

# Stages of Economic Growth



*Part-C*



# 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.



# 5. Age of Mass Consumption

- ❖ More consumption of luxuries and high styles of living
- ❖ Rate of Investment rises above *20% of National Income*
- ❖ Articles of comforts and luxuries on a mass scale
- ❖ Extensive use of consumer durable consumer goods like automobiles and high grade foods



# Continued...

- ❖ Increase in the resource allocation for social welfare and security
- ❖ Pursuit of national power and world influence
- ❖ A country's economy flourishes in a *Capitalist System*, characterized by mass production and consumerism.



# Critical Review of the theory

*Rostow's stages of growth theory have come in for severe criticism, some of are:*

- ❖ Inadequate empirical base
- ❖ No distinction between the stages of pre-condition to take-off and the take-off
- ❖ No Mention of geographical factors such as site, place and situation are completely ignored in growth process



# Continued...

- ❖ Contradictory views for Under Developed Countries
- ❖ Kuznets disagrees that growth becomes automatic process during the drive to maturity.
- ❖ In spite of the many critiques of Rostow's model, it is still one of the most widely cited development theories and is a primary example of the intersection of geography, economics, and politics.



Thank You