

Development theory

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Development theory is a collection of [theories](#) about how desirable change in society is best achieved. Such theories draw on a variety of social science disciplines and approaches. In this article, multiple theories are discussed, as are recent developments with regard to these theories. Depending on which theory that is being looked at, there are different explanations to the process of development and their inequalities.

Modernization theory

Modernization theory is used to analyse the processes in which modernization in societies take place. The theory looks at which aspects of countries are beneficial and which constitute obstacles for economic development. The idea is that development assistance targeted at those particular aspects can lead to modernization of 'traditional' or 'backward' societies. Scientists from various research disciplines have contributed to modernization theory.

Linear stages of growth model

The linear stages of growth model is an economic model which is heavily inspired by the Marshall Plan which was used to revitalize Europe's economy after World War II. It assumes that economic growth can only be achieved by industrialization. Growth can be restricted by local institutions and social attitudes, especially if these aspects influence the savings rate and investments. The constraints impeding economic growth are thus considered by this model to be internal to society.

According to the linear stages of growth model, a correctly designed massive injection of capital coupled with intervention by the public sector would ultimately lead to industrialization and economic development of a developing nation

Rostow's stages of growth model

The [Rostow's stages of growth](#) model is the most well-known example of the linear stages of growth model.^[3] [Walt W. Rostow](#) identified five stages through which developing countries had to pass to reach an advanced economy status: (1) Traditional society, (2) Preconditions for take-off, (3) Take-off, (4) Drive to maturity, (5) Age of high mass consumption. He argued that economic development could be led by certain strong sectors; this is in contrast to for instance [Marxism](#) which states that sectors should develop equally. According to Rostow's model, a country needed to follow some rules of development to reach the take-off: (1) The investment rate of a country needs to be increased to at least 10% of its [GDP](#), (2) One or two [manufacturing](#) sectors with a high rate of growth need to be established, (3) An institutional, political and social framework has to exist or be created in order to promote the expansion of those sectors.

Structuralism

Structuralism is a development theory which focuses on structural aspects which impede the economic growth of developing countries. The unit of analysis is the transformation of a country's economy from, mainly, a subsistence agriculture to a modern, urbanized manufacturing and service economy. Policy prescriptions resulting from structuralism thinking include major government intervention in the economy to fuel the industrial sector, known as import substitution industrialization (ISI). This structural transformation of the developing country is pursued in order to create an economy which in the end enjoys self-sustaining growth.

This can only be reached by ending the reliance of the underdeveloped country on exports of primary goods (agricultural and mining products), and pursuing inward-oriented development by shielding the domestic economy from that of the developed economies. Trade with advanced economies is minimized through the erection of all kinds of trade barriers and an overvaluation of the domestic exchange rate; in this way the production of domestic substitutes of formerly imported industrial products is encouraged.

Dependency theory

Dependency theory is essentially a follow up to structuralist thinking, and shares many of its core ideas. Whereas structuralists did not consider that development would be possible at all unless a strategy of delinking and rigorous [ISI](#) was pursued, dependency thinking could allow development with external links with the developed parts of the globe. However, this kind of development is considered to be "dependent development", i.e., it does not have an internal domestic dynamic in the developing country and thus remains highly vulnerable to the economic vagaries of the world market. Dependency thinking starts from the notion that resources flow from the 'periphery' of poor and [underdeveloped](#) states to a 'core' of wealthy countries, which leads to accumulation of wealth in the rich states at the expense of the poor states. Contrary to [modernization theory](#), dependency theory states that not all societies progress through similar [stages of development](#). Periphery states have unique features, structures and institutions of their own and are considered weaker with regards to the world [market economy](#), while the developed nations have never been in this colonized position in the past. Dependency theorists argue that underdeveloped countries remain economically vulnerable unless they reduce their connections to the world market

Dependency theory

Dependency theory states that poor nations provide [natural resources](#) and cheap [labor](#) for [developed nations](#), without which the developed nations could not have the [standard of living](#) which they enjoy. When underdeveloped countries try to remove the Core's influence, the developed countries hinder their attempts to keep control. This means that [poverty](#) of developing nations is not the result of the disintegration of these countries in the [world system](#), but because of the way in which they are integrated into this system.

In addition to its structuralist roots, dependency theory has much overlap with [Neo-Marxism](#) and [World Systems Theory](#), which is also reflected in the work of [Immanuel Wallerstein](#), a famous dependency theorist. Wallerstein rejects the notion of a Third World, claiming that there is only one world which is connected by economic relations ([World Systems Theory](#)). He argues that this system inherently leads to a division of the world in core, [semi-periphery](#) and [periphery](#). One of the results of expansion of the world-system is the [commodification](#) of things, like [natural resources](#), [labor](#) and [human relationships](#).

Neoclassical theory

Neoclassical development theory has its origins in its predecessor: Classical economics. Classical economics was developed in the 18th and 19th centuries and dealt with the value of products and on which production factors it depends. Early contributors to this theory are Adam Smith and David Ricardo. Classical economists argued – as do the neoclassical ones – in favor of the free market, and against government intervention in those markets. The 'invisible hand' of Adam Smith makes sure that free trade will ultimately benefit all of society. John Maynard Keynes was a very influential classical economist as well, having written his General Theory of Employment, Interest, and Money in 1936.

Neoclassical development theory became influential towards the end of the 1970s, fired by the election of Margaret Thatcher in the UK and Ronald Reagan in the USA. Also, the World Bank shifted from its Basic Needs approach to a neoclassical approach in 1980. From the beginning of the 1980s, neoclassical development theory really began to roll out.

Post-development theory

Post development theory is a school of thought which questions the idea of national economic development altogether.

According to post development scholars, the goal of improving living standards leans on arbitrary claims as to the desirability and possibility of that goal. Post development theory arose in the 1980s and 1990s.

According to post development theorists, the idea of development is just a 'mental structure' ([Wolfgang Sachs](#)) which has resulted in a [hierarchy](#) of developed and underdeveloped nations, of which the [underdeveloped nations](#) desire to be like [developed nations](#). Development thinking has been dominated by the West and is very [ethnocentric](#), according to Sachs. The Western lifestyle may neither be a realistic nor a desirable goal for the world's population, post development theorists argue. Development is being seen as a loss of a country's own culture, people's perception of themselves and modes of life. According to [Majid Rahnema](#), another leading postdevelopment scholar, things like notions of poverty are very culturally embedded and can differ a lot among cultures. The institutes which voice the concern over underdevelopment are very Western-oriented, and postdevelopment calls for a broader cultural involvement in development thinking.