National wealth is the economic potential of a country. National wealth embraces the elements and resources available to a country and on the basis of which it can organize its production activity. Of course, national wealth is a very important element because in the process of development a country needs its own and attracted resources. A country’s own resources guarantee the prospect of development at least related to the country’s needs. National wealth includes material assets in society, reserves of foreign currency and net claims on other countries, and from this point of view, adding the natural resources that will enter the economic circuit give the possibility of a real appreciation of the perspectives of evolution. In this article, the authors attempt to define the main components of national wealth, inventing the elements on which national wealth is built. To quantify the accumulated national wealth of a country, the main part of it, there are a number of indicators that give the essence of the wealth of the national economy. In this respect, fixed capital is the main component of national wealth and this is expressed by a number of indicators including the full initial value, the remaining value, the replacement value. On the basis of these quantified indicators by calculation relations, the important elements that define the accumulating part of the national wealth can be calculated on the total national economy and in the structure of the national economy.

**Keywords:** national wealth accumulated, indicator, fixed capital, stock of materials, living standard of the population

**JEL Classification:** E01, E21

**Introduction**

National wealth is one of the main indicators used to characterize the economic potential of a country. The size and structure of national wealth is conditional on the material and cultural life of the population and, at the same time, is the material condition for the conduct of economic processes.
These elements justify the attention paid to both the theoretical and practical-methodological issues of measurement that concern national wealth. Important progress in this area has been achieved in particular by coordinating research by international bodies, in particular the UN Statistical Commission. However, the measurement of national wealth in international statistics is not unitary.

**Literature review**

Aisen and Veiga (2013) conduct a study on 169 countries and show that higher degrees of political instability are associated with lower GDP growth rates per capita. Anghelache (2016) analyzes and interprets data throughout the 1990s so far on the economic and social situation of Romania. Anghel, Anghelache and Niţă (2017) analyze, at the level of the European Union and each country, the correlation between Gross Domestic Product per capita, import, export and export coverage, while at the same time ranking Member States the value of the indicators mentioned. Anghelache, Anghel, and Panait (2017) analyze the evolution of GDP growth in the European Union as a whole and in comparison with other countries that play an important role in the global economy, such as China, the US or Japan. Anghelache, Partachi and Anghel (2017) analyze the economic considerations on which to base the economic growth forecast, with considerations on economic growth theory, the system of indicators used, modeling economic growth or the trend on which economic growth can be analyzed. Anghelache, Anghel, and Solomon (2017) show that the issue of international migration is not only an economic subject, but also a social, cultural and political one with multiple implications not only on the country of origin but also on the country received, the costs of this phenomenon involves them affecting both the countries of origin and the beneficiary country. Anghelache, Niţă and Badiu (2016) study the role of remittances as an important source of foreign transfers to developing countries, which are considered a financial development mechanism and can be used for consumption or for investment. Anghelache et al. (2016) show the importance of using econometric models to identify relationships between macroeconomic variables. Farole, Rodriguez-Pose and Storper (2011) study the role of geographic economy, institutional social science and endogenous growth theory in order to provide a new perspective on cohesion policy. Fleurbaey (2009) analyzes the different approaches to measuring individual welfare and social well-being that have been taken into account for building alternatives to GDP. Voigt and Moncada-Paternò-Castello (2012) investigate the focus on SMEs, and in particular their rapid growth, with regard to the Europe 2020 policy strategy.
Research methodology, data, results and discussions

1. Notions on the components of national wealth

The difficulties of measuring national wealth are largely due to the particular complexity of the national wealth category that expresses all the material and spiritual resources available to a people at one time.

Depending on the information provided by the information system, the calculation of national wealth differs from one country to another.

Depending on the components to be taken into account, in principle, the following means of measuring the national wealth are:

- national wealth comprises existing material goods at one time (accumulated wealth - fixed capital goods, material stocks, durable goods in the population);
- the national wealth comprises the material assets existing at a given time (accumulated wealth) and the natural resources (land, forests, mineral and fuel stock, etc.) assessed economically;
- national wealth includes: accumulated wealth, natural resources and spiritual wealth (the stock of knowledge in production, scientific knowledge accumulated over time, etc.).

Obviously, the third variant best corresponds to the category of national wealth, and a system of national wealth indicators should include: indicators of accumulated wealth, indicators of natural resources and indicators of spiritual resources. The groups above include indicators that are expressed in terms of value and indicators expressed in natural units. Determining a synthetic indicator of national wealth implies the expression of the element components. The elements that form the accumulated wealth are currently expressed in value and a global indicator of accumulated wealth is determined.

In general, other elements of national wealth are expressed in physical units and are sometimes valued by means of prices.

At this stage, for practical reasons, in the current calculation of national wealth, only the accumulated net asset, foreign currency reserves and claims on other countries are considered.

In the calculation of national wealth, it is also necessary to consider the material goods, the means of payment in foreign currency and the claims against the foreigners, which represent a right over the national wealth of the respective countries.

Thus defined, the national wealth has the following fundamental characteristics:

- the accumulation of means of production and consumer goods.

National wealth is fundamentally the result of the accumulation of national income over many years. It is made up of stocks of existing
means of production and consumption goods at one time;
- availability. This term describes the situation of the material goods that are available for use at a given time; availability is expressed in the value of the material goods, the calculation taking into account the wear and tear;
- the territorial principle and the national principle of calculating national wealth. National wealth can be calculated on two principles:
  a) the territorial principle - after which the national wealth comprises all goods located on the territory of the country, belonging to the state and the citizens of the country or other countries;
  b) the national principle - after which the national wealth comprises the collective and private material belonging to the nationality of the country and which are located on the territory of the country or abroad; the assets of foreign countries located on national territory are therefore excluded from the calculation.

Based on these considerations, the international recommendations for determining the volume, composition and reproduction of national wealth include the following indicators:
- Material goods in the production sphere
- Fixed capital goods (fixed assets)
- stocks
- Sustainable Household Consumables
- Material goods in the country
- The distinction between material assets of the country and those of other countries
  - Material goods of the country on the territory of other countries
  - Material goods of other countries within the national territory
  - Material goods of the country
- Financial assets and liabilities
  Assets that increase national wealth (foreign exchange reserves, claims on foreigners)
  Liabilities that diminish national wealth (foreign currency reserves held by other countries, binding on foreign countries)
- Accumulated national wealth of the country

National wealth components are calculated by ownership forms, by national economy and by categories of households.

Fixed capital goods and stocks in all sectors, irrespective of the form of ownership, are determined by accounting and statistical mechanisms, with the use of multiple data sources.
In the case of goods belonging to the country but located on the territory of other countries, the basic valuation shall be at market prices in the appropriate currency. The changeover into the currency of the owner’s property is made using the exchange rate in force at the date of the valuation. For the valuation of these material assets in the constant prices of the base year, the real value of the base year may be considered to be equal to the real value of the year for which the calculation is made or the ratio between the actual and constant prices of the analogous on the territory of the country.

Material goods located on the territory of the country but belonging to other countries are valued in the same way.

Foreign currency reserves, claims on foreigners are calculated in national currency, using the exchange rate in force at the time of calculation.

2. The main indicators of national wealth accumulated

The statistical characterization of the accumulated national wealth presupposes the calculation and analysis of some indicators to highlight the size, structure, dynamics, efficiency of its components.

Fixed capital is the main component of national wealth accumulated. It includes material goods that are used for a long time, while preserving their initial physical form. According to the statistical and accounting practice, fixed capital goods are considered to be only those material goods having a service life of more than one year and an inventory value higher than a certain value threshold.

The information on the assets that form the fixed capital is the basis for the characterization of some essential aspects regarding the technical potential of the national economy, of the branches, in territorial aspect; technical endowment of work; efficiency of fixed capital use, etc.

The statistical characterization of fixed capital at macroeconomic level involves the determination of some indicators that highlight: volume, structure, dynamics, physical state and fixed capital movement.

The volume of fixed capital can be measured by means of two groups of indicators: indicators in physical units and indicators in units of value. Indicators in physical units are used by category of goods. Based on the indicators in physical units, one can not calculate a synthetic indicator that reflects the volume in a branch or the whole of the national economy. For this, it is necessary to express it with some value indicators. The valuation of fixed capital goods ensures the possibility of determining the value volume, their structure and their movement, as well as the correlation of the fixed capital with other macroeconomic indicators.

Fixed capital goods may be expressed in full initial value, remaining value or replacement value.
Total Initial Value (VIC) (Inventory or Revenue Value) - represents the total of expenses incurred in constructing or acquiring, transporting and putting into service fixed capital. The full initial value serves to know the fixed capital value of a unit, branch or national economy, regardless of its physical condition. Based on it, the dynamics and structure of the fixed capital is characterized, the depreciation is calculated and the efficiency of its use is analyzed. The full initial value changes when you recalculate or perform additional work.

The remaining value (VR) expresses the part of the initial value that has not yet been transferred to production through depreciation. It is established as the difference between the initial value and the depreciation calculated up to the calculation. The remaining value lies at the basis of the analysis of the consistency between the fixed capital value of the fixed capital and its technical condition. Through it it characterizes the physical state and the efficiency of the use of the fixed capital, it is based on the possible duration of operation and the objectives in the field of investments, etc.

The replacement amount (VI) is set at the time of the revaluation of the fixed capital, periodically, in order to agree on the value at which the book value is recorded and the prices in force at the time of the revaluation. In the case of revaluation, unit value values are set for all fixed capital items of the same type, regardless of the time of putting into service.

The values at which fixed capital goods can be expressed highlight their value value at a given time, that is to say in the form of stock. In the economic analysis, fixed capital correlates with indicators that refer to a period of time (flow indicators) - GDP, national income, etc. As a result, it is necessary to calculate the average annual value of fixed capital goods.

The average annual inventory of fixed capital goods \( \overline{F} \) is calculated as the arithmetic mean of monthly values \( (VIC) \):

\[
\overline{F} = \frac{\sum_{t=1}^{12} VIC}{12}, \quad (1)
\]

or

\[
\overline{F} = VIC_1 + VMI - VME, \quad (2)
\]

in which:

- \( VIC_1 \) – inventory value of fixed capital at the beginning of the year;
- \( VMI \) – average annual input value;
- \( VME \) – average annual output.

The remaining annual average (FR) is calculated with:

\[
FR = \frac{VR_1 + VR_2}{VIC_1 + VIC_2}, \quad (3)
\]
In which:

- $VR_1$ and $VR_2$ – the remaining value of fixed capital goods at the beginning or end of the year;
- $VIC_1$ and $VIC_2$ – inventory value of fixed capital goods at the beginning and end of the year.

The structure of fixed capital goods is calculated and analyzed according to different criteria for grouping them.

According to the place where it operates, the fixed capital is divided into branches of the national economy, ensuring the possibility of characterizing the technical potential of the branch, the changes in the branch structure, the technical endowment of labor and the efficiency of the fixed capital use by branches etc.

After service life, fixed capital can be classified into several groups. The following are essential for the macroeconomic analysis: fixed capital goods in service, where the service life is below the standard service life and fixed capital goods where the service time spent is over the standard service life.

The structure of fixed capital goods is calculated and analyzed according to different criteria for grouping them.

The structure of fixed capital goods by age is particularly important for substantiating the investment program. This is because non-fully recovered fixed capital assets are, as a rule, worn out, which requires them to be replaced by investments.

The physical state of fixed capital is characterized, in particular, by indicators indicating the degree of wear or utility.

The wear indicator ($I_{uz}$) expresses the proportion of wear and tear of fixed capital goods and their inventory value:

$$I_{uz} = \frac{UZ}{VIC} \times 100$$

in which:

- $UZ$ – fixed capital depreciation (expressed by its depreciation).

The utility status indicator ($I_{SUT}$) reflects the proportion of fixed capital goods to the amount remaining in their inventory value at a given time:

$$I_{SUT} = \frac{VR}{VIC} \times 100$$

or

$$I_{SUT} = 100 - I_{UZ}$$
The physical capital ratios of fixed capital are calculated on total economy and by branch. The information provided serves to substantiate the investment program, to analyze the efficiency of fixed capital use.

The levels of the two indicators and their changes over time are the expression of the movement of fixed capital goods, respectively the putting into service and the removal of fixed capital goods from operation. In the case of macroeconomic statistics, inputs are measured by the renewal indicator, and outputs through the out of service indicator.

The renewal indicator is calculated by reporting the amount of fixed capital put into operation during the year to existing fixed end-of-year funds, also expressed as inventory value.

The decommissioning indicator is determined by reporting the inventory value of fixed capital goods released during the year to the inventory value of those existing at the beginning of the year.

The value of the fixed capital put into operation is conditioned by the total investments made, statistically expressed by the gross investment indicator, the duration of the execution, as well as by their technical and material structure (investments for machinery, investments made in construction works, geological and drilling works, etc.).

3. Stocks of materials are made up of the current material resources in the economic and social units, the households of the population, but also the state material reserves.

The volume of circulating material assets is determined on the basis of the stock data of existing materials at the time the calculation is made. The calculation is done both on branches and on the level of the entire national economy, in physical units and in value expression. The data sources used are mainly bookkeeping balances and inventory censuses.

The inclusion of circulating assets in national wealth requires their assessment in cash. The following conditions must be met when assessing:
- ensuring consistency, in terms of the assessment of national revenue generated and used, because in the sources of accounting data, stocks are expressed in different prices, depending on the stage of the production process. The level of stocks must be valued at the prices at which production is valued;
- ensuring price comparability through price indices.

In statistical practice, as well as in macroeconomic analysis, inventories of materials are classified according to different criteria:
- according to the branch of the national economy in which it exists, determines the structure of the stock of materials by branches and the
degree to which the existing stocks in each branch satisfy the production requirements;

- after the stage(s) in which they are located, stocks of materials are classified into:
  o production stocks (raw materials, materials, fuel, packaging, small and short-term inventory items, spare parts, etc.);
  o a material means of production (unfinished production, semi-finished products);
  o a material means in the sphere of circulation (finished products).

The structure calculated according to this criterion - taking into account the specificity of the branch - provides information on the assurance of the production process with circulating material, gives the possibility to analyze the stocks in relation to the level stipulated by the norms etc;

- after the fund coverage and their material content, inventories of materials are classified in current business stocks and investment stocks.

4. Durable and medium-term use goods include those goods which are intended to satisfy for a period of more than one year different material and spiritual requirements of the population and which are purchased from the commercial network, made by own means or acquired from other population sources.

The volume of these goods is determined in physical and value units, by category and total value expression, which allows them to be included in the indicator of national wealth accumulated (dwellings, cars, TVs, radios, refrigerators, furniture, etc.).

The data sources underlying the determination of the value of goods accumulated by the population are based on the category of goods for which the calculation is made.

Thus, in the case of buildings and cars, property insured by the law, there is a rigorous current account of the number and value of the financial bodies.

The number of radio and television sets available to the population can be determined on the basis of records from the mail and telecommunication organs.

For other durable goods (refrigerators, furniture, sewing machines, cooking machines, etc.), information can be obtained on the basis of selective research on their existence in a representative sample of families, which are extended to the entire population. Data obtained through selective life
standard research of valued goods. Durable and medium-term durable goods are valued at (initial) purchase or purchase price, updated on sales through the sales network and average use time; are valued at the (initial) purchase or purchase value and the final residual value.

The problem of putting into practice durable and medium-term use goods in national wealth calculations is a difficult issue that does not have a unified solving in international statistics. These products, because they are used for a long time, should be included in the accumulation, and at the annual consumption of the population a share corresponding to annual wear. However, the determination of wear is difficult, and therefore durable goods are included in the consumption of the population in the year they were purchased. However, housing construction by the population is included in the calculation of the accumulation, and in the consumption of the population, only the amount of annual wear.

Indicators expressing goods accumulated by the population also have a special role to play in the characterization of the living standard of the population.

Financial-currency means is the balance of a country’s external debts (rights) and commitments (liabilities) to other countries at a given time (at the end of the year for which the calculation is made).

If the rights are higher than the obligations, their balance increases the national wealth, and if they are smaller, the balance obviously diminishes the national wealth.

Financial and forex means are determined on the basis of the balance of external debt and liabilities, showing the receivables and liabilities, the component components at the beginning and the end of the year, as well as the balance of each item.

**Conclusion**

The author’s study shows that national wealth is the determinant element of a country’s economic and social development potential. Secondly, the components of the national eviction are highlighted, specifying the defining elements and the effect each element of national wealth has on the resources and, as a consequence, on the socio-economic evolution of a country. The indicators presented to characterize the accumulated national wealth are the most important because the complete initial value, the remaining value and the replacement value by their formulation in functions (equations, formulas) give the prospect of a concrete analysis of the defining elements of the national wealth.
References