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Subject: H2 Geography (Human)

Topic: Globalization

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Describe Rostow's model and outline the limitations associated with using this model to measure the level of development.

Rostow's model is an economic development model that suggests different 'Stages of Growth' that all countries would and can follow to attain development. It starts off with the 'Traditional Society', introduced with 'Preconditions for Take-off', the actual 'Take-off', a 'Drive to Maturity' and finally the country enters an 'Age of Mass Consumption'. The model makes the assumption that all countries begin as traditional societies and would eventually reach the stage of being 'developed'. Rostow also suggests that countries can imitate the previous experiences of the developed countries and then set up necessary conditions for take-off. Rostow's model involves different 'stages', and countries are classified as being in different stages as a measure of level of development.

To begin, Rostow's model assumes a closed system where the only influence that the external countries can have on an economy is to provide their experience in development, which is apparently untrue in the real world as globalization has connected economic activities all around the world. It ignores the potential of other pathways to development such as the export-driven strategy that is pursued by the Newly Industrialized Economies (NIEs) today. This would mean that the 'stages' in Rostow's model are absolutely irrelevant for the NIEs, whose 'take-off' of rapid growth hardly resembles anything that is prescribed by Rostow.

The stages given by Rostow are vague and accompanying descriptions about each of the stages are highly subjective. Even within a stage, there can be a very wide range of levels of development. The pace of the stage is not well established enough for any meaningful categorization of levels of development. For example, China is apparently leading India in their take-off stage and yet this cannot be fully explained by simply following Rostow's model and labeling these countries as being in 'Take-off' stage.

Rostow's model ignores the mechanism that pushes the countries from one stage to the other, and assumes the stages to be logical progression. Many countries have shown to be in the second stage, with the preconditions to take-off but without the government will to progress and thus remains stagnant. In other cases, countries have extremely uneven development where parts of their economy have taken off but majority of the population remains in the rural, stagnant sector of the economy. This presents extreme difficulties of classifying these countries into any of the stages that is given in Rostow's model.

In Rostow's model, the logical progression of development follows the sequence of the model but the United States has presented an anomaly of reaching the age of mass consumption even before the drive to maturity. This is likely due to the consumer culture that has been deeply entrenched in the country. More importantly, economic variables dominate the model in the demonstration of development. Rostow disregards any form of social development as being development in itself. Thus, the use of this model to measure any sort of level of development is highly limited.

To what extent has the globalization of economic activity perpetuated variations in economic wealth?

Globalization of economic activity has been blamed for perpetuating economic inequality in the world as certain important functions of the global economy is increasingly concentrated in core nodes of the world, limiting the trickle-down benefits the periphery may enjoy from economic growth experienced by the world. The nature of globalization is such that different economies specialize on certain areas so that their advantages can be fully exploited. However, this leads to economies built upon different foundations, which in turn determines the long term growth of the countries. This paved the way for large variations in economic wealth in the world.

The process of globalization, with its drive for economic growth and gains have by passed some countries, and in fact, almost the entire of the African continent, excluding them from the global network of economic relations and effectively preventing them from enjoying the fruits of globalization. The rapid pace of growth for the rest of the world have flunked African states far behind in the road of development. In other cases, the process of globalization has caused certain countries to be stuck with low-end manufacturing such as the case of Philippines and Mexico because of the inability of authorities to ensure technology transfer. Such exclusive nature of globalization perpetuates the global variation in economic wealth and thus the inequalities experienced.

The competition for the world's capital, talents and resources has inevitably led to the emergence of 'winners' - key nodes in the global economy. The development of these growth poles could be in the expense of the other economies as they successful compete for the Foreign Direct Investments that are essential initiators of development for certain developing economies. The concentration of these resources by the transnational corporations around the world in order to enjoy the agglomeration economies have caused developing periphery to suffer from serious backwash. About 75% of all the FDI in the world actually goes back to the first world and the remaining FDI goes mainly to the NIEs, leaving little investments in the poorer economies. These economies become starve of talents and investments, and become stagnant, while the world cities continue to thrive and grow with the disproportionate amount of investments pouring into the region.

At the local scales, globalization has also resulted in increasing disparity in economic wealth within a single population. For the developed economies, unskilled or low-skilled labour are becoming structurally unemployed as the low-end functions of businesses relocate to the emerging economies or the developing countries to enjoy lower wages and cost of production. This is evident in the United States of America as the manufacturing industries move out of the country, leaving thousands jobless in the old industrial towns. On the other hand capital intensive industries are continually favoured in developed economies as a result of the development of technology. The entrepreneurs of Silicon Valley continue to enjoy the fruits of their innovation. This process raises the incomes of the upper strata of the society while causing the poor to become poorer, effectively worsening income distribution and perpetuating serious variation in economic wealth at the local level.

Nonetheless, globalization of economic activities cannot be solely responsible for variations of economic wealth. In the first place, economic wealth has always been uneven around the world because of differences in factor endowments and conditions of different places. Other factors such as poor governance, civil wars, political turmoil and natural disasters can also perpetuate variations in economic wealth. Countries like Myanmar with military governments are not at all interested in the welfare of the people and only keen on increasing the bulge of their own pockets would produce severely distorted distribution of wealth. Civil strife in Sudan would cause their economy to continue stagnating without progress, rendering them further and further on the development path from those ahead. Honduras President famously claimed that fifty years worth of development in his country have been wiped out by Hurricane Mitch in 1998. Natural disasters can also cause the downfall of unlucky economies.

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In essence, globalization of economic activity have indeed been responsible for perpetuating some of the variations in economic wealth in the world by limiting the scope of development of some of the areas that are periphery in the global economic hierarchy because the process directs investments and people towards limited central nodes in the world. The unevenness of the globalization process has also perpetuated variations in economic wealth as the variation in the degree at which the country is globalised somewhat influences the benefits it may reap in the process. Nonetheless, variation in economic wealth is an inherent feature of the world and there are other localized factors that may be responsible for the different growth rates and levels of development experienced by the different places around the world.