

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



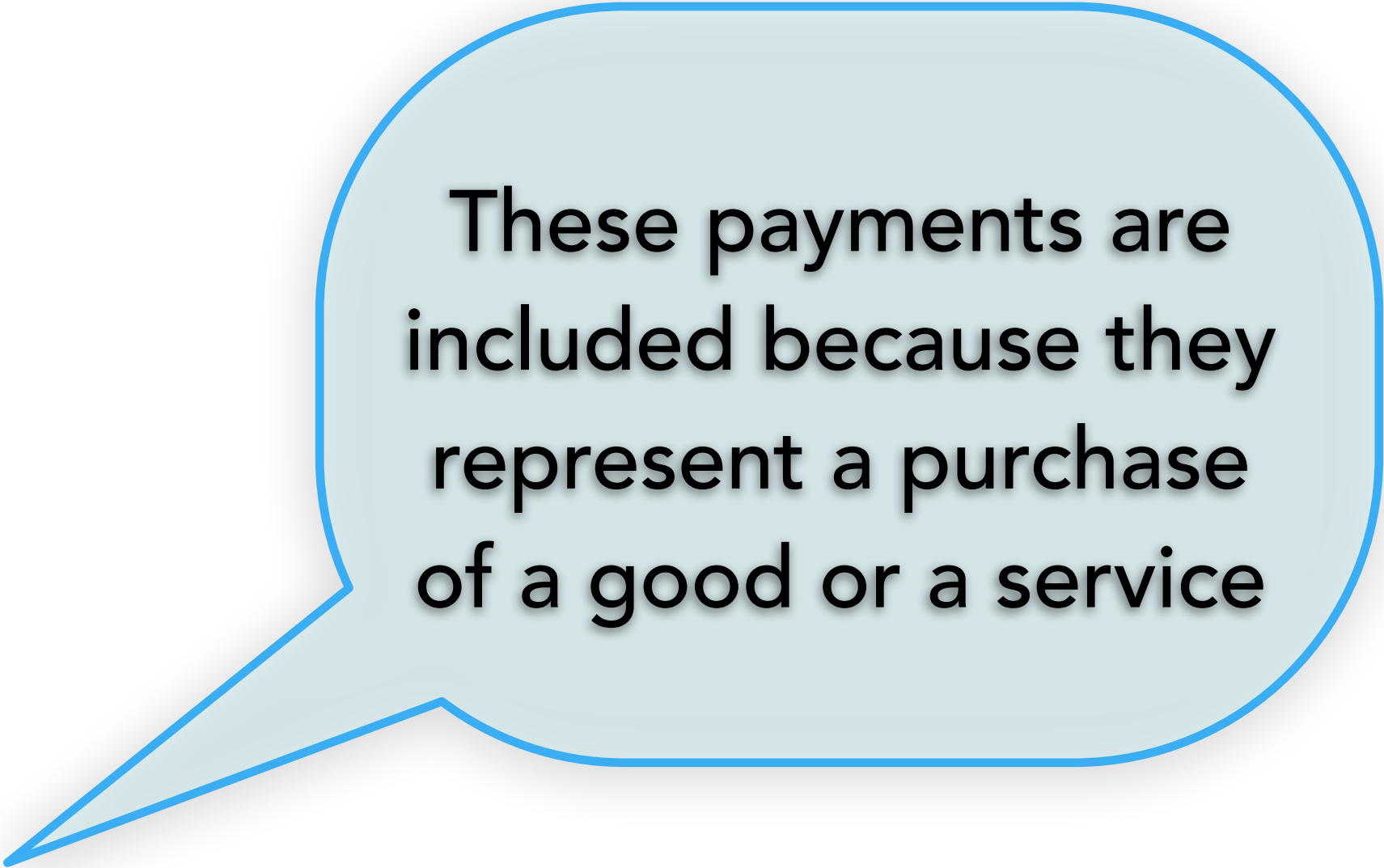
\$15,000

Excluded

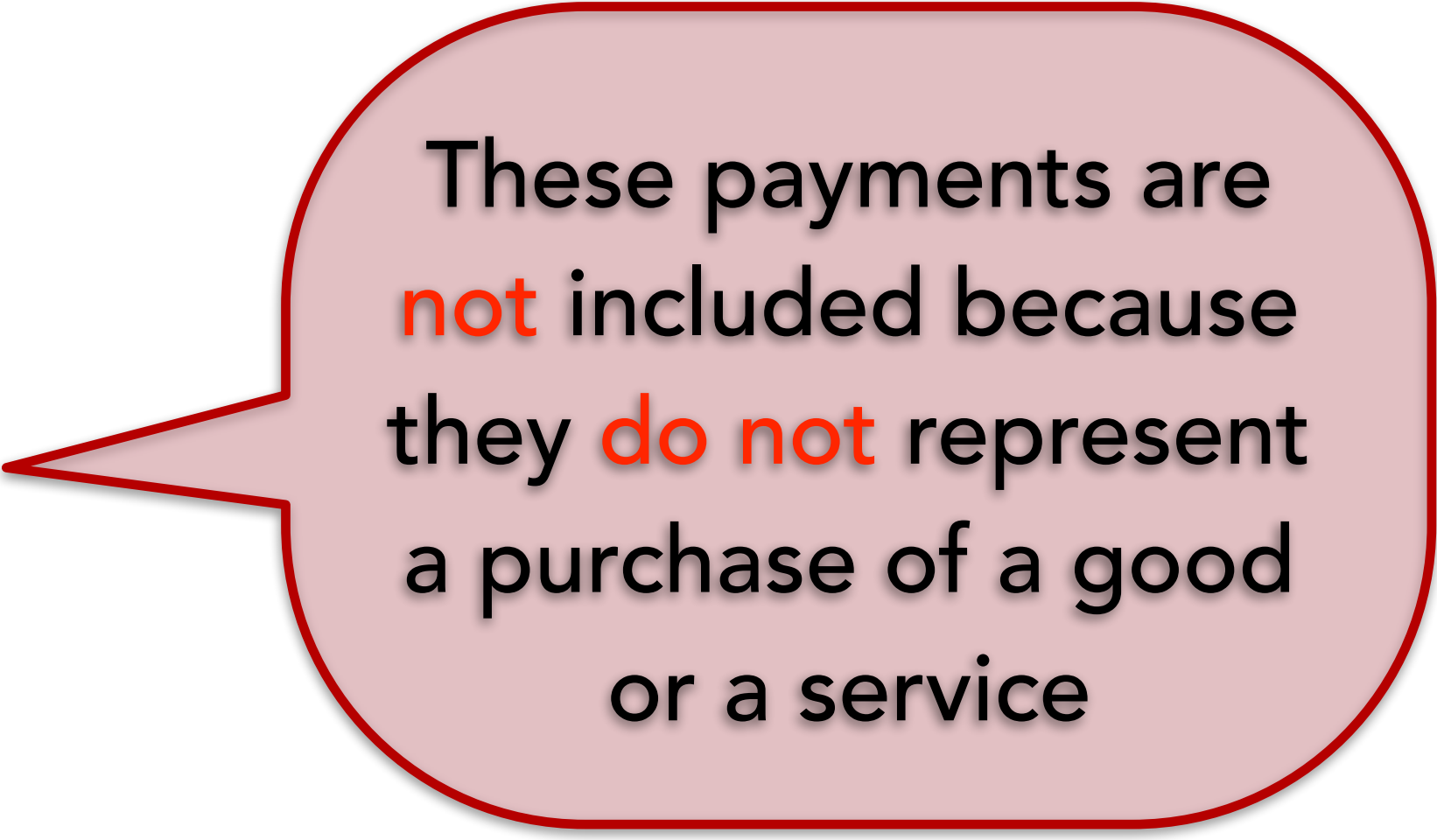
Excluded



\$20,000



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



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

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

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The Government pays

\$15,000 Unemployment Compensation

\$20,000 Farmer Subsidies

Excluded

Purchases made by federal, state and local governments