

Models of Economic Development

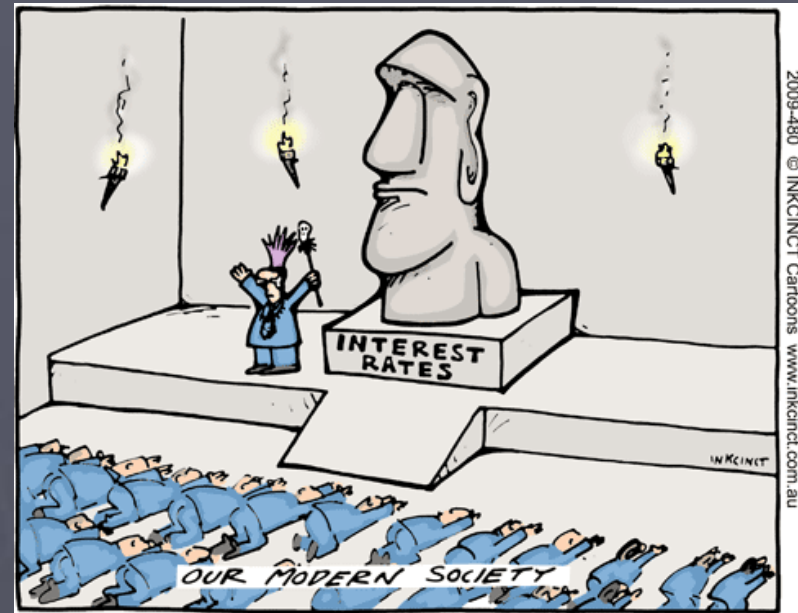
Wallerstein's World Systems Theory

Rostow's Model of Development

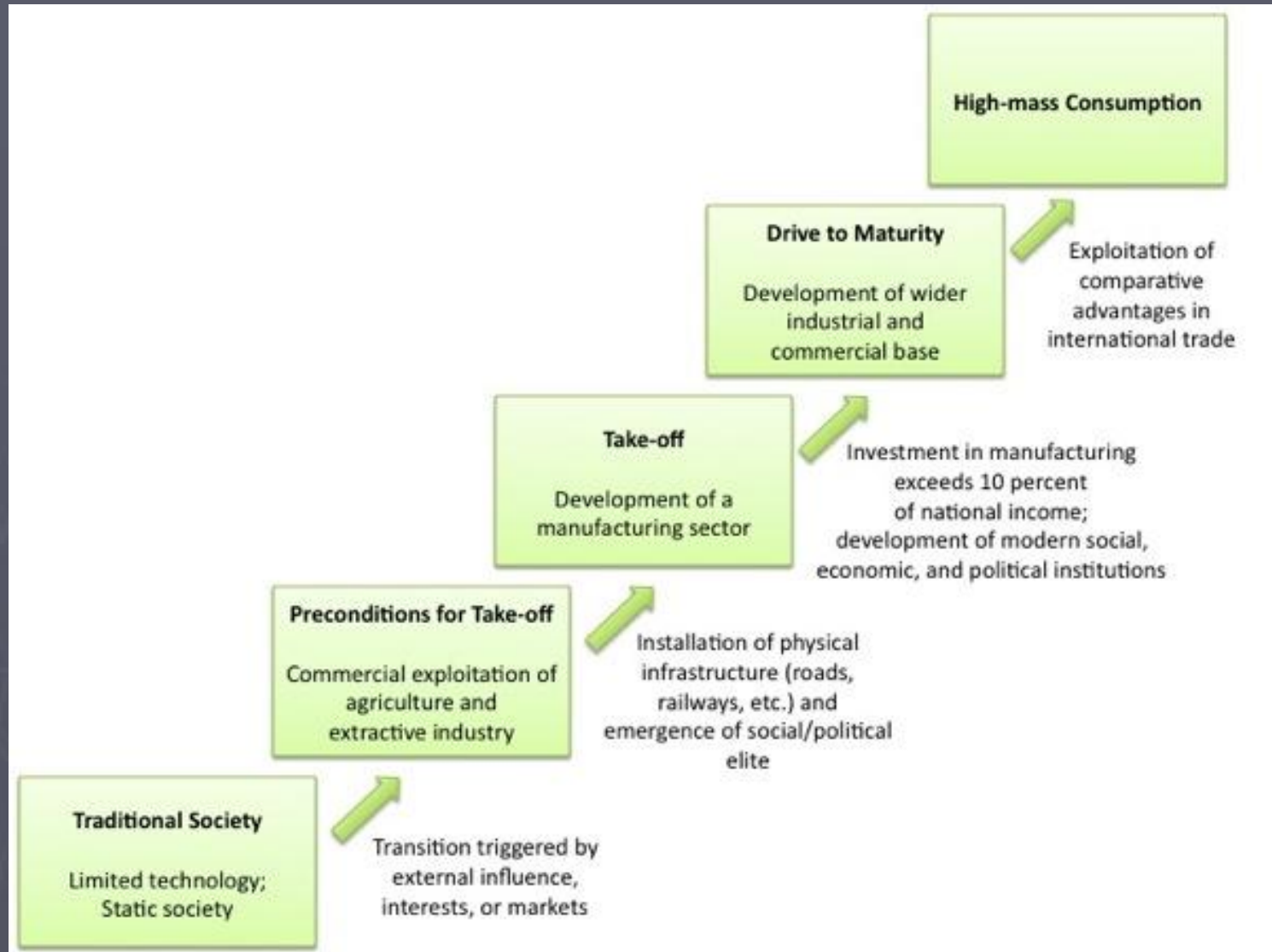
Nolan's Stages of Growth Model

Rostow's Stages of Economic Growth

- American W.W. Rostow
- Theorized in 1960
- Assumes the most “modern” society is a liberal democracy with a capitalist economic system
 - Based off idea consumers save and invest personal wealth
 - Industry needs capital to grow and make returns on investments



Rostow's Takeoff Model



Stage 1: Traditional Society

- Majority of society works in primary sector of economy
 - Especially subsistence agriculture
 - Mass production not developed
 - Trade is in agricultural products
 - Moves to next stage with foreign investment in natural resources



Stage 2: Preconditions for Takeoff

- Entrepreneurs beginning to develop money-making industries
- Improvements in infrastructure
- Heavy outside investment
 - Exploitation of natural resources
 - Plantation style agriculture
- Moves up with social and political reforms



Stage 3: Takeoff

- Companies become highly involved in manufacturing sector
 - Most agricultural products are for resale
- Mostly takes place in Urban areas
 - Growth only in a few industries
- Moves up with modern social and political institutions



Stage 4: Drive to Maturity

- Expanded development of manufacturing industries
 - Beginnings of shift towards tertiary sector of economy
 - More skilled and specialized



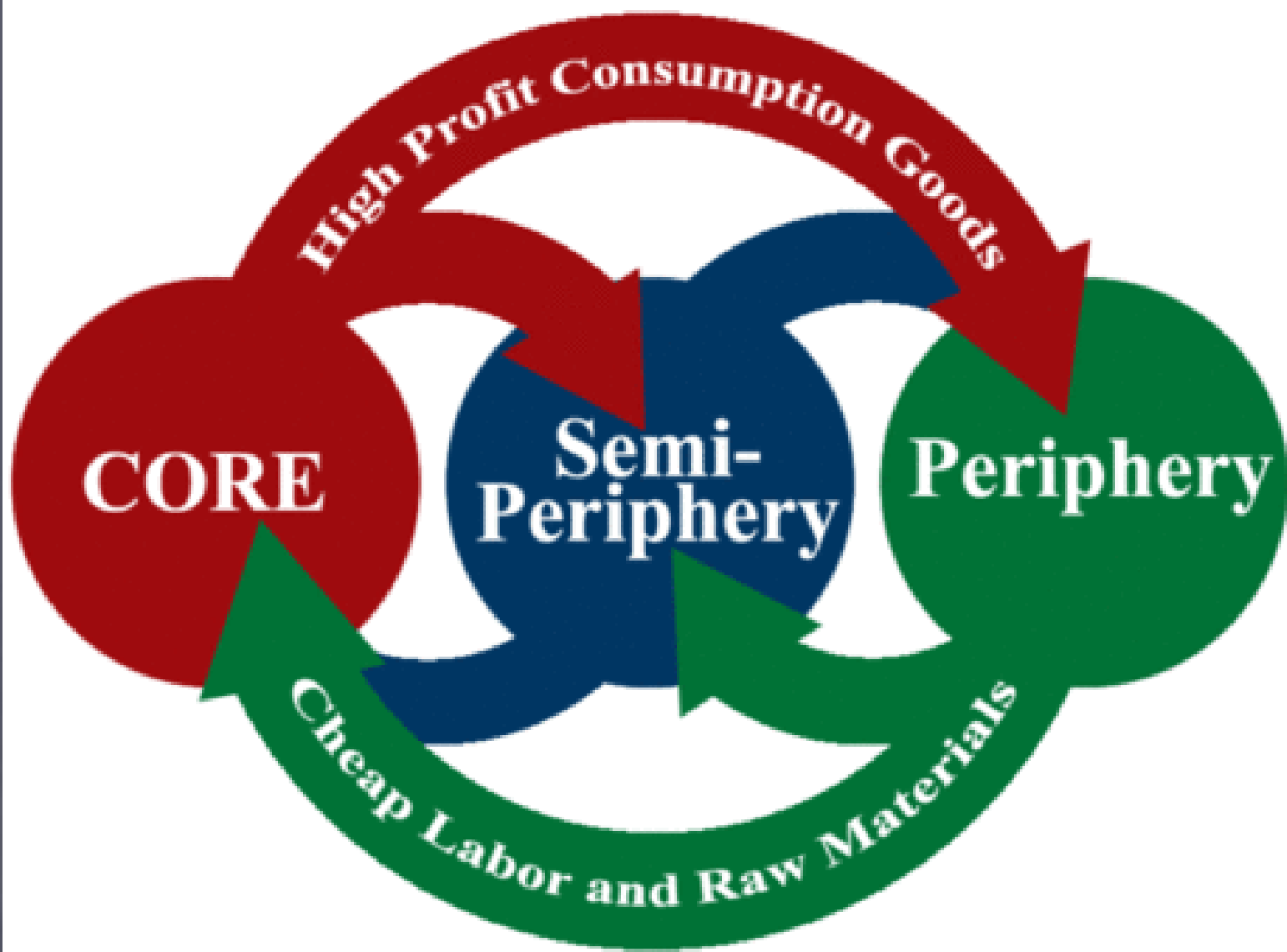
Stage 5: High Mass Consumption

- Transition of manufacturing from heavy industry to consumer goods
- Majority of society working in tertiary sector
- Increasing exploitation of LDCs



Wallerstein's World Systems Theory

- American Immanuel Wallerstein
- 1970s
- Nations exist within a social, cultural, and economic framework
 - All locked together by capitalism



Wallerstein's World System Theory Model

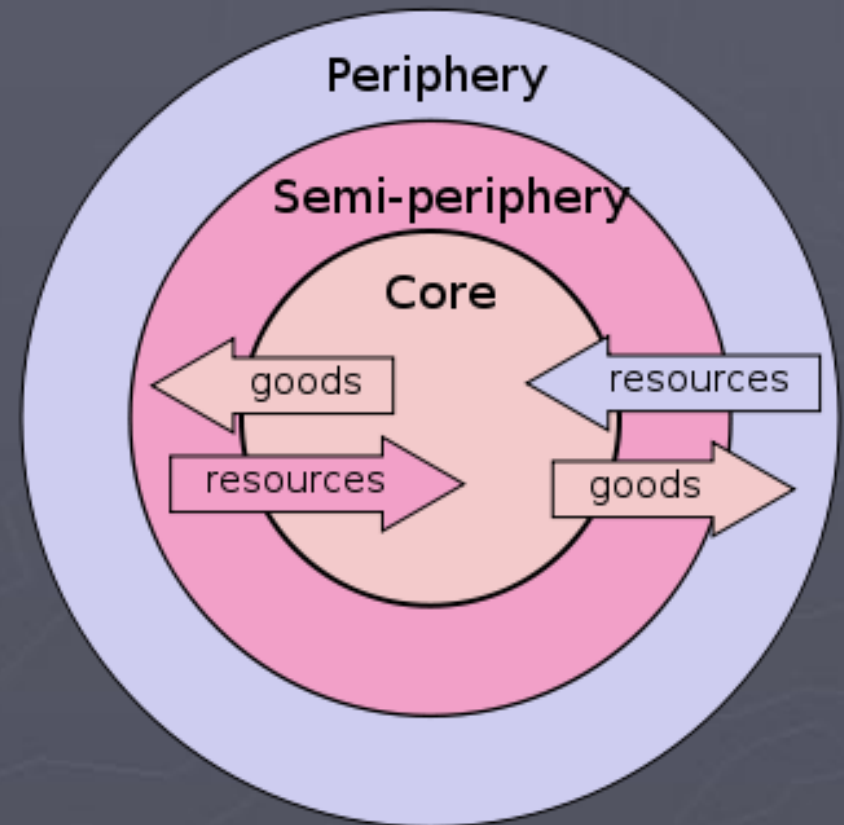
Periphery

- Least developed countries
 - Exploited by the core for cheap labor, natural resources, and agricultural production
- Depend on the core for investment



Semi-Periphery

- Intermediate states
 - Exploited by the core, but exploit periphery
- Expanding manufacturing
 - Taking on industries core countries no longer find profitable



The Core

- Exploiters
 - Military, social, and economic power to enforce inequality
 - Use cheap labor, dump unsafe materials, abuse consumers and producers, erect trade barriers and quotas
- Internal Wealth accumulation
 - Taxation used to fund development by private institutions
 - Centers of research and services

Figure 2.8 The world-system core, semiperiphery, and periphery in 1800

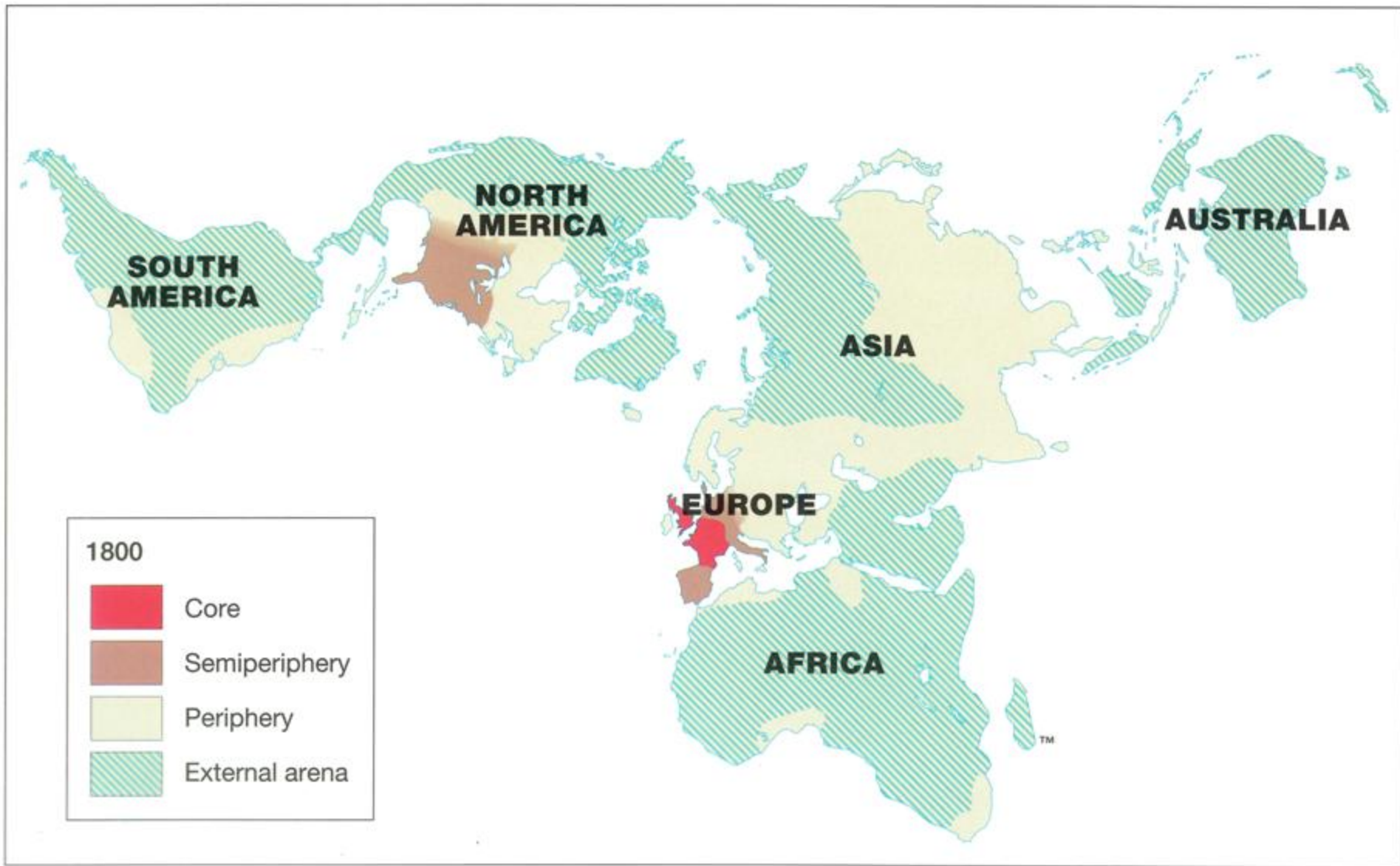


Figure 2.11 The world-system core, semiperiphery, and periphery in 1900

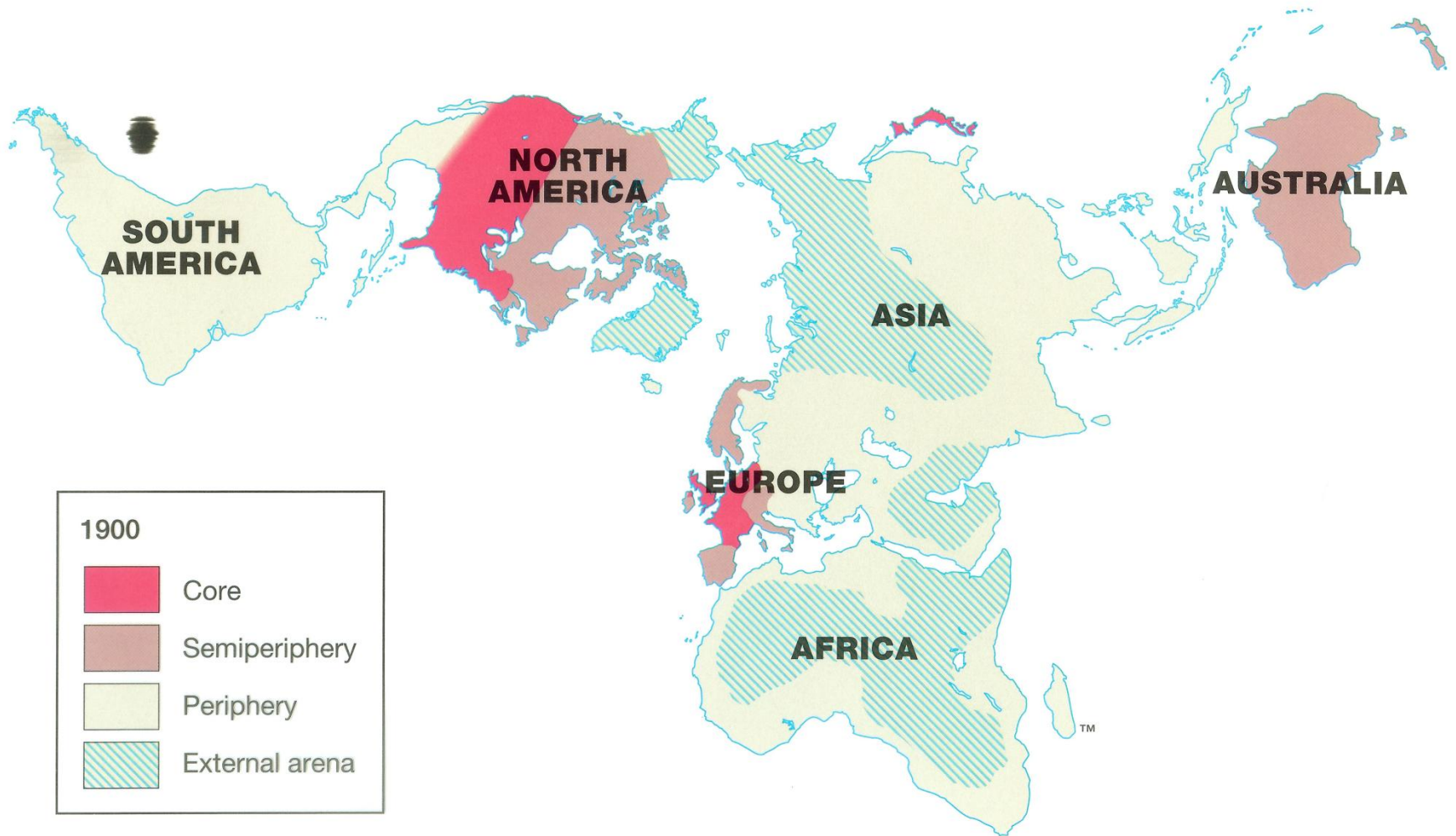
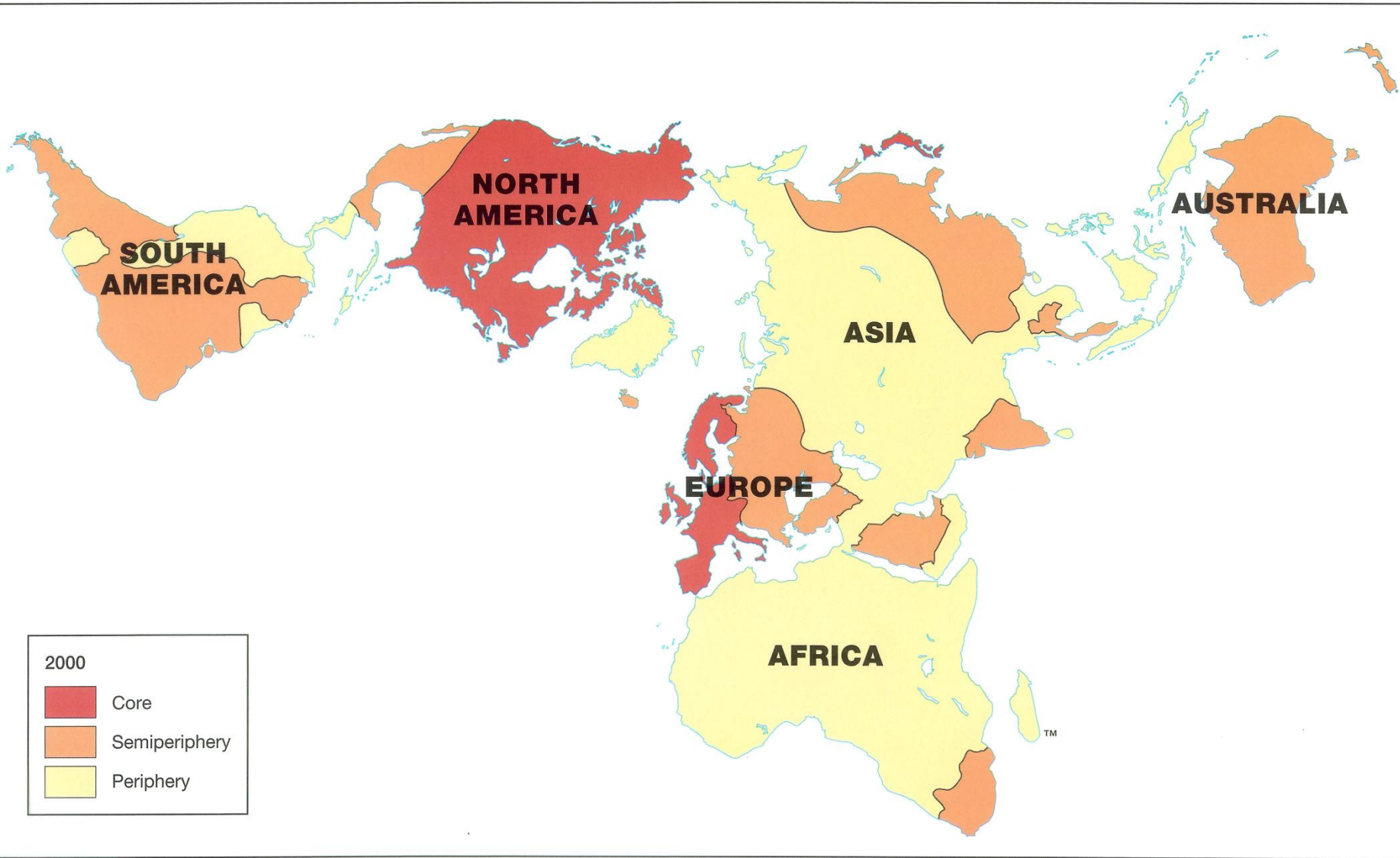
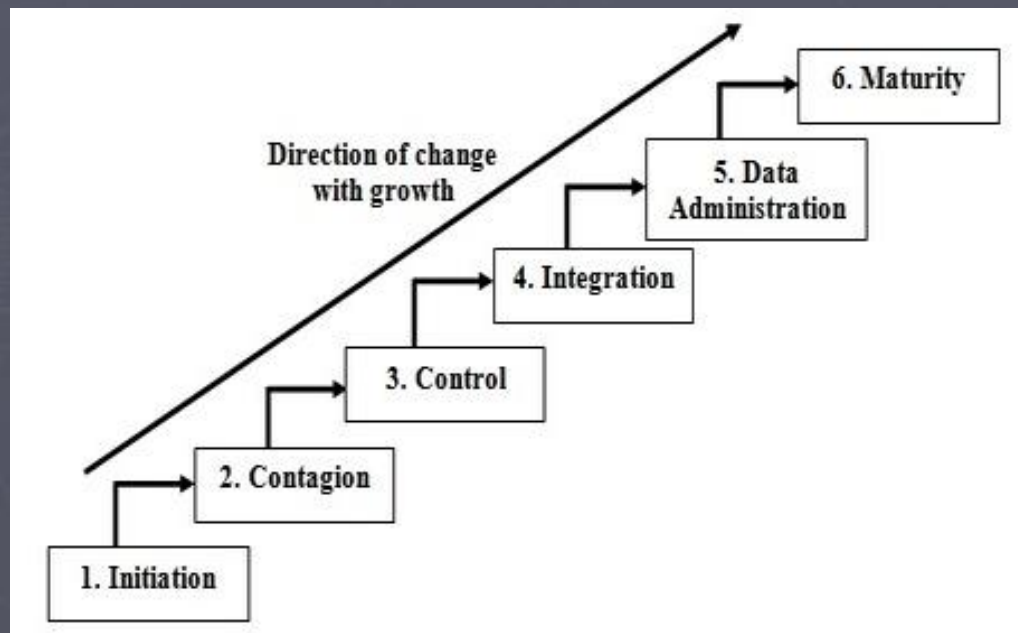


Figure 2.18 The world-system core, semiperiphery, and periphery in 2005



Nolan's Stage of Growth Model

- Primarily deals with integration of technology into society
 - Also used to describe the introduction of technology to business



Stage 1: Initiation

- Technology is sparingly used
- Any technology is used for data processing
 - Limits costs of human processing



Stage 2: Contagion Stage

- Spread of technology into other levels of society
 - Finding more uses and training more people to use technology
- Mistrust
 - Bugs getting worked out of system and people becoming comfortable with technology



Stage 3: Control Stage

- Frustration
 - Management gets discouraged by lack of training and/or hardware to fully utilize technology
 - Leads to confusion and frustration but



Stage 4: Integration Stage

- Comfort
 - Users have come to terms with technology and are finding practical uses



Stage 5: Data Administration Stage

- Technology used for the collection and storage of data
 - Not as much reliance on computer programs
- Utilization of computer's ability to store data



Stage 6: Maturity Stage

- Re-application
 - New uses for technology are being integrated
 - Management is looking for new ways to use technology to beat competition

