

Four observations

(1) The total unemployment in "urban poverty neighborhoods" when the Secretary wrote was under 350,000, only a fraction of which was "hard core," and talk of an increase of "several hundred thousand" in the latter from a moderate rise in the national unemployment rate is sheer nonsense.

(2) While the cooling-off-without-recession strategy espoused by the administration implies an increase in unemployment, it does not necessarily imply a reduction of employment. It contemplates a slowing of economic expansion until the growth of the labor force restores a more relaxed and less inflationary labor market. This may or may not involve a shrinkage of total employment, but assuming the strategy works out as planned the decline, if any, should be small, whether in urban poverty neighborhoods or elsewhere.

(3) The former Secretary's statement implies that the only reason the formerly hard-core unemployed lose their jobs is a decline in the total number of their kind at work. But this is not the case. While we lack statistics for this group separately, it appears that for all workers the number of involuntary job severances runs to 5 or 6 million a year even when total employment is steady.⁶⁶ The necessity for finding new jobs arises primarily from this turnover—not from declines in aggregate employment. To the extent this is true of slumdwellers, the problem is already here. While it would be worsened somewhat by a softening of the national labor market, the difference should not be great, for reasons suggested in our next point.

(4) Unemployment in the slums is a *special* problem, relatively independent of the overall situation. Oddly enough, the Secretary chose to ignore a finding to this effect in a study he had just submitted to the President:

"Three facts stand out from all these statistics. One is that unemployment—or subemployment—in the city slums is so much worse than it is in the country as a whole that national measurements of unemployment are irrelevant. Any thinking about unemployment in terms of 3.7 or 4 percent just leaves the slums out * * *."

"The second salient fact is that unemployment and subemployment in the slums are—much more than in other areas—a matter of *personal* rather than *economic* condition. No conceivable increase in the gross national product would stir these backwaters. The problem is less one of inadequate opportunity than of inability, under existing conditions, to use opportunity. Unemployment in these areas is *primarily* a story of inferior education, no skills, police and garnishment records, discrimination, fatherless children, dope addiction, hopelessness.

"But third: Though the *percentages* involved here are deplorably high, the *number of people* involved is comparatively small. The barriers to their useful employment are serious, but they are removable barriers. *The problem is clearly of manageable proportions.*"⁶⁷

⁶⁶ See *The Automation Hysteria*, MAPI, 1965, appendix E. These severances reflect shifts in market shares among competitors, geographical relocations, business failures, seasonal fluctuations, terminations of temporary jobs, and many other factors.

⁶⁷ Department of Labor, *A Sharper Look at Unemployment in U.S. Cities and Slums*, 1968, Summary. (Italic in the original).