

The producer **still has** the **depreciated** capital good while intermediate goods go entirely into the production of the Final Good

Applying this short cut when deciding between Intermediate and Capital goods is easy in some cases:

A factory is clearly Capital

Wood to make furniture is clearly Intermediate

A computer is clearly Capital

Fabric to make dresses is clearly intermediate

But in some cases, the distinction is not as clear...

The producer **still has** the **depreciated** capital good while intermediate goods go entirely into the production of the Final Good

Applying this short cut when deciding between Intermediate and Capital goods is easy in some cases:

A factory is clearly Capital

Wood to make furniture is clearly Intermediate

A computer is clearly Capital

Fabric to make dresses is clearly intermediate

But in some cases, the distinction is not as clear...