

# Rostow's theory of the stages of economic development assignment

[Sociology](#)



They became independent thus there became a need for new development policies. After the success of the 'US Marshall plan,' countries began to see the need for development and thus Rostow's theory was developed. It was considered a step by step process for an underdeveloped country to become a developed country. It was divided into five stages and was considered a 'linear,' theory. Stage one was referred to as "traditional society," It is like Smith's hunting and Mar's feudal stage. This stage is very similar to the times of Medieval Britain.

The key idea in this stage is survival. Agriculture is the most important industry and the main form of employment. In stage one manufacturing is very basic; it entails the production of basic tools. There is a poor infrastructure in transportation which makes most stay in one area for a lifetime and trading happens in one area. The small amount of trade which does occur is done by 'barter,' where one good is swapped for another. This trade is rare as most output is consumed only by the producers. The work is labor intensive and there is a limited quantity of capital.

Stage two is titled 'Trans conditional,' or otherwise known as the pre-conditions to takeoff. For this stage to happen the society generally needs to experience a shock such as a civil war or technology leap. The people here recognizes the need for change. This is where the financial sector emerges causing savings and investments to grow. Trade is here further encouraged by newly developed transport advantages but still most trade remains in one area. The manufacturing increases and the growth potential is recognized. All of this is required for a change to stage 3.

Stage three, the takeoff; this is considered the most important stage to a country. In this stage the saving and investment ratio is increased and the growth becomes self-sustaining because the increased investments lead to increased incomes. Hence political and social institutions are evolved to support the rise in the productive investment. Markets replace the barter trading and cause another rapid income growth. Rostow's theory of the stages of economic development: what it is? How was it developed? By One\_Banana market regulation is acknowledged.

Also the importance of land is also applied to the importance of manufacturing and 1 or 2 industries begin their growth, industrialization also increases and becomes a new factor to the economic growth. Stage four; the drive to Maturity. The entire country grows, traditional lifestyles become extinct and the new industrialization encourages migration from rural to urban areas. The technology advances and supports all the migration and becomes a new investment. The production starts on a wide range of goods and there becomes less reliance on goods.

Stage 5; high mass consumption, the final stage of economic development, this is the here the beginning idea of survival is no longer a concern because all obstacles appear to have been cleared, now there is more time for leisure. The field of goods and services are readily available and the service industry is increasingly dominant. There are higher output levels and more consumer durables are produced. Society is able to have more disposable income and use it to improve their own quality of lifestyles. Rostow's theory is

limited in many ways it is considered too generalized and only applicable to western countries.

It works on the assumption that funds are effectively put into investment projects. If financial institutions are not effective this will not take place. From this failure the next assumption will not occur. The government should develop an infrastructure, to develop roads, ports, hospital and schools, if this does not occur takeoff will not take place. Many countries don't follow the linear order e. G. Canada entered stage 5 before stage 4. If a disaster occurs countries are often set back and have to repeat stages.

Roost's theory doesn't allow for such occurrences ND makes another assumption that there will be no extreme changes to affect the progress. Roosts definitely could not for see the technology innovations such as the internet that changes a countries way of communication. He definitely could not for see the speed of growth such as Canada and Australia's growth after learning from Britain and France. Roost's theory is still used and is very credible for a arrear old theory. It highlights a country's need for investment and savings and recognizes the importance of political, social and economic conditions for growth.