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*Central Files*

COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

THE PRESIDENT HAS SEEN *dy.*

ALAN GREENSPAN, CHAIRMAN  
WILLIAM J. FELLNER  
GARY L. SEEVERS

December 18, 1974

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MEMORANDUM FOR THE PRESIDENT

Subject: Balance of Payments Data for Third Quarter, 1974

The current account, including merchandise trade and services, and including also grants and remittances to countries abroad, shows a \$1.6 billion deficit for the third quarter of the year. This deficit is not expected to become smaller in the average quarter of the coming year and might even prove to be somewhat larger. The quarter's trade deficit (caused by the oil bill) was largely offset by investment income from abroad (which is included in the services), but when the grants and remittances are added on the negative side, the total current account deficit is only about \$1 billion smaller than the trade deficit of \$2.6 billion. As for capital movements, the long-term flows add up to a net outflow for the quarter, the short-term flows to a net inflow (that is, to a net acquisition of dollars by foreigners).



Alan Greenspan  
Chairman



William J. Fellner  
Member

