



4 Windows: \$1,200

4 tires :: \$8000

Work: \$10,000

1. car: \$30,000

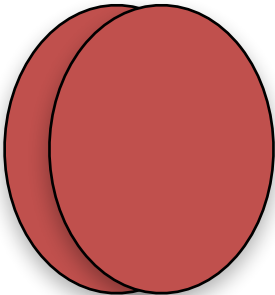
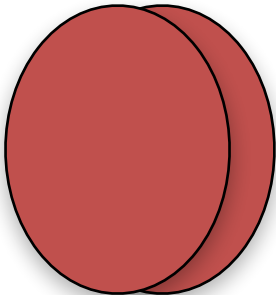
**\$42,000**

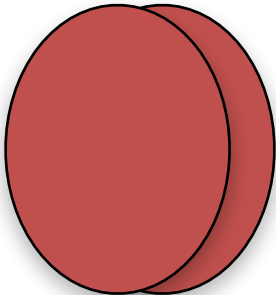
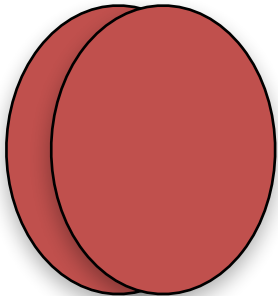


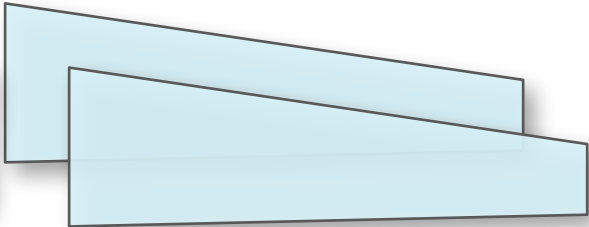
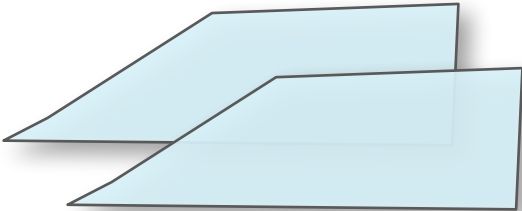
Total Sales of  
New Goods

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



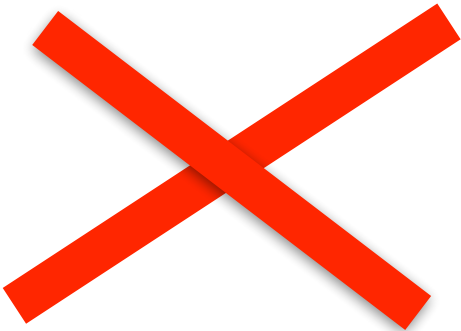






GDP = Total purchases of new goods...

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



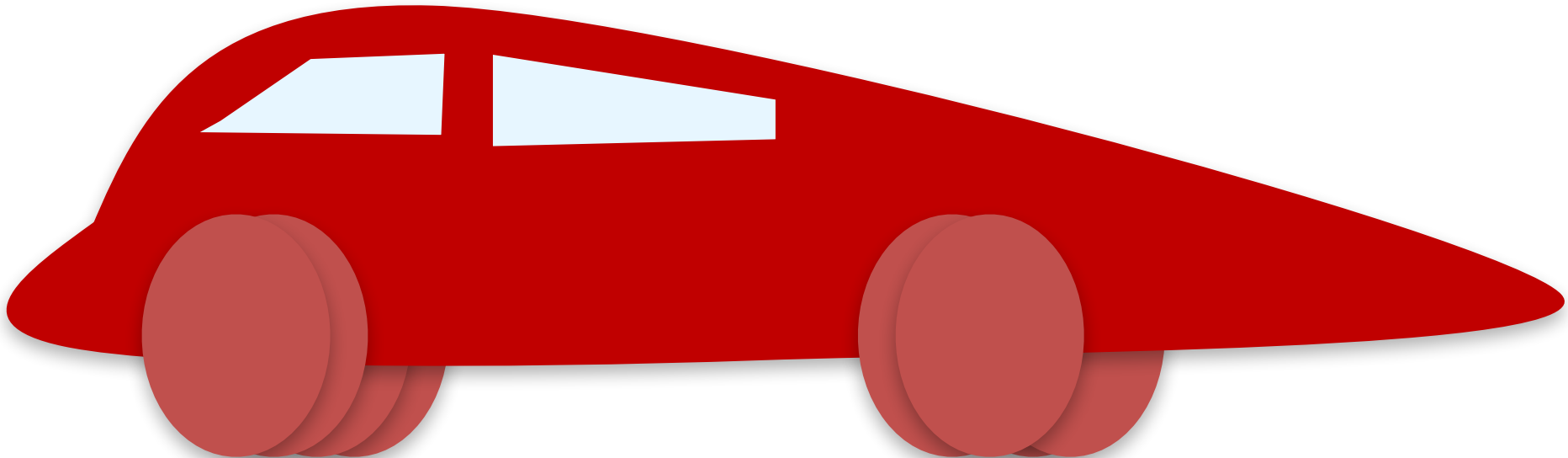


GDP only includes purchases of new final  
goods



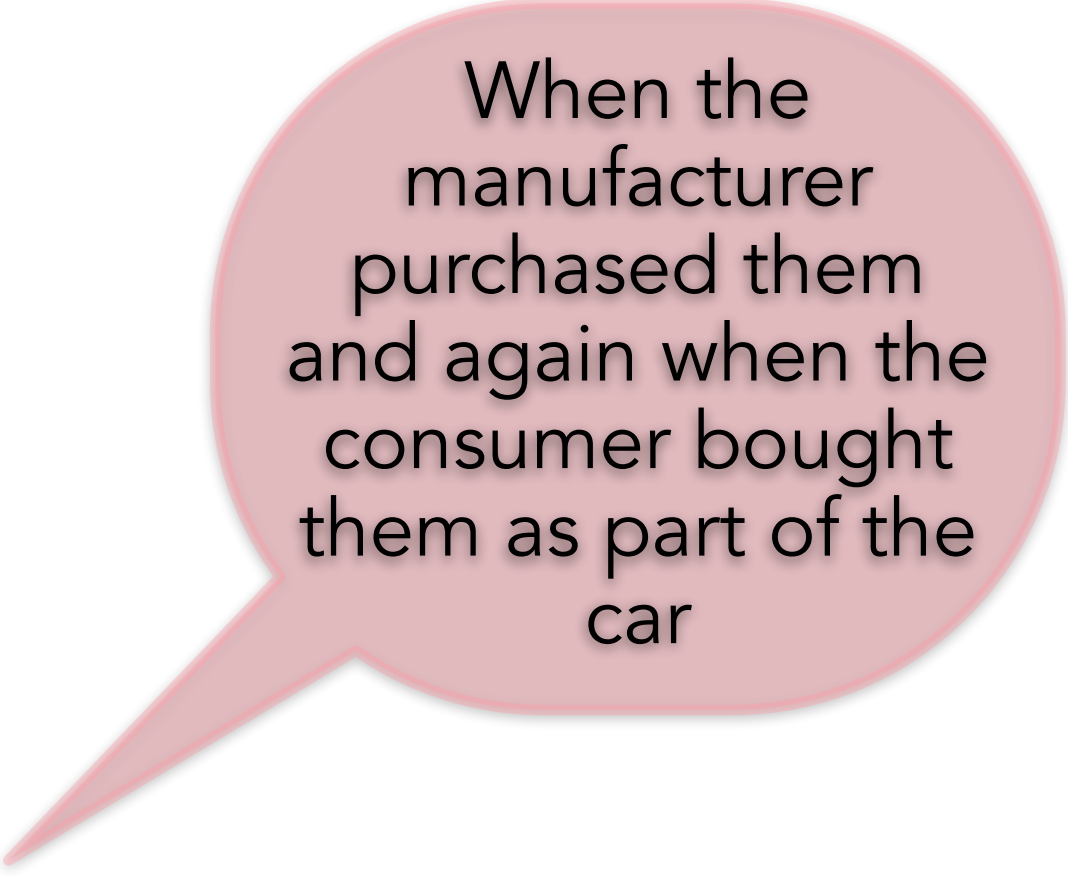






Final Good





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

+

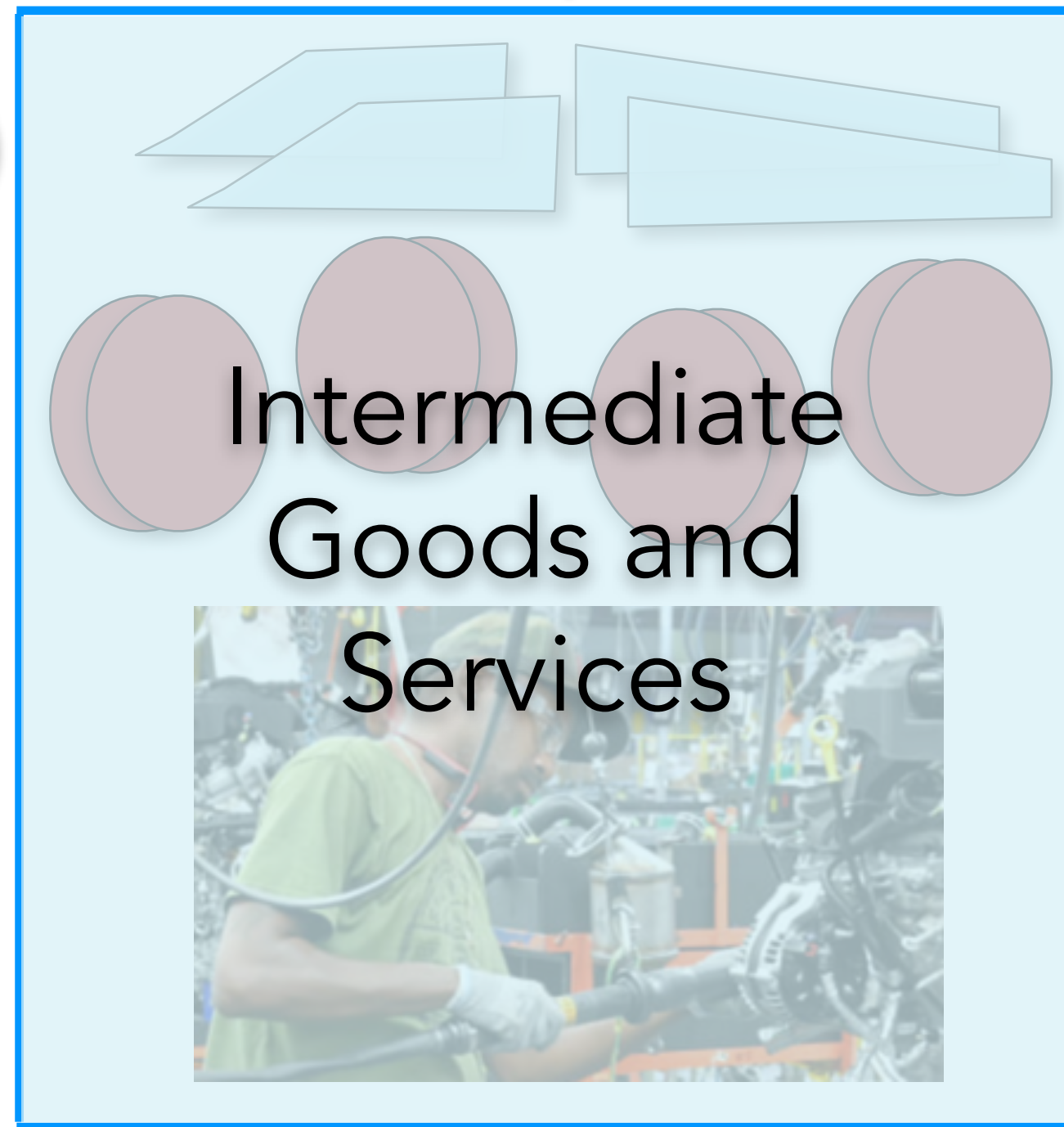
Work: \$10,000

+

1 car: \$30,000

=

~~\$42,000~~



Intermediate  
Goods and  
Services

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



Final Good

GDP includes only the value  
of the final good

Intermediate Good