

The original documents are located in Box C6, folder “Presidential Handwriting, 11/14/74 (3)” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

November 14, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: October Industrial Production

Summary

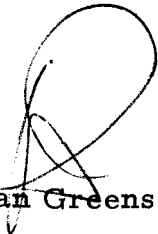
Industrial production declined 0.6 percent in October following an increase of 0.3 percent in September according to the Federal Reserve. The October decline was the largest one-month reduction since last February, when the country was in the grip of the energy crisis. The latest decrease is significant because in our view the industrial production index has probably been tracking the course of economic activity more accurately than has the GNP. Whereas the GNP (adjusted for inflation) declined in both the second and third quarters of 1974, the Federal Reserve Index of Industrial Production rose a little in the second quarter and was essentially unchanged in the third. The October index is now below the third quarter average and with auto production being cut the fourth quarter will very probably show a sizable decrease.



Supplementary Material

Last month, continuing strong demand led to a further rise in the production of business equipment, which has been an important factor sustaining production in the steel industry. On the other hand output of other materials and components has weakened as supplies are more easily obtained and the need to build inventories has been greatly weakened. The October index showed large decreases for consumer appliances and clothing because of weak consumer demand. Automobile production rose sharply in October as strikes came to a halt. However, the rate of automobile assemblies in October was far above the rate of sales, so that we are now witnessing substantial cutbacks in auto production in order to reduce the burden of unsold inventories.

These figures are for release on Friday, November 15 in the afternoon.



Alan Greenspan