

# Rostows theory of economic development



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KENYATTA UNIVERSITY UNIT CODE: UCU 101 UNIT NAME: DEVELOPMENTAL  
STUDIES LECTURER: MR. MASINDE TASK: A DISCUSSION OF THE ROSTOW  
FIVE STAGES OF DEVELOPMENT GROPU MEMBERS NAMEREGISTRATION  
NUMBERSIGNATURE NYABUTO MEPHINE

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Development This theory was written by Walt Whitman Rostow.

In 1960 he suggested countries go through fairly linearly and set out number of conditions that were likely to occur in investment, consumption and social trends at each state. He also said that a country undergoes transitional periods at varying lengths so as to acquire a stabilized economy. He came up with five linear stages of development. These stages include: traditional societies, precondition to take off, take off, and drive to maturity and finally the age of mass consumption. Stage 1: Traditional societies

At this stage the economy has a limited production functions thus minimum level of output. However economy's production level is not static meaning that output level can be increased through cultivation of land. This stage is characterized by existence of an upper hand that would never be crossed due to lack of application as well as constant development of modern science and technology. The economy in this stage is dominated subsistence activity where output is consumed by producers rather than traded. Any trade carried out is barter and the main activity is agriculture.

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This stage also employs traditional methods of production i. e. labor intensive and limited capital. During this stage there were numerous changes in population due to war, famine and epidemic such as plagues. Volume fluctuation in was evident due to political instability. Stage 2: Pre conditions to take off / Transitional stage At this stage the economy undergoes a process of change for setting necessary conditions for growth and takeoff. This resulted to change of pattern in socio-political structure and production techniques as evidenced in Europe, parts of Asia, Middle East and Africa.

Rostow advocated that there was no need for change in socio-political structures and that the only changes required were in economics and technical dimension. This situation was experienced in North America, New Zealand and Australia. Transition at this stage occurs in three dimensions; First there must be a shift from agrarian to industrial society. Secondly trade and industrial activities should be broadened as to invite international market. Lastly any surplus attained should be utilized in development of industries, infrastructure and preparation of a self sustained growth rather than be wasted in consumption.

However all these changes would be effective only if there is basic change in society attitude towards risk taking, changes in environmental work, and changes in political structures. Stage 3: Takeoff This stage is characterized by dynamic economic growth that began due to sharp stimulus of either economic growth that began due to sharp stimulus of either economic and political changes or technological nature. Take off will only occur if the following requirements are met.

First, the rate of productive investment should rise from approximately 5% to over 10% of national income. This occurred in Argentina before 1914.

Secondly there must be a high rate of growth to the existing substantial manufacturing sector. Finally, the existing political, social, and institutional framework should exploit impulses that lead to expansion of modern sector of economy. The source of capital for this stage originates from shifts from income flows such as taxation and land reforms as well as ploughing back profits that have been earned from foreign trade.

However, takeoff will only succeed if there is existence of enlarged effective demand and introduction of new production functions. After takeoff a country will take as long as 50 -100 years to reach maturity. Stage 4: Drive to maturity According to Rostow, this is the period that effectively applied to modern technology. During this stage there were structural changes that were experienced in three ways: a) Work force composition in agriculture shifted from 75% of the working population to 20% b) There was introduction of high degree professionalism and leadership qualities. c) Policy change on environmental and health cost of industrialization were made This transformational and diversity changes lead to reduction in poverty rate and increased living standards. Stage 5: Ages of high mass consumption Rostow defined this stage as a period of contemporary comfort afforded by many western nations. Therefore a country tries to determine its uniqueness and factors affecting it are its political, geographical and cultural structure as well as value present in its society.

Historically, Rostow considered United State to have reached this stage first, followed by other western European nations and Japan in 1950's. Critics to

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the theory After a critic analysis on Rostow's theory of development, some limitations were realized. Therefore it was critically analyzed as follows. 1. Rostow is historical in the sense that the end result is known as the outset and is derived from the historical geography of a developed beaucratic society. 2.

Rostow is mechanical in the sense that the underlying motor of change is not disclosed and therefore the stages become little more than a classificatory system based on data from developed countries. 3. His model is based on America and European history and defines the American norm of high mass consumption as integral to the economic development process of industrialized society. 4. His model assumes the inevitable adoption of Neoliberal trade policies which allows the manufacturing base of a given advanced policy to be revocated to lower wage regions. 5.

Rostow's model doesn't apply to the Asian and the Asian countries as event in these countries are not justified in any stage of his model. 6. The stages are not identifiable properly as the condition of the takeoff and pre takeoff stages are very similar and also overlap. 7. According to Rostow, growth becomes automatic by the time it reaches maturity step, but Kuzentz asserts that no growth can be automatic; there is need for push always. 8. There are two unrelated theories of take off. One is that take is a sectorial and a non-linear notion and the other is that it is highly aggregative.