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David T. Dobbs 523-0744

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FEDERAL DEFICIT DECLINES IN FOURTH QUARTER 1978

Federal Government receipts increased more rapidly than expenditures, and the Federal deficit as measured in the national income and product accounts declined in the fourth quarter, according to the Bureau of Economic Analysis, U.S. Department of Commerce.

The fourth quarter deficit was \$20.6 billion at a seasonally adjusted annual rate, down \$2.2 billion from the third quarter.

Receipts in the fourth quarter increased \$21.5 billion to \$463.2 billion. There were no significant tax changes in the fourth quarter; the increase in receipts was attributable primarily to rising incomes. Personal taxes increased \$10.0 billion, corporate profits taxes increased \$7.1 billion, contributions for social insurance increased \$3.9 billion, and indirect business taxes and nontaxes increased \$0.6 billion.

Expenditures in the fourth quarter increased \$19.3 billion, to \$483.8 billion. Nondefense purchases increased \$5.9 billion, including \$4.4 billion for purchases of agricultural commodities under price support programs and \$0.8 billion for a 5.5 percent pay raise for Federal employees. Subsidies increased \$3.0 billion, largely the result of an increase in wheat deficiency payments under the Food and Agriculture Act of 1977. Defense purchases increased \$2.5 billion, including \$1.8 billion for the Federal pay raise.

Grants-in-aid to State and local governments increased \$2.8 billion, including a one-time \$2.1 billion payment to States under the social service program. Increases in public assistance, education, and other programs were partly offset by a decline of \$2.0 billion in local public works and public service employment programs.

Transfer payments to persons increased \$2.8 billion, reflecting cost-of-living increases in civilian and military pensions and veterans benefits, and normal growth in other programs. Transfer payments to foreigners increased \$0.2 billion; net interest paid increased \$1.8 billion.

The NIPA statement of Government receipts and expenditures calculated by BEA is integrated conceptually and statistically with the rest of the national income and product accounts. It differs in several respects from the unified budget; unlike the unified budget, it excludes financial transactions, such as loans, and 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 journal of the Bureau of Economic Analysis. The Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402. First class mail: annual subscription \$31.00 domestic. Second class mail: annual subscription \$19.00 domestic, \$23.75 foreign; single issue \$1.60 domestic, \$2.00 foreign.

FEDERAL GOVERNMENT RECEIPTS AND EXPENDITURES
(Billions of dollars)

	1976	1977	1978	1977	1978			
				IV	I	II	III	IV
				Seasonally adjusted at annual rates				
Receipts	331.4	374.5	431.5 ^P	385.5	396.2	424.7	441.7	463.2 ^P
Personal tax and nontax receipts	146.8	169.4	193.2	174.8	176.8	186.7	199.7	209.7
Corporate profits tax accruals	54.8	61.3	71.6 ^P	62.9	59.6	72.6	73.6	80.7 ^P
Indirect business tax and nontax accruals	23.4	25.0	27.9	25.6	26.5	27.9	28.2	28.8
Contributions for social insurance	106.4	118.7	138.7	122.2	133.3	137.6	140.1	144.0
Expenditures	385.2	422.6	461.4	444.1	448.8	448.3	464.5	483.8
Purchases of goods and services	129.9	145.1	153.8	152.2	151.5	147.2	154.0	162.5
National defense	86.8	94.3	99.5	97.1	97.9	98.6	99.6	102.1
Compensation of employees	40.9	42.9	45.7	44.9	45.0	45.0	45.3	47.5
Other	45.8	51.4	53.8	52.3	52.9	53.5	54.3	54.6
Nondefense	43.1	50.8	54.3	55.1	53.6	48.6	54.5	60.4
Compensation of employees	21.5	23.5	25.4	24.6	24.9	25.0	25.2	26.5
Other	21.6	27.3	28.8	30.5	28.7	23.6	29.2	33.9
Transfer payments	161.6	172.7	185.4	178.3	180.2	180.7	188.8	191.9
To persons	158.4	169.5	181.9	175.0	176.9	177.0	185.5	188.3
To foreigners	3.2	3.2	3.5	3.4	3.3	3.7	3.4	3.6
Grants-in-aid to State and local governments	61.1	67.4	76.9	71.1	73.9	75.9	77.5	80.3
Net interest paid	26.8	29.1	35.5	30.7	33.2	34.6	36.3	38.1
Interest paid	32.1	35.3	43.1	37.0	40.2	42.3	44.0	45.9
To persons	27.6	29.8	34.4	30.4	32.3	33.7	35.6	36.1
To foreigners	4.5	5.5	8.7	6.6	7.9	8.5	8.4	9.8
Less: Interest paid to government	5.3	6.2	7.6	6.3	7.0	7.7	7.7	7.8
Subsidies less current surplus of government enterprises	5.8	8.3	9.7	11.8	10.0	10.0	8.0	11.0
Subsidies	5.6	7.5	8.9	10.3	8.8	8.4	8.2	10.3
Less: Current surplus of government enterprises	-.2	-.9	-.8	-1.4	-1.2	-1.6	.2	-.7
Less: Wage accruals less disbursements...	.0	.0	.0	.0	.0	.0	.2	.0
Surplus or deficit (-), national income and product accounts	-53.8	-48.1	-29.9 ^P	-58.6	-52.6	-23.6	-22.8	-20.6 ^P

P = Preliminary.