Politics of Middle Class Decline and Growth in Industrialized Democracies, 1980-2010

Young-hwan Byun
PhD Candidate
The Graduate Center, City University of New York

Abstract

While prevailing research attributes middle class decline to changes in demography, the business cycle, or technology, this article posits a political explanation of the phenomenon. I use a cross-country time series analysis based on data from the Luxembourg Income Study Database and the Comparative Welfare State Dataset. After controlling for socio-demographic factors, the effects of partisan government and political-economic institutions on middle class decline are significant and robust in 16 industrialized democracies from 1967 to 2010. Whereas previous partisan theories focused on the difference between left and right parties, I focus on the varieties of right parties, particularly the differences between Christian Democrats and secular right parties. I argue that middle class decline is contingent on the strength of Christian Democrats vis-à-vis secular rights on the political right spectrum. Since the 1980s, a neo-liberal ideational turn occurred in economic and social policy arenas. Due to its ideological orientation and cross-class political base, Christian right parties have been much less receptive to this neo-liberal turn than secular right parties. Christian Democrats have tempered the polarization in market income distribution by supporting centralized wage bargaining and its broad coverage, or have compensated for increasing income volatility of the middle class by maintaining generous income-related social insurance schemes.

There are no more in-betweens:

There are people who got them all, and people who got them nothing.[1]

Since the 2008 financial crisis, there has been ever growing public concern about the shrinking middle class in the US and other wealthy democracies. Despite growing public interest and the rapid response by policy circles, scholarly discussion on the middle class is just emerging. While some pioneering works from sociology and economics attempt to explain middle class decline (Piketty and Saez 2006; Frank 2007; Pressman 2007, 2010; Cowen 2013; Gornick and Jäntti 2013), its causes remain debatable. Surprisingly, there is little political science research that attempts to explain the phenomenon. This article aims to provide a political explanation of middle class decline. Specifically, it explains cross-country variation in middle class decline in the era of global market integration. Why have some nations experienced middle class growth while others have experienced middle class contraction? I investigate the political factors that affect middle class size in 16 industrialized democracies from 1967 to 2010, based on data from the Luxembourg Income Study Database (LIS), the Comparative Welfare State Dataset (CWS) and the Comparative Welfare Entitlements Dataset (CWED). Of the two most widely used measures of middle class decline, income growth and numerical size, previous research focuses primarily on the former. I focus instead on the decline in its size because of its political implications in electoral politics and its theoretical implications related to the median voter theory. In Foster and Wolfson's terminology, I am more interested in the change in "people space" rather than the change in "income space" as measured by income distribution (Foster and Wolfson 2010).

[1] Quoted from a recently evicted homeowner in Michael Moore's 2009 documentary film, *Capitalism: a love story*.

The decline of the middle class size is alarming to political scientists because the middle class is believed to be a bulwark for stable democracy (Lipset 1959). However, the political economy literature is ill equipped to explain middle class decline because it is predominated by the median voter theory, which I claim cannot adequately explain the middle class decline. According to the theory, distributional outcomes are the function of left and right parties' electoral competition to accommodate the policy preferences of the median voter, who is at the center of the income distribution and assumed to represent the entire middle class. Because the interests of the poor and the affluent are contradictory, the middle class's alliance with either of two classes impacts electoral outcomes and redistributive policies (Black 1948; Downs 1957; Meltzer & Richard 1981; Milanovic 2000; Kenworthy & Pontusson 2005; Iversen & Soskice 2006; Lupu & Pontusson 2011). Here, the middle class plays a balancing role in redistributive politics by voting for leftist parties whenever the share of income becomes concentrated in the affluent class. Thus, since there is no reason for the middle class to continue making self-defeating electoral choices, the phenomenon of middle class decline is a problematic case that median voter theory cannot explain.

More importantly, middle class decline in terms of numerical size challenges two basic assumptions of the median voter theory. The theory presupposes that income distribution follows a normal distribution, where the middle-income households comprise a plurality of the population, outnumbering the affluent or the poor. In turn, the theory assumes that the median voter at the exact center of the income distribution represents the entire middle-income households. However, if the middle class has declined in number, the parties have no incentives to move toward the center to win the election.

Political parties' policy preferences are not necessarily reduced to the critical individual (the median voter)'s preference nor do they merely reflect voter preferences. Many other factors may affect a party's policy orientation, including the party's ideology, leadership, intra-party nomination process, historical legacies, and the party system. Although many empirical studies on party politics claim that there is a general tendency of policy conversion between left and right parties toward the center (Karreth et al. 2013), there are still significant differences among parties (Volkens et al. 2006).[2] Furthermore, some observe a growing distance between left and right parties—party polarization when income inequality grows (McCarthy et al. 2008). But whereas previous literature focused on the partisan difference between left and right parties, I focus on the varieties of right parties, particularly the differences between Christian Democrats and secular right parties.

I argue that middle class contraction is contingent on the ideological orientation of dominant right parties, which shape labor market institutions and social insurance schemes distinctively. Specifically, the strength of Christian Democrats on the political right spectrum vis-à-vis secular right parties, particularly since the 1980s, affects the degree of the middle class contraction. Due to its ideological orientation and cross-class political base, Christian right parties have been much less receptive than secular right parties to the neo-liberal ideational turn that has taken place in economic and social policy arena since the 1980s. Christian Democrats have tempered growing wage differentials in the market by supporting existent centralized wage bargaining institutions, or have compensated for increasingly frequent unemployment of the middle class by maintaining income-related generous employment insurance scheme.

[2] See Comparative Manifesto Project Database for original data on parties' election programs, which covers more than 50 countries since 1945. https://manifesto-project.wzb.eu/parties/829.

This article begins with the discussion on the conceptualization of the middle class. It then reports national and time variations of the middle class contraction in 21 industrialized democracies between 1967 and 2010. In turn, it proposes and statistically tests my partisan theory on the middle class decline for 16 countries.[3]

The Concept of the Middle Class

It is necessary to begin with conceptualization of the middle class, because there is no consensus on what constitutes the middle class. Whereas economists define the middle class purely in terms of income, many sociologists emphasize the social stratification embodied in labor market relations. They define class either in terms of its position in the capitalist mode of production, or based on certain material and non-material components that enable access to life chances (Weber 1968, 927; Wright 2005; Goldthorpe & McKnight 2006). From the sociological perspective, income alone does not constitute class, but does so in combination with other socio-economic factors.

This article finds the economic approach most appropriate because of its policy and political implications for income-based tax and social transfer income policies. For instance, policy debates on middle class tax cuts assume a middle class concept based on the level of household income, for example, whether the yearly income threshold between the middle class and the affluent is 450,000 US Dollars or 250,000 US Dollars. In other instances, social assistance and insurance benefits are also determined based on income level rather than occupation or educational attainment. An additional advantage of the income-based definition is

[3] Because of data availability for key independent variables such as unemployment benefit generosity, I can statistically test only 16 country cases. But I include 21 countries in my descriptive analysis on national variation of middle class decline.

the availability of data for cross-country comparison. This research defines the middle class in terms of income, acknowledging the caveats from sociologists. Given that the middle class based on income is best understood as the middle-income strata from the sociological approach, this article uses the middle-income strata and the middle class interchangeably.

According to Atkinson and Brandolini (Atkinson & Brandolini 2013), middle class is defined as those households that are neither poor nor rich. This article adopts relative income boundaries to define the middle class as those households that earn income between 75 percent and 200 percent of the median income of the population. Accordingly, the middle class size is measured as the percentage of the middle class in the population. Following the poverty line threshold set by the Organization for Economic Cooperation and Development (OECD), which is 50 percent of the median income of the population, I assume that if a household earns 150 percent of the poverty line income, the household can maintain a living sufficiently beyond necessities. The upper threshold of the middle class is set as 200 percent of the median income. Among many ways to differentiate the middle class from the rich, the 200 percent threshold is one of the most reasonably employable. With more than 200 percent of the median income, a family can hire a full-time domestic employee paid at the minimum wage (assumed as 50 percent of the median income) in addition to maintaining in a comfortable living with the remaining 150 percent of the median income. If household income allows them to hire a full-time domestic employee, the household belongs to the affluent category because that domestic labor allows the family a qualitatively different life than the family without.

Although previous research employs various thresholds to set middle class boundaries—such as between 75 and 150 percent of median income, this article measures the middle class based on the 75 to 200 percent threshold because prior studies have found that those alternative thresholds do not result in different patterns of change in income distribution (Atkinson & Brandolini 2013).

Alternatively, middle class can be defined in terms of fixed-size income boundaries—i.e. the middle 40 or 60 percent of the population. This measure is used in most economics research on income distribution. While the fixed-size measure allows for measuring the changing income share (or level) of the middle-income strata, it cannot measure variation in size of the middle class. Because this research is more interested in the change in "people space" rather than "income space" in income distribution, it employs relative income boundaries. Thus, the decline of the middle class indicates a decrease of the middle class numbers in the population, the outcome of a more polarized distribution of income, either having a greater number of poor or affluent.

Finally, I measure the middle class in terms of market income distribution, which measures pre-tax and social transfer income, and in terms of disposable income distribution, which measures post-tax and social transfer income, separately. This is for the purpose of comparing the outcomes from market distribution and redistribution via welfare states (Bradley et al. 2003). Market income means income earned from the market, which includes labor income—wage, and self-employment income, and capital income—rents, interests, dividends, and royalties.[4] Disposable income is the income remaining after paying taxes and social insurance contributions and receiving social transfers. Social transfers include both social assistance and insurance benefits for the poor, the retired elderly, the injured, the disabled, the unemployed, the family raising infant kids, and etc.

[4] Although market income in the economics literature includes private transfers income such as family transfers and alimony, I exclude private transfers in order to determine the effects of market globalization more precisely. Although market income in this article actually means factor income, I use the term market income to indicate factor income for the purpose of contrasting the market outcome with the welfare state outcome.

National Variation of Middle Class Decline

In spite of the widely shared assumption that the middle class is being hollowed out, surprisingly little empirical research exists to verify the assumption. To the extent that it does, the results are mixed.[5] Thus, it is necessary to describe the middle class decline first. Descriptive analysis finds that in the mid-2000s Switzerland, Austria, Norway, and the Netherlands have the largest middle classes in terms of disposable income, while Anglo-American countries including the US, the UK, Ireland, and Australia have the smallest middle classes. Interestingly, excluding Norway, the Nordic countries where the general inequality level is the lowest do not appear in the top group in terms of middle class size regardless of whether middle class is measured in terms of market income or disposable income.

Figure 1 and 2 show national variation of the middle class size among 21 OECD countries in terms of market income and disposable income in the mid-2000s and the years around 1980, respectively. The horizontal axis is the middle class size in terms of market income (MI), while the vertical axis is the middle class size in terms of disposable income (DI).

In the mid-2000s, the middle class size in terms of disposable income varies significantly across the 21 advanced democracies. For comparison, I classify these 21 countries into three groups according to the relative size of the middle class—the top, the middle, and the bottom.[6] The Netherlands (NET), Norway (NOR), Austria (AUT), and Switzerland (SWZ) rank among the top group, while Anglo-American countries rank at the bottom. Switzerland has the largest middle class, closely followed by the Netherlands. The middle group consists of major

[5] Pressman (2007) finds the decline of the middle class, while Pressman (2010) finds the growth of the middle class.
[6] If the middle class size is larger than 60 percent of the households, the country belongs to the top group. If the size is smaller than 51 percent of the households, the country is placed in the bottom group. The middle group nations have middle class sizes between 51 percent and 60 percent.

continental European and Nordic countries, including Denmark (DEN), Italy (ITA), Germany (GER), Finland (FIN), Luxembourg (LUX), France (FRA), and Sweden (SWE). Italy is the only Southern European country in this group, while Taiwan (TWA) is the only East Asian country. Finally, the bottom group nations include all Anglo-American countries in Europe, America, and Oceania, including Ireland (IRE), the UK (UKM), the US (USA), Australia (AUS), and Canada (CAN). In addition, Southern European and East Asian countries are found in this group, including Spain (SPA), Greece (GRE), South Korea (KOR), and Japan (JAP). Among them, Ireland has the smallest middle class, followed by the UK and the US.

Figure 1. Middle Class Size in the mid-2000s

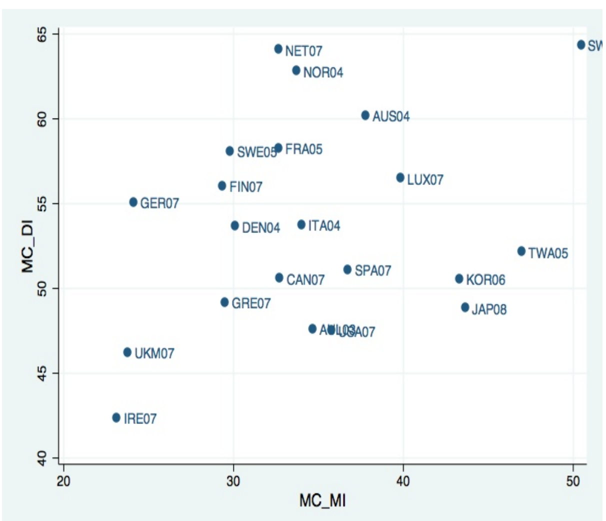
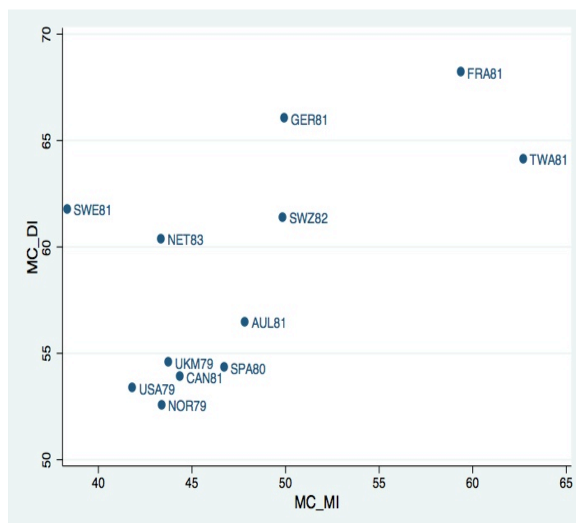


Figure 2. Middle Class Size around 1980



Source: the author's calculation based on data from LIS database

Perhaps counter-intuitively, only one Nordic country—Norway, is included in the top group. In terms of the Gini index, Norway is the most unequal among the four Nordic nations during the mid-2000s. The ranking regarding middle class size departs from the ranking in terms of the Gini index, the most popular index to measure income inequality, by which Nordic countries rank at the top (see table 1). Although Switzerland has the largest middle class during the mid-2000s, it had a more unequal income distribution than Sweden, Denmark, and Finland, according to the GINI index[7]. This suggests that the cause for the middle class decline may be different from the one for general inequality growth.

Table 1. The Gini and Middle Class Size Comparison in terms of Disposable Income

Ranking	Gini index in 2004 and 2005		Middle class size in 2004 and 2005	
1	Denmark 05	0.232	Switzerland 05	64.31
2	Sweden 04	0.234	The Netherlands 04	64.06
3	Finland 04	0.254	Norway 04	62.80
4	Austria 05	0.260	Austria 04	60.16

Source: OECD statistics for the Gini index, the author's calculation based on LIS database for middle class size

When measured by market income, Switzerland has an exceptionally large middle class, amounting to over 50 percent of the population in 2004. The top group includes Switzerland and all East Asian countries[8]. The middle group comprises Luxembourg, Austria, Spain, the U.S., Australia, Italy, Norway, France, the Netherlands, Canada, and Denmark. Finally, the bottom group includes Sweden, Finland, Greece, Germany, the UK, and Ireland. Interestingly, despite their egalitarian reputation, Finland, Germany, and Sweden have the smallest middle classes when measured by market income.

The differences between the middle class size in terms of disposable income and market income are explained by distinctive governments' tax and social transfer policies. As a result of

[7] The first available Gini index for Switzerland is recorded in 2009. In 2009, while the Gini score was 0.298 for Switzerland and 0.283 for the Netherlands, the Gini score was 0.269 for Sweden, 0.255 for Finland, and 0.238 for Denmark is 0.238 (*source*: OECD Statistics, available at http://stats.oecd.org/Index.aspx?DataSetCode=REV).

[8] I use different thresholds for the comparison because the middle class measured by market income is much smaller than the one measured by disposable income. If the middle class size is larger than 40 percent of the households, the country belongs to the top group. If the size is smaller than 30 percent of the households, the country is placed in the bottom group. The middle group nations have middle class sizes between 30 percent and 40 percent.

government redistribution, some countries that are in the bottom group in terms of market income are lifted up to the middle group in terms of disposable income, while other countries that are in the middle group in terms of market income move down to the bottom group in terms of disposable income. In Finland, Germany, and Sweden, middle class size is smaller than 30 percent of the population in terms of market income (the bottom group), but in terms of disposable income, their middle classes are relatively large—more than 50 percent of the households (the middle group). On the contrary, East Asian countries move from the top group in terms of market income down to the bottom group in terms of disposable income.

Although, in terms of market income, middle class sizes in Spain, the US, Australia, Japan, Canada, and Korea are much larger than those of Finland, Germany, and Sweden, they appear much smaller after government redistribution. Those countries that enlarge the middle class size through government redistribution are typical welfare states. They embrace relatively large amounts of welfare spending and high marginal income tax rates for affluent households. In contrast, those countries with little change in the size of the middle class via government redistribution have relatively smaller welfare states and relatively lower marginal income tax rates for the high-income earners.

Time Variation of Middle Class Decline

Figure 2 presents middle class sizes in the early-1980s. While 21 countries have available data for the mid-2000s, only twelve nations have available data for the years around 1980. Thus, cross-time comparison is possible only for those twelve countries, including France, Germany, Sweden, Switzerland, Netherlands, Australia, UK, Spain, Canada, Norway, Taiwan, and the U.S.

First, in terms of disposable income, the country rankings of middle class size in the years around 1980 are quite different from the ones in the mid-2000s. The top group with the largest middle class comprises France, Germany, Sweden, Switzerland, and the Netherlands. The middle class in these nations is larger than 60 percent of the households. The middle group countries with the middle class between 51 and 60 percent follow the top group without large differences: Australia, the UK, Spain, Canada, the US, and Norway.

In the year around 1980, the largest middle classes are found in France and Germany, while the smallest middle class is in Norway. The result contrasts to the most recent one. Over the past twenty years, France and Germany moved down from the top group to the middle group, whereas Norway moved up from the bottom group to the top group. Anglo-American countries moved down from the middle to the bottom group (see table 2). This suggests that middle class growth and contraction occur differentially among countries during the same period.

Table 2. Middle Class Ranking Change in terms of Disposable Income

Middle Class Size	Around 1980	In the mid-1990s	In the mid-2000s
The Top Group (Over 60 percent)	France, Germany, Sweden, Switzerland, The Netherlands	Finland, Germany, Norway, Luxembourg, The Netherlands	Austria, Norway, The Netherlands, Switzerland
The Middle (51 to 60 percent)	Australia, the UK, Spain, Canada, The US, Norway	Sweden, France, Denmark, Italy, Switzerland, Canada, Ireland	Denmark, Italy, France Sweden, Germany, Finland, Luxembourg
The Bottom (Below 51 percent)		Austria, Spain, Greece, The US, The UK, Australia	Ireland, The UK, The US, Australia, Canada, Spain, Greece

Middle class size in all twelve countries is over 50 percent, and thus no country is placed in the bottom group in the years around 1980. In most countries, middle class decline occurred between the early-1980s and the mid-2000s. The middle class in Germany and France has declined most dramatically. Middle class size in Australia, the UK, and the US has contracted by 6 to 9 percent. On the contrary, the middle class in the Netherlands, Switzerland, and Norway has expanded by 3 to 10 percent over the same period, lifting them up to the top group in the mid-2000s.

Second, when measured by market income, the middle class size in the years around 1980 is quite different from the mid-2000s. France had large middle class in the early-1980s, followed by Germany and Switzerland[9]. Except Sweden, all eleven countries had a middle class as large as over 40 percent of the households even before government redistribution took place.

The middle class size in terms of market income has become much smaller in the mid-2000s than in the early-1980s in most industrialized democracies. While Switzerland alone experienced middle class growth in terms of market income, all other countries experienced middle class contraction by more than 10 percent. The average size of the middle class in terms of market income in the years around 1980 was 47.64 percent of the households, and it has dropped to 34.53 percent in the mid-2000s. Particularly, the UK and Germany experienced the most remarkable decline. Their middle classes have been halved over this period. Although the Swiss middle class was the same size as the German one in the early-1980s, it has become twice as large as its German counterpart in 2004.

[9] France's 1981 data might be an outlier case given the large difference with its 1979 and 1984 data. While French middle class size in 1981 was 68.18 in terms of disposable income, it was 54.3 in 1979, and 53.65 in 1984.

Market Globalization, Neo-liberal Ideational Turn, and Christian Rights

1. Market Globalization

In the three decades since the 1980, the overall trend in industrialized democracies has been the rise of market globalization in the economic sphere and the rise of right party power in the political sphere. According to structural theories in political economy, the global market integration of trade, capital, and labor has dramatically increased since the late-1970s, contributing to greater income differentials and income volatility among the population. The increasing mobility of capital undermines the bargaining power of labor and the capacity of governments to regulate the market and tax business. This has resulted in a reduction of labor's share of income vis-à-vis business and higher income inequality among laborers (Bradley et al. 2003; Kristal 2010). Increased trade between nations threatens the wages and jobs of the workers in high-income nations who have to compete with the workers in low-income countries (Alderson & Nielsen 2002). The influx of low-skilled migrants helps to displace native workers or depress their wages (Borjas 1994). The increased movement of goods and services, capital, and labor has increased not only between developed and developing nations but also in trade between advanced economies (Brady et al. 2005). Thus, skilled workers in other advanced economies lead to displaced job opportunities and depressed wages as much as do cheap laborers in developing nations. Alderson et al.'s research finds growing income differentials with the middle class being hollowed out since the 1980s in two countries: the US and the UK (Alderson et al. 2005). In addition to income differentials, economic volatility also has extended to the broader population, including the middle class over the last three decades. Hacker finds the number of households that experienced 50 percent or greater reduction of household income of every two years has increased in all income groups in the US since 1980 (Hacker 2006). In sum, the expansion of the market mechanism on a global scale contributes to a decline of the middle class by increasing wage differentials and income volatility across countries, particularly in countries that lack a generous social insurance system.

However, these structural theories of market globalization do not explain the significant national variation in terms of the degree and direction of the change in middle class size. As the previous section presents (see table 2), not all countries have experienced middle class contraction and, if experienced, the degree of decline varies across countries. National variation can be better explained by varying governments' economic and social policy responses to global market competition. Partisan theories argue that government policies vary depending on government partisanships. Classic partisan theory proposes that leftist parties, which represent the economic interests of the working class or the poor, pursue more egalitarian redistributive policies than right parties, which represent the interests of the business class or the rich (Hibbs 1977; Boix 1997; Bradley at al, 2003; Brady 2003, Brady & Leicht 2008).

Middle class decline is a problematic case for existing partisan theories based on class interests because they tend to examine partisan effects from a dichotomous framework of left and right, neglecting the diversity in each political end. In particular, they ignore the electoral competition on the right between Christian Democratic parties and secular right parties. In the post-1980 period it is especially important to investigate the dynamics of the political right because the left's power has been weekend significantly compared to the pre-1980 period. Even in the Nordic countries known as the most socialistic among industrialized democracies, right parties have been able to form governments without any coalition partners since 1980.

2. The Ideational Turn in Economics and the Rise of Secular Right Parties

Since the 1980s, secular right parties have emerged as the main driving force behind neo-liberal social and economic policy reforms. These reforms reflected emergent monetarist ideas in economics, which criticized Keynesian economic prescriptions, in particular the active role of government in the market. According to monetarism, government's economic policy should be limited to keeping the money supply steady (Krugman 1995). Whereas Keynesians viewed the private economy as unstable and in need of intermittent fiscal adjustment, monetarists saw the private economy as stable and discretionary policy as an impediment to efficient economic performance (Hall 1993). Due to the influential work by monetarist economists including Milton Friedman and Robert Lucas, monetarist idea achieved scientific legitimacy and intellectual dominance among serious thinkers in American academics between the 1960s and the 1980s (Krugman 1995).

However, it was political conservatives who took up this idea as a new policy paradigm and implemented in their policies (Hall 1993; Krugman 1995; Blyth 2001). The UK and Sweden cases are well articulated by Peter Hall and Mark Blyth, respectively. Faced with stagflation—high unemployment accompanied with high inflation—in the late-1970s, Keynesian solutions such as fiscal and monetary expansion lost credibility not only in the eyes of economists but also in the eyes of politicians, officials, and the public. Political conservatives took up the new idea as a blueprint for an alternative economic model, and as a weapon in distributional struggles against the incumbent political left (Blyth 2001). Typical examples include the Thatcher government in the UK and the Reagan government in the US in the 1980s and the Bildt government in Sweden in 1991. In addition to monetary and fiscal policy, monetarism had special political appeal to the political right in the labor and social policy arena because it provided a new rationale for many measures they had long supported: that public spending and the role of the state in the economy should be reduced, and that the unemployment rate could be decreased only by reducing the power of the trade unions. Emphasis on small government spending and balanced budgets provided scientific legitimacy to welfare cuts. Monetarism also had a broader public appeal. When a decade of tortuous negotiations over incomes polices had rendered trade unions and neo-corporatist arrangements increasingly unpopular, monetarism offered a simple but appealing prescription: the government could discipline the unions and eliminate inflation by adhering to a strict target for the rate of growth of the money supply (Hall 1993).

3. Christian Democrats and Secular Rights

Not all rightist governments took advantage of the new economic idea to pursue alternative economic and social policies. Christian Democrats have been less susceptive to the monetarist economic paradigm than secular right parties because it contradicts their ideological orientation. Although both Christian Democratic parties and secular right parties represent business interests, their ideological orientations differ regarding the proper role of government in market, particularly in neo-corporatist wage bargaining arrangements and welfare states. I conducted regression analyses to estimate the effects of partisan governments on the centralization and coverage of wage bargaining and on the social insurance benefit generosity, respectively. While both bargaining coverage and generosity of social insurance benefits are negatively related to secular right party power in governments, they are positively related to Christian Democratic government in power. For instance, whereas the secular right government of the UK has decreased the generosity of its unemployment benefits when their unemployment rates went up since the 1980s, the Christian right government of Germany has done the opposite.[10] I argue that this difference in ideological orientation is critically related to middle class decline.

Historically, Christian Democratic parties emerged in opposition to liberalism and the liberal model of small state. Christian Democratic parties emerged during the late-19th century when political conflicts between the liberal state and members of the Catholic and Lutheran were stark. Christian democratic parties had great success in electoral politics, offering Christian rather socialist doctrine as an alternative to liberalism (van Kersbergen and Manow 2009). Although Christian democratic parties had been initiated by church elites and aligned with conservative politicians, the leadership of the parties was soon taken over by lay Catholic members based on the mass organization of Catholic unions (Kalyvas 1996). Since then, these parties have continued to operate in the political center and right seeking the working-class vote (Huber et al. 1993). Relatively generous welfare provision via social insurance schemes reflects the Christian democratic parties' working class electoral base.

As opposed to secular right parties, Christian Democratic parties do not ideologically oppose welfare states. The welfare state literature has posited that it was the combination of Christian Democracy and Catholic social doctrine that explains the generous Christian Democratic welfare states (Esping-Andersen 1990; van Kersbergen 1995). In addition, Catholic

[10] Source: I performed easily replicable three separate OLS regression estimations on each country data from CWS. For all three estimations, the independent variables are secular right party share in the cabinet and Christian Democratic party share in the cabinet. The dependent variables include centralization of wage bargaining, bargaining coverage, and income-replacement rate of unemployment benefits (unemployment benefit generosity). I found negative and statistically significant effects of secular right party governments on both unemployment benefit generosity and wage bargaining coverage in all 16 countries in study. On the contrary, Christian Democratic governments have positive and statistically significant effects on these two variables. However, I did not find any statistically significant different partisan effects on the centralized wage bargaining. For the description of variables, see Appendix A and Data and Method section of this article. These regression outcomes can be sent upon request.

social doctrine provided legitimacy to state supports for the poor and constraints against the excessive gains to the rich at the cost of others members of society. From their origins, Christian Democratic parties have embraced Catholic versions of anti-capitalist ideas such as fair wages and called for corrections of the most abhorrent societal effects of the capitalist order. The Catholic principle of subsidiarity, in particular, posited that the state has a duty to intervene to correct for morally unacceptable market outcomes (van Kersbergen & Manow 2009; Gabor 2012).

These two ideologically different right parties have competed on the right spectrum in many Continental European countries. In the elections since 1980, the relationship between Christian Democratic and secular right party power in governments has become increasingly antagonistic. In contrast, Christian Democratic power in governments has become less antagonistic toward Social Democratic party power in governments. This suggests that party competition within the right has become as important as the competition between the left and the right. Table 3 presents the correlation between parties' share in the cabinet in three periods: pre-1980, the 1980s, and the post-1990 period. The party share in the cabinet represents the electoral outcomes excluding the Anglo-American countries. Christian Democratic party power is negatively correlated with both secular right party power and left party power. In other words, the Christian Democratic party enhances its power as other parties' power declines. However, this relationship has become increasingly antagonistic between Christian Democratic parties and secular right parties since 1980.

Table 3. Party Competition between Christian Democratic and Secular Right Parties

	Years	Secular Rights	Leftist Parties
Christian Democratic Governments	≤1980	-0.287	-0.260
	1980-1990	-0.293	-0.257
	1990 >	-0.303	-0.189

Source: the author's calculation based on CWS dataset.

4. Centralized Wage Bargaining and Conservative Welfare States

Previous research suggests that government policies on corporatist centralized wage bargaining and welfare states can affect middle class decline. Centralized wage bargaining in corporatist settings may produce a larger middle class in terms of market income by reducing income differentials among wage earners. At the same time, the welfare states pursued by Christian Democratic parties effectively prevent the middle class from falling into the low-income class when they become economically vulnerable through its income-related generous social insurance schemes.

First, in corporatist settings, a tripartite institutional arrangement is established for centralized interest intermediation between the peak organization of trade unions, employers' associations, and the government. In particular, centralized wage bargaining settings have been studied for their wage-constraining and wage-equalizing effects because they restrain wage increases in more productive sectors while helping to increase wage levels in less productive sectors (Calmfors & Driffill 1988; Wallerstein 1999; Busemeyer & Iversen 2012).

After their adoption during the post-World War II reconstruction period, corporatist settings became unpopular but were revived in the 1970s in Germany, Ireland, the Netherlands, Italy, Switzerland, the Benelux countries, and the Scandinavian countries in response to the new economic threat of stagflation. Some nations have successfully maintained these settings since the beginning of the 1990s with renewed social pacts to deal with European single market integration (Molina and Rhodes 2002). Politically, corporatist settings have been supported not only by Social Democrats but also by Christian Democrats.

Second, the welfare state literature suggests that the middle class is not necessarily excluded from social welfare benefits. The welfare state is not just a tool to transfer economic resources from the wealthy to the poor, but about "pooling various risks across the class lines" (Baldwin 1990). As a social insurance system against the various risks of industrial society—unemployment, sickness, disability, and retirement—the welfare state includes the middle class as an important component. Furthermore, because its encompassing design includes both the poor and the middle class, the welfare state is made politically and fiscally sustainable. This encompassing design was strategically pursued by the political left in the Nordic countries (Korpi and Palme 2003), and made possible due to a universal desire for welfare policies that transcended leftist politics because risk incidence and the capacity to shoulder the risk go beyond class lines (Baldwin 1990).

Welfare regime theory offers an explanation for the varying effects of the welfare state on the middle class. The "three worlds of welfare capitalism" suggest three regime types in welfare states: liberal, conservative, and social democratic (Esping-Andersen 1990). Each type has developed distinctive welfare programs and institutions. First, the liberal welfare regime, characterized by means-tested assistance and modest social insurance plans cater mainly to those of low-income. Under the auspices of traditional, liberal work-ethic norms, entitlement rules are strict and associated with stigma. Therefore, the middle class needs to seek social protection from market-based insurance rather from the state.

The second regime type is conservative, where in the corporatist-statist tradition the granting of social rights is not a seriously contested issue, but social rights are attached to class and status for the purpose of preserving existing status differentials. Whereas the literature focuses on the negligible redistributive effects of the conservative welfare regime rather than its social protection for the middle class, I expect that the very conservative design to preserve status differentials should keep the middle class from declining against various risks of globalized market competition because of its earnings-related and thus generous social insurance benefits to the middle class.

In social democratic regimes, a universalist social welfare system is pursued for all workers for the purpose of de-commodification and social rights. Services and benefits were increased to support the new middle class [white-collar workers]. The middle class benefits from the encompassing design of the social insurance system and, thus, supports the system politically (Pierson 1996; Korpi and Palme 2003).

In sum, while both social democratic and conservative welfare regime are expected to provide social protection to the middle class, albeit with different aims and mechanisms, the liberal regime usually provides limited social protections to the middle class. Thus, the effects of the welfare state on the market-generated middle class decline will be larger in social democratic and conservative welfare regime than in liberal welfare regimes.

Drawing on theories of the partisan, wage-bargaining institution, and welfare regimes, I argue that middle class decline is contingent on the ideological orientation of the dominant right parties that shape labor market institutions and social insurance schemes distinctively. Specifically, it is the strength of Christian Democrats vis-à-vis secular right parties that explains middle class decline because of their distinctive receptiveness to the new neo-liberal economic model since the 1980s. Due to its ideological orientation and cross-class political base, Christian Democrats have been much less receptive than secular right parties in governments to the monetarist turn in economic and social policy arena. Christian Democrats have tempered growing wage differentials in the market by supporting existent centralized wage bargaining and broad bargaining coverage of the centralized wage bargaining, or have compensated for the increasingly volatile market income of the middle class by maintaining income-related generous employment insurance scheme.

In the next section, I test this theory using time-series cross-country regression analysis and present the results.

Data and Model

Regression analyses aim to find the partisan effects of Christian Democratic party power in governments on middle class decline. I use data from the Luxembourg Income Study Database (LIS), the Comparative Welfare State Dataset (CWS), Comparative Welfare Entitlements Dataset (CWED) and the OECD database. The unit of analysis is a country-year. The time period starts in 1967 and ends in 2010. The case include 16 countries include Sweden, Denmark, Finland, Norway, the UK, Ireland, Canada, the US, Australia, Germany, Austria, France, the Netherlands, Belgium, Switzerland, and Italy.

Given the different causal factors that affect disposable income distribution and market income distribution, I perform two separate regression analyses on the middle class size in terms of market income and in terms of disposable income, respectively. For the regression on the middle class size in terms of market income, I perform five models. The first two models estimate the government's partisan effects on middle class size for two time periods—pre-1990 and post-1990. Although neo-liberal reforms took place in the early-1980s in the UK and the US, it took longer for secular right parties in other countries to begin to implement the same kinds of reforms. After controlling for non-political factors, I expect to find positive effects of Christian Democratic power in government on middle class size in the post-1990 period. The third model adds an additional control variable—skilled labor share—in order to test the technological change hypothesis that attributes middle class decline to the mismatch between a technologically advanced economy and a skilled labor supply. The fourth and the fifth model estimate the effects of two labor market institutions—the centralization and coverage of wage bargaining on middle class size for the two time periods. I expect that the positive effects of these labor market institutions on middle class size are larger in the post-1990 period than in the pre-1990 period, tempering the wage differentials increased by market globalization.

For the regression on middle class size in terms of disposable income, I perform 6 models. The first two models estimate partisan effects, while the following two models estimate welfare state effects on the middle class size for the pre-and post-1990 period. The last two models estimate partisan effects after controlling for other non-political factors.

I use a random effects (RE) model for the regressions. Due to limited observations for the dependent variables, the cases are unevenly distributed across 16 countries and 44 years. For this type of unbalanced panel data, ordinary least squares (OLS) regression is inappropriate (Hsiao 2003). Of the generalized least square (GLS) models, RE models better facilitate estimation for this research design, in which both cross-national and historical variations are essential (Beck 2001; Beck and Katz 2001).

Of the independent variables, party power in government is measured by the party share in the cabinet each year in each country.[11] I compare three party categories—Christian Democratic, secular right, and left parties. I use lagged party power in government one year because I assume government policy will take time to generate effects in income distribution. Corporatist settings are measured by two variables—centralization of wage coordination and bargaining coverage. Bargaining coverage is measured as the percentage of employees covered by wage bargaining agreements with the right to collective bargaining. Centralized wage bargaining is coded on a scale of 1 to 5, for which 5 represents the most centralized.[12] I use three variables to measure the generosity of social insurance: the income replacement rates of pension, sickness, and unemployment benefits.[13]

Control variables include trade openness, capital account openness, immigrant population share, GDP growth rates, elderly population share, female labor market participation rates, high-skilled labor share, and European Union membership. Trade openness is measured as the sum of exports and imports, while capital account openness is based on the Chinn-Ito index.[14] Migration stock is measured by the percentage of foreign population in the nation. Elderly population share is measured by the percentage of the population whose age is 65 or older, and it controls for the effects of the relative size of pensioners on the income distribution. Female labor market

[11] Source: Evelyne Huber, Charles Ragin, John Stephens, David Brady, and Jason Beckfield. CWS, http://www.unc.edu/~jdsteph/common/data-common.html. I combined four categories of Christian Democratic parties—Right Christian, Right Catholic, Center Christian, and Center Catholic into one single category, Christian Democratic parties.

[12] Source: Jelle Visser. *ICTWSS* (database, v 3.0 and v 4.0), http://www.uva-aias.net/207.

[13] Source: Lyle Scruggs, CWED, replacement rates are calculated for a fictive average production worker in manufacturing sector who is 40 years old, has been working for the 20 years preceding the loss of income or the benefit period. Of two measures for different household types: single and family, I use the family measure. For details, see http://cwed2.org.

[14] CWS provide data on trade openness, GDP growth rates, elderly population share, female labor market participation rates, and high-skilled labor share. Original source of capital account openness data is Chinn, Menzie D. and Hiro Ito. 2008. "A New Measure of Financial Openness." *Journal of Comparative Policy Analysis* 10, no. 3: 309-322, http://web.pdx.edu/~ito/Chinn-Ito_website.htm. The migration population share is based on data from the OECD Database. http://stats.oecd.org/#[data access: Jan. 10. 2014]

participation rates control for the effects of dual income households. GDP growth rate is included because general economic conditions are widely perceived to influence market income distribution directly. European Union membership is included to control for the effects of the single European market and supra-national economic policy-making. EU membership is coded as a dummy variable—1 for member state, 0 for non-members. To measure high-skilled labor share, I use a proxy variable—percentage of the population aged 25 and over with tertiary schooling.

Results

Table 4 presents regression estimates on the effects of government partisanship and wage bargaining institutions on the middle class size in terms of market income. The first three models report that in the pre-1990 period, no statistically significant partisan effects. In contrast, the Christian Democratic government effects are positive and statistically significant in the post-1990 period. In other words, Christian Democratic governments have contributed to preventing middle class contraction.

Although the effect of left government is also positive, it is much smaller and less statistically significant than that of Christian Democratic government. Of the control variables, both trade openness and EU membership contribute to middle class contraction, as well as does a large elderly. The effects of GDP growth were statistically insignificant. Perhaps counter-intuitively, female labor participation is negatively related to the middle class size. This suggests that female labor participation may not be the cause of middle class contraction, but its consequence.

The remaining two models (4 and 5) assessed the effects of wage bargaining institutions on middle class size for the pre-1990 and the post-1990 years. Neither the centralization nor the coverage of wage bargaining had statistically significant effect on middle class size in the pre-1990 period. But bargaining coverage had a statistically significant effect in the post-1990 period.

Table 4. Partisan and Institutional Effects on the Middle Class Size (Market Income)

	Partisan Effects Model (1-3)			Institutional Effects Model (4-5)	
	(1)	(2)	(3)	(4)	(5)
	Year ≤1990	Year >1990	Year >1990	Year ≤1990	Year >1990
Christian Democratic Power in Govt.	0.105	0.096***	0.087***		
	(0.10)	(0.03)	(0.03)		
Secular Right Power in Govt.	0.007	0.029	0.026		
	(0.07)	(0.02)	(0.02)		
Left Power in Govt.	-0.057	0.036*	0.033		
	(0.07)	(0.02)	(0.02)		
Bargaining Coverage				-0.265	0.134**
				(0.24)	(0.05)
Centralized Wage Bargaining				2.702	0.314
				(2.60)	(0.78)
GDP Growth	-1.816**	0.186	0.219	-1.840*	0.136
	(0.78)	(0.19)	(0.20)	(1.02)	(0.19)
Elderly Population (>65) Share	1.619	-1.010***	-1.088***	3.355**	-1.279***
	(1.14)	(0.34)	(0.36)	(1.38)	(0.35)
Female Labor Participation Rate	-0.748**	-0.265*	-0.138	-1.336***	-0.143
	(0.35)	(0.16)	(0.18)	(0.33)	(0.17)
Trade Openness	-0.016	-0.064**	-0.067**	-0.013	-0.078***
	(0.05)	(0.03)	(0.03)	(0.06)	(0.03)
Capital Account Openness	-0.013	-0.012	-0.011	-0.020	-0.015
	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
Immigrant Population Share	0.319	0.093	0.240	0.344	0.211
	(0.34)	(0.17)	(0.18)	(0.30)	(0.18)
EU Membership	-13.776***	-3.978*	-3.481	-13.252*	-4.384*
	(4.95)	(2.31)	(2.39)	(7.23)	(2.54)
High-skilled Labor Share			-0.323**		
			(0.15)		
_cons	60.907***	65.524***	64.396***	74.712***	59.137***
	(13.87)	(7.62)	(8.02)	(22.64)	(8.30)
R^2 within	0.521	0.479	0.497	0.365	0.533
R^2 between	0.851	0.283	0.405	0.885	0.216
R^2 overall	0.672	0.353	0.411	0.616	0.342
N	24	88	79	23	84

Notes: Standard errors are in parentheses
p<0.05, ** p<0.01, *** p<0.001

Table 5 presents the effects of government partisanship and the welfare state on middle class size in terms of disposable income. The first two models (1 and 2) estimate partisan effects. Christian Democratic government effects were positive and statistically significant in the post-1990 period, whereas these effects were not observed in the pre-1990 period. Neither left government nor secular right government had a statistically significant effect on middle class size.

Table 5. Partisan and Welfare States Effects on the Middle Class Size (Disposable Income)

	Partisan Effects Model		Welfare Effects Model		Partisan Effects Model	
	(1)	(2)	(3)	(4)	(5)	(6)
	Year≤1990	Year>1990	Year≤1990	Year>1990	Year≤1990	Year>1990
Christian Democratic Power in Govt.	0.013	0.076***			0.110	0.091***
	(0.03)	(0.03)			(0.10)	(0.03)
Secular Right Power in Govt.	0.009	0.010			0.025	0.002
	(0.02)	(0.01)			(0.05)	(0.02)
Left Power in Govt.	-0.002	0.008			-0.027	-0.001
	(0.02)	(0.01)			(0.06)	(0.02)
Unemployment Benefit Generosity			3.709	14.011**		
			(5.21)	(5.48)		
Sickness Benefit Generosity			5.393	8.804**		
			(3.80)	(4.05)		
Pension Benefit Generosity			3.831	3.620		
			(4.80)	(5.66)		
Middle Class Size (Market Income)	0.446***	0.352***	0.328***	0.463***		
	(0.07)	(0.07)	(0.09)	(0.07)		
GDP Growth					-0.687	-0.210
					(0.56)	(0.19)
Elderly Population (>65) Share					1.426	-0.229
					(1.16)	(0.36)
Female Labor Participation Rate					-0.323	0.201
					(0.33)	(0.17)
Trade Openness					0.018	-0.014
					(0.07)	(0.03)
Capital Account Openness					0.009	0.004
					(0.02)	(0.01)
Immigrant Population Share					-0.113	-0.051
					(0.42)	(0.18)
EU Membership					-11.670**	0.084
					(5.60)	(2.29)
_cons	37.850***	40.485***	34.503***	20.793***	55.497***	48.302***
	(3.52)	(2.59)	(5.79)	(5.77)	(15.12)	(7.76)
R^2 within	0.558	0.322	0.405	0.436	0.507	0.186
R^2 between	0.362	0.358	0.531	0.486	0.408	0.379
R^2 overall	0.382	0.390	0.547	0.476	0.296	0.252
N	47	103	39	91	24	89

Notes: Standard errors are in parentheses, p<0.05, ** p<0.01, *** p<0.001

The following two models (3 and 4) estimate welfare state effects and confirm my hypothesis that the generosity of social insurance benefits helps the middle class grow in number. Particularly, generous unemployment and sickness benefits are critical to preventing middle class decline. These welfare effects became larger and more significant since 1990. The final two models (5 and 6) estimate partisan effects on middle class size in terms of disposable income. Whereas only EU membership had significant effects in the pre-1990 period, Christian Democratic government alone has a significant effect since 1990. None of the non-political variables had statistically significant effects on middle class size. Non-political variables included GDP growth rates, female labor participation, elderly population, and three measures of market globalization.

Conclusion

While previous research has attempted to show that middle class decline reflects an overall trend in the advanced democracies over the past decades, this article focuses on the significant national variation in the degree and direction of middle class decline. Whereas the middle class has contracted dramatically in some countries, it has declined quite modestly, and even expanded in other countries over the same period. Surprisingly, it is not the Nordic countries that have the largest middle classes, but some Continental European countries, where secular right parties have never dominated the right of the political spectrum due to strong competition from Christian right parties.

Whereas the prevailing literature in distributional studies focuses on the difference between left and right parties, to explain variation in middle class decline against the backdrop of a surge in right party power since the 1980s, the difference between right parties is critical. Christian and secular right parties have different ideological orientations toward liberalism and the proper role of the state. They, therefore, also have different attitudes regarding the ideational turn toward monetarism in mainstream economics since the late-1970s. Secular right parties have successfully taken up the idea as a weapon to challenge incumbent leftist governments' economic policy failures and used it as a blueprint for an alternative economy and society. Once in governments, they took advantage of this new idea to implement economic and social reforms that they had long supported, such as the deregulation of labor markets and welfare cuts. Social reforms in these two policy arenas are particularly important explanations of middle class contraction.

In contrast, Christian Democratic parties have been much less receptive to this ideational turn because these neo-liberal ideas contradict their own Catholic social doctrines of subsidiarity and the government's role in the market. They have maintained existing wage bargaining settings and generous income-related social insurance benefits. Because of these differences, these two right parties have been increasingly antagonistic in electoral competition, particularly since the 1980s, and right governments have implemented quite different policies depending on whether they are Christian Democratic or secular right parties.

The results of regression analyses support my partisan theory of middle class decline. Christian Democratic power in government helps to prevent middle class decline in terms of market income and disposable income. Since 1990, the Christian partisan effect alone is positive and statistically significant when non-political factors are controlled for. This result challenges and supplements various theories that attribute middle class decline to changes in demography, market globalization, immigrant laborers, the business cycle, or lack of skilled labor.

Finally, I emphasize the institutional effects that mediate partisan differences, in particular, the institutional structure of welfare states and wage bargaining institutions. Institutions are not static, but variable, especially when political parties are well equipped with a legitimate idea from which to project an alternative model. Although all parties are interested in middle class voters, partisan politics do not reflect the policy preferences of the middle class voters. Because the middle class has not emerged as a coherent voter group, there is no incentive for parties to represent the class interests of the middle class.[15] Thus, middle class decline/growth is not the intended consequence of Christian Democratic or secular right government's policies. Rather, it is more likely an unexpected consequence of the different policy orientations of these two right parties toward social insurance institutions and labor market institutions.

[15] European centrist parties represent agricultural interests rather than middle class interests.

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Appendix A. Descriptive statistics for variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Middle Class Size (MI)	152	36.89171	8.197815	16.46	59.38
Middle Class Size (DI)	152	55.08941	6.100232	39.01	69.02
Christian Democratic Power in Govt.	945	17.7345	27.74508	0	100
Secular Right Power in Govt.	945	29.11079	38.29991	0	100
Left Power in Govt.	945	35.13175	38.88531	0	100
Bargaining Coverage	412	62.50102	25.35786	13	99
Centralized Wage Bargaining	969	3.109391	1.337787	1	5
Unemployment Benefit Generosity	693	0.6631962	0.1476762	0.101	0.952
Sickness Benefit Generosity	696	0.7023305	0.2608772	0	1.013
Pension Benefit Generosity	653	0.6518515	0.1415279	0.34	1.111
GDP Growth	940	2.421467	2.915168	-10.75157	13.48463
Elderly Population (>65) Share	982	13.38443	2.641415	7.31377	20.98146
Female Labor Participation Rate	913	36.80534	9.129469	18.13415	64.00372
Trade Openness	959	69.91351	45.47795	9.269114	319.5532
Capital Account Openness	706	144.3711	125.4943	-185.564	245.573
Immigrant Population Share	407	9.151627	8.809965	0.3434043	44.91403
EU Membership	988	0.5435223	0.4983545	0	1
High-skilled Labor Share	293	10.18635	6.686922	0.84	31.95

Appendix B. Bivariate correlation matrix for variables (N=92)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Middle Class Size (MI) (1)																	
Middle Class Size (DI) (2)	0.531																
Christian Democratic Power in Govt. (3)	0.371	0.459															
Secular Right Power in Government (4)	0.029	-0.122	-0.308														
Left Power in Government (5)	-0.207	-0.050	-0.163	-0.555													
Bargaining Coverage (6)	0.085	0.391	0.404	-0.120	0.286												
Centralized Wage Bargaining (7)	0.056	0.395	0.438	-0.253	0.250	0.726											
Unemployment Benefit Generosity (8)	0.056	0.422	0.010	-0.022	0.044	0.200	0.458										
Sickness Benefit Generosity (9)	0.255	0.592	0.532	-0.158	0.170	0.757	0.766	0.363									
Pension Benefit Generosity (10)	-0.060	-0.080	-0.095	-0.019	-0.096	0.087	-0.033	-0.037	-0.013								
GDP Growth (11)	-0.044	0.000	0.023	-0.124	0.010	0.033	-0.102	-0.049	-0.004	-0.067							
Elderly Population (>65) Share (12)	-0.353	0.055	0.123	-0.027	0.300	0.372	0.332	0.077	0.451	0.211	0.050						
Female Labor Participation Rate (13)	-0.252	0.036	-0.428	0.081	0.011	-0.415	-0.127	0.346	-0.248	-0.149	0.020	-0.020					
Trade Openness (14)	-0.224	0.189	0.314	-0.219	0.018	0.285	0.495	0.490	0.436	-0.153	0.036	0.094	0.016				
Capital Account Openness (15)	-0.382	-0.132	-0.204	-0.089	0.127	-0.256	-0.049	0.278	-0.236	0.072	-0.050	0.131	0.298	0.140			
Immigrant Population Share (16)	0.237	-0.129	-0.248	0.043	-0.017	-0.434	-0.295	0.250	-0.218	-0.299	-0.010	-0.424	0.264	-0.078	0.141		
EU membership (17)	-0.394	-0.005	0.283	-0.115	0.252	0.573	0.357	-0.076	0.361	0.163	0.065	0.561	-0.401	0.358	0.061	-0.637	
High-skilled Labor Share (18)	-0.163	-0.316	-0.374	-0.031	-0.138	-0.623	-0.324	0.228	-0.580	0.026	0.041	-0.389	0.468	-0.020	0.285	0.555	-0.519