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BUREAU OF  
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FEDERAL DEFICIT INCREASES IN FOURTH QUARTER 1974

Higher expenditures and lower receipts resulted in a substantial increase in the fourth quarter Federal Government deficit as measured in the national income accounts (NIA), the Bureau of Economic Analysis announced today; BEA is an agency of the Commerce Department's Social and Economic Statistics Administration.

The fourth quarter deficit was \$23.7 billion at a seasonally adjusted annual rate, a significant increase over the \$1.9 billion deficit recorded in the third quarter.

For all of 1974, the deficit was \$7.8 billion, compared with deficits of \$5.6 billion in 1973 and \$17.5 billion in 1972.

Receipts in the fourth quarter were \$295.6 billion at an annual rate, down \$7.2 billion from the third. Declining corporate profits reduced corporate tax accruals \$8.8 billion. As a result of an unusually small growth in wages and salaries, personal tax payments increased only \$2.0 billion and social insurance contributions were unchanged. Indirect business taxes declined \$0.3 billion.

Expenditures were \$319.3 billion at an annual rate in the fourth quarter, up \$14.6 billion from the third. Transfer payments accounted for \$6.1 billion of the increase, including a \$2.1 billion advance in unemployment benefits and a \$1.0 billion advance in veterans' readjustment benefits, mainly for education. Defense purchases rose \$5.6 billion, reflecting a \$3.9 billion increase in procurement, mainly military hard goods, and \$1.7 billion for the 5.5 percent October military and civilian pay raise. Grants-in-aid to State and local governments increased \$2.1 billion, mainly for highways and public assistance. Nondefense purchases advanced \$1.8 billion, the net result of a \$2.2 billion increase in purchases of goods and services by

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civilian agencies, \$0.6 billion from the October pay raise, and a \$1 billion decline in agricultural purchases by the Commodity Credit Corporation. Net interest paid rose \$0.6 billion; foreign transfers advanced \$0.4 billion. Subsidies (less the current surplus of government enterprises) declined \$0.4 billion, the net result of a \$0.9 billion decline in government payments to farmers partly offset by increases in other subsidy programs. Total expenditures also declined because of the absence of the \$1.5 billion retroactive pay raise paid in the third quarter.

The NIA statement of Government receipts and expenditures calculated by BEA differs in several respects from the unified budget, and is integrated conceptually and statistically with the rest of the national income and product accounts. Unlike the unified budget, it excludes financial transactions, such as loans; it also records several categories of receipts and expenditures on a timing basis that is different from the budget. It is published quarterly at a seasonally adjusted annual rate.

Additional data appear in the Survey of Current Business, the monthly magazine published by the Bureau of Economic Analysis.

The Survey is available from District Offices of the Department of Commerce or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402, at an annual subscription price of \$48.30, including weekly supplements; single copy \$3.00.

FORM BE-737 (REV. 4-14-72)		U.S. DEPARTMENT OF COMMERCE BUREAU OF ECONOMIC ANALYSIS							
FEDERAL GOVERNMENT RECEIPTS AND EXPENDITURES (Billions of dollars)									
	1972	1973	1974	1973		1974			
				IV	I	II	III	IV <sup>1/</sup>	
Seasonally adjusted at annual rates									
Federal Government receipts . . . . .	227.2	258.5	291.3	268.3	278.1	288.6	302.8	295.6	
Personal tax and nontax receipts . . . . .	108.2	114.1	131.3	121.6	124.1	129.4	134.8	136.8	
Corporate profits tax accruals . . . . .	36.6	43.7	49.3	43.5	45.9	49.2	55.4	46.6	
Indirect business tax and nontax accruals . . . . .	20.0	21.2	22.0	21.3	21.5	21.9	22.5	22.2	
Contributions for social insurance . . . . .	62.5	79.5	88.7	81.8	86.7	88.1	90.0	90.0	
Federal Government expenditures . . . . .	244.7	264.2	299.1	270.6	281.0	291.6	304.7	319.3	
Purchases of goods and services . . . . .	104.9	106.6	116.9	108.4	111.5	114.3	117.2	124.5	
National defense . . . . .	74.8	74.4	78.7	75.3	75.8	76.6	78.4	84.0	
Other . . . . .	30.1	32.2	38.2	33.1	35.7	37.7	38.8	40.6	
Transfer payments . . . . .	82.8	95.5	117.0	98.8	106.5	113.6	120.8	127.2	
To persons . . . . .	80.1	92.9	114.4	96.3	104.0	110.8	118.4	124.5	
To foreigners (net) . . . . .	2.7	2.6	2.6	2.5	2.5	2.7	2.4	2.7	
Grants-in-aid to State and local governments . . . . .	37.4	40.5	43.8	41.0	42.9	43.2	43.4	45.5	
Net interest paid . . . . .	13.5	16.3	18.8	17.6	17.9	18.7	19.1	19.7	
Subsidies less current surplus of government enterprises . . . . .	6.6	5.3	2.1	4.8	2.2	1.3	2.7	2.3	
Less: Wage accruals less disbursements . . . . .	.5	.0	-.5	.0	.0	-.6	-1.5	.0	
Surplus or deficit (-), national income and product accounts . . . . .	-17.5	-5.6	-7.8	-2.3	-2.8	-3.0	-1.9	-23.7	
<sup>1/</sup> Fourth quarter 1974 corporate profit tax accruals and related totals are preliminary and subject to revision next month.									

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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