

2012

Impact of the Great Recession on Middle Class Americans

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Recommended Citation

Morreale, Joseph and Yeung, Julia, "Impact of the Great Recession on Middle Class Americans" (2012). *Student-Faculty Research Projects*. Paper 2.

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Impact of the Great Recession On Middle Class Americans

Research Conducted by:

Professor Morreale

Julia Yeung

Introduction

- Great Recession (Late-2000s Recession)
- Importance of Studying the Impact on the Middle Class



The Middle Class?

Percent Distribution of Households

Households	Each Fifth	Income Distribution
Lowest Fifth	Lowest 20%	\$0 – \$25,000
Second Fifth	20% - 40%	\$25,000 - \$50,000
Third Fifth	40% - 60%	\$50,000 - \$75,000
Fourth Fifth	60% - 80%	\$75,000 - \$110,000
Highest Fifth	Top 20%	\$110,000 or more

Hypothesis

The Great Recession had caused the Middle Class to shrink & much more than the previous Post-WWII recessions

Methods

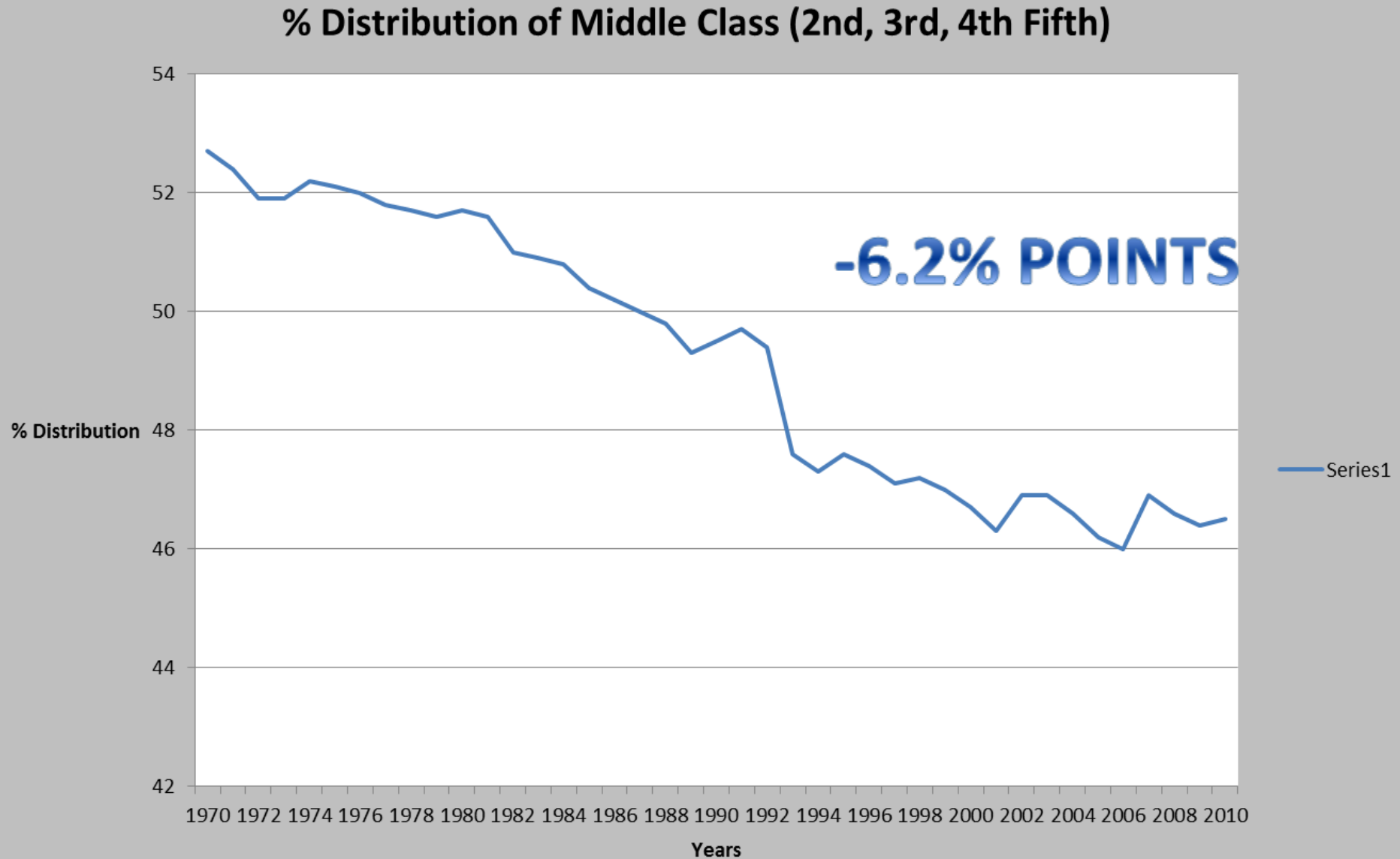
- Followed the steps of an empirical paper
- **Theoretical Analysis**
 - Gathered data from various factors (ex. Unemployment, real GDP, Gini coefficient, etc.) from Years 1970 – 2010
- **Empirical Results**
 - Correlation matrix and Regression tests through excel to see factors had the most significant impact on the Middle Class

RESULTS

After performing several regression tests, we finally came upon the variables that were the most significant:

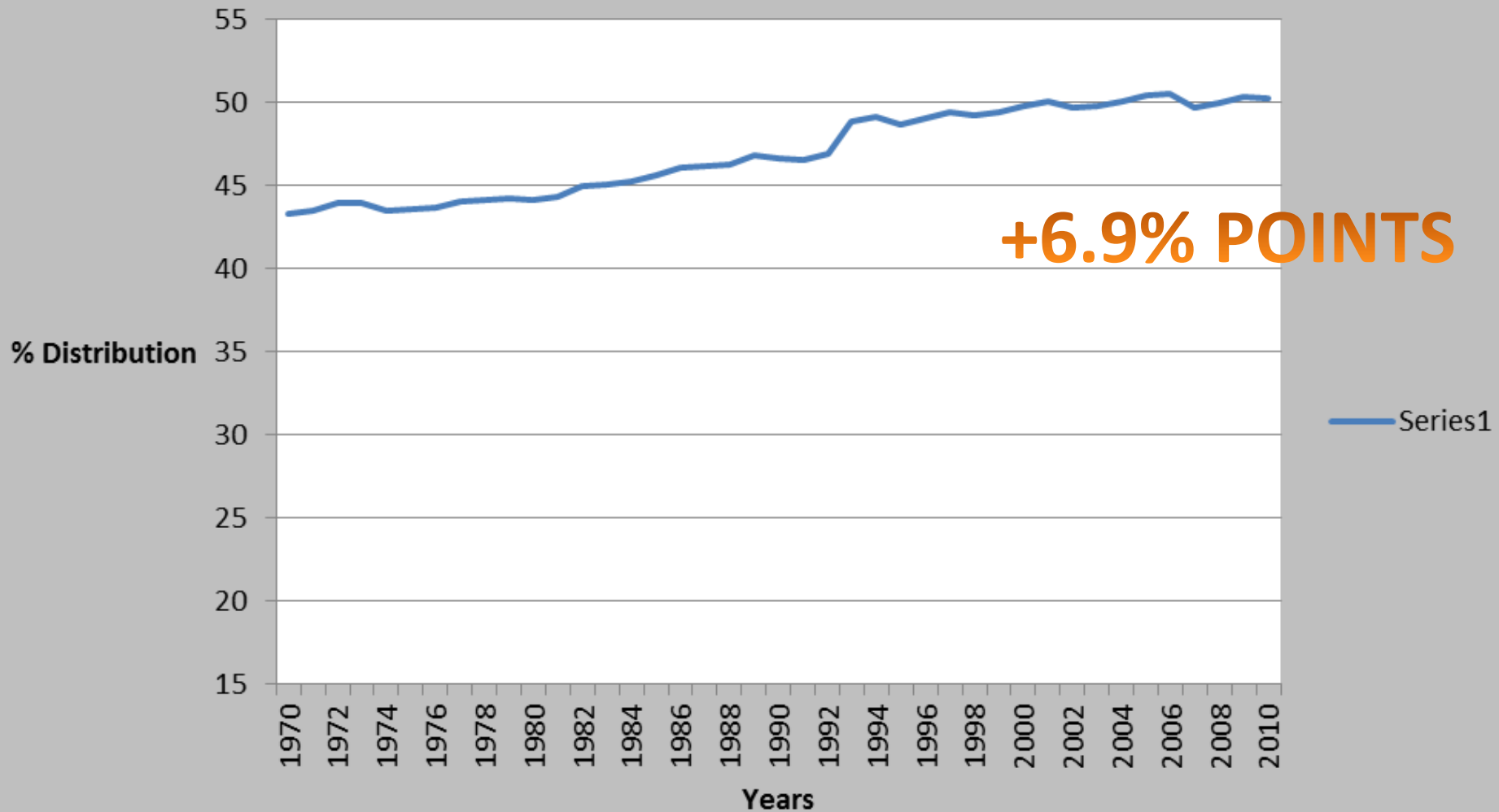
- Percent college education (2 years or more in college), single parent households (Female householder), unemployment, and Real GDP (in billions).

Shrinking of the Middle Class Over Time



Highest Fifth (Upper Class)

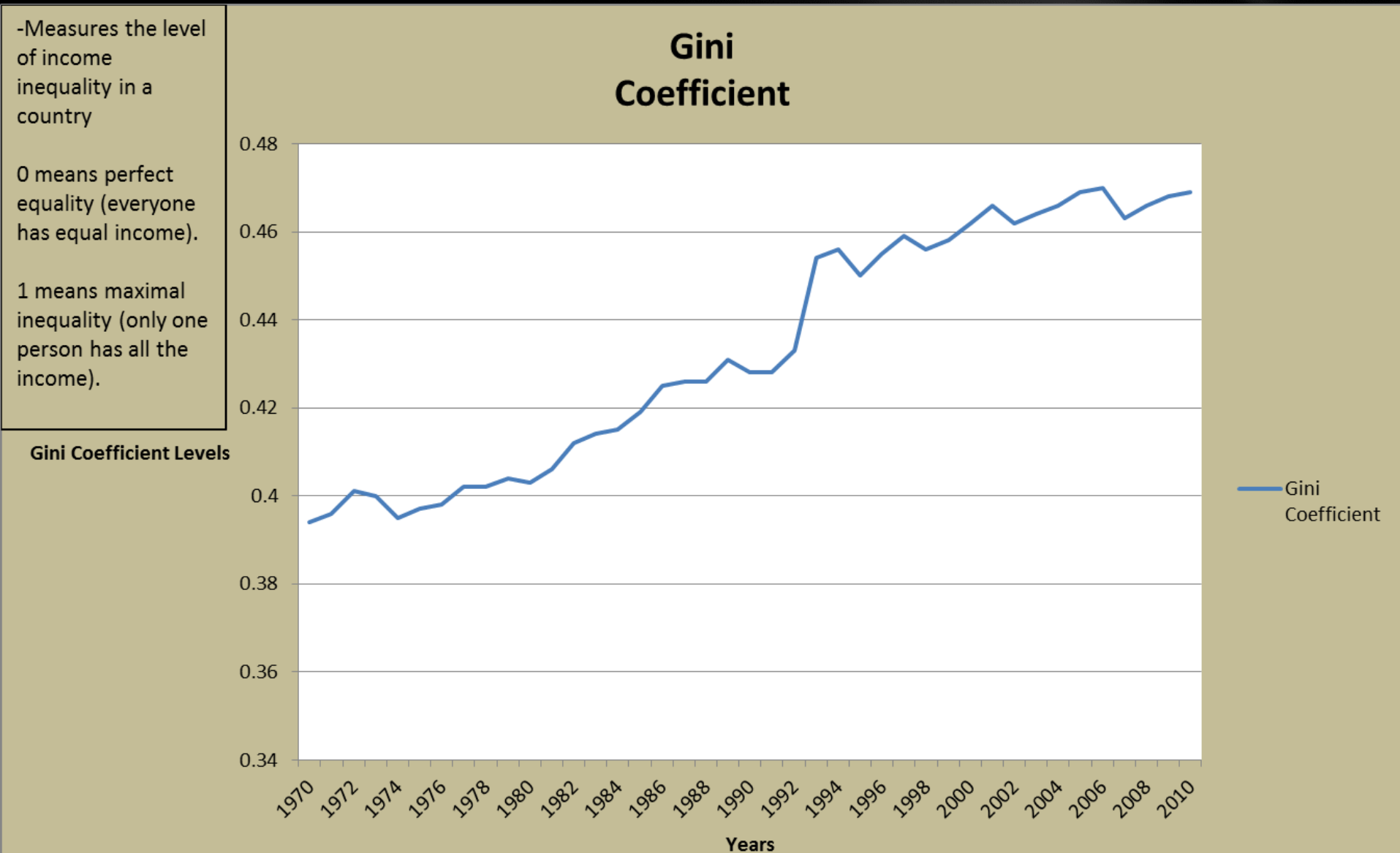
Top 20% of all Households



Findings

- Indeed, over time the middle class is shrinking and the most interesting aspect is that the 3rd Fifth (Working Middle Class) or the Middle of the Middle Class is the group that is most impacted by the Great Recession
- Results showed that the Top 20% of Households, the Highest Fifth actually is increasing during recessions, which shows how much income inequality has increased over time

Income Inequality in the U.S.



Research Impact

- ❖ Able to gain first-hand research experience one-on-one with a professor
- ❖ Able to gain knowledge about economics and how my studies in the classroom can be connected to what is going on in the world
- ❖ Was able to gain a mentor

Conclusion

- Overall Research Experience

