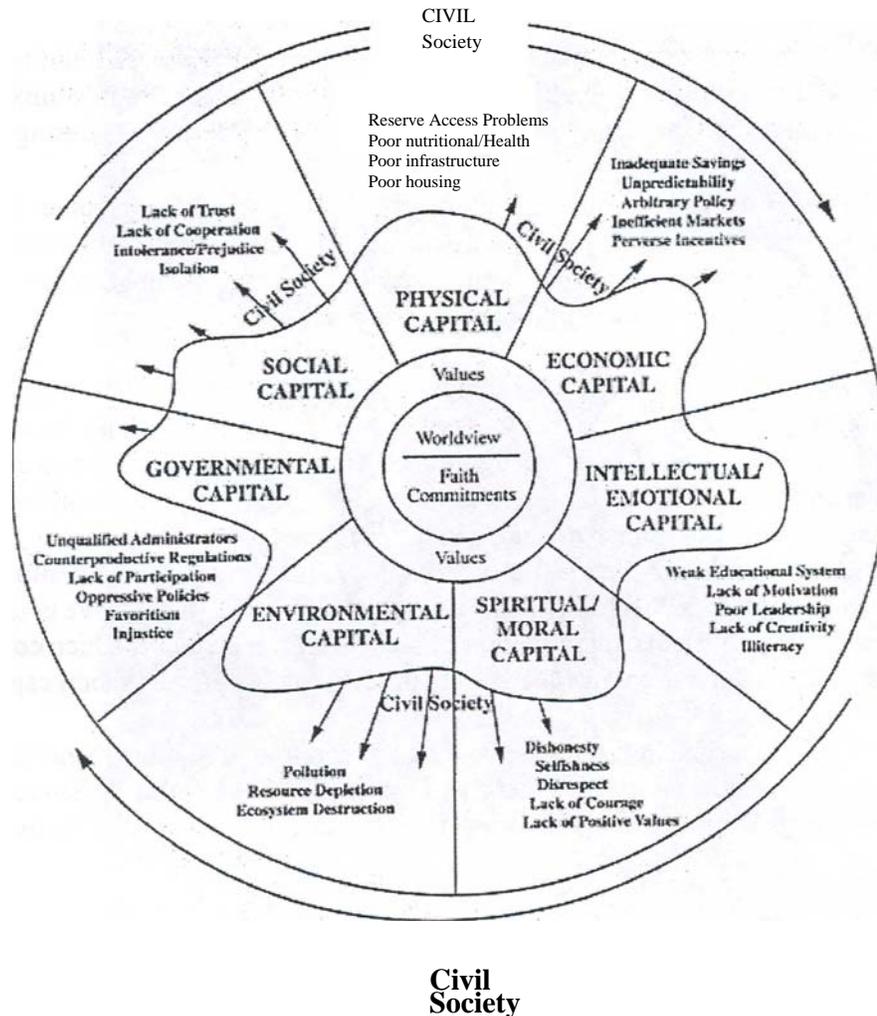


*WEALTH CREATION WHEEL*



Wheel segments represent the different types of capital needed for development. Examples of capital impairment which lead to a misshapen development wheel are provided.

As the diagram above attempts to illustrate, economic development is a process and sustainable development could be thought of as continuous movement of the wheel over time. Before a wheel can function properly, "material" must be gathered for the building process. As the diagram illustrates there are seven different kinds of resources (wheel segments) which must be in place before the wheel can be "rounded out" and function well. I believe it is instructive to use either the word "wealth" or "capital" to describe these segments since we are already accustomed to recognizing land, machines, and financial investments as forms of wealth or capital. And, with this understanding as background, it takes only a little extra thought to see that healthy quantities of the other forms of capital are also necessary for the wheel to be complete and as useful as possible.

*Wealth – defined as the ability to serve other people and the nonhuman creation, now and in the future.*

Before proceeding, each of these forms of capital/wealth need some explanation. Moving clockwise from the top of the wheel, and drawing heavily from' CSFSED we provide the following descriptions:

*Physical capital* refers to assets like infrastructure (utilities, highways), buildings, and machinery, and other forms of applied technology), but also other tangible things which keep humans physically productive, like nutritious food, health care or housing.

*Economic Capital* includes traditional investments in stocks, bonds, and other financial assets, but we also includes things like wise macroeconomic and micro economic decisions, incentives to save and invest, predictability and fairness in economic policies and efficiency in markets, including financial markets.

*Intellectual/emotional capital* includes things like literacy, general knowledge, skills, intelligence, what has come to be known as emotional intelligence, creativity, discipline, work habits, etc. It is part of what has traditionally been referred to as human capital, a well known term which refers all of the things *people* bring to productive process. But to fully capture the value of human capital, and to recognize its preeminent and multifaceted contribution in the creation of wealth, we have incorporated it into three separate segments of the wheel. Elements of human physical capacity have been incorporated in the physical capital section of the wheel, and elements which compel moral and ethical behavior are included under the heading of spiritual/moral capital.

*Spiritual/moral capital* includes things like honesty and integrity, moral behavior, limits to selfishness, genuine concern for others, courage, and a host of other "positive values" which relate to religious belief and improve the structure, direction, and effectiveness of economic activity.

*Environmental capital* (often referred to as natural capital) includes such things as raw materials, clean air, pure water, good soil, adequate sunlight, species diversity, intact ecosystems, etc. Some of these are renewable (e.g., forests, fisheries) and others non-renewable (e.g., oil, minerals).

*Governmental Capital* includes what is sometimes referred to as "political capital"(the resources available to political leaders to design and carry out policy) but also includes elements such as the "rule of law," fair elections, efficient and effective regulatory agencies, a widespread concern for justice, well established conflict resolution procedures, widespread political participation, and the capability to deliver needed "public goods."

*Social Capital*, may be defined as a widely shared commitment to the values of trust and mutual assistance demonstrated by the habits of cooperation. It is best understood by observing the myriad associations that people form in all areas of life, but especially the hundreds of thousands of voluntary associations such as advocacy groups, church committees, sports clubs, parent-teacher associations, ethnic celebrations, community