

23. Net capital stock

Net capital stock reflects the market value of the stock of fixed assets in the economy and as such provides an important indication of overall wealth. It also forms an important input into the derivation of other statistical indicators, such as depreciation and, in some cases, capital services.

Definition

The stock of assets surviving from past periods, and corrected for depreciation is the net (or wealth) capital stock. The net stock is valued as if the capital good (used or new) were acquired on the date to which a balance sheet relates. The net stock is designed to reflect the wealth of the owner of the asset at a particular point in time.

The value of the net stock of produced fixed assets is usually estimated by the *perpetual inventory method* (PIM). The PIM cumulates past flows of gross fixed capital formation (GFCF) in volume terms and corrects them for the retirement of assets and for their loss in value due to ageing and depreciation. Each annual investment is an addition to the stock, while each retirement or deterioration enters as a deduction.

Some countries also compute a measure of the gross capital stock which corresponds to the net stock before depreciation is taken into account. Thus, the gross stock only adjusts for retirements but otherwise treats every asset as if it were new. It is also noteworthy that neither the net nor the gross stock are the conceptually correct measure to capture capital inputs into production – these are best reflected through measures of the flow of capital services (see *Measuring Capital* in “Further reading” for more information).

Comparability

Cross country comparability is driven by three major factors: i) the coverage of fixed assets; ii) the retirement and depreciation profiles used; and iii) for those countries that

use the PIM model, the length of time series available for GFCF by product.

OECD countries use various types of retirement and depreciation functions that may differ in shape and in regard to the average and maximum service lives for different types of assets. For example, some countries use linear depreciation profiles (corresponding to a constant amount of depreciation every period) and others use geometric profiles (corresponding to a constant rate of depreciation every period). However, the use of different parameters and profiles for depreciation does not in itself imply a lack of comparability. There may be very good reasons for these differences. For example, even if one could assume that the buildings in one country were exactly the same as another, one might expect a higher rate of depreciation in a country with extreme temperatures say.

An area where comparability is directly affected concerns the coverage of assets in estimates of net capital stock, and these are not always fully comparable across countries (see Section 12).

Online database

- OECD (2012), “Detailed National Accounts: Fixed assets by activity and by type of product”, *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00009-en>.

Further reading

- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/9789264027657-en>.
- OECD (2009), *Measuring Capital – OECD Manual 2009: Second edition*, OECD Publishing, <http://dx.doi.org/10.1787/9789264068476-en>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF, World Bank and Eurostat (eds.) (1993 and 2008), *System of National Accounts*, United Nations, Geneva, <http://unstats.un.org/unsd/nationalaccount/sna.asp>.

Table 23.1. Net capital stock, volume

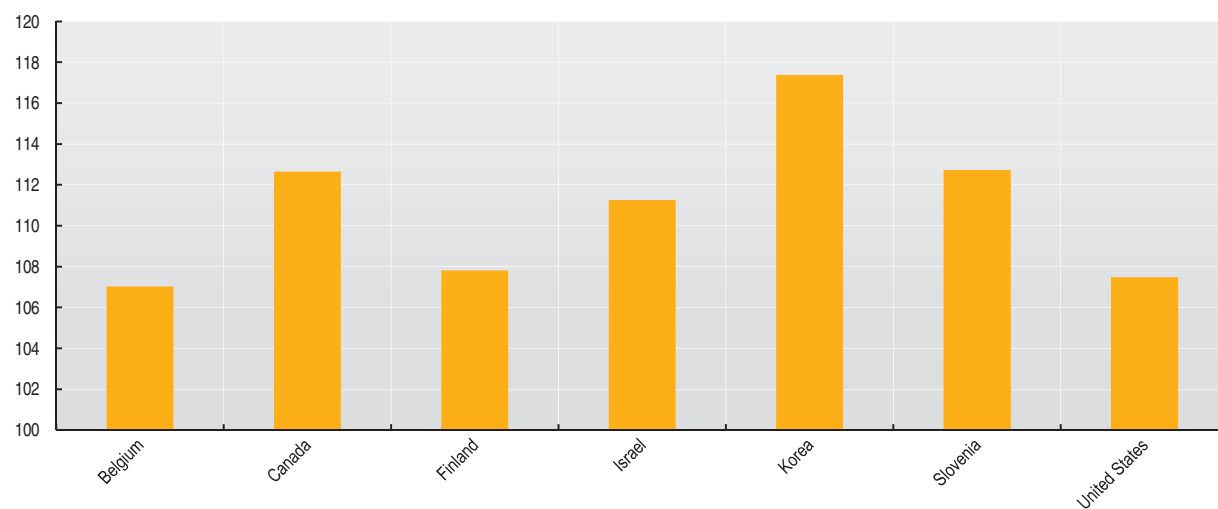

Year 2005 = 100

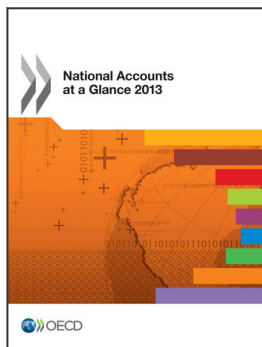
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	78.3	81.1	83.2	85.6	88.7	92.3	95.9	100.0	104.2	109.1	114.0	..	..	..
Austria	86.4	88.5	90.9	93.2	94.6	96.6	98.2	100.0	101.9	104.0	..	..	..	..
Belgium	85.7	87.5	91.9	93.8	95.2	96.5	98.1	100.0	101.8	104.0	106.2	107.0	..	..
Canada	85.0	86.8	88.6	90.5	92.2	94.2	96.7	100.0	103.7	107.4	111.0	112.6	115.3	..
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Denmark	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Estonia	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Finland	89.6	91.0	92.5	94.2	95.4	96.7	98.3	100.0	101.8	104.3	106.7	107.8	..	..
France	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Germany	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Greece	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Israel ¹	83.7	87.3	90.8	93.7	95.7	97.2	98.6	100.0	102.3	105.6	108.9	111.3	114.7	..
Italy	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Japan	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Korea	73.2	76.6	80.5	84.0	87.8	91.8	95.8	100.0	104.4	109.2	113.4	117.4	..	..
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Netherlands	..	..	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Norway	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Poland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Portugal	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Slovak Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Slovenia	..	..	90.6	92.4	94.2	95.4	97.5	100.0	102.2	105.4	108.8	112.7	..	..
Spain	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sweden	..	..	91.9	93.7	95.4	97.1	98.4	100.0	102.0	..	..	..	..	..
Switzerland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Turkey	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	..	..	..	..	..	..	..	..	..	..	..	..	..	..
United States	82.9	85.6	88.5	91.0	93.1	95.3	97.7	100.0	102.6	105.0	106.7	107.5	108.3	..
Euro area	..	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..

1. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.StatLink  <http://dx.doi.org/10.1787/888932762881>

Figure 23.1. Net capital stock, volume

Year 2005 = 100, 2009

Note: Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.StatLink  <http://dx.doi.org/10.1787/888932762178>



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