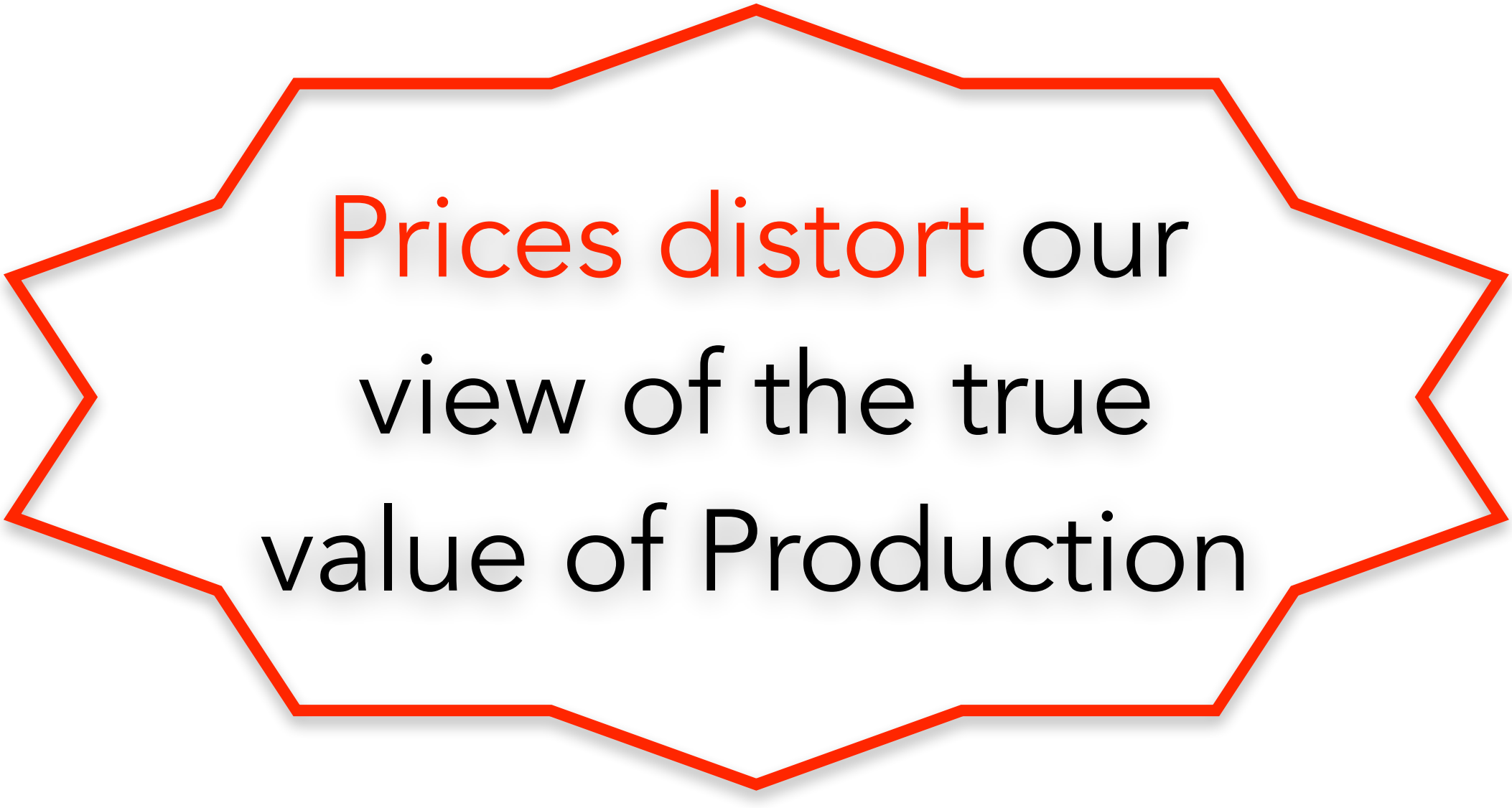


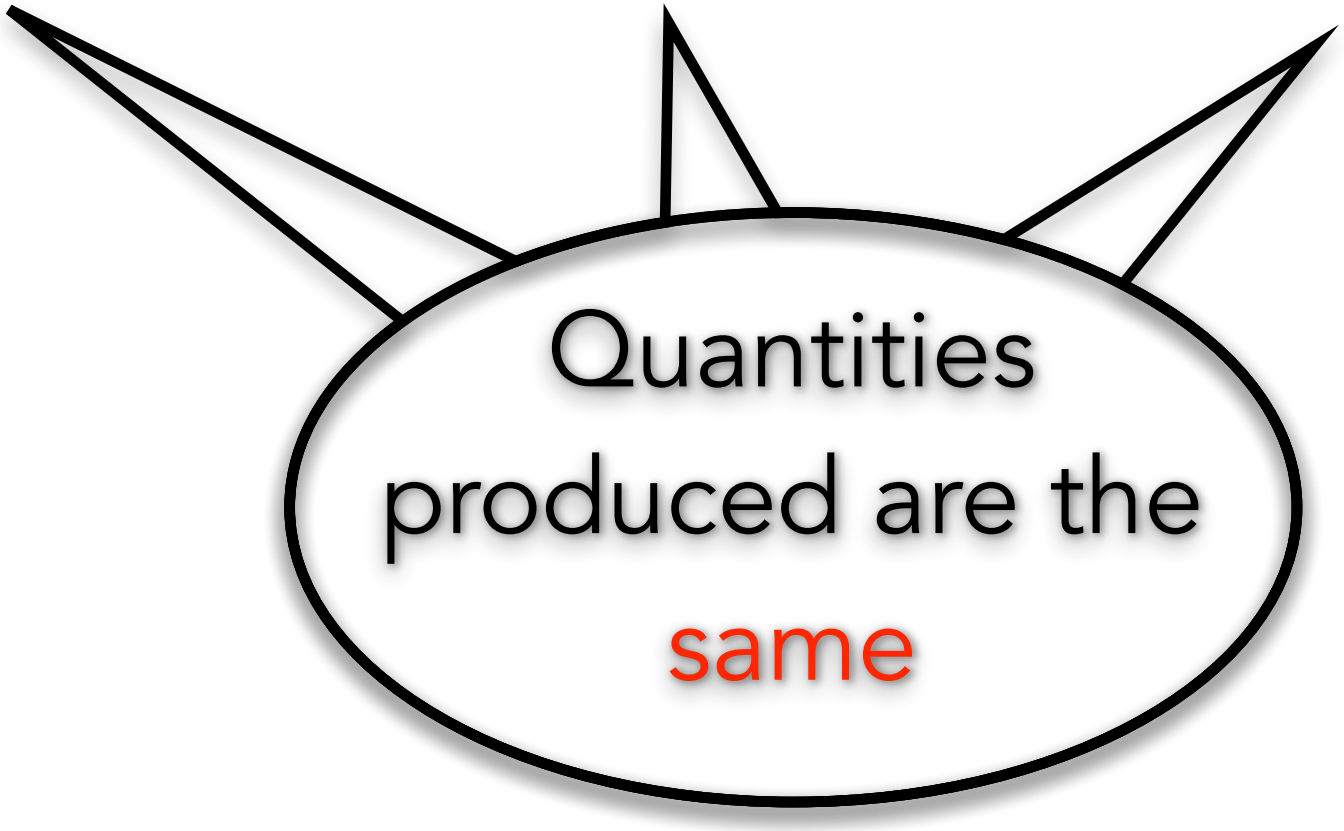
Year	Price X	Quantity X	Price Y	Quantity Y	Price Z	Quantity Z	Nominal GDP
1	1	100	0.5	50	0.6	10	$(1 \times 100) + (0.5 \times 50) + (0.6 \times 10) = 131$
2	2	100	1	50	1.2	10	$(2 \times 100) + (1 \times 50) + (1.2 \times 10) = 262$
3	4	100	2	50	2.4	10	$(4 \times 100) + (2 \times 50) + (2.4 \times 10) = 524$
4	8	100	4	50	4.8	10	$(8 \times 100) + (4 \times 50) + (4.8 \times 10) = 1,048$



We must use prices



Prices distort our
view of the true
value of Production



Quantities
produced are the
same



But

Nominal GDP tells us
that production
increased!

the 1990s, the number of people in the UK who are aged 65 and over has increased by 1.5 million (1990–1999) and is projected to increase by a further 1.5 million by 2010 (Office of National Statistics 2000).

There is a growing awareness of the need to develop strategies to meet the needs of the ageing population. The Department of Health (2000) has identified the need to develop a 'new paradigm' for the care of the elderly, one that is based on the concept of 'active ageing'. This paradigm is based on the idea that older people should be able to live independently, to participate in social and community activities, and to maintain their physical and mental health. The Department of Health (2000) has identified a number of key areas for action, including: (1) the need to improve the physical and mental health of older people; (2) the need to improve the social and community participation of older people; and (3) the need to improve the independence of older people.

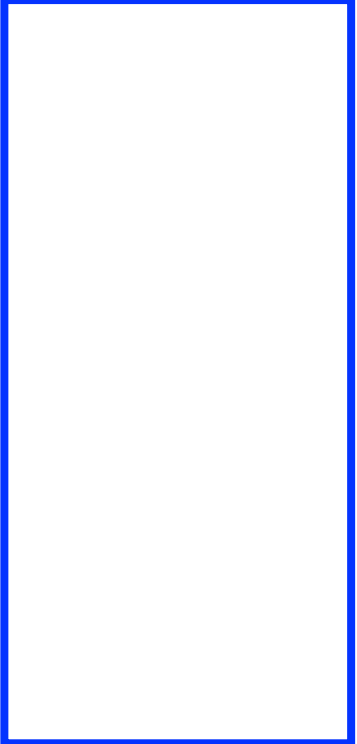
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