

4 Windows: \$1,200

4 tires :: \$8000

Work: \$10,000

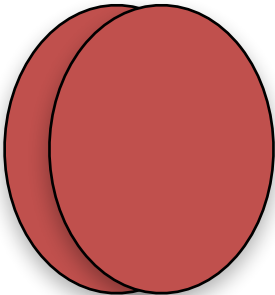
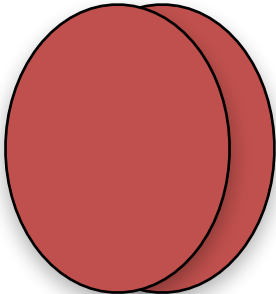
1. car: \$30,000

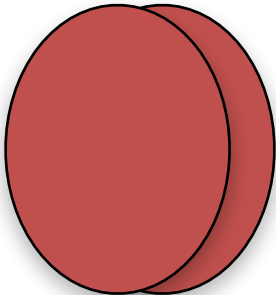
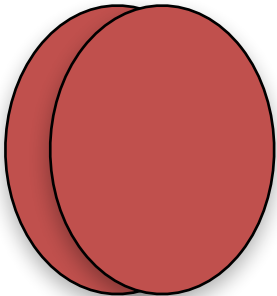
\$42,000

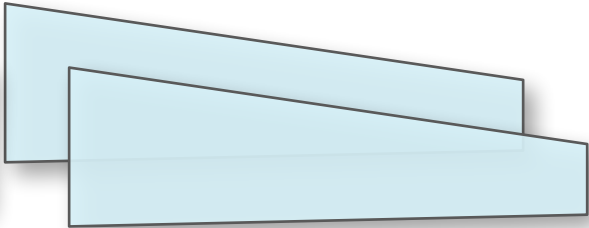
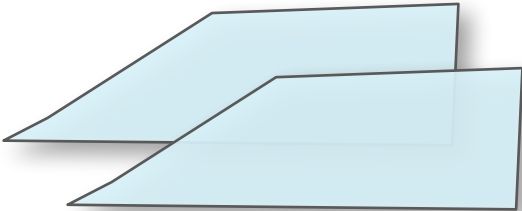


Total Sales of
New Goods

Include **twice** the value of the tires, the
windows and the work...

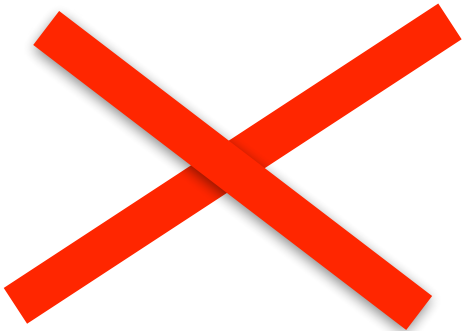






GDP = Total purchases of new goods...

For this reason, GDP
excludes sales of
intermediate goods to
avoid double counting.

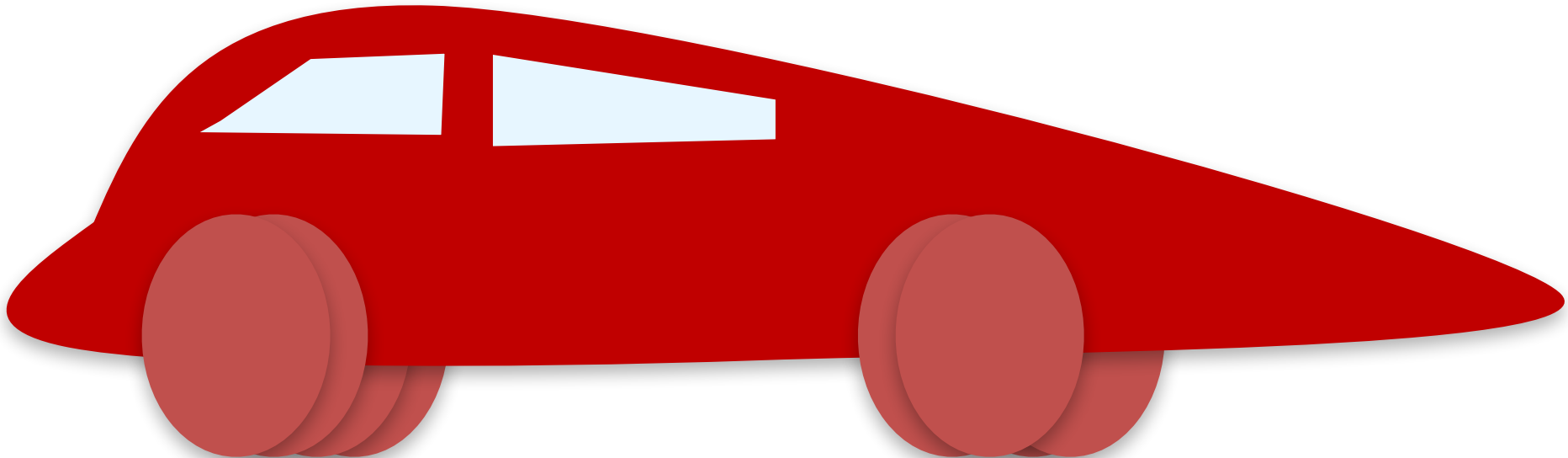




GDP only includes purchases of new final
goods

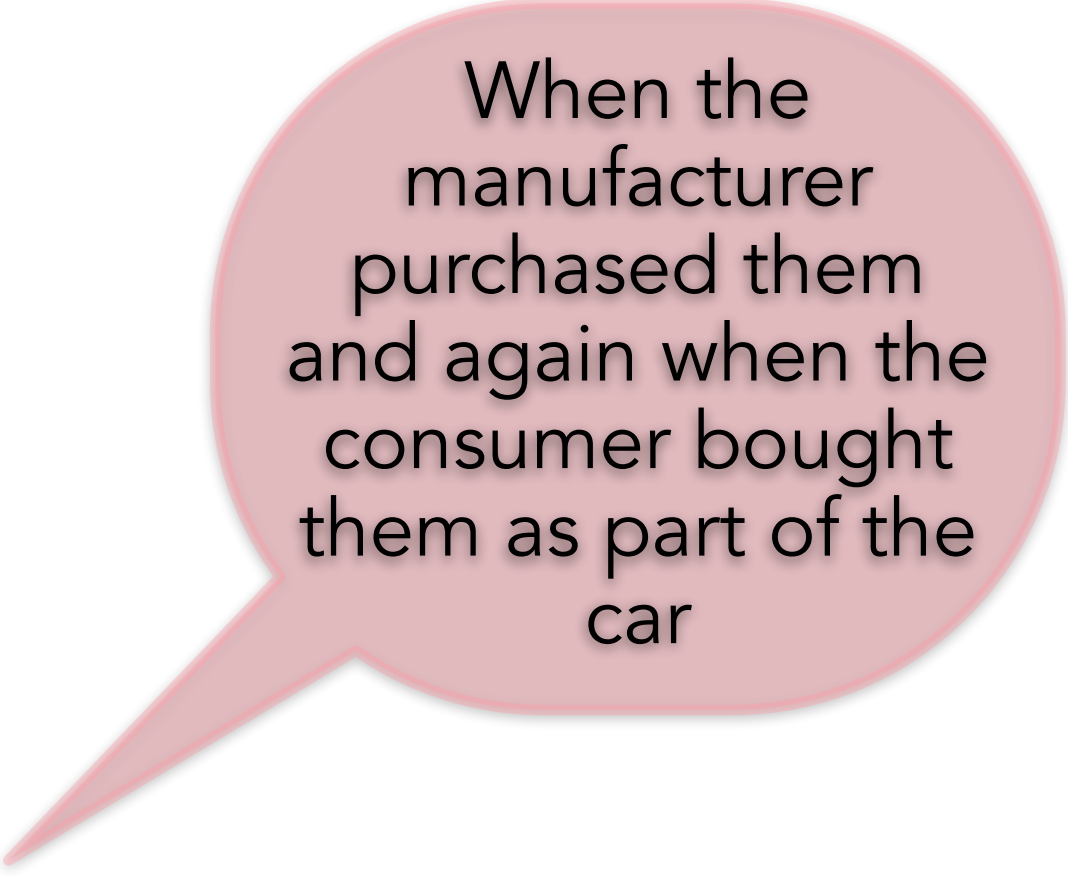






Final Good





When the
manufacturer
purchased them
and again when the
consumer bought
them as part of the
car

GDP includes only the value
of the final good









Intermediate
Goods and
Services

GDP = Total purchases of **new** goods...

4 Windows : \$1,200

+

4 tires : \$800

+

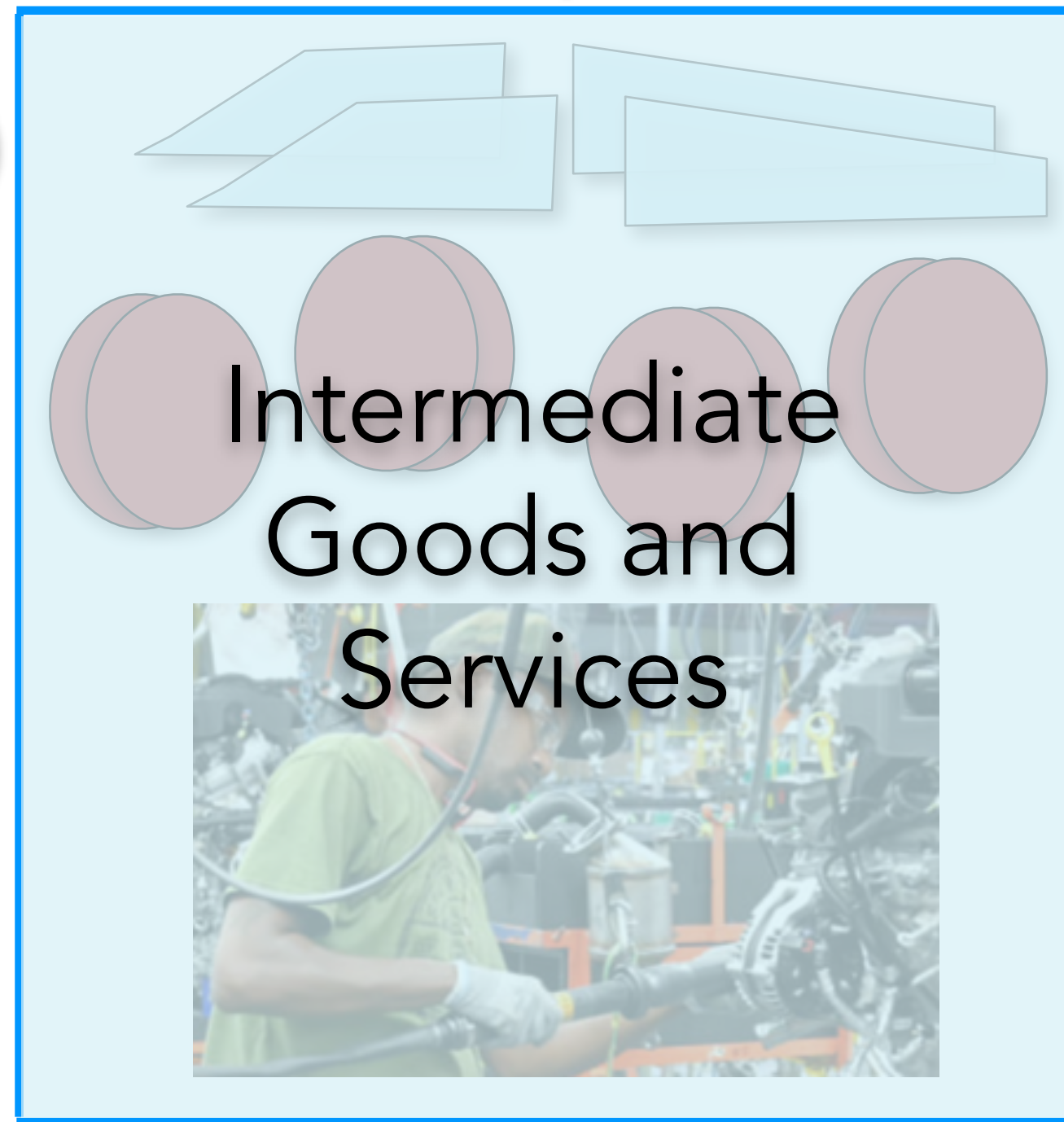
Work: \$10,000

+

1 car: \$30,000

=

~~\$42,000~~



For this reason, GDP **excludes** sales of intermediate goods to avoid double counting.



GDP includes only the value of the final good

Intermediate Good