
GEN 214: Introduction to Development Studies

Module 2: Liberal and Modernization Theory

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Why Development Theories?

➤ Development theories deal with two challenges.

- analyzes **socio-economic** phenomena of underdevelopment and development
- offer opportunities for development strategies

The focus of the different emphasis is on economic, social, political or cultural factors.

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Theory?

- **Context:** historical context and political circumstances
- **Explanation:** assumptions about causal relationships
- **Epistemology:** rules of what constitutes knowledge
- **Methodology:** indicators and research methods
- **Representation:** articulating or privileging particular interests and cultural preferences
- **Imagination:** images, evocations, symbols of development, desire
- **Future:** policy, agenda, future project

**Development theories explains
why a country is developed or not**

**Development theories
are multidimensional**

Theories of Development

Theory	Emergence	Thinkers	The Problem	The Solution
Development economics	1950s	Lewis, Rosenstein-Rodan	Low-level equilibrium	Injection of capital and management of disequilibria to put economy on a growth path to high-level equilibrium
Modernization theory	Late 1950s	Rostow, Shils, Pye, Almond, Huntington	Traditional society	Modernization through diffusion of modern values and institutions
Dependency theory	1960s	Cardoso, Frank, Wallerstein, Amin	Dependency within a world capitalist system	Delinking, fully or partially, or socialism
Marxism	1970s	Brenner, Warren	Articulation of modes of production	Not prescriptive but development of capitalist relations of production/ socialism
Neoliberalism	1970s-present	Bauer, Balassa, Kreuger, Lal	State intervention	Free markets
Developmental states	1970s-present	Amsden, Haggard, Chang,	Free markets	State management of the economy to increase productivity, equality, and technological upgrading

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A. Theory of Modernization

- Influential **since post collapse of USSR**
- Theorists: mainly US economist and policymakers
- Influenced by the **Marshall plan**
- **Transition** to modernization:
 - sustained and higher rates of growth caused by rising levels/rates of savings/investment
- Modernization:
 - opposite of **traditionalism** (keep hold of tradition and custom)

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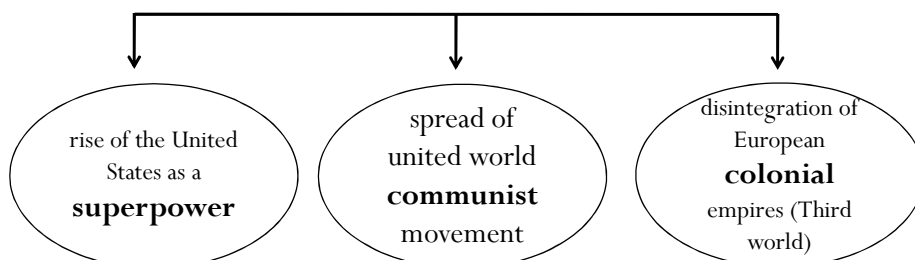
Historical background

- Aimed to explain why some countries failed to evolve in to modern societies.
- Ideological competition:
 - Reduce the spread of communism by presenting capitalistic values as the solution of poverty.
- Increasing unrest in some countries.
- New attention to unequal development in the world and deepening poverty in some countries

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- According to Alvin So (1986):

Three favorable elements (after Second World War):



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- Modernization theory~
 - has to undergo **an evolutionary advance in science and technology**
 - o lead to an **increased standard of living (urbanization and industrialization)**.
 - looks at **internal dynamics**:
 - o referring to social and cultural structures and adaptation of new technologies.
 - modern societies are:
 - o more **productive**
 - o children are better **educated**
 - o needy receive more **welfare**

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Assumptions of modernizations theory:

- Modernization is a:
 - **Transformative process**:
 - o traditional structure to modern
 - **Systematic process**:
 - o appearing in a cluster rather than in isolation
 - **Immanent process**:
 - o builds change into the social system
 - **Lengthy process**:
 - o evolutionary change, not a revolutionary one

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Assumptions of modernizations theory (cont.)

- **Progressive process:**
 - not only inevitable but desirable
- **Linear process:**
 - phased process
- **Homogenizing process:**
 - modernization produces tendencies toward convergence among societies

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Linear stages theory

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Linear stages theory

- **Inspired by Marshall Plan:**
 - revitalize Europe's economy after 2nd world war
(5 June 1947 by the US Secretary of State George C. Marshall).
- **Assumptions:**
 - economic growth can only be achieved by industrialization.
 - Capital investment → industrialization & economic development of developing nations
- Example: **Rostow's stages** of growth model

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Rostow's model (cont).

- Walt Rostow (1960):
The Stages of Economic Growth: A Non-Communist Manifesto
- **Emphasis: 'economic growth'** rather than '**development**' ('more developed' and 'less developed')
- Routes to '**more developed**' status: '**stages of economic growth**'



Source: https://en.wikipedia.org/wiki/Walt_Whitman_Rostow

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Rostow's model (cont).

- **Development~**
 - **consumption:** mass population could afford to spend large amounts on consumer products
 - **economy:** non-agricultural, mostly urban-based
 - **capitalist** context, rather than a communist one.
 - **modernity:** move from agricultural societies ('traditional' cultural practices) to a rational, **industrial** and **service** focused economy

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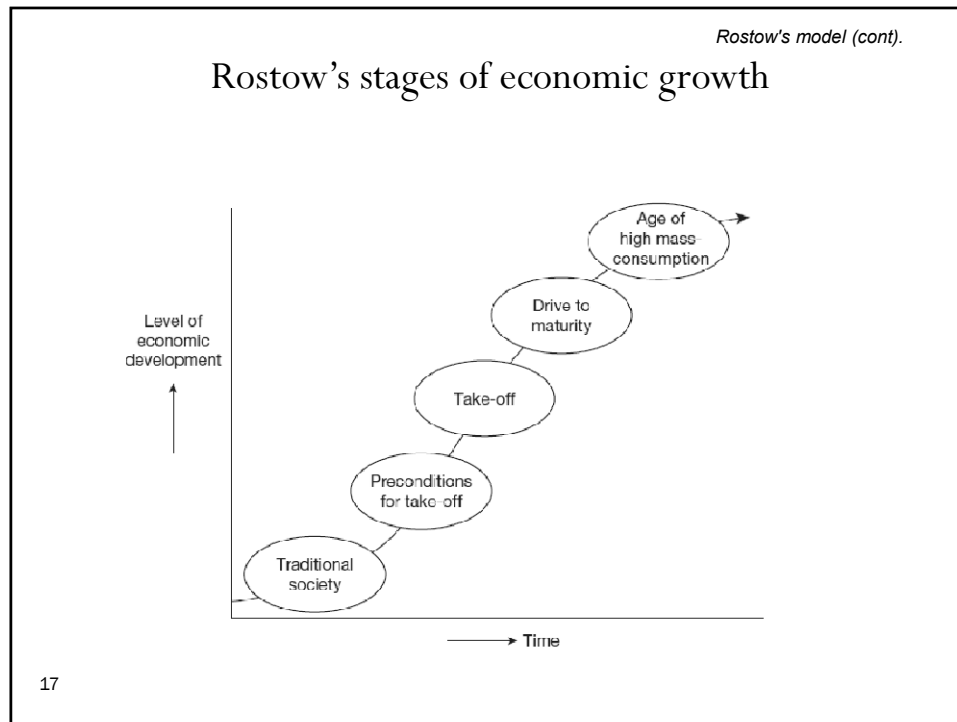
Rostow's model (cont).

- moving along the runway until it reaches take-off and then soaring into the sky



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Source: <https://www.europeanproperty.com/wp-content/uploads/2019/08/buying-abroad.jpeg>



Rostow's model (cont).

Stage One: Traditional Society

- agriculture based
- limited production functions: pre-Newtonian science and technology
- hierarchical social structure: political power is confined in the hands of a feudal aristocracy
- low investment
- Examples: Chinese dynasties, medieval civilisations of Europe, Middle East and Mediterranean.

Level of economic development

Time

Traditional society

Preconditions for take-off

Take-off

Drive to maturity

Age of high mass-consumption

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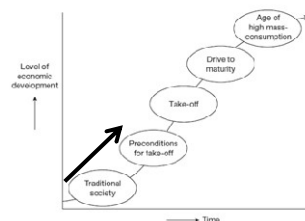
*Rostow's model (cont).***US example:**

- Time period: Pre-nineteenth century
- Native American subsistence and hunter–gatherer societies;
- European settlers focus on trade of agricultural goods

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*Rostow's model (cont).***Stage 2: Preconditions for take-off
(Transitional Stage)**

- savings and investment rates above population growth rates
- national level organization and institutions
- new elites
- changes often triggered by external intrusion
- increased specialization generates surplus of trading and shift from regional to national/international focus.



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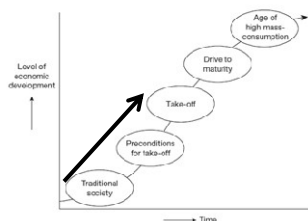
*Rostow's model (cont).***US example:**

- Time period: 1815–40s
- Focus on economic activities after independence gained in 1776;
- higher productivity in agriculture, e.g. cotton production;
- large-scale infrastructure projects with government funding, e.g. Erie Canal, railway network

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*Rostow's model (cont).***Stage 3: Take Off (20 to 30 years)**

- Stimulus to take-off needed, e.g. political revolution, technical innovation, changing international economic environment;
- investment and savings rates 5–10 per cent of national income;
- substantial manufacturing sector;
- appropriate institutional arrangements, e.g. banking system



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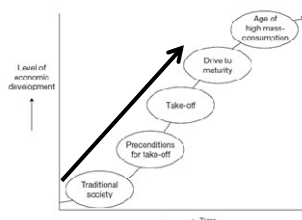
*Rostow's model (cont).***US example:**

- Time period: 1843–60
- American North 'took off' during this period – American South did not 'take off' until the 1930s.
- Expansion of railways into Mid-West in 1850s associated with inflow of foreign capital;
- massive expansion in grain exports;
- growth of manufacturing in East

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*Rostow's model (cont).***Stage four: Drive to maturity**

- Extended range of technology adopted;
development of new sectors;
- investment and savings 10–20 per cent of national income
- Occurs roughly 60 years of take off
- heavy engineering towards more complex processes
- Less reliance on imports



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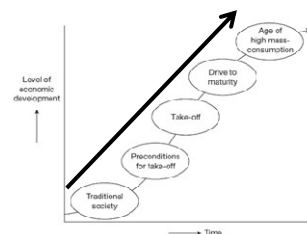
*Rostow's model (cont).***US example:**

- Time period: Maturity reached by 1900
- Expansion of steel production;
- agricultural productivity increased;
- focused economic development policies

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*Rostow's model (cont).***Stage Five: The Age of High Mass-Consumption**

- Widespread consumption of durable consumer goods and services;
- increased spending on welfare services and security; offered both abundance and multiplicity of choices
- Service sector becomes increasingly dominant



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Rostow's model (cont).

US example:

- Time period: 1900s onwards
- Rise of middle class as move into urban employment in manufacturing, transport, construction; massive increase in consumer purchases, e.g. cars and cigarettes;
- increased suburbanization;
- 1913–14: introduction of Ford assembly lines

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Rostow's model (cont).

Limitations of Rostow's model:

- **ethnocentric:**
 - devalues traditional values and social institutions (e.g. extended families).
 - unidirectional: no one single way to advancement; ignores historical context
- **inequality:** ignores **inequality** (e..g. racial, income)
- **western values:** not neutral theory, promotes western values
- ecological issues: ignores

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Impact of modernisation:

- Political Revolution: Rise of democratic societies and feudalism
- Scientific evolution: technological innovation
- Industrial revolution: huge increase in productivity through machine based production

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Final Thoughts

Influence of modernisation theory today

Western ways:

“People first” policies are based on western ‘help’ as it is deemed that poor countries cannot help themselves.

Rostow’s prediction:

China: 3rd stage (take-off stage): correct

Communism:

Not as effective in economic growth as capitalism

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- **Reference**

Willis, Katie. 'Modernization, Keynesianism and neoliberalism?' in *Theories and practices of development*. Taylor & Francis, 2011.

Suggested reading:

Reyes, G. E. (2001). Four main theories of development: modernization, dependency, world-system, and globalization. *Nómadas. Revista Crítica de Ciencias Sociales y Jurídicas*, 4(2), 109-124.