

July 2, 1986

SUMMARY AND OUTLOOK

Prepared for the Federal Open Market Committee
By the staff of the Board of Governors of the Federal Reserve System

July 2, 1986

STAFF GNP PROJECTIONS

Percent changes, annual rate

	Nominal GNP		Real GNP		GNP fixed-weighted price index		GNP deflator		Unemployment rate (percent)			
	5/14/86	7/2/86	5/14/86	7/2/86	5/14/86	7/2/86	5/14/86	7/2/86	5/14/86	7/2/86		
Annual changes:												
1984	<1>	11.0	11.0	6.5	6.5	4.3	4.3	4.1	4.1	7.5	7.5	
1985	<1>	5.7	5.7	2.2	2.2	3.6	3.6	3.3	3.3	7.2	7.2	
1986		5.3	4.9	2.6	2.2	2.7	2.8	2.7	2.7	6.9	7.1	
1987		6.8	5.9	3.6	3.1	3.3	3.0	3.1	2.7	6.3	6.7	
Quarterly changes:												
1985	Q1	6.9	6.9	3.7	3.7	3.5	3.5	3.0	3.0	7.3	7.3	
	Q2	4.5	4.5	1.1	1.1	3.6	3.6	3.3	3.3	7.3	7.3	
	Q3	5.8	5.8	3.0	3.0	2.7	2.7	2.9	2.9	7.2	7.2	
	Q4	4.3	4.3	.7	.7	3.9	3.9	3.3	3.3	7.0	7.0	
1986	Q1	5.8	5.7	3.2	2.9	2.2	2.5	2.5	2.9	7.1	7.1	
	Q2	4.1	4.0	2.1	1.5	2.2	2.0	2.1	2.4	7.1	7.2	
	Q3	6.7	4.8	4.4	2.7	2.6	2.3	2.2	2.0	6.9	7.1	
	Q4	7.4	6.0	4.4	3.7	3.2	2.7	2.8	2.2	6.7	6.9	
1987	Q1	7.1	6.3	3.6	3.4	3.5	3.3	3.3	2.9	6.5	6.8	
	Q2	6.7	6.3	3.3	3.2	3.7	3.3	3.3	3.0	6.4	6.7	
	Q3	6.9	6.3	3.2	3.0	3.8	3.4	3.6	3.2	6.3	6.6	
	Q4	7.2	6.6	3.1	3.0	4.1	3.7	3.9	3.5	6.2	6.6	
Two-quarter changes: <2>												
1985	Q2	5.7	5.7	2.4	2.4	3.5	3.5	3.1	3.1	.1	.1	
	Q4	<1>	5.0	5.0	1.9	1.9	3.4	3.4	3.1	3.1	-.3	-.3
1986	Q2	4.9	4.8	2.7	2.2	2.1	2.3	2.3	2.6	.1	.2	
	Q4	7.0	5.4	4.4	3.2	2.9	2.5	2.5	2.1	-.4	-.3	
1987	Q2	6.9	6.3	3.5	3.3	3.6	3.3	3.3	2.9	-.3	-.2	
	Q4	7.0	6.4	3.2	3.0	3.9	3.5	3.8	3.3	-.2	-.1	
Four-quarter changes: <3>												
1984	Q4	<1>	9.0	9.0	4.7	4.7	4.2	4.2	4.1	4.1	-1.3	-1.3
1985	Q4	<1>	5.4	5.4	2.1	2.1	3.5	3.5	3.1	3.1	-.2	-.2
1986	Q4		6.0	5.1	3.5	2.7	2.5	2.4	2.4	2.4	-.3	-.1
1987	Q4	7.0	6.4	3.3	3.2	3.8	3.4	3.5	3.1	-.5	-.2	

<1> Actual.

<2> Percent change from two quarters earlier.

<3> Percent change from four quarters earlier.

GROSS NATIONAL PRODUCT AND RELATED ITEMS
(seasonally adjusted; annual rate)

	Units	Projection									
		1985		1986			1987				
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Expenditures</u>											
Nominal GNP	Billions of \$	4016.9	4059.3	4115.7	4155.9	4204.6	4266.2	4332.0	4398.7	4466.4	4538.2
Real GNP	Billions of 82\$	3584.1	3590.8	3616.9	3630.1	3654.5	3687.7	3718.3	3748.1	3776.0	3804.1
Real GNP	Percent change	3.0	.7	2.9	1.5	2.7	3.7	3.4	3.2	3.0	3.0
Gross domestic purchases		5.0	3.0	2.5	3.1	1.3	2.1	2.0	2.0	1.9	2.0
Final sales		5.0	1.3	-1.7	2.0	3.5	3.9	3.3	3.0	2.9	2.9
Private dom. final purchases		4.5	2.2	1.2	4.2	2.4	2.7	2.3	2.0	1.8	2.0
Personal consumption expend.		4.6	.1	3.8	6.0	2.5	2.7	2.5	2.2	1.8	1.7
Durables		24.3	-13.3	-.7	14.5	4.0	2.4	2.7	3.6	1.8	2.8
Nondurables		1.5	.6	6.6	6.2	1.6	2.2	2.1	1.9	1.9	1.4
Services		1.4	4.4	3.1	3.3	2.7	3.2	2.6	1.9	1.8	1.6
Business fixed investment		2.4	11.3	-13.3	-7.1	-1.9	1.1	2.5	2.5	2.3	2.5
Producers' durable equipment		3.0	13.5	-12.1	4.8	-1.0	2.0	4.0	4.0	4.0	4.0
Nonresidential structures		1.2	7.2	-15.4	-27.0	-3.7	-.8	-.5	-.7	-1.2	-.8
Residential structures		8.5	5.7	9.7	11.6	12.6	6.2	.3	-1.3	.7	3.7
Exports		-5.1	6.6	6.6	.2	10.1	12.7	11.7	12.0	13.3	12.5
Imports		12.8	24.5	2.4	13.2	-2.2	-1.6	-.8	.9	2.4	2.8
Government purchases		18.2	9.2	-13.8	1.6	.5	.8	.4	.8	1.3	1.4
Federal		37.3	23.4	-30.1	.8	.4	1.0	-.6	.1	-.1	-.4
Defense		22.0	-3.2	-5.4	4.6	4.2	2.2	.3	.7	.7	.2
State and local		4.7	-1.6	2.8	2.3	.7	.7	1.3	1.4	2.5	2.8
Change in business inventories	Billions of 82\$	-1.8	-6.3	35.3	30.5	24.0	22.0	22.3	24.8	26.3	27.8
Nonfarm	Billions of 82\$	1.6	18.2	36.2	31.5	25.5	23.5	23.0	25.5	27.0	28.5
Net exports	Billions of 82\$	-119.8	-140.8	-138.1	-153.7	-142.0	-128.5	-116.7	-106.5	-96.5	-87.6
Nominal GNP	Percent change	5.8	4.3	5.7	4.0	4.8	6.0	6.3	6.3	6.3	6.6
<u>Employment and Production</u>											
Nonfarm payroll employment	Millions	97.9	98.7	99.4	99.9	100.4	101.1	101.7	102.3	102.9	103.4
Unemployment rate	Percent*	7.2	7.0	7.1	7.2	7.1	6.9	6.8	6.7	6.6	6.6
Industrial production index	Percent change	2.0	1.9	.7	-4.1	.0	3.6	3.5	3.4	2.9	3.0
Capacity utilization rate-mfg.	Percent*	80.3	80.0	79.8	78.8	78.5	78.7	78.9	79.1	79.2	79.3
Housing Starts	Millions	1.69	1.77	2.00	1.93	1.80	1.75	1.70	1.70	1.72	1.75
Auto sales	Millions	12.31	10.24	10.65	11.15	11.19	10.60	10.80	10.90	10.90	10.90
Domestic	Millions	9.40	6.84	7.84	8.05	8.09	7.50	7.80	7.80	7.80	7.80
Foreign	Millions	2.90	3.40	2.81	3.10	3.10	3.10	3.00	3.10	3.10	3.10
Nominal personal income	Percent change	2.3	6.9	5.3	5.3	4.9	6.7	6.2	6.6	6.8	6.8
Real disposable income	Percent change	-4.5	2.3	5.5	5.7	1.6	2.8	2.8	2.0	2.1	2.0
Personal saving rate	Percent*	3.7	4.0	4.4	4.2	4.0	4.0	4.0	4.0	4.0	4.0
Corp. profits with IVA & CCAdj	Percent change	32.5	-7.5	14.7	18.3	-8.4	4.1	-2.4	-.7	1.1	3.9
Profit share of GNP	Percent*	7.7	7.5	7.6	7.9	7.6	7.6	7.4	7.3	7.2	7.2
Federal govt. surplus/deficit	Billions of \$	-201.3	-226.9	-208.8	-221.6	-186.7	-190.0	-174.7	-163.6	-155.9	-146.3
State and local govt. surplus	Billions of \$	56.9	58.8	64.5	60.2	54.3	57.6	60.7	62.7	63.7	64.3
<u>Prices and costs</u>											
GNP implicit deflator	Percent change	2.9	3.3	2.9	2.4	2.0	2.2	2.9	3.0	3.2	3.5
GNP fixed-weight price index		2.7	3.9	2.5	2.0	2.3	2.7	3.3	3.3	3.4	3.7
Cons. & fixed invest. prices		2.4	4.4	1.2	.6	2.9	3.2	3.5	3.8	3.8	3.8
CPI		2.6	4.3	1.5	-2.0	2.7	3.5	3.7	3.8	4.0	4.1
Exc. food and energy		3.5	4.9	4.2	3.5	3.8	4.2	4.3	4.4	4.6	4.7
Nonfarm business sector		.4	-4.1	3.6	1.2	.9	1.6	.9	.8	.6	.9
Output per hour		2.8	3.2	2.2	2.9	3.0	3.3	3.7	3.5	3.7	3.9
Compensation per hour		2.4	7.6	-1.4	1.7	2.1	1.7	2.8	2.7	3.1	3.0
Unit labor costs											

* Not at an annual rate.

July 2, 1986

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CONFIDENTIAL - FR
CLASS II FOMCGROSS NATIONAL PRODUCT AND RELATED ITEMS
(seasonally adjusted; annual rate)

	Units	1979	1980	1981	1982	1983	1984	1985	Projection	
									1986	1987
<u>Expenditures</u>										
Nominal GNP	Billions of \$	2508.2	2732.0	3052.6	3166.0	3401.6	3774.7	3988.5	4185.6	4338.8
Real GNP	Billions of 82\$	3192.4	3187.1	3248.8	3166.0	3277.7	3492.0	3570.0	3647.3	3761.6
Real GNP	Percent change*	.6	-.1	.6	-1.9	6.3	4.7	2.1	2.7	3.2
Gross domestic purchases		-.4	-1.1	.8	-.8	8.2	6.2	3.2	2.3	2.0
Final sales		2.2	-.2	.1	.3	3.6	4.3	3.4	1.9	3.0
Private dom. final purchases		1.3	-1.7	-.3	.8	7.6	5.3	3.7	2.6	2.0
Personal consumption expend.		1.4	-.1	.2	2.9	5.3	3.4	3.0	3.7	2.0
Durables		-3.8	-5.6	-3.3	9.0	14.5	9.2	5.8	4.9	2.7
Nondurables		.8	-1.4	.5	1.8	4.3	2.0	2.7	4.1	1.8
Services		3.5	2.4	.9	2.3	3.7	2.8	2.4	3.1	2.0
Business fixed investment		5.0	-4.8	5.6	-11.3	11.5	16.5	6.3	-5.5	2.5
Producers' durable equipment		1.6	-6.5	2.2	-12.5	20.3	17.2	5.3	-1.8	4.0
Nonresidential structures		12.0	-1.8	11.7	-9.1	-2.1	15.2	8.1	-12.3	-.8
Residential structures		-7.2	-14.2	-22.4	4.9	38.5	3.5	5.7	10.0	.8
Exports		13.7	.5	2.4	-13.8	6.9	5.1	-4.8	7.3	12.4
Imports		3.4	-8.8	4.9	-5.9	25.8	17.0	4.7	2.8	1.3
Government purchases		.1	1.0	2.9	3.8	-2.7	8.1	7.4	-2.9	1.0
Federal		-.3	3.1	9.5	8.2	-7.5	14.7	13.6	-8.1	-.3
Defense		3.3	3.1	7.6	8.8	5.2	7.6	5.9	1.3	.4
State and local		.4	-.3	-1.3	.6	1.0	3.3	2.6	1.6	2.0
Change in business inventories	Billions of 82\$	15.0	-6.9	23.9	-24.5	-5.5	62.7	5.7	28.0	25.3
Nonfarm	Billions of 82\$	10.4	-2.3	19.0	-23.1	-.4	55.9	10.6	29.2	26.0
Net exports	Billions of 82\$	3.6	57.0	49.4	26.3	-19.4	-85.0	-108.4	-140.6	-101.8
Nominal GNP	Percent change*	9.5	9.9	9.3	3.1	10.0	9.0	5.4	5.1	6.4
<u>Employment and Production</u>										
Nonfarm payroll employment	Millions	89.8	90.4	91.2	89.6	90.2	94.5	97.6	100.2	102.6
Unemployment rate	Percent	5.8	7.1	7.6	9.7	9.6	7.5	7.2	7.1	6.7
Industrial production index	Percent change*	.9	-.8	-1.0	-7.7	14.3	7.2	1.8	.0	3.2
Capacity utilization rate-mfg.	Percent	84.6	79.2	78.3	70.3	74.0	80.8	80.3	79.0	79.1
Housing Starts	Millions	1.72	1.30	1.10	1.06	1.71	1.76	1.74	1.87	1.72
Auto sales	Millions	10.68	9.04	8.56	8.00	9.18	10.43	11.09	10.90	10.88
Domestic	Millions	8.36	6.62	6.24	5.77	6.77	7.97	8.24	7.87	7.80
Foreign	Millions	2.32	2.42	2.32	2.23	2.41	2.46	2.84	3.03	3.08
<u>Income and saving</u>										
Nominal personal income	Percent change*	11.4	12.0	9.2	5.3	7.5	8.6	5.3	5.5	6.6
Real disposable income	Percent change*	.5	1.1	.7	1.0	5.1	3.9	1.3	3.9	2.2
Personal saving rate	Percent	6.8	7.1	7.5	6.8	5.5	6.5	4.6	4.2	4.0
Corp. profits with IVA & CCAdj	Percent change*	-10.7	-6.8	2.3	-19.1	69.5	11.6	9.7	6.7	.4
Profit share of GNP	Percent	8.0	6.5	6.2	4.7	6.3	7.2	7.4	7.7	7.3
Federal govt. surplus/deficit	Billions of \$	-16.1	-61.3	-63.8	-145.9	-179.4	-172.9	-200.0	-201.8	-160.1
State and local govt. surplus		27.6	26.8	34.1	35.1	48.6	64.4	59.0	59.1	62.8
<u>Prices and costs</u>										
GNP implicit deflator	Percent change*	8.9	9.9	8.7	5.2	3.5	4.1	3.1	2.4	3.1
GNP fixed-weight price index		8.8	9.8	8.5	5.0	3.8	4.2	3.5	2.4	3.4
Cons. & fixed invest. prices		9.5	10.1	8.2	4.4	3.1	3.9	3.2	2.0	3.7
CPI		12.7	12.5	9.6	4.5	3.3	4.1	3.5	1.4	3.9
Exc. food and energy		10.7	12.2	10.2	5.2	4.3	4.8	4.3	4.0	4.5
Nonfarm business sector		-2.7	1.0	-.6	1.0	3.3	.8	-.6	1.8	.8
Output per hour		9.7	10.9	8.3	7.2	3.6	3.8	3.7	2.9	3.7
Compensation per hour		12.7	9.7	9.0	6.2	.3	3.0	4.3	1.0	2.9
Unit labor costs										

* Percent changes are from fourth quarter to fourth quarter.

July 2, 1986

FEDERAL SECTOR ACCOUNTS
(Billions of dollars)

Fiscal Year							FRB staff estimates									
	FY1986 ^e		FY1987 ^e		CY1986 ^e		Calendar quarters; not seasonally adjusted									
	1985*	1/	Admin.	FRB Staff	1/	Staff	CY 1985*	FRB Staff	1985	I*	II	III	IV	1986	I	II
Budget receipts ²	734	777	768	850	833	745	781	177	180	217	195	190	196	236	211	
Budget outlays ²	946	980	984	994	1003	961	984	252	241	242	248	253	253	251	246	
Surplus/deficit(-) to be financed ²	-212	-203	-215	-144	-170	-216	-203	-75	-61	-25	-54	-63	-58	-14	-35	
Means of financing deficit:																
Net borrowing from public	197	204	231	142	165	224	191	91	37	51	53	50	50	23	42	
Decrease in cash operating balance	12	-3	-13	0	0	-13	16	-14	19	-12	-5	15	0	-5	-10	
Other ³	1	2	-3	2	5	5	-3	-2	5	-13	6	-2	8	-4	3	
Cash operating balance, end of period	17	20	30	20	30	31	15	31	12	25	30	15	15	20	30	
Memo: Sponsored agency borrowing ⁴	20	n.a.	14	n.a.	21	20	13	5	-2	6	5	4	5	6	6	
<u>NIPA Federal Sector</u>																
Receipts	769	823	811	905	873	785	822	804	804	805	831	850	864	880	896	
Expenditures	961	1016	1022	1044	1044	985	1024	1030	1013	1026	1018	1040	1039	1043	1052	
Purchases	343	359	368	373	376	355	364	385	357	363	366	371	375	378	381	
Defense	256	270	274	289	290	262	277	272	268	275	280	286	289	292	294	
Nondefense	87	89	94	83	86	94	87	113	89	88	86	86	86	86	87	
All other expenditures	618	657	654	671	668	629	660	645	656	663	652	669	664	665	671	
Surplus/deficit(-)	-192	-193	-211	-139	-171	-199	-202	-227	-209	-222	-187	-190	-175	-164	-156	
High employment surplus/deficit(-) evaluated at 6 percent unemployment	-153	n.a.	-168	n.a.	-135	-161	-159	-185	-168	-177	-142	-150	-137	-129	-124	

*--actual

e--estimated

n.s.--not available

1. Budget of the United States Government, Fiscal Year 1987 (February 1986). The Congressional Budget Office baseline estimates published in February indicated receipts of \$778 billion and \$844 billion, outlays of \$986 billion and \$1025 billion, and deficits of \$208 and \$181 billion in FY1986 and FY1987 respectively.
2. Includes outlays formerly classified as off-budget (e.g. Federal Financing Bank and Strategic Petroleum Reserve) and social security receipts and outlays classified as off-budget under current law.
3. Checks issued less checks paid, accrued items and other transactions.

Note: Details may not add to totals due to rounding.

4. Sponsored agency borrowing includes net debt issuance by Federal Home Loan Banks, FHLMC (excluding participation certificates), FNMA (excluding mortgage-backed securities), Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, and Student Loan Marketing Association marketable debt on a payment basis. The Administration's definition of borrowing by these agencies is somewhat broader.

July 1, 1986

Outlook for U.S. Net Exports and Related Items
(Billions of Dollars, Seasonally Adjusted Annual Rates)

	ANNUAL			1985		1986				1987			
	1985	1986-P	1987-P	Q3	Q4	Q1	Q2-P	Q3-P	Q4-P	Q1-P	Q2-P	Q3-P	Q4-P
1. GNP Exports and Imports 1/													
Current \$, Net	-78.4	-107.9	-95.0	-87.8	-113.4	-105.8	-110.4	-108.4	-107.1	-102.3	-97.6	-93.0	-87.1
Exports of G+S	369.9	383.9	440.7	363.2	367.8	374.4	374.8	386.6	399.9	414.9	431.3	449.1	467.5
Imports of G+S	448.4	491.9	535.7	451.0	481.2	480.2	485.2	495.0	507.1	517.2	528.9	542.1	554.6
Constant 82 \$, Net	-108.4	-140.7	-102.0	-119.8	-140.8	-138.1	-153.9	-142.2	-128.7	-116.9	-106.6	-96.7	-87.8
Exports of G+S	359.9	372.4	414.4	353.5	359.2	365.0	365.2	374.1	385.4	396.2	407.6	420.5	433.1
Imports of G+S	468.3	513.1	516.3	473.3	500.0	503.0	519.0	516.1	514.1	513.0	514.1	517.1	520.8
2. U.S. Merchandise Trade Balance 2/	-124.4	-144.2	-129.0	-126.7	-149.4	-146.3	-144.2	-144.5	-141.5	-135.2	-131.0	-127.5	-122.3
Exports	214.4	220.5	262.4	210.0	210.9	214.2	214.9	221.7	231.3	243.8	255.9	268.2	281.5
Agricultural	29.6	26.8	28.8	26.7	28.5	28.4	26.0	26.2	26.5	27.8	28.5	29.0	30.0
Non-Agricultural	184.8	193.8	233.6	183.3	182.4	185.8	188.9	195.6	204.8	216.0	227.4	239.2	251.6
Imports	338.9	364.7	391.4	336.7	360.3	360.5	359.1	366.2	372.8	379.0	386.9	395.7	403.8
Petroleum and Products	50.5	34.5	35.9	49.5	56.5	40.1	30.3	33.1	34.4	34.4	35.0	36.3	37.7
Non-Petroleum	288.3	330.2	355.5	287.2	303.8	320.5	328.8	333.2	338.4	344.6	351.9	359.4	366.1
3. U.S. Current Account Balance	-117.7	-136.9	-129.3	-113.8	-134.8	-134.7	-137.5	-136.6	-138.9	-135.2	-131.9	-127.6	-122.3
Of Which: Net Investment Income	25.2	22.3	15.2	33.0	37.0	27.3	22.8	20.9	18.3	15.5	14.7	15.4	15.4
4. Foreign Outlook 3/													
Real GNP--Ten Industrial 4/	2.7	2.5	3.2	3.4	2.3	0.1	3.7	3.4	3.6	3.1	2.9	2.8	2.7
Real GNP--NonOPEC LDC 5/	3.4	3.1	4.1	2.9	2.9	3.0	3.2	3.5	3.8	4.1	4.4	4.7	4.9
Consumer Prices--Ten Ind. 4/	4.3	2.3	2.7	1.4	3.1	1.7	1.9	2.0	2.5	2.9	3.1	2.9	2.9

1/ Economic activity and product account data.

2/ International accounts basis.

3/ Percent change, annual rates.

4/ Weighted by multilateral trade-weights of G-10 countries plus Switzerland; prices are not seasonally adjusted.

5/ Weighted by share in NonOPEC LDC GNP.

P/ Projected

July 2, 1986

RECENT DEVELOPMENTS

Prepared for the Federal Open Market Committee
By the staff of the Board of Governors of the Federal Reserve System

FEDERAL RECEIPTS AND EXPENDITURES
**(Total unified budget basis, not seasonally
adjusted, billions of dollars)**

	<u>Receipts</u>		<u>Outlays</u>		<u>Deficit</u>	
	1985	1986	1985	1986	1985	1986
October	52.3	57.9	80.3	85.0	28.0	27.1
November	51.5	51.2	80.4	84.5	28.9	33.4
December	62.4	68.2	77.0	82.8	14.6	14.7
January	70.5	76.7	78.4	83.2	8.0	6.5
February	54.0	53.4	75.1	78.0	21.1	24.6
March	49.6	49.6	79.1	79.7	29.5	30.1
April	94.6	91.4	83.2	81.5	-11.4	-9.9
May	39.8	47.9	81.8	84.1	42.0	36.2
Memo:						
April plus May	134.4	137.7	165.0	167.2	30.6	29.5
Fiscal year through May	474.7	494.6	635.3	660.4	160.6	165.8
Fiscal year total	734.0	n.a.	945.9	n.a.	211.9	n.a.

Source: Monthly Treasury Statement of Receipts and Outlays of the United States Government.

SUMMARY OF THE 1987 CONGRESSIONAL BUDGET RESOLUTION
(Total unified budget basis, fiscal years, billions of dollars)

	1987	1988	1989
Baseline revenues¹	846.5	923.8	994.2
Tax increases	5.9	6.0	6.9
Budget resolution revenues	<u>852.4</u>	<u>929.8</u>	<u>1001.1</u>
Baseline outlays¹	1021.0	1084.8	1130.7
Outlay cuts (including debt service savings)	26.0	39.4	51.7
Budget resolution outlays	<u>995.0</u>	<u>1045.4</u>	<u>1079.0</u>
Baseline deficit¹	174.5	161.0	136.5
Deficit reductions	31.9	45.3	58.6
Budget resolution deficit	<u>142.6</u>	<u>115.7</u>	<u>77.9</u>
<hr/>			
Memo:			
Gramm-Rudman-Hollings:			
Target deficit	144	108	72
Trigger for sequester	154	118	82

1. Baseline is based on CBO's February economic assumptions; revenue and spending estimates were updated by CBO in March to reflect more recent technical information; includes the deficit reductions specified in the Comprehensive Budget Reconciliation Act of 1985.

Table 1

BUDGET IMPACT OF THE HOUSE AND SENATE TAX REFORM BILLS¹
(Fiscal years, billions of dollars)

	1986	1987	1988	1989	1990	1991	Total ²
Individual receipts:							
Senate ³	.8	.6	-35.6	-33.8	-17.7	-14.3	-100.0
House	-8.3	-25.4	-34.7	-35.0	-36.4	n.a.	-139.8
Corporate receipts:							
Senate ³	6.6	23.1	15.2	12.8	17.3	25.4	100.4
House	15.6	22.9	27.1	32.0	41.2	n.a.	138.9
Total receipts ⁴							
Senate ³	7.4	22.8	-20.7	-21.1	-.4	11.0	-1.0
House	7.3	-2.4	-7.5	-2.8	5.0	n.a.	-.4

1. The estimates are not strictly comparable across tax reform bills because they were prepared at different times based on somewhat different economic assumptions.

2. Total is for 1986 through 1991 for the Senate plan, and for 1986 through 1990 for the House plan.

3. Estimates are for the Senate Finance Committee-reported bill. Revenue estimates for the Senate-passed bill will be about the same because only minor "revenue neutral" amendments were added on the Senate floor.

4. Includes minor effects on excise, employment, estate and gift, and customs taxes, which are not shown separately on this table.

Source: Joint Committee on Taxation.