

Foreclosures rise, consumer sentiment falls in US

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Home foreclosures in the US increased 19 percent in October over a year ago, according to a report released by RealtyTrac, Inc., on Thursday. The number of filings was more than 300,000 for the eighth month in a row.

The figures reflect the continued crisis facing millions of US homeowners who face declining wages and soaring unemployment.

The state with the highest foreclosure rate in the country continues to be Nevada, where one out of 80 homes received a foreclosure filing in October.

The state with the highest absolute number of foreclosures was California, with more than 85,000, followed by Florida, Illinois, and Michigan. These four states accounted for more than 50 percent of all foreclosures in the country.

RealtyTrac reported that the number of foreclosures declined slightly from September, down 3 percent. This was the third straight month-on-month decline. James Saccacio, CEO of RealtyTrac, noted, "However, the fundamental forces driving foreclosure activity in this housing downturn—high-risk mortgages, negative equity, and unemployment—continue to loom over any nascent recovery."

A separate report released Tuesday from the National Association of Realtors found that the median sale price for a single-family home fell 11.2 percent from a year ago. This includes a price decline in 80 percent of the country's metropolitan areas.

Lawrence Yun, the group's chief economist, has expressed hope that the prices are bottoming out, pointing to a shrinking supply of unsold homes. "But we need a steady stream of financially qualified buyers to further reduce inventory and get us to a self-sustaining recovery."

The housing market, however, intersects with the social crisis facing millions of workers in the US, which shows no signs of letup and makes this "steady stream of financially qualified buyers" unlikely. Official unemployment is now at 10.2 percent and rising, while a broader measure, which includes involuntary part-time workers and those who have left the labor market, has surged to 17.5 percent.

Employers are using high unemployment as a lever to drive down wages and benefits. Total compensation costs for private employers rose by only 1.2 percent from a year ago in September, the lowest increase since the government began recording the measure nearly 30 years ago.

This situation helped push down consumer confidence in November, ahead of the traditional holiday shopping period in the US, which begins after Thanksgiving (November 26). The Reuters/University of Michigan index, released on Friday, fell from 70.6 in October to 66 in November.

According to the report released along with the new figures, "Confidence tumbled in early November due to the grim financial realities faced by consumers as well as weaker economic prospects for the year ahead—importantly, the decline in confidence was already in place before the announced increase in the unemployment rate to 10.2 percent on November 6."

An article in Bloomberg on the confidence figures noted, "Rising joblessness puts the economy at risk of slipping into a vicious circle of firings and declines in consumer spending that will limit the emerging recovery."

Wall Street traders shrugged off the weaker-than-expected consumer confidence figures and an 18.2 percent increase in the US trade deficit to send stock markets up on the day, thanks to profit reports from

several major companies. American corporations as a whole have been able to boost profits by cost-cutting, job cuts, and the increased exploitation of remaining workers. Thanks to these measures, productivity—output per unit labor cost—is surging.

While planned layoffs fell for the third straight month in October, several major companies have announced mass layoffs over the past week.

On Monday, Sprint Nextel said it was aiming to cut \$350 million in annual expenses, in part by laying off 2,500 workers—6 percent of its labor force. The move follows 8,000 job cuts earlier this year.

California-based computer chip equipment maker Applied Materials said on Wednesday that it would cut 1,300 to 1,500 jobs as part of a plan to trim costs by \$450 million a year. The layoffs will amount to more than 10 percent of its global workforce.

Another California-based technology company, computer game manufacture Electronic Arts, said on Monday that it will lay off 1,500 workers and shift its production focus to higher-profit games.

The continued jobs crisis has been met with indifference by the Obama administration. In a brief statement made on Thursday, Obama emphasized the “limits to what government can and should do, even during such difficult times.” It was necessary to avoid any “ill-considered decision...when our resources are so limited,” he added. (See “Obama announces fraudulent ‘jobs’ summit”)

These remarks pledged to fiscal austerity and “limited government” made clear that the administration will continue to reject any government jobs program or additional stimulus measures. They come after the Obama administration has already handed out trillions of dollars to the banks and continues to spend hundreds of billions on the attempted military conquest of the Middle East and Central Asia.



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