

Models of Development

Rostow's Stages of Development and
Wallerstein's World-Systems Theory

Rostow Model

- 5-stage model
 - Traditional society
 - Preconditions for take-off
 - Take-off
 - Drive to maturity
 - High Mass Consumption
- Each stage has reasons the country moves from one stage to another

Stage 1: Traditional Society

- Little technology
- No social changes

Moves to next stage when other countries invest in resources or new markets appear.

- Ex: OIL! GOLD!
Minerals!

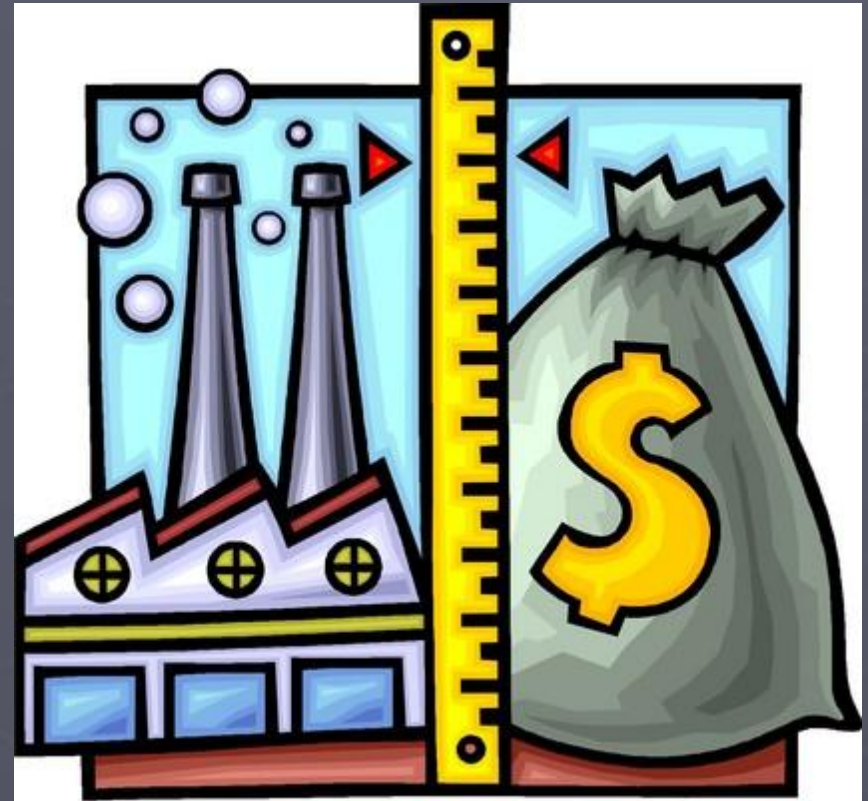


Stage 2: Precondition to Take-Off

- Commercial companies invest
 - Plantation agriculture
 - Garment industry
 - Mining
- Moves to next stage when roads/railroads (infrastructure improves) and social and political leaders emerge.

Stage 3: Take-off

- Development of manufacturing (a country's own companies for export)
- Moves to next stage with even more investment in this sector and the creation of modern social, economic, and political institutions



Stage 4: Drive to Maturity

- Development of economy beyond manufacturing (widening base of industry and business)
- Moves to last stage when it can take advantage of its abilities to produce.



Stage 5: High Mass Consumption

- People buy almost all products
- Most of economy centered on services
 - Business, banking, etc...



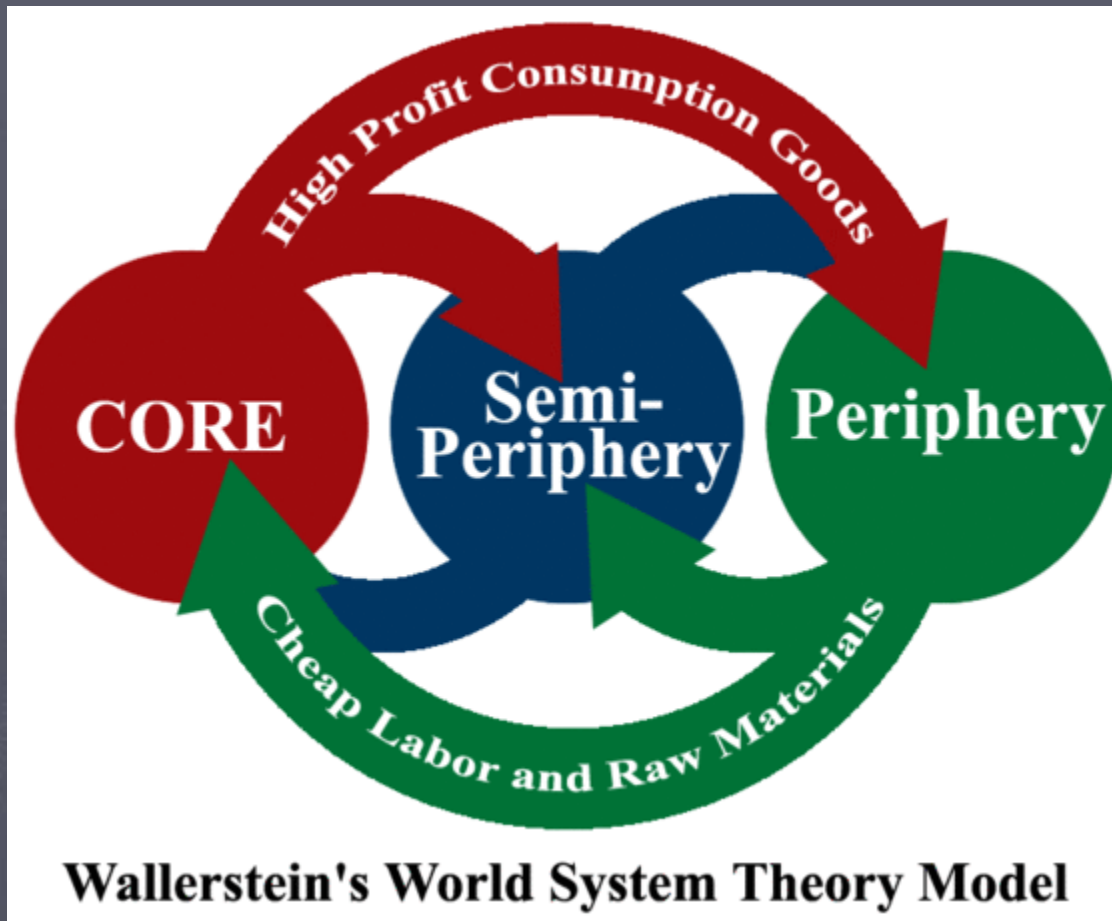
World Systems Theory

Core, Semi-Periphery, Periphery

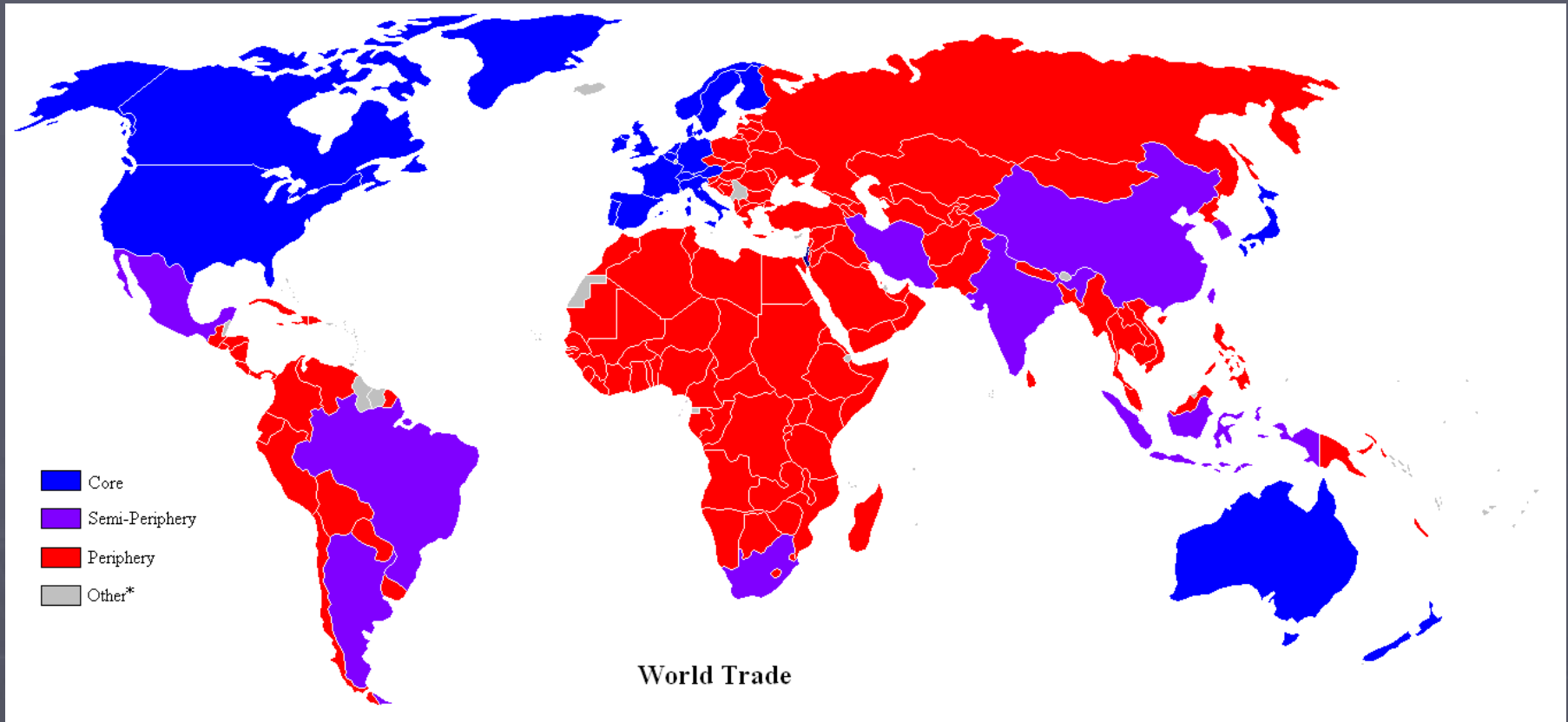
Basics

- The world is ONE economic market with a global division on labor (what each place does)
- Three levels:
 - Core
 - Semi-Periphery
 - Periphery

World Systems Theory



World Systems Theory



CORE

- The world's richer countries
- Wide range of products and services
- High wages
- Import raw materials and export manufactured goods/services
- Have favorable trade balances with poor countries
- Build up capital which is invested largely at home
- Invest in other core country economies
- Valuable trade with other core countries

PERIPHERY

- Poorer countries
- Limited products
- Limited technology
- Lower wages
- Dependent on core countries to purchase goods, provide capital, etc.
- This dependency is the root of many global problems/conflicts
- Supply raw materials
- Generally exploited by core

SEMI-PERIPHERY

- Transition between core and periphery
- Still have dependent relationships with cores
- Have peripheral countries dependent on them
- South Korea, Mexico, Argentina, Thailand, Malaysia are examples of Semi-Periphery countries moving up
- Russia and neighbors moving down the scale