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THE WHITE HOUSE
WASHINGTON

December 20, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

L. WILLIAM SEIDMAN

FROM:

JIM CONNOR *JEB*

SUBJECT:

Comparison of Forecasts

The President reviewed the Comparison of Forecasts chart submitted to him and approved Alternative #2.

Please follow up with appropriate action.

cc: Dick Cheney

0% Change Real GNP

P decided # 2

Comparison of Forecasts

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Money GNP</u>						
1977 Budget	1890	2124	2376	2636	2877	N.A.
Mid-Session	1890	2121	2370	2575	2747	N.A.
Case I	1876	2066	2279	2512	2733	2914
Alternative 1	1881	2082	2315	2569	2790	2913
2 <i>Trocha</i>	1881	2092	2336	2554	2746	2925
3	1887	2106	2341	2561	2740	2906

Real GNP

1977 Budget	1332	1411	1503	1600	1679	N.A.
Mid-Session	1339	1418	1508	1575	1634	N.A.
Case I	1334	1396	1464	1545	1625	1689
Alternative 1	1333	1395	1473	1560	1619	1676
2	1333	1400	1483	1551	1605	1662
3	1335	1407	1484	1554	1608	1666

% Change Real GNP

1977 Budget	5.7	5.9	6.5	6.5	4.9	N.A.
Mid-Session	5.7	5.9	6.3	4.4	3.7	N.A.
Case I	5.4	4.7	4.9	5.5	5.2	3.9
Alternative 1	5.3	4.7	5.6	5.9	3.8	3.5
1a	6.0	4.1	6.4	5.1	3.5	3.5
2	5.3	5.2	5.9	4.5	3.5	3.5
2a	6.0	5.1	6.3	3.6	3.5	3.5
3	5.5	5.4	5.5	4.7	3.5	3.5
3a	6.1	5.4	5.5	4.0	3.5	3.5

#2

1979
 - 2 3
 2 to 3
 between 2+3
 - 5 to -10
 T - plus 10 1/2 investment
 T - plus 10 1/2 investment
 - 9.T.L.

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>% Change GNP Deflator</u> (fourth over fourth)						
1977 Budget	6.3	5.7	4.7	4.0	4.0	N.A.
Mid-Session	6.0	5.7	4.7	3.6	2.5	N.A.
Case I	5.1	5.2	5.2	4.5	3.4	2.6
Alternative 1	5.8	5.5	5.2	4.4	3.5	2.5
2	5.8	5.5	5.2	4.4	3.5	2.5
3	6.0	5.8	5.2	4.0	3.0	2.1

Unemployment Rate

1977 Budget	6.9	6.4	5.8	5.2	4.9	N.A.
Mid-Session	6.4	5.7	5.1	4.8	4.7	N.A.
Case I	6.9	6.5	6.3	5.7	5.1	4.9
Alternative 1	7.4 ³	6.7	5.8	4.9	4.8	4.8
2	7.3	6.6	5.7	4.9	4.8	4.8
3	7.1	6.1	5.3	4.9	4.8	4.8

Notes

1. Case I refers to the economic assumptions that have thus far been used for budget planning purposes.
2. In the section, % change real GNP, alternatives 1, 2, and 3 show year-over-year growth while alternatives 1a, 2a, and 3a show fourth quarter over fourth quarter growth.
3. Alternatives 1 and 2 assume that the economy grows at an annual rate of 6.5 percent beginning in the first quarter of 1979. When the unemployment rate reaches 5.0 percent the rate of growth is gradually slowed to the potential rate of growth of 3.5 percent. Alternative 3 assumes that the economy grows at a 5.5 percent rate of growth beginning in the first quarter of 1979.