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"Accounting for Natural Capital of Developing countries". Testing Natural Resource Curse for Oil and Gas Dependent Countries with Special Focus on Latin America

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Current reversion of terms of trade casts doubts on the sustainability of growth profile of Natural Resource dependent developing economies. Productivity is the key fundamental to sustain future economic growth in case of terms of trade reversion. But Growth Accounting does not usually include Natural Capital contribution to growth. Moreover economic literature in terms of Dutch Disease and Resource Curse was not based on common metrics. Moreover, natural capital metrics is key in order to take into account Stiglitz-Sen-Fitoussi (2009) concerns about how to measure welfare, environmental and growth sustainability.

This paper presents a methodology and main findings for measuring Natural Capital as wealth as capital services inputs in a symmetric and consistent approach with produced assets. We test the methodology for oil and gas resource countries genuine savings, natural capital and productivity. Measured productivity of natural resource dependent economies, especially for Latinamerican countries, are biased if natural capital inputs are excluded from growth accounting. Main findings of Natural Resource Curse during recent Commodities prices boom are mixed: generalized measured productivity grew at moderate rate but measured genuine savings showed a negative performance.