

# Sample essay on regional industrialization and natural resources

[Business](#), [Company](#)



## **Introduction**

Regional industrialization is an essential step in the process of economic development. The economists and the politicians believe that regional industrialization can form an economic structure in the regions to provide the necessary ground for socioeconomic development. Industrialization reveals the potentials of the regions by exploiting the regional resources including natural resources, human resources, and financial resources.

The basic theoretical expectation from regional industrialization is to develop new jobs for the people and stimulate the entrepreneurship in the region. At the first step, regional industrialization stimulates the human resources in the region. Assuming that regional industrialization brings new opportunities to the less developed regions with potentials, the regions are mainly agricultural production or some other primitive production dominant places. Following this idea, the industrialization needs to transform the human resources those are experienced in the other fields into industry workers. Also considering that the industrial production needs cheap labor force to be competitive in the international markets through diminishing their production costs, many of the workers are preferred to be unqualified workers. Assuming that the workers are farmers in the pre-industrialization time, these farmers have most of the lands in the region before the industrialization.

Subsequently, the regional industrialization requires a process of transformation of the entire production factors in the region. The new-comer industrial production companies will change the regional equilibrium. There is no guarantee that the regional industrialization will provide a suitable

environment for the socioeconomic development. The natural resources ownership will change hand, and the new owners will create a new system in the market of the natural resources. The new economic and social equilibrium in the region will be the most eminent determinant of the use of the natural resources and the prices for water, land, and other natural resources in the region.

## **Essential Natural Resources in the Region**

The less developed regions, in general, have untouched natural resources because there is no mass production developed in these areas. Thus, the less developed regions might have large economic potentials. After the world population has started increasing rapidly, the industrial production companies have to produce more to satisfy the demands for their products. This development forces the companies to find new resources and new markets. The less developed regions become the targets of the agents of the capitalist system.

The less developed regions have three main natural resources that attract the new production plants: 1) land, 2) water, and 3) mines underground. These resources are the main inputs for the industrial production. Considering that the natural resources are untouched in the less developed regions, the productivity contribution of these resources to the industrial production becomes comparatively higher. These attractive aspects of the less developed regions' untouched natural resources might bring many new investors to the less developed regions. Analyzing the less developed regions in the developing countries such as Turkey, Egypt, China, and many other

Asian countries and the African countries prove us that the assumption on the attractiveness of these regions is true.

Land is an essential input for the industrial production. The land might be used to build factories on it, or the land can be used to produce agricultural products those are used as inputs in the industrial productions. One can list many uses of the lands that contribute to the industrial production.

In the less developed regions, the land is mainly used for the agricultural production before the industrialization. The increase in the industrial production in the less developed regions will create a crowding-out effect for the agricultural production. In simple words, the resources are used for the agricultural production will be used for the industrial production. The industrial production plants will invade most of the lands, and the industrialization problems such as environmental pollution, use of arable lands for the industrial production, and some other similar issues will be main discussion points.

Another essential point is the marginal productivity of the lands in the national production. The decision makers in the regional economy will compare the marginal utility from the land when it is used for agricultural production and when it is used for the industrial production. Answering this question is quite difficult. In the short term, many people will claim that the industrialization is more beneficial for the people; however, considering the negative side effects of the regional industrialization, the industrialization might be feasible in the long term.

A last point related to the industrialization in the less developed regions is to answer the following question: " Which industrial production needs to be

promoted?" For instance, in the less developed countries and the developing countries, the construction industry becomes the privileged industry. What does the construction industry do? The growing population of the countries requires more accommodation buildings for the people, and the construction companies build many new buildings. The main input in the construction industry is the land and the mines underground like cement, rock, sand, and iron (or steel). To provide these inputs, the mining becomes important, and the less developed regions have untouched resources for the construction industry production. We observe that in the less developed regions, many mining companies dig for these inputs. Digging the ground and producing the inputs for the construction industry damages the land structure in the less developed countries. The land structure has a natural mechanic that produces water, and some other natural resources for the survival of the humankind and the agricultural production. Damaging this land structure might cause long-term troubles for people.

Another essential natural resource in the less developed regions is water. Water is the most eminent input for the human survival, the industrial production, and the agricultural production. Thus, water plays an essential role for social and economic development. The regional industrialization, while crowding out the agricultural production, changes the places where water used. The textile industry, the food industry, the chemicals industry, and almost all the industries use water as one of the main inputs. The industrial production uses the water roughly. Even the industrial production places have water treatment plants; the industrial production might use most the available underground and surface water resources.

The water is kept in the reserve depots underground in the nature, and each water resources is related to other water resources. A misuse of the water resources without depending on a well-developed plan, it is possible to lose all the water resources in a short time. The recovery of the natural water resources takes long years. Thus, losing the water resources for developing industrial production in the less developed regions might be very costly in the long term.

Other important natural resources the less developed regions have are the mines underground. The mining companies, after exploiting the rich mine reserves, they look for new ones. The less developed regions have untouched mines. Digging for the mines in these regions can spread to the whole region in a short term. The experiences in the mining industry indicate us that the mining companies can operate without getting the approval from the residents of the region. Subsequently, they get mines at the cost of destroying the nature. The mining industry harms agricultural production, the tourism industry, and some other industries. The mining industry needs to be under control; otherwise, it creates negative externalities on the socioeconomic development of the region in the long term.

### **How the Price Mechanism Works for the Natural Resources under the Pressure of Industrialization**

The regional industrialization increases the demand for the natural resources in the region. The companies become willing to buy lands and use the other natural resources in the region. Before the industrialization, the value of the land is determined through the conventional agricultural production values. For instance, a land that is close to the water resources become relatively

more valuable, or the fields that have an easy access to the village or town centers have a relatively higher prices. In another word, the arability of the fields and to the public services are the factors increasing the value of the lands.

The regional industrialization changes the pricing mechanism of the lands and the other natural resources. The assessment principles for the lands have changed. The new valuation system in the less developed regions is adapted to the industrialization values. In simple words, the location selection game of the industrial production companies is shaping the valuation of the lands.

The industrial production is creating pressure on the land markets. The new comers (or investors) would like to purchase a lot of lands in the less developed region. The demand increase for the lands changes the alternative cost of agricultural production. Considering that many farmers in the less developed regions use traditional ways of agricultural production, the farmers prefer selling their lands for a high price for them to the new investors in the region. In another word, we observe that the traditional agricultural production is transformed into modern industrial production plants or modern farms. This process might continue until the entire land is sold to the new investors. At the end of the process, the prices of the lands will increase to the top level. This new price level will create a financial barrier for the old farmers to enter the agricultural production. The agricultural lands will be transformed into modern and expensive inputs to the industrial production.

Another essential issue with the regional industrialization and the natural

resources is how to value the water resources. The observations in the less developed regions indicate us that the water resources are used freely by the multinational companies. Even one can claim further that the multinational beverage companies and some multinational textile producers prefer the regions where the controls on the water resources are loose. Receiving the water resources freely makes an important contribution to diminishing their production costs.

Is using the water resources for the agricultural production or the industrial production more efficient? Answering this question is quite difficult because one needs to calculate the alternative hidden costs in the short term, the middle term, and long term. Industrial production is assumed to increase the international marketing power of the countries and the regions. Thus, if the region uses the water resources for the industrial production, and then the region might gain a competitiveness power in the national and the international markets. On the other side, the industrial production might create permanent damages to the water resources in the region.

Using the water resources for the agricultural production is another alternative. The agricultural production is assumed to make low level of contribution to the national production and the competitiveness power of the region or the country. Even if the region has a modern agricultural production structure, a low level of contribution is expected.

Consequently, making the decision of using the water resources for the industrial production or the agricultural production is a complex decision. In the less developed and the developing countries, the political system makes this decision, and considering that the multinational companies has a power



on the local governments, the multinational companies make the best decision for themselves that might not be efficient for the less developed regions. Following this idea, the efficient use of the water resources might not be accomplished. For having an efficient use of the water resources, the price mechanism has to work for the water resources and even for the other natural resources.

## **Conclusion**

The regional industrialization is a complex issue. Many politicians, professionals, and academicians believe that the regional industrialization can make essential contributions to the socioeconomic development of the less developed regions through increasing new job and business opportunities. Also, the industrialization is expected to develop a social structure and urbanization.

However, the real world experiences indicate us that the regional industrialization did not create the desired results. We observe that the industrialization in the less developed regions in, the less developed countries and the developing countries have ended up with many fragile equilibriums, dirty environment, and social problems. Also, the multinational companies care their profitability and the feasibility of their projects in the less developed regions. Only a few responsible multinational companies care the regional priorities.

The regional industrialization has changed the price mechanism for the natural resources. While the prices of the lands are increasing in the less developed regions after the industrialization started, the prices of the water

resources have stayed at low levels. The prices of the other mines underground have been determined in the national and the international markets. The new price setting of the natural resources enables the multinational companies benefit relatively more from the regional potentials.

Consequently, the regional industrialization does not support the regional socioeconomic development as theoretically expected, and even we can claim that it might cause inefficient use of the natural resources in the less developed regions. Because the national governments and the local governments of the less developed countries and the less developed regions are comparatively weak, the multinational companies can shape the regional use of the natural resources. Thus, the national governments and the local governments should take this into consideration while they make their socioeconomic development plans.

## **Works Cited**

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