Abstract for “A Short-cut Method of Estimating the Net Capital Stock: Does it Work?”

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The net capital stock is an important but much neglected component of the SNA and only about 25 countries currently publish official estimates of the net capital stock as part of their regular national accounts. With some simplifying assumptions a country's capital stock can be estimated from information on gross fixed capital (GFCF) for a single year, the rate of depreciation, and the past growth rate of GFCF. This paper will give short-cut estimates of capital stocks for about 40 developing and developed countries and will examine the following questions:

- How plausible are the assumptions underlying this short-cut method?
- How do short-cut estimates compare with official estimates derived from perpetual inventory models?
- How sensitive are these estimates to the level of detail of the asset breakdown?

The paper concludes that the short-cut method described here could be used by many countries to estimate net capital stocks as part of their regular national accounts.