

GNP Gains \$13 Billion In 3 Months

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The U.S. economy racked up "a damn strong first quarter," during which the Gross National Product advanced by a rate of \$13 or \$14 billion. This was revealed by a top official yesterday who emphasized that the results—still in preliminary form—were not conclusive evidence of the need for a tax increase.

This gain boosted the GNP annual rate for the first quarter to \$710 or \$711 billion—the first time that the economy has edged past the \$700-billion mark. In the fourth quarter of 1965, the rate was \$697.2 billion.

Initial estimates of first quarter GNP are based on preliminary showings for January and February. The great strength of non-agricultural employment in March indicates that the boom-like trend continued for the whole quarter.

Two key elements are missing from the preliminary figures, however: a final reading on net exports and on inventory accumulation. Neither of these factors is expected to be as strong as they were during the final quarter of 1965, when GNP rose by a rate of nearly \$16 billion.