Unemployment and Personal Bankruptcies Continue to Rise

August 20, 2010 - Despite repeated recovery pronouncements from Congress and the White House, new unemployment claims continue to increase. Last week, there were more than 500,000 new claims; the worst week in 9 months. Not even this news could stop members of the Congress and the President from talking about how many jobs have been created or saved by the stimulus and ongoing government spending.

(function() {
var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];
s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();

Eleven states have unemployment over 10%, with Nevada having the highest rate of unemployment at 14.3%

Only three states, North Dakota, South Dakota and Nebraska, have unemployment rates below 5%. The overall unemployment rate for the country stands at 9.5%

As ACCESS has previously noted, government released unemployment numbers significantly understate the problem. In Nevada for instance, if you include the number of people who are underemployed or who have given up looking for a new position (known as discouraged workers) the overall unemployment rate for the state jumps to 21.5%.

The new government numbers indicate that companies are continuing to lay off employees even though the government is talking about a recovery. Interestingly, corporate bankruptcy filings are down significantly from the same time last year. This means that companies are doing better overall, but their success is partially based on greater efficiency, higher productivity from the employees they do keep and by outsourcing operations that they do not need to keep internal to their operations.

Not surprisingly, with unemployment continuing to rise, personal bankruptcy filings are soaring. Through the end of June there had been 781,000 bankruptcy filings this year. At the current pace, more than 1.5 million households are likely to file this year. This is the largest number of bankruptcy filings since 2005; when the bankruptcy law changed. It is also a 15% increase when compared to the same time last year.

byJim Malmberg

Note: When posting a comment, please sign-in first if you want a response. If you are not registered, click here. Registration is easy and free.

Follow me on Twitter: