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SENIOR FIVE TERM 3

TOPIC 2/2: Economic Growth, Economic Development and Development Theories

Competency: The learner analyses and applies growth theories to develop evidence-based recommendations for community stakeholders and policymakers, promoting informed decision-making for sustainable economic growth and national development.

Economic growth

Economic growth is the sustained persistent **quantitative** increase in the country's volume of goods and services as measured by an increase in Gross National Product (GNP) in a given period of time usually a year compared with the previous period.

Determinants of (factors affecting) economic growth

- (i) **Capital accumulation:** Investment in machinery, infrastructure, and factories increases productive capacity. More capital per worker raises output and efficiency.
- (ii) **Labor force growth:** A larger workforce contributes to higher output. Productivity depends on skills, health, and motivation of workers.
- (iii) **Technological progress:** Innovation and adoption of new technologies boost efficiency.

Examples: automation, digitalization, renewable energy.

- (iv) **Human capital development:** Education, training, and healthcare improve worker productivity. Skilled labor adapts better to new technologies.
- (v) **Natural resources:** Availability of land, minerals, and energy supports growth. Sustainable use is crucial to avoid depletion.
- (vi) **Institutional quality:** Strong governance, rule of law, and property rights encourage investment. Corruption and instability hinder growth.
- (vii) **Trade and openness:** Access to global markets fosters specialization and efficiency. Foreign investment brings capital and technology.

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- (viii) **Public expenditure and infrastructure:** Government spending on roads, energy, and communication supports private sector growth. Efficient infrastructure reduces transaction costs.
- (ix) **Increase in the number and quality of entrepreneurs.** Presence of individuals who have the ability to organize and mobilize other factors of production leads to an increase in production hence economic growth and absence of such individuals discourages production hence low levels of economic growth.
- (x) **Availability of market** including local and foreign market. The large market encourages investments which lead to the production of more goods and services hence economic growth. But a narrow market discourages investment and production hence low levels of economic growth.
- (xi) **Ideal population growth** to provide labour and market
- (xii) **Political stability.** Political stability encourages investment and lead to economic growth
- (xiii) **Appropriate planning and effective implementation** of economic programs.
- (xiv) **Level of investment.** High level of investment in an economy increases the production of goods and services.
- (xv) **The level of monetization of the economy.** The higher the level of monetization of the economy, the higher the level of economic growth, But a large subsistence sector discourages production and exchange hence low levels of economic growth.
- (xvi) **The degree of specialization and division of labour in production.** The high degree of specialization in the economy leads to economies of large scale production hence economic growth and the low degree of specialization discourages large scale production hence low level of economic growth.

Benefits (advantages) of economic growth

- (i) **Higher living standards:** Growth raises per capita income, allowing people to afford better housing, healthcare, and education.
- (ii) **More employment opportunities:** Expanding industries and services create jobs, reducing unemployment and poverty.
- (iii) **Increased government revenue:** Higher incomes and profits generate more tax revenue, enabling governments to invest in infrastructure and welfare.
- (iv) **Improved social services:** With more resources, governments can expand healthcare, education, and social protection programs.
- (v) **Investment in technology and innovation:** Growth encourages research and development, leading to productivity gains and new industries.
- (vi) **Reduction in poverty:** Sustained growth lifts people out of poverty by raising incomes and expanding opportunities.

- (vii) **Better international competitiveness:** A growing economy attracts foreign investment and strengthens trade performance.
- (viii) **Infrastructure development:** Roads, energy, and communication systems improve, supporting both businesses and households.
- (ix) **Fiscal sustainability:** Strong growth reduces reliance on borrowing and helps governments manage debt more effectively.
- (x) It leads to a fall in the general price level of goods and services hence improving the standards of living of the people. As the economy grows, a variety of goods and services are produced and this results into a fall in the general price levels hence an increase in the volume of commodities consumed.
- (xi) It improves the balance of payment position of the country. As the economy grows the production of goods and services for both the domestic market and for exports increases. This helps the country to save and earn foreign exchange hence better balance of payment position.
- (xii) It leads to an increase in employment opportunities. This is in form of increased resource utilization and other economic activities set up. This increases the income of the people.
- (xiii) It reduces the dependence of the economy on other economies. As the economy grows, per capita income raises and this leads to an increase in self-reliance and sustenance of the economy.
- (xiv) It reduces income inequalities in the economy. As the economy grows, it is possible for the government to redistribute part of the increased employment opportunities and income through the use of appropriate government policies like progressive taxation.

Costs (demerits) of economic growth

- (i) **Environmental degradation:** Rapid industrialization leads to pollution, deforestation, and depletion of natural resources. Climate change risks increase with unchecked growth.
- (ii) **Income inequality:** Growth often benefits the wealthy more than the poor. Widening gaps can cause social unrest and reduce inclusivity.
- (iii) **Inflationary pressures:** Fast growth can create demand-pull inflation, raising the cost of living. Poor households are hit hardest by rising prices.
- (iv) **Overexploitation of resources:** Non-renewable resources may be depleted, threatening long-term sustainability.
- (v) **Urbanization problems:** Rapid growth drives migration to cities, causing congestion, slums, and inadequate infrastructure.
- (vi) **Social and cultural disruption:** Traditional lifestyles may be eroded by modernization. Communities face stress from rapid change.
- (vii) **External dependence:** Growth driven by foreign investment or exports can make economies vulnerable to global shocks.

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- (viii) **Health and stress issues:** High-paced economic activity can increase work-related stress and reduce quality of life.
- (ix) **Technological unemployment.** As the economy grows, there is increased use of capital intensive techniques of production which in the long run replaces labour hence technological unemployment.
- (x) **Profit repatriation.** This is true if production is dominated by Foreign Direct Investments.
- (xi) **Loss of craftsmanship.** The increased dependence on the use of machines like computers and other capital equipments leads to loss of natural creativity in the long run.

Economic development

Economic development is a multidimensional process involving sustained increases in income, reduction of poverty, and improvements in health, education, and living standards.

Difference from economic growth: Growth is quantitative (increase in GDP), while development is qualitative (improvement in welfare).

Structural transformation: Development often involves shifting from agriculture to industry and services, accompanied by technological progress.

Key Features of Economic Development

- (i) **Improved living standards:** Better housing, healthcare, and education.
- (ii) **Reduction in poverty:** Expanding opportunities for marginalized groups.
- (iii) **Human capital development:** Investment in education and training.
- (iv) **Infrastructure expansion:** Roads, electricity, and communication systems.
- (v) **Institutional quality:** Strong governance, rule of law, and political stability.
- (vi) **Technological advancement:** Innovation and adoption of modern production methods.

Economic Growth vs. Economic Development

Aspect	Economic Growth	Economic Development
Focus	Increase in GDP	Improvement in welfare
Measure	Output, income	Health, education, poverty reduction
Timeframe	Short/medium term	Long-term, structural

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Nature	Quantitative	Qualitative
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Importance of Economic Development

- (i) **Improves living standards:** Provides better housing, healthcare, education, and nutrition. Enhances overall quality of life for citizens.
- (ii) **Reduces poverty and inequality:** Expands opportunities for marginalized groups and ensures more equitable distribution of resources.
- (iii) **Promotes human capital development:** Investment in education and skills increases productivity. A healthier, more skilled workforce drives innovation.
- (iv) **Strengthens institutions and governance:** Development fosters political stability, rule of law, and accountability. Encourages investment and reduces corruption.
- (v) **Supports infrastructure growth:** Roads, electricity, and communication systems improve efficiency; which facilitates trade and industrialization.
- (vi) **Encourages technological progress:** Development stimulates innovation and adoption of modern technology. This boosts competitiveness in global markets.
- (vii) **Enhances resilience to shocks:** Economies with strong development withstand crises better and reduces vulnerability to external factors like commodity price swings.
- (viii) **Promotes sustainability:** Balances economic growth with environmental protection and ensures resources are preserved for future generations.

Circumstances leading to economic growth without economic development

- (i) **Resource-based growth:** Heavy reliance on exports of oil, minerals, or cash crops can boost GDP where wealth concentrate in elites, leaving poverty and inequality unchanged.
- (ii) **Unequal income distribution:** Growth benefits the rich disproportionately while poor households see little improvement in living standards.
- (iii) **Jobless growth:** GDP rises due to automation or capital-intensive industries while employment opportunities stagnate, leaving unemployment high.
- (iv) **Environmental degradation:** Growth achieved by exploiting forests, fisheries, or fossil fuels while long-term sustainability and health deteriorate.
- (v) **Weak institutions and corruption:** Mismanagement of public funds prevents investment in education, healthcare, and infrastructure. Growth does not translate into social progress.
- (vi) **External dependence:** Growth driven by foreign investment or aid may not build local capacity because profits are repatriated abroad, limiting domestic development.
- (vii) **Neglect of human capital:** Growth focuses on physical capital but ignores education and healthcare. Consequently, productivity gains are not shared widely.
- (viii) **Inflationary growth:** GDP rises nominally due to price increases rather than real output while living standards remain stagnant.

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- (ix) When there are high levels of traditionalism and conservatism which negatively affect peoples' attitude towards development.
- (x) When the fundamental human rights like freedom of worship, expression, speech are abused by the government authorities.
- (xi) When people are over working at the expense of leisure in order to produce more goods and services.
- (xii) When there is high degree of political instabilities in the country such that the increased GDP and per capita income realized in an economy are due to increased military expenditure rather than expenditure on social services.

Under development

Underdevelopment is a state in which an economy fails to provide adequate living conditions, opportunities, and growth for its population.

Characteristics of underdeveloped Countries

- (i) **Low per capita income:** Majority of the population lives below poverty lines.
- (ii) **High unemployment and underemployment:** Many people lack jobs or work in low-productivity sectors.
- (iii) **Poor infrastructure:** Limited access to roads, electricity, clean water, and communication.
- (iv) **Low literacy and education levels:** Weak human capital reduces productivity and innovation.
- (v) **Weak institutions:** Corruption, poor governance, and lack of rule of law.
- (vi) **Dependence on primary products:** Economies rely heavily on agriculture or raw material exports.
- (vii) **High population growth:** Strains resources and slows improvements in living standards.
- (viii) **Poor healthcare:** High infant mortality, low life expectancy, and widespread diseases.
- (ix) **Low levels of labour productivity.** Under developed countries are characterized by low levels of labour productivity due to absence or inadequate co-operant factor inputs such as capital, better technology and low levels of education and skills.
- (x) **Persistent capital outflow** due to importation of luxurious items to match the developed country style
- (xi) **High corruption and embezzlement** of funds by government official
- (xii) **Technology backwardness**
.This is due to limited capital for research; innovations and inventions necessary for technological progress. Technology backwardness is reflected in low labour productivity and production of poor quality goods and services.
- (xiii) **High levels of conservatism and traditionalism.** Most people in developing countries believe in cultural norms and they are deeply rooted in

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cultural beliefs to the extent that they cannot allow positive reforms necessary for development to take place.

- (xiv) **Existence of excess capacity.** There is underutilization of natural resources in most sectors of developing economies due to inadequate capital, use of poor technology, limited markets and poor management and entrepreneurial skills. This leads to low economic growth rate.
- (xv) **High levels of political instability.** This is due to greed for power and bad leadership by leaders of developing countries.
- (xvi) **Brain drainage** due to increasing unemployment and poor working conditions

Causes of underdevelopment in developing countries

- (i) **Colonial legacy:** Many economies were structured around resource extraction during colonial rule. Artificial borders and exploitative institutions left lasting structural weaknesses.
- (ii) **Weak institutions and governance:** Corruption, lack of accountability, and poor rule of law discourage investment. Political instability undermines long-term planning.
- (iii) **Poor infrastructure:** Inadequate roads, electricity, and communication systems limit productivity and trade. Rural areas remain disconnected from economic opportunities.
- (iv) **Low investment in human capital:** Limited access to quality education and healthcare reduces workforce productivity. High illiteracy and poor health outcomes perpetuate poverty.
- (v) **Dependence on primary products:** Heavy reliance on agriculture or raw material exports makes economies vulnerable to price fluctuations. Lack of diversification hinders industrialization.
- (vi) **Rapid population growth:** High fertility rates strain resources and social services. This creates pressure on employment and infrastructure.
- (vii) **External dependence:** Reliance on foreign aid or investment without building domestic capacity. Profits often repatriated abroad, limiting local development.
- (viii) **Social and cultural factors:** Traditional practices, gender inequality, and resistance to change can slow modernization. Limits participation of all groups in economic progress.
- (ix) **Low levels of technology.** Most developing countries use traditional, out dated and inefficient technology. This leads to resource underutilization and production of low output and of poor quality hence under development.
- (x) **Limited capital.** This is due to low levels of incomes and limited access to credit facilities from financial institutions due to lack of collateral securities. This limits the expansion of business opportunities in developing countries.
- (xi) **Limited markets for the products.** This is due to low aggregate demand resulting from high levels of poverty in developing countries.

- (xii) **Rampant political instabilities in developing countries.** These are manifested in form of wars and political sabotage which discourage investments and other income generating activities hence under development.
- (xiii) **Poor land tenure systems in developing countries.** In developing countries, the system of land ownership and use is poor. Many people do not own land and therefore, they cannot use it to effectively use it to carry out large scale production hence underdevelopment
- (xiv) Occurrence **of unfavorable natural factors** like draught, heavy destructive rains, pests and diseases all of which limit investments in the agricultural sector hence under development.
- (xv) **Persistent huge external public debts.** This leads to capital outflow in form of debt servicing through the repayment of the interest and principle on the external public debts.
- (xvi) **High levels of brain drain.** Developing countries persistently lose highly skilled man power to developed countries in search for 'greener pastures' in form of good working conditions and high pay. This leads to depletion of skilled human resource in developing countries hence under development.
- (xvii) **High levels of profit repatriation in developing countries.** This is due to the presence of multinational co operations in developing countries. This limits capital accumulation in developing countries hence underdevelopment.

Policy Measures to reduce under development in developing countries

- (i) **Investment in education and skills:** Expand access to quality education and vocational training. Build human capital to increase productivity and innovation.
- (ii) **Healthcare improvements:** Strengthen public health systems to reduce disease burden. Improve nutrition and maternal/child health for a healthier workforce.
- (iii) **Infrastructure development:** Invest in roads, electricity, clean water, and digital connectivity. Reduce transaction costs and link rural areas to markets.
- (iv) **Economic diversification:** Reduce dependence on primary products (e.g., agriculture, minerals). Promote industrialization and service sector growth.
- (v) **Good governance and institutions:** Fight corruption, strengthen rule of law, and ensure accountability. Create a stable environment for investment and development.
- (vi) **Population management:** Promote family planning and awareness to balance population growth with resources.
- (vii) **Encouraging foreign direct investment (FDI):** Attract responsible FDI to bring capital, technology, and jobs. But ensure policies prevent exploitation and promote local linkages.
- (viii) **Trade openness and regional integration:** Expand access to global markets and strengthen regional trade blocs for collective growth.
- (ix) **Agricultural modernization:** Invest in irrigation, mechanization, and storage facilities to increase food security and rural incomes.

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- (x) Sustainable resource management: Prevent overexploitation of forests, minerals, and fisheries. Balance growth with environmental protection.
- (xi) **Provide affordable credit facilities by the government.** Microfinance institutions as well as credit and savings societies should be encouraged to ensure easy access to cheap credit. **Improvement in the level of technology.** Adopt modern technology to increase productivity.
- (xii) **Privatization of inefficient enterprises** to improve efficiency
- (xiii) **Ensuring political stability.** This helps to promote a favorable atmosphere for investments.
- (xiv) **Promote industrialization** to create employment opportunities
- (xv) **Land reform policies.** These should be aimed at improving the existing land tenure system through and redistribution, leasing, consolidation and resettlement. All this is aimed at improving the productivity and use of land. "

Rostov's theory of economic growth

Rostov's theory of economic growth describes the stages of economic growth in a historical perspective. According to W.W. Rostov, economies inevitably pass through a series of distinct stages of economic growth through which they are transformed from subsistence traditional and stagnant low per capita income state to the advanced modern and industrialized state. Rostov distinguishes five successive stages of economic growth through which an economy passes to achieve economic development, with accumulated savings and capital as the driving force. These stages include;

1. The traditional stage (Subsistence stage)
2. The Pre-condition for take-off (Transition) stage
3. The take-off stage
4. The drive to maturity stage
5. The maturity stage (Age of high mass consumption)

The traditional (subsistence) stage

This is the first stage of economic growth according to Rostov. It is characterized by the following;

1. There is great use of primitive tools of production (traditional backward technology). Traditional methods of production are dominant. For example use of rudimentary tools like hoes, pangas, slashes etc.
2. The society is communal. Wealth is collectively owned. Family and clan connections play a dominant role in the social structure of societies.
3. There is no savings hence unnoticeable capital accumulation due to subsistence production.
4. Existence of high levels of conservatism and traditionalism. Traditional beliefs and values dominate societies and these hinder socio-economic transformation.
5. It is dominated by the traditional subsistence sector. People mainly produce for

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their own consumption rather than for the market.

6. The economy is a closed. There is no international trade to influence economic activities in the economy.
7. There are high levels of illiteracy and ignorance among the population due to low levels of education
8. Barter trade is the main system of exchange with hardly any monetary exchange-taking place.
9. The economy is generally static with high levels of poverty and virtually no growth.
10. People are not profit motivated and there is minimal competition between in the production process.

The Pre-condition for Take-off (Transition) stage

This is Rostov's second stage of economic growth in which the initial transformation of society takes place. It is a stage in which the pre-conditions for self-sustained growth are laid down. It is associated with radical change and dualism. It is characterized by the following;

1. There is appearance of entrepreneurs in society who begin to establish some investments, trade and commerce.
2. Savings increase up to 5 % of GDP
3. Financial institutions that mobilize savings such as banks and micro finance institutions begin to appear.
4. There is an increase in the level of investment to about 5% of the GDP.
5. Investment is mainly directed towards social overhead. For example construction of roads, power plants, railway lines, hospitals and other communication facilities in order to enlarge the market and exploit natural resources.
6. Use of modern scientific technology begins in the agricultural sector and this reduces subsistence output while increasing commercial production.
7. Modern manufacturing enterprises begin to appear using the new production methods.
8. Reduction in illiteracy and ignorance due to the spread of modern education.
9. The society breaks the ties of traditionalism and there is a change in attitude and beliefs from traditional to modern ways.
10. Emergence of international trade, with agriculture as the leading export sector.
11. Emergence of economic transformation from the traditional society. People begin to demand products of modern industry and technology due to the influence of powerful international demonstration effect.
12. Increase in the rate of economic growth due to increased production and emergence and the monetary sector.

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13. Emergence of dualistic characteristics in the economy.

Note. Many developing countries including Uganda are still at this stage of economic growth and development

The Take-off Stage

According to Rostov, this is the most important but very short stage in which the economy begins to take off into a self-sustaining stage hence reducing foreign dependence. Rostov defines this stage as an industrial revolution, tied to radical social, economic and political transformation in the whole economy. It is characterized by the following;

1. The economy moves into self-sustaining economic growth. The obstacles to steady growth are removed leading to a reduction in foreign dependence.
2. Savings increase up to about 5-10% of national income.
3. Investments increase up to about 5-10% of GDP.
4. Development of one or more leading manufacturing sectors with a high rate of growth and possibilities of increasing resource exploitation, innovations and technological transformation.
5. Great changes in the social and political (institutional) framework with a high degree of economic stability.
6. High level of employment created due to high levels of investments.
7. Increased commercial and economic activities as a result of the expanded market and increased urbanization.
8. The economy ceases to be dualistic. That is, it is fully transformed into a modern economy.
9. There are high rates of literacy and educational levels in the economy.
10. There is a high level of industrialization with forward and backward linkages.
11. There is continued expansion and improvement in the social overhead capital in form of roads, power plants, communication facilities etc.

The drive to maturity stage

This is a stage of a long period of sustained economic growth. Society progressively grows and effectively applies the range of modern technology in all sectors and economic activities of the economy. The economy finds its position in the international economy. The stage is characterized by;

1. Long sustainable economic growth. Most constraints to economic growth are removed leading to self-sustaining economy in the long run.
2. Use of advanced technology in all sectors of the economy due to high levels of research and innovation (New production techniques substitute old ones).
3. Investments are high to about 10-20% of GDP.

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4. The level of savings are high up to about 10- 20% of the GDP.
5. The economy is able to withstand unexpected external and internal economic shocks.
6. Development of heavy industries like iron and steel industries which increase the productive capacity of the economy.
7. High levels of monetization of the economy, and real wages start rising as workers unionize to have greater economic and social security.
8. High level of skill development and employment with an increasing role of professionals in the production process.
9. High level of urbanization as many skilled and high income-people prefer to live in urban areas than in rural.
10. Balance of payment surplus is experienced because goods formerly imported are now domestically produced and new export commodities are supplied
11. High levels of infrastructural development in the economy, hence equitable distribution of certain goods and services.
12. There are high levels of research and discoveries and the available resources are fully utilized.

The Age of High Mass Consumption (Maturity stage)

According to Rostov, this is the last and longest stage of economic growth according. It is also referred to as the welfare or high standards of living stage. This stage is characterized by;

1. High standards of living since all the basic needs are available in the society.
2. Extensive use of automobiles.
3. High consumption of durable consumer goods and the use of modern household gadgets.
4. High levels of investments in all sectors of the economy and foreign economies. That is, under taking investments and business in other countries via Multi-national corporations.
5. There is use of highly sophisticated technology in all the activities and sectors of the economy.
6. High degree of infrastructure development.
7. High preference for leisure and holiday travels by the society.
8. There is high proportion of labor force engaged in tertiary production (service provision).
9. More equitable distribution of incomes and increased social security and political stability.
10. Increased influence of the global economy due to high level of involvement and intervention in international social, economic and political issues.
11. The savings rate exceeds 20% of total national income.

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12. Most of the macroeconomic problems like inflation, unemployment and balance of payment deficits are completely removed.
13. The structure of the population changes to predominantly urban
14. Resources are fully utilized and the economy is fully developed.
15. The proportion of the people employed in offices and skilled industrial jobs dominate the working class

Note. Historically, the first countries to reach this stage were USA in the 1920s and Britain in the 1930s, followed by Japan and Western Europe in the 1950s. These countries have the characteristics of the Age of high mass consumption.

Criticisms (Limitations) of Rostov's theory of Economic Growth

1. The assumption that all countries must pass through the five stages as suggested by Rostov is unrealistic. This because some developed have already reached the last stage but did not go through the fourth stage for example countries like Canada and Malaysia.
2. He assumed that capital accumulation through savings is the major driving force and a major determinant of economic growth but he did not consider the other economic and non-economic factors without which capital accumulation alone cannot lead to economic growth, For example education, human rights, political stability etc.
3. He did not consider the market limitation in his theory yet the market size greatly determines economic growth.
4. According to this model, it is not easy to distinguish some stages from one another due to the presence of similar characteristics among some stages. For instance agriculture is dominant in traditional and pre-condition for takeoff stages. In addition to this, stages four and five have similar characteristics hence making it very difficult to associate the economy with a particular stage.
5. It is possible for the country to attain a certain stage without passing through the others. The conditions for takeoff may not necessarily come before the take off stage because there is no reason to believe that an agricultural revolution and accumulated social overheads like infrastructure must take place before the takeoff can occur. In addition, the Age of high mass consumption may not necessarily occur after a country has passed through the drive to maturity stage for example Canada achieved this stage without passing through the drive to maturity stage.
6. Rostov assumed that there is nothing like discontinuity in growth because all countries must pass from one stage to another, which is unrealistic in development process. Disruptions in growth are common in developing countries mainly due to political instabilities.
7. The model suggests that for an economy to grow there should be increased savings.

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However the theory does not suggest how to increase savings or accumulate capital through borrowing externally from other countries.

8. The theory is not a development strategy but simply describes economies at different stages of economic growth. For example it does not suggest what developing countries can do to accelerate growth so as to achieve high levels of production.
9. The traditional stage is not an essential stage for economic growth. This is because some countries like USA were born free of the traditional stage as people migrated to USA. from already advanced societies like Britain.
10. Possibilities of failure at some stages like take-off stage were not considered. Some countries have achieved high savings of about (10-15) % of GDP but have never taken off due to lack of adequate co-operant factors.
11. He assumed that a country cannot take off with agriculture as the major sector yet there are small countries like Denmark, Netherlands etc. have taken off with agriculture as the leading sector.

Relevance of Rostov's theory of economic growth

To some extent, Rostov's theory has some relevancy in the following ways;

1. Savings emphasized in this theory are vital for investment as well as for industrialization in developing countries. Capital accumulation through savings is therefore necessary for economic growth as cited in the theory
2. The concept of take-off is suitable for the industrialization of under developed countries.
3. It stresses unbalanced growth, which is relevant to capital deficient developing countries.
4. It emphasizes institutional reforms, which are vital for economic growth in developing countries.
5. It emphasizes technological and infrastructure development which are essential for growth and development to occur. This is reflected in most stages of growth according to Rostov.
6. Development of leading sectors like agriculture in the first and second stages is relevant and vital for development of developing countries.

Measures to fight poverty

- (i) **Education and skills development:** Expanding access to quality education equips people with skills for better jobs. Vocational training helps youth and adults adapt to changing labor markets.
- (ii) **Healthcare improvements:** Affordable healthcare reduces disease burden and improves productivity. Nutrition programs and maternal/child health initiatives break cycles of poverty.
- (iii) **Job creation and economic growth:** Supporting small businesses and entrepreneurship generates employment. Infrastructure projects (roads, energy, ICT) stimulate local economies.
- (iv) **Social protection systems:** Welfare programs, cash transfers, and food subsidies protect vulnerable groups. Safety nets reduce inequality and cushion shocks like unemployment or illness.
- (v) **Good governance and institutions:** Fighting corruption ensures resources reach the poor. Transparent policies encourage investment and equitable distribution of wealth.
- (vi) **Economic diversification:** Reducing dependence on agriculture or raw materials stabilizes economies. Industrialization and service sector growth create sustainable income sources.
- (vii) **Population management:** Family planning and awareness programs balance population growth with resources.
- (viii) **Trade and regional integration:** Access to global and regional markets expands opportunities for producers. Fair trade policies ensure small farmers and businesses benefit.

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Revision questions

Section A questions

- 1 (a) What is meant by economic growth.
(b) Mention any three costs of economic growth.
- 2 State any four social indicators of economic under development in your country.
- 3 (a) State the big push theory of development
(b) Give three conditions necessary for the economy to take off.
- 4 Mention four features of "take-off stage" of economic growth
- 5 Mention four features of Rostov's drive to maturity stage of economic development
- 6 Mention four ways in which economic growth and economic development may occur at the same time.

Section B questions

- 1 (a) Explain the circumstances under which economic growth may lead to economic development
(b) Explain the factors necessary for economic growth of your country.
- 2 a) Discuss Rostov's stages of economic growth
b) With reasons, suggest the Rostovian stage at which Uganda's current level of development is.
- 3 a) What is meant by "under development"
b) Explain the features of under development in developing countries
4. (a) Distinguish between a developing country and a least developed country.
(b) Why is your country still considered as an underdeveloped economy?
5. (a) Discuss the factors that influence the level of economic growth in an economy,
(b) Examine the consequences of economic growth of your country.
- 6 (a) Explain the circumstances under which economic growth may not lead to economic development
(b) Explain the factors that determine the rate of economic growth in your country

Thank you
Dr. Bbosa Science