

## U.S. Wages, Benefits Rise Slightly In 4Q

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WASHINGTON (AP) — Wages and benefits paid to U.S. workers posted a modest gain in the fourth quarter, ending a year in which recession-battered workers saw their compensation rise by the smallest amount on records going back more than a quarter-century.

The anemic gains have raised concerns about the durability of the economic recovery. The fear is that consumer spending, which accounts for 70 percent of economic activity, could falter if households don't have the income growth to support their spending.

The Labor Department said Friday that wages and benefits rose by 0.5 percent in the three months ending in December. For the entire year, wages and benefits were up 1.5 percent, the weakest showing on records that go back to 1982.

The 1.5 percent increase in total compensation in 2009 was about half the 2.6 percent increase in 2008 and both years represented the smallest gains for the government's Employment Compensation Index.

Last year, wages were up by just 1.5 percent and benefits rose by the same 1.5 percent, both record lows. In 2008, wages and salaries had been up 2.7 percent and benefits, which cover such things as health insurance and pension contributions, had risen by 2.2 percent.

The 0.5 percent rise in the fourth quarter for total compensation was slightly higher than the 0.4 percent advance economists had expected, and was the biggest quarterly gain since a 0.6 percent rise in the third quarter of 2008. Compensation had been up 0.4 percent in both the second and third quarters of this year.

Workers' compensation has been battered by the country's deep recession as a loss of 7.2 million jobs over the past two years has depressed wage gains. A separate report from the Labor Department earlier this month showed that nonsupervisory workers' inflation-adjusted weekly earnings fell by 1.6 percent last year, the sharpest drop since 1990.

The concern among economists is that the economic recovery that began in the summer could falter in coming months if consumer spending slows as households remain fearful about boosting spending in the face of such anemic wage growth.

The slow growth in employee compensation has allowed the Federal Reserve to keep interest rates at record low levels in an effort to jump-start economic activity since wage pressures, often a major force driving inflation higher, have been absent.

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