

Balance of Payments Stages in the World over Three Decades

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This paper classifies 175 countries over just 30 years according to the balance of payments stages that Crowther (1957) used in proposing a hypothesis that the stage depends on the progression in a nation's development. This investigation demonstrates that a nation's stage in the balance of payments has a nonlinear relationship with its economic development. A country at the stage of immature creditor-lender enjoys higher GDP per capita than at any other stage in its development. It is also remarkable to report that about 25% of countries in the world lend money to the rest of the world in almost every year.