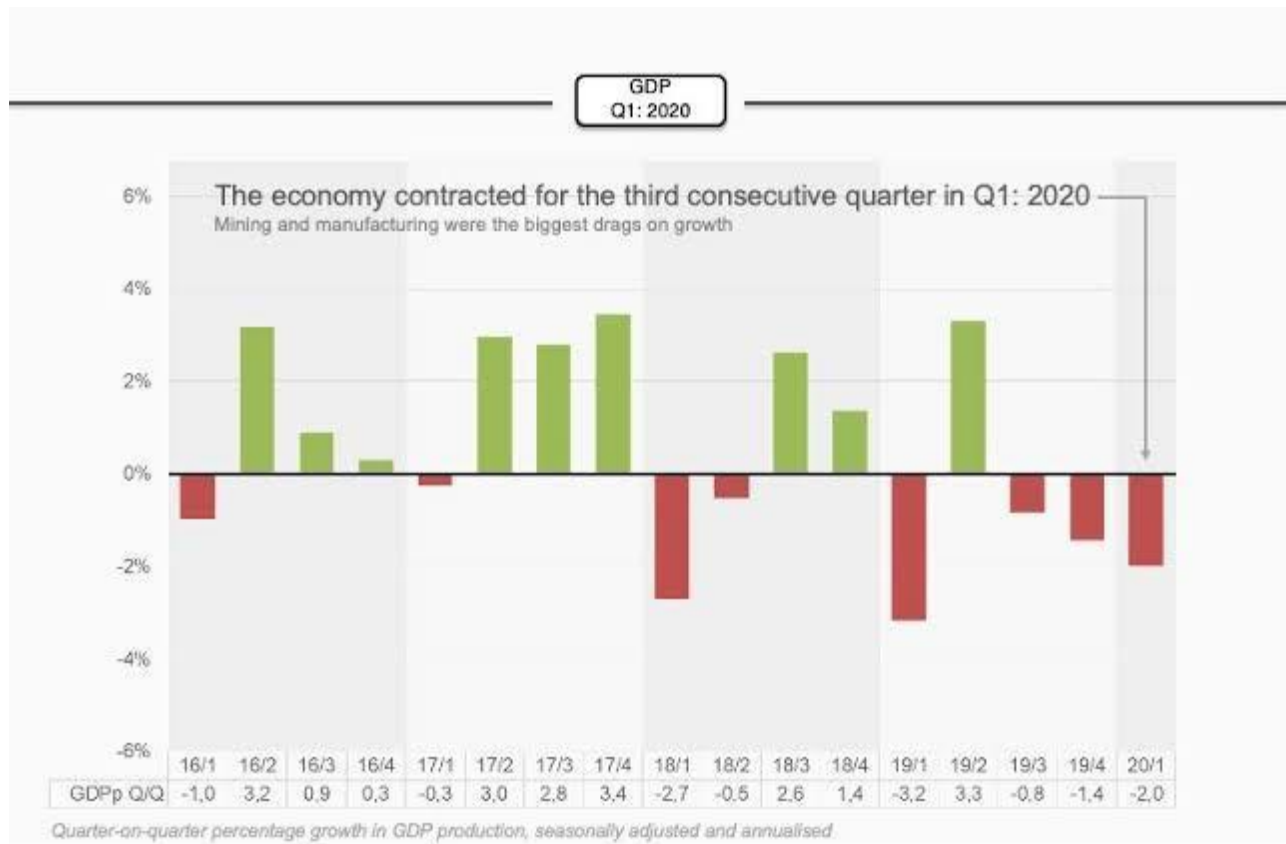
7. Reconstruction and Development Programme (RDP)

8. Growth, Employment and Reconstruction (GEAR)

9. Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

ACTIVITY 1

Study the graph below and answer the questions that follows.



- 1.1. What is represented by the graph above? (1)
- 1.2. In which year South Africa's growth rate was at the lowest? (1)
- 1.3. Describe the concept Gross Domestic Product. (2)
- 1.4. Briefly explain why the South African growth rate was -2, 0 in quarter 1 of 2020. (2)
- 1.5. Distinguish between economic growth and economic development (4)
- 1.6 Briefly Explain FOUR methods of achieving economic growth. (4x2) (8)