

One in three people in the US live “hand-to-mouth”

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One in three people in the United States live paycheck to paycheck, without any significant cash or savings reserves, according to a paper published last week by the Brookings Institution. While 16 percent of the population—49.7 million individuals—is officially classified as poor, the number of people living “hand to mouth” is twice as large.

The study expresses the fact that the great majority of working people in the United States live in an economically precarious state, even if they are not officially classified as being in poverty. The report categorizes “hand-to-mouth” households as those who “spend all of their available resources in every pay-period, and hence do not carry any wealth across periods.”

Of the 38 million households who live paycheck to paycheck, two thirds do not technically fall below the poverty line. These households “own positive illiquid wealth,” such as houses, cars, and retirement funds, in spite of their low, or even negative, holdings of liquid wealth,” such as cash, checking, and savings accounts.

The report observes, startlingly, that “nearly one half of U.S. households would probably be unable to come up with \$2,000 in 30 days.”

The study, entitled the Wealthy-Hand-to-Mouth, includes figures for the U.S., Canada, Australia, the U.K., Germany, France, Italy, and Spain. Among all of these countries, the US had the highest percentage of its population living “hand to mouth.”

The release of the report corresponds with an earlier study released last month by the Corporation for Enterprise Development (CFED) showing that nearly half of all Americans were classified as “liquid asset poor,” in which “If a... family faces an unforeseen expense, such as a broken down car or a medical bill, they have to borrow to cover the tab.”

The report follows the release of a report by the Organization for Economic Co-operation and Development (OECD), which detailed record levels of poverty, joblessness, hunger, youth unemployment and wealth disparity in the United States since the 2008.

The study found that In the US, the top 1 percent of the population earned 19.3 percent of all income in 2013, more than double its earnings in 1985. The percentage of people in the US who said they could not afford food for themselves and their family in the past twelve months increased from 13.4 percent in 2006 to 21.1 percent.

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