

Government Purchases vs. Transfers

Included

Excluded

Purchase

Government receives a new good or a service

Transfer

Government receive nothing in exchange

Payment



\$15,000

Receives a new motorcycle



\$65,000



Labor Services of Police Officer

Payment

A large red arrow pointing to the right, with the text "\$20,000" written inside it in white.

\$20,000

Unemployment Compensation

Farmer Subsidies

Included

Included

Excluded

Excluded

Included

Government

Excluded

Purchases vs. Transfers

Purchase **Government receives a new good or a service**

Payment

\$65,000

Labor Services of Police Officer

Included

\$15,000

Receives a new motor vehicle

Included

Transfer

Government receive nothing in exchange

Payment

\$20,000

Unemployment Compensation

Excluded

Farmer Subsidies

Excluded

Purchases made by federal, state and
local governments