

## DOMESTIC MARKETS NEWSLETTER

# Response By Business and Government Officials to The Fraud

Following are the reactions of leading government and business officials when they were informed that just-released Federal Trade Commission retail figures for the last quarter of 1975 show a sharp rise in outstanding suppliers credit, an indicator that the touted fall "consumer upswing" is a fraud, and that, instead, manufacturers unloaded unsaleable inventories on retailers who have found few buyers.

### Government officials:

Federal Trade Commission, chief economist:

"I don't see how I could have missed this unusually large rise in suppliers credit. Yes, the ratio of this outstanding credit to sales is right where it was before the collapse one year before. I see your point: September (1974) was just before the collapse."

\*John Creneans, director of the Bureau of Business Outlook, Dept. of Commerce:

"I can't make any sense of what you're saying... Which statistics do you mean...Oh..... (long silence)."

\* Bertrand Malkiel, member of the Council of Economic Advisors:

"Well, we'll just have to wait until a month comes along in which there are no seasonal factors. Then we'll know."

\* John Davis, special assistant to Council of Economic Advisors Chairman Alan Greenspan:

"Why those inventory figures are the most unreliable numbers we have."

### Banking and Finance:

\* Gordon McKinley, chief economist, McGraw Hill:

"It's hard to see how production could have continued to rise at the rate that it did. What you say makes absolute sense. These seasonal fluctuations make it nonsense to use seasonal adjustments."

\* George McKinney, chief economist, Irving Trust:

"I'm worried about the recovery turning into a boom. I'm already seeing bottlenecks."

\* James O'Leary, chief economist, U.S. Trust:

"What you've put together seems very good. Get it out. You'll do a service to the nation. I don't trust the seasonal adjustments."

\* Gary Schilling, chief economist, White Weld:

"I don't know what to say. Everything I've been led to believe about the economy seems wrong..."

\* Rupert Hambro, executive director, Hambros Bank:

"The capitalist structure creaks terribly, and sometimes holes in the road appear, and people appear and people drop in."

\* Allan Murray, senior economist, Citibank:

"This is astonishing. How could we have missed that drop in personal income? It's incredible that we were making an upswing projection on the basis of a strong December! You're right — it doesn't look strong at all."