Prices provide the best "weight" to approximate value added

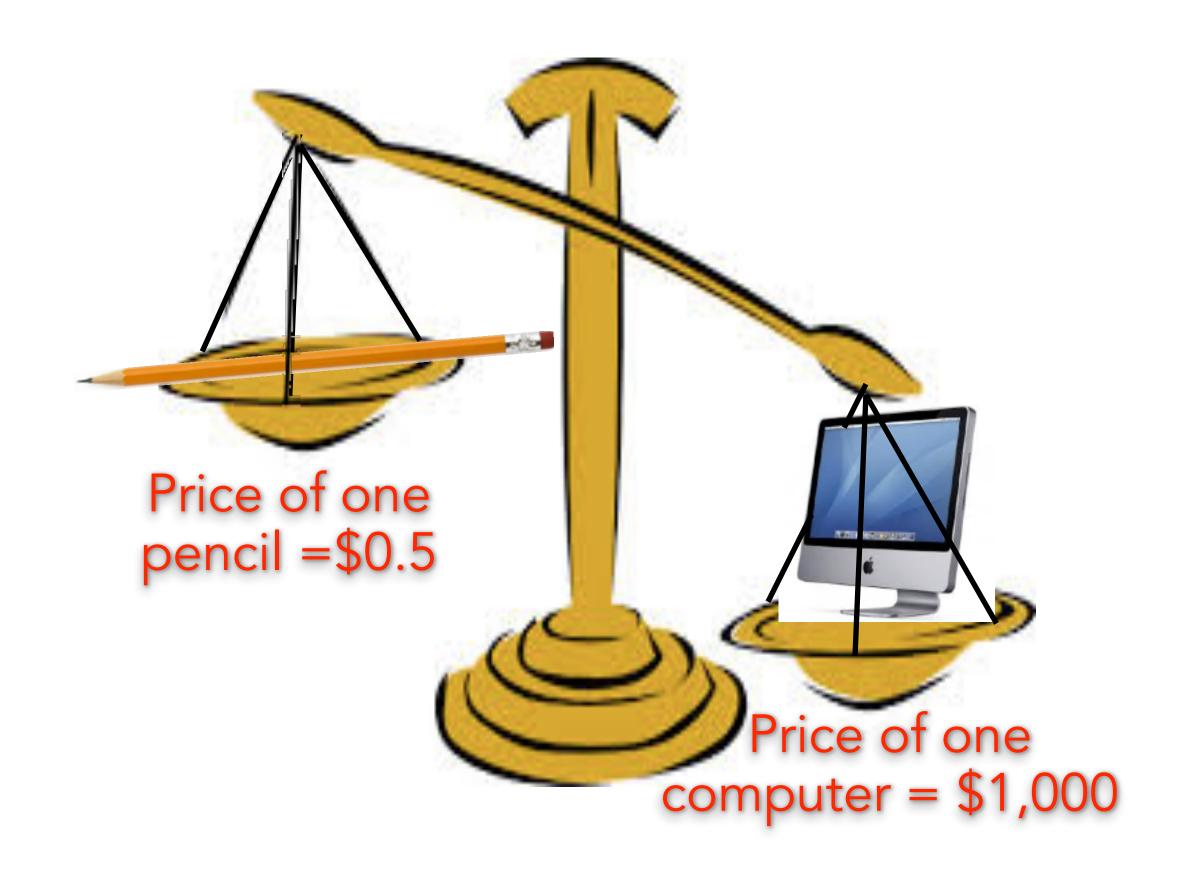
GDP = $P_{\text{rice of pencil}}$ (Quantity of pencils)+ $P_{\text{rice of computer}}$ (Quantity of computers)+ $P_{\text{rice of hair cut}}(Quantity of hair cuts) + P_{\text{rice of cell phone}}(Quantity of cell phones)...$



Price of one pencil =\$0.5

Price of one computer = \$1,000

Prices provide the best "weight" to approximate value added



GDP = $P_{rice of pencil}$ (Quantity of pencils)+ $P_{rice of computer}$ (Quantity of computers)+ $P_{rice of hair cut}$ (Quantity of hair cuts)+ $P_{rice of cell phone}$ (Quantity of cell phones)...

GDP = Dollar value of new, final goods and services produced