Unemployment and Foreclosure Numbers Say There Is No Recovery

August 12, 2010 - Although the politicians in Washington keep talking about the current economic recovery, unemployment numbers are telling another story. Last week, new claims for unemployment rose even though most analysts were predicting a drop. The government numbers indicate that the overall unemployment rate will edge up this month and are grim news to anyone expecting a fourth quarter turn-around.

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New claims for unemployment increased by 2,000 over the previous week. This brings the seasonally adjusted rate to 484,000 lost jobs; the highest it has been since February. The news is a sign that companies are increasing layoffs once again. At the same time, uncertainty about tax rates and the cost of health care reform are keeping many business owners from hiring. Congress has failed to pass an extension for any of the Bush tax cuts which are scheduled to expire at the end of this year. And new taxes created to fund President Obama's health care reform bill will also begin to hit business owners in January.

Adding to the uncertainty for business owners is the fact that the President's Deficit Reduction Commission is not going to issue its first report until after the November elections. Many analysts expect that the report will call for a national sales

tax; also known as a VAT tax. It may also call for additional tax increases or elimination of certain deductions. The delays in finalizing tax policy for next year are likely to continue to stymie hopes of job growth.

In another sign that the economy is not moving forward, foreclosure numbers for July increased by 4% over the previous month, and nearly 10% when compared to the same time last year. According to RealtyTrac, there were 325,229 foreclosure filings in July. It was the seventeenth month in a row in which foreclosure filings exceeded 300,000. Nevada, Arizona and Florida had the worst foreclosure rates, and Nevada alone ranked the worst state for foreclosure rates for the 43rd consecutive month, while California had the highest number of foreclosure. More than 66,000 California households lost their home in July.

In a normal year, there are only around 500,000 foreclosures nationwide. This year, California alone will have more than that and there could be as many as 5 million homes lost around the country.

If there is a recovery going on, it is jobless and quite possibly homeless.

byJim Malmberg

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