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Note on value and volume figures

Conventional national income accounts present figures on volumes of expenditure, income and output at constant prices of a base year (1970 in the current Blue Book). Value figures are expressed at current prices.

In this study figures are presented on four alternative bases:

(i)   volumes at constant prices – denoted (£ million, 1970 prices)

(ii)   values at current prices – denoted (£ million)

(iii)   values adjusted for inflation (for use in the analysis of real national income) – denoted (£ million, 1974 values)

(iv)   values adjusted for inflation (for use in analysis of the balance of payments) – denoted (£ million, 1974 export values). Volume figures may be converted to current price values by multiplying by the appropriate price deflator (base 1970=1.000). Values adjusted for inflation are obtained by dividing the current price figure by the deflator for domestic expenditure or the deflator for exports of goods and services, and multipying by the value of the same deflator in 1974.

Thus, for example, defining the following symbols :

M   Volume of imports (£ million, 1970 prices)

M′   Value of imports (£ million, current prices)

PM   Deflator for imports (1970=1.000)

PDE   Deflator for domestic expenditure (1970=1.000)

PX   Deflator for exports of goods and services (1970=1.000)

Then $M' = M \cdot PM$

Imports at 1974 values (for real national income purposes) are given by

$$\frac{M'}{PDE} \cdot PDE_{74}$$

where PDE_{74} is the value of PDE in 1974.

Imports at 1974 export values (for balance of payments purposes) are given by

$$\frac{M'}{PX} \cdot PX_{74}$$

where PX_{74} is the value of PX in 1974.