4 Windows: \$1,200

4 tires: \$800

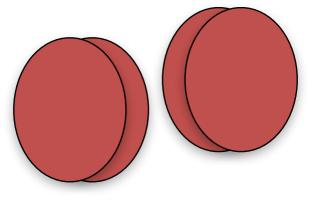
Labor: \$10,000

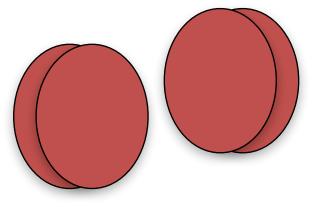
1 car: \$30,000

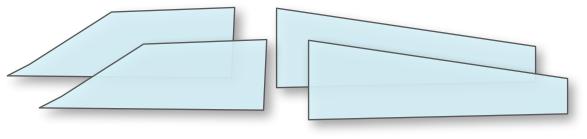
\$42,000

Total Sales of New Goods

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

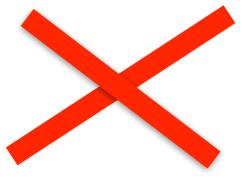






GDP = Total purchases of new goods...

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

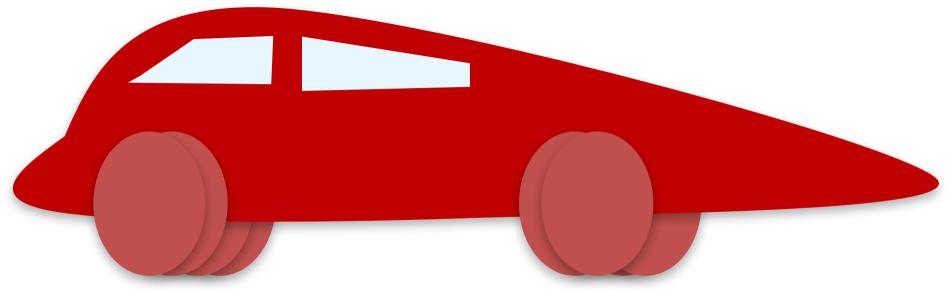




GDP only includes purchases of new final goods







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

+

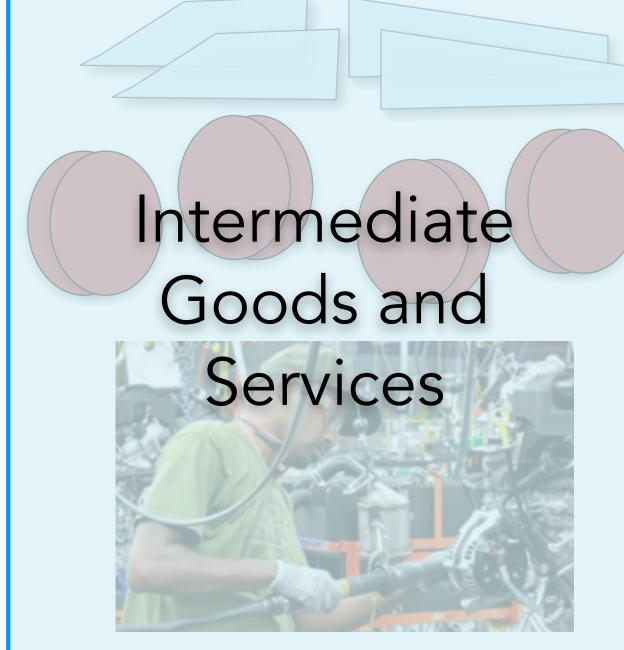
4 tires: \$800



Labor: \$10,000



1 car: \$30,000



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