

The original documents are located in Box C6, folder “Presidential Handwriting, 11/16/74” 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 Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections.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.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

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

November 16, 1974 *GRF*

MEMORANDUM FOR THE PRESIDENT

Subject: Revised GNP and Preliminary Profits Estimates -- Third Quarter 1974

Revised estimates of third quarter GNP based on more complete information show that real GNP declined at a 2.1 percent annual rate (which is a little less than was expected a month ago) and prices as expressed by the GNP deflator rose at an annual rate of 11.8 percent. Preliminary estimates show that corporate profits before taxes rose 14 percent from the second quarter of 1974 and 29 percent from the third quarter of 1973. These increases, however, are a reflection of higher book profits arising in inflationary periods because inventories are being revalued at rising prices and because depreciation allowances are computed at historical cost rather than at the higher current replacement cost. While with the appropriate corrections trends in operating profits have not been favorable at all over the year, corporate profits tax liabilities have gone up by 27 percent because taxes are paid on book profits.

These figures were released at 2:00 p.m., Friday, November 15.

William J. Fellner

William J. Fellner
Member

[Handwritten signature]

Alan Greenspan
Chairman

