

MAXIMUM EMPLOYMENT NEAR IN THE UNITED STATES



The President for the Federal Reserve Bank, Jeffrey Lacker, recently made an announcement in which he stated that the United States is close to reaching maximum employment. This means that the policy makers are not going to have much of a chance to make any adjustments that would help to cut down on the jobless rate and help more people find employment. Lacker says that when people think of the economy and all it has gone through since the recession, the United States is very close to reaching maximum employment at this point. He understands that this may be shocking news to many people, especially those who are still jobless. The federal policy makers feel as though they do not have much control over cutting down on the jobless rate, especially since employment is based on a number of different factors, many of which have nothing to do with money. During the month of June, the unemployment rate in the United States stayed the same at 8.2 percent. In the meantime, Lacker disagrees with several colleagues on ways to improve the economy. He is opposing a \$267 billion extension for the Operation Twist program because he feels it is not going to help the economy and will only contribute to inflation. In June, some federal officials estimated that the unemployment rate would be anywhere from 8 percent up to 8.2 percent but they also believe the unemployment rate for the following year will be anywhere from 7.5 percent to 8 percent. At this point in time, the United States economy is fairly sluggish but there is enough growth to prevent the economy from going through another crippling recession. At this point, it is believed that the growth for the economy will bounce back and form, sometimes doing well and other times disappointing. Many feel pessimistic because the numbers are still not good but according to Lacker, that is what happens during a slowdown. He does not think that people have a huge issue to worry about because he does not feel that the slowdown is going to lead to yet another recession. With fewer jobs created during the month of June, it is believed that the Fed will stick with the interest rate it chose during the recession, which is basically at about zero, for the next three years. During the month of June, fewer people were added to the workforce, which lead to an unchanged unemployment rate. The unemployment rate stayed at 8.2 percent, which caused people to wonder if the economy was getting worse.