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DAWN talks to:

Economist Andrew Brimmer

DAWN: Is something unusual happening with the economic signals in the current recession?

BRIMMER: The economic signals have been mixed, but more fundamentally, the recession is the longest and the deepest we have had in the post - World War II period. I believe the signals are more confused because the recession itself has been so deep and so prolonged.

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DAWN: What is your reading of the prospects for an economic recovery, as to timing of the upturn and how robust?

BRIMMER: As we closed out 1982, the unfolding evidence suggested that economic activity was picking up. I believe economic recovery will begin in the first quarter of 1983 but the recovery's pace will be quite slow compared with the rate of expansion in the past.

I believe that during the first 12 months following this upturn the growth rate will be about 3 to 3.5 percent and that will be roughly half as strong, half as vigorous, as the growth of about 7 percent in real GNP during previous upturns. One reason for that is the continuing high level of interest rates. We really need much lower rates in order to stimulate investment and thus give a bigger boost to the economy.

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DAWN: How does the lenght of the present recession compare with those of the past?

BRIMMER: It will be much longer. This recession will probably turn out to have been 18 to 19 months long, about one and a half times as long as the 11 months, certainly a little less than 12 months, of the average recession since the end of World War II.

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DAWN: For decades, efforts have been made to bring about equal opportunity for blacks in employment. Are there pragmatic reasons to expect improvement soon in the gap between black and white unemployment rates?

BRIMMER: No, there is no reason to expect any improvement in the near term. If anything one should expect the situation to worsen somewhat. And the reason is as follows: We have seen in this recession layoffs that have cut deeply into seniority ranks.

President since July 1976 of Brimmer and Company, Inc., a Washington - based economic and financial consultant firm, Andrew F. Brimmer is a former member of the Board of Governors of the Federal Reserve System and visiting professor at Harvard University. He also is a public governor and vice chairman of the Commodity Exchange, Inc., New York.

Major firms Brimmer serves as adviser or consultant include Tamco Enterprises, Inc.; American Invsco Corp.; Beneficial Corp.; Equitable Life Assurance Society of the United States; Goldman, Sachs & Co.; and Potomac Power Co. He is a director of BankAmerica Corp. and American Security Bank; Gannett Co.; International Harvester; and UAL, Inc. and United Airlines.

And in many parts of the economy, where trade unions are strongly represented, and that's mainly in the industrial sectors, layoffs tend to be by seniority and callbacks tend to be by seniority.

This would mean that, because typically blacks have less seniority than whites in most of these jobs, as economic activity picks up and people formerly laid off are called back, blacks are likely to be far back in the line. Not necessarily at the tail end of the line because there are in some industries now a number of blacks with a lot of seniority. But unfortunately where blacks have a lot of seniority the industries are in bad shape, such as steel, automobiles, and so on.

Andrew Brimmer

Blacks are not represented so heavily in the high technology industries which have done somewhat better and will do better in the future.

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DAWN: Do you agree with those who say that government policymakers have brought down inflation in part by sacrificing jobs?

BRIMMER: No. I wouldn't put it that way. I would say the national objective was to reduce inflation. Monetary policy conducted by the Federal Reserve was devoted to that purpose. In a half - hearted way, government fiscal policy aimed at the same thing.

But the only way to reduce inflation by using tight money and to some extent restrictive budgets (but remember I said that it has been tight money and loose budgets), is to reduce the level of economic activity. Output is affected adversely; jobs are derived from production.

There is a principle in economics which says the demand for labor is derived from the demand for the product. So if the demand for products drops, production drops, and jobs will drop. So it would not be correct to say that policymakers set out to end inflation by sacrificing jobs. It would be correct to say that policy makers knew that, if they use restrictive policies to bring down inflation, output would drop, and unemployment would rise. It was deliberate. It was a byproduct. But the result is bad.

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DAWN: You have favored a sub - minimum wage for teen - agers. Some critics fear such a wage would hurt unskilled adult workers more than it would teen - agers. What would be the benefit of such a sub - minimum wage for teen agers?

BRIMMER: Let us keep in mind what we are talking about. We are talking about a statutory minimum wage which says to employers you cannot pay less than $3.50 an hour or whatever it happens to be at any particular time. So, although there are people, adults as well as teen - agers, who might be willing to work for less, the employer is being told by a statute that he cannot offer that job

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