



## LECTURE ELEVEN - PART TWO

### #1B: Human Resources: The Dimension of **Quality**

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- The crucial role of skilled labor has been shown when sophisticated mining, defense, or manufacturing machinery has fallen into disrepair and disuse because the labor force of developing countries did not have the necessary skills for operation and maintenance.

## **Development Programs**

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- Development programs to improve education, reduce illiteracy, and train workers and improve public safety and health make a developing country's population more productive.
- Workers use capital more effectively, adopt new technologies, lose fewer days to sickness or injury, and better learn from their mistakes.

## **Brain Drain**

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- For advanced learning in science, engineering, medicine, and management, countries can benefit by sending their best minds abroad to bring back the newest advances.
- Countries must be aware of the brain drain, in which the most able people get drawn off to high-wage countries.

## #2: Natural Resources

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- Let's turn now to the second factor in economic growth: natural resources.
- Perhaps the most valuable natural resource of developing countries is arable land.

## Farming

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- Much of the labor force in developing countries is employed in farming.
- Hence, the productive use of land—with appropriate conservation, fertilizers, and tillage—will go far in increasing a poor nation's output.
- However, some poor countries of Africa and Asia have meager endowments of natural resources, and such land and minerals as they do possess must be divided among dense populations.



## Natural Wealth

- Economists suspect that natural wealth from oil or minerals is not an unalloyed blessing.
- Some countries—like the United States, Canada, and Norway—have used their natural wealth to form the solid base of industrial expansion.
- In other countries, the wealth has been like “loot” subject to plunder and rent seeking by corrupt leaders and military cliques.

## Unsuccessful Countries

- Countries like Nigeria and Zaire have failed to convert their natural resources into productive human or tangible capital because of venal rulers who drained that wealth into their own bank accounts and conspicuous consumption.



## **Land Ownership Patterns**

- At the same time, land ownership patterns are a key to providing farmers with strong incentives to invest in capital and technologies that will increase their land's yield.
- When farmers own their own land, they have better incentives to make improvements, such as in irrigation systems, and undertake appropriate conservation practices.

## **An Unequal Distribution of Land**

- A small handful of the wealthy own a large percentage of the land.
- This kind of land ownership pattern not only discourages production...
- ...it has also led to violent socialist revolutions and civil strife in more than one developing country.