

Jobless Rate Up To 7.1%; Reaches 14.5% for Blacks

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The Labor Department said yesterday that unemployment rose from 6.9 per cent to 7.1 per cent last month, and the White House conceded that the economy is in a "temporary lull."

Press secretary Jody Powell told reporters that the administration is ready to act as necessary if "something more fundamental and serious" develops, but that so far the President's economists see no need for such new stimulus.

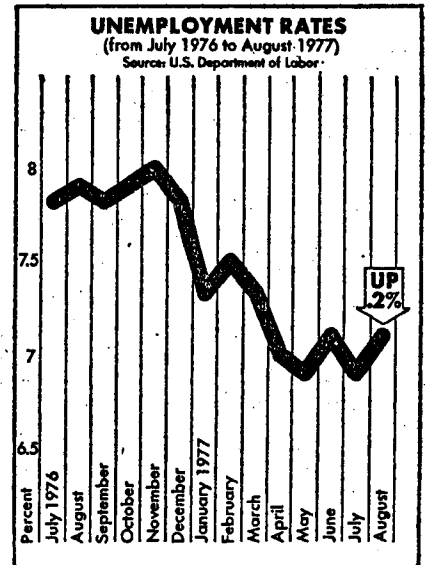
The greatest increase in unemployment came among blacks, whose rate rose to 14.5 per cent, as high as it has been in any month since World War II.

That made the day's news even worse for President Carter, who has been roundly criticized in recent weeks by various black leaders for what they have described as neglect of black needs.

More such verbal barbs came yesterday as Benjamin L. Hooks, executive director of the NAACP, said the new statistics illustrate "the futility of the Carter administration's social and economic policies."

Carter responded by ordering Labor Secretary Ray Marshall and Council of Economic Advisers Chairman Charles L. Schultze to give him a report on black unemployment by Wednesday, when he is scheduled to meet with the Congressional Black Caucus.

The unemployment rate has been essentially the same—hovering around 7 per cent—for five months. Other recent indicators have also suggested the economy is slowing down.



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The Labor Department said that, by one measure, the number of jobs in the economy increased 210,000 in August. But according to another and generally more reliable measure—a survey of non-farm payrolls—the number rose 90,000, and there were 100,000 layoffs in the manufacturing sector.

Commissioner Julius Shiskin of the Bureau of Labor Statistics told Congress' Joint Economic Committee that it is too early to say the economy is in trouble, but added that if the present trend "persists many more months, I think we'll have a real problem on our hands."

He cautioned, though, that economic expansions do not occur smoothly, but in fits and starts, and said he sees no evidence that the present lull presages a recession. He noted that the economy has been growing for 20...

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fore. The rate for black teenagers was 40.4 per cent, as against 14.7 per cent for white teenagers and 17.4 per cent for teenagers overall.

The 14.5 per cent for blacks equaled a high reached in September, 1975.

The Labor Department said the increase in the number of jobs last month was not enough to keep up with the increase in the labor force—the number looking for jobs. The result was that the number unemployed rose 180,000 to 6.9 million, after allowing for normal seasonal aberrations. The number employed was nearly 90.8 million.

Powell, in addition to describing the President as "deeply concerned" about the increase in black unemployment, told reporters yesterday that "should convincing evidence develop that the economy is developing something more fundamental and serious than a temporary lull, the administration will take steps and make recommendations to deal with the situation." He did not elaborate.

Administration officials had predicted that the growth of economic output would slow from 7 per cent in the first half of the year to 5 per cent in the last six months. Economists say the economy must grow at about 4 per cent merely to keep unemployment from rising.

A top administration economic official said yesterday it now looks as if economic growth will be slower than 4 per cent during the third quarter of this year.

But officials are confident that

there will not be a repeat of 1976—when an eight-month pause in growth sent the unemployment rate up to 8 per cent—because the President's package of public service and youth job programs is coming on stream now. These programs are expected to put buying power into the economy and help out many jobless workers, they say.

Although most of the increase in unemployment was concentrated among blacks, none of the major categories fared well last month. The unemployment rate for adult men climbed to 5.2 per cent from 5.1 per cent, while the rate for adult women shad-

owed the national rate, rising from 6.9 per cent to 7.1 per cent.

The average workweek declined for the third consecutive month and at 36 hours was the lowest since last September—except for the cold-induced short weeks in January.

The manufacturing industries which had the most layoffs were textiles, clothing and rubber and plastics. Retail stores boosted their payrolls by nearly 60,000 persons in August, and state and local governments increased hiring by nearly 25,000 persons.

The manufacturing layoffs were offset by increases in other economic sectors.