Study: Nearly half of Americans living in "liquid asset poverty"

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A new study reveals that living standards for nearly half of the US population remain stagnant or have plummeted six years into the recessionary crisis. Released by the Corporation for Enterprise Development (CFED) last Thursday, *Treading Water in the Deep End: CFED's 2014 Assets & Opportunity Scorecard* exposes the claims of government officials and media pundits that the average American citizen is doing better than ever.

"Reading the news, it would be easy to conclude that the economy is chugging along toward full recovery," the reports' authors write. "Yet, ask the average middle class American and their economic outlook is anything but healthy."

The report ranks each state in terms of the standard of living of its residents as well as policies that have been implemented to help them reach financial security. It measures five different categories: financial assets, income, businesses and jobs, housing and homeownership, health care and education.

The report pays specific attention to what it terms "liquid asset poverty," in which a four-person household maintains less than three months' worth of savings, or $5,887, at any given time. Roughly 44 percent of all US households fall into this category, the report states.

"Liquid asset poverty means there is no 'slack' in a family's budget," the study notes. "If a liquid asset poor family faces an unforeseen expense, such as a broken down car or a medical bill, they have to borrow to cover the tab." This can mean devastating consequences for the 56 percent of US households with subprime credit ratings.

Such households will oftentimes be refused typical loans, instead being forced to suffer the predatory rates of payday lenders. In the state of Mississippi, ranked 50th in the country for financial assets and income, more than two-thirds of households' credit scores are considered subprime.

According to the authors, 89 percent of this section of the population is employed, 48 percent has at least obtained some college education and, of households with children, more than half are headed by both parents. Tellingly, the report notes that roughly one in four households possessing incomes of $56,113 to $91,356 yearly and considered to be "middle class" also falls into the category of "liquid asset poor."

In homes with less than $18,193 in total assets, 78 percent fall into the ranks of "liquid asset impoverished." The report found that 61 percent of African-American households fall into the latter category.

"Liquid asset poverty also means deferring future financial security—whether that is saving for retirement or investing in a home or college education," the authors state. Across the country, employers are eliminating paid retirement plans, dropping the total percentage of workplaces carrying such benefits to 44 percent, down a percentage point from 2010.

Likewise, homeownership has fallen in the same period from 65 percent to 64 percent, while average college loan debt has increased to $29,400 in 2012 from $27,150 in 2011, an 8 percent increase in one year.

Other study findings show that the District of Columbia is the worst in the nation for the percentage of houses owned by their occupants, with only 41.5 percent of the District's residents owning their homes, compared to a 63.9 percent national average. The economy of West Virginia consists of nearly one in three jobs being classified as low-wage (33.2 percent), second worst in the US. In Nevada, the report found that 25 percent of the state's population was uninsured for health care, the lowest rate in the US.

Though the CFED report notes that there are often connections between the policies implemented at the state level and the resulting social outcomes, "Even with strong policies, it is more difficult to improve outcomes in states that have high levels of income inequality, a high cost of living and substantial demographic diversity."

The report takes notice of New York, Connecticut and New Jersey, all of which rank in the top 10 on the report's list of policy initiatives, and yet still trail in standard of living. This serves to underline the inadequacy of the measures being promoted at the state and federal level to alleviate poverty and suffering.

Many of the report's rankings serve to obscure the social situation in many states. In Minnesota, ranked seventh in the report for instance, there is not a mention of the rapid decline in the state's standard of living, which has plummeted since the financial collapse of 2008. A report released during the summer in 2013 showed that since the mid-2000s the state's median income has fallen by $13,000, the steepest decline of any state.

The CFED study is the latest in a series of reports which expose the hoax of the so-called economic recovery being promoted by the Obama administration and a servile media, as well as underlining the effect that government austerity policies have had on the population.

The December jobs report showed that the economy had added only 74,000 positions during the holiday season, half the amount needed to simply keep up with population growth. Likewise, a US Census report released in September showed that the poverty rate in America has risen to more than 15 percent, the highest in a generation.

Similarly, a study released recently by Oxfam showed that the wealth of just 85 individuals dwarfs that of the poorest half of the world's population. Likewise, a report released by UBS and Wealth-X in November found that the collective net worth of the world's billionaires has doubled to $6.5 trillion since 2009.