4 Windows : $1,200

4 tires : $800

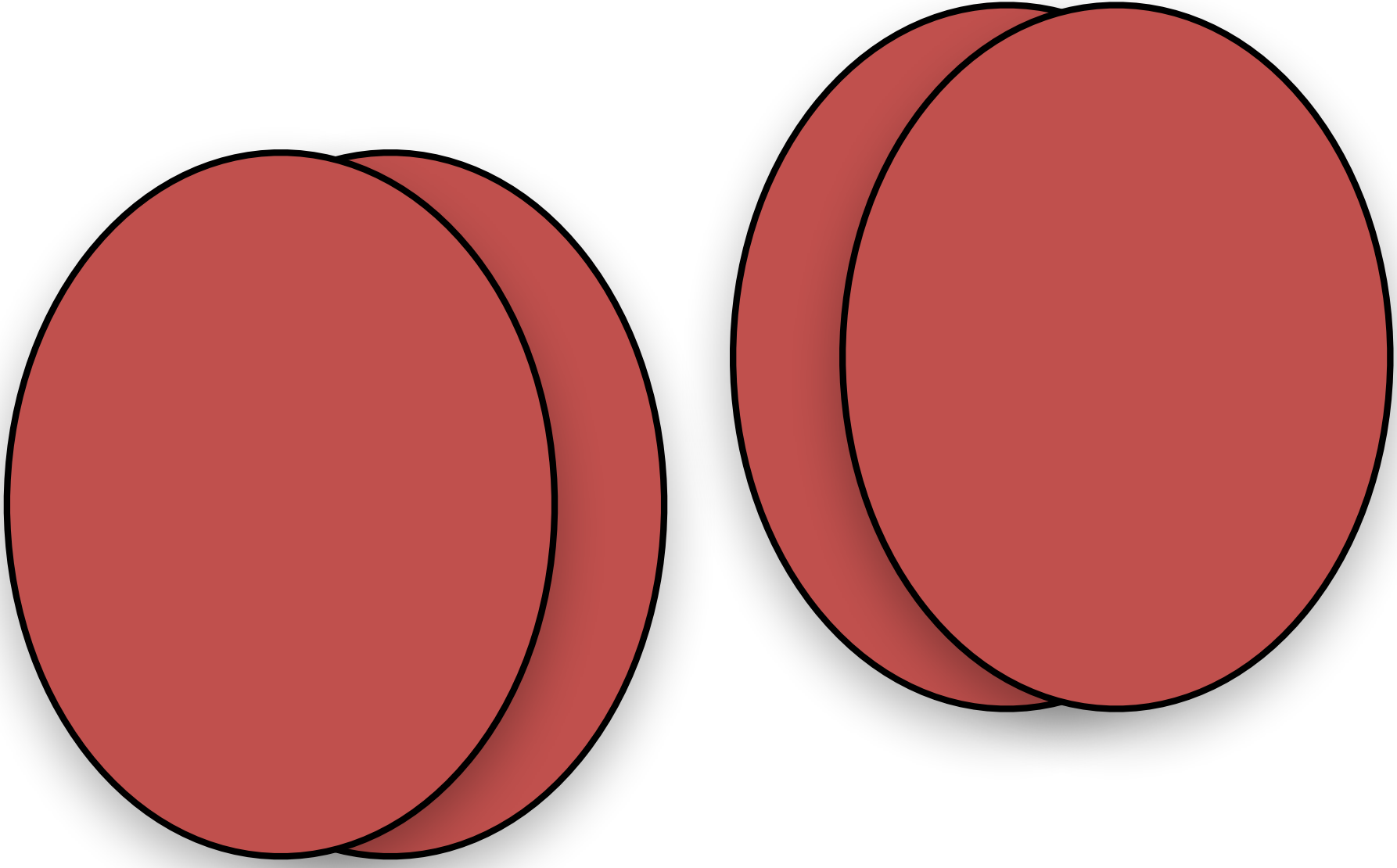
Work: $10,000

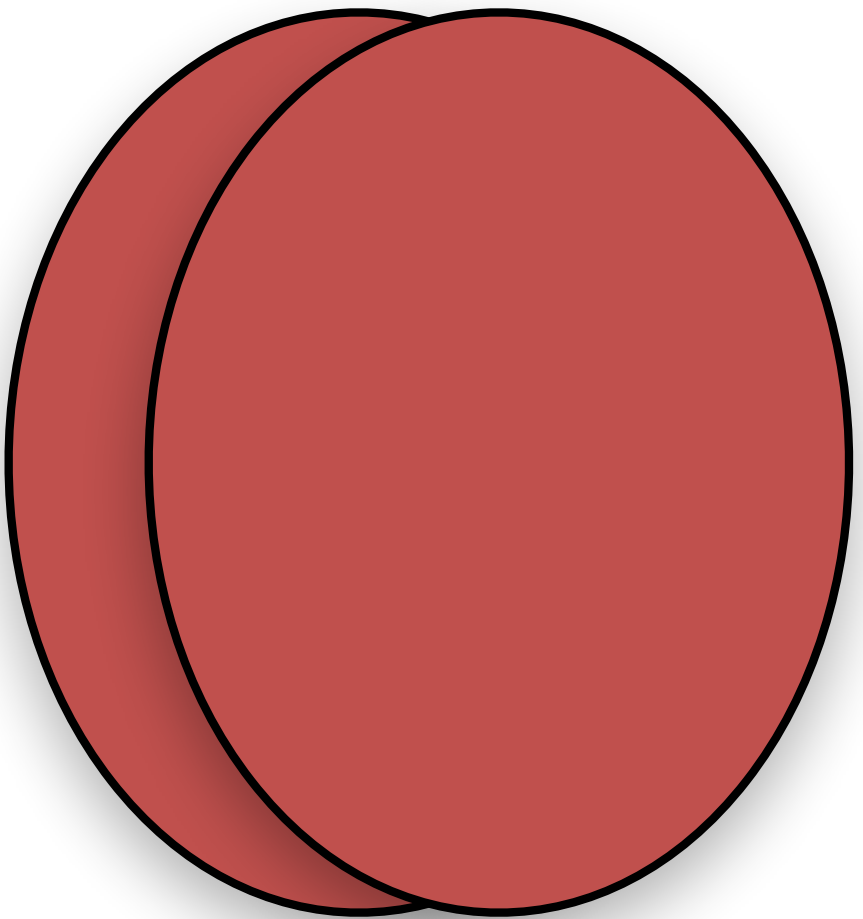
1 car: $30,000

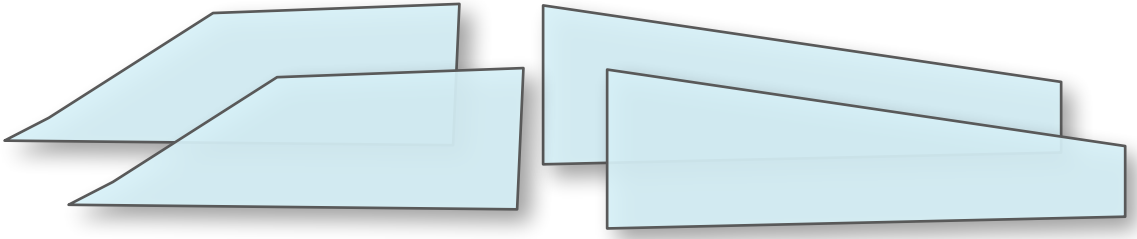
$42,000

Total Sales of
New Goods

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

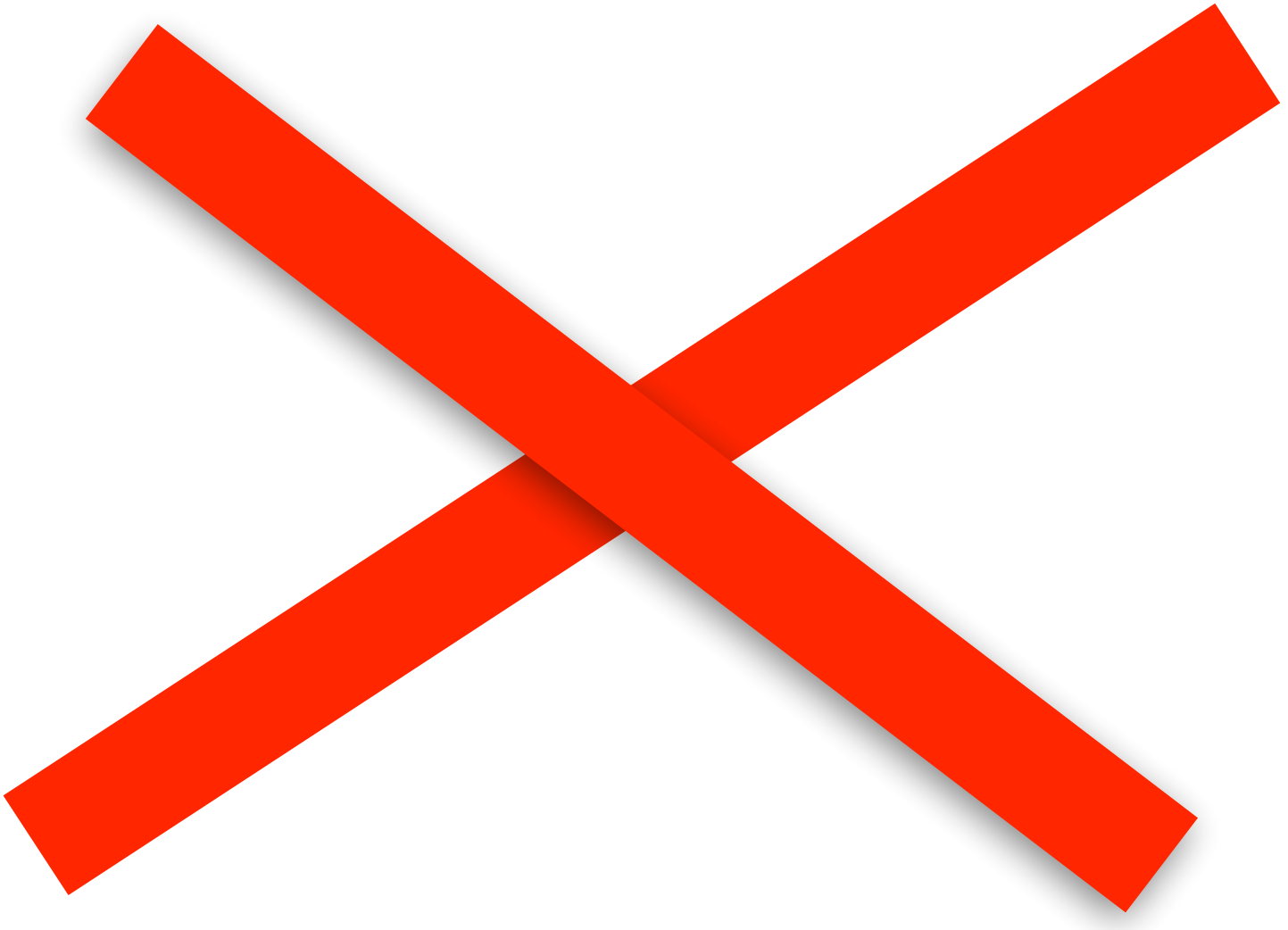




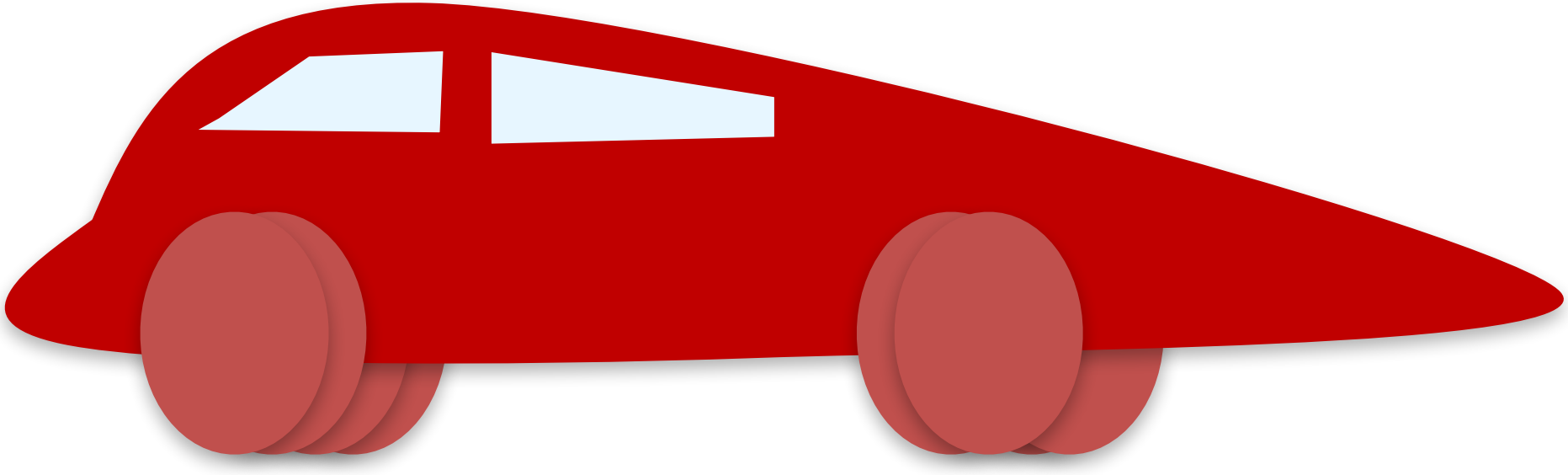


GDP = Total purchases of new goods…

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

+

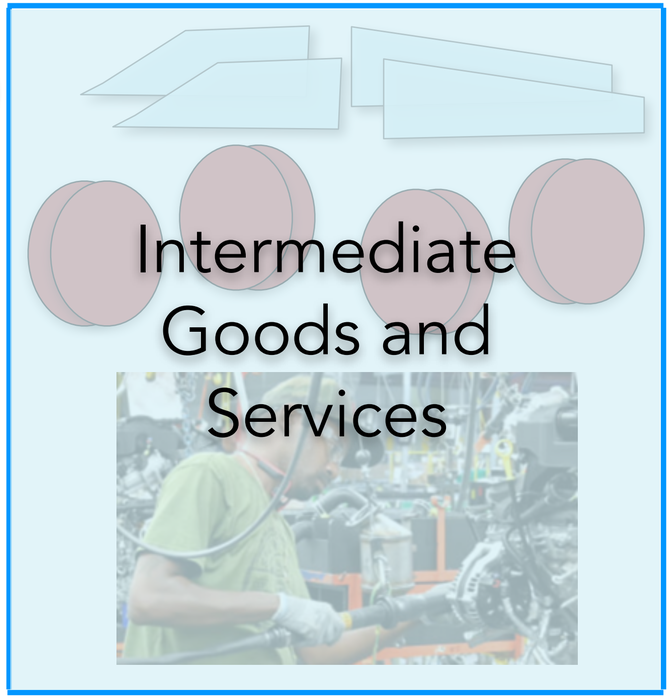
Work: $10,000

+

1 car: $30,000

=

~~$42,000~~



GDP includes only the value of the final good

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

Intermediate Good