

Coupled with growth, there is a growing worldwide trend towards urbanisation. The consequent concentration of population and industry generates wealth but inevitably also concentrates pollution. Effective functioning of a global economy also depends on good transport of goods and rapid communications. Urbanisation and improvement of infrastructure generates high demand for excavated construction materials making this a major wealth creation sector in its own right, while transportation increases pollution.

Another key factor is diversity – an economy that depends on a single crop or resource is extremely vulnerable to reversals in the market or to damaging natural events. Natural events can also lead to loss of investment. Sometimes, effects of disasters take years to be overcome. Insurance and reinsurance sectors create wealth by offering recompense for damage, based on risk assessment but are themselves vulnerable to being overwhelmed if too many large disasters occur in a short time. Urbanisation increases the concentration of population and assets and therefore increases vulnerability and risk. Often those most in need of support cannot get insurance cover so support reverts to national governments or international aid. Even rich economies can be severely affected by major events as demonstrated by recent hurricane damage in the south east of the USA. It is sometimes pointed out that wealth is created through re-building after such events but that is a narrow view of the overall “balance sheet”. Attention needs to be paid to conservation and best use of wealth as well as to generating new income.



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Wealth Creation

WEALTH CREATION

Creation of wealth is fundamental to the well being of society. People who live in poverty suffer impaired health and cannot realize their full potential. Poverty also works against protection of the environment – conservation counts for little if the priority is getting enough food.

The generation of all wealth depends, ultimately, on securing resources from within the Earth or from things that grow on the Earth. This is obvious in societies that depend mainly on agriculture, where productivity of soils and availability of sufficient water are crucial and manufacturing industry where supplies of minerals are basic to most processes. In societies where manufacturing has declined in importance relative to service industries, supplies are secured internationally, and people tend to forget their origin. Extraction of minerals, for instance, becomes regarded as environmentally damaging and is opposed. The consequent decline in local production damages the environment in other parts of the world. Even so, those other areas potentially benefit from, and may depend on, revenue generated by their extractive industries.



Aggregate quarry

Much economic theory stresses the need for growth. But economies are founded on energy supplies, raw materials, agriculture, forestry and fisheries, and labour. An economy that has access to a plentiful supply of these is in a good position to prosper but those that rely on sources elsewhere may become more vulnerable. But resources are finite. Intensive farming can increase agricultural yields but an environmental price is to be paid in pollution from pesticides and fertilisers. As more countries reach developed or near-developed status competition for supplies of petroleum and other minerals increases, leading inevitably to globalised markets dominated by major international corporations. Supplies have held up so far, but that cannot continue. Some resources will become exhausted although rising prices will stimulate more efficient use, reduced consumption, substitution and recycling. It is important to identify mineral resources so that they are not sterilized by development and can be extracted if necessary.

Growth also depends on technology. Industrialised countries tend to prosper more than agricultural economies but the counter-balancing factor is availability of cheap labour. Developed countries increasing focus on service industries in place of manufacture. This gives opportunities to some developing countries. For instance, the current information technology based technological jump is leading to transfer of jobs away from Europe to Asia – a trend that may, in time, pass on to other areas. But the information technology revolution itself depends on supplies of energy and of geologically scarce minerals for production of the “hardware”. Also there must logically be limits to growth within any given economic system. Demand may outstrip resources. Faith is often put in new technological advances overcoming such problems, as with the industrial and IT revolutions. But all new advances will depend in some measure on Earth resources and, so, are likely to generate new pressures and problems.

Regarding access to water resources as a right can lead to over-exploitation with adverse economic consequences. It is also important to protect water resources so that they are not damaged by pollution. Most sources of energy that drive industry and the economy are finite so security of supply is a key economic issue. Land, and the materials within and on it, are valuable assets. Land values increase rapidly in urban development areas. Development depends on construction materials that are mainly extracted from the ground. Earth

of supply is a key economic issue. Land, and the materials within and on it, are valuable assets. Land values increase rapidly in urban development areas. Development depends on construction materials that are mainly extracted from the ground. Earth resources are, therefore, valuable assets that can be neglected, squandered or used wisely. Even if wealth is created, sound corporate and administrative governance is required if the population at large is to benefit and the environment is to be protected. The recognition of responsibilities and liabilities is essential. There is little doubt that earth resources could, in general, be managed more effectively but there are strong pressures on Governments and from corporate shareholders to maximize short-term returns rather than to husband resources for the future.

Retail unit



Processing works



Office development

