

The importance of human resources development

The prevailing analysis of the internal development of southern countries leads to the same conclusion as do world economic and social trends about the importance of human resources in the development process. The World Bank's 1991 retrospective on the impact of 30 years of development efforts concluded that, of all the factors affecting development, the two most determinant are education or human resources development and market-friendly macro-economic policy. These outrank such traditional factors as the availability of natural resources and external capital.²⁰ This represents a big shift from the 1970s, as typified by the New International Economic Order. Its cures of massive resource transfers (through aid, commercial borrowing, and artificial mechanisms such as commodity price supports and preferential access to Northern markets) often merely gave a temporary rise in welfare without sufficient human resources gains to take maximum advantage of the injection of physical resources. Perhaps the best example of the combination of human capital upgrading and policy reform is the fact that the exports of small South Korea, without significant natural resources and 30 years ago a far poorer country, today are double those of giant Brazil.²¹

The importance of human resources development extends beyond export strength and attracting foreign investment; it permeates every aspect of a country's internal development. For example, educating females even to basic literacy levels has demonstrable benefits on nutrition and health, agricultural production, and population stability.²²

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20. A summary of this report is found in Thomas, Vinod, "Lessons From Economic Development," *Finance and Development*, September 1991, p. 6-8.
 21. Belli, Pedro, "Globalizing the Rest of the World," *Harvard Business Review*, July-August 1991, p. 50.
 22. Lundgren, H. and Wahren, C., "Basic Education for Development," *OECD Observer*, December 1992/January 1993, p. 20.