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THE PRESIDENT HAS SEEN *d.g.*

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

September 19, 1974

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Projection of Third Quarter 1974 GNP *WMA*

Summary

Real GNP fell again and the rate of inflation got worse in the July-September period according to projections made by the Department of Commerce. Real GNP declined at a seasonally adjusted rate of 1.1 percent in the third quarter following a 7.0 percent decrease in the first quarter and a 1.6 percent decrease in the second. The overall price index for the GNP rose at an annual rate of 10.6 percent in the third quarter, as compared to 12.3 percent in the first quarter and 9.4 percent in the second.

These projections are based on incomplete and preliminary statistics. For most items there are no official statistics for the month of September and for many important items -- consumer prices, inventories, exports and imports -- we do not even have official August numbers. Consequently this projection should not be viewed as anything hard and fast.

By and large the overall picture is one of a sluggish economy with continuing very high rates of inflation. That is also the way we see the economy in the current quarter and in the near future.

These figures are not for release. The first published figures will come out next month.

  
Alan Greenspan

