



United States, no internal divisions

Total Production

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Some goods remain **unsold**...

Not all goods produced are
purchased by one of these
four groups

by Consumers, Firms, the Government
and Other Countries

Goods and
Services
purchased by
Government

Goods and
Services
purchased by
Consumers

Goods and
Services
purchased by
Firms

Goods and Services
purchased by Other
Countries

If we only add goods that
were purchased, we will not
get the value of total
production...

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GDP = Total purchases of new final goods

GDP = Total purchases of **new final** goods
by Consumers, Firms, the Government
and Other Countries

Some goods remain **unsold**...
Not all goods produced are
purchased by one of these
four groups

If we only add goods that
were purchased, we will not
get the value of total
production...



United States - no internal divisions

Total Production

For this reason, we need to modify the definition of **Investment**

Investment