

Exploring the Public Perceptions and Consequences of the American 2022 Recession

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ABSTRACT

Starting from 2022, with two consecutive quarters of negative GDP, United States has by definition entered a recession. Previous research in this field has already pinned down the basic causes and the history of this recession, yet with the effects of it still unfolding, it's important to understand the U.S. public perception on this topic, in order to better predict its future consequences. Using the method of online survey, this paper will seek to capture the working U.S. citizens' economic identities and their opinion on the existing issues within the American economy, and how they should be remedied. Survey figures are generated for analyzation, in which participants will be grouped by their age and income, to better understand their difference in perspectives. The survey results indicate perceptions of lower class, middle class, and upper class American citizens, in regards to their perceptions on inflation, the Federal Reserve Bank, their own spending habits, and the Biden's Administration's response to address the current economic conditions.

Introduction

Year 2022 has proven to be a difficult year for most countries in the world, as economies try to recover from the Covid pandemic with their growth hindered by political conflicts. With its two consecutive quarters of negative GDP growth, and an inflation rate of 7.1% (Ramirez, 2022), the U.S. has not been exempted in feeling the negative economic impact. The rising trajectory of the inflation rate could be seen in 2021, as the rebound of demands in markets such as tourism and second-hand cars drove the inflation rate to 4.7% (Whitmore, 2021). One year later, energy prices increased significantly as Russia cuts off 88% of its gasoline supply to the European Union (British Broadcasting Corporation [BBC], 2022), spreading the inflation in America beyond physical goods and into the service market, reaching the current figure of 7.1%, a new height since the past four decades.

In light of the existing problems in the economy, the Federal Reserve decided to tackle inflation by raising the federal funds rate from 0.08% in 2021 to 4.25-4.5% in December 2022 (Boards of Governors of the Federal Reserve System [FRB], 2022). However, with the high interest rate, America is currently experiencing recession. Although efforts are being made to mitigate this problem, their outcomes are overall less effective than expected, due the recession is still progressing with its causes and effects not entirely understood. This current economic recession will affect the everyday life of many in the U.S., both positively and negatively. Yet, how are these people affected, their perspectives of the United States economy, and their future decisions based on their demographics are topics not entirely explored by the academic world.

The purpose of this research is to investigate the public understanding of the current economic climate, how they are affected by this inflation, and the future consequences of the 2022 recession in the U.S. economy in order to better understand the public need and further remedy the present issues. Challenging variables to this study include survey participants' limited economic experiences, potential personal biases, and the non-definitive state of the current recession as it's an on-going crisis. This research will add to the work on the phenomenon of economic recessions seen through the lens of American citizens and could further affect the making of upcoming policies as these policies pertain to the preferences of the U.S. citizens. The following questions are formulated to

guide this study:

1. To what degree is the U.S. public aware of the current recession and the government's methods of remedying it?
2. How has the recession affected their daily life in consideration of income, spending, investment, and employment status?
3. How will their economic decisions change based on the current economic climate, and how will these decisions affect the economy?
4. How will their understanding of the economy affect their belief and trustiness in the U.S. Government?

Methodological Approach and Research Design

This research is a survey study employing qualitative methodologies, and the rationale for this method is to gather data from a large participant group with different backgrounds, thus reducing the biases that might exist within the sample, in the meantime also generating statistical trends that could be used in analyzing the current economic climate. This survey produces data on the participants' employment status, spending habits, income level, and opinions on the economy and the U.S. Government. Questions and sub-questions in this survey are grouped into five categories, (a) the participant's identity, (b) their change in income level, spending habits, and investment plans (c) their unemployment status and reason, (d) their knowledge with the current American economy, (e) their opinion on the economy and the government. All questions are written in English and the participants are expected to be English speakers. Certain questions included in Section D are adapted from Survey of Americans and Economists on the Economy (The Washington Post [WaPo] et al., 1996), and select questions in Section A are provided by the Survey Monkey questions bank. For specific survey questions, see Appendix B.

Population, Sampling, Data Collection, and Analysis

The population of this survey consists of all working-age U.S. citizens, currently living in the United States, between the age of 18 to 65, with representation of different demographics, and the sample is randomly selected from the population. No survey is conducted offline, and all participants' identities are to remain confidential.

The survey was self-administered on the online platform of Survey Monkey. Phase one of the survey consisted of searching and analyzing the common trends between responses. Phase two consisted of finding the relations between the common trends and scrutinizing how these trends will impact the U.S. economy in the future using basic macroeconomic concepts.

Participants' Demographic

Overall, 231 survey copies were sent out, with 218 being returned and 13 being abandoned (5.628% abandon rate). Out of the 218 participants, the average age is between 35 to 44, with 95 of them being male, and 121 being female. Most participants, (65.44%) are White Americans, and accounting for professions, the industries with the highest participants' participation rate was education (11.57%), healthcare (10.65%), and retail / wholesale Trade (9.72%). As for the participants' regions, they are distributed evenly across America, with the most of them from East North Central (20.18%), South Atlantic (16.06%), and the Middle Atlantic (14.68%). Out of all participants, 69.91% of them are currently employed.

Findings

Findings on the Participants’ economic status, income level, and investment types

Q5 What is your current annual household income before taxes?

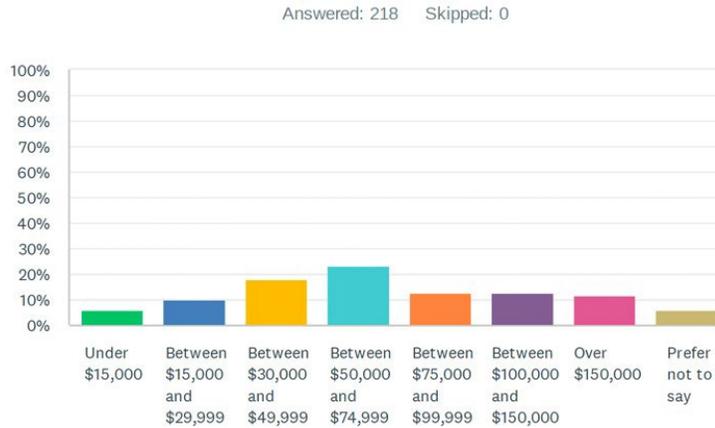


Figure 1. Participants’ current annual household income before tax.

The data on the income level of the participants are distributed somewhat evenly. The largest population being middle & lower-middle class, with 66.51% of all participants earning an annual income between \$30,000 to \$150,000, followed by the lower class (16.05%), earning an annual income under \$29,999 a year. The upper class sample consists of the smallest population in the sample size (11.47%), earning over \$150,000 annually.

Q6 How do you expect your annual income in 2023 to change compared to 2022?

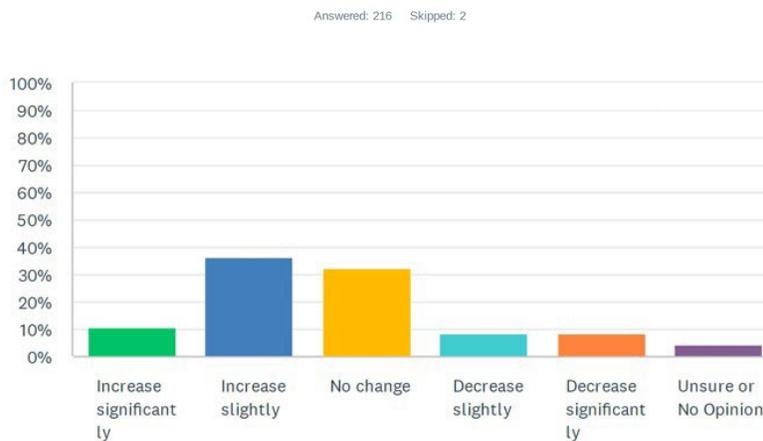


Figure 2. Participants’ expectation on the change of their 2023’s annual income.

It is seen that most participants expected their income to increase slightly (36.57%) or anticipate no change (31.94%). With only a small population of the participants expecting their income to increase drastically (10.65%), decrease slightly (8.33%) or decrease significantly (8.33%).

Q7 How has your annual spending in 2022 changed compared to 2021?

Answered: 216 Skipped: 2

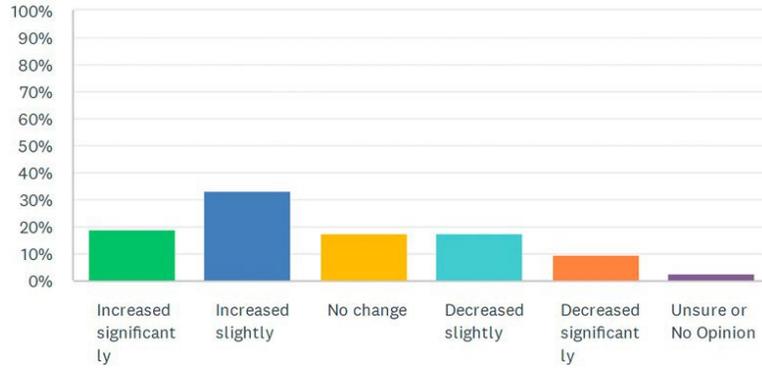


Figure 3. Changes in participants' annual spending in 2022 compared to 2021.

Shown in the graph, a large percentage of the participants had a slight increase (33.33%) in their previous annual spending. The other data, however, are distributed evenly, as participants had their annual spending either unchanged (17.59%), significantly increased (18.98%), or slightly decreased (17.59%).

Q8 How do you expect your annual spending in 2023 to change compared to 2022?

Answered: 216 Skipped: 2

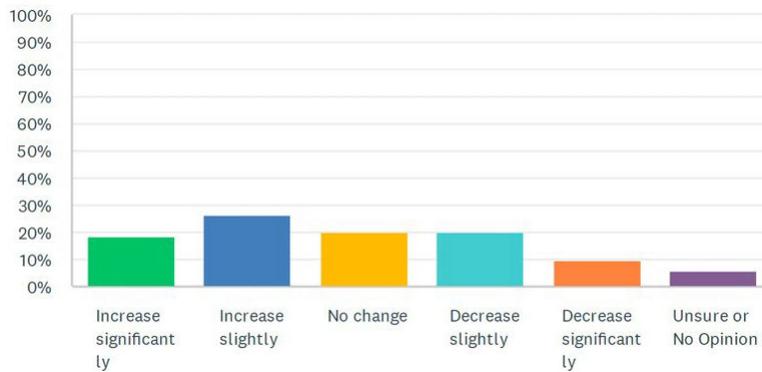


Figure 4. Changes in their 2023 annual spending anticipated by participants.

Similar to Figure 7, a large group of participants anticipated either a slight increase (26.39%) or a significant increase (18.52%) in their 2023 annual spending. However, there's also a slight increase in the number of participants that believed their future annual spending is not going to change (19.91%) or is going to decrease slightly (19.91%).

Q9 Have you noticed an increase in your utility bills (Electricity, Heating, Water, etc) currently?

Answered: 216 Skipped: 2

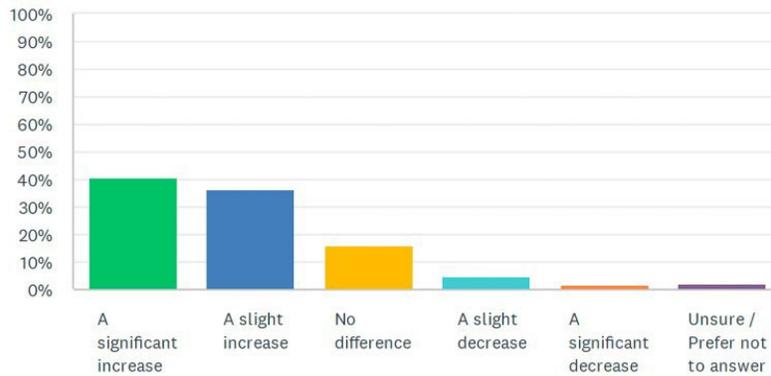


Figure 5. Changes in participants’ utility bills year-to-year.

Unlike the previous questions, this figure shows a clear trend of a significant increase (40.28%) and slight increase (36.11%) in participants’ utility bills, with only 15.74% of the participants not noticing a difference, and 6.02% of the participants feeling a slight decrease or a significant decrease.

Q11 How have the changes in expenditures (Utilities, daily necessities, etc) impacted your budgeting / spending habits?

Answered: 216 Skipped: 2

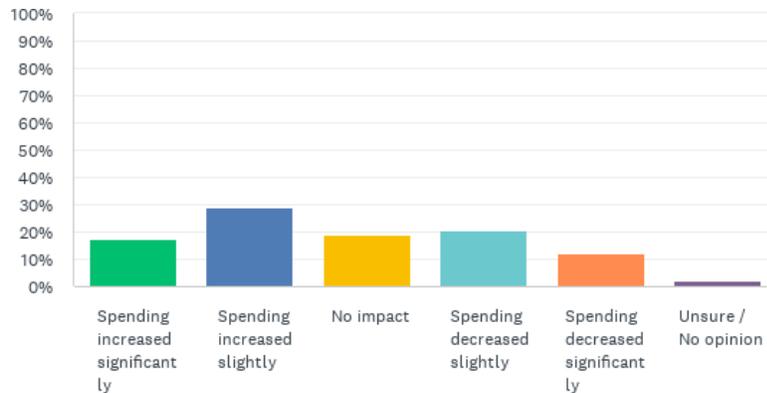


Figure 6. Changes in participants’ spending habits

It is seen that a significant number of participants feel that their spending on daily expenditures has increased slightly (28.70%). However, there are also many who felt that their spending has decreased slightly (20.37%) and a slightly smaller percentage of the participants feeling that the fluctuations of their daily expenditures had no impact on their spending habits (18.98%), followed by 17.59% of the people believing there has been a significant increase.

Q32 Do you CURRENTLY have any of the following types of investments? (Please select all that apply.)

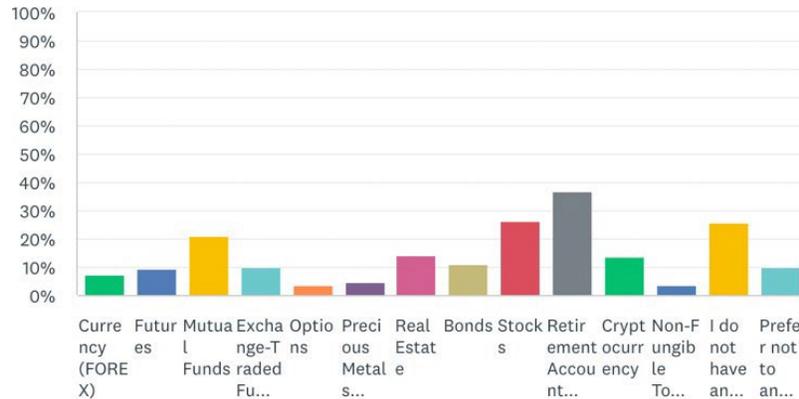


Figure 7. Distribution of the types of economic investment participants currently possess.

Out of all the investment types, retirement accounts (37.04%) are the most popular among participants, followed by stocks (26.39%), mutual funds (21.30%), real estate (14.35%), and cryptocurrency (13.43%). Ranking at the bottom and only invested by a few are precious metal (4.63%), Non-Fungible Tokens (NFTs) (3.70%), and options (3.70%).

Q33 Do you plan on making any qualified withdrawals from any of the investments you have selected in 2023? (Please select all that apply.)

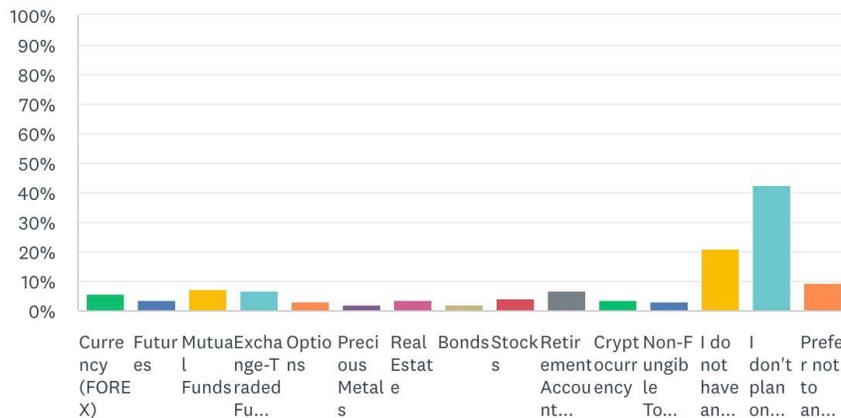


Figure 8. Anticipation on withdrawals of investments participants currently possess in 2023.

Overall, 42.59% of the participants don't plan on withdrawing any of their economic investments in the upcoming year. However, 14.35% of the participants do reckon on withdrawing from mutual funds and retirement accounts, two of the most popularly held investments by participants. Apart from these two, 6.94% of the participants plan on cashing out from Exchange-Traded Funds (ETFs), and 6.02% are expecting to withdraw currency (FOREX). Out of all the investment types, precious metal and NFTs have the lowest anticipated withdrawal rate of respectively 2.31% and 3.24%.

Q34 Are you planning on making any new investments in the following during 2023? (Select all that apply)

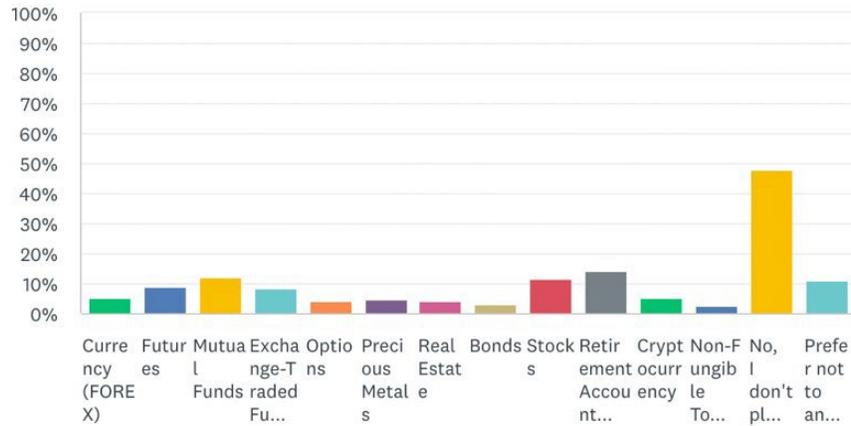


Figure 9. Participants’ anticipation on adding new economic investment types in 2023.

Similar to withdrawing from investments, almost half of the participants currently have no interest in adding any new types of economic investments in the upcoming year (48.15%). Yet, despite being the most anticipated investments to be withdrew in 2023, retirement account (14.35%), mutual funds (12.04%), and stocks (11.57%) are still ranked the most popular in the participants’ future investment plans, with NFTs (2.78%) being one of the least popular. However, real estate (4.17%) has become less popular with participants as it is ranked at third least popular along with Options (4.17%) and bonds (3.24%).

Findings on the Participants’ unemployment status and reasoning

Q27 How has your employment status changed during the Covid Pandemic?

Answered: 216 Skipped: 2

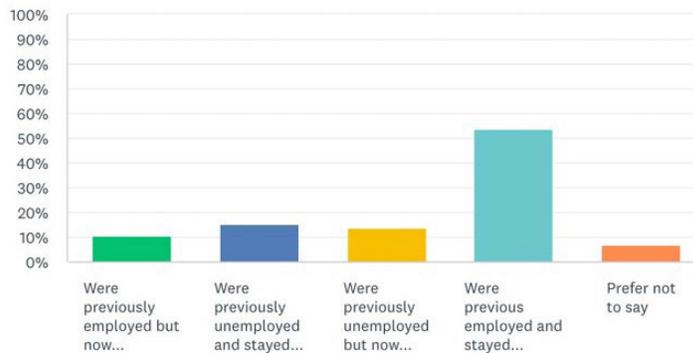


Figure 10. Change in participants’ employment status during the Covid Pandemic.

Overall, most of the participants stayed employed during the Pandemic (53.70%), with another 13.43% of them able to find new jobs. However, 10.65% of the participants lost their jobs during this time, with another 15.28% staying unemployed throughout this period.

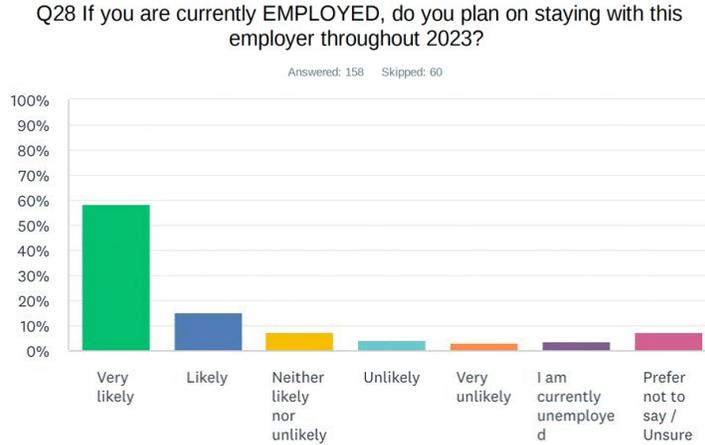


Figure 11. The likelihood of employed participants quitting their current jobs in 2023.

The majority of the participants believe that they will very likely continue to stay with their current employer throughout 2023 (58.23%). Another 15.19% of them are slightly less confident about their employment status, but nevertheless believe they will likely remain within their current jobs.



Figure 12. Reasons for the unemployment status of participants actively looking for jobs.

Out of the 39 actual responses, almost half of the participants were laid off (48.72%) by their previous employers, with another 28.21% leaving because they are unsatisfied with the wages and treatment offered to them. Additionally, 20.51% of survey takers were moving away to another location thus being forced to leave their previous jobs, and 23.08% of them are unemployed due to reasons unlisted in the options.

Q30 If you are currently UNEMPLOYED, and NOT actively looking for a job, what is the reason for your decision? (Please select all that apply)

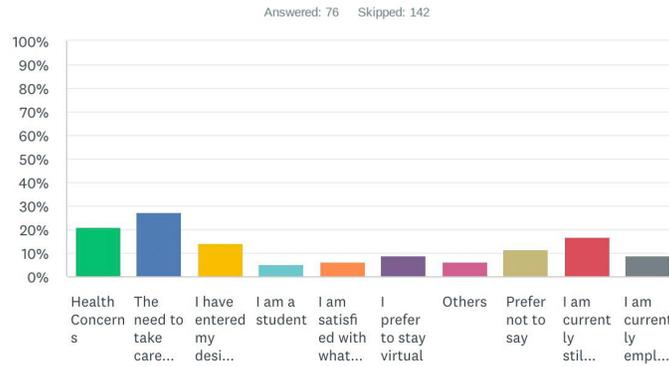


Figure 13. Reasons for the unemployment status of participants NOT actively looking for jobs.

Of the 73 actual responses, the majority of participants either had the need to take care of their families (28.77%), had health related concerns (21.92%), or had entered their desired retirement age (15.07%) that led to them not being able to stay within the workforce.

Findings on the participants’ understanding and knowledge of the U.S. Economy

Q16 Do you think there is currently an Inflation or a Deflation in the United States?

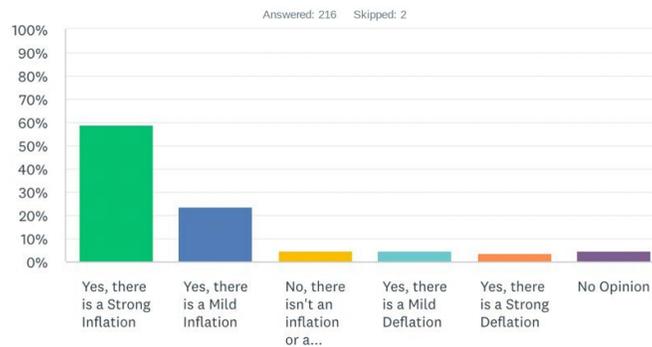


Figure 14. Participants’ awareness of the current U.S. inflation.

The graph above shows a clear trend that most participants believe there’s currently a strong (58.80%) or at least mild inflation (23.61%) in America.

Q18 Just your best guess: what percentage is the current U.S. inflation rate? (Please do not search for the answer online)

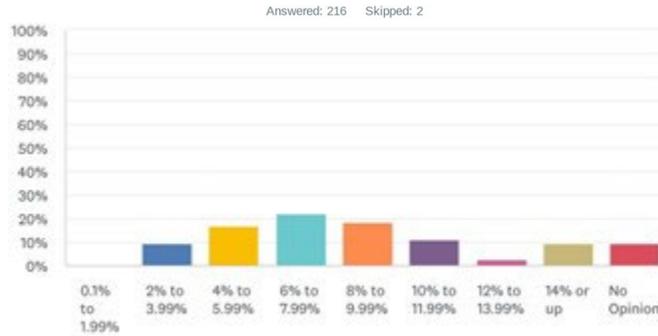


Figure 15. Participants’ estimated current U.S. inflation rate.

Of all the answer choices, “6% to 7.99%” was the most selected (22.22%), which also contains the correct answer of the current 7.1% inflation rate. The second and the third most selected was “8% to 9.99%” (18.52%) and “4% to 5.99%” (16.67%), which are just slightly off the correct answer, either by 3% larger or 3% smaller. And of all participants, 9.26% chose “14% or un”, which is double the correct answer.

Q22 Just your best guess: What percentage of Americans are currently unemployed but looking for work? (Please do not search for the answer online)

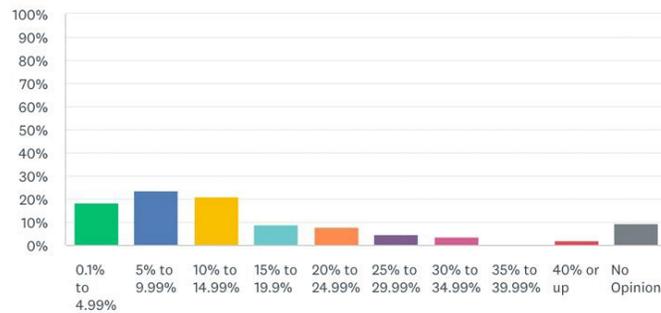


Figure 16. Participants’ estimated current U.S. U-3 unemployment rate.

Unlike question 20, the option “0.1% to 4.99%” which contains the current U-3 unemployment rate of 3.5% in December 2022, was not the most chosen (18.52%). Most participants believe the unemployment rate is slightly higher, from “5% to 14.99%” (44.91%).

Findings on Participants’ opinions on the U.S. economy and government

Q12 When you think about America’s Economy today, do you think it is....

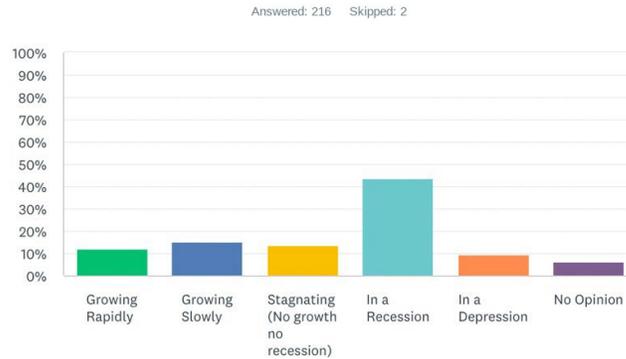


Figure 17. Participants’ perceptions on the current American economic situation.

The figure above shows that nearly half of the participants believe that the U.S. economy is currently in a recession (43.52%) along with a small population reckoning that there could even be a depression (9.26%).

Q13 Which TWO of these problems do you think are the most important issues the American Economy is facing currently?

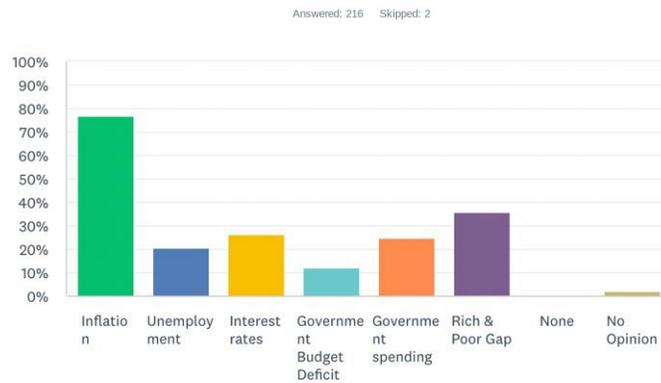


Figure 18. Two major issues that need to be addressed in the U.S. economy.

This is a question that allows the survey takers to choose up to two options, and out of all 424 actual responses, 166 answers believed that one of the most urgent issues that need to be addressed is the current inflation (39.15%), followed by the other most perceived problems being rich & poor gap (18.16%), and interest rates (13.44%).

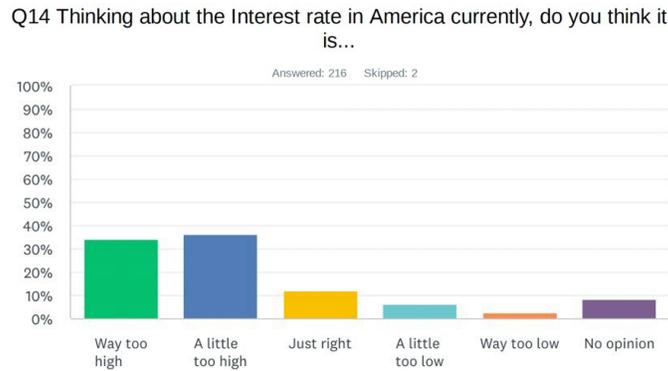


Figure 19. Participants’ opinion on the height of the U.S. interest rate.

Although the height of the interest rate is not perceived as one of the most pressing issues within the current U.S. economy, most of the participants under this question still believe that the interest rate is either way too high (34.26%) or a little too high (36.11%).

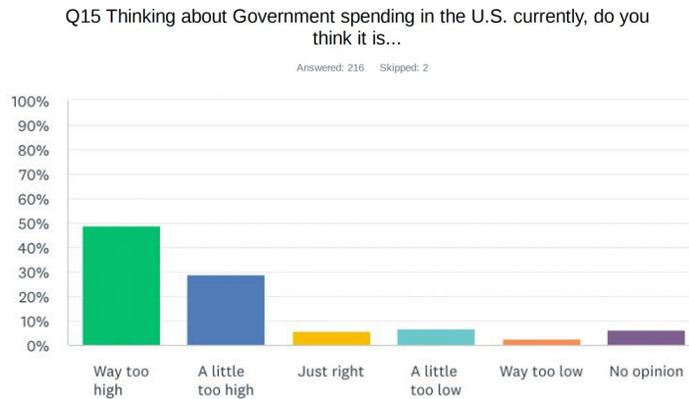


Figure 20. Participants’ opinion on the height of U.S. Government spending.

The responses collected in this question show a very similar trend compared to question 24, with the majority of the participants believing that the government spending is currently way too high (49.07%) or at least a little too high (29.17%).

Q17 About 2022’s Inflation, do you think the government is...

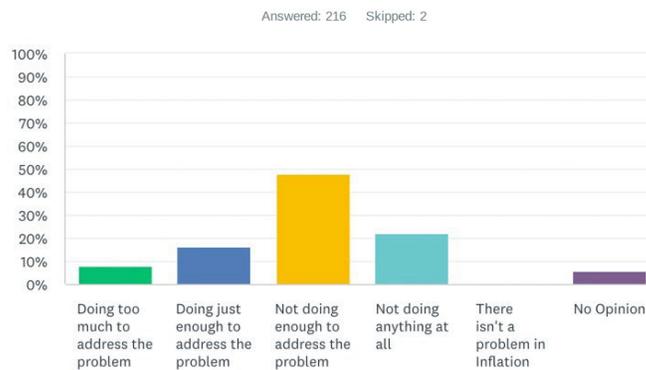


Figure 21. Participants’ approval of the government’s methods on tackling inflation.

Of all the participants, none believe that inflation isn't a problem, with almost half of the survey takers feeling that the government isn't doing enough to address this issue (48.15%) or that the government is doing nothing at all (22.22%).

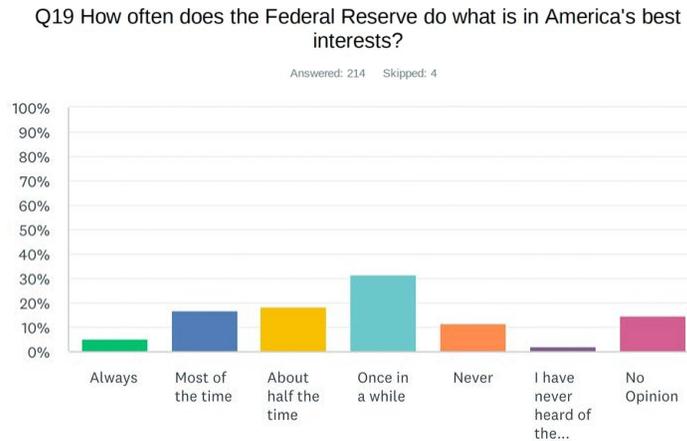


Figure 22. Participants' opinion on the Federal Reserve's methods on solving economic issues.

The opinions under this question are mixed, as although a significant number of participants believe the Federal Reserve do what's best for America's interest once in a while (31.78%), there also a large population of participants that reckon the FRB is much more trustworthy, with the belief that they do things right about half of the time (18.22%), most of the time (16.82%), or even always (5.14%).

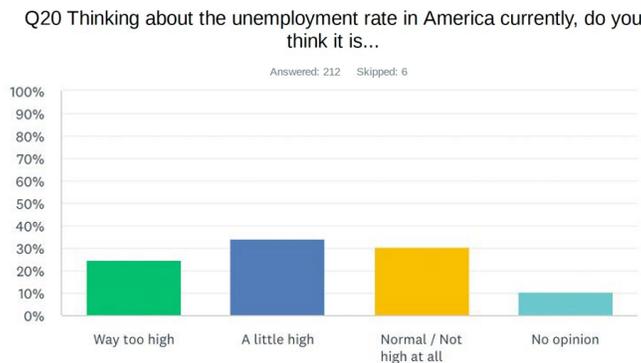


Figure 23. Participants' perceived height of unemployment rate.

33.96% of the participants believe that the current unemployment rate is a little high, with a slightly smaller population reckoning that the rate is normal (30.66%). However, there are also 25.00% of the survey takers that think the unemployment rate in America is currently way too high.

Q21 About 2022's Unemployment, do you think the government is...



Figure 24. Participants' approval of the government's methods on tackling unemployment currently.

Unlike question 26, this question has significantly more people believing that there isn't a problem in unemployment (13.43%). For the rest of the participants, the data collected in this question is distributed somewhat evenly with a large number of survey takers believing that the government is not doing enough to address unemployment (33.80%), and a very close difference between participants that reckon the government is doing just enough to address the problem (18.52%) and participants that reckon the government is doing nothing at all (18.06).

Q23 Do you agree with the Biden's administration's economic policies on infrastructure?

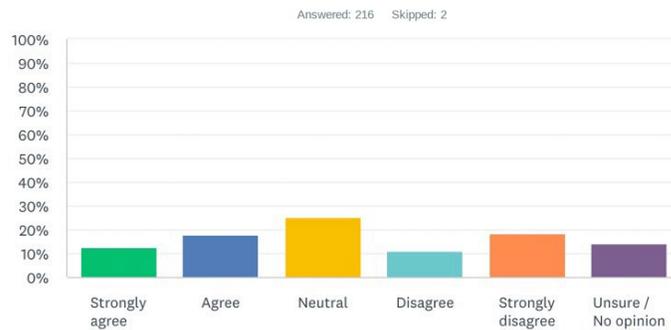


Figure 25. Participants' approval on the Biden's Administration's economic policies on infrastructure.

Data collected under this question are also distributed somewhat evenly with no trend being clearly shown. A large group of participants are feeling neutral on the infrastructure plans made by the Biden's Administration (25.46%), with a similar number of survey takers feeling either positive, as 30.56% of them either agree or strongly agree with the policies made, or negative, as 29.63% of them either disagree or strongly disagree with these policies.

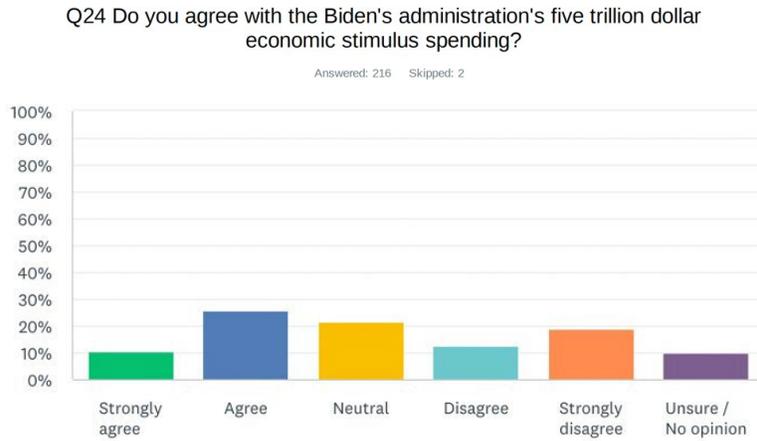


Figure 26. Participants' approval on the Biden's Administration's five trillion-dollar economic stimulus spending.

The participant opinions under this question seem more polarized, as less people felt neutral on this topic (21.76%) and more participants are either strongly disagreeing (18.98%) or agreeing (25.83%) with their spending. There's also an increased population who somewhat disagreeing with the Biden's Administration's economic spending (12.50%) and a decreased population who strongly agreeing with their actions (10.65%).

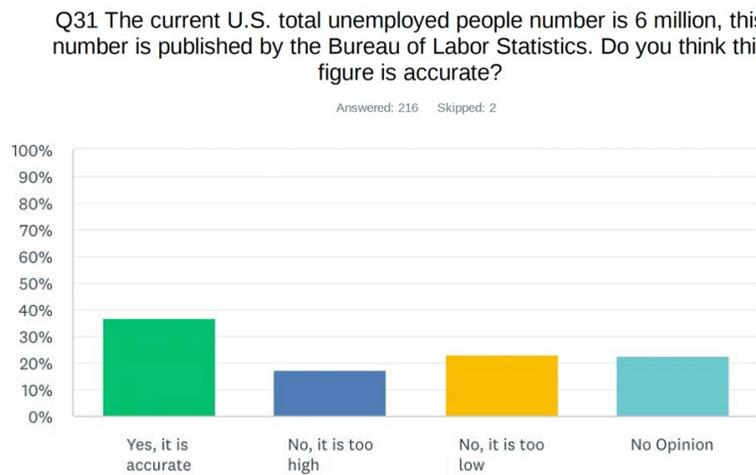


Figure 27. Trustworthiness of the government unemployment figures perceived by participants.

It is clear that a considerable number of participants perceive the total 6 million unemployment number in November 2022 published by the Bureau of Labor Statistics is accurate (37.04%). However, a large number of participants that either believe this number is too low (23.15%) or too high (17.13%).

Discussion & Conclusions

The participants are grouped into smaller sets by income level and age. For the income groups, 35 participants belong to the lower class which earn below \$29,999 annually, 145 participants belong to the middle & lower middle class which earn between \$30,000 to \$150,000 annually, and 25 participants belong to the upper class which earn above \$150,000 annually. As for the age groups, 73 participants are currently in early adulthood who are between the age of 18 to 34, 52 participants are currently in early middle age who are between the age of 35 to 44, and 93 participants are currently in late middle age who are between the age of 45 to 64.

Participants' income status and spending habits

For the income groups, an obvious trend could be seen in the data collected: the wealthier the participants are, the more they expect their income to increase. As it is shown, 40.00% of the lower class participants expect their income to stay the same next year, while only 30.34% of the middle & lower middle class and 25% of the upper class, expect their income to be unchanged. This means that the lower class will be the most susceptible to the rising price level as the recession unfolds, since their income would stay the same while the prices of their daily necessities and utility bills increase drastically. This is made worse by their tendency to be the most heavily impacted population during economic crises as they usually have smaller savings compared to richer classes and are less flexible when faced with economic difficulties.

The lower class indeed facing a rising price level is confirmed by their awareness of the increase of their utility bills, as 71.41% of the lower class participants recognize an increase in their utility bills. That is not to say the middle class and the upper class are not affected by inflation, however. Their economic statuses are also worsened off as more than 30% of the middle class and more than 50% of the upper class also recognize an increase in their daily expenditures while most of them expect their annual income to only increase slightly.

How these impacts affect the participants' economic spending is tangible as the participants made modifications to their spending habits accordingly, especially the lower class. For the upper class, most participants had their spending habits unchanged (25%), with a slightly smaller population increasing (20.83%) or decreasing (20.83%) their spending slightly, and even smaller population increasing (16.67%) or decreasing (12.50%) their spending significantly. The middle class data distribution is laid out similarly to the upper class, except with more people feeling impacted which increased (28.28%) and decreased (21.38%) their spending slightly. However, for the lower class, the data distribution becomes significantly more polarized as most participants either increased their spending slightly (34.29%) or significantly (17.14%), or had their spending significantly decreased (28.57%), with only 8.57% of the lower class population believing that their spending habits are unchanged.

This is another confirmation that the lower class are less flexible when encountering economic difficulties, as they often have to modify their spending habits based on the fluctuations of the price level. The polarization in the data distribution could be explained by the fact that some lower class families have enough savings and thus could increase their spending accordingly, while other less fortunate families are less resourceful and could only resolve to decrease their expenditures significantly to cope with the rising price level. These difficulties have already impacted the participants during 2022, as almost half of the lower class participants had their annual spending decreased, either significantly or slightly (48.57%), while most of the middle class (55.86%) and upper class (58.34%) participants had their annual spending increased. Yet, a surprise finding discovered in later questions is that these fluctuations in their previous annual spending don't necessarily translate into changes in future expenditure.

Despite almost half of the lower class participants have their previous annual spending decreased, there are still 37.15% of them expecting their future annual spending to increase compared to their current expenditures, or at least staying the same (22.86%). Out of all 35 participants, only 34.29% expect their spending to continue

decreasing, even though the price level is still constantly rising, and only 29% of them are currently unemployed. Yet, what's more shocking is the lack of spending incentives in the upper class, as 50.00% of them expect their annual expenditure in 2023 to either decrease slightly or significantly. This is especially troublesome since the upper class, which consists of the top 20% of earners, makes up 40% of the U.S. consumer spending (Goodkind, 2022). Although the reduction of their future spending could further reduce the high inflation, it could also lead the economy to sink deeper into recession as the flow of currency slows down, especially when the federal funds rate is already high and the inflation already showing a tendency of reduction since the 9.1% in June. Yet, this could be good news to the Biden's Administration's infrastructure plans.

President Biden and the Congress have been struggling to keep up with their plan to build highways and networks for U.S. citizens due to the rising raw material prices and wages, and the \$550 billion budget has accomplished much less than the bill has promised (Snyder, 2022). If the price level were to decrease, then they might get a chance to catch up on the constructions that have been delayed.

The economic flexibility of participants from different class could also be seen in their investment plans, as the lower class, being the least flexible, also have the least amount of participants currently possessing economic investments: 65.71% of the lower class participants don't currently hold any investments, while the same is only true for 20.69% of the middle class and none of the upper class participants. This could be good news for the lower class survey takers as many investment types have suffered severely due to the 2022 recession, including price drops in precious metal markets, bonds markets, and most of all, the crash of the cryptocurrencies.

However, despite the current investment market struggles, they did not discourage middle class and upper class investors to continue their investments, as 52.94% of the middle class participants and 75.00% of the upper class participants state that they do not wish to make any qualified withdrawals from their investments in 2023. But that is not to say the investors are encouraged to make more investments either, as 62.86% of the lower class participants, 46.21% of the middle class participants, and 37.5% of the upper class participants, don't plan on adding any new types of investments either in 2023. In the investments that they do plan to add, the most popular are retirement accounts, stocks, and mutual funds. While how the investors are doing in mutual funds and the stock market depend on the specific companies involved, the retirement accounts are not looking good as they continue to lose money due to the recession. Still, their level of struggle isn't nearly as bad as cryptocurrencies, which 12.5% of the upper class participants plan to make withdrawals in 2023. The data indicates that participants seem content in waiting out the current economic situation, with no drastic responses to the market fluctuations at this time.

Participants' unemployment status and reasoning

Accounting for the participants' employment status, it has been discovered that the higher the annual household income participants receive, the likelier they are to be employed. It is also clear that the current recession has impacted employment related decisions of different income class separately, as opinions from the employed participants in the lower class about whether they will continue to stay with their current employer is mixed, with 47.37% believing that they will very likely stay in their current jobs, while 21.05% believe that they would likely not remain with their current employer. This stark difference is not seen in the responses made by the middle (58.72%) and upper class (76.19%), as they both have a significant number of participants believing that they will very likely remain in their current jobs.

For participants not actively looking for jobs, the reason for them not remaining within the workforce is different depending on their income class as well: 42.11% of the lower class unemployed participants are concerned over health-related issues, while only 17.39% of the middle class participants and none of the upper class participants are worried over this topic. Moreover, only 10.53% of the unemployed lower class participants left the workforce due to the need to take care of their family, while this is a legitimate concern for 36.93% of the middle class participants and 20.00% of the upper class participants, leading to them quitting their jobs. This finding can

be explained by the fact that healthcare in America is extremely expensive. For example, during 2020, the healthcare spending per person in the U.S. was \$11,945, over \$4,000 more expensive than other high-income nations (Wager et al., 2022). This could lead to many poor participants not having the economic abilities to pay for their medical treatments and thus would need to avoid getting sick, for example, going to work and catching Covid. In the same sense, because the middle and upper class participants are more flexible in their economic decisions, they could afford one of their family members staying at home to take care of the family, while the other family members work to cover their expenditures.

As for the unemployed participants that remained within the workforce, and are actively looking for jobs, their reasons for unemployment depend on their economic status as well. 26.32% of the unemployed lower class participants quitted their jobs due to them not being satisfied with their wages and treatments, however, this only happened to 13.64% of the middle class participants and none of the upper class participants. This could be explained by the fact that working in education (11.43%), healthcare (8.57%), and food services industries (8.57%) are popular choices among lower class participants, but these industries are all known for providing low wages and few better treatments and has been struggling to keep workers (USCC, 2022).

For the age groups, 20.55% of the early adult participants (18 to 34), 17.31% of the early middle age participants (35 to 44), and 29.67% of the late middle age participants (45 to 64) are currently unemployed. A major finding here is that a substantial number of late middle-aged participants existed in the workforce due to them retiring early (19.35%). Previous studies have also reported trends in working aged citizens retiring early, and this could significantly worsen the already struggling labor market in America, as companies fail to find workers to fill in their jobs. Currently there are 10 million jobs being available, but there exist only 0.8 job seekers per job (BLS, 2022). Workers retiring early would add to the already high job vacancy rate and make the current recession harder to remedy.

The participants' awareness of the economic figures

Though the recession is affecting all participants of this survey, yet not all of them are aware of the current U.S. economic situation. Although the lower class participants should be the ones being the most heavily influenced by the rising inflation, almost half of their responses (42.85%) have an estimated inflation rate much lower than the actual inflation rate of 7.1%, with only 25.71% of them getting an estimation above the correct level of inflation. While only 24.14% of the middle class participants and 20.84% of the upper class participants have an estimation below the current inflation level, and almost half of the middle class participants (46.21%) and upper class participants (45.84%) obtained an estimation beyond this level. This may indicate that the lower class participants are not fully aware of how inflation impacts the American economy and their daily expenditures.

But the same cannot be said with the estimation of the unemployment rate. It is clear that unlike the estimation for inflation rate, the lower the annual income a participant receives, the higher their perceived unemployment rate is. 79.93% of the participants from the lower class obtained an estimation above the current U-3 unemployment rate of 3.5%, yet only 72.41% of the middle class participants and 70.84% of the upper class participants perceived a higher-than-current-level unemployment rate.

The difference between the estimation trends in inflation rate and unemployment rate could be explained by the different situation and everyday lives participants from different class live. For the participants that belong to the lower class, it's very easy for them to see how many people around them became unemployed during the recession, and due to many of them being laid off or quitting their jobs, the number should not be too low. However, although they face a rising price level, it could be difficult for them to translate that increase into inflation rates. Thus, it would make sense for them to obtain a high estimation for unemployment rate, but low estimation for inflation rates. And as for the middle and upper class, them being more accurate on the estimation could be caused by their active involvement in economic investments, and thus more familiar with the current figures in America's economy.

Participants' opinions on the economy and the government

Regardless of income and age, over 40% of all participants believe that America is currently in recession, and frankly they are not wrong. By definition, after two consecutive quarters of negative GDP growth, America is already in a recession (LaPonsie & Kerr, 2022). However, not all participants agree on what are the most pressing issues and how appropriate are the ways the government uses to remedy this recession.

It is no surprise that over 60% of participants from all income classes believe that one of the most pressing issues that currently exist within the U.S. economy is inflation, and over 30% of the participants also believe that the increasing rich & poor gap also needs immediate remedy. The rich & poor gap has always been a problem in America, but this problem is getting much more prominent when combining it with inflation. Since wages for lower income workers don't tend to rise as quickly as for workers with higher incomes, the rising price level would mean that the poor get poorer while the rich stay where they are or even get richer. Another interesting finding is that the numbers of participants that believe unemployment is an urgent issue is much higher in the lower class (28.57%) rather than the middle (19.31%) and upper class (16.67%). Again, this is most likely because the unemployment rate among the lower class participants is the highest and it is also confirmed that 82.36% of the lower class participants believe that the current unemployment rate is too high, while only 54.55% of the middle class participants and 56.52% of the upper class participants believe the unemployment rate higher than normal.

Furthermore, when it comes to judging the government's methods on remedying the unemployment issues, 68.57% of the lower class participants believe that the government is not doing enough or not doing anything at all, with no one reckoning that there isn't a problem in unemployment, while only 48.27% of the middle class and 58.34% of the upper class believe the same, with 15.17% of the middle class and 20.83% of the upper class believing that there isn't such a problem at all. The implication of this finding could be that a major goal in President Biden's infrastructure bills, to provide more jobs for Americans, could be perceived as unsuccessful by a substantial number of U.S. citizens.

As for their opinions on the current interest rates, it's not surprising to see that the majority of the lower class participants believe that it is either way too high (42.86%), or slightly too high (42.86%), while the other two classes have less people that reckon the same, and a small number participants that believe the rate could be a little low, or way too low. This is most likely due to the fact that the lower class are under the most pressure when trying to pay back their loans as they have less savings and earn less, while the middle and upper class could be investing in currencies, thus wishing for higher interest rates to bring higher returns. Yet, although most participants agree that the interest rates are currently too high, it seems like they also believe the government is not doing enough to remedy the inflation, as more than 60% of the participants from all income classes reckon that the government is either not doing enough or not doing anything at all. This could be translated into two possible conclusions: 1. The participants believe that raising the federal funds rate is not the best approach the Federal Reserve should be using currently, and 2. The participants don't understand the correlation between raising interest rates and lowering the inflation. The most likely explanation is that both of these are probably true, it is highly likely that while some of the participants don't agree with the Federal Reserve's methods, others don't even understand the methods that it is using, considering there are even a small number of participants who have never hear of the FRB before (1.87%).

However, unlike perceptions on the current interest rates, when it comes to government spending, the participants' opinions become much more unified, as over 80% of participants from the Poor and middle class believe the government is spending too much, while 66.67% of participants from the upper class reckon the same. Yet, it is also surprising to see that although most participants agree that the government expenditures are too high, many of them also agree with Biden's five trillion-dollar economic stimulus spending, with the upper class being one of the most supportive, with 45.84% supporting or strongly supporting this policy. The high level of support could potentially translate into more policies of this kind being made in the future, leading to even higher government spending and further contributing to the rising inflation. However, it is unclear how exactly the situation will

evolve considering currently, investors are much more interested in putting their money in currencies due to the high interest rates, and thus whether the reduced flow of money within the economy will cancel out the effects of increased government spending still remains to be seen. Still, that is not to say that there aren't people that oppose President Biden's spending bills, as 18.98% of all participants strongly oppose this extra government spending.

The same trend of the upper class participants being the most supportive in Biden's economic policies can also be seen with them supporting his infrastructure bills. However, the rest of the population isn't so enthusiastic, as more than 50% of the lower class participants either feel neutral or have no opinion on this matter, with 21.38% of the middle class strongly opposing these policies. This could be very bad news for the Biden's Administration, as one of the biggest targets of the infrastructure bill itself are lower class citizens who are unemployed and seeking jobs (The White House [WHSE], 2021). With its infrastructure construction already significantly hindered by the rising inflation, it could result badly if Biden's Bipartisan Infrastructure Law doesn't catch the heart of its targeted audiences.

The trust participants have for the figures published by the government

To account for the different levels of trustiness participants have for the figures published by the government, they are organized into groups by age instead of income. It isn't a surprise to discover that more than 30% of all participants find the total 6 million unemployment headcount number published by the BLS to be accurate, with the late middle aged group showing the most support (43.96%). This is an indication that a large number of people, although might be questioning the government's ways of doing things, don't question its honesty—a sign that they still have high levels of confidence in the government to be uncorrupted. However, there is also a substantial group of participants believing that this number is either too high or too low in both the early adult group and the early middle age group. Both options run somewhat close in numbers, as in the early adult group, 24.66% of participants believe the number is too low, while 23.29% believe it is too high. In the early middle age group, 21.15% believe the number is too low, while 21.15% of the participants believe it is too high. Yet, for the late middle age groups, there's a stark difference in the numbers of participants that reckon the figure is too low (23.08%) or too high (9.89%). This finding suggests that although the middle age group is the most supportive towards the government of all age groups, they are also most skeptical and pessimistic of the current unemployment situation, meaning that there is a high division between participants' opinions in this group.

Summary

The research indicates that the American public has different perceptions of the impact of 2022 recession across lower, middle, and upper economic classes. The results indicate that inflation seems to be the most pressing issue within the economy, and out of all the income groups, the lower class participants are its major victim, with their income, employment status, and spending habits significantly altered, while showing a lack of understanding of the current economic climate compared to the other income groups. Yet, the participants' responses reflect different levels of approval in regards to the way the Federal Reserve is responding to inflation. The consequence of this recession is still unclear as many participants are still waiting to see how the recession will evolve, and definite predictions cannot be made as government policies and participants' spending habits yield different conclusions. Furthermore, the American public's trust in the government's response to inflation and the current economic conditions vary across economic classes.

Recommendation on future research

Future researchers could explore the implicit causes of this recession, impacts on economic classes, government responses, the role of the Federal Reserve in responding to inflation, and effectiveness of their strategies.

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