

Intermedial Good

All Goods and Services (final, intermediate and capital goods)
purchased by the Government are included in GDP

The Government buys goods and services which it uses to **produce a service** (police protection, tax collection, enforcing contracts, national security) these services are **not sold** to the public:
There is no problem of **double counting**

A good (or service) that is **used as an input** or component in the production of another good.











nn



d



a





9







S

2





N



T





C



u





G



P





a













u





9



m



W



C



W













Y

a











9

a



Y

p





a

S





a



Q









2

9

a





a

S

p

a





















2



9





d



Bullets purchased by a
security company **are**
not included in GDP



Bullets purchased by a
the Government **are**
included in GDP

Intermediate goods are **NOT** included in GDP to avoid counting them twice: when they are originally purchased and then again as part of the final good

Intermediate Good

A good (or service) that is **used as an input** or component in the production of another good.

Intermediate goods are **NOT** included in GDP to avoid counting them twice: when they are originally purchased and then again as part of the final good

Bullets purchased by a security company **are not** included in GDP

Bullets purchased by the Government **are** included in GDP

The Government buys goods and services which it uses to **produce a service** (police protection, tax collection, enforcing contracts, national security) these services are **not sold** to the public:

There is no problem of **double counting**

All Goods and Services (final, intermediate and capital goods) **purchased** by the Government are **included** in GDP

GDP includes Purchases of new final goods by