

lions — it does nothing to build the human resource base which builds long-term sustainable economic development.

In summary, technological change, globalization, the knowledge economy, and the trend toward freer markets constitute a double-edged sword for LDCs, creating opportunities for foreign investment and domestic-based growth, but also posing dangers of brain drains, of undermining the labour cost advantage, and of reducing world demand for their commodity exports. What determines which edge of the sword will prevail for each country is arguably their success at human resources development, as well as their success (and luck) in avoiding political conflict and social malaises that contribute to brain drains. The only certain way for developing countries to ensure that the effects of these trends are beneficial is to upgrade — and then keep — their human resources so that they are better able to roll with the punches thrown at them by events, and indeed positively to take advantage of the opportunities inherent in these trends, for example by attracting investment. As one observer wrote about the East Asian economies, their remarkable success resulted largely from the fact that multinational corporations “went originally in search of cheap labour and have stayed because of the [improving] quality of human resources.”<sup>19</sup>

## 2.2 NEW PRIORITIES IN DEVELOPMENT AND AID MANAGEMENT

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The 1980s and 1990s have seen dramatic changes in the aid community's thinking about development and the management of aid programs. Several of these which are relevant to N-S collaborations are noted below.

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19. Kaplinsky, Raphael, “TNCs in the Third World: Stability or Discontinuity?” *Millennium Journal of International Studies*, Vol. 20, No. 2, 1991, p. 266.