

COSTS OF EMPLOYMENT INCREASED IN UNITED STATES



The cost of employment in the United State has increased during the second quarter, along with higher unemployment rates, which has caused some concern of inflation. During the second quarter, the cost of employment increased by a total of 0.5 percent. This increase actually matched the estimate that was originally made by the Bloomberg News survey. In the previous quarter, there was an increase of about 0.4 percent, which is information that was originally provided by the United States Labor Department. There are millions of individuals in the United States who are currently out of work, still dealing with the aftermath of the Great Recession and the toll that it has had on the United States economy as a whole. With around 13 million individuals still out of work and seeking employment, businesses have had the opportunity to stay away from increasing the salaries of these individuals for quite a while the lack of consumer demand has prevented businesses from needing to increase the number of people on payroll. Some of the central bankers in the United States have already pointed out that because income growth is moving at such a slow pace, inflation is likely going to stay at around 2 percent. Meanwhile, the Federal Reserve has made predictions that there will not be much progress made for the unemployment numbers throughout the rest of this year. The chief United States Economist for RBC Capital Markets LLC, Tom Porcelli, recently said, "Wage growth has slowed very sharply. In real terms, we're actually negative." He also said, "Consumer fundamentals are not very sound right now. Aggregate demand is softening." Nearly fifty different economists have made projections on the increases that would occur, many of which vary from the range of 0.3 percent up to 0.8 percent. The employment costs relate to the wages that business payout, along with the benefits employees receive and the taxes that are paid by employers, which would include Social Security. At the beginning of next month, some point in early August, the Labor Department is expected to make reports about the payroll and the increase of hundreds and thousands of workers, along with a gain of around 80,000 workers during the month of June. Even so, the number of people being hired, at this particular pace, will likely not be enough to lower the jobless rate in the United States. At this point, the unemployment rate has been at or above 8 percent for the past three years and has not been lower since. Policy makers for the Federal Reserve plan to gather together to decide whether or not there should be another stimulus created to help with the struggling economy at this point in time.

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