

Genuine savings

Genuine savings is a measure of total national savings including the use of natural resources and environmental degradation caused by economic activity. An analysis of annual genuine savings for Denmark from 1990 to 2009 shows that the savings rate is positive in every year, constituting around 7½ per cent of GDP annually. This implies that present generations leave a higher amount of total national wealth for the benefit of future generations. The calculations are associated with a very high amount of uncertainty, however. According to the analysis, the largest negative contribution to genuine savings are the costs of climate damage attributed to Denmark from emissions of global greenhouse gases, the central estimate of which is close to -6 per cent of GDP annually. On the positive side, investment in human capital dominates, contributing with more than 10 per cent of GDP annually. Some critical methodological assumptions are discussed.