

Government Purchases vs. Transfers

Included

Excluded

Purchase

Government receives a new good or a service

Transfer

Government receive nothing in exchange

The Government
pays



\$15,000

Receives a new motorcycle



\$65,000

Lab Services of Police Officer

The Government
pays

Unemployment Compensation

Farmer Subsidies

Included

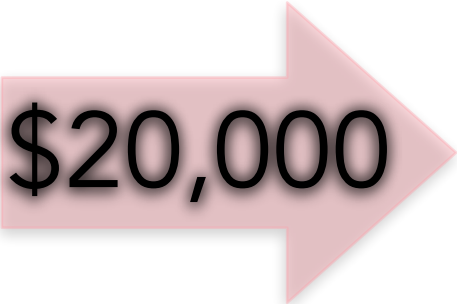
Included



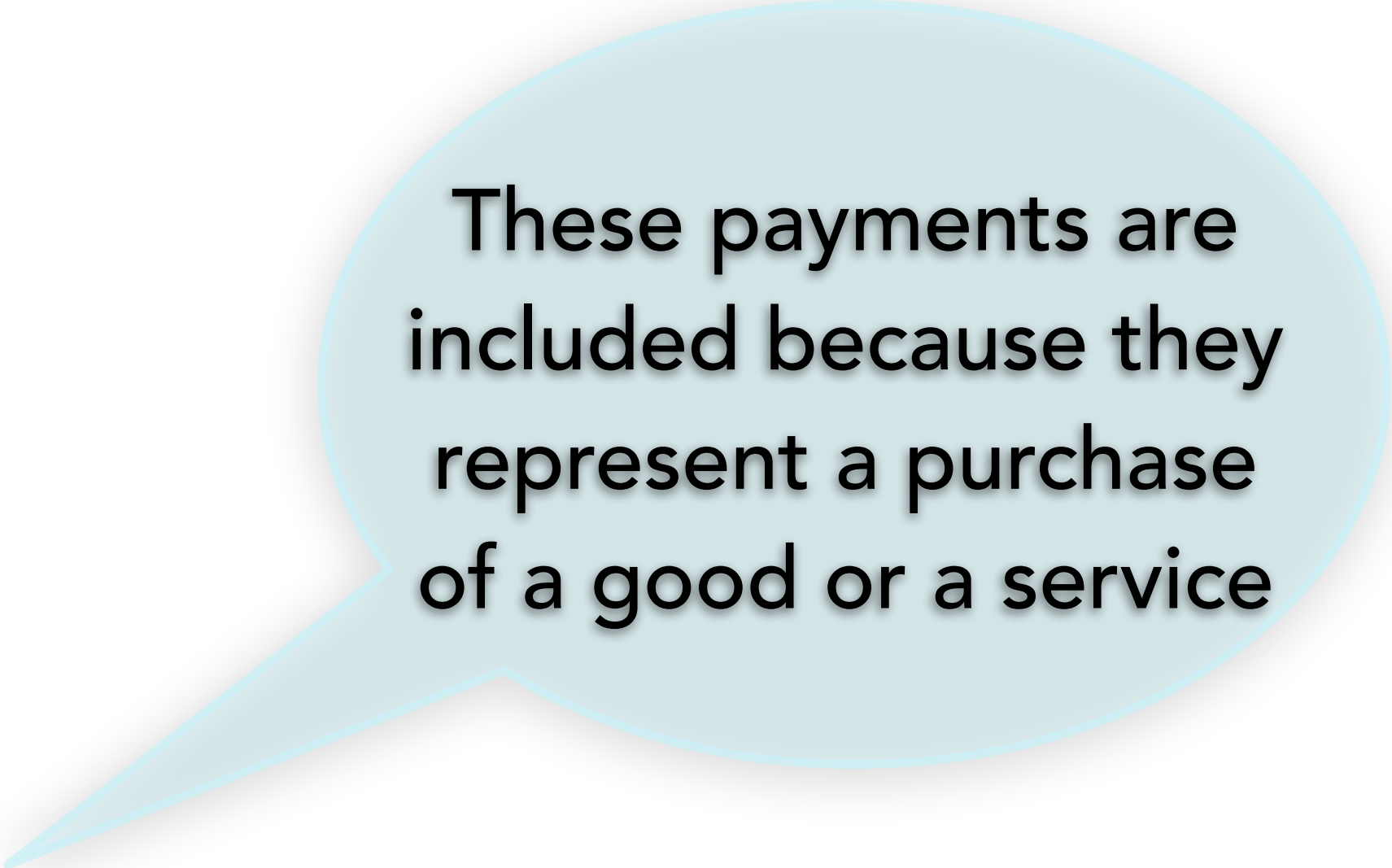
\$15,000

Excluded

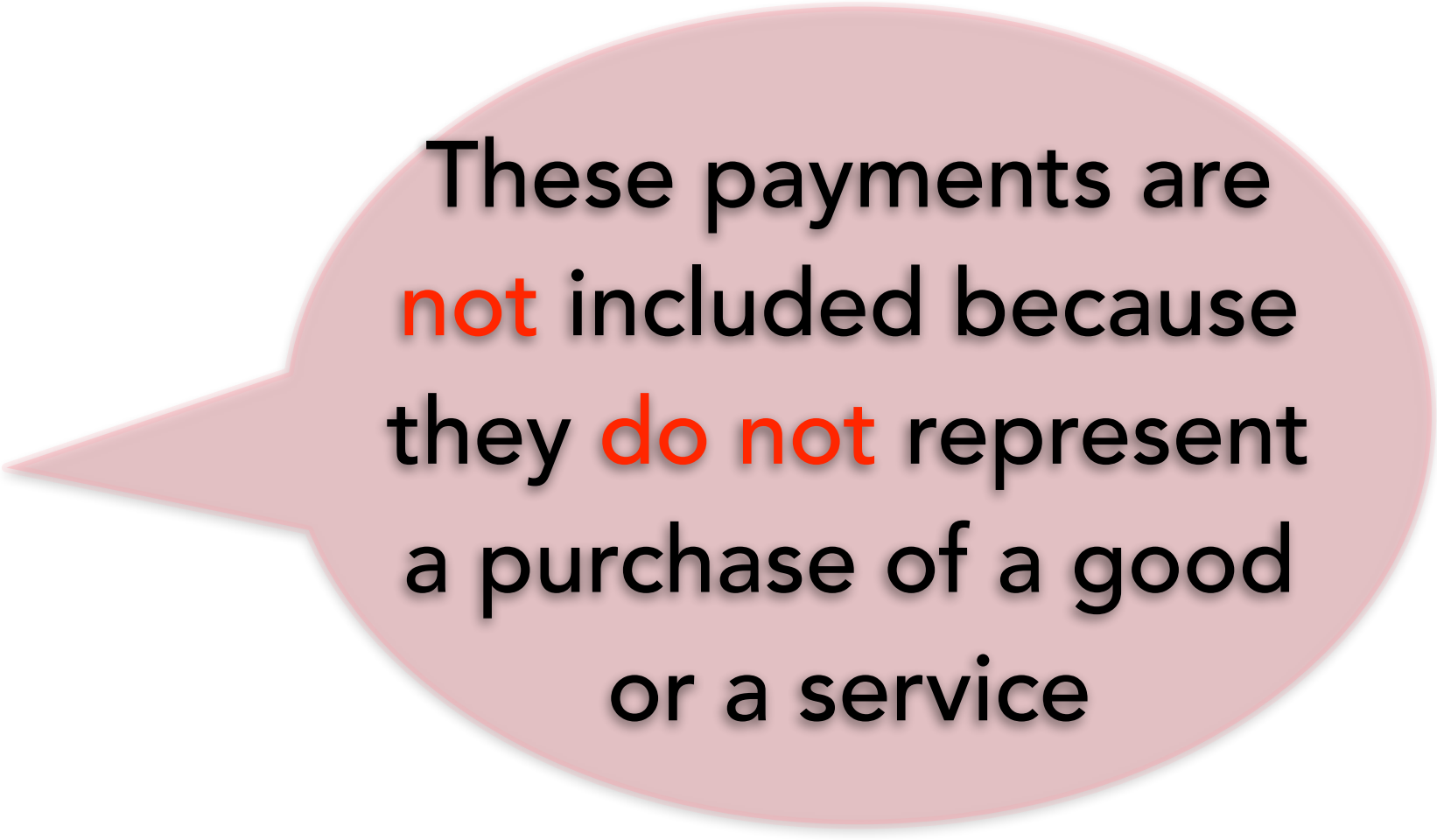
Excluded



\$20,000



**These payments are
included because they
represent a purchase
of a good or a service**



These payments are
not included because
they **do not** represent
a purchase of a good
or a service

Included Government Purchases vs. **Excluded** Transfers

Purchase Government receives a new good or a service

The Government
pays

\$65,000 Labor Services of Police Officer

\$15,000 Receives a new motorcycle

Included

Included

These payments are included because they represent a purchase of a good or a service

Transfer Government receive nothing in exchange

The Government
pays

\$15,000 Unemployment Compensation

\$20,000 Farmer Subsidies

Excluded

Excluded

These payments are **not** included because they **do not** represent a purchase of a good or a service

Purchases made by federal, state and local governments