

# GREEN NET NATIONAL PRODUCT: AN OVERVIEW OF THE CAPITAL BASIS OF SUSTAINABLE DEVELOPMENT

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## Introduction:

Few concepts have attracted so much political power and academic attention as that of “sustainable development”, that it has become the catchphrase of the 1990’s. The concept has been popularly developed by the World Commission on Environment and Development (WCED) since the publication of “Our Common Future” in 1987. In the years following the Rio Earth Summit in 1992 much has been achieved not only in terms of raising awareness of environmental concerns, but also in instituting specific policies that cover the links between economic development and the environment. Sustainable development now has become a high profile objective in dozens of national environmental policy statements.

So what is sustainable development? The term “sustainable” is not open to much dispute, it means ending and lasting. Hence sustainable development is development that lasts (Pearce:2002). However development is a value word that may invite many interpretations. Prior to 1980’s it was narrowly defined in terms of real GNP per capita and the main emphasis in development policies were securing “growth based on industrialization”. After the paradigm crisis of growth oriented development strategies new and wider conceptions of development emerged. The contemporary definition of development is broadened into a pluralist concept that encompasses social equity, environmental concerns and quality of life including human freedom. Given the contemporary definition of development, sustainable development aims for economic development in the traditional sense of rising per capita well being, coupled with reductions in poverty and inequity, together with requirement that the resource base of nations and the global economy should not be depleted. In other words, the increase in well being must not be at the expense of the well being of next generations (Atkinson et al:1997).

In the words of WCED;

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Sustainable development is development that meets the needs of the present without comprising the ability of future generations to meet their own needs (WCDE:1987, 43).

So the concept of sustainable development includes economic, social and environmental objectives. The tripartite goals of economic growth, equity and sound environment have in fact trade-offs among themselves. So some may argue whether sustainable development is itself a sustainable concept that it may be seeking the impossible and yet others argue that these tripartite goals are the very challenge and may hold out the prospect of a better world. However we have to keep in mind that the very concept of “sustainability” involves securing an optimum balance among conflicting objectives, in other words the term sustainability involves the sound “management” of goals which might have trade-offs. Besides the debates on the issue there are prior steps to be taken before any policies can be formulated for sustainable development. Hence if governments want to move from commitment to action it is important to be able to measure the results of such action. A fundamental step is therefore to find indicators to measure sustainable development and decide whether an economy is on or off a sustainable path of development.

The issue of measurement and the indicators of sustainable development are the focus of this paper; prominent among the indicators linking the macro economy and environment are measures of “green” net national product (gNNP), genuine savings (Sg) and wealth accounts. In this paper we seek to overview the work done by The World Bank Environment Department and CSERGE<sup>1</sup> (Centre for Social and Economics Research on the Global Environment) and hence seek to develop and understanding of a sustainable path for Turkish economy.

## **Indicators Linking The Macro Economy and The Environment:**

### **A.Capital Basis : Wealth Accounting**

The context of sustainable development is that of “intergenerational equity” as well as “intragenerational equity”. In this paper we focus on intergenerational equity leaving the concern with inequality and alleviation of poverty for a further study. Intergenerational part of sustainable development focuses on the concern for securing the ability of next generations to

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<sup>1</sup> We have used the analyses realized by K.Hamilton, E.Lutz, A.Kunte, D.Pearce, G.Atkinson and some others.

meet their own “needs”. The notion of needs implies various factors ranging from income to basic needs and also social and political ones. However to make progress we defined needs in terms of well being “utility” without thinking too much about what it is that constitutes well being.

So we pose the question, what determines the ability of a given society to meet and /or improve this well being? The simplest answer of this (and the one adopted here) is that this ability to create well being (or productive capacity) is determined by the stock of capital assets available at the time because the available stock of assets empowers economic agents to create well being. Maintaining and enhancing this productive capacity requires the maintenance and sound management of capital portfolio and is the central issues of sustainable development. “Wealth” can be defined in broad terms as the portfolio of assets (capital) owned by a society (Pearce: 2002)

Hence initially we seek the answer to the question “ what are the components and contributing factors of national wealth or capital stock of a nation?”

Traditionally the concept of capital related to man made capital ( $K_M$ ) such as machines, equipment, structures and etc. In more modern approaches the concept of capital also embraces natural capital ( $K_N$ ); human capital ( $K_H$ ) and social capital ( $K_S$ ) (Atkinson:1997, Pearce:2002).

Human capital includes raw labor and the skills and knowledge embodied in humans. The total stock of knowledge grows over time so that  $K_H$  would appear to be non-depreciating asset in contrast to man-made or natural assets. But in fact  $K_H$  is subject to depreciation, as some knowledge is lost simply because these knowledge becomes out of date and wrong.

Natural capital refers to renewable and nonrenewable resources such as agricultural and pastoral lands, oil, gas, forests and the stock of assimilative capacities in the environment.  $K_N$  also involves rivers, the atmosphere, oceans, the ozone layer can also be thought as a capital stock yielding a flow of services to humankind .

Modern economic growth theory also adds a another type of capital, “social capital” ( $K_S$ ). Social capital concerns the relationships between individuals, between institutions (including

the government) and between institutions and individuals. According to Putnam (1993) social capital comprises certain features of social organisation- norms of behaviour, networks of interaction between individuals and institutions and most importantly trust between people. It has been found that different societies can have similar factor endowments of other forms of capital but that certain societies perform better in development and the missing link is thought to lie in the fact that these societies have less conflict between social groups, more participatory decision making procedures, greater trust between economic agents. All these factors constitute social capital. Social capital therefore presents a new and challenging dimension of sustainable development and yet in the wealth accounting that follows it is omitted due to lack of data.

In this paper the wealth estimates are taken as the sum of the following three major components (Kunte et al:1998) ;

- $K_N$ , this is calculated as the sum of the stock value of the following renewable and non renewable resources-agricultural land, pasture land, timber, nontimber, forest benefits, protected areas, oil, coal, natural gas, metals, and minerals.
- $K_M$ , this is the sum of the value of a country's stock of machinery and equipment, structures and urban land.
- $K_H$ , this is calculated as a residual by estimating the percentage of gross national product that can be considered "return to labor" in agricultural sectors, taking the present value of this stream over the mean productive years of the population.

The wealth accounting comprises the summation of the stream of the services generated by these three forms of capital<sup>2</sup>. The different components of wealth were estimated for nearly one hundred countries and aggregate results are presented in the relevant tables of World Bank<sup>3</sup>. The observations of these tables and table 1 and 2 in this text reveal that in all regions of the world, human resources form the lion's share of wealth across regions, the relative share of human resources ranges from 40 to 80 percent. The share of natural capital ranges between 2 to 40 percent. The high percentage of human resources and produced assets in high

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<sup>2</sup> The complex method of wealth accounting and its elaboration can be seen from Kunte et al 1998

<sup>3</sup> In computing present values of capital assets the choice of discount rate is critical to the calculations. The reasons for choosing a positive discount rate are social rate of return on investment, pure time preference and opportunity cost of capital. The relevant discount rate for resources overtime is the social rate of return on investment "SRRI". Pearce and Ulph (1995) have estimated the SRRI for developed countries to be in the range of 2 to 4 percent. Although SRRI varies from country to country the tables included in this study use a standard discount rate of 4 percent.

income countries masks the percentage share of natural capital. For example; Although Canada has only 11 percent of total wealth per capita in natural wealth, in dollar terms it ranks in the top five with 37.000 dollars per capita. On the other hand, the relative share of produce assets ( $K_M$ ), the main focus of traditional GNP in the past, shows the least variations across regions (15 to 30 percent).

These results indicate the emerging view of the importance of people and the environment during the development process and also bring to the fore the concept of portfolio management where a nations portfolio consist of natural capital, produced assets and human resources. Maintaining and/or increasing the capital stock of an economic entitiy through sound management of capital assets constitutes therefore the basis of sustainable development because the intergenerational condition for sustainable development amount to each generation leaving the next generation a stock of capital assests – wealth- that is capable of producing at least the same or more well being than enjoyed by the current generation.

**Table 1: Wealth Per Capita By Geographic Region, 1994**

**\$ per capita (percent of total)**

| <b>Region</b>               | <b>Human Resources</b> | <b>Produces assets</b> | <b>Natural Capital</b> | <b>Total Wealth</b> |
|-----------------------------|------------------------|------------------------|------------------------|---------------------|
| <b>North America</b>        | 249.000 (76)           | 62.000 (19)            | 16.000 (5)             | 326.000             |
| <b>Pasific OECD</b>         | 205.000 (68)           | 90.000 (30)            | 8.000 (2)              | 302.000             |
| <b>Western Europe</b>       | 177.000 (74)           | 55.000 (23)            | 6.000 (2)              | 237.000             |
| <b>Middle East</b>          | 65.000 (43)            | 27.000 (18)            | 58.000 (39)            | 150.000             |
| <b>South America</b>        | 70.000 (74)            | 16.000 (17)            | 9.000 (9)              | 95.000              |
| <b>North Africa</b>         | 38.000 (69)            | 14.000 (26)            | 3.000 (5)              | 55.000              |
| <b>Central America</b>      | 41.000 (79)            | 8.000 (15)             | 3.000 (6)              | 52.000              |
| <b>Caribbean</b>            | 33.000 (69)            | 10.000 (21)            | 5.000 (11)             | 48.000              |
| <b>East Asia</b>            | 36.000 (77)            | 7.000 (15)             | 4.000 (8)              | 47.000              |
| <b>East-Southern Africa</b> | 20.000 (66)            | 7.000 (25)             | 3.000 (10)             | 30.000              |
| <b>West Africa</b>          | 13.000 (60)            | 4.000 (18)             | 5.000 (21)             | 22.000              |
| <b>South Asia</b>           | 14.000 (65)            | 4.000 (19)             | 4.000 (16)             | 22.000              |

Source: Kunte and Hamilton:1998

**Table 2: Total Per Capita Wealth For Selected Countries, 1990**

| Country      | $K_M/N$ | $K_H/N$ | $K_N/N$ | $K/N$   | $K_M$ as % of $K$ |
|--------------|---------|---------|---------|---------|-------------------|
| USA          | 76.000  | 308.000 | 17.000  | 401.000 | 19                |
| UK           | 51.000  | 209.000 | 5.000   | 266.000 | 19                |
| Germany      | 66.000  | 211.000 | 4.000   | 281.000 | 23                |
| Canada       | 67.000  | 227.000 | 37.000  | 331.000 | 20                |
| Denmark      | 71.000  | 213.000 | 11.000  | 295.000 | 24                |
| Japan        | 94.000  | 208.000 | 2.000   | 304.000 | 31                |
| Greece       | 31.000  | 106.000 | 5.000   | 142.000 | 22                |
| Saudi Arabia | 30.000  | 69.000  | 72.000  | 171.000 | 18                |
| Uganda       | 6.000   | 8.000   | 2.000   | 15.000  | 37                |
| India        | 4.000   | 12.000  | 4.000   | 20.000  | 22                |

Recalling that wealth is defined as the present value of the future utility or well being, if wealth declines it follows that the present value of well being also declines, hence the development path is unsustainable because wealth (total capital stock) is being “eaten into” . The wealth accounts given above do not provide as with additions to or subtractions from wealth hence we need an indicator which would provide as with such an information. This brings us to the concept of “genuine savings” and “green net national product” which forms the heart of measuring whether a development path is sustainable development

### **B. Green Net National Product (gNNP) and Genuine Savings (Sg)**

The traditional economic indicators as codified in the UN System of National Accounts (SNA) particularly the Gross National Product (GNP) does not show the market failures during the economic process. GNP measures the sum total of economic production on the basis of transactions in the market place. Consequently GNP masks the depletion of natural resources and presents incomplete picture of the costs imposed by economic activity. As Robert Repetto concludes;

This difference in the treatment of natural resources and other tangible assets (in the existing national accounts) reinforces the false dichotomy between the economy and “the environment” that leads policy makers to ignore or destroy the latter in the name of economic development (Repetto et al:1993).

Measures such as Net National Product (NNP) is better than GNP for measuring the depreciation during the economic activity. However NNP accounts only for the depreciations of produced assets ( $K_M$ ) ignoring value of depletion of natural resources and degradation of the environment. Hence NNP can not serve as a guide for policies aim that achieving sustainable development. Green aggregate therefore are necessary. In early 1990's The United National Statistical Office (UNSTAT) developed a framework for preparing a system of integrated environmental and economic accounts (SEEA) as an alternative to SNA which aims to provide greener national accounting aggregates. The World Bank has also been an active participant to green accounts. A part from UN and The World Bank various ngo have also committed themselves to the challenge of sustainable development. CSERGE in UK is among most prominent ones (Hamilton et al: 1997).

Green NNP is one of the main greener aggregates and it accounts for the depreciation of produced assets as in NNP but also accounts for the depreciation of natural assets. gNNP is given by the below formula (Pearce:2002);

Green or "genuine" NNP= GNP - depreciation of man made capital - resource depreciation

The critical indicator, genuine saving, is obtained by using gNNP. Genuine saving is an inclusive measure of net saving effort that includes depletion and degradation of the environment in addition to the depreciation of produced assets. Genuine saving can be defined as;

$S_g = gNNP - C$  (C is consumption)

What is genuine saving? It is first introduced by Pearce and Atkinson (1993) and considerably extended by Hamilton.  $S_g$  refers to that level of saving in the economy over and above the sum of capital depreciation in the economy. The value and the sign of  $S_g$  shows whether an economy is following a sustainable path or not.

Savings and investment play a center role in the economics of development and traditional net saving (NNP) accounts gives us the net additions to the man made capital stock of a nation. However NNP ignores depletion of environmental assets. To correct this, genuine saving is therefore defined as net saving less the value of resource depletion and the value of

environmental degradation. Genuine saving measure the change in total assets which in fact constitutes welfare of a nation. Genuine saving is answering a very important question; Does the total wealth of a nation rise or fall during the accounting period. The answer is quite direct, if  $S_g > 0$  any nation must be adding to its capital base. If  $S_g < 0$  then the nation is running down its capital stock.

To understand whether an economy is following a sustainable path we need an entire range of  $S_g$  instead of just one year. A negative genuine saving figure through out the period is prima facie evidence of nonsustainability. It seems clear from Table 3 that Saudi Arabia fall into this category. In the S.Arabia case what is happening is that the rate of depletion of oil is not being compensated for by the equivalent build up of capital assets. On the other hand developed economies seem to have fairly stable  $S_g$  values (see table 4).

### **C. Population Change and Sustainable Development**

The last piece of the sustainable development “jigsaw puzzle” is population change. While genuine saving is answering an important question i.e. did the total wealth rise or fall over the accounting period, it does not speak directly to the question of the sustainability of economies when there is a growing population. If genuine saving is negative then it is clear that in both total and per capita terms the wealth is declining. However for a range of countries it is possible that genuine saving could be positive while wealth per capita is declining. The formula taken from Hamilton (2000) gives the changing total wealth per capita;

$$k = \frac{d}{dt} \left( \frac{K}{N} \right) = \frac{K}{N} \left( \frac{K^*}{K} - \frac{N^*}{N} \right) = \frac{K}{N} (K^*/K - n)$$

where  $k$  is the growth of capital per head.  $K$  is now all capital “ $K_M + K_N + K_H$ ”.  $N$  is population and  $n$  ( $N^*$ ) is the rate of change of population. Note that  $K$  is total wealth and  $K^*$  is the rate of changing of wealth hence  $K^*$  is equivalent to genuine savings, the net additions to wealth.

In the above formula, it is obvious that whatever the size of per capita ( $K/N$ ), the last bracketed expression could easily become negative. If for instance the rate of population growth “ $n$ ”, exceeds the rate at which per capita genuine savings increases it is negative. In other words if population is growing faster than total wealth we have declining per capita



**Table 3: Genuine Savings \* Selected Countries (Million Dollar)**

| Years | USA     | UK     | Germany | Canada | Denmark | Japan   | Greece | S. Arabia | Uganda | India  |
|-------|---------|--------|---------|--------|---------|---------|--------|-----------|--------|--------|
| 1970  | 70.766  | 14.379 | -434    | 7.694  | 1.997   | 54.792  | 2.519  | -231      | -16    | 4.392  |
| 1971  | 86.498  | 15.813 | -440    | 9.017  | 2.196   | 57.282  | 2.743  | -903      | -10    | 5.281  |
| 1972  | 99.472  | 14.703 | -455    | 10.127 | 3.379   | 72.713  | 3.346  | 12        | -8     | 4.981  |
| 1973  | 135.318 | 17.679 | -659    | 13.168 | 4.146   | 101.200 | 5.337  | 10.634    | -14    | 7.069  |
| 1974  | 97.990  | 12.501 | -1.040  | 12.409 | 3.582   | 106.734 | 4.456  | -8.589    | -16    | 7.514  |
| 1975  | 69.862  | 11.872 | -2.384  | 11.130 | 3.087   | 99.255  | 4.109  | 283       | -7     | 6.500  |
| 1976  | 88.677  | 15.186 | -2.626  | 15.907 | 3.342   | 112.822 | 4.489  | -7.204    | -6     | 7.692  |
| 1977  | 103.940 | 18.898 | -2.739  | 13.922 | 3.506   | 138.161 | 5.170  | -16.788   | -3     | 8.598  |
| 1978  | 159.147 | 25.694 | -2.460  | 15.578 | 4.293   | 197.622 | 7.193  | -17.026   | -2     | 11.182 |
| 1979  | 131.163 | 22.731 | -2.614  | 10.928 | 4.443   | 192.498 | 9.819  | -51.639   | -1     | 9.516  |
| 1980  | 52.277  | 19.566 | -3.456  | 6.130  | 3.269   | 195.682 | 9.936  | -52.858   | -62    | 6.928  |
| 1981  | 88.674  | 7.887  | -4.901  | 15.604 | 1.646   | 218.095 | 6.851  | -64.937   | -70    | 9.666  |
| 1982  | 3.511   | 6.328  | -4.761  | 8.663  | 2.100   | 186.694 | 3.500  | -47.008   | -120   | 6.756  |
| 1983  | 44.502  | 8.888  | -2.710  | 14.087 | 3.054   | 191.568 | 3.416  | -39.212   | -72    | 8.517  |
| 1984  | 155.900 | 8.214  | -2.124  | 19.420 | 3.922   | 217.075 | 2.788  | -34.068   | 13     | 7.256  |
| 1985  | 141.482 | 15.602 | -2.365  | 17.405 | 4.523   | 239.838 | 2.565  | -32.261   | 50     | 12.119 |
| 1986  | 175.405 | 25.621 | -1.605  | 22.332 | 7.557   | 356.528 | 3.355  | -27.852   | -11    | 14.683 |
| 1987  | 176.274 | 36.704 | -911    | 32.720 | 9.310   | 427.643 | 2.981  | -29.837   | -441   | 16.616 |
| 1988  | 226.769 | 51.684 | -490    | 43.440 | 9.559   | 542.348 | 5.319  | -25.860   | -418   | 22.339 |
| 1989  | 272.100 | 54.873 | -1.120  | 47.342 | 9.874   | 526.864 | 4.416  | -26.786   | -310   | 21.107 |
| 1990  | 234.543 | 56.229 | -3.305  | 29.668 | 13.668  | 545.022 | 4.734  | -39.174   | -295   | 25.031 |
| 1991  | 213.670 | 47.309 | 207.306 | 12.719 | 13.057  | 641.999 | 6.425  | -45.429   | -228   | 16.396 |
| 1992  | 259.470 | 45.384 | 223.925 | 8.621  | 13.842  | 652.343 | 5.718  | -40.178   | -215   | 16.350 |
| 1993  | 319.357 | 41.419 | 189.287 | 10.473 | 10.619  | 697.078 | 4.436  | -33.121   | -222   | 13.927 |
| 1994  | 393.533 | 54.008 | 223.874 | 23.832 | 12.338  | 701.933 | 5.541  | -23.646   | -144   | 22.660 |
| 1995  | 438.626 | 65.744 | 258.483 | 34.224 | 16.930  | 724.157 | 5.892  | -23.110   | -70    | 31.852 |
| 1996  | 287.980 | 41.899 | 237.218 | 37.000 | 17.444  | 667.883 | 6.495  | -32.923   | -242   | 15.006 |
| 1997  | 379.370 | 60.313 | 222.161 | 43.148 | 15.787  | 601.702 | 7.638  | -28.303   | -53    | 24.851 |
| 1998  | 438.288 | 61.871 | 235.600 | 40.117 | 15.402  | 484.753 | 9.215  | -27.658   | -222   | 25.304 |
| 1999  | 436.934 | 45.510 | 226.364 | 51.337 | 16.546  | 511.730 | 11.677 | -25.918   | -268   | 32.031 |

\* In the calculation of Genuine Saving current educational spending was considered as an investment in human capital (rather than consumption, as in the traditional national accounts). In the following accounting the educational spending is therefore added to Gross Domestic Investment;

Extended Domestic Investment = Gross Domestic Investment + Education Spending

Extended Gross Saving = Extended Domestic Investment - Net Foreign Borrowing + Net Official Transfers

Net Foreign Borrowing + Net Official Transfers = Current Account Balance After Official Transfers Extended

Net Saving = Extended Gross Saving - Depreciation

Extended Genuine Saving = Extended Net Saving - Resource Rents (Depletion of Natural Resources)

Source: Kunte et al:1998

eventhough genuine savings are positive and hence population growth can be seen to be a potential threat to sustainable development (Pearce: 2002)

Total wealth figures employed in the above expression must be very broad encompassing produced assets, commercial land, natural resurces and human capital. The World Bank and other economists estimated wealt measures for roughly 100 countries and Table 4 gives these estimates for selected countries.

**Table 4: Change in Wealth Per Capita By Selected Contries**

| Countries        | GDP/capita<br>\$ | GDP<br>growth rate<br>1990-97, % | Population<br>growth rate,<br>% | Genuine<br>saving, %<br>of GDP | Estimated<br>wealth/capita,<br>\$ | Change in<br>wealth/capita,<br>\$ | Change in<br>wealth/capita,<br>% | Implicit<br>rate of<br>return, % |
|------------------|------------------|----------------------------------|---------------------------------|--------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| <b>USA</b>       | 29.271           | 3,0                              | 0,8                             | 13,2                           | 461.500                           | 322                               | 0,1                              | 6,3                              |
| <b>UK</b>        | 21.802           | 2,0                              | 0,2                             | 11,6                           | 353.000                           | 1.952                             | 0,6                              | 6,2                              |
| <b>Germany</b>   | 25.494           | 1,4                              | 0,1                             | 16,8                           | 375.100                           | 4.025                             | 1,1                              | 6,8                              |
| <b>Canada</b>    | 20.066           | 2,2                              | 0,9                             | 15,6                           | 292.500                           | 587                               | 0,2                              | 6,9                              |
| <b>Japan</b>     | 33.232           | 1,5                              | 0,2                             | 24,0                           | 423.400                           | 7.087                             | 1,7                              | 7,8                              |
| <b>S. Arabia</b> | 6.996            | 1,7                              | 3,8                             | -10,7                          | 79.800                            | -3.770                            | -4,7                             | 8,8                              |
| <b>Uganda</b>    | 324              | 7,4                              | 2,5                             | 4,5                            | 4.700                             | -103                              | -2,2                             | 6,9                              |
| <b>India</b>     | 396              | 6,0                              | 1,6                             | 12,7                           | 4.800                             | -27                               | -0,6                             | 8,3                              |
| <b>Turkey</b>    | 2.979            | 4,1                              | 1,7                             | 19,3                           | 41.700                            | -121                              | -0,3                             | 7,1                              |

Source: Hamilton:2000

### **Conclusion and implications for Turkey:**

The purpose of this study is to make an analysis of the measurement of sustainability in order to link the environment to the macroeconomy and to this end relevant research on green accounting, methodology and various contributions to the issue have been examined. In conclusion the analysis suggests that a more holistic approach which places emphasis on all forms of capital assets and components of wealth is necessary. Economies have initial endowments of natural resources, raw labor and social capital. This initial endowment together with investments in human capital and produced assets form the basis of development process. The sustainability of this development path depends entirely on the maintenance and sound management of these capital assets.

A next stage if this study (which will be completed in April 2003) will include an estimation and elaboration of the sustainability indicators for Turkey due to the fact that relevant data to be used in calculations are not available yet, and will be obtained in collaboration with CSERGE.

The below tables presents some wealth estimates obtained by World Bank for Turkey, these data suggests that human capital has the lion's share among all capital stocks and this coincides with the pattern in many developing countries. Another important finding is that the genuine saving value is positive all through out the period and yet more detailed elaborations (such as the growth of capital per capita  $k$ ) are necessary in order to see whether the growth path is sustainable or not.

**Table 5: Estimates of National Wealth of Turkey**

| Total and components | Dollars per capita | Percent share of total wealth |
|----------------------|--------------------|-------------------------------|
| Human resources      | 63.000             | 81                            |
| Natural capital      | 4.000              | 5                             |
| Produced assets      | 11.000             | 14                            |
| Total wealth         | 79.000             | 100                           |

Source: Kunte et al..

**Table 6: Natural Capital Estimates of Turkey for 1994**

| Total and components        | Dollars per capita | Percent share of total wealth |
|-----------------------------|--------------------|-------------------------------|
| Pasture land                | 490                | 12                            |
| Crop land                   | 2.950              | 75                            |
| Timber resources            | 170                | 4                             |
| Non-timber forest resources | 90                 | 2                             |
| Protected areas             | 40                 | 1                             |
| Subsoil assets              | 200                | 5                             |
| Natural capital             | 3.940              | 100                           |

**Table 7: Genuine Saving in Turkey****(Current Us \$)**

| <b>Years</b> | <b>Genuine Saving I</b> | <b>Extended Genuine Saving I</b> | <b>Genuine Savings without current educational expenditures</b> | <b>Genuine Savings including current educational expenditures</b> |
|--------------|-------------------------|----------------------------------|---|---|
| 1970         | 1.018.807.780           | 1.282.540.566                    | 771.415.840   | 1.035.148.626   |
| 1971         | 648.309.566             | 956.296.431                      | 370.122.031   | 678.108.897   |
| 1972         | 1.534.126.820           | 1.924.804.420                    | 1.220.221.277   | 1.610.898.877   |
| 1973         | 1.810.816.848           | 2.307.140.550                    | 1.465.196.399   | 1.961.520.101   |
| 1974         | 1.842.024.471           | 2.521.410.125                    | 1.489.724.860   | 2.169.110.514   |
| 1975         | 2.226.642.498           | 3.068.503.016                    | 1.844.278.791   | 2.686.139.309   |
| 1976         | 3.974.326.313           | 4.925.912.776                    | 3.543.070.182   | 4.494.656.645   |
| 1977         | 4.259.387.802           | 5.342.757.974                    | 3.781.249.777   | 4.864.619.948   |
| 1978         | 3.653.086.208           | 4.845.943.959                    | 3.189.127.863   | 4.381.985.613   |
| 1979         | 4.699.074.757           | 6.327.922.404                    | 4.243.236.517   | 5.872.084.164   |
| 1980         | 3.166.863.703           | 4.463.454.677                    | 2.715.472.226   | 4.012.063.200   |
| 1981         | 4.469.318.335           | 5.883.652.984                    | 3.980.877.808   | 5.395.212.456   |
| 1982         | 4.400.394.513           | 5.694.109.218                    | 3.882.075.731   | 5.175.790.436   |
| 1983         | 3.457.490.785           | 4.895.459.891                    | 2.892.204.194   | 4.330.173.300   |
| 1984         | 3.360.833.325           | 4.403.692.311                    | 2.779.170.645   | 3.822.029.631   |
| 1985         | 4.610.160.717           | 5.612.309.693                    | 3.947.383.088   | 4.949.532.064   |
| 1986         | 7.503.169.480           | 8.543.623.518                    | 6.752.965.480   | 7.793.419.518   |
| 1987         | 13.835.148.643          | 14.736.005.927                   | 13.037.305.331  | 13.938.162.615  |
| 1988         | 16.484.517.598          | 17.516.963.122                   | 15.768.122.976  | 16.800.568.500  |
| 1989         | 15.600.031.613          | 16.739.433.591                   | 14.798.968.612  | 15.938.370.591  |
| 1990         | 20.405.317.372          | 23.312.270.219                   | 19.554.256.776  | 22.461.209.623  |
| 1991         | 19.847.553.091          | 23.106.168.932                   | 18.997.223.993  | 22.255.839.834  |
| 1992         | 22.862.458.559          | 26.951.978.913                   | 21.985.604.704  | 26.075.125.058  |
| 1993         | 28.637.620.784          | 34.360.888.713                   | 27.681.260.809  | 33.404.528.739  |
| 1994         | 19.491.711.541          | 23.635.831.446                   | 18.558.490.741  | 22.702.610.646  |
| 1995         | 24.105.797.559          | 29.552.158.083                   | 23.064.179.635  | 28.510.540.159  |
| 1996         | 21.360.899.505          | 27.191.637.248                   | 20.238.814.130  | 26.069.551.873  |
| 1997         | 23.810.378.876          | 29.961.891.296                   | 22.632.380.211  | 28.783.892.630  |
| 1998         | 28.036.825.997          | 34.561.379.949                   | 26.806.951.999  | 33.331.505.950  |
| 1999         | 23.877.324.555          | 29.810.160.746                   | 22.710.746.537  | 28.643.582.728  |

Source: World Bank, Environmental Economics Series.

**Table 8: Some Indicators of Sustainability For Turkey**

| Years | Gross National Saving as % of GNI | Consumption of fixed capital as % of GNI | Net National Savings as % of GNI | Education expenditure as % of GNI | Energy depletion as % of GNI | Mineral Depletion as % of GNI | Carbon dioxide damage as % of GNI | Adjusted Net Savings as % of GNI |
|-------|-----------------------------------|--|----------------------------------|-----------------------------------|------------------------------|-------------------------------|-----------------------------------|----------------------------------|
| 1970  | ..                                | 5,8%                                     | ..                               | 0,01                              | 0,4%                         | 0,3%                          | 0,4%                              | ..                               |
| 1971  | ..                                | 5,7%                                     | ..                               | 0,02                              | 0,5%                         | 0,2%                          | 0,5%                              | ..                               |
| 1972  | ..                                | 5,7%                                     | ..                               | 0,02                              | 0,4%                         | 0,1%                          | 0,5%                              | ..                               |
| 1973  | ..                                | 5,3%                                     | ..                               | 0,02                              | 0,3%                         | 0,2%                          | 0,4%                              | ..                               |
| 1974  | 0,19                              | 5,6%                                     | 13,0%                            | 1,8%                              | 0,8%                         | 0,2%                          | 0,3%                              | 13%                              |
| 1975  | 0,17                              | 5,5%                                     | 11,0%                            | 1,8%                              | 0,8%                         | 0,1%                          | 0,3%                              | 12%                              |
| 1976  | 0,17                              | 5,5%                                     | 11,6%                            | 1,8%                              | 0,7%                         | 0,1%                          | 0,3%                              | 12%                              |
| 1977  | 0,16                              | 5,4%                                     | 10,6%                            | 1,8%                              | 0,7%                         | 0,1%                          | 0,4%                              | 11%                              |
| 1978  | 0,14                              | 5,4%                                     | 8,6%                             | 1,8%                              | 0,6%                         | 0,1%                          | 0,3%                              | 9%                               |
| 1979  | 0,14                              | 5,5%                                     | 8,8%                             | 1,8%                              | 0,8%                         | 0,1%                          | 0,3%                              | 9%                               |
| 1980  | 0,16                              | 5,4%                                     | 10,3%                            | 1,9%                              | 1,1%                         | 0,1%                          | 0,4%                              | 11%                              |
| 1981  | 0,18                              | 5,4%                                     | 12,6%                            | 2,0%                              | 1,2%                         | 0,1%                          | 0,4%                              | 13%                              |
| 1982  | 0,18                              | 5,4%                                     | 12,8%                            | 2,0%                              | 1,3%                         | 0,1%                          | 0,5%                              | 13%                              |
| 1983  | 0,15                              | 5,4%                                     | 9,8%                             | 2,3%                              | 1,0%                         | 0,1%                          | 0,6%                              | 10%                              |
| 1984  | 0,16                              | 5,4%                                     | 10,8%                            | 1,7%                              | 0,9%                         | 0,1%                          | 0,7%                              | 11%                              |
| 1985  | 0,17                              | 5,4%                                     | 11,5%                            | 1,5%                              | 0,9%                         | 0,1%                          | 0,7%                              | 11%                              |
| 1986  | 0,19                              | 5,4%                                     | 13,3%                            | 1,4%                              | 0,6%                         | 0,1%                          | 0,8%                              | 13%                              |
| 1987  | 0,27                              | 7,0%                                     | 19,6%                            | 1,0%                              | 0,5%                         | 0,1%                          | 0,7%                              | 19%                              |
| 1988  | 0,29                              | 7,4%                                     | 21,1%                            | 1,1%                              | 0,4%                         | 0,2%                          | 0,6%                              | 21%                              |
| 1989  | 0,26                              | 6,5%                                     | 19,7%                            | 1,0%                              | 0,5%                         | 0,3%                          | 0,6%                              | 19%                              |
| 1990  | 0,24                              | 5,8%                                     | 18,0%                            | 1,9%                              | 0,5%                         | 0,1%                          | 0,5%                              | 19%                              |
| 1991  | 0,24                              | 6,2%                                     | 17,7%                            | 2,1%                              | 0,5%                         | 0,1%                          | 0,5%                              | 19%                              |
| 1992  | 0,24                              | 6,1%                                     | 18,1%                            | 2,5%                              | 0,4%                         | 0,1%                          | 0,5%                              | 20%                              |
| 1993  | 0,25                              | 5,6%                                     | 19,0%                            | 3,2%                              | 0,3%                         | 0,1%                          | 0,5%                              | 21%                              |
| 1994  | 0,25                              | 6,9%                                     | 18,3%                            | 3,2%                              | 0,4%                         | 0,1%                          | 0,7%                              | 20%                              |
| 1995  | 0,25                              | 6,4%                                     | 18,2%                            | 3,2%                              | 0,3%                         | 0,1%                          | 0,6%                              | 20%                              |
| 1996  | 0,22                              | 6,2%                                     | 15,9%                            | 3,2%                              | 0,3%                         | 0,1%                          | 0,6%                              | 18%                              |
| 1997  | 0,23                              | 5,9%                                     | 17,4%                            | 3,2%                              | 0,3%                         | 0,1%                          | 0,6%                              | 20%                              |
| 1998  | 0,25                              | 6,1%                                     | 19,2%                            | 3,2%                              | 0,2%                         | 0,0%                          | 0,6%                              | 22%                              |
| 1999  | 0,23                              | 6,8%                                     | 16,4%                            | 3,2%                              | 0,2%                         | 0,0%                          | 0,6%                              | 19%                              |
| 2000  | 0,20                              | 6,8%                                     | 13,2%                            | 3,2%                              | 0,3%                         | 0,0%                          | 0,7%                              | 15%                              |

Source: World Bank, Environmental Economics Series.