

Table 2

Net Fiscal Impact of Scheduled Tax Increases and
Administration Tax Proposals ^{1/}
(calendar years; billions of dollars; NIA basis)

| | <u>1978</u> | <u>1979</u> |
|-------------------------------------|-----------------|------------------|
| <u>Total Tax Increases</u> | <u>13.2</u> | <u>30.4</u> |
| Social Security ^{2/} | 3.5 | 11.7 |
| Unemployment Insurance | 2.0 | 2.1 |
| Revenue Drag ^{3/} | 8.0 | 16.5 |
| <u>Total Tax Reductions (-)</u> | <u>-7.3</u> | <u>-27.3</u> |
| Proposed Changes | | |
| Individual ^{4/} | -4.0 | -19.6 |
| Business | -3.3 | -5.7 |
| Unemployment and Excise | -- | -2.0 |
| Net Changes in Federal Revenues | +6.1 | +3.0 |

1/ Entries are differences in tax levels above those that would prevail under 1977 tax rates.

2/ Social Security rate increases of 0.4 per cent in 1978 and 0.5 per cent in 1979. The Social Security tax increases do not include the automatic base increases required to maintain constant effective Social Security tax rates.

3/ Reflects the impact of tax progressivity and income growth in Federal revenues.

4/ The amount of tax reduction for individuals shown here differs from the amount estimated by the Treasury on a liability basis. The principal reason for this is that the tax reduction provisions of the proposal would take effect on October 1, 1978, while the reform provisions would not take effect until January 1, 1979. Since withholding schedules would be adjusted in October 1978 to reflect the amount of net tax reductions, refunds would be required in 1979 to compensate for overwithholding in 1978.

Table 3
The Full-Employment Budget
for Fiscal Years 1977-1979
(\$ Billions, NIA basis)

| | Fiscal Years | | | Quarters ^{1/} Fiscal Year 1978 | | | | Fiscal Year 1979 | | | |
|---|--------------------------|-------------|-------------|--|-----------|-----------|-----------|---------------------|-----------|-----------|-----------|
| | <u>1977^{2/}</u> | <u>1978</u> | <u>1979</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> |
| Receipts | 400.9 | 439.9 | 482.4 | 420.3 | 432.0 | 443.7 | 463.5 | 459.5 ^{3/} | 474.3 | 487.5 | 508.4 |
| Expenditures | 405.9 | 456.9 | 501.4 | 442.2 | 450.6 | 459.7 | 475.1 | 490.2 | 496.4 | 503.1 | 515.9 |
| ^{1/} Surplus (+) or Deficit (-) | -5.0 | -17.0 | -18.9 | -21.9 | -18.6 | -16.0 | -11.6 | -30.7 ^{3/} | -22.0 | -15.6 | -7.5 |

^{1/} Annual levels.

^{2/} Figures exclude the transition quarter.

^{3/} The change from the previous quarter results from implementation of the President's proposed tax package.