



THE MIDDLE-CLASS: WHO ARE THEY, WHERE DID THEY GO, AND WHY DOES IT MATTER?

Roundtable discussion at the conference
“The decline of the Middle Classes around the World?”
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GENERAL CONSIDERATIONS

- Different, partly overlapping concepts of ‘class’
 - Statistical partitioning of distribution in discrete, partly arbitrary, groups
 - Sociological perspective (position in division of labour, occupations, education)
 - Political (capacity to forge identities and articulate common demands)
 - *different perspectives may lead to different conclusions on the ‘decline’ of the middle class*
- Even when limited to statistical perspective, issues in terms of choices of the:
 - well-being dimension considered (e.g. income, wealth)
 - ‘space of evaluations’, i.e. ‘income space’ (e.g. between 75% and <125% of median income) or ‘people’s space’ (e.g. 5th to 9th decile of distribution)



CONTENT OF PRESENTATION

In what follows:

- ✓ some evidence on the three questions (*‘who, what and why?’*), based on OECD Income Distribution Database

.. With two caveats:

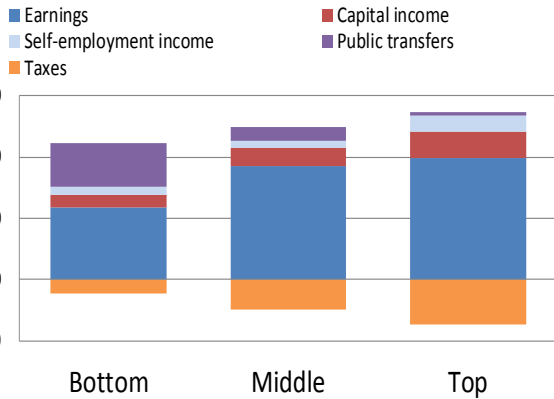
- ✓ no single OECD definition of the ‘middle-class’ analogue that what we use for income poverty (40, 50, 60% of median household disposable income), i.e. various OECD studies used different definitions
- ✓ general definition of the middle class used here: people in 5th to 9th decile of the distribution (Palma ratio). At this stage, not much evidence that alternative definitions would lead to similar conclusions



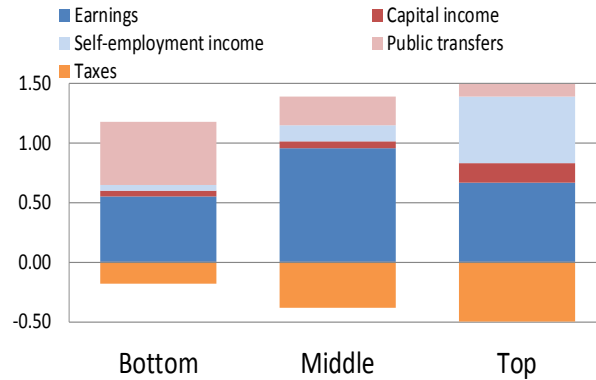
QUESTION 1: 'WHO ARE THEY' (1)?

➤ *'middle class depends on earnings as main income source'*

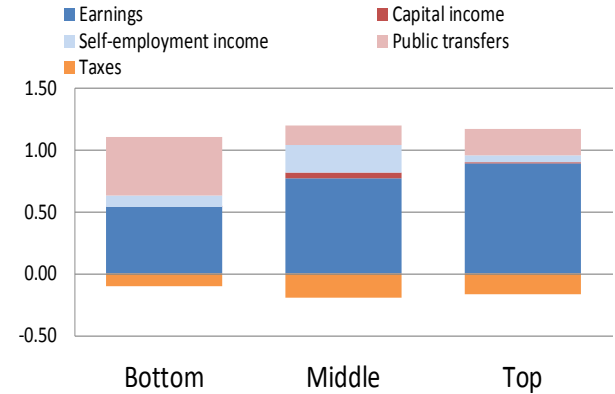
Canada



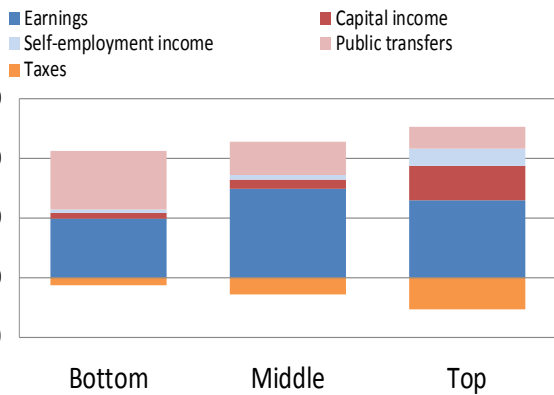
Germany



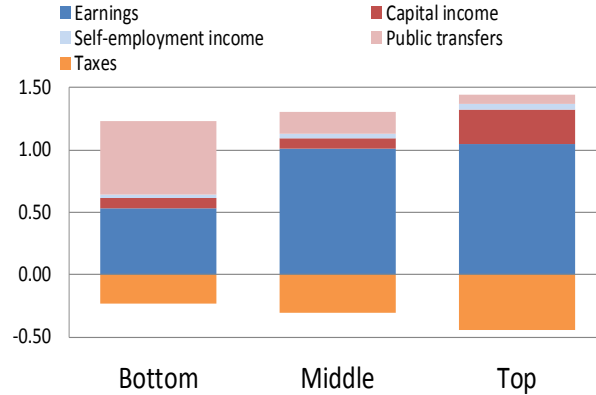
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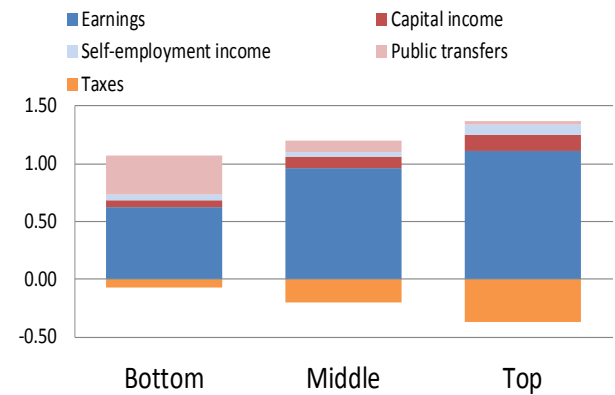
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United States

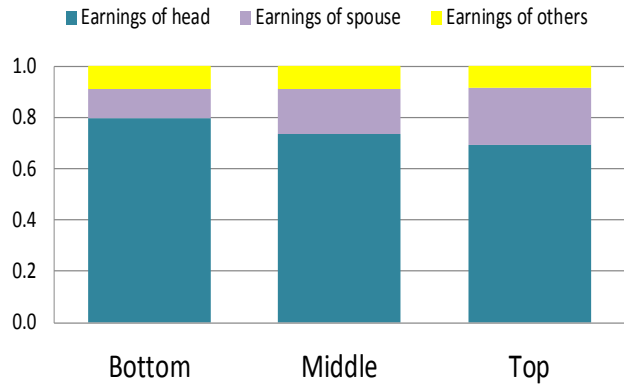




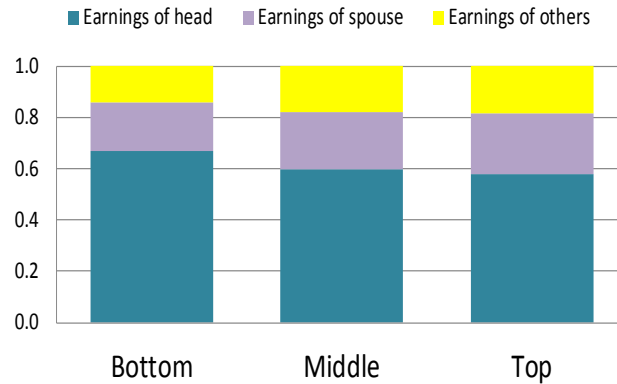
QUESTION 1: 'WHO ARE THEY' (2)?

➤ *'.. Increasingly dual-earnings households'*

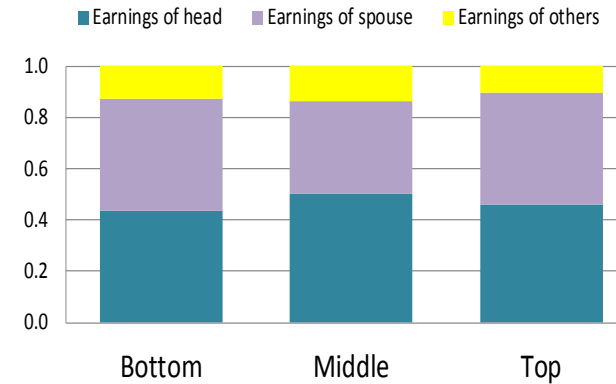
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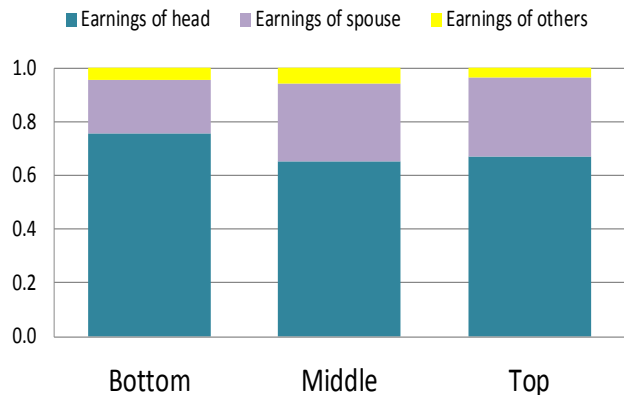
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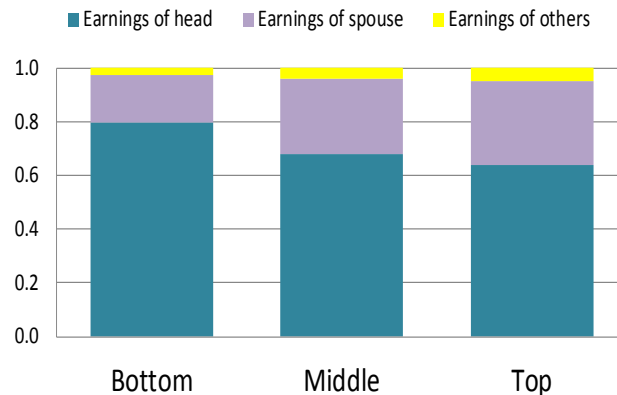
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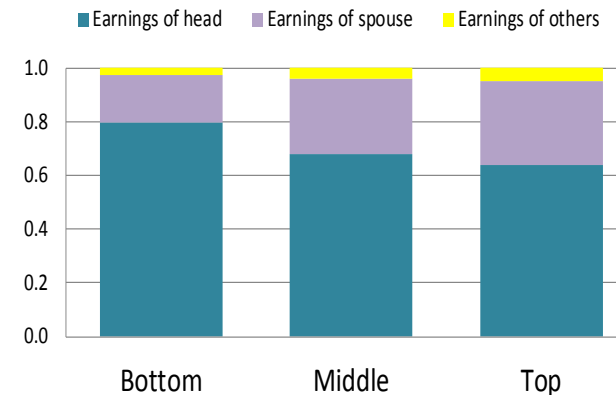
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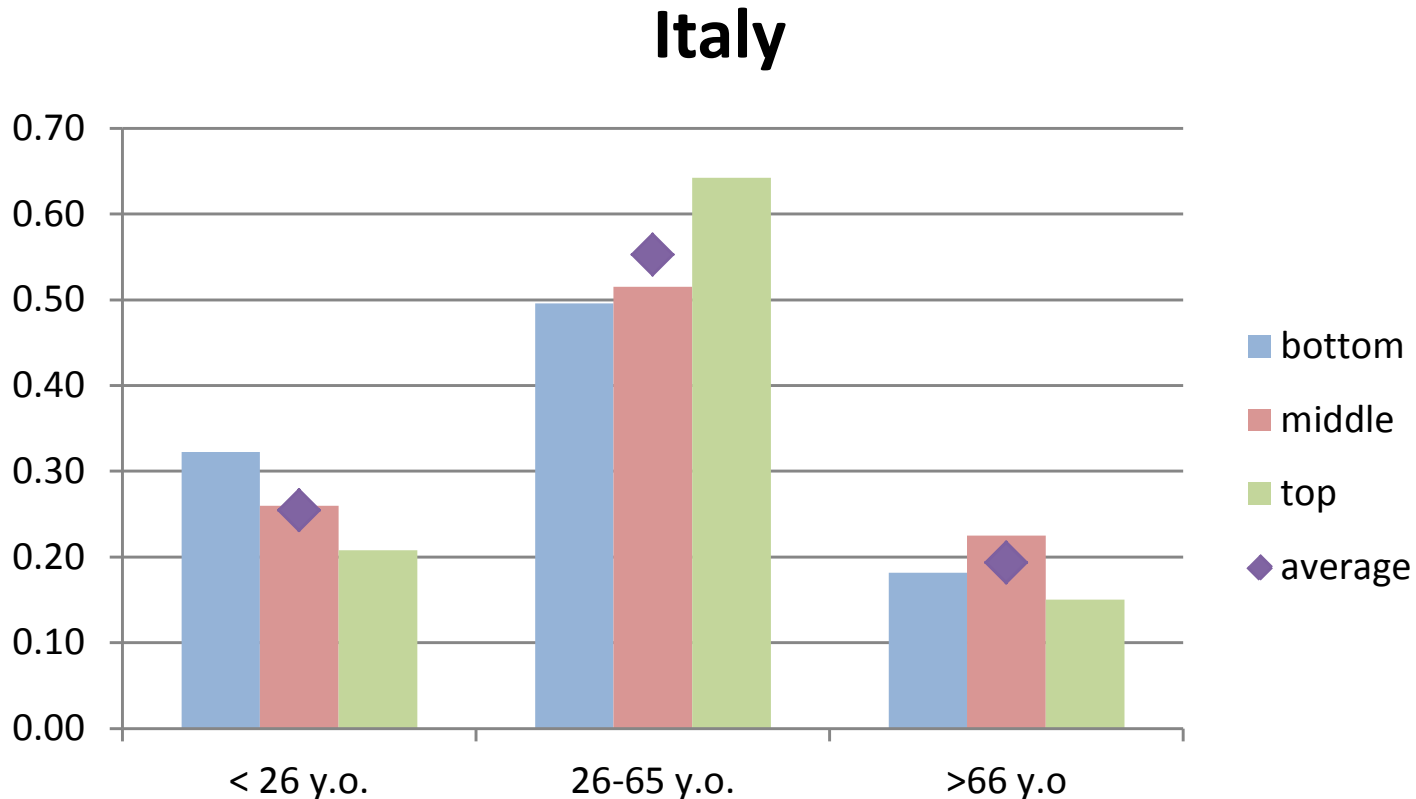
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QUESTION 1: 'WHO ARE THEY' (3)?

➤ *'.. Predominantly prime-aged (with children)'*

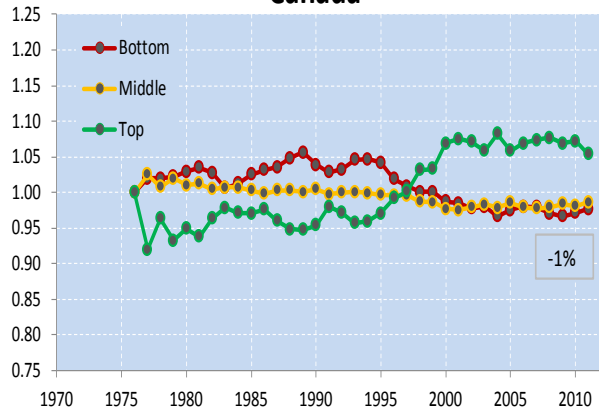




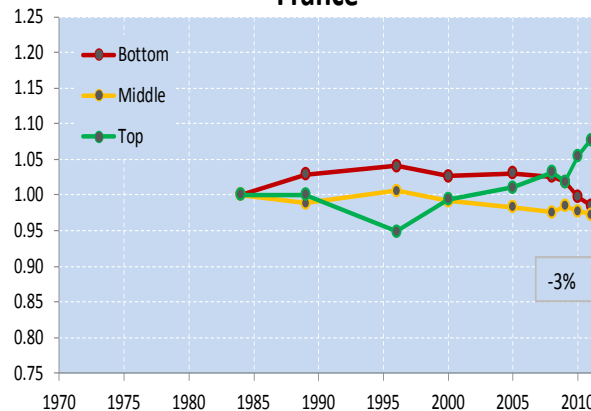
QUESTION 2: 'WHAT HAS BEEN HAPPENING TO THEM?' (1)

➤ *'Significantly changes in the US (lower) and Spain (higher), smaller changes elsewhere'*

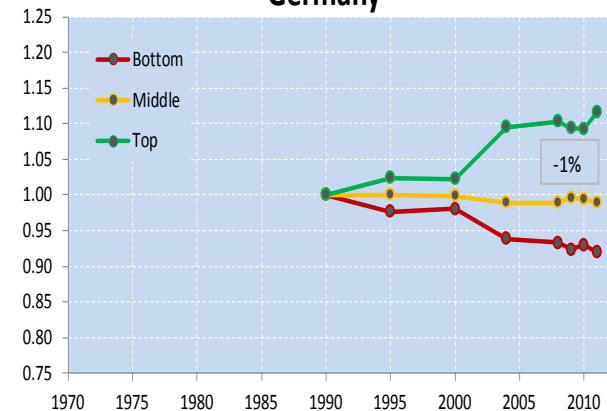
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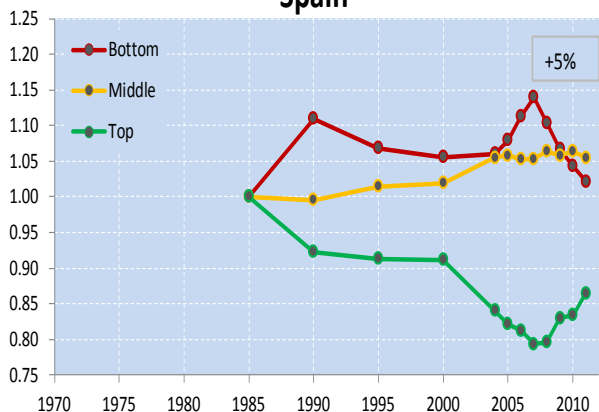
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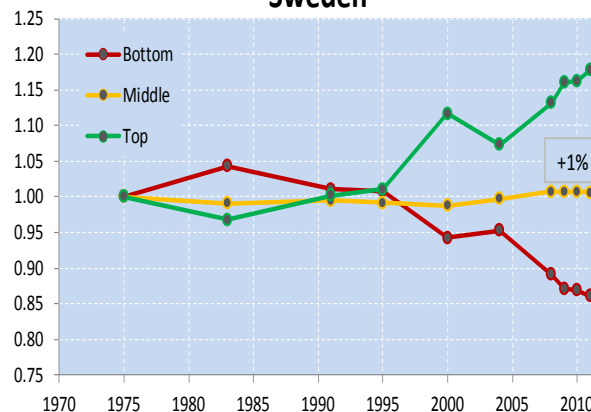
Germany



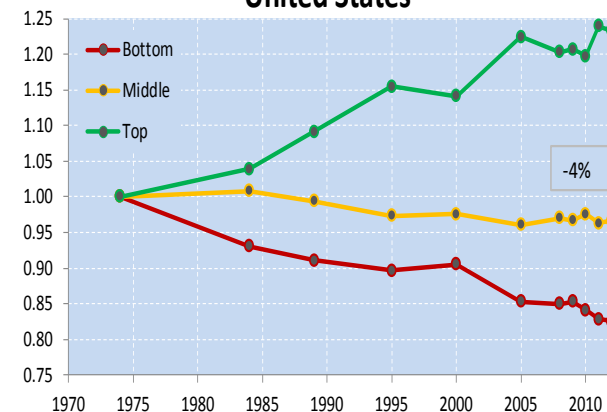
Spain



Sweden



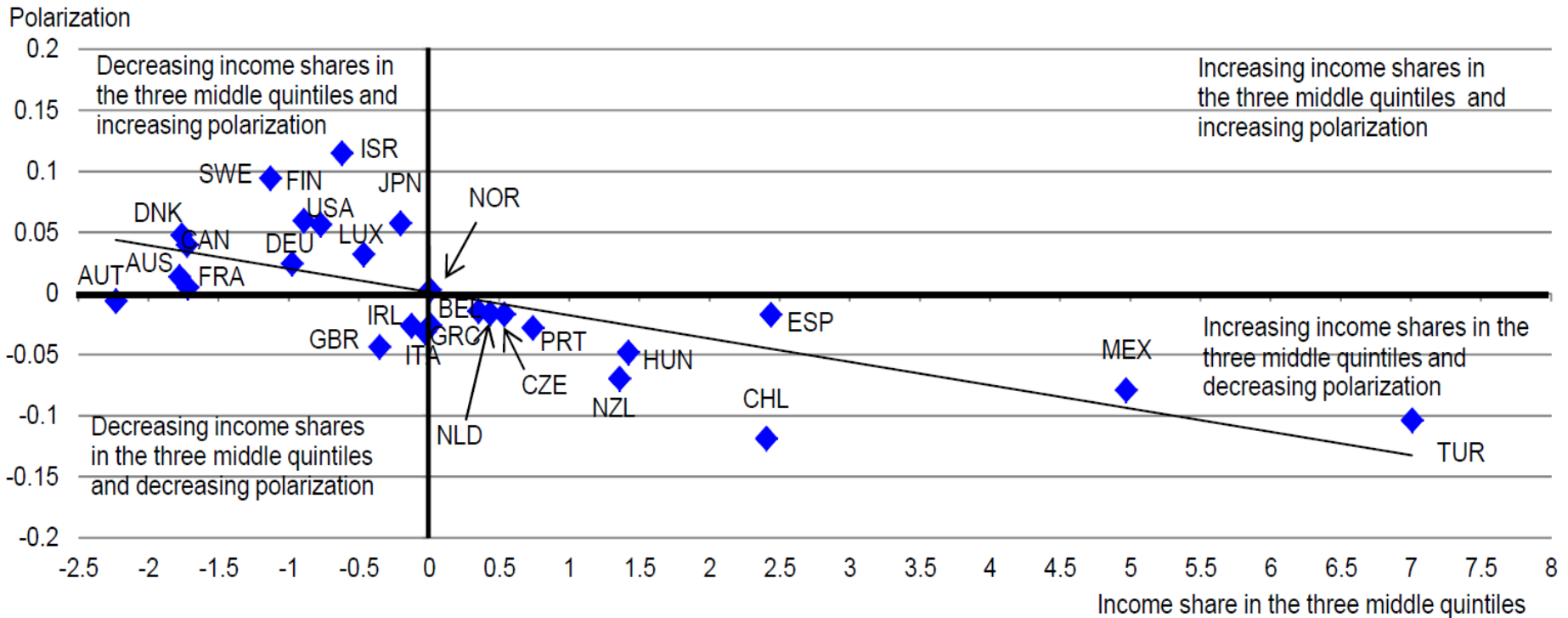
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QUESTION 2: 'WHAT HAS BEEN HAPPENING TO THEM?' (2)

- *'Changes in income shares map closely into changes in FW polarisation index (mid-90s, late-2000s)'*





QUESTION 3: '*WHY DOES IT MATTER?*' (1)

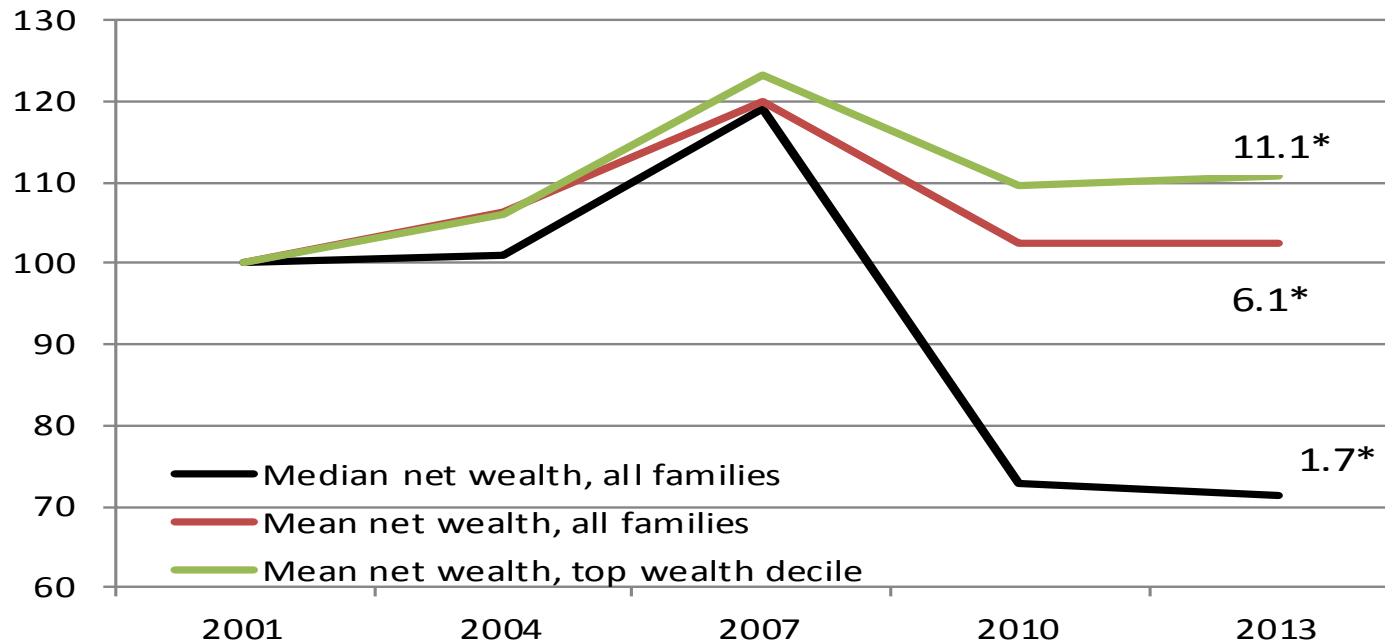
- A large majority of people classify themselves as being part of the middle-class
- Survey-evidence (in some OECD countries) suggests that respondents perceive the middle class as either 'shrinking' or 'falling behind'
- 'Middle class' is a political construct, used to convey images of greater contiguity with upper classes than with 'working class': statements about the fate of the middle class immediately gain strong political attention (e.g. press debates in US, Canada, Germany, others)



WHAT ARE WE MISSING IN THIS DESCRIPTION? (1)

- Middle-class concerns are not adequately captured by income-developments, but rather relate to wealth-losses, which translate into greater sense of insecurity/vulnerability*

Household net wealth, United States
2001 = 100



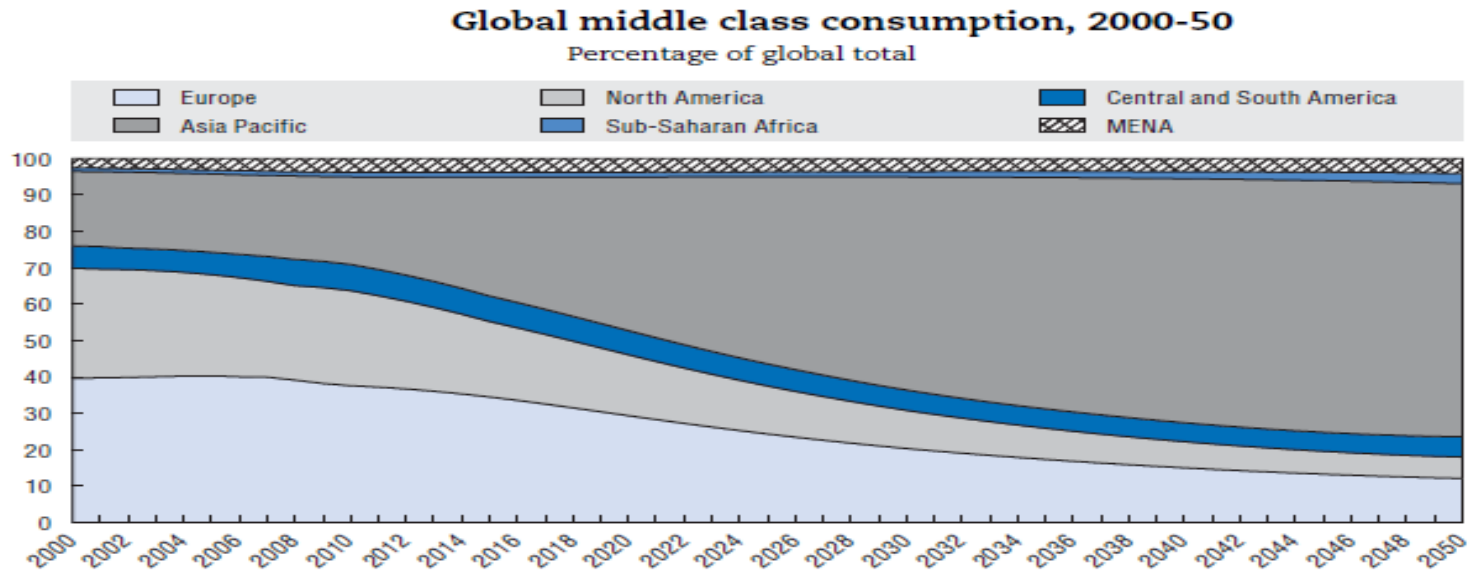
Source. Data from various waves of the Survey of Consumer Finances

Note: * wealth to income ratio



WHAT ARE WE MISSING IN THIS DESCRIPTION? (2)

- Growth of middle-classes in emerging countries, bringing with it new demands which political system are unable to answer (e.g. street protest in Israel, Brazil, Arab Spring, etc.)*



Note: Global middle class consumption defined as household consumption between 10 and USD 100 PPP/day.
Source: *Perspectives on Social Development 2012: Social Cohesion in a Shifting World*, OECD Development Centre, Paris.



Thank you!

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