

Current event on macroeconomics

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10th July John Hood. North Carolina Got It Right on Unemployment Benefits, According to the article that was written by John Hood, North Carolina became the first state to end the extended benefits program that was focused at providing assistance to the individuals who have no jobs. On their part, the state legislature and the governor adopted the policy of reducing the duration of unemployment-insurance benefits. As the result of ending the extended benefits program, there were prolonged protests by the residents who were opposed to that move. According to the Paul Krugman, a renowned New York columnist, this was a war on the unemployed. The article indicates that in 2013, North Carolina was the only state in US where the jobless were not provided with the extended benefits yet the state registered had one of the largest improvements in market performance as well as economic growth (John 16). US Bureau of Labor indicated that in the second half of 2013, the payroll jobs in North Carolina rose by 1.5% compared with 0.8% rise in jobs opportunities nationally. Similarly, the unemployment rate in the state dropped by 17% while the nationally it dropped by 12%. Despite the dropping labor force in North Carolina in 2013, it started to rise again in the first quarter of 2014. This article indicates that from June 2013 up to June 2014, North Carolina employment population ratio increased three times more than that of national average. Thus, it is an indication that by ending the extended benefits program, it led to job creation as well as job acceptance.

Notable macroeconomic concepts that are covered by the article include unemployment and extended benefits programs. Extended benefits entail the payments that are available to employees who have exhausted regular

employment insurance benefits. During the periods of high unemployment, the states provides weeks of benefits, a vital economic strategy that aims increasing the consumers purchasing power as well as the aggregate demand. After passing the American Taxpayer Relief Act of 2012 and the signing by the President, the deadlines for the Emergency Unemployment Compensation were extended to December 2013. However, the act did not affect the number of weeks of benefits available under the Emergency Unemployment Compensation. According to the Department of labor, the federal government budgets reduction referred to as sequestration may affect the resident's unemployment insurance benefits in the week ending October 6th. The government has directed the Department of labor to reduce by 7. 2% the payments of individuals who are receiving the federal extended unemployment benefits that start after 26 weeks (U. S. Dept. of Labor). Based on the strategies that North Carolina adopted, it is clear that despite the protesting that was undertaken by the local residents, ending the extended benefits was a policy that was well evaluated before implementation. The impacts that included increased labor force, job creation, job acceptance as well as improved economic performance is a clear indication that it other states and countries emulate such a policy they would significantly improve their economy. The increase in the rates of employment in the state of North Carolina will result into increase in the household income resulting to high demand for products within the state as well as national level.

Works Cited

John, H. North Carolina Got It Right on Unemployment Benefits, 2014.

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U. S. Dept. of Labor. Unemployment Insurance Extended Benefits. Available from [http://labor. ny. gov/ui/claimantinfo/extendedbenefits. shtm](http://labor.ny.gov/ui/claimantinfo/extendedbenefits.shtm)