

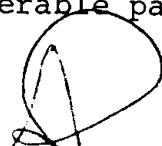
THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 23, 1975

MEMORANDUM FOR THE PRESIDENT

The enclosed article from the London Economist is a stark outline of the crumbling financial and fiscal condition of the United Kingdom. The budgeted level of total governmental expenditures approaches 60 percent of the GNP up from 57 percent in this fiscal year. (Recall that the comparable U.S. figure is one-third, but our transfer payments trend could eventually push us into the U.K. range.) Scheduled borrowing amounts to 9.8 percent of their GNP, the equivalent of approximately \$150 billion of combined deficits for federal, state and local governments in the United States.

Observe that the British economy appears to be at the point where they must accelerate the amount of governmental fiscal stimulus just to stand still. This is clearly a very dangerous situation. The frightening parallels, with a lag, between the financial policies of the U.S. and those of the U.K. should give us considerable pause.


Alan Greenspan
Chairman

*Give this material
To Bob H. & speech writers.*



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