

How Will Consumer Confidence Affect Year-end Spending?

By Charlene Crowell
NNPA Columnist

As September draws to a close, the holiday season will soon be upon us. It is also the traditional time when consumer spending surges make the annual difference between retailers reaching profits or red ink. But according to a recent consumer study conducted by Princeton Survey Research Associates on behalf of BankRate.com, many consumers have already begun tightening household budgets.

"Forty percent of Americans say they have cut back on spending over the past 60 days due to the roller-coaster stock market or concerns about the economy," says Greg McBride, Bankrate's senior financial analyst. "This type of widespread cutback in consumer spending, if sustained for any length of time, is how

recessions are born."

Beyond consumer spending, the study also compared consumer comfort levels today against those of 12 months ago in four other measures: debt, savings, job security and net worth.

In the face of questionable job security, lingering debts, meager savings and lower net worth – the usual merry tone of the holidays may offer less cheer.

If you're feeling as if your total assets are fewer than you'd prefer, there are many others holding that same opinion. Across all education levels, consumers said their net worth is lower today than a year ago. Older Americans ages 50-64 are feeling the

most financial stress. Half on this age group are less comfortable today with their savings than last year. They have also the most likely to have already cut back on spending. Although consumers earning \$75,000 or more were found more comfortable with their savings levels, they too are spending less.

When consumers considered their personal debts, over half surveyed – 51 cent – found they were about the same as last year. This finding suggests that while consumer may manage debts, becoming debt-free for half of Americans is long-term goal, not a short one.

Job security was perhaps the worst measure. More than half – 60 percent – job security is as elusive now as it was last year. Conversely, only 16 percent felt their jobs were safer today. David Denslow, Jr., a distinguished service

professor in the Department of Economics at the University of Florida and a research economist for the Bureau of Economic and Business Research offered his interpretation on lingering job insecurity.

"This increased concern ranges from dropouts to college graduates, from the less-skilled to higher earners, from the young to those approaching retirement. And it is remarkable for the beginning of the third year after the official end of a recession. The third years of the previous two recoveries saw rapid job gains. This time may be different."

In the face of questionable job security, lingering debts, meager savings and lower net worth – the usual merry tone of the holidays may offer less cheer. The economy has taken the form of Ebenezer Scrooge.

Charlene Crowell is a communications manager with the Center for Responsible Lending.

Small Business Lending Offered Through Feds

In Ohio, Vice President Biden Discusses Importance of American Jobs Act for Small Businesses, Announces \$20 Billion Commitment to Increase Small Business Lending

Three-year commitment by 13 major banks will help increase lending to small businesses in underserved communities

Thanks to a recent \$1.5 million SBA-supported loan, Wrap Tite – a manufacturer and distributor of stretch wrap and other packing and shipping products – was able to purchase and renovate a new facility in Solon and hire five new workers. The new small business lending commitments announced today, which represent an increase of 10% or more beyond the current levels of lending at many of the participating banks, mean more small businesses like Wrap Tite will have access to the capital they need to help grow the nation's economy at the local level.

"We know that many small businesses, particularly in traditionally underserved communities, still face challenges in accessing the capital they need to buy inventory, take on that next new order and hire new workers," Administrator Mills said. "These commitments by our lending partners leverage both commercial and government pro-

grams that work and will provide billions of capital to help small businesses all across the country grow and create jobs, and drive local economic growth."

Small businesses growing their payrolls, like Wrap Tite, would get a full 6.2% payroll tax cut for every additional dollar they spend on hiring or increasing wages, covering the first \$50 million of increased wages from the previous year.

SBA offers government guarantees on loans to small businesses

Businesses purchasing new equipment would be able to expense their investments through the end of next year. Because Wrap Tite made a \$250,000 investment in three new machines over the past year, they could already benefit from expensing provisions currently in place; the American Jobs Act would extend that tax relief through the end of 2012.

SBA offers government guarantees on loans to small businesses made by private lenders. In Fiscal Year 2011, SBA has sup-

ported over \$28 billion in small business lending. The commitment from lenders today will build on that success and increase the flow of capital to small businesses throughout the country.

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We honor the many accomplishments of African Americans.



It is our primary goal as a labor union to better the lives of all people working in the building trades through advocacy, civil demonstration, and the long-held belief that workers deserve a "family wage" - fair pay for an honest day's work.

A family wage, and the benefits that go with it, not only strengthens families, but also allows our communities to become stronger, more cohesive, and more responsive to their citizens' needs.

Our family wage agenda reflects our commitment to people working in the building trades, and to workers everywhere. In this small way, we are doing our part to help people achieve the American Dream. This dream that workers can hold dear regardless of race, color, national origin, gender, creed, or religious beliefs.

The Pacific Northwest Regional Council of Carpenters

Representing more than 5,000 construction workers in Oregon State.

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