

Natural Resource Dynamism and its Issues in Developing Economies

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INTRODUCTION

Natural resources are particularly valuable to human welfare, either immediately or in the foreseeable future. The principal criterion for a natural resource is its potential usability because knowledge of a country's natural resources and ways of employing them productively and advantageously is one of the basic conditions of general economic development. Without using complementary natural resources, labour and capital can make only a limited contribution to national income.

According to Howe all the living and non-living endowment of the earth including environmental and ecological systems can be termed as natural resources. These resources are economically important commodities such as land, water and water resources, forests and forest products, wind, solar energy, areas of scenic beauty, mineral resources and so on.

Resource is a dynamic concept. Due to its dynamism, there is a possibility that change in information, technology, and relative scarcity may make a valuable resource out of that which previously had no value. Thus, resources have multi-attributes and have quantity, quality, time, and space dimensions.

CONCERN OVER RESOURCE SUPPLY

It has become a matter of concern that population growth, rising demand for goods and services, and resulting pressure for economic development around the world threaten resource shortfalls. In other words, there is a concern over the supply of natural resources.

Tisdell dissipates the warning of the World Conservation Strategy (WCS) that we are ruining sustainable natural systems that form the basis of our own life-support now, and that could support mankind once all-renewable non-living resources of significance and used up or depressed by mankind. At this juncture the question arises naturally that how long and under what conditions can human life continue on earth with finite stocks of renewable but destructible resources and limited environmental systems.

It is the experience of everyone that a growing scarcity of natural resources has threatened to halt development. The oil crisis of the 1970s has rightly proved this situation. At present, no body dismisses the

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natural resource problem as trivial because continued development clearly requires an adequate supply of natural resources. Planners and politicians alike regard the problem as an almost inseparable abstacle to continued growth.

RESOURCE SCARCITY

Economists say that any commodity having a positive price in markets is scarce. In the name of economic development in most of the LDCs, such resources are recklessly exploited without giving any considerations of its adverse impact in ecology and resource stock. No doubt, various ways and means are suggested to mitigate this resource scarcity and to improve social welfare. Increased technical efficiency, new discovery, recycling, substitution of more plentiful resources for less plentiful one and so on can mitigate resource scarcity. As for example, proper exploitation and efficient use of white gold (hydro-power) in Nepal might not leave her as an energy scarce country in years to come. A resource is being allocated efficiently if a unit of the resource has the same value in all of its use. However, the judgement of efficient resource use requires not only looking at current rates of use but "peering into distant future."

CASE OF DEVELOPING COUNTRIES

It is frequently conceived that rich countries that rely extensively upon foreign supply of resources must expect a gradual long-term deterioration in their terms of trade. But this situation arises equally or more pressingly in developing countries. They need to fasten and sustain the tempo of economic growth and development. In addition, economic development is not just a problem of increasing the capital stock, the size and quality of population, and the level of technical expertise. It is also the problem of utilizing existing resources with least possible spill-over effects. No doubt, the poor countries possess resources but such resources are unutilized, under utilized or misutilized. The fuller utilization of these resources depends on:

- (i) conditions of accessibility to the supplies,
- (ii) availability of technological expertise,
- (iii) accumulation of capital, and
- (iv) market proper.

All these are lacking in most of the developing economies. Consequently, a particular structure of production which yields a high per caput income cannot be developed and proportionately enlarged.

RESOURCE FLEXIBILITY

In the process of economic growth and development there arises the need for resource flexibility. It is obvious that in the modern economies, there is an interdependency relationship between resource and devel-

opment. One has to accept that a growing resource supply improves the degree of flexibility within the economy and thus facilitate a more efficient utilization of these resources. To put it differently, it does away with an inefficient use of existing resources. And inefficiency in resource use not only keeps national income below its potential level but also retards the growth of the productive factors.

ISSUES IN LDCs

The issues that the LDCs confront with are fundamental ones. For instance, they have to be clear about their goals and how can they most effectively mobilize their resources to achieve their goals. In addition, they should make up their mind as to what restraints should present generations voluntarily accept for the benefit of the future.

Every integrated programme of natural resource development demands the freedom from pollution of air, water, and soil. Thus, the issue might be the rational utilization of natural resources. It is opposed to wasteful management in which the resource is often sacrificed to immediate short term benefits.

The problem of resource conservation is another issue. The conservation problem arises from increasing human population and attempts to maintain or increase per caput material consumption. But given the ceteris paribus condition, individuals prefer current to future consumption. They show a positive rate of time preference. However, in case of society which does have a longer planning horizon and a concern for future generations, the decisions will be governed by lower rates of time preference. Because the problem that society faces is not just one of identifying the appropriate level of resource depletion to accept in the current period, but also one of instituting mechanisms which will bring this about.

Thus care has to be exercised that when current consumption is undertaken at the expense of future consumption benefits, it results into opportunity cost or user cost. It can be seen as an externality which is not accounted for in market transactions. It leads to over utilization of resources in the current period.

Nevertheless, the LDCs appear to have a high rate of discount for economic development. It implies that both costs and benefits to the future are of less importance than current costs and benefits. Thus, the existence of the long-run benefits and costs may lead to substantial error in the resource allocation of the LDCs over time.

CONCLUSION

Human welfare hinges around the efficient use of natural resources. The contribution of factor agents such as labour and capital in the process of development will be quite meagre if natural resources are not used complementarily.

Since resources are finite, prudence has to be exercised in their use intertemporally. Due attention has to be paid in the exploitation of natural resources such that externality in the form of user cost might not be generated which leads to over utilization of resources in the present time at the cost of the future generations.

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