



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**

To purchase a new motorcycle for the officer



\$65,000

To purchase the Labor Services of Police Officer

The Government  
pays

# Unemployment Compensation

Farmer Subsidies



Included

Included



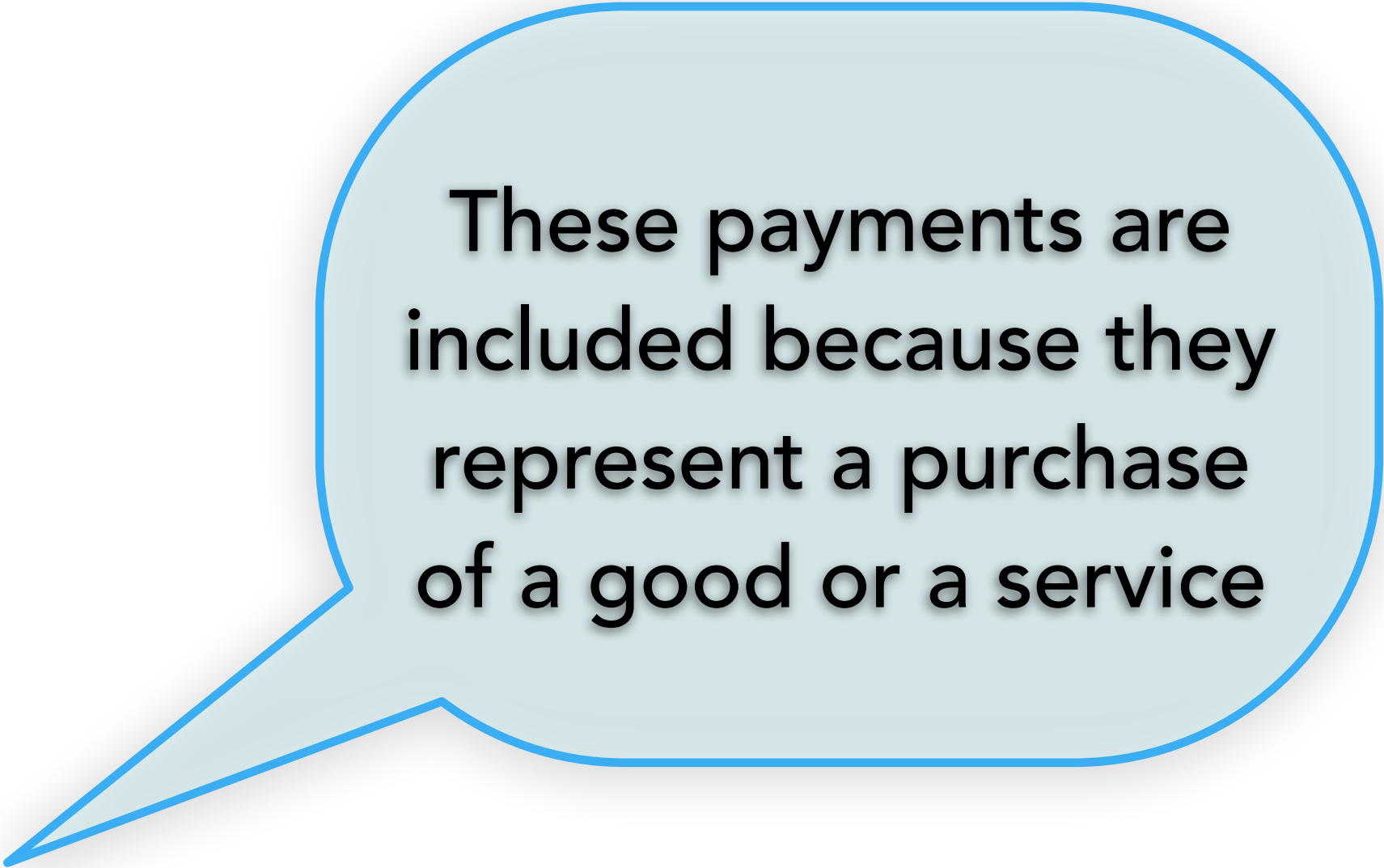
**\$15,000**

Excluded

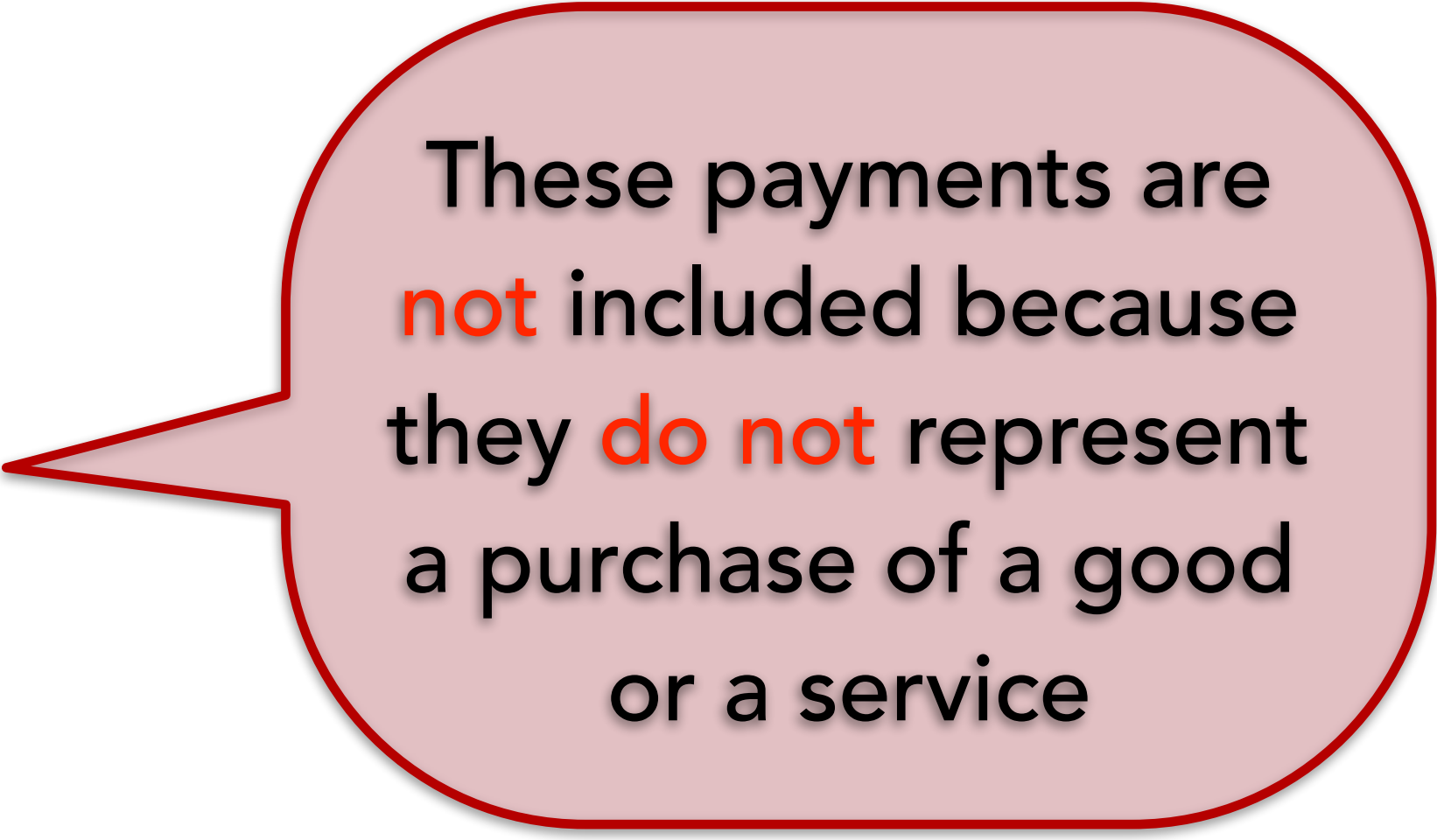
Excluded



**\$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



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Purchase Government receives a new good or a service

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The Government pays

\$65,000 To purchase the labor Services of Police Officer

\$15,000 To purchase a new motorcycle for the officer

Included

Transfer Government receive nothing in exchange

Excluded

The Government pays

\$15,000 Unemployment Compensation

\$20,000 Farmer Subsidies

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