

## Natural Resources in Relation to Poverty and Industrialization

Ilya Zahra<sup>1</sup>, Husain Muhal Tanjung<sup>2</sup>

<sup>1</sup>Universitas Islam Negeri Sumatera Utara

<sup>2</sup> Universitas Islam Negeri Sumatera Utara

Article Information	Abstract
Article History: Received: 3 September 2024 Accepted: 20 September 2024 Published: 30 September 2024	<i>This study examines the relationship between natural resources, poverty, and industrialisation in the context of economic development. Natural resources are often considered a key asset for development, but their suboptimal utilisation can exacerbate poverty and social inequality. This study analyses how the proper management of natural resources in industrialisation can be a driving force in eradicating poverty. Using theoretical approaches and case studies, it is found that natural resource-based industrialisation requires policies that support equitable distribution of output and environmental protection. The results show that synergies between wise use of natural resources, inclusive industrialisation policies, and poverty eradication strategies are essential to achieve sustainable development.</i>
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✉ Correspondence Address:  
ilyazahra0607@gmail.com

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## INTRODUCTION

Poverty is a state characterized by an individual's incapacity to fulfill their fundamental requirements. Poverty is evident through several indicators, including a fragile economic state. In a weak economic state, an individual is unable to fulfill their fundamental needs, including education, healthcare, nutrition, and leisure. A person defined as impoverished will endeavor to fulfill their basic necessities through labor when it pertains to natural resources. This work derives from the processing and exploitation of natural resources. Indonesia's ongoing industrial sector development will necessitate the procurement of industrial materials derived from natural resources. The constant extraction of natural resources to satisfy industrial production will ultimately lead to their depletion. This occurs

owing to societal unhappiness and unfulfilled requirements, compelling individuals to partake in such behaviors.

Natural resources significantly influence economic development, particularly in nations rich in these assets. Numerous natural resources, including oil, gas, minerals, and agricultural goods, are regarded as essential assets for fostering economic progress and enhancing human wellbeing. Impoverishment continues to be a significant issue in numerous resource-abundant regions. Resource exploitation frequently yields economic advantages for a limited few, leaving the local community impoverished. A further issue, namely the absence of a legislative framework that facilitates equitable distribution of administrative advantages, contributes to conflict and economic instability. Conversely, industry is regarded as an effective means of utilizing natural resources. Transforming natural resources into valuable products can enhance employment development, augment government revenue, and diminish reliance on natural resources. Unplanned and unconsidered trade can result in adverse consequences, including environmental degradation, conflict, and financial instability.

## **LITERATURE REVIEW**

The interplay of natural resources, poverty, and industrialization has been the subject of numerous investigations within development economics. Comprehending the interrelation of these three facets is essential for devising effective strategies to enhance the use of natural resources, alleviate poverty, and foster sustainable industrialization. Natural resources are frequently seen as fundamental capital for economic advancement. Inefficient and unsustainable consumption can result in resource depletion and environmental degradation, hence exacerbating poverty levels. Research published in the *Journal of Agricultural Economics and Agribusiness* indicates a substantial correlation between the poverty levels of fishermen and the exploitation of captured fishing resources. Suboptimal use results in the diminished revenue of fisherman, perpetuating their status below the poverty line (Jamilah & Mawardati, 2019).

Conversely, industrialization is regarded as a strategy to enhance the added value of natural resources and generate employment. Nonetheless, absent meticulous planning, industrialization may result in the overexploitation of natural resources and exacerbate social inequality. Misunderstanding the significance of natural capital in economic development may result in adverse social and environmental consequences (Hasan & Azis, 1999).

A development approach is required that combines sustainable natural resource management with inclusive industrialization tactics to resolve these concerns. This include enhancing resource utilization efficiency, advancing sustainable technology, and implementing regulations that guarantee equitable distribution of economic advantages. Consequently, the exploitation of natural resources can serve as a catalyst for sustainable industrialization and a potent instrument for poverty reduction.

## **METHODOLOGY**

This research employs a qualitative methodology utilizing a case study technique to examine the interplay among natural resources, poverty, and industrialization (Moleong, 2011). Data were acquired via comprehensive interviews, literature reviews, and secondary

data analysis from government reports and statistics. The analysis was performed descriptively and comparatively to discern patterns of linkages and disparities between resource-rich and resource-poor locations. The analysis was grounded in the theory of sustainable development, employing triangulation to verify data quality. This strategy seeks to outline the sustainable use of natural resources in alleviating poverty and fostering industrialization.

## **RESULTS AND DISCUSSION**

### **Exploitation of Natural Resources in Industrial Society**

Natural resources (NR) serve as essential inputs in production activities, particularly within the agricultural, industrial, and service sectors. All actions in this process generate commodities and services to satisfy human wants. Numerous natural resources essential for industrial society are already significantly depleted. The present pace of natural resource consumption is excessively high compared to the quantity of natural resource reserves that remain unidentified. This is mostly attributable to governmental policies that provide permits for the utilization of natural resources, while the considerations of conservation and sustainability of these resources receive insufficient focus. For instance, in the paper manufacturing sector. The government readily issues permits for the paper sector in Indonesia, which mostly relies on forest resources or industrial plantations as its principal raw material. The government allocates forest management rights (HPH) and business use rights (HGU); nonetheless, it lacks rigor in enforcing the restoration of previously exploited forests. The government has instituted forest retribution costs, necessitating that the corporation pays for replanting funds for each cubic meter of wood utilized. Nevertheless, these money are not reinvested in the restoration or reforestation of the forest. Subsequently, upon the expiration of the company's HPH and HGU, the government authorizes the corporation to employ the land for plantation enterprises.

The government permits the enterprises concerned to reallocate the land use from the forestry subsector to the plantation subsector. Proponents of economic growth contend that resource scarcity is a transient concern, as robust economic expansion facilitates the discovery of innovative technology pertinent to exploration and effective resource utilization. Consequently, a deficiency of natural resources in an absolute context is uncommon. This perspective is constrained by specific assumptions. As natural resources dwindle, their costs will increase, prompting the discovery of new sources or suppliers. This will propel the development of innovative technology and the pursuit of more economical alternative resources. This line of reasoning posits that the augmented extraction of natural resources is vital for sustaining economic growth. The acceleration of economic growth is necessary to enhance human living standards (Waluyaningsih, 2008).

### **Natural Resources and Environmental Contamination in Industrial Society**

Renewable natural resources are resources that are seldom exhausted. Water is classified as a renewable natural resource since its availability in nature is perpetuated by the hydrological cycle. Non-renewable natural resources are resources that will be exhausted

with ongoing use. Petroleum is an example of a non-renewable natural resource. The utilization of non-renewable natural resources must be approached with caution, as their continual usage will lead to depletion. Moreover, it is essential to identify alternate substitutes for these natural resources, such as employing alcohol fuel as a replacement for oil. The energy sources available to satisfy global energy demands encompass renewable sources, including solar energy (comprising wind and hydropower) and geothermal energy, alongside non-renewable sources such as fossil fuels (coal, oil, and natural gas) and nuclear fuels (uranium and plutonium) (Koesmawan, 2004).

Numerous natural resources essential for industrial societies are nearly exhausted, as the current consumption rate exceeds the known reserves. All parties concur with this assertion; nonetheless, there are divergent perspectives concerning policy implications and methods to resolve the ensuing issues. Proponents of economic growth contend that natural resource scarcity is a transient issue, since it may be mitigated by technological advancements related to novel discoveries, exploration, extraction, and processing of natural resources. Consequently, absolute shortage of natural resources hardly transpires (Suparmoko, Meidyustiani, & Kuncoro, 2018)

### **The Relationship Between Natural Resources and Poverty**

Poverty is a state in which an individual cannot fulfill their fundamental need. Poverty manifests in numerous circumstances, including a fragile economic status. In a weakened economic climate, individuals are unable to fulfill their fundamental requirements, including education, healthcare, nutrition, and leisure activities. In the context of natural resources, an individual categorized as impoverished will endeavor to fulfill their fundamental requirements through labor. This work derives from the processing and exploitation of natural resources. Indonesia's ongoing industrial sector development is linked to efforts to secure industrial materials sourced from natural resources. The constant extraction of natural resources to satisfy industrial industry will ultimately lead to their depletion. This occurs owing to community unhappiness and unmet demands, compelling them to participate in such activities.

The ongoing industrialization in the present era consumes substantial labor resources. This has altered the allocation of labor from the non-industrial sector to the industrial sector. This also impacts the income generated by that labor. Industrialization has indirectly affected the poverty rate. Nevertheless, Indonesia's economy remains significantly reliant on natural resources, including agriculture, forestry, plantations, tourism, and mining. Conversely, the overall income level of the neighborhood remains low. Consequently, the welfare level (and initiatives to alleviate poverty) in Indonesia is significantly affected by alterations in environmental quality (Hutagalung, Murizal, Isnani, & Saragih, 2023).

### **CONCLUSION**

The interdependent link among industrialization, poverty, and natural resources. Industrialization influences poverty via the income levels generated by the industrial sector. Poverty influences the utilization of natural resources and the practices of conservation and

environmental protection. Natural resources function as fundamental materials in industrialization.

The administration of natural resources (SDA) in Indonesia encounters numerous challenges, particularly stemming from overexploitation and insufficient environmental consideration. Government programs that issue permits without oversight have resulted in a substantial depletion of various natural resources, including forests. The community's reliance on natural resources to fulfill its basic necessities exacerbates the issue of poverty. Although industry generates employment, it frequently intensifies the unsustainable exploitation of natural resources. Consequently, it is imperative for the government, society, and industry stakeholders to collaborate in the prudent and environmentally sustainable management of natural resources, thereby preserving these assets and enhancing community welfare.

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