

---

---

UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

---

---

WASHINGTON, D.C. 20230

BUREAU OF  
ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 10:00 A. M. MONDAY, AUGUST 22, 1977

Joseph C. Wakefield

523-0715

BEA 77-63

Federal Government Deficit Increases  
In Second Quarter 1977

The Federal Government deficit as measured in the national income and product accounts increased \$1.8 billion in the second quarter of 1977 to \$40.6 billion at a seasonally adjusted annual rate, according to the Bureau of Economic Analysis of the U.S. Department of Commerce.

Expenditures in the second quarter were \$411.5 billion, a \$7.8 billion increase, with most of it in purchases of goods and services. Defense purchases increased \$3.8 billion and nondefense purchases increased \$3.5 billion. The increase in nondefense purchases included \$2.0 billion for larger purchases of agricultural commodities for price-support programs. Grants-in-aid to State and local government increased \$1.6 billion; almost half of the increase was attributable to the new local public works program. Net interest paid increased \$0.5 billion; subsidies (less the current surplus of government enterprises) declined \$0.3 billion. Transfer payments declined \$1.4 billion, including a \$2.8 billion decline in unemployment benefits.

Receipts in the second quarter were \$370.9 billion, a \$6.0 billion increase. Corporate profits tax accruals increased \$4.2 billion. Contributions for social insurance increased \$2.6 billion, and indirect business tax and nontax accruals increased \$0.5 billion. Personal tax and nontax receipts declined \$1.4 billion. Net income taxes increased \$5.3 billion, despite a \$1.7 billion reduction attributable to lower withholding rates, effective June 1, under provisions of the Tax Reduction and Simplification Act of 1977. Estate and gift taxes declined \$6.6 billion, as the Tax Reform Act of 1976 made it advantageous for many people to make gifts in 1976 rather than later years; taxes on these gifts were collected in the first quarter of 1977.

The NIPA 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 most 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 \$19.00; single copy \$1.60.

FEDERAL GOVERNMENT RECEIPTS AND EXPENDITURES  
(Billions of dollars)

	1974	1975	1976	1976			1977	
				II	III	IV	I	II
				Seasonally adjusted at annual rates				
<b>Receipts</b> .....	288.6	286.9	332.3	329.1	337.1	344.5	364.9	370.9 <sup>1/</sup>
Personal tax and nontax receipts .....	131.1	125.6	147.3	143.9	150.3	157.1	170.0	168.6
Corporate profits tax accruals .....	45.9	43.1	55.9	57.0	56.9	55.1	55.4	59.6 <sup>1/</sup>
Indirect business tax and nontax accruals .....	21.7	24.0	23.4	23.2	23.7	23.8	24.2	24.6
Contributions for social insurance .....	89.9	94.2	105.7	105.0	106.2	108.4	115.4	118.1
<b>Expenditures</b> .....	299.3	357.1	386.3	375.3	390.6	400.4	403.7	411.5
Purchases of goods and services .....	111.1	123.3	130.1	128.5	130.2	134.2	136.3	143.6
National defense .....	77.0	83.9	86.8	86.0	86.4	88.4	89.7	93.4
Compensation of employees .....	37.7	40.2	41.6	41.1	41.2	43.0	43.3	43.3
Other .....	39.3	43.7	45.2	44.9	45.2	45.4	46.4	50.2
Nondefense .....	34.1	39.4	43.3	42.5	43.8	45.8	46.7	50.2
Compensation of employees .....	17.2	18.8	20.8	20.5	20.7	21.7	22.1	22.2
Other .....	16.9	20.6	22.6	22.0	23.2	24.0	24.6	28.0
Transfer payments .....	117.6	149.1	162.0	157.8	163.9	166.3	170.7	169.3
To persons .....	114.4	146.1	158.8	155.0	160.0	163.1	167.8	166.4
To foreigners .....	3.2	3.1	3.2	2.7	3.9	3.2	2.9	2.9
Grants-in-aid to State and local governments .....	43.9	54.6	61.0	56.8	63.1	65.5	62.0	63.6
Net interest paid .....	20.9	23.3	27.2	26.7	27.3	28.5	28.6	29.1
Interest paid .....	23.9	27.1	32.2	31.8	32.7	33.4	34.1	35.1
To persons .....	19.7	22.6	27.7	27.5	28.1	28.7	29.2	29.9
To foreigners .....	4.3	4.5	4.5	4.4	4.6	4.7	4.9	5.2
Less: Interest paid to government .....	3.1	3.7	5.0	5.2	5.4	4.9	5.5	6.0
Subsidies less current surplus of government enterprises .....	5.3	6.7	5.9	5.5	6.1	6.0	6.1	5.9
Subsidies .....	3.4	4.7	5.7	5.4	5.7	5.9	6.3	6.1
Less: Current surplus of government enterprises .....	-1.8	-2.0	-.3	-.1	-.4	-.1	.2	-.3
<b>Less: Wage accruals less disbursements</b> .....	- .5	.0	.0	.0	.0	.0	.0	.0
<b>Surplus or deficit (-), national income and product accounts</b> .....	-10.7	-70.2	-54.0	-46.2	-53.5	-55.9	-38.8	-40.6 <sup>1/</sup>

1. Corporate profits tax accruals and related totals are preliminary and subject to revision next month.