

Analysis of Modernization Theory in the Perspective of Rostow's Economic Growth Theory

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INFO

Submitted: 13-10-2022,

Revised: 28-10-2022,

Accepted: 05-12-2022

ABSTRACT

This study aims to find out the theory of modernization which is the reference for developed and developing countries, in this case the five stages of Rostow development. This research is qualitative research with the analytical method used is Critical Discourse Analysis which assumes that all objects and actions are full of meaning in particular, and each discourse shows the social and political construction of the observed object. The step of the researcher's role is to present the problem, collect historical data, extract a collection of meanings to be restated in the form of an analysis of the results of a literature/conceptual review. The results of this study describe the five stages of Rostow's theory of economic growth, namely traditional society, prerequisites for take-off, take-off, towards maturity, a period of high consumption where the purpose of this theory is to achieve prosperity. But modernization has its drawbacks as a new type of colonialism where developing countries want to be equal to developed countries must depend on these countries and then problems will occur, namely poverty at the same time, the economic growth that has been proclaimed will not materialize.

Keywords: *Development, Theory, Modernization, Rostow, Dependence*

INTRODUCTION

Modernization is a process of total change in the life of traditional society into modern life. Modern life is characterized by the increasingly massive use of technology in everyday life. Modern life spurs economic progress, prosperity for citizens and stabilizes political life (Moore, 1965). Modernization means changes made intentionally, or deliberately designed from traditional life to modern life. Modernization is characterized by industrialization.

The theory of modernization was born marked by several important moments, namely the first occurrence of an intellectual revolution in every country to respond to World War II. Many people believe that this theory is the entrance to change. Second, the occurrence of a cold war between a communist country under the leadership of the Soviet Union with a socialist ideology and the United States with a capitalist ideology. Domination by the two countries then leads to territorial expansion in developing countries to implement their ideology (Jamaludin, 2016).

Modernization theory becomes more perfect in three phases. First Phase (1950s and 1960s), Second Phase (1970s and 1980s), Third Phase (1990s). The modernization paradigm in development studies that emerged after World War II, especially in the early 1950s, was then popular in development policies in third world countries until today. Within this paradigm, a number of theories have developed, including Rostow (1960), Hagen (1962), Lerner (1964), Eisenstadt (1966), Smelser (1966), McClelland (1976), Parsons (1966) and Inkeles and Smith (1974).). Modernization experts, both in the macro and micro streams, argue that poor countries need help from rich countries to speed up the development process. Assistance needs to be provided in the form of capital, technology, and education, which are part of the process of diffusion of Western to Eastern values/culture. Through this process, development and economic growth in poor countries are expected to lead to the creation of cultural conditions and social, political and economic structures similar to those of the Western world.

Walt Whitman Rostow Born in the United States on October 7, 1916 and died on February 13, 2003 was an economic historian from the United States, who in the 1960s wrote books on The

Stages of Economic Growth, A Non Communist Manifesto. This book outlines the history of the United States' economic development using a historical analysis approach.

The popular modernization theory, among others, was presented by W.W. Rostow. As a positivistic economist, Rostow has three basic assumptions, namely first, development is a linear process that requires careful planning in every aspect of development so that it is not a gradual, zig-zag process without a specific direction. Second, development means economic capacity, in order to achieve economic independence, the state must go through five stages of development. Third, if in modernization a country does not reach these stages in a linear manner, then the development it is carrying out has failed.

LITERATURE REVIEW

Theory of development in the social sciences can be divided into two major paradigms: 1) modernization and 2) dependence (Lewwellen 1995, Larrin 1994, Kiely 1995 in Tikson, 2005). The modernization paradigm includes macro theories about economic growth and social change and micro theories about individual values that support the change process. The dependency paradigm includes theories of underdevelopment, dependent development and world system theory according to Larrain's classification (1994).

Modernization is the theory that is currently the most dominant and widely embraced by countries in the world. Even so, there are a number of countries and communities that do not accept the existence of modernization, because it is considered to have created many global problems. Some of them are the concentration of wealth in a few people in the United States and European countries. In addition, modernization encourages damage to the natural environment, especially due to the massive extraction of natural resources to meet industrial needs in developed and modern countries.

As a thought that is widely embraced throughout the world, modernization has characteristics or characteristics that can be seen in the following points; (1) An institutionalized scientific way of thinking in the business class and society. This requires a well-planned and well-planned education and teaching system. This also includes state administration in bureaucratic services (Abdullah, 2020); (2) The creation of a society that uses technology in carrying out daily life, in all sectors and fields of life, transportation, industry, and so on; (3) Creation of a suitable climate of society towards modernization. One of them is by using mass communication equipment. This is done step by step, or evolution (Setyawati, 2008); (4) In the field of research and development of human resources, as well as the development of modern life, and also the existence of a development base with good and regular data collection and centered on a particular institution or agency. This requires continuous research, so that the data is more updated, not left behind (Warsono, 2018). Everything that is done in modern life needs to be based on data and research results, not mere assumptions. Rostow's theory is based on the empirical experience of development that has been experienced by developed countries, especially in Europe. By observing the development process in European countries from the Middle Ages to the modern century, Rostow then formulated the existing development patterns into evolutionary stages of an economic development carried out by these countries. Which is divided into five stages, namely the traditional economic stage; preconditions for takeoff stage; take-off stage; the stage towards maturity; stage of high mass consumption (Mudrajad Kuncoro, 2001).

Rostow's development theory is a pattern of describing the history of development in European countries that have an established social and cultural structure (Mudrajad Kuncoro, 2001). They have become imperialist, colonialist and colonizing countries, while on the other hand Asian and European countries are countries that have suffered from the consequences of imperialism, colonialism and colonialism. So that the stage of high consumption in European countries is the result of the wealth of the colonial countries. So that European countries at this stage are able to provide assistance to the unemployed and poor people, such as in the Netherlands and Germany. This cannot be done in a developing country like Indonesia. Rostow's theory is an

alternative to Karl Marx's theory, but ideologically the two are far apart because Rostow's theory applies a capitalist system, while Marx's theory applies socialist theory. However, both of them apply a method of thinking using dialectics, history and materialism.

METHODS

This research is a qualitative research using literature study as a method of collecting data to explore the events to be studied with the chosen approach is Analysis (Critical Discourse assumes that action is full of meaning in particular, and each discourse shows social and political constructions on the object being observed. The step is to present, collect data, extract a collection of meanings to be restated in the form of an analysis of the results of the literature review.

RESULTS AND DISCUSSION

Modernization Theory is a development theory which states that development can be achieved by following the development process used by developing countries today. Talcott Parsons' theory of action defines the qualities that distinguish "modern" and "traditional" societies. Education is seen as the key to creating the modern individual. Technology plays a key role in development theory because it is believed that this technology is developed and introduced to less developed countries will spur economic growth and awareness of the progress of the times.

One of the key factors in Modernization Theory is the belief that development requires assistance from developed countries to help developing countries to learn from their developments. Thus, this theory is built on the theory that it is possible for equal development to be achieved between developed and less developed countries.

In it began to develop the idea of renewal. These developing ideas, his thinking about the five stages of development, are in line with the modernization theory widely adopted in various countries in the world. According to (Rostow, 1950), there are five stages of modernization. namely: (1) Traditional society; where science in this society is still not much mastered. Therefore, this kind of society is still dominated by beliefs about forces beyond human control. Humans thus submit to nature, have not been able to master nature. As a result, production is still very limited. This society tends to be static, in the sense that progress is very slow. Production is used for consumption. No investment. The pattern and level of life of the second generation is generally almost the same as that of the previous generation. Traditional society is defined as a society whose structure develops along the production function. The social structure of this society is tiered. Political or governmental power is centered in the region. therefore most of the community's resources are used for agricultural sector activities.

The characteristics are: per capita production and population productivity are still very low, the social structure is hierarchical based on centralized government. (2) Preconditions for Takeoff; preconditions for takeoff. This process is characterized by the ability of people who already have education and skills. Traditional society, though very slowly, is moving on, at some point, it reaches the preconditions for take-off. Usually, this situation occurs due to interference from outside, from more advanced societies. This change does not come because of the internal factors of the community, because basically traditional society is unable to change itself. This outside interference shook the traditional society.

Not just an opinion stating that economic progress can be achieved, but that economic progress is a necessary condition for achieving other goals that are considered good: national greatness, personal gain, general prosperity, or a better life for their children later.

For example, as happened in Japan, with the opening of this society by the United States naval fleet. During this period, efforts to increase public savings took place. These savings are then used to invest in profitable productive sectors, including for example education. These investments are made both by individuals and by the state. A centralist national state was also formed. In short, all efforts to increase production began to move in this period. In this case, several countries have had to overhaul the existing traditional social system and some have just

taken off without having to overhaul their traditional social system.

The characteristics of this stage are: Increasing public savings which will further increase investment massive investment is mainly carried out in the infrastructure sector Growing various innovative activities.

(3) Takeoff; This period was marked by the elimination of obstacles that experienced the process of economic growth because at this stage society was already using technology and was in a period of industrialization. Society in general can carry out economic activities with modern technology. Growth is something that goes on naturally, without any significant obstacles such as during the precondition period for take-off. During this period, effective saving and investment increased from 5% to 10% of national income or more. Also, new industries started to develop very rapidly. Most of the profits are invested back into the new factory.

The modern sector of the economy thus develops. In agriculture, new techniques are also growing. Agriculture became a commercial enterprise for profit and not just for consumption. An increase in agricultural productivity is important in the take-off process, because the process of modernizing society requires a lot of agricultural output, so that the cost of this change is not too expensive.

The characteristics at this stage are: Increased investment from 5% to 10% of net national product, development of several sectors with fairly high levels of economic growth, Creation of a basic political, social and institutional framework capable of creating various changes for expansion modern sector. (4) Moving to Maturity; After taking off, there will be a process of progress that continues to move forward, although sometimes there are ups and downs between 10% and 20% of national income. Always re-invested, in order to solve the problem of population growth Industry is growing rapidly.

Society can already carry out mass production, with the technology that has been mastered. Each society has advantages that can make up for the shortcomings in other societies. This causes globalization, as well as exports and imports. The country is strengthening its position in the global economy: goods that were previously imported are now being produced domestically; new imports become a need, while exports of new goods offset imports. After 60 years of a country's take-off (or 40 years after the take-off period ends), maturity is usually reached. Industrial development occurred not only in the production techniques, but also in the various goods produced. What is produced is not only limited to consumption goods, but also capital goods.

The characteristics that mark it are: the workforce has changed from uneducated to educated, the change in the character of entrepreneurs from hard workers and rude people has changed to efficient managers who are smooth and polite, people have been fed up with industrialization and are in the process of wanting further changes. (5) High Consumption Stage; Due to the increase in people's income, consumption is no longer limited to basic needs for life, but has increased to higher needs. Industrial production has also changed, from basic needs to long-lasting consumption goods.

In this period, investment to increase production is no longer the most important goal. After the maturity level is reached, the economic surplus results from the political process. What happens is allocated to social welfare and additional social funds. At this point, development is already a continuous process, which can sustain continuous progress. Like other modernization theories, it is based on the dichotomy between traditional society and modern society. The most important point in the movement of progress from one society to another is the take-off period.

Its characteristics are: Increasing power and influence abroad and this tendency can end in colonization of other nations, Creating a welfare state by seeking to create a more equitable distribution of income through a progressive tax system, Increasing public consumption beyond needs tree. Even in discussing the issue of take-off, Rostow talks about these non-economic aspects. For him, take-off must meet all of the three interrelated conditions namely: (1) Increased

investment in the productive sector of 5% (or less) or more) of national income (2) Growth of one or more important manufacturing industrial sectors, with a high growth rate (3) The existence or rapid emergence of political and social institutions that can take advantage of various impetus for expansion from the modern economic sector and the consequences that may occur with the presence of external economic forces as a result of take-off; besides that these institutions can then make growth into a continuous process.

The third condition is an important non-economic condition. However, Rostow still prioritizes the economic role of these institutions. The third condition refers to sufficient capacity (of these institutions) to raise capital from domestic sources. The preconditions for take-off require the initial ability to mobilize domestic savings productively, as well as creating a structure that allows for a sufficiently high saving rate. What Rostow is referring to, for example, is the state protecting the interests of the self-employed to carry out capital accumulation, Or having an impact on the political climate profitable for industrialists, or foreigners to invest their capital. Indeed, the function of these non-economic institutions is to support economic growth. However, as an economist, by mentioning these non-economic institutions Rostow has made a very significant step.

From the description above we can also see that basically Rostow still sees development problems as problems described by the Harrod-Domar model: increase savings and productive investment as high as possible. Non-economic institutions such as political and social institutions must also be mobilized to achieve this goal. If this could be done, the take-off stage, and then the high mass-consumption stage, would soon be reached. However, the first step in this entire long process begins with removing barriers in traditional societies, so that these communities can break free from their traditional values, and start moving forward. This is clearly a non-economic factor. A similar opinion was expressed by Bert F. Hoselitz where developing countries must have a large supply of capital from banks, as well as the support of experts to support economic growth. Modernization Theory especially emphasizes the human factor and its cultural values as the main issue in development.

Theoretically, Rostow does indeed mean business-oriented economic development. This is getting stronger with the many companies that set up schools and colleges. Furthermore, the management of educational institutions is carried out as a process of causing changes in society, namely changes in social structure, social values and the structure of economic activity, so that in boosting the success of economic development a new elite called a conglomerate is needed which will become the driving force for reform. This new elite is a group of people who are frustrated (in a positive sense), because the existing socio-political order does not allow for self-development. This happened, for example, to groups of traders in the feudal era, Jews in Europe, or Chinese people in Southeast Asia.

Because they could not advance themselves on the socio-political path, they moved in the economic field and then earned a place of respect because of their success in accumulating wealth. In its journey, which experienced industrialization, not only agriculture, modernization touched almost all sectors in human life, which underwent a process of industrialization. The world of education that used to be traditional, then experienced industrialization. Koran teachers who teach voluntarily, have now turned into educational institutions that lead to an orientation like the industry with corporate management. Likewise with the health sector, and other sectors that have undergone modernization. Especially in the fisheries, forestry and natural resource-based sectors.

Rostow claims that his theory of the five stages of societal development is more than an economic theory but also a theory of the history of modern society as a whole. This claim departs from Rostow's own argument regarding the characteristics of society at each stage which includes several economic and social and cultural indicators. And the most important thing is that he claims to have composed a great framework for replacing Marxism as reflected in the sub-title of his book; a non-communist manifesto, as a new milestone to replace the communist manifesto written by Marx and Engels. Rostow admits a number of parallels between his analysis of the stages of

growth and Marx's argument for the stages leading to a communist society. Some of the most important are; First, Marx and Rostow recognize that economic change has an impact on social and political structures; changing culture and behavior. Second, both recognize the reality of the existence of group and class interests in socio-political processes related to economic benefits. Third, both of them see economic motives behind the formation of political conflicts. Fourth, despite having a different structure of thought, both Marx and Rostow believed that there is one ultimate goal of truly prosperous society (true affluence).

But the modernization glorified by developed countries has drawbacks that are criticized by researchers. This is like a new type of colonialism where when developing countries want to be equal to developed countries, developing countries must depend on developed countries such as the natural conditions of developing countries cannot grow basic food needs so that staple food must be imported from other countries, as well as countries that do not have natural resources that can be used as the main source of energy generation for their country, experiencing dependence on countries that have natural resources, which can be used for energy generation.

This dependence then causes the country to be dragged into a new problem, namely the problem of poverty. At the same time, the economic growth that was proclaimed never materialized. According to Raul Prebisch, "poor countries export primary commodities to rich countries which are then produced into products from these commodities and resold to poor countries." This of course becomes a form of dependence from poor countries to rich countries. Poor countries become exporters of natural resources, then become markets for products produced by rich countries. The core conditions are of course not favorable for poor countries. There is a kind of dependence that has no end and beginning. Furthermore, what happens in modernization theory is a form of colonialism or imperialism in another form, which is carried out by developed countries, which incidentally also have a lot of capital/money, against developing countries (underdevelopment countries), or poor countries (poor countries), third countries (third countries) or other designations that indicate the country is not in a prosperous / prosperous condition. Colonialism was much stronger than colonization by using weapons, because the colonized country was already in a state of independence, so it felt no need to declare independence again. However, the country is under the rule of a colonial state economically and politically. In the end, modernization in Rostow's development theory will be very relevant to the conditions that occur in various countries where the state will continue to strive to achieve prosperity and develop according to the times, it could be due to historical factors or factors of the capitalist system which has dominated the global economic system

CONCLUSION

Modernization is a process of total change in the life of traditional society into modern life. Modern life is characterized by the increasingly massive use of technology in everyday life. The theory of modernization was born marked by several important moments, namely the first occurrence of an intellectual revolution in every country to respond to World War II. The popular modernization theory, among others, was presented by W.W. Rostow. Through five stages, namely traditional society, prerequisites for take-off, take-off, towards maturity, a period of high consumption, the purpose of this theory is to achieve prosperity. Rostow's theory is widely used by developed countries to be implemented also in developing countries such as the natural conditions of developing countries cannot grow basic food needs so that staple food must be imported from other countries, as well as countries that do not have natural resources that are can be used to become the country's main source of energy generation, experiencing dependence on countries that have natural resources, which can be used for energy generation. Modernization theory has been criticized for being a new style of colonialism against other countries. This dependence, in turn, causes the country to be dragged into new problems, namely the problem of poverty. At the same time, the economic growth that was proclaimed never materialized. The core conditions are of course not favorable for poor countries. There is a kind of dependence that has

no end and beginning. However, it cannot be denied that Modernization Theory becomes a hegemony that cannot be avoided. Therefore, the right development, according to researchers, is development that has the spirit of socialism extracted from the development of a country's culture and technology.

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