

Activity/Visual 1

TYPES OF GOVERNMENT SPENDING PURCHASES, TRANSFERS, AND INTEREST

GOVERNMENT PURCHASES are sums of money that are used to pay for the goods and services bought by all levels of government.

Examples of purchases:

GOVERNMENT TRANSFER PAYMENTS are sums of money that certain individuals receive as outright grants from the government rather than as payments for goods provided or services rendered. Many transfer payments are considered to be “entitlements,” which are programs requiring payments to all those who meet the eligibility requirements.

Examples of transfer payments:

GOVERNMENT INTEREST PAYMENTS are sums of money paid as interest on the national debt, which has accumulated as the result of past and current budget deficits.

