



Unemployment and Possibly Inflation Which is a Symptom of an Ever-Increasing General Price Level

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Abstract: Manado as the capital city of North Sulawesi Province is not immune from unemployment problems. This problem does not just appear and give a momentary impact but also has an impact on problems that are often sustainable in the long term. In general, unemployment can be defined as a situation where a person belonging to the category of the labor force does not have a job and is actively looking for work. The method used is a scientific approach to economic decisions. This method approach starts from the data and then processed into valuable information for decision making. Wages are an acceptance as a reward from employers to workers. The monetary crisis that hit ASEAN member countries, has ravaged the economic structure of these countries. This inflation is caused by an increase in production costs caused by increases in input costs or production factor costs. If population growth is high, if it is not matched by an increase in economic capacity, it will reduce the welfare of a country's population. Wages are an acceptance as a reward from the employer to the workforce for a job or service that has been performed, stated or valued in the form of money determined according to an agreement or statutory regulations and paid on the basis of an employment agreement between the entrepreneur (employer) and the worker including benefits for both workers themselves and their families. This inflation is caused by an increase in production costs caused by increases in input costs or production factor costs. If population growth is high, if it is not matched by an increase in economic capacity, it will reduce the welfare of a country's population. Wages are an acceptance as a reward from the employer to the workforce for a job or service that has been performed, stated or valued in the form of money determined according to an agreement or statutory regulations and paid on the basis of an employment agreement between the entrepreneur (employer) and the worker including benefits for both workers themselves and their families. This inflation is caused by an increase in production costs caused by increases in input costs or production factor costs. If population growth is high, if it is not matched by an increase in economic capacity, it will reduce the welfare of a country's population. Wages are an acceptance as a reward from the employer to the workforce for a job or service that has been performed, stated or valued in the form of money determined according to an agreement or statutory regulations and paid on the basis of an employment agreement between the entrepreneur (employer) and the worker including benefits for both workers themselves and their families.

Key words: Unemployment, ASEAN, Population Growth, Wages, Economy

INTRODUCTION

Manado as the capital city of North Sulawesi Province is not immune from unemployment problems. This problem does not just appear and give a momentary impact but also has an impact on problems that are often sustainable in the long term. In general, unemployment can be defined as a situation where a person belonging to the category of the labor force does not have a job and is actively looking for work. Unemployment is caused by various factors, including the small number of job seekers compared to the number of job seekers, vacancy information is not widely available, and termination of employment occurs because companies are experiencing an economic crisis. In such times,

High unemployment will lead to inequality/unequal distribution of income. This inequality of income distribution causes social inequality or social inequality, where there are people who are deprived and inversely proportional to people who are affluent. Therefore, in overcoming unemployment, we must have a strategy for equal distribution of employment opportunities, because in general unemployment is a workforce that has not had the opportunity to work. With the increase in population each year, the number of labor force increases so that job seekers also increase along with the increase in labor force. The existence of unemployment takes time to match between workers and jobs, workers have different abilities,

This could increase unemployment and possibly lead to inflation, which is a symptom of an ever-increasing general price level. High economic conditions can affect changes in the production of employment opportunities, which can cause an increase in inflation and affect unemployment. The fluctuating inflation rate is due to continuous increases in production costs so that factor costs of production continue to rise. In 2011, inflation was recorded at 0.67% until it experienced a significant increase of 9.67% in 2014 due to prices that tended to increase. Therefore, in carrying out production activities, humans play an important role in each of their activities, because without humans, the company will not run as planned.

METHOD

The method used is a scientific approach to economic decisions. This method approach starts from the data and then processed into valuable information for decision making. While the type of data used is Secondary Data, namely data obtained from a second party, in this case the Central Statistics Agency (BPS) of Manado City and the Central Statistics Agency (BPS) of North Sulawesi Province. This method must also use a quantitative tool in the form of Eviews 10 software to process the data. The quantitative approach basically emphasizes its analysis on numerical data (numbers) which are processed using statistical methods and carried out in differential research (in the context of testing hypotheses). The conclusion results in an error probability of null hypothesis rejection. With the quantitative method will be obtained the significance of group differences or the significance of the relationship between the variables studied. (Sugiyono, 2014: 14).

DISCUSSION

Wages Concept

Wages are an acceptance as a reward from the employer to the workforce for a job or service that has been performed, stated or valued in the form of money determined according to an agreement or statutory regulations and paid on the basis of an employment agreement between the entrepreneur (employer) and the worker including benefits for both workers themselves and their families (Achmad, 2006). Pursuant to the provisions of Article 1 paragraph 1 of Law No. 78 of 2015, wages for the rights of workers/laborers received and stated in the form of money as compensation from employers or employers to workers/laborers are determined and paid according to a work agreement, agreement, or laws and regulations, including allowances for workers/laborers and their families for work and/or services that have been or will be performed.

Wages are one of the elements to determine the cost of goods in the company, because inaccuracy in determining the amount of wages will be very detrimental to the company. Provisions regarding the minimum wage are regulated as in articles 41-50 of Law No. 78 of 2015. The minimum wage as referred to in Article 41 paragraph 1-2 consists of: (1) The governor determines the minimum wage as a safety net. (2) The minimum wage as referred to in paragraph (1) is. The lowest monthly wage consisting of: Wages without allowances. and basic wages including fixed allowances. Therefore there are several important factors that influence the level of wages, namely the supply and demand for labor. For jobs that require high skills and the number of workers is scarce, wages tend to be high, whereas for positions that have abundant supply, wages tend to fall. Wages are actually a reward for employee performance. The higher the work performance of employees, the greater the wages they receive. This work performance is expressed as work productivity. However, the government with its regulations affects the level of wages. Regulations regarding wages are generally a lower limit on the level of wages that must be paid (Mankiw, 2006).

According to (Aziz et al., 2016) In the standard understanding that has been determined internationally, what is meant by unemployment is someone who has been classified in the labor force who is actively looking for work at a certain wage level, but cannot get the job he wants. Remuneration depends on the company's ability to pay. For companies, wages are a component of production costs, high wages will result in high production costs, which will ultimately reduce profits. Normal Wage Theory (David Ricardo). According to this theory, wages are determined by referring to the costs required to cover all the necessities of life for workers/laborers or workers. With this theory it is emphasized to workers/laborers that the amount of money they receive as wages is reasonable because such is the only ability of the entrepreneur. However, according to the theory of the Theory of the Iron Wage Law (Lassale). According to this theory, the wages paid to workers/labourers based on the normal wage theory above only win the entrepreneur.

Causes of Inflation

According to Atmadja, AS (1999) The monetary crisis that hit ASEAN member countries has shattered the economic structure of these countries. Even for Indonesia, the result of the monetary crisis which then continued in this economic and political crisis, has caused quite significant damage to the joints of the national economy. The monetary crisis that hit Indonesia began with the sharp depreciation of the rupiah exchange rate against foreign currencies (especially the US dollar), due to the domino effect of the depreciation of the Thai currency (bath), one of which has resulted in a spike in the prices of goods imported by Indonesia from overseas. The increase in the price of imported goods, causing the prices of almost all goods sold domestically to increase both directly and indirectly, especially for goods that contain a high content of imported goods. Because it failed to overcome the monetary crisis in the short term, it even tended to be protracted, causing an increase in the price level to occur in general and to be more protracted. As a result, the national inflation rate soared quite sharply. According to (Sutawijaya, A. 2012) based on several basic theories about inflation, various studies on inflation have been carried out in many countries, both in developed and developing countries. If classified in general, inflation can be seen from various points of view based on the causative factors, inflation can come from the demand side (demand-side inflation), inflation originating from the supply side (supply-side inflation) or a combination of both (demand-supply inflation). From the supply side, the causes of inflation, for example, are wage increases (wage cost push inflation) and increases in the prices of imported goods (import cost inflation).

According to Mulyani, R. (2020), the nature of inflation is divided into creeping inflation, galloping inflation, and hyper inflation. According to the causes of inflation, it is divided into Demand Pull Inflation and Cost Push Inflation. According to its origin, inflation is divided into

domestic and foreign inflation. Meanwhile, according to public expectations, it is divided into Expected inflation and Unexpected inflation. In conventional economics, the way to deal with inflation is to implement monetary policy, fiscal policy, non-monetary/non-fiscal policy. Whereas in Islam inflation is overcome by printing money with a low/minimum amount, implementing the Dues Idle Fund strategy, and implementing fiscal policy.

The Relationship of Inflation to Unemployment

Inflation is a continuous rise in prices. An increase in just one or two goods is not called inflation. Except broadly to (resulting in an increase in) most of the prices of other goods. (Susanto, Edyson, 2017). Inflation is an increase in commodity prices in general caused by an out of sync between the program of the commodity procurement system (production, pricing, printing of money, etc.) with the level of income owned by the community. The result of inflation in general is the decline in people's purchasing power because in real terms the level of income also decreases. So suppose the amount of inflation in the year in question increases by 5% while income is fixed,

The relationship between inflation and unemployment began to attract the attention of economists in the late 1950s. AW Philips in his writing entitled *The Relation Between Unemployment and The Rate of Change of money Wage rate in the United Kingdom*. A study conducted by AW Philips on the relationship between rising wage rates and unemployment rates for workers in England in 1957–1986. The results of the study prove that there is a negative relationship between wage rate increases and unemployment rates. Inflation is considered a monetary phenomenon, due to a decrease in the value of a monetary unit of account for a commodity. Inflation is a symptom indicating a continuous increase in the general price level. The price increase is not intended to occur momentarily. If you want to achieve high employment opportunities, means as a consequence must be willing to bear the burden of high inflation. From this understanding, if there is a price increase that is only temporary, it cannot be said to be inflation. For example, the price of goods rises before Eid or other holidays. Because when Eid is over, the prices of goods return to their original conditions, such prices are not considered inflation (Rozalinda, 2015).

This inflation is caused by an increase in production costs caused by increases in input costs or production factor costs. As a result of rising production factor costs, producers can do two things, namely directly increasing the price of their products with the same number of offers or increasing the price of their products due to a decrease in the amount of production. If it is due to the supply factor, the problem is that even if the existing capacity is used up, there is still a lot of demand, causing inflation. Inflation is due to the demand factor due to more liquidity, whether it comes from the financial (monetary) side or due to high expectations of new orders. A's findings. W Philips was further developed in the United States by Paul Samuelson and Robert Solow to prove the existence of a negative relationship between the growth rate of inflation and the growth rate of unemployment (unemployment rate). The Philips curve proves that price stability and high employment opportunities cannot occur simultaneously because there must be a trade off.

The Relationship between Total Population and Unemployment

Malthus argued about the relationship between population, real wages, and inflation. When the working population grows faster than food production, real wages fall, because population growth causes the cost of living, namely the cost of food, to rise. When the real wage in a region is high, it will affect unemployment. When there is an increase in real wages, a company will reduce the number of workers, while the supply of existing labor remains high. When the supply of labor is higher than the demand for labor, there will be unemployment, meaning that Malthus thinks that there is a positive effect between unemployment and population, in contrast to Emili Durkheim's

opinion, he thinks that unemployment and population have a negative relationship. when the population increases, there will be competition for everyone to further improve their education and skills (Lindiarta, 2014). High population growth generally occurs in developing countries such as Indonesia. If population growth is high, if it is not matched by an increase in economic capacity, it will reduce the welfare of a country's population. The impact of the population explosion includes increasing unemployment, crime, and worsening social conditions (Wahhab, 2020). If population growth is high, if it is not matched by an increase in economic capacity, it will reduce the welfare of a country's population. The impact of the population explosion includes increasing unemployment, crime, and worsening social conditions (Wahhab, 2020). If population growth is high, if it is not matched by an increase in economic capacity, it will reduce the welfare of a country's population. The impact of the population explosion includes increasing unemployment, crime, and worsening social conditions (Wahhab, 2020).

Population explosions, especially those that are uncontrolled, certainly have negative impacts, the following are negative impacts arising from population explosions: (1) The poverty rate is increasing because rapid population growth is not matched by economic growth. (2) Food shortages, as a result of growth population that is not balanced with the amount of land to produce food. (3) The emergence of settlements or slums in urban areas as a result of the high price of land and houses. (4) The government has difficulty providing community-needed facilities such as educational facilities, health facilities, and housing because the locations are already densely packed with residential populations and large amounts of funds . (5) The increasing need for space and environment.

Total population is the number of productive age people aged 15-64 years. Based on the development of the population aged 15-64 years, it has fluctuated from 2006-2011 where the lowest population was in 2011 with 283,682 people and experienced another increase in 2011-2021, in 2021 it was the highest population with 316,854 people. This caused the level of unemployment development in Manado City to fluctuate, recorded in 2006-2013 it experienced a decline, in 2013 was the lowest unemployment with a figure of 16,791 people, but in 2014-2021 it experienced fluctuations with an increasing trend, the highest unemployment was in 2020 with figure of 27,579 inhabitants.

CONCLUSION

Wages are an acceptance as a reward from the employer to the workforce for a job or service that has been performed, stated or valued in the form of money determined according to an agreement or statutory regulations and paid on the basis of an employment agreement between the entrepreneur (employer) and the worker including benefits for both workers themselves and their families. If classified in general, inflation can be seen from various points of view based on the causative factors, inflation can come from the demand side (demand-side inflation), inflation from the supply side (supply-side inflation) or a combination of both (demand-supply inflation).

Inflation is an increase in commodity prices in general caused by an out of sync between the program of the commodity procurement system (production, pricing, printing of money, etc.) with the level of income owned by the community. So suppose the amount of inflation in the year concerned increases by 5% while income is fixed, then that means that in real terms income has decreased by 5% which consequently will also reduce purchasing power by 5% relatively. Based on the development of the population aged 15-64 years, it has fluctuated from 2006-2011 where the lowest population was in 2011 with 283,682 people and experienced another increase in 2011-2021, in 2021 it was the highest population with 316,854 people.

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