

WASHINGTON (UPI) —

The cost of living rose 0.5 per cent for the third straight month in August, reflecting higher prices for clothing, gasoline, fruits and vegetables, the Labor Department reported today.

Consumer price increase translates into an annual inflation rate of 6 per cent, larger than administration economists had expected. President Ford has projected an inflation rate of 5 per cent for 1976.

Combined with a slight decline in pay, the August price increase cut into the average worker's real spendable earnings by 0.3 per cent. Real earnings have declined 0.6 per cent over the

past year.

Although food prices rose only a slight 0.3 per cent during August, the figures indicated consumers were not fully benefiting from recent declines in food prices on the wholesale market.

Service prices rose 0.6 per cent for the third consecutive month and the prices of goods other than food also climbed 0.6 per cent for the second straight month.

Administration economists were anticipating that lower food prices would bring some moderation in the nation's inflation rate prior to the Nov. 2 election. Most public opinion polls have identified inflation as the voters' No. 1 concern.

A decline in meat prices

during August, however, failed to offset rising prices for fruits, vegetables, apparel, automobiles, gasoline, motor oil, fuel oil and coal.

The Consumer Price Index stood at 171.9 in August, an increase of 5.6 per cent over a year ago. This means that

and services costing \$100 in 1967, now sell for \$171.9

Inflation began to heat up last May after a virtual lull in the early months of the year. Consumer prices rose 0.6 per cent in May, followed by three consecutive monthly increases of 0.5 per cent.

Clothing and fuel prices accounted for most of the increase in non-food commodities. Gasoline and motor oil prices, which normally decline in August, instead rose 1.5 per cent. Fuel oil and coal prices were up 1.8 per cent,

Apparel prices rose 1.1 per cent as new fall and winter fashions showed up in the stores. The biggest increases were on clothing for women and girls.

Used car prices continued to climb, rising 1.4 per cent in August. New car prices also rose slightly and the cost of driving a car jumped by a full 1 per cent.