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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

January 31, 1985

MEMORANDUM WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAV*

SUBJECT: HOUSING SALES IN DECEMBER

This morning at 10:00 a.m. the Commerce Department will release a report on new one-family houses sold in December.

New house sales increased 2.5 percent in December, following a 10.6 percent decline in November. Sales increased in the Midwest and South and declined in the Northeast.

The supply of unsold houses declined to 7.0 months at the current sales rate.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

January 31, 1985

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN ~~WAN~~
SUBJECT: LEADING INDICATORS IN DECEMBER

This morning at 8:30 a.m. the Commerce Department will release preliminary estimates of the leading and coincident indicators in December and revised estimates for prior months.

The index of leading indicators declined 0.2 percent in December, following a (revised) 0.6 percent increase in November. Of the 11 component indicators reported, 6 increased and 5 declined. There is little reason to worry about this report. An independent index of leading conditions (the ratio of the coincident index to the lagging index) increased 0.5 percent in December. And the stock market recently reached a new high.

The index of coincident indicators, a measure of the strength of current economic conditions, increased 0.9 percent in December, following a (revised) 0.8 percent increase in November.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

January 30, 1985

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN ~~WAN~~
MEMBER

SUBJECT: EXPORTS AND IMPORTS IN DECEMBER

This morning at 8:30 a.m. the Commerce Department will release the report on merchandise exports and imports in December.

Exports increased 4.7 percent in December. Imports declined 3.1 percent. The trade deficit in December declined to \$8.2 billion, the lowest monthly rate in 1984.

For the full year 1984, exports increased 8.7 percent and imports increased 26.4 percent. The trade deficit increased from \$69.4 billion in 1983 to \$123.3 billion in 1984, somewhat less than was anticipated last summer.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

January 23, 1985

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: CONSUMER PRICES IN DECEMBER

This morning at 8:30 a.m. the Labor Department will release the Consumer Price Index for December.

Good news. The Consumer Price Index increased only 0.2 percent in December, following the 0.2 percent increase in November. Food and housing costs increased at a slightly faster rate, and energy prices declined.

The CPI increased 4.0 percent in the past 12 months, compared to 3.8 percent in 1983 and 3.9 percent in 1982.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

January 22, 9185

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN ~~WAN~~
MEMBER

SUBJECT: GNP IN THE FOURTH QUARTER

This morning at 8:30 a.m. the Commerce Department will release preliminary estimates of GNP in the fourth quarter of 1984.

Good news. Real GNP is now estimated to have increased at a 3.9 percent annual rate in the fourth quarter, compared to the "flash" estimate of 2.8 percent and a 1.6 percent increase in the third quarter. Real final sales increased at a 8.2 percent rate, suggesting that the growth of real GNP will increase in early 1985.

The major components of real GNP changed at the following rates in the fourth quarter:

Personal consumption	3.9 percent
Business-fixed investment	11.1 percent
Residential investment	-2.0 percent
Government purchases	6.6 percent

Net exports increased and the change in business inventories decreased by roughly offsetting amounts.

The implicit price deflator increased at a 2.4 percent rate in the fourth quarter, and the fixed-weight deflator increased at a 3.5 percent rate.

The overall record in 1984 was as follows: Real GNP increased 5.6 percent from the fourth quarter of 1983 to the fourth quarter of 1984, and the implicit price deflator increased 3.5 percent. On a year-over-year basis, real GNP increased 6.8 percent and the implicit price deflator increased 3.7 percent; on this basis, real GNP increased more than in any year since 1951, and the broadest measure of inflation increased less than in any year since 1967.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

January 3, 1985

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN ~~WAN~~
SUBJECT: HOUSING SALES IN NOVEMBER

This morning at 10:00 a.m. the Commerce Department will release estimates of new single-family houses sold in November.

Sales of new single-family houses declined 10.6 percent in November to the second lowest monthly rate this year. Sales declined in all regions. The available supply of unsold houses increased from 6.3 months supply in October to 7.3 months in November. The median price of new single-family houses sold increased 2.1 percent to \$81,700.

This is a discouraging report, but it is about the only bad news for November.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 20, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: CONSUMER PRICES IN NOVEMBER

This morning at 8:30 a.m. the Department of Labor will release the Consumer Price Index for November.

Goods news. Consumer prices increased only 0.2 percent in November, following a 0.4 percent increase in October. Gasoline, shelter, and medical care increased 0.4 percent, but most other goods and services showed little price increase. The Consumer Price Index increased 4.0 percent over the past 12 months.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

Call Bill N.

RGD
✓

October 15, 1984

MEMORANDUM FOR JAMES A BAKER III
Chief of Staff and Assistant to the President

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: SUMMARY OUTLINE OF 1985 ECONOMIC REPORT

A summary outline of the 1985 Economic Report is attached. More detailed outlines of each chapter are available at your request. The Council started work on the Report in September, no material will be circulated prior to the election, and first drafts are scheduled to be completed by Thanksgiving.

I would value the opportunity to discuss this summary outline with you as soon as possible. We expect to operate on a principle of "no surprise" within the Administration about the activities of the Council and to work out any potential conflicts early in the process. It is especially important to know early about any topics that you believe we should not address or any topics not included in the outline that may be important to address, in order to avoid a waste of effort or missed opportunities in the next several critical months.

Attachment

cc: Ed Meese
Don Regan
Dave Stockman

SUMMARY OUTLINE OF THE 1985 ECONOMIC REPORT**Economic Message of the President**

CHAPTER 1. ECONOMIC POLICY FOR GROWTH AND STABILITY

A. The Reagan Record

1. Inherited Conditions
2. The President's Recovery Program
3. Review of 1981-1984 Economic Conditions
4. Special Conditions

B. An Economic Policy for Sustained Growth of Stability

1. Policies to Increase Economic Growth
2. Policies to Increase Economic Stability

C. The Economic Outlook for 1985-1990

1. Outlook for 1985
2. Outlook for 1986-1990
3. Humphrey-Hawkins Act Requirements

CHAPTER 2. TOWARD A SUSTAINABLE FISCAL POLICY

A. The Effects of the Economy on the Budget

1. The Projected Budget
2. Effect of Alternative Real GNP Growth Rates
3. Effect of Alternative Inflation Rates
4. Effect of Alternative Interest Rates

- B. The Effects of the Budget on the Economy
 - 1. Effects of Reduced Spending Growth
 - 2. Effects of Alternative Tax Measures
 - 3. The Concept of a Sustainable Budget
 - 4. The Case for Reducing the Deficit by Spending Restraint
- C. The Political Problems of Reducing Spending Growth and the Deficit
 - 1. Budget Concepts
 - 2. The Budget Process
 - 3. The Line Item Veto
 - 4. The Balanced Budget/Spending Limit Amendment

CHAPTER 3. THE UNITED STATES IN THE WORLD ECONOMY

- A. Relation of U.S. Domestic Conditions and Foreign Balance
 - 1. The Trade Deficit
 - 2. The Capital Account Surplus
 - 3. Policy Effects on Exchange Rates and the Trade Balance
- B. Considerations Affecting U.S. Trade Policy
 - 1. The General Case for Free Trade
 - 2. The Special Problems of Foreign Subsidies and Trade Restraints
 - 3. The Special Problems of the Developing Countries
 - 4. Recent Developments in U.S. Trade Policy
 - 5. The Importance of Multilateral Agreements

C. Considerations Affecting U.S. International
Financial Policy

1. The General Case for Free Financial markets
2. The Special Problem of the Debtor Countries
3. Recent Developments in International Financial
Policy
4. Proposals for a New International Financial System

CHAPTER 4. THE ECONOMICS OF HEALTH CARE

A. Changes in Health Status

1. Health Status by Age, Race, and Sex

B. Medical Care Use and Expenditure

1. The Demand for Medical Care
2. The Supply of Medical Care
3. Expenditures for Medical Care

C. The Relation between Health Status and Medical Care

1. Summary of Empirical Evidence
2. Effects of Alternative Means to Provide Medical
Care

D. Government Role in the Medical Care System

1. Insurance Programs
2. Direct Provision
3. Research
4. Manpower
5. Regulation

E. Analysis of Current Problems

1. Effect of Insurance on Demand
2. The Cost Problem
3. Other Problems

F. Changing the Government Role

1. The DRG System for Hospital Reimbursement
2. Measures to Increase Competition
3. State Rate Regulation
4. Policies Affecting Private Employers

CHAPTER 5. ECONOMIC STATUS OF THE ELDERLY

A. Demographics and Economic Status

1. Demographic Trends
2. Income and Wealth Status

B. Sources of Financial Support for the Elderly

1. Earnings
2. Pensions and Private Survey
3. Private Intergenerational Transfers
4. Public Intergenerational Transfers

C. Major Policy Issues

1. Taxation
2. Regulation of Private Pensions
3. Measures to Increase Work Opportunities
4. Social Security

SECRET
PLAN



CHAPTER 6. THE ORGANIZATION OF AMERICAN INDUSTRY

A. Changes in the Organization of American Industry

1. The Size Distribution of Firms
2. Legal Form
3. Mergers, Acquisitions, and Spinoffs
4. New Firm Formation and Bankruptcies

B. Corporate Governance and Control

1. The Economic Role of Contests for Corporate Control
2. Efficiency Inducing Incentives
3. Other Incentives
4. Empirical Evidence

C. Government Policies Affecting the Organization of American Industry

1. Antitrust
2. Role of the Regulation of Financial Firms
3. Securities Regulation
4. State Corporate Chartering Laws
5. Taxes
6. Recent Developments

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 28, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN

SUBJECT: LEADING INDICATORS FOR NOVEMBER

This morning at 8:30 a.m. the Commerce Department will release estimates of the leading and coincident indicators for November and revised estimates for prior months.

Good news. The index of leading indicators increased 1.3 percent in November, following a (revised) decline of 0.5 percent in October and a (revised) increase of 0.9 percent in September. Of the 11 component indicators reported, 9 increased and 2 declined. The November increase was the largest monthly increase since February.

The index of coincident indicators, a broad measure of current economic activity, increased 0.6 percent in November, following a (revised) 0.1 percent increase in October. This is the largest monthly increase in this index since June.

In general, this report confirms earlier reports that the temporary slowing of economic growth beginning in July appears to have ended.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 28, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN
SUBJECT: EXPORTS AND IMPORTS IN NOVEMBER

This morning at 10:00 a.m. the Commerce Department will release the report on merchandise exports and imports in November.

Exports declined 0.1 percent to \$18.4 billion. Imports increased 2.7 percent to \$28.3 billion. Most of the increase in imports was in manufactured consumer goods. The trade deficit was \$9.2 billion in October. The total trade deficit through November was \$115.4 billion.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

MARTIN FELDSTEIN, CHAIRMAN
WILLIAM A. NISKANEN
WILLIAM POOLE

December 21, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: ADVANCE DURABLE GOODS SHIPMENTS AND ORDERS
FOR NOVEMBER

This morning at 8:30 a.m. the Department of Commerce will release estimates of new orders and shipments of durable goods for November.

New orders of durable goods rose 8.3 percent in November. A significant portion of this large increase was in the very volatile defense capital goods component, which rose by 99 percent. (Most of this defense increase was for aircraft.) However, new orders other than defense rose by 3.3 percent. After declines in total new orders in both September and October, the November increase suggests that the worst of the pause in economic growth may be behind us.

Shipments of durable goods rose 1.6 percent in November following a 0.9 percent increase in October. The November gains were not concentrated in volatile components, but were widespread.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 19, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WNN*
SUBJECT: "FLASH" ESTIMATE OF FOURTH QUARTER GNP

This morning at 8:30 a.m. the Commerce Department will release the "flash" estimates of GNP in the fourth quarter and revised estimates for the third quarter.

Real GNP is estimated to increase at a 2.8 percent annual rate in the fourth quarter, following a (revised) 1.6 percent rate in the third quarter. More important, real final sales is estimated to increase at a 5.6 percent rate in the fourth quarter, following a (revised) 1.0 percent decline in the third quarter; (the estimate of final sales in the fourth quarter is not released to the public).

The Implicit Price Deflator, the broadest measure of inflation in the economy, is estimated to increase at a 2.9 percent rate in the fourth quarter, following a 3.9 percent rate increase in the third quarter.

This is a quite encouraging report, even recognizing that the "flash" estimates are subject to substantial revision. The strong increase in final sales suggests that real GNP growth will increase in early 1985. And the continued decline in inflation indicates that there are no significant supply restraints on continued growth.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON D C 20500

~~WILLIAM FLEISCHER, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 18, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: PERSONAL INCOME AND OUTLAYS IN NOVEMBER

This morning at 8:30 a.m. the Commerce Department will release estimates of personal income and outlays in November.

Total personal income increased 0.7 percent in November, following the (revised) 0.4 percent increase in October. Most of the increase in income reflected an increase in wages and salaries, following almost no increase in October.

Personal consumption expenditures increased 0.9 percent in November, following a (revised) 0.2 percent decline in October.

The saving rate over the past 3 months declined slightly to 6.3 percent.

This report confirms the earlier reports on employment and retail sales in November, indicating that the temporary slowdown may be over.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MEMORANDUM FOR THE PRESIDENT~~
WILLIAM A. NISKANEN
WILLIAM BOOLE

December 18, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAV*
SUBJECT: HOUSING STARTS AND BUILDING PERMITS IN NOVEMBER

This morning at 8:30 a.m. the Commerce Department will release estimates of housing starts and building permits in November.

Housing starts declined 0.7 percent in November to a 1.528 million annual rate, following a 8.4 percent decline in October. Most of the decline was for single-unit structures.

Building permits, an indicator of future housing starts, increased 10.7 percent in November to the highest level since June, following a 1.5 percent decline in October. Most of the increase was for multiple-unit structures.

Housing production continues to be very sluggish, but the increase in permits suggests some future pickup.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON D C 20500

~~MARTIN FELDSTEIN, Chairman~~
WILLIAM A. NISKANEN
WILLIAM FOOLE

December 14, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: PRODUCER PRICES IN NOVEMBER

This morning at 8:30 a.m. the Labor Department will release the Producer Price Index for November.

Finished goods prices increased 0.5 percent in November, following a decline of 0.2 percent in October. The delayed introduction of some new car models contributed about one-quarter of the difference between the November and October rates. Food prices increased 0.7 percent and energy prices increased 0.6 percent. The index of finished goods increased 1.9 percent over the past 12 months.

Intermediate goods prices increased 0.3 percent and crude goods increased 2.0 percent in November, both reflecting an unusual increase in food prices.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON D C 20500

~~MARTIN KLEISTEIN, Chairman~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 14, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: INDUSTRIAL PRODUCTION IN NOVEMBER

This morning at 9:30 a.m. the Federal Reserve Board will release the Index of Industrial Production for November.

Total industrial production increased 0.4 percent in November, following a (revised) 0.4 percent decline in October. Final products increased 0.6 percent, intermediate products declined 0.2 percent, and materials increased 0.5 percent. Production of durable goods and steel was especially strong.

This report reflects the first significant increase in industrial production since July and may indicate the end of the temporary slowdown.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 13, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: ADVANCE RETAIL SALES IN NOVEMBER

This morning at 8:30 a.m. the Commerce Department will release the advance report on retail sales for November.

Good news! Retail sales increased 1.8 percent in November, following a decline of 0.1 percent in October. Sales of durable goods increased 1.7 percent with an especially strong increase in building materials. Sales of nondurable goods increased 1.8 percent with an especially strong increase in apparel. Total retail sales increased 8.3 percent in the past 12 months.

This report, following the employment report, suggests that the temporary slowdown that began in July may be over.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

December 7, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN NOVEMBER

This morning at 8:30 a.m. the Labor Department will release estimates of employment and unemployment for November.

Good news! The unemployment rate for all workers declined from 7.3 percent in October to 7.0 percent in November, and the rate for civilian workers declined from 7.4 percent to 7.2 percent. The unemployment rate for adult men was stable, but the rate declined for all other categories of the labor force.

Employment measured 280,000 in November on the household survey and 303,000 on the establishment money. Almost all of the increase in employment since June has been in the service industries. Average hours worked per week has been roughly constant since June.

This report is an encouraging sign that the economic slowdown starting in June may be about over. The continued growth in employment will support a continued growth of personal income and sales.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

November 30, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: EXPORTS AND IMPORTS IN OCTOBER

This morning at 8:30 a.m. the Department of Commerce will release data on merchandise exports and imports for October.

Exports rose by 1.2 percent in October to \$18.4 billion. Imports fell by 10.6 percent to \$27.6 billion. The decline in imports was in a wide range of manufactured goods; petroleum imports rose slightly. The trade deficit fell to \$9.2 billion, down from \$12.7 billion in September. The trade deficit for the year to date is \$105.5 billion compared to a deficit of \$55.5 billion over the corresponding months of last year.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDBSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

November 29, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: LEADING INDICATORS IN OCTOBER

This morning at 8:30 a.m. the Commerce Department will release estimates of the leading indicators in October and revised estimates for recent months.

The index of leading indicators declined 0.7 percent in October, following revised estimates of 0.6, 0.1, -1.8, and -0.9 for September back through June. Of the 10 indicators reported, 3 increased and 7 declined. This pattern indicates a sputtering economy but no imminent recession. All prior postwar recessions have been preceded by four successive monthly declines in this index. A continued lack of money growth, however, would probably lead to a minor recession in early 1985.

The index of coincident indicators increased 0.5 percent in October, following revised estimates of 0.0 in September and 0.1 in August.



THE SECRETARY OF THE TREASURY
WASHINGTON

November 26, 1984

JAB
El Support
Rita Campbell
Allen Walker
Jim Mills

MEMORANDUM FOR JAMES A. BAKER III
CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT

FROM: Donald T. Regan *DR*

SUBJECT: **Council of Economic Advisers Vacancies**

You are, of course, aware that the Chairmanship of the Council of Economic Advisers has been vacant since July. It is my understanding that Bill Poole also plans to leave the CEA early next year. Although I can make a strong argument that the President, any President, doesn't need the CEA to be economically well-advised, the fact is that the CEA does exist by Congressional mandate. That being the case, I believe that it could only be a source of embarrassment for the President, and a point of criticism by Congress and the media, to have two vacant seats on the CEA, no Chairman, and no nominations pending at the time the Administration submits its FY '86 budget.

Accordingly, I strongly recommend that the decision regarding the CEA be addressed in the very near future. Depending upon the President's wishes as to what economic advice he wishes to have, from whom, and how, the CEA can be structured both in people and in format to serve the President. Time will be needed to secure the necessary financial and security clearances and still enable the President to nominate someone as soon as Congress returns.

I would like to see at least three individuals considered for the Chairmanship:

Dr. Beryl Sprinkel, Under Secretary for Monetary Affairs at the Department of the Treasury, who after four years in this Administration, has enormous experience in both domestic and international finance. Prior to coming here, he was well known as a forecaster for the Harris Bank of Chicago.

Dr. Rita Ricardo-Campbell, who now serves as a member of the President's Economic Policy Advisory Board and is very well respected in Social Security and health economics.

Dr. Albert H. Cox, Jr., formerly Chief Economist for Merrill Lynch and now special consultant to Merrill Lynch Economics, Inc.; he is a Texan and has been a Ronald Reagan supporter since 1964. He also was a special assistant to Paul McCracken.

(I have attached Dr. Cox's resume; I am sure that John Herrington has resumes for Drs. Ricardo-Campbell and Sprinkel.)

I list these candidates in no particular order and, of course, I would be willing to look at others. But to reiterate, I think it quite important that this matter be resolved quickly.

cc: Edwin Meese III
Michael K. Deaver
John S. Herrington

August, 1984

BACKGROUND NOTES

DR. ALBERT H. COX, JR.

1. Personal:

Born: St. Louis, Missouri, October 13, 1932
Wife: Frances
Children: Cynthia (22) and Bruce (20)
Home Address: 80 Tanglewylde Avenue, Bronxville, New York 10708
Business Address: Merrill Lynch Economics, Inc.
One Liberty Plaza, New York, New York 10080

2. Education:

B.B.A. and M.B.A. (Finance), University of Texas, 1954 and 1956
Ph.D., University of Michigan, 1965 (Fields: Finance, Economic Theory, International Trade)

3. Employment:

With Merrill Lynch & Co. since 1970:

Currently Special Consultant to Merrill Lynch Economics, Inc. and Managing Director, Merrill Lynch Capital Markets Group.
Formerly Chairman, Merrill Lynch Economics (1981-82); President (1976-80); Chief Economist, Merrill Lynch & Co. (1976-81); Executive Vice President, Chief Economist, and Director, Lionel D. Edie & Co. (1970-76); Director, Merrill Lynch Capital Fund (1976-80); Director, Lionel D. Edie Capital Fund (1973-76)

Special Assistant to the Chairman, Council of Economic Advisers, Executive Office of the President, Washington D.C. 1969-1970.
Vice President and Economist, First National Bank in Dallas 1964-1969.
Secretary, Banking and Financial Research Committee, American Bankers Association, New York 1963-1964.
Assistant Vice President and Associate Economist, Republic National Bank, Dallas, 1962.
Economist, First National City Bank, New York 1960-1961.
Assistant Professor of Finance, Southern Methodist University 1959-1960.
Research Analyst, Federal Reserve Bank of Chicago 1957-1958.
Lecturer in Finance, University of Texas 1955-1956.

4. Publications:

Book: Regulation of Interest Rates on Bank Deposits
Michigan Business Studies, 1966

Articles:

"Defensive Open Market Operations and the Reserve Settlement Periods of Member Banks" (with Ralph F. Leach), Journal of Finance, March, 1964.

"Perpetual Prosperity: The Hardest Stretch of the Road," Financial Analysts Journal, March-April, 1966.

"Regulation of Interest on Deposits: A Historical Review," Journal of Finance, May, 1967.

"Economic Policymaking Must Change," New York Times, January 6, 1974.

"Tax Credit as an Inflation Fighter" (with George J. Wino), New York Times, September 22, 1974.

"Is Unemployment a National Disaster," New York Times, March 9, 1975.

"Environmentalism: The Economy's Hidden Enemy," Bankers Monthly Magazine, March 15, 1975.

"Monetarism in Theory and Practice," Bankers Monthly Magazine, September 15, 1977.

"Crisis Syndrome," Bankers Monthly Magazine, March 15, 1981.

"Neglected Signs of an Emerging Prosperity," Bankers Monthly Magazine, March 15, 1982.

"Economic Outlook Trends: Favorable and Optimistic," The Real Estate Professional, July/August, 1982.

"Reaganomics Needs a Fresh Start," Bankers Monthly Magazine, September 15, 1983.

"Will the Voters Rescue Reaganomics?," Bankers Monthly Magazine, March 15, 1984.

5. Clubs and Associations:

National Association of Business Economists; American Economic Association;
Economic Club of New York; Bronxville Field Club, Siwanoy Country Club.

6. Other:

Associate Editor, Business Economics (Journal of the National Association of Business Economists) 1966-1969.

Board of Directors, National Association of Business Economists, 1970-1973.

Banking, Monetary and Fiscal Affairs Committee, Chamber of Commerce of the United States of America, 1972-1974.

Economic Advisory Board, U.S. Department of Commerce, 1975-1976.

Chairman, Economic Advisory Committee, Securities Industry Association, 1979-1980.

Inflation Policy Task Force, President-elect Ronald Reagan, 1980.

Contributing Economist, Bankers Monthly, 1970 --

Television Appearances - Wall Street Week, McNeil-Lehrer Report, Take Two (CNN), ABC, NBC, CBS News.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

~~MEMORANDUM FOR SENIOR STAFF~~
WILLIAM A. NISKANEN
WILLIAM POOLE

November 21, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: DURABLE GOODS ORDERS AND AND SHIPMENTS
FOR OCTOBER

THIS
~~Tomorrow~~ morning at 8:30 a.m. the Commerce Department will release estimates of new orders and shipments of durable goods for October.

New orders of durable goods declined 4.1 percent in October, following a 3.3 percent decline in September. New orders for steel and glass increased slightly, and new orders for machinery declined sharply.

Shipments of durable goods increased 0.4 percent in October, following a 2.1 percent decline in September.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
WILLIAM POOLE

November 21, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: CONSUMER PRICES IN OCTOBER

This morning at 8:30 a.m. the Department of Labor will release the Consumer Price Index for October.

Consumer prices increased 0.4 percent in October, following the same rate of increase in September. The price of medical care increased by 0.5 percent and the price of energy at a 0.3 percent rate. Over the past twelve months, the Consumer Price Index has increased by 4.2 percent.

The rate of consumer price inflation has now been very stable at near the present rate for most of the current recovery.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

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WILLIAM A. NISKANEN
WILLIAM POOLE

November 20, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*

SUBJECT: GNP AND CORPORATE PROFITS IN THE THIRD QUARTER

This morning at 8:30 a.m. the Commerce Department will release revised estimates of GNP and the first estimates of corporate profits in the third quarter.

Real GNP is now estimated to have increased at a 1.9 percent rate in the third quarter, compared to the preliminary estimate of 2.7 percent. Real final sales declined at a 0.5 percent rate. Personal consumption expenditures were weak, business fixed investment continued to be very strong, and net exports declined sharply.

The GNP implicit price deflator increased at a 3.7 percent rate, only slightly higher than the preliminary estimate.

Real GNP growth in the third quarter now appears to be lowest in the current recovery. The weak final sales was directly related to the very low level of money growth from June through September.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON 20540

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
WILLIAM POOLE

November 20, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: HOUSING STARTS AND PERMITS IN OCTOBER

This morning at 8:30 a.m. the Commerce Department will release estimates on housing starts and building permits in October.

Housing starts declined 9.8 percent in October to a 1.515 million seasonally adjusted annual rate, the lowest rate since April 1983.

Building permits declined 2.2 percent in October, the fourth consecutive monthly decline, to the lowest rate since December 1982. Single-unit permits declined 7.3 percent in October.

There are no encouraging signs of a near-term recovery of housing.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

DATE: FEBRUARY 1, 1984
BY: WILLIAM A. NISKANEN
FOR: SENIOR STAFF

November 15, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WVN*
SUBJECT: INDUSTRIAL PRODUCTION IN OCTOBER

This morning at 9:30 a.m. the Federal Reserve Board will release the index of Industrial Production for October.

Total industrial production was unchanged in October. The September number was revised upward from -0.6 percent to -0.5 percent. Final products increased 0.2 percent. Intermediate products declined 0.3 percent and materials declined 0.4 percent. Mining reported a large decline of 3.7 percent in connection with the coal strike.

This report is the third consecutive month of significantly slower growth in industrial production. It portends slow growth for the economy generally in the fourth quarter.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
WILLIAM POOLE

November 9, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: PRODUCER PRICES IN OCTOBER

This morning at 8:30 a.m. the Department of Labor will release the Producer Price Index for October.

The index for finished goods declined 0.2 percent in October, following the 0.2 percent decline in September. A major part of the decline in this index represented a 1.2 percent decline in new car prices, adjusted both for quality changes and the seasonal pattern. This index increased 1.4 percent over the past 12 months.

Food prices increased slightly and energy prices increased 1.5 percent; the price of finished goods other than food and energy declined 0.5 percent. Crude material prices other than food and energy declined 1.5 percent.

There is every reason to expect continued favorable performance of producer prices. The energy price index reflects September price increases that are not expected to be repeated in the near future.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 01/10/00 BY 1045

November 9, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**

SUBJECT: PRODUCER PRICES IN OCTOBER

This morning at 8:30 a.m. the Department of Labor will release the Producer Price Index for October.

The index for finished goods declined 0.2 percent in October, following the 0.2 percent decline in September. A major part of the decline in this index represented a 1.2 percent decline in new car prices, adjusted both for quality changes and the seasonal pattern. This index increased 1.4 percent over the past 12 months.

Food prices increased slightly and energy prices increased 1.5 percent; the price of finished goods other than food and energy declined 0.5 percent. Crude material prices other than food and energy declined 1.5 percent.

There is every reason to expect continued favorable performance of producer prices. The energy price index reflects September price increases that are not expected to be repeated in the near future.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20503

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
WILLIAM FODOR

November 2, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN OCTOBER

This morning at 8:30 a.m. the Department of Labor will release data on employment and unemployment in October.

The unemployment rate was unchanged in October at 7.3 percent for all workers and 7.4 percent for civilian workers. The unemployment rate declined slightly for adult men and teenagers and increased slightly for adult women and minority groups.

Total employment increased 332,000 in October as measured by the household survey and 441,000 as measured by the more reliable establishment survey. Most of the increased employment was in the service industries. Average weekly hours declined slightly to 35.1. This increase in employment is somewhat higher than the average monthly increase during this recovery and suggests an increase in economic growth in the fall quarter.

Total employment is now 5.7 million higher than in January 1981 and is 6.6 million higher than in November 1982. Total unemployment is 357,000 higher than in January 1981 and is 3.5 million lower than in November 1982. The unemployment rate (for civilian workers) was 7.4 percent at the beginning of the Carter Administration, 7.5 percent at the beginning of this Administration, and is now 7.4 percent.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20503

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
WILLIAM F. BOOLE

October 31, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN

SUBJECT: EXPORTS AND IMPORTS IN SEPTEMBER

This morning at 10:00 a.m. the Commerce Department will release data on merchandise exports and imports in September.

Exports increased 0.8 percent in September to \$18.2 billion. Imports increased 10.5 percent to \$30.8 billion, reflecting a general increase in imports other than petroleum and steel products. The trade deficit increased sharply to \$12.6 billion. The total trade deficit through September was \$96 billion, about twice the rate during the same period in 1983.

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WASHINGTON, D.C. 20500

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
ECONOMIC POLICY

October 31, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN

SUBJECT: LEADING INDICATORS FOR SEPTEMBER

This morning at 8:30 a.m. the Commerce Department will release the Index of Leading Indicators for September.

Leading indicators increased 0.4 percent in September, following a (revised) decline of 0.1 percent in August and larger declines in July and June. Of the 11 indicators reported, six increased. The September increase should allay concerns about a near-term recession, because all prior postwar recessions have been preceded by a decline in the leading indicators for four consecutive months.

The index of coincident indicators, a measure of the general current strength of the economy, increased 0.1 percent in September and has been roughly constant since June.

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WASHINGTON, D.C. 20503

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
1000 1400 LE

October 24, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: CONSUMER PRICES IN SEPTEMBER

This morning at 8:30 a.m. the Department of Labor will release the Consumer Price Index for September.

Consumer prices increased 0.4 percent in September, following a 0.5 percent increase in August. This report probably overstates the underlying inflation rate, because the significant increase in energy prices in September has since been reversed. The Consumer Price Index has increased 4.2 percent over the past 12 months.

JOINT CHIEFS OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
J. W. ROBUS

October 18, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: PERSONAL INCOME AND OUTLAYS IN SEPTEMBER

This morning at 8:30 a.m. the Commerce Department will release estimates of personal income and outlays in September.

Personal income increased 0.9 percent in September, compared with a (revised) 0.6 percent increase in August, despite a small decline in wages and salaries in manufacturing.

Personal consumption expenditures increased 1.4 percent in September, following two months of no increase.

The personal saving rate has increased to 6.3 percent over the past three months.

The most disturbing news is that the implicit price deflator for personal consumption expenditure increased 0.6 percent in both July and August, following no change in June.

These estimates are consistent with a general improvement in economic conditions in September that is also reflected in the employment and retail sales estimates.

October 17, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN ~~WAN~~

SUBJECT: HOUSING STARTS AND PERMITS IN SEPTEMBER

This morning at 8:30 a.m. the Commerce Department will release estimates of housing starts and building permits in September.

Housing starts in ^{September} ~~August~~ were at a 1.676 million seasonally-adjusted annual rate, up 8.9 percent from the (revised) August rate. The increase in starts was strongest in the South and the West.

Building permits declined 5.4 percent in September, the third consecutive monthly decline, to the lowest rate since December 1982.

The 0.5 percentage point decline in mortgage rates since early August should sustain housing sales for a while, but the continued decline in building permits (one component of the index of leading indicators) is discouraging.

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WASHINGTON, D.C. 20500

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
VOLUME 100-10

October 16, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: INDUSTRIAL PRODUCTION IN SEPTEMBER

This morning at 9:30 a.m. the Federal Reserve Board will release the index of industrial production for September.

Total industrial production declined 0.6 percent in September, the first decline in this index during the current recovery. Auto production declined 5.6 percent and steel production declined 5.7 percent, both declines associated with the brief auto strike. The output of business, defense, and space equipment continued to increase moderately. Total industrial production has increased 7.3 percent during the past 12 months.

The decline in industrial production in September is primarily attributable to the auto strike, and some increase in the October index is expected.



COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
WILLIAM ROOPE

October 12, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: PRODUCER PRICES IN SEPTEMBER

This morning at 8:30 a.m. the Department of Labor will release the Producer Price Index for September.

The index for finished goods declined 0.2 percent in September, following the 0.1 percent decline in August. This index increased 1.6 percent over the past 12 months.

Food prices declined 0.4 percent and energy prices declined 0.8 percent. The price of finished goods other than food and energy did not change. Crude material prices other than food and energy increased 1.2 percent.

The favorable performance of producer prices reflects, in part, the continued strengthening of the dollar in foreign exchange markets. This effect will continue to restrict the broader inflation rates for some time.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20503

~~CONFIDENTIAL~~
WILLIAM A. NISKANEN
JANUARY 1984

October 12, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*

SUBJECT: RETAIL SALES IN SEPTEMBER

This morning at 8:30 a.m. the Commerce Department will release estimates of retail sales in September and revised estimates for August.

Total retail sales in September increased 1.6 percent, following a (revised) decline of -.6 percent in August. Retail sales increased 9.0 percent over the past 12 months.

Almost all categories of sales increased. Sales of apparel, food, and gasoline were especially strong. Sales of furniture and building materials declined slightly.

The increase in retail sales in September, following a two-month decline, should absorb some of the inventory accumulation during the summer and improves the prospects for the fall quarter.

10/5/84 11:11 AM
10/5/84 11:11 AM
10/5/84 11:11 AM

October 5, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN SEPTEMBER

This morning at 8:30 a.m. the Department of Labor will release estimates of employment and unemployment in September. The release and testimony on these estimates will be made whether or not other Federal employees return to work.

The unemployment rate was 7.3 percent for all workers and 7.4 percent for civilian workers, both rates down one-tenth from the August rates (and from the January 1981 rate). The unemployment rate for teenagers increased and the rates for adult women and blacks declined.

Total employment (estimated from the household survey) increased 278,000 or 0.26 percent in September, about the same as the average increase during this recovery. Nonfarm payroll employment increased 139,000 or 0.15 percent, including a small decline in employment in goods producing industries. Average weekly hours increased by one-tenth.

The best summary statement about these conditions is that the changes in employment and unemployment are about normal for this stage of the recovery.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDBSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

October 2, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: HOUSING SALES FOR AUGUST

This morning at 10:00 a.m. the Commerce Department will release estimates of the sales of new one-family houses in August.

New home sales declined 8.1 percent in August to an annual rate of 569,000 units. This is the lowest level of new home sales since August 1983. The supply of unsold homes increased to 7.3 months at the current sales rate, the highest level since August 1982. This large supply of unsold houses suggests that housing starts are likely to stay low for some months, even if sales increase from the August rate.

The median price of new one-family houses increased 1.1 percent in August to \$81,600.

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WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

September 25, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: William Poole W.P.

SUBJECT: Advance Durable Goods Shipments and Orders for August

This morning at 8:30 a.m. the Department of Commerce will release Advance Durable Goods Shipments and Orders for August.

New Orders for durable goods fell 0.9 percent in August. However, the July estimate was revised up 0.9 percent, indicating once again that the advance report should be interpreted carefully. The August decline in new orders was a result of a sharp decline in the volatile aircraft component; new orders other than aircraft rose by 0.9 percent.

Shipments of durable goods in August rose by 2.0 percent from the July estimate, which was revised up by 0.4 percent from the previous July estimate.

Overall, durable goods shipments display continuing healthy gains while durable goods orders seem to have leveled off in recent months.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDBSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

September 21, 1984

MEMORANDUM FOR WHITE HOUSE STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: CONSUMER PRICES IN AUGUST

This morning at 8:30 a.m. the Department of Labor will release the Consumer Price Index for August.

Consumer prices increased 0.5 percent in August, following a 0.3 percent increase in July. Food prices increased at a slightly higher rate, and gasoline prices declined. The (new) CPI-U has increased 4.2 percent in the past 12 months.

The (old) CPI-W, on which the COLA benefits are based, has increased 3.6 percent in the past 12 months, sufficient to trigger these benefits in the absence of new legislation.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D C 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~

WILLIAM A. NISKANEN
WILLIAM POOLE

September 20, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: GNP IN THE SECOND AND THIRD QUARTERS

This morning at 8:30 A.M. the Commerce Department will release revised estimates of the GNP in the second quarter and the "flash" forecast for the third quarter.

Real GNP is now estimated to have increased at a 7.1 percent rate in the second quarter, slightly lower than the 7.6 percent estimate last month. The downward revision reflects lower-than-expected U.S. profits from the rest of the world. Inflation (as measured by the GNP deflator) was revised upward slightly to 3.3 percent.

The "flash" forecast for the third quarter is based on only one or two months data and is subject to substantial revision. Real GNP is now forecast to increase at a 3.6 percent rate in the third quarter. Real final sales increased at only a 0.6 percent rate, down sharply from the (revised) 10.3 percent rate in the second quarter. Consumption expenditures, business-fixed investment, and government purchases increased, and net exports declined. Most of the forecast increase in real GNP represented an increase in inventory accumulation. These forecasts do not reflect any estimate of the effects of the strike at GM; if the current partial strike continues through the end of the month, real GNP growth may be revised downward by 0.3 percent. Inflation continued to decline to a 2.9 percent rate.

The sharp reduction in the growth of final sales in the third quarter was associated with a very slow growth of the money supply. I expect some increase in the growth of both final sales and the money supply in the fourth quarter.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D C 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

September 19, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN **WAN**
SUBJECT: PERSONAL INCOME AND OUTLAYS IN AUGUST

This morning at 8:30 a.m. the Commerce Department will release estimates of personal income and outlays in August.

Personal income increased 0.5 percent in August, compared with a (revised) 0.7 percent increase in July.

Personal consumption expenditures increased 0.1 percent in August, following a (revised) 0.3 percent increase in July.

The personal saving rate has increased to 6.1 percent over the past three months.

These estimates are consistent with a general, but probably temporary, slowing of economic growth reflected in the employment and industrial production estimates for August.

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WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

September 19, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: HOUSING STARTS AND PERMITS IN AUGUST

This morning at 8:30 a.m. the Commerce Department will release estimates of housing starts and building permits in August.

Housing starts in August were at a 1.537 million seasonally-adjusted annual rate, down 12.8 percent from the (revised) July rate. For the first time in many months, there was a substantial decline in multiple-unit starts and in the South.

Building permits were issued at a 1.508 million rate in August, down 3.6 percent from the (revised) July rate.

The general weakening in the housing market since June reflects both the slower growth of personal income and the increase in mortgage rates. In the absence of sustained auto and coal strikes, I expect personal income growth to increase this fall, and mortgage rates have declined somewhat since early August. I do not expect a continued decline in housing activity in the near future.

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WASHINGTON, D. C. 20500

MARTIN FELDSTEIN, CHAIRMAN
WILLIAM A. NISKANEN
WILLIAM POOLE

September 7, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN AUGUST

This morning at 8:30 a.m. the Department of Labor will release estimates of employment and unemployment in August.

The aggregate unemployment rates were 7.4 percent for all workers and 7.5 percent for civilian workers, both rates the same as in July. The unemployment rate for adult women increased slightly and the rate for blacks declined.

Total employment (estimated from the household survey) declined 0.4 percent in August, and the more reliable estimate of nonfarm payroll employment increased 0.2 percent.

The best summary statement about these conditions is that both employment and unemployment were roughly stable in August.

We face the prospect of erratic estimates of the unemployment rate in September because of the problems of seasonal adjustment during the return to school and in October because of a potential auto strike.

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WASHINGTON, D. C. 20500

MARTIN FELDSTEIN, CHAIRMAN
WILLIAM A. NISKANEN
WILLIAM POOLE

August 20, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: William Poole W.P.

SUBJECT: Second Quarter GNP Revisions

At 8:30 a.m. this morning the Department of Commerce will report revised estimates of GNP for the second quarter. Most of the revisions are very small.

Real GNP is now estimated to have increased at a 7.6 percent annual rate in the second quarter. (The previous estimate was 7.5 percent.) The GNP implicit price deflator is estimated to have increased at a 3.2 percent annual rate. (The previous estimate was also 3.2 percent.) However, the GNP fixed weight price deflator, which most analysts believe is a better inflation measure than the implicit deflator, is now estimated to have increased at a 4.2 percent annual rate, slightly above the previous estimate of 3.5 percent.

The only other revision of any particular interest is that second quarter real final sales are now estimated to have increased at a 11.0 percent annual rate. (The previous estimate was 10.4 percent.) This revision reflects a lower estimate of inventory investment, which is probably a positive sign for GNP growth in the present quarter.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

August 17, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: William Poole W.P.
SUBJECT: Personal Income for July

This morning at 8:30 a.m. the Department of Commerce will release personal income and related data for July.

Personal income rose 0.8 percent in July compared to a (revised) 0.9 percent increase in June. The July increase was the same as the 0.8 percent average monthly increase over the first six months of this year.

Disposable personal income rose 0.8 percent in July, the same as the average monthly increase over the first six months of this year.

Personal consumption expenditures rose 0.3 percent in July, slightly less than half the average monthly increase over the first six months of this year. The increase in July personal consumption expenditures may be compared to the decrease in July retail sales reported August 14. The difference in these two indicators reflects seasonal adjustment differences and the broader coverage of the personal consumption expenditures data.

The personal saving rate averaged 5.7 percent over the last three months.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

August 15, 1984

✓
MEMORANDUM FOR JAMES BAKER

FROM: William Niskanen *WAN*
William Poole *W.P.*
SUBJECT: CEA Special Assistant

As you know, the present CEA Special Assistant, Geoffrey Carliner, is leaving the CEA at the end of this week. We have asked one of our staff members, William Haraf, to serve as Special Assistant effective Monday, August 20. Depending on our schedules and on whether important economic data are being released, one of the three of us will be the CEA representative at the Senior Staff meeting each morning.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

August 3, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: EMPLOYMENT AND UNEMPLOYMENT IN JULY

This morning at 8:30 a.m. the Department of Labor will release estimates of employment and unemployment for July.

The estimated unemployment rate for all workers increased to 7.4 percent in July, compared to 7.0 percent in June and 7.4 percent in May. (The corresponding rate for civilian workers was 7.5 percent in July, compared to 7.1 percent in June and 7.5 percent in May.) The increase in the estimated unemployment rate in July reflects an underestimate of the rate in June (due to seasonal-adjustment procedures that are characteristically inadequate in both June and September) and does not represent any significant weakening in the labor market. A more accurate indicator is the change in conditions from May to July. The unemployment rate for most groups of workers was roughly constant from May to July, declining somewhat for teenagers and increasing somewhat for blacks.

Total employment increased 0.1 percent from May to July, and nonfarm payroll employment increased 0.7 percent over these two months. Average hours worked per week in manufacturing has been constant over this period.

These and other recent data indicate the growth of output and employment appears to be slowing, as expected for some time. They are not a cause for alarm.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D. C. 20500

~~MARTIN FELDSTEIN, CHAIRMAN~~
WILLIAM A. NISKANEN
WILLIAM POOLE

July 27, 1984

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: WILLIAM A. NISKANEN *WAN*
SUBJECT: EXPORTS AND IMPORTS IN JUNE

This morning at 8:30 a.m. the Commerce Department will release data on merchandise exports and imports for June.

Exports declined 1.8 percent last month to \$17.6 billion. Imports declined 0.9 percent to \$26.5 billion, the lowest level this year. The trade deficit in June increased 0.8 percent to \$8.9 billion, the second lowest level this year.

In general, trade conditions in May and June are much more favorable than feared earlier this year.