

Final goods

Final goods are goods that are finally consumed rather than used in the production of another good. For example, a car sold to a consumer is a final good; the components of car such as tires sold to the car manufacturer are not; they are intermediate goods used to make the final goods. The same tires, if sold to a consumer, would be a final goods. Only final goods are included when measuring national income. If intermediate goods were included too, this would lead to double counting; for example, the value of the tires would be counted once when they are sold to the car manufacturer, and again when the car is sold to the consumer.

Questions:

1. Give the definition of:

- a. GNP.
- b. GDP.
- c. GNI.
- d. NNP.
- e. NNI.

2. Give the equation of:

- a. GDP.
- b. GNP.
- c. GNI .
- d. NI

3. .Find GDP when: Personal consumption expenditures=100 billions \$, Government consumption expenditures=150 billions \$, Gross private domestic investment= 150 billions \$, Gross imports of goods and services= 70 billions \$, Gross exports of goods and services= 20 billions \$?

4. Translate the following paragraph:-

War cut Iraq's national income 40%

What has been the economic cost of the Iraq war for Iraq? Several studies have dealt with the war's cost to Americans, but few have studied the other side.

Published information on the subject is very limited, although one economist, Colin Rowat, has made some preliminary calculations. Rowat, a specialist on the Iraqi economy at the University of Birmingham in Britain, relied mainly on data from the International Monetary Fund to estimate the war's overall effect on the Iraqi economy. He has found that the cost amounts to a cut of at least 40 percent in Iraq's national income.

Rowat looked at the six-year stretch from 2000 to 2005 and divided it into thirds. During the first period, 2000 to 2001, United Nations trade sanctions against Iraq were beginning to collapse. The second period, 2002 to 2003, covers the buildup to war and the invasion itself. The last period, 2004 to 2005, covers post-invasion years when sanctions were removed.