

Stages of Economic Growth



Part - A

Stages of Economic Growth

- ❖ W.W. Rostow was an American Economist and Government official who was one of the key thinkers in 20th-century Development Studies.
- ❖ In 1960 he established his work "Stages of Economic Growth" in which he presented five steps through which all countries must pass to become developed.
- ❖ *These are:*
- ❖ 1) The Traditional society,
- ❖ 2) Preconditions to take-off,
- ❖ 3) The Take-off,
- ❖ 4) Drive to maturity and
- ❖ 5) Age of high mass consumption.

The Traditional Society

- ❖ Simplest and primitive forms of social organisation
- ❖ Subsistent, agricultural-based economy
- ❖ Unskilled labour
- ❖ Low levels of trading,

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- ❖ Society based on Pre-Newtonian science and technology
- ❖ Old Pre-Newtonian attitude to the physical world
- ❖ Low Per Capita Income
- ❖ High Proportion of labour in Agriculture
- ❖ Hierarchical, hereditary, status-oriented social structure
- ❖ Political power was localist, region-bound and primarily based on land ownership

Preconditions to take off

- ❖ A society begins to develop manufacturing and a more national/international
- ❖ Fundamental changes in a well-established traditional society
- ❖ People try to break free from the rigidities of the traditional society and a scientific attitude
- ❖ Economic progress becomes an accepted social value

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- ❖ New types of enterprising people emerges on the society with the objective to establish a firm or industry and produce output for a long time
- ❖ With the new enterprising persons, the gross investment raises from 5% to 10%, so that the rate of growth of output outstrips the rate of population growth
- ❖ Industries are established in different parts of the country

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- ❖ Credit institutions are developed
- ❖ Workforce shifts from agricultural section to the manufacturing sector
- ❖ Second stage of Demographic Transition
- ❖ Centralised political power

To be Continued...

Thank You