

## NO JOBS, LESS INCOME AND MORE SPENDING



The United States economy continues on a downward spiral toward another recession. As the country still sees unemployment rates going higher, it appears that spending within the country continues to go higher as well. According to a government report released Friday, citizens spent more in the month of August compared to July. While this increase alone testifies favorably to the economy, hopes are dashed after learning personal income fell 0.1% during August, though economists expected a 0.1% rise. Spending, on the other hand, continues to rise at a slow and steady pace. During the month of July, spending among Americans rose 0.8%, and continued even higher by rising 0.2% during the month of August. With consumer spending accounting for approximately 70% of economic activity within the United States, economists take solace in any increase as opposed to decrease in spending. Unfortunately, these spending habits cannot be expected to continue as personal income amounts continue to fall, unemployment soars, and prices for gas and food rise. Moody's Capital Markets Group's chief economist, John Lonski, places blame on the lack of job growth for the declining income throughout the states. Spending may rise, but it is only because Americans are burying themselves in credit card debt and dipping into savings accounts to get by. This cannot successfully maintain the economy in the long run. Nearly 14 million Americans remain unemployed, or a extremely high 9.1%. Additionally, earlier this month the Labor Department reported that the economy did not add any jobs during the month of August. Many expected a weak report for the month, with events like Congress' debt ceiling haggling, stock market zigzagging, downgrading of companies and strikes among vital businesses. However, the report showed even worse numbers than many economists expected. Savings rates also showed a \$40.2 billion drop from the month of July to August. This drop shows a 0.2% drop in savings in August. Banks across the nation are not helping these problems. Most recently, Bank of America has joined the likes of J.P. Morgan Chase & Co., Regions Bank, and Wells Fargo & Co by requiring people to pay a monthly \$5 convenience fee for using the debit card. Other banks are in the works of charging "rent" to keep your money in a savings account. Inconveniences like this among consumers will likely drive spending down even further, or cause consumers to begin using cash instead of the convenient debit card, making shopping more inconvenient for many. With an economic environment with flimsy markets, loss of household assets, declining 401k plans, depressed confidence of consumers and a high unemployment rate, things do not look good. If the economy continues at this pace, instead of no jobs, less income and more spending, it will become no jobs, no income and no spending.