

SOCI 423: THEORIES OF SOCIAL DEVELOPMENT

**MODERNIZATION THEORY:
W.W. ROSTOW AND S.M. LIPSET**

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SESSION OVERVIEW

- In this session, the core contributions of economics and political science to modernization theory are explored.
- **Goals/ Objectives:** by the end of the session, the student will be able to:
- Explain the core tenets of W. W. Rostow's economic approach to modernization theory,
- Explain the basic arguments of political modernization theory by S.M. Lipset



SESSION OUTLINE

- Walt W. Rostow—The stages of economic growth
- Seymour M. Lipset—Economic development and Democracy
- Activity
- References



WALT .W. ROSTOW: STAGES OF ECONOMIC GROWTH

- Walt W. Rostow put forward the stages of economic growth theory of social change
- Basic assumption: lengthy process of economic development can be depicted according to various stages
- The uniformities tend to occur in the sequence of development
- Overall process of economic growth proceeds through five stages:



W.W. ROSTOW: THE TRADITIONAL SOCIETY STAGE

- Characterised by:
- Subsistence economy—output not traded or recorded
- Existence of barter
- High levels of agriculture and labour intensive agriculture
- There is little capital accumulation
- Savings are practically nonexistent and
- The traditional mentality and attitudes of people hamper development



W.W. ROSTOW: PRE-CONDITIONS FOR TAKE-OFF STAGE

- Population increase
- The existence of entrepreneurs
- An increase in agricultural production and
- Development of mining industries
- Increase in capital use in agriculture
- Necessity of external funding
- Some growth in savings and investment
- Reactive nationalism:
- The idea spreads that economic progress is not only possible but necessary
- Education is geared to substantiate the new economic outlook
- Banks and other economic institutions are formed and the
- State is becoming more centralized



W.W. ROSTOW

TAKE-OFF STAGE

- Increasing industrialization
- Further growth in savings and investment
- Some regional growth
- Number employed in agriculture declines
- Economic growth becomes the normal condition.
- An increase in the ratio of savings and investment to national income from about 5 to 10% or more
- The development of one or more substantial manufacturing sectors with high rates of growth and
- The existence or quick emergence of a political, social and institutional framework to exploit the impulses to expansion in the modern sector



W.W.ROSTOW

THE DRIVE TO MATURITY STAGE

- Growth becomes self-sustaining—wealth generation enables further investment in value adding industry and development
- Industry more diversified
- Increase in levels of technology utilized becomes evident in all sectors of the economy
- From 10 to 20% of national income is steadily reinvested, permitting output regularly to outstrip the increase in population
- It takes about 60 years to reach this stage in which an economy demonstrates the capacity to move beyond the original industries which powered its take-off



W.W. ROSTOW

THE AGE OF HIGH MASS CONSUMPTION STAGE

- High output levels
- Mass consumption of consumer durables
- The economy shifts toward the production of consumer goods and services
- High proportion of employment in service sector
- Funds are increasingly allocated to welfare in the society
- There is a striving for power in the international arena



S. M. LIPSET:

ECONOMIC DEVELOPMENT AND DEMOCRACY

- The research problem: Lipset's (1963) work is concerned with examining how political democracy is related to economic development.
- He points out that from Aristotle to the present, the literature tends to assert that "the more well-to-do a nation, the greater the chances that it will sustain democracy" (p. 31).
- Lipset addresses the question of whether only wealthy societies can give rise to democracy, and whether poor societies with a large impoverished mass lead to oligarchy (government by a small upper stratum, such as traditionalist dictatorships found in Latin America) or to tyranny (popular-based dictatorship, such as communism or Peronism).



S. M. LIPSET:

ECONOMIC DEVELOPMENT AND DEMOCRACY

- The variables: To carry out his research, Lipset needed to define and operationalize the concepts of democracy and economic development.
- Democracy, in Lipset's work, refers to a political system that supplies regular constitutional opportunities for changing the governing officials, and that permits the population to influence major decisions by choosing the holders of political office.



S. M. LIPSET:

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- Lipset distinguishes four types of political systems in Europe and Latin America:
- European stable democracies (e.g., United Kingdom): countries with an uninterrupted continuation of political democracy since World War I and the absence of a major political movement opposed to the democratic "rule of the game"
- European unstable democracies and dictatorships (e.g., Spain): countries in Europe that do not meet the above criteria
- Latin American democracies and unstable dictatorships (e.g., Brazil): countries with a history of more or less free elections since World War I
- Latin America stable dictatorships (e.g., Cuba): countries in Latin America that do not meet the above criteria



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ECONOMIC DEVELOPMENT AND DEMOCRACY

- A Lipset explains, and as this list shows, the criteria for Latin American countries are less stringent. In Europe we look for stable democracies, while in South America we look for unstable dictatorships.
- With respect to the concept of economic development, Lipset uses various indices, including the following:
 - wealth, as measured by per capita income, number of persons per motor vehicle, and the number of physicians, radios, telephones, and newspapers per 1,000 persons
 - industrialization, as measured by the percentage of employed labor in agriculture and per capita energy consumed
 - urbanization, as measured by the percentage of population in cities over 20,000, in cities over 100,000, and in metropolitan areas
 - education, as measured by primary education enrollment, postprimary enrollment, and higher education enrollment per 1,000 persons



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- The findings: Using data published by the United Nations, Lipset found that no matter what index is used for economic development, it is always higher for democratic countries than for dictatorships.
- Thus more democratic countries have higher average wealth, a higher degree of industrialization and urbanization, and a higher level of education than do less democratic nations.
- To illustrate, Lipset reports that the per capita income for European stable democracies is \$695; for European dictatorships it is \$308; for Latin American democracies it is \$171; and for Latin American dictatorships it is \$119.



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ECONOMIC DEVELOPMENT AND DEMOCRACY

- Furthermore, Lipset notes that all the indices of economic development-wealth, industrialization, urbanization, and education-are so closely interrelated that they form one major fact that has high correlation with the variable of democracy.
- Citing Lerner, Lipset entertains the idea that this high correlation may a result of the different phases of modernization: starting with urbanization, followed by the development of literacy and the mass media, and, finally, leading to the birth of the democratic institution of participation.



S. M. LIPSET:

ECONOMIC DEVELOPMENT AND DEMOCRACY

- The explanation: What explains the strong relationship between economic development and democracy?
- Lipset (1963, p. 45) basically provides a social class explanation: "Economic development, producing increased income, greater economic security, and widespread higher education, largely determines the form of the 'class struggle' that lays the foundation of democracy.
- First, the lower class in poor countries experiences more status inferiority than its counterpart in wealthy countries. When a country is poor, the sharing of goods, services, and resources must inevitably be less equitable than in a country in which there is relative abundance.



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ECONOMIC DEVELOPMENT AND DEMOCRACY

- Consequently, when the lower class in the poor countries is exposed to a better way of life by modern means of communication and transportation, sufficient discontent is aroused to provide the social basis for political extremism.
- Thus the political parties in poorer countries are more extremist and radical than those in wealthier countries. On the other hand, economic development, with its accompanying increase in wealth and consumption of goods, serves to reduce the social distance between the lower and upper classes.
- Therefore, the lower class in wealthy countries tends to develop longer time perspectives and more complex and reformist views of politics. Lipset points out that a belief in secular reformism can be the ideology of only a relatively well-to-do lower class in wealthy countries.



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- Second, increased wealth also affects the middle class. There is a diamond-shaped social stratification in wealthy countries, with expanded middle class.
- Since middle-class members are the ones most likely to join voluntary political organizations, they provide a countervailing force to check the power of the state, form a source of new opinion for the mass media, and help to train citizens in political skills and to arouse political participation.
- Lipset asserts that a large middle class also tempers conflict by rewarding moderate and democratic parties and by penalizing extremist groups.



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- Third, the politics of the upper class is also related to national wealth. In the poor countries, the upper class tends to treat the lower class as vulgar and innately inferior, as a lower caste beyond the pale of human society.
- Naturally, in poor countries, the upper class resists granting political rights to the lower class—which often intensifies the latter's extremist reactions.
- On the other hand, in wealthy countries, where there are enough resources for some redistribution to take place, it is easier for the upper class to extend some rights to the lower class.



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- In sum, Lipset has documented and explained the strong relationship between economic development and democracy.
- However, as a shrewd political sociologist, he also makes an important qualification. He disagrees with political commentators' interpretation of his findings that "if only the underdeveloped nations can be successfully started on the road to high productivity,...we can defeat the major threat to newly established democracies, their domestic Communists" (p. 54).
- Lipset disagrees with this interpretation because lower-class political extremism is found not only in low-income countries, but also in newly industrializing counties.



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- Consequently, Lipset qualifies his findings by adding a new factor of the rate of industrialization. In Lipset's words, "Wherever industrialization occurred rapidly, introducing sharp discontinuities, introducing disparities between pre-industrial and industrial situation, more rather than less extremist working-class movements emerged" (p. 54).
- This is because under slow industrialization, workers have been employed in an industry for a long time, and those newcomers who have been pulled from the rural areas and who might have supplied the basis for an extremist party are always in the minority.
- But if industrialization is rapid, it results in a sudden growth in the number of unskilled workers from the rural area, thereby providing the fuel for extremist politics.



Activity

- What is the main difference between neo-evolutionary, functionalist and modernization theories of development?
- What are the core contributions of Rostow to modernization school?
- How did Lipset's political approach broadens your understanding of modernization?



References

- Lipset, Seymour M. 1963. “Economic Development and Democracy.” in S. M. Lipset, Political Man. Garden City, NY: Anchor.
- Rostow, Walt W. 1964. “The Takeoff into Self-sustained Growth.” In Amitai Etzioni and Eva Etzioni (eds.) Social Change. New York. Basic Books, pp.285-300.
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