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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

March 18, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Preliminary projections of first quarter GNP

9/12/75

The Commerce Department is projecting an 11-1/2 percent decline (annual rate) in real GNP from the fourth to the first quarter and an inflation rate of 7.2 percent. The decline in real GNP is worse than the fourth quarter decrease while the overall price rise is half the high fourth quarter rate. These figures are not greatly different from those we used last week in our reassessment of the economic outlook.

These figures are very tentative and are not for publication. First quarter 1975 estimates based on more complete information will appear in about one month.

  
Alan Greenspan



## Additional detail

The Commerce Department is projecting a sharper decline in inventories than we had projected for the first quarter. If the big cut in inventories does indeed materialize, it will be a favorable development, since a reduction of burdensome inventories is a necessary condition for a recovery. With the tax cut bolstering private spending, chances for a second half upturn seem to look somewhat better than they did a month ago.