Prices solve both problems





GDP = \$0.5*(1 apple) + \$1000*(1 computer)

Prices put quantity produced into a dollar amount allowing us to add: dollar amount of computers + dollar amount of apples + dollar amount of hair cuts...

\$0.5



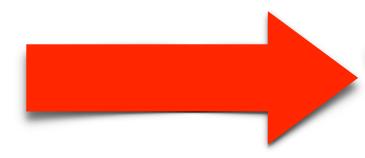
Prices serve as the "weight" for value added: a computer sells for a higher price than an apple, reflecting the difference in value.

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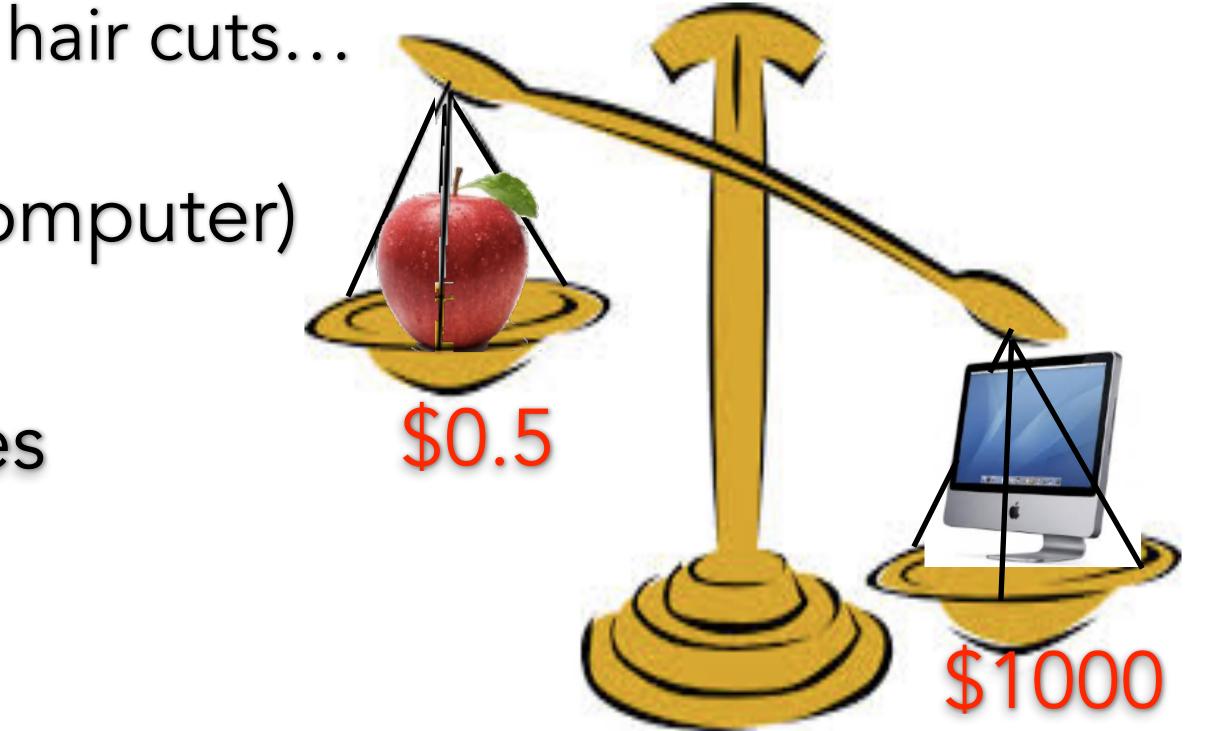
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We must use prices



Prices provide the best "weight" to approximate value added