



## **Report**

### **The Middle Class and Social Cohesion:**

*By*

*Paolo Graziano, Professor at the University of Padua*

This report was prepared at the request of the Secretariat of the European Social Charter and the European Social Cohesion Platform (PECS). The opinions expressed in the report are those of the author alone and they commit neither the Secretariat of the European Social Charter, nor the members of the PECS.

## Index

1. Introduction
2. Middle Class, Economic Development, Inequality and Social Cohesion
  - a. Defining the Middle Class
  - b. Middle Class, Economic Development and Inequality
  - c. Middle Class and Social Cohesion
3. The Politics of Middle Class Support: Success Stories
4. The Strategy for Social Cohesion and the Middle Class
5. Future Challenges
6. Policy Recommendations

## *1. Introduction*

A brief discussion of the notion of middle class and how it has empirically changed over the past years opens the report. This first section contains an overview on how the middle class has changed over time, followed by, a more detailed account of how the crisis has impacted on the well-being of the middle class and how the middle class is linked to social cohesion. The second section provides a brief overview of the state of the art in terms of the relationship between middle class(es), economic development and social cohesion. Sections 3 and 4 present an analysis of the Council of Europe social cohesion strategy and its links with best practices of domestic policies aimed at supporting the middle class; also, the links with the social cohesion strategy of the Council of Europe are illustrated. Section 5 is devoted to the analysis of the current and future challenges to the middle class expansion and to social cohesion. Finally, a concluding section suggests policy measures that best contribute to the strengthening of the middle class and social cohesion.

## 2. Middle Class, Economic Development and Social Cohesion

### Defining the Middle Class

The notion of ‘middle class’ is one of the most ambiguous in current social sciences. Actually, both terms (‘middle’ and ‘class’) have been used with a variety of meanings by different strands of the literature – especially from an economic and a sociological perspective. To be true, the bulk of the most recent literature (Kocka, 1995; Thewissen and others, 2015; Pew Research Center, 2017, OECD, 2018) has focused on the economic definition of ‘middle class’, i.e. on the economic or income-based proprieties of the concept. Although in a broader discussion of the concept this definition may not be satisfactory, due to its diffusion for the purposes of this study we shall adopt such a definition for the empirical section of this report. Nevertheless, before we proceed with an in-depth analysis of the middle class defined by its income, we need to a) emphasise the nature of ‘middle class’ with respect to the other ‘classes’, and b) focus on its role for the development of social protection and social cohesion.

The notion of ‘middle class’ has been at the heart of historical studies and it has traditionally been diversified in national variants. Nevertheless, the broad definition provided by Kocka (1995) seems particularly promising for our analytical purposes: “The concept ‘middle class’ comprises merchants, manufacturers, bankers, capitalists, entrepreneurs, and managers, as well as rentiers, together with their families (lumped together as *Wirtschaftsbiurgertum* – the economic middle class-in German). ‘Middle class’ does not include nobles, peasants, manual workers, and the mass of lower-class people in general,

although it is debatable where the exact boundaries should be drawn” (Kocka, 1995: 784). Clearly, it is a contested concept which does not allow any form of differentiation within the ‘upper middle class’ and the ‘lower middle class’, which could be a more fruitful distinction since it allows greater understanding of the specific features and characteristics of individuals with very different preferences (for example, both in political and in policy terms). As already mentioned, the identification of the middle class is per se quite a challenge, and so far the main studies have considered the middle class as a single unit of analysis, and provided primarily an economic definition (see below). In line with the literature, we shall focus on the middle class as a single unit of analysis, but we will provide some nuances in the empirical section.

In political struggles, the middle class has often been allied with other classes. From a historical perspective, the middle class and the working class have been seen as allied in the promotion of both democratisation and social protection (welfare state development) processes. More specifically, several accounts remind us that “the middle class has historically proven to be a pivotal group in facilitating the development of social policy” (Desai and Kharas, 2017: 3) and social policy has allowed both the middle class and the (urban) working class to enjoy growing welfare state entitlements – healthcare, pensions, social assistance, employment protection. Put differently, in the modernisation process, initially in Western Europe and later in other parts of the world, increasing social protection allowed both the middle class (farmers, clerks, middle managers, etc.) and the urban working class to enjoy greater economic stability and broad coverage of societal risks. The overall relevance of the middle class in the development of contemporary democracies is also highlighted by some recent research showing

the relevance of the overall income share of the middle class on democratic transitions (Debs and Morrison, 2015).

After the end of the ‘golden age’ of the welfare state (around 1975), the redistributive capacities of contemporary democracies have been less effective and inequality has been on the rise. On the other hand, the middle class has also expanded in the less developed countries, and has gone through different trajectories in European countries (Pew Research Center, 2017; Derndorfer and Kratzinger, 2017). Furthermore, the economic crisis has challenged traditional alliances and shown how different (and difficult) the paths towards social cohesion has been in countries where the middle class has been under pressure. For example, the US trajectory has shown an ongoing declining trend of the middle income families vis-à-vis the upper and lower income families: “In early 2015, 120.8 million adults were in middle-income households, compared with 121.3 million in lower- and upper-income households combined, a demographic shift that could signal a tipping point” (Pew Research Center, 2015: 4). Also in Europe some countries – such as Italy, Germany and Spain – have witnessed a decrease of the share of adults living in middle-income households<sup>1</sup>, whereas in France, the Netherlands, Ireland and the UK they have increased, with Norway and Denmark remaining unchanged (see Table 1).

---

<sup>1</sup> In the Pew Research Center analysis, ‘middle-class’ adults are living in households with disposable incomes ranging from two-thirds to double the national median disposable household income.

*Table 1.* Percentage of adults living in middle-income\* households in 1991 and 2010

	1991	2010
Denmark	80	80
Finland	82	75
France	72	74
Germany	78	72
Ireland	60	69
Italy	69	67
Luxembourg	80	75
Netherlands	76	79
Norway	81	80
Spain	69	64
United Kingdom	60	67
United States	62	59

*Source:* Pew Research Center, 2017: 4. \* Households with disposable incomes ranging from two-thirds to double the national median disposable household income.

Although the definition of middle income may change (being either gross or disposable income), in the most recent accounts the above mentioned picture remains unchanged (Pew Research Center, 2017).

To be sure, the notion of ‘middle income’ is a relative one: it depends on the national median disposable household income which varies substantially from country to country (Table 2).

*Table 2.* National median disposable household income scaled to reflect a three-person household, in 2011 prices and purchasing power parity dollars.

	1991	2000	2010	2013
Denmark	33,858	39,405	43,156	
Finland	38,699	31,948	40,312	40,147
France	30,794	35,237	41,076	
Germany	41,014	42,916	41,047	41,190
Ireland	22,684	36,003	39,067	
Italy	40,265	30,754	32,353	
Luxembourg	48,657	58,516	65,466	65,293
Netherlands	36,387	43,060	43,192	41,083
Norway	35,001	40,673	52,304	57,031
Spain	31,352	31,144	31,885	31,742
United Kingdom	26,145	31,355	37,826	37,811
United States	48,343	53,677	52,941	52,195

*Source:* Pew Research Center, 2017: 42.

As for the measurement of ‘middle income’ the Pew Research definition is not the only available one. Actually, together with an absolute definition which is often applied to the so called developing countries (for example in Chun and others, 2017 the absolute measure is between 2\$ and 10\$ a day in 2005 Purchasing Power Parity), other studies adopt other relative measures such as the share of households having an overall consumption expenditure between 75% and 125% of the median expenditure (Birdsall and others, 2000) or the expenditure share held by the middle 60% of the expenditure spectrum (Easterly, 2001). Surely, any indicator remains highly discretionary, as the concept is elusive, but all the above



mentioned definitions are particularly useful to get a broad idea of what 'middle class' may signify in income-related terms.

In sum, although we will primarily use a unitary definition of the middle class, in order to take into full account the nuances of the category of middle class, we will also further distinguish between the lower-middle income from the middle- and higher-middle incomes.

### Middle Class, Economic Development and Inequality

Research on the middle class and economic development has shown that there is a positive relationship among the two variables. Put differently, the bigger the middle class, the higher growth. As Banerjee and Duflo (2008), Birdsall (2010) and Chun and others (2017) argue, there are at least four reasons why we should expect the middle class to be associated to economic development. These arguments may be summarised as four specific potentials: *entrepreneurship*, *accumulation*, *consumption* and *better governance*. The first argument underlines the role of the middle class as a cradle of entrepreneurs which – in turn – promote development by supporting innovation and economic growth: entrepreneurial values which may be found especially in the middle class are conducive to greater economic development. The second driving factor may be the propensity to the accumulation of both human capital and savings which, when mobilised under the form of skills and investments, support economic development. A third, more nuanced, argument identifies in the consumption power of the middle class a motor of market diversification and expansion which in turn enable the full exploitation of the so called economies of scale in

production (Chun and others, 2017). A fourth factor lies in the ‘accountability pressure’ which may be linked not much (and only) to the democratising capacities of the middle class but rather to its capacity to ask for more and better governance in terms of ‘responsive institutions’ under the form of support to both the economic and social needs of the ‘middle class’.

In one of the most recent studies on the link between middle class and economic development in developing countries, Chun and others (2017) argue that “the middle class may matter for growth on account of their investments in human capital that is facilitated by steady employment. (...) The robust impact on economic growth through schooling is also consistent with the increased demand for human capital during the industrialisation process (...). Further, our results support the view that specifically targeting the middle class may help in the fight against poverty, compared with policies that solely aim to help the impoverished through investments specific to the poor. The extra kick to consumption growth provided by a large middle class can translate into higher economic growth rates, which in turn could reduce poverty through the well-known regularity on economic growth and poverty reduction in the literature” (Chun and others, 2017: 421).

To be sure, ‘developed’ countries (which often happen to be consolidated democracies) are less studied in terms of the impact of the middle class on economic development. Rather, in the cases of the ‘developed countries’ the main concern is to understand how specific factors (such as the economic crisis) have increased the differential vulnerability of the middle class (Dallinger, 2013; Schwander, 2018), or has increased the median incomes. For example, one of the concerns detected in the literature is that the Great Recession has played out in a

paradoxical way since in some cases it has increased the ‘middle class’ but reduced their median income (Thewysen and others, 2017; Pew Research Center, 2017).

The new form of vulnerability which hit the European middle class due to the crisis should be differentiated both *internally* and *externally*. Internally, Dallinger (2013) shows that it makes little sense to consider the middle class as a single unit since – especially in its developments over time – at least three components may be found: lower, middle and upper middle class (Dallinger, 2013: 88). Externally, in terms of patterns of change of the middle class between 1985 and 2005, Dallinger provides convincing data on the overall differentiation in the domestic trajectories of the middle class: the expansion or the contraction of the market income of the middle class has regarded alternatively the middle and the upper middle class (Dallinger, 2013: 94-95). Furthermore, Dallinger focuses significantly on the difference between *market* and *disposable* income, allowing the appreciation of the impact of welfare policies on supporting the middle class. This is a very important aspect to consider which we will further develop in the next section.

Such a differentiation emerges also from other studies which are focusing more on the labour market position of the middle class (Schwander, 2018). Pointing out at the structural transformations of the labour markets over the past thirty years (*tertiaration*, *feminisation* and *education*), Schwander notes that these have determined an expansion of the middle class in the labour market, but it also “resulted in increasingly heterogeneous work conditions of a growing middle class giving way to new divides within the middle class” (Schwander, 2018: 3). Therefore, also from a labour market perspective, it seems quite fruitful to

'unpack' the notion of middle class in order to a) describe and b) understand its evolution, as well as c) provide well targeted policy prescriptions.

In sum, whereas a global increase in the middle class (as a single unit of analysis) can be registered for developing countries, the picture is particularly more nuanced if we focus on the so called developed countries where a) *domestic trajectories of the middle class have varied over time* (for example, “[i]n Sweden, a country with high welfare state expenditures, both lowest and highest deciles shrank while the middle decile grew. The middle eroded, by contrast, in countries with low social expenditures and a marginal welfare state, such as the UK, the US and Australia”, Dallingier, 2013: 86) and also b) the internal composition of middle class (lower, middle or upper middle class) has often changed in favour of the upper middle class and – altogether – a specific phenomenon has been detected: “the growing distance between the middle and the top of the income distribution. The proportion of market income going to the topmost quintile has increased so substantially that the middle has been left behind” (Dallingier, 2013: 96).

### Middle Class and Social Cohesion

One of the most interesting findings of research on the middle class regards the analysis of how it has been protected and supported by welfare state policies, particularly in terms of guaranteeing social cohesion and contain inequality: “All in all, welfare state interventions provide a larger volume of income for the lowest class, and reduce the volume of the highest. The middle classes are much less

affected by such redistribution than are bottom and top quintiles” (Dallinger, 2013: 92).

If we consider low inequality as one of the best proxies of social cohesion, it seems that welfare state policies do have an (obvious) effect on the lower income decile, whereas on the middle income deciles welfare state policies have a very limited impact. The link between the middle class and social cohesion is rather straightforward: typically, the bigger the middle class is, the more reduced the inequality will be and – therefore – the higher social cohesion will be as well. Nevertheless, we need to be more specific about the various components of the middle class since focusing on the middle class the picture is mixed: “[t]he three groups in the middle differ significantly with respect to the consequences of changes to market and welfare state income distribution. In many countries, the upper middle quintile benefited from the gains to the upper income quintile. The lower middle and middle-income middle, by contrast, had to accept a net worsening of their positions. Still, their shrinking market income share was almost completely compensated for. Thus, the lower middle shares the destiny of the lowest quintile, but only has to take small losses in market income and disposable income into account (Dallinger, 2013: 93).

Put differently, welfare state policies have produced differential effects, but such differences have not given birth to significant losses in market and disposable incomes to the middle class until 2005, although in more recent times the situation has worsened at least in some countries (Pew Research Center, 2017). Therefore, the protection of the middle class may occur only when effective redistributive goals are put in place by welfare state policies.

### *3. Supporting the Middle Class: Domestic Variants and Policies aimed at Social Cohesion*

As illustrated in the previous sections, the middle class debate needs to acknowledge that a) the middle class is much more composite than sometimes assumed; b) the middle class 'squeeze' has characterised only some countries whereas others have been capable of yielding the middle class from economic hardship and supporting social cohesion. More specifically, in order to understand the link between support for the middle class and social cohesion, we need to recall the definition of social cohesion provided by the Council of Europe. As reminded in a document discussed at the European Social Cohesion Platform meeting on September 14<sup>th</sup> 2017, "The Council of Europe defines social cohesion as the capacity of a society to ensure the well-being of all its members – minimising disparities and avoiding marginalisation – to manage differences and divisions and ensure the means of achieving welfare for all members. Cohesive society is a mutually supportive community of free individuals pursuing these common goals by democratic means. Social cohesion is a political concept that is essential for the fulfilment of the three core values of the Council of Europe: human rights, democracy and the rule of law. Social cohesion is a dynamic process and an essential condition for social justice, democratic security and sustainable development. Divided and unequal societies are not only unjust; they also cannot guarantee stability in the long term.". For these reasons, social cohesion is so important: not only is it linked with more just societies but also with social stability over time.

More specifically, following these definitional criteria and focusing on the link between policies promoting social cohesion and the middle class, we need to combine two different indicators which can be considered as proxies of social cohesion and middle class size: inequality and middle class expansion/contraction over the past years.

Here following we present a table with the data on inequality in the Council of Europe countries: if we consider the definition of social cohesion provided by the Council and use inequality as a first, gross proxy we find that the picture has been quite uneven in the various countries. For example, countries like the Republic of Moldova and Ukraine between 2000 and 2014-2015 have become increasing and rapidly more 'equal' in terms of income, whereas countries like Germany and Spain have become increasingly and rapidly more 'unequal' between 2000 and 2015.

To be sure, this has been done with an uneven pattern of tax increases or decreases over time (see Table 2). For example, inequality has risen in the UK by 0.4%, whereas the overall total tax revenue has decreased by 1.68%; instead in Italy the increase in inequality has been of 3.4%, whereas the total tax revenue has not decreased but rather increased by 1.78%. These figures are only used in order to prove the point that there is universal and clear link between raising inequality and decreasing the total tax revenue. Furthermore, if we look more specifically at the countries where, according to Pew Research Center (2017), the middle class has increased (Netherlands, France, Ireland and the UK), we discover different configurations: both the Netherlands and France have increased the total tax revenue and have witnessed an increase in inequality,

whereas both Ireland and the UK have decreased the total tax revenue and have witnessed a (limited) increase of inequality.



Table 3. Evolution of income inequality (GINI Index) in Council of Europe countries, 2000-2015

	2000	2006	2012	2015	Difference
Albania	31.74*	29.98***	28.96		-2.78
Armenia	35.36	32.49	30.48	31.48*****	-3.88
Austria	24	25.3	27.6	27.2	+3.2
Azerbaijan	30.1	16.64***	31.79*****		+1.79
Belgium	30	27.8	26.5	26.2	-3.8
Bosnia Herzegovina	29.97*	33.06****	33.83*****		-3.86
Bulgaria	33.2	31.2	33.6	37	+3.8
Croatia	31.33	33.71	32.51	30.6	-0.73
Cyprus	27	28.8	31	33.6	+6.6
Czech Republic	27	25.3	24.9	25	-2
Denmark	22*	23.7	26.5	27.4	+5.4
Estonia	35.78	33.75	33.15	34.8	-0.98
Finland	24	25.9	27.12	25.2	+1.2
France	28	27.3	30.5	29.2	+1.2
Georgia	40.48	39.71	41.35	40.09	-0.39
Germany	25	26.8	28.3	30.1	+5.1
Greece	33	34.3	34.3	34.2	+1.2
Hungary	29.3	33.3	27.2	28.2	-1.1
Iceland	-	26.3	24	23.6	-2.7
Ireland	30	31.9	29.9	30.8*****	+0.8
Italy	29	32.1	32.4	32.4	+3.4
Latvia	-	38.9	35.7	35.4	-3.5
Liechtenstein					
Lithuania	31.67	-	32	37.9	+6.23
Luxembourg	26	27.8	28	28.5	+2.5
Malta	30	27.1	27.1	28.1	-1.9
Republic of Moldova	36.43	35.4	29.16	26.83	-9.6
Monaco					
Montenegro	-	30.03	32.18	31.93	+1.9
Netherlands	25	26.4	25.4	26.4	+1.4
Norway	26.1	29.2	22.5	23.9	-2.2
Poland	32.97	33.3	30.9	30.6	-2.37
Portugal	36	37.7	34.5	34	-2
Romania	29.32	39.18	34.88	37.4	+8.08
Russian Federation	37.09	41.54	41.59	-	+4.5

Source: World Income Inequality Database

\*2001; \*\*2003;\*\*\*\*2007; \*\*\*\*\*2008;\*\*\*\*\*2011;\*\*\*\*\*2013;\*\*\*\*\*2014

Table 3. Evolution of income inequality (GINI Index) in Council of Europe countries, 1990-2015 (CONT.)

	2000	2006	2012	2015	Difference
San Marino					
Serbia	-	29.67	-	29.06*****	-0.61
Slovak Republic	26.4	28.1	25.3	23.7	-2.7
Slovenia	30.6	23.7	23.7	24.5	-5.5
Spain	32	31.9	34.2	34.6	+2.6
Sweden	24.3	24	24.8	25.2	+0.9
Switzerland	28.5	30.4	28.8****	29.5*****	+1
the former Republic of Macedonia	34.26	42.64	38.8	35.2*****	+0.94
Turkey	-	44.9	-	42.1	-2.8
Ukraine	36.3	29.79	24.74	24.09*****	-12.21
United Kingdom	32	32.5	31.3	32.4	+0.4

Source: World Income Inequality Database

\*2001; \*\*2003; \*\*\*\*2007; \*\*\*\*\*2008;\*\*\*\*\*2011;\*\*\*\*\*2013;\*\*\*\*\*2014

Finally, we also know from the literature that inequality (together with growth rates) and middle class income are only very loosely linked: Thewissen and others (2015) conclude a relevant study on the topic stating what follows: “A negative and statistically significant association between the change in the Gini coefficient and median income growth was found when we pooled the data from LIS across countries and sub-periods, but this accounted for only a very small proportion of the variation in median income growth. A significant negative relationship with changes in the top income share was found only when controlling for the change in gross national income per person: for a given level of overall growth, increasing shares at the very top went together with lower growth at the middle. Even including overall economic growth and inequality trends in the statistical model, a substantial part of the variation in income change for the middle remains unaccounted for.” (Thewissen and others, 2015: 25).

Table 4. Evolution of total tax revenue in selected OECD countries, Total, % of GDP, 2000-2017

	2000	2010	2015	Difference
Austria	42.28	40.96	41.17	-1.09
Belgium	43.54	42.62	44.60	+1.06
Czech Republic	32.43	32.48	34.89	+2.46
Denmark	44.88	44.76	45.98	+1.10
Estonia	31.09	33.25	32.97	+1.88
Finland	45.82	40.79	43.34	-2.48
France	43.43	42.15	46.23	+2.80
Germany	36.24	35.01	37.54	+1.30
Greece	33.36	32.02	39.39	+7.03
Hungary	38.51	37.27	37.71	-0.8
Iceland	36.27	33.20	37.69	+1.52
Ireland	30.76	27.01	22.84	-7.92
Italy	40.60	41.86	42.38	+1.78
Latvia	29.13	28.22	30.4	+1.27
Lithuania	30.78	28.29	29.84	-0.94
Luxembourg	36.92	37.40	38.65	+1.73
Netherlands	36.91	35.66	38.75	+1.84
Norway	41.88	41.90	38.23	-3.65
Poland	32.94	31.41	33.90	+0.86
Portugal	37.33	37.13	41.40	+3.07
Slovak Republic	41.86	37.92	41.60	-0.26
Slovenia	46.25	42.54	42.94	-3.31
Spain	38.63	37.75	39.25	+0.62
Sweden	50.14	42.76	42.92	-7.22
Switzerland	22.87	22.10	21.76	-1.11
Turkey	40.36	36.98	38.65	-1.71
United Kingdom	32.59	32.58	30.91	-1.68

Source: OECD

For these reasons, a more qualitative account of what happened – especially in terms of the fiscal trajectories – seems to be the best point of departure in analysing potential promising paths of middle class support. Put differently, it is in the trajectories of fiscal reform that we may better understand what happened in these countries over the past two decades in terms of the middle class. Especially relevant are the policies of fiscal consolidation which were undertaken in order to respond to the Great Recession which developed between 2007 and 2008.

As it has been noticed in an important study, “[t]he comparative analysis of fiscal consolidation in 14 European countries showed that the consolidation measures followed a similar pattern. Hiring and pay freeze occurred almost everywhere, whereas more radical cutback measures were introduced only in the later stages of fiscal consolidation. At the beginning of the crisis, the severity and duration of the crisis were denied and the necessity for serious cutbacks was recognised only later” (Kickert2015: 562). But more specifically, what happened in terms of policy reforms in the four countries where the middle class increased in the past twenty years or so? More specifically, what policies aimed at social cohesion were particularly encouraging for the support of the middle class?

### France

In the past twenty years France has gone through a series of fiscal consolidation reforms which reached their peak in the aftermath of the economic and financial crisis. Nevertheless, in comparative perspective, France has still experienced limited changes in welfare state policies and during the aftermath of the crisis even a ‘right-wing’ President like Sarkozy – against the position of French’s Prime Minister Fillon – remained a strenuous defender of the welfare state status quo: “In 2009, far from taking advantage of the crisis to justify a liberal policy of retrenchment, in keeping with his personal preferences, President Sarkozy instead adopted the role of resolute defender of the French welfare state model, deliberately playing up the contrast between himself and leaders of countries forced into austerity measures. This posture as guarantor of the French welfare model was in tune with opinion polls. President Sarkozy firmly believed that he

would be punished by the electorate if he decided to implement a drastic fiscal adjustment” (Bezès and Le Lidec, 2015: 516). Put differently, although the crisis would have provided a chance for welfare state change, the ‘middle-class shift’ in the support of the welfare state (Gingrich and Häusermann, 2015) would not be put at risk even by a right-wing President such as Sarkozy.

Even more explicit is the defense of the middle-class in the Hollande presidency, which has progressively shifted away from the defense of the lower-income categories and has explicitly targeted the ‘middle-classes’: in the words of the 2015 Prime Minister “[w]e do not oppose social categories; we do not have two policies according to one group or another. We only have one single principle: taxation must be reduced, first and foremost for the heart of the middle classes. (Michel Sapin, 13 October 2015), cited in Damhuis and Karremans, 2017: 1278). More specifically, during the Presidency of Hollande the focus on “*de-conflictualisation*” made the party increasingly target the ‘general functioning of society’ as shown by Damhuis and Karremans (2017) which detect “the quantitative and qualitative shift towards a fading of the [Socialist] party’s ideological distinctiveness and increased preoccupation with the general functioning of society. The shift towards meeting the interests of the middle classes thus seems to be strongly related to this new policy attitude” (Damhuis and Karremans, 2017: 1278).

In sum, the traditional policy resilience of the French political system matched with a growing focus on the ‘middle-classes’ also by the Socialist Party has provided an opportunity for the welfare state and social cohesion to remain at the center of the political agenda of the French top institutions. With the election of President Macron and the sharp decline in the consensus for the Socialist Party,

there are further options which may allow the ‘middle class social consensus’ to continue over time, and the most recent turmoil in France shows how the ‘middle class’ –when penalised, as in this case by a fuel tax increase – may react very vehemently, much more than when specific, selective reforms, which are perceived as less harmful to the ‘middle class’ (such as in the case of the employment policy reforms employed by Hollande in 2016 and Macron in 2017). This does not imply that in the French case there are specific organised interests which voice middle class concerns; rather, that when diffused interests of the middle class are endangered, there may be a sudden (and to a large extent unpredictable) reaction, as in the case of the fuel tax.

### Ireland

Over the past decades, Ireland has gone through at least two massive fiscal consolidation processes which could have been particularly detrimental to the middle class: the first one was during the Eighties, whereas the second one developed as a consequence of the 2008 Great Recession. Although the data on the middle class is particularly limited and problematic for the Irish case – given the significant upturns and downturns of the economy in very recent times – what is particularly striking of the post-2008 Great Recession and more in general of the Irish fiscal adjustments, is that Ireland managed to succeed to increase the middle class and at the same time witnessed a very slight increase in inequality. And this happened, unlike in the case of France, with a fragmented political system which would could have been instead considered as conducive to greater challenges to the middle class, as in the case – for example – of Italy.

The international exposure of Ireland has been cited by many as peculiar, and it should be carefully considered if a comparison with other countries is carried out. Furthermore, it must be noted that the impact of the Great Recession and subsequent fiscal adjustment policies have been particularly severe in the country, increasing poverty rates; nevertheless, in terms of the middle class the situation seems to be different since the policies of budgetary cuts do not seem to have determined a reduction in its size but rather its increase. And the fact that a ‘middle class consensus’ (Easterly, 2001) of a political nature is particularly surprising in the context of a fragmented political system such as the Irish one. In the words of one of particularly accurate observer:

“Ireland’s early commitment to tough budgets in response to crisis conditions was based disproportionately on spending cuts. Ireland did not have a strong left-right division on these issues. The consensus of professional economic opinion that spending cuts were essential carried weight with all the main parties, as the domestic policy mistakes during the 2000s became more evident (...). The discourse of globalisation, of Ireland as a business-friendly environment, combined with policy learning from the 1980s, legitimated a strategy based on cutting public expenditure (...). Despite unemployment at 15%, and growing household hardships resulting from cuts in transfers and entitlements as well as from debt servicing burdens, the strategy based primarily on severe expenditure cuts was deeply resented but not subject to serious political challenge” (Dellepiane-Avellaneda and Hardiman, 2015: 214).

Put differently, also in the Irish case long-term economic policy and more recent fiscal adjustment have both been favourable to the increase of the middle class, although it had negative consequences on lower incomes.

## Netherlands

The Netherlands went through a double dip recession, presenting negative GDP growth in 2009 and 2012. Together with the other countries here analysed, the governments went through a series of reforms primarily aimed at cuts allowing for tighter budgets and overall cost containment. The middle class in the Netherlands expanded slightly over the 1991-2010 period and it seems to have not been significantly affected by the budget cuts of the past twenty years or so. In the Netherlands the politics of retrenchment was made possible by incremental policy changes adopted by hesitant governments which tried to adapt to the situation rather than identifying a solid, long-term solution: “Apparently it was impossible for Dutch consensual politicians to take the lead in fundamental priority-setting, and very difficult to take such decisions, but after a while some fundamental reconsiderations did seep through in politics” (Kickert, 2015: 559).

Like other countries, also in the Netherlands the main focus of the reforms was to reduce spending and keep budgets under control, whereas there was very limited priority-setting, especially in terms of developing a specific strategy for the promotion of social cohesion of the middle class which was nevertheless implicit, as suggested by the literature: “Dutch redistributive politics strongly favors the middle class at the expense of both the poor and the rich 29 income groups. Hence, Dutch redistributive politics seems to be determined by the ‘tyranny’ of the majority, the middle class” (Zoutman and others, 2016: 29-30). If we distinguish between the left- and the right- parties, then we find a more nuanced picture: “The left-wing parties, however, increase the welfare weight of the middle



class even further and reduce the welfare weight of the top-income earners even more below zero. The right-wing parties do the reverse: they reduce the welfare weights of the middle classes, while raising the welfare weight for the top-income earners” (Zoutman and others, 2016: 29).

In other terms, if we take a closer look at the distributive preferences of the Dutch parties we do find some confirmation of the implicit relevance of the middle class, although it is not necessarily strongly stated as such in the electoral programs. We may detect pro-middle class preferences in terms of the redistributive policy proposals which are much more penalising for the lower incomes rather than for the middle and top incomes since the ‘welfare weight’ of the low incomes are only marginally taken into account. Although particularly penalising for the lower class, the overall policy preferences of the political parties and the multiparty system have been favorable to the increase of the middle class in the Netherlands: the median voter model seems appropriate to capture the specific trajectory illustrated by the Dutch case where apparently all the political parties have developed their policy preferences in order to satisfy such idealtypical ‘median voter’, which is to be considered as of vital importance for election victories due to the highly fragmented Dutch party system. Through a series of incremental reforms, notwithstanding the post-recession period, the policy preferences have granted support to the middle class which therefore has expanded (although not very sharply) over the past two decades.

## United Kingdom

Also the United Kingdom managed in the past two decades to increase the middle class, actually by a significant percentage (according to Pew Research Center, about 10%, second in the 1991-2010 increase only to the Ireland which was starting at a higher level in 1991). And this happened notwithstanding the tax cuts and the spending review policies which characterised the United Kingdom in the past decades.

Like other governments, the UK focused on short-term types of reforms which did not redesign the overall policy structure nor did they significantly change the public administration. As Nolan notes, with specific reference to the 2010-2015 government, “The Coalition failed to properly capitalise on its opportunities over the last three years and it must not waste the final two years of this Parliament” (Nolan, 2013: 49). The specific criticism to which Nolan points at with respect to the Coalition government regards the missing link between public expenditure and outcomes: “ (...) the Coalition must illustrate that there is no simple relationship between spending money and improving outcomes. Debates in the United Kingdom are heavily biased towards a focus on inputs, such as scorecards of how individual budgets have moved up or down. As the experience in areas such as police reform show, it is possible to reduce inputs and improve outcomes (...). But this is only possible with reforms that improve the productivity of spending. Second, the Coalition must give greater attention to the role of civil service reform in fiscal consolidation” (Nolan, 2013: 49). Put differently, as shown in the incipit of this report, civil service reform is of utmost importance for the consolidation of the middle class since if public administration services function properly it is clearly more easy to do business and – altogether – obtain quality

services which allow the middle class to be better off in whatever policy area we consider.

Broadly speaking, the budget consolidation in Britain has been introduced by the end of the 70s with Prime Minister Thatcher who was then followed by Tony Blair and its 'Third Way' policies which were primarily aimed at promoting a new vision of society (the 'Big Society', where communities could have been increasingly important vis-à-vis the State and public policies) and containing the overall costs of the welfare state. In recent years, the impact of fiscal consolidation seems to have reduced the core middle-income class and the upper middle-income class, whereas it has increased the lower and lower middle income class, together with the upper class (Vaughan-Whitehead and others, 2017: 11). In other words, the case of the UK confirms that there is no such thing as a homogenous middle class but rather different components of the middle class (lower middle-, core middle, and upper-middle class) which have been differently affected by both long-run and more recent fiscal consolidation policies and tax cuts.

In sum, as stated in a recent survey of the middle class in Europe, the United Kingdom is a case of polarisation where the middle class (primarily in its lower component) has grown over the past years with both the single-party and the Coalition governments. Clearly, currently the main debate regards Brexit and the way it may or it may not happen. But also the Brexit vote may be read as a voice of discontent supported by the lower income and lower middle-income classes which typically live outside university urban centres. Put differently, the United Kingdom case is particularly telling of how, even in cases of significant increase of the middle class, social cohesion may not occur where such an increase is

particularly concentrated in the lower middle-income component and it occurs simultaneously with the increase of the lower income class.

The four cases illustrate how diverse the political developments are in terms of increase or reduction of the middle class. Clearly, the countries which have limited societal polarisation or have contained the reduction of the middle class are those countries where economic and social policies have continued to perform a significant redistributive effect. Therefore, although substantial differences can be registered with reference to the political trajectories of middle class support, effective redistributive policies are key in order to guarantee protection and expansion of the middle class – especially its most important components, the low- and middle-income ones.

#### *4. The Strategy for Social Cohesion and the Middle Class*

In the previous sections we referred to the definition of Social Cohesion adopted by the Council of Europe. Within the Strategy for Social Cohesion, the rights-based approach is based on four pillars: - reinvesting in social rights and a cohesive society; - building a Europe of responsibilities that are both shared and social; - strengthening representation and democratic decision making and expanding social dialogue and civic engagement; - building a secure future for all.

If we link these broad pillars to the middle class, then we easily understand how promoting the middle class (in particular, the lower- and middle-income class) is of vital importance for the achievement of the above mentioned goals since a more prosperous middle class (in particular with an up-lifting of the low- and middle-income components of it) means greater social cohesion

First, the social rights and a cohesive society can be achieved only if the social rights of the least affluent – also those within the middle class – are guaranteed, and a cohesive society is possible only if inequalities are limited and the middle class is prosperous. For these reasons, we could state that in order to be successful the social cohesion strategy must primarily focus on the lower and middle-income class in guaranteeing social rights and consequently improve cohesion and sustain a cohesive society. More specifically, well designed tax cuts and/or greater economic support to lower and middle-income individuals could substantially help building a more cohesive society. As shown in the section devoted to the case analyses, the above mentioned policies require political coalitions which are particularly keen in supporting the low and middle incomes, without creating excessive divisions or resentments in society which could – in turn – determine substantial political backlashes (such as exclusionary populism: see Caiani and Graziano, 2019).

Also the second goal – social responsibility sharing – can be linked to the development of a stronger middle class since only under conditions of greater income equality and well shared wealth it is possible for the society to be substantially cohesive. A strong middle class has greater capacities to share social responsibilities than a struggling one. In fact, we can argue that if the middle class (especially if we consider the lower- and middle-income pillars) is in good health, not only is social cohesion in good health as well but also society as a whole.

Enhancing and ameliorating middle class representation is also particularly crucial in today's political landscape. The above mentioned discontent over Brexit and other social protest movements (such as the recent '*gilet jaunes*' phenomenon

in France) can be explained by the political crisis which has regarded traditional party representation over the past decades as ineffective (Caiani and Graziano, 2019). Both the economic and the migration crisis have further exacerbated the upset of the middle class – especially of the ‘losers of globalisation’ and of other related economic processes (such as labour market deregulation) – which have increasingly turned their back to social cohesion values or, rather, have started to define social cohesion in an increasingly nativist fashion, i.e. the full consideration and promotion only of the rights of those who (or whose families) are native of the country. Increasing effective participation opportunities and reinvigorating civic engagement and inclusion, with a particular focus on the middle class, is of vital importance if social cohesion is to be preserved and enhanced.

Finally, a (socially) secure future for all is nurtured by a socially secure future of the middle class – and in particular of middle class females who too often are neglected by adequate policies. The increase and prosperity of the middle class has a spill over effect with respect to the society as a whole, and within this framework social mobility of the middle class is key since it would reduce income inequality gaps and build more cohesive societies

The Strategy, though, needs to be adequately supported by ad hoc policies and adequate funding in order for social cohesion to expand. Moreover, policies need political conditions which guarantee the full support for the expansion of the less well-off of the middle class – as already mentioned in the previous section. A policy mix targeting specific and various groups is necessary to create the conditions for such an expansion of the middle class to occur in the short term. The final section focuses on the policy recommendations which could advance

middle class expansion and prosperity in the context of the Council of Europe countries. But before turning to the recommendations, the following section will explore what are the most pressing challenges that the countries will be soon facing – or are already starting to face.

### *5. Future Challenges*

The previous sections have allowed us to better consider the need to distinguish between the different components of the middle class since. Moreover, in some countries (see Vaughan-Whitehead and others, 2017: 11) also the upper-middle class has been reduced over the past decade, but it seems that especially the other components of the middle class have suffered the most. And they are at risk of greater suffering if we consider the four main challenges which are looming on the horizon: employment insecurity and education, migration, automation and demographics.

As Schwander underlines “education and labor market insecurity are not collinear phenomena. The reason for this lies in the dual transformation of post-industrial labor markets: not only have labor markets become more instable and atypical work more prevalent but a growing middle class has become more heterogeneous in terms of working conditions and job prospects” (Schwander, 2018: 6). Put differently, the relationship between labour opportunities and middle class expansion is much more complicated than it used to be.

Furthermore, labour market dualisation seems to constitute a limitation of middle class prospects with respect to job security and income equality. As Häusermann and Schwander notice “(t)he redistributive effect of taxes and

transfers in the Nordic countries seems to be the result of a more universal and egalitarian design of welfare policies, as well as of the strong political integration of outsiders: indeed, there is no significant difference between insiders and outsiders both with regard to union membership and with regard to participation in elections. It seems that the Nordic regimes quite effectively prevent the translation of labor market segmentation into dualism” (Häusermann and Schwander, 2012: 50). Put differently, in some welfare states regimes, social cohesion is more difficult to achieve since labour market segmentation is more easily transformed into labour market dualisation, whereas in the other welfare state models (especially in the Southern and Continental ones) the exacerbation of labour market differences does not help the middle class, in particular it does not help the most vulnerable components of the middle class (lower- and middle-income; see also Dallinger, 2013). Finally, employment insecurity is strongly connected to education achievements: if limited education is achieved, then the chances to have stable employment relations are rather limited as well. To be sure, in some cases education needs to be further qualified since – for example – the ‘brain drain’ from Southern Europe and the incapacity to provide adequate jobs to skilled young people is becoming quite visible: “Put simply, in some countries, particularly those in Southern Europe, earning a university degree exposes young people to high labor market risks of ending up in a lower paid non-graduate jobs, whereas in others, particularly Scandinavia, these risks are far lower” (Ansell and Gingrich, 2017: 425). This means that specific challenges could also emerge in those cases where educational achievements are not in line with job opportunities and this may affect the prospects of lower- and middle-income class children who may be penalised and be forced to migrate in order to



look for (albeit not necessarily finding) appropriate jobs. For example, over the past ten years about 700.000 Italians migrated, 22% of which were university graduates – whereas in Italy the Italians with university degree are slightly more than 10% (Neodemos, 2018).

This claim sets the link to the second challenge which is migration to Council of Europe countries. As stated in a previous report: “Migration is one of the phenomena which will characterise Council of Europe societies for the next generation or so. According to the International Organisation on Migration (IOM) in 2015 the total migration numbers reached 244 million people – an increase of 41% since 2000. Although estimates do vary, it seems most clear that migration pressures will remain and it will pose increasing challenges in terms of social cohesion” (Graziano, 2018b: 17). Migration is particularly challenging in terms of labour market: It may determine significant pressures on lower income and lower middle-income families since it may increase job competition. Research has shown that “immigration may well have an impact on natives’ (un)employment, at least in some cases, but results vary widely across countries and approaches. Beyond differences linked to methodological choices, cross-country differences in policy settings are likely to result in different adjustments to immigration. It is striking, for instance, that virtually no employment effect is found in the United States, while the same is not true in Europe; conversely, the impact on relative wages seems to be higher in the United States than in European countries” (OECD, 2010: 10). The pressures on employment opportunities, therefore, may be particularly significant for the lower income and the lower-middle income class, especially in European countries where the labour markets produce skill-requiring jobs only to a limited extent.

The third challenge is automation: work, as we have known it for the last century, is about to be drastically changed by automation processes. “Several studies (among the latest ones, McKinsey, 2017) have shown that jobs are in danger due to the progress in automation. Although estimates vary significantly, it seems accurate enough to state that on average around 30% of all jobs are at risk. This poses a big threat to social cohesion, since there is the risk that increasing competition over jobs will reduce the capacity of societies to be cohesive and may reduce the opportunity for social relations to develop in a cooperative way. Work has often constituted a defining element of identity, and its shortage could give birth to significant threats to social cohesion: there is no need to remind us of the disastrous consequences of mass unemployment for societies throughout the world.” (Graziano, 2018a: 16-17). Automation may be particularly strong in hitting the lower income and lower middle-income class individuals who may be squeezed by growing pressures coming from the above mentioned immigration phenomena and from the loss of jobs due to automation. In addition, at times the fact that different pressures may operate independently for each other is not adequately appreciated and migration may be blamed without any supporting evidence. Put differently, perceptions may prevail over facts and thus support ill-founded and discriminatory attitudes.

Therefore, it is reasonable to conclude that, if these challenges are relevant for all citizens, they are particularly relevant for the lower income and lower-middle income individuals, especially in cases where educational attainments have not been adequate.

The last challenge, which actually is more an opportunity than a challenge, is represented by demographics of the middle class. Projections about demographics

increase show that by 2050 the world population will be close to 10 billion, and several European countries will be going through population decline. On the other hand, the population in African countries, India and China will increase substantially. The population increase, if supported by an adequate and sustainable economic growth in developing countries, may determine an expansion of the global middle class – although this may not be the case in the Council of Europe countries.

### *6. Policy Recommendations*

Our study has shown that the past decades have been challenging years for the expansion of the middle class. We do not have one dominant trend, but we have seen substantial differences in country trajectories': some countries have witnessed a middle class expansion, others a middle class contraction.

To be true, notwithstanding a number of contributions in the literature, the concept of middle class remains rather ambiguous. Not only in definitional terms, but also in terms of measurement. Nevertheless, there seems to be a broad consensus on the fact that the middle class (however defined) expands if effective redistributive policies are adopted and implemented, whereas it suffers from income and wealth polarisation and inequality. This is particularly true if we consider the lower- and middle-income pillars of the middle class – the most important ones for social cohesion. Based on these consideration, we provide the following recommendations to governments interested in supporting the middle class.

First, targeted *redistributive policies* are needed in order to rebalance the economic situation and guarantee a fair burden of tax shares among various

sectors of the population. Income tax cuts for the lower- and middle-income middle class could be a good case in point, whereas top incomes should be called to a greater contribution to the public budget. For example, both the Netherlands and France witnessed an increase in tax revenues and an increase in the overall size of the middle class. Although further studies on the relationship are needed, such a configuration suggests that tax revenues are positively associated with the increase of the middle class. It remains to each country to decide politically how much increase in tax revenues may be politically feasible, but the promotion of a *'social pact for inclusive growth'* could have beneficial consequences on the size of the middle class and especially improve the conditions of those who currently are more in need.

Second, *employment policies aimed at inclusive activation* are needed in order to cope with the weaker strata of society – youth, females and migrants – which have been particularly struggling over the past years. An overall strategy based on employment support – and employment potential redistribution under the form of working time reductions – could be beneficial for those countries which have experienced an overall decline of the middle class and have been particularly hit by Great Recession. Activation is not only to be considered under the form of employment but also under the form of social inclusion, which would allow social cohesion to be further strengthened even in those cases where employment opportunities are limited. For example, in the Netherlands – notwithstanding recalibration processes – the welfare state is still guaranteeing substantial social inclusion support and not only active labour market policies promotion.

Third, *inclusive (sustainable) growth policies* should be supported in order to guarantee that the benefits of growth are not concentrated in the hands of the top

or middle-high incomes but rather are progressively distributed among the various social strata of society. Taking also into consideration the sustainability imperative, linked to the United Nations goals, economic policies should be aimed at inclusive growth which focuses on the circular, orange and green economy, providing greater opportunities to support and expand the middle class. Inclusive growth has been a keyword for several policy documents, but only rarely has it been thoroughly implemented. For example, in the above illustrated French case there has been an attempt to increase the inclusive component of growth and in comparative perspective, some positive results have been registered in terms of expansion (albeit limited) of the middle class

In conclusion, however defined, the middle class is a pillar of social cohesion and therefore it needs to be constantly supported via employment, social and economic policies which should be primarily targeted to its most fragile components – the lower- and middle-income ones.

## References

- Ansell, B. and J. Gingrich (2017), “Mismatch: University Education and Labor Market Institutions”, *PS: Political Science and Politics*, 50(2): 423-425.
- Banerjee, A. and E. Duflo (2008), “What is Middle-class About the Middle-classes Around the World?,” *Journal of Economic Perspectives*, 22(2): 3–28.
- Bezès, P. and Le Lidec (2015), “The French politics of retrenchment (2007–2012): Institutions and blame avoidance strategies”, *International Review of Administrative Sciences*, 81(3): 498-521.
- Birdsall, N. (2010), *The (Indispensable) Middle-class in Developing Countries; or The Rich and the Rest, Not the Poor and the Rest*, Center for Global Development working paper 207, Washington, DC.
- Birdsall, N., C. Graham and S. Pettinato (2000), *Stuck In The Tunnel: Is Globalization Muddling The Middle Class?*, The Brookings Institution Center on Social and Economic Dynamics, Working Paper No. 14.
- Caiani, M. and P. Graziano (2019), “Party Realignment, Economic Crisis and Varieties of Populism”, *West European Politics*, forthcoming.
- Chun, N., R. Hasan, M. Habibur Rahman and M. A. Ulubaşoğlu, “The Role of Middle Class in Economic Development: What Do Cross-Country Data Show?”, *Review of Development Economics*, 21(2), 404-424.
- Dallinger, U. (2013), “The endangered middle class? A comparative analysis of the role played by income redistribution”, *Journal of European Social Policy*, 23(1): 83-101.
- Damhuis, K. and J. Karremans (2017), “Responsive to whom? A comparison of the Mitterand and Hollande presidencies”, *West European Politics*, 40(6), 1267-1287

- Debs, A. and K. M. Morrison (2015), *Income, the Middle Class, and Democracy*, unpublished manuscript.
- Desai, R. M. and H. Kharas (2017), *Is a growing middle class good for the poor? Social policy in a time of globalization*, *Global Economy and Development*, Working Paper 105, Brookings.
- Dellepiane-Avellaneda, S. and N. Hardiman (2015), “Fiscal Politics in In Time: Pathways to Fiscal Consolidation in Ireland, Greece, Britain, and Spain, 1980-2012”, *European Political Science Review*, 7(2): 189-219.
- Derndorfer, J. and S. Kratzinger (2017), *The Convergence of the Middle Class. New Evidence for Europe*, unpublished manuscript.
- Easterly, W. (2001), “Middle-class Consensus and Economic Development,” *Journal of Economic Growth*, 6(4): 317–35.
- Gingrich, J. and S. Häusermann (2015), “The decline of the working-class vote, the reconfiguration of the welfare support coalition and consequences for the welfare state”, *Journal of European Social Policy*, 25(1): 50-75.
- Graziano, P. (2018), *Making Social Cohesion Work: Best Practices and Challenges*, Prospective Study, Report presented to the Council of Europe.
- Häusermann, S. and H. Schwander (2012), “Varieties of Dualization? Labor Market Segmentation and Insider-Outsider Divides across Regimes”. In: Emmenegger, P., S. Häusermann, B. Palier and M. SeeleibKaiser (eds), *The Age of Dualization. The Changing Face of Inequality in Deindustrializing Societies*, Oxford and New York: Oxford University Press, 27-51.

- Kickert, W.J.M. (2015), “The politics of fiscal consolidation in the Netherlands: mainly compromising but hesitant attempts at targeted priority-setting”, *International Review of Administrative Sciences*, 81(3): 541-561.
- Kocka, J. (1995), “The Middle Classes in Europe”, *The Journal of Modern History*, 67(4): 783-806.
- Neodemos, *Le emigrazioni degli italiani nell’ultimo decennio*, mimeo.
- Nolan, P. (2013), “Fiscal Consolidation and Transforming Government in the United Kingdom”, *Policy Quarterly*, 9(3): 44-50.
- OECD (2010), *Migration and Labour Market Outcomes in OECD Countries*, Paris.
- OECD (2018), *The Struggling Middle Class: An Overview*, Paris.
- Pew Research Center (2015), *The American Middle Class is Losing Ground*, December, Report.
- Pew Research Center (2017), *Middle class fortunes in Western Europe*, April, Report.
- Schwander, H. (2019), “Labor market insecurity among the middle class – a new divide”, *Political Science Research and Methods*, forthcoming.
- Thewissen, S. L. Kenworthy, B. Nolan, M. Roser, and T. Smeeding (2015), *Rising Income Inequality and Living Standards in OECD Countries: How Does the Middle Fare?*, LIS Working Paper Series, No. 656, Luxembourg Income Study (LIS), Luxembourg.
- Vaughan-Whitehead, D. (ed) (2016), *The Disappearing Middle Class*, Cheltenham, Edward Elgar.
- Zoutman, F. B., B. Jacobs, E.L.W. Jongen (2016), *Redistributive Politics and the Tyranny of the Middle Class*, Tinbergen Institute Discussion Paper, No. 16-032/VI, Tinbergen Institute, Amsterdam and Rotterdam