

**The German Middle
Class – the nervous
centre of society?
A panel analysis of
subjective status
insecurity**

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Contemporary positions

The aftermath of globalisation since the 1990th and the departure from the „comfort zone“:

- „Precarious wealth“ due to a raise in economic insecurities even in the middle classes (Mau 2012)
- „Spill over“-effect of subjective status insecurity (Bude 2008; Lengfeld/Hirschle 2009)
- Uncertainty of society`s centre in intergenerational comparison (Kraemer 2010)
- „Sub-incrementalism“ as new mode in life planing by the middle (Schimank 2015)

Empirical studies

Common findings:

- Shrinking of the middle income group (Goebel et al. 2010; Grabka 2011. Grabka et al. 2016)
- Raise in status insecurity over all classes in the first decade of this century (Böhnke 2005; Burkhardt et al. 2013. Burzan et al. 2014; Grabka/Frick 2008; Lengfeld/Hirschle 2009)

Empirical studies

Inconsistent findings:

Stronger raise of insecurities in the first decade of this century:

- ... in the lower income groups
(Grabka/Frick 2008; Burkhardt et al. 2013)
- ... for holders of lower and middle educational certificates (Burkhardt et al. 2013)
- ... in the centre of three occupational middle classes
(Lengfeld/Hirschle 2009)
- ... in the lower occupational classes (Burzan et al. 2014)

An issue of double ambiguity

How to conceptualise the middle classes (MC)?

- Imperative of permanent investment in socio-economic status
- Labour market and educational system as pivotal areas for status (re)production of the MC
- Mean occupational skills as outcome status investment of MC
- ➔ MC measured by occupational class scheme (EGP) (without the self-employed):
II (Upper MC), III (Centre MC), V/VI (Lower MC)

An issue of double ambiguity

How to indicate status insecurity?

- Worries about maintaining the current socio-economic status
 - Job loss as potential hazard to status
- ➔ Worries about job loss as labour market related indicator

What happened during and after the financial crisis?

- Is there a general raise in subjective status insecurity after the dawn of the financial and economic crisis in 2008 in Germany?
- Do the middle classes feel more affected by the crisis than others?

Data and Methods

Data:

- German Socio-Economic Panel (GSOEP) v31
- Waves 1984/1991-2014 (unbalanced panel, 24 waves)

Methods:

1. Description of the trend of jobloss (relative frequencies, moving average)
2. Random Effects Ordered Probit Regressions
(3 observation windows: 1991-2007, 2008-2014, 1991-2014)
3. Descriptive analysis of volatility
(accumulation of yearly changes [see 1] per class)

Methods

Central variables:

Stratification (per EGP-class scheme):

Lower classes: semi-/unskilled manuals
lower grade routine non-manuals (service/sales)

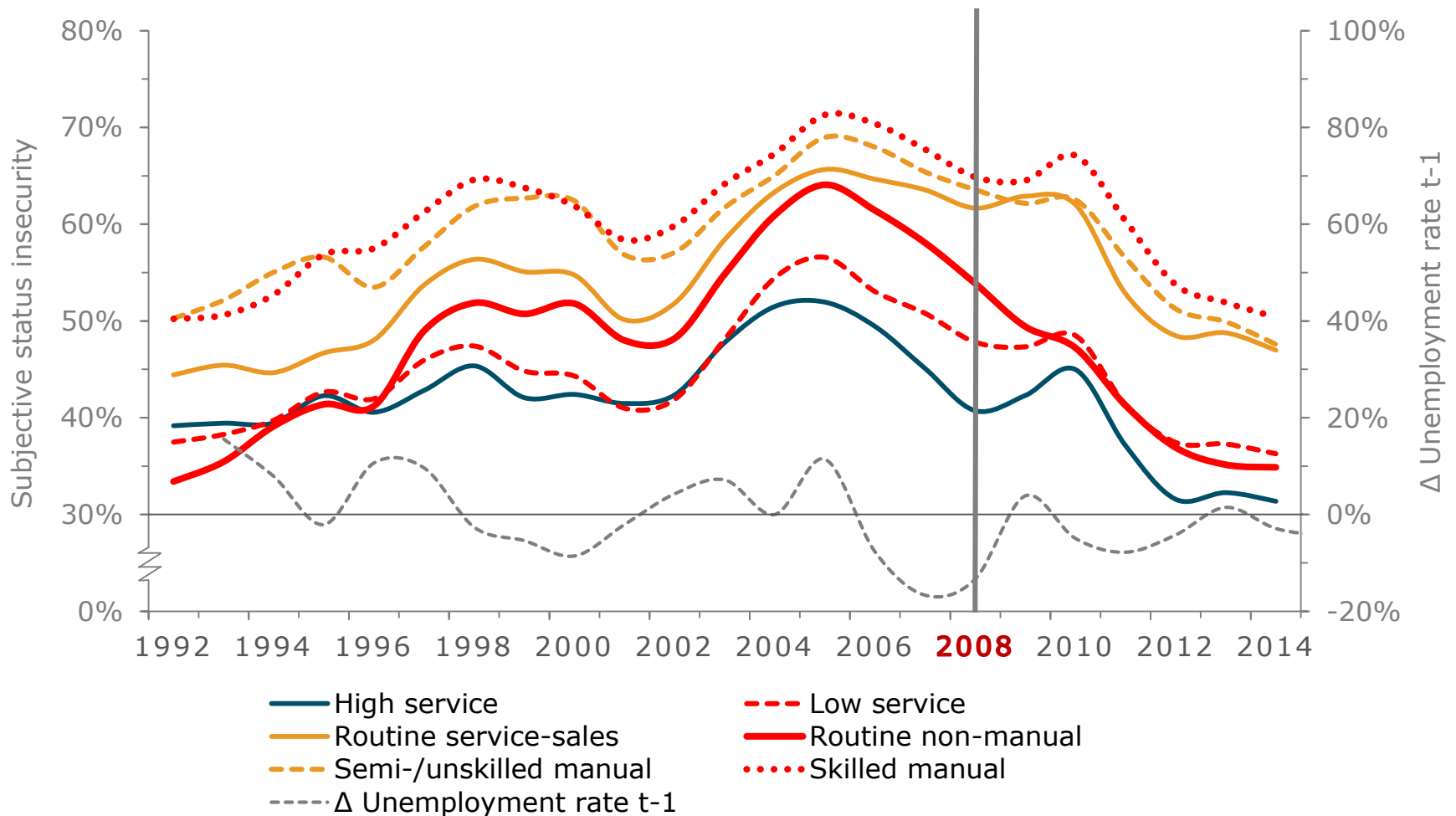
Middle classes: skilled manuals (Lower MC)
higher grade routine non-manuals (admin. /
comm./ med. & educ. services) (Centre MC)
low service class (Higher MC)

Higher class: high service class

Status insecurity:

Worries about job loss („no, some, high worries“)

Step 1: Status insecurity, Germany (moving avg. in %)



Quelle: SOEP v31, 1991 – 2014 (weighted), frequencies based on 283.160 observations

Step 2: Multivariate control - causation

(1) *Decline in employment security:*

Fixed-term contract and previous unemployment disproportionately raise status insecurities of the middle classes

→ contract limitation. contract limitation*class

(2) *Industrial sector effect:*

Detoriation of the economic status in the „middle class-sectors“ (banks/insurance, health, civil service/edu)

→ sector, sector*time

(3) *Composition effect:*

Age, sex, child in household, partner employed, individual unemployment experience, part time, size of company, east/west, regional unemployment

Before the crisis (1991-2007)

Determinants of status insecurity 1991-2007 (excerpt, part 1)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Class (Ref. Unskilled manual)	High service	-0.210 (-4.32)	-0.252 (-5.31)	-0.237 (-5.08)
	Low service	-0.217 (-5.57)	-0.238 (-6.16)	-0.254 (-6.67)
	Routine non-manual	-0.396 (-7.62)	-0.440 (-4.56)	-0.305 (-5.93)
	Routine service-sale	-0.263 (-5.98)	-0.255 (0.91)	-0.293 (-6.88)
	Skilled manual	0.046 (1.31)	0.032 (0.91)	0.044 (1.29)
Interaction: EGP*time	High service	-0.011 (-2.38)	-0.008 (-1.62)	-0.006 (-1.30)
	Low service	-0.007 (-2.02)	-0.007 (-1.88)	0.001 (0.39)
	Routine non-manual	0.019 (4.04)	0.026 (5.03)	0.018 (3.77)
	Routine service-sale	0.011 (2.60)	0.015 (3.33)	0.015 (3.55)
	Skilled manual	-0.002 (0.62)	0.003 (0.82)	-0.002 (-0.73)
Time	Year	0.022 (8.69)	0.019 (6.99)	0.017 (7.92)

N= 133.492 observations

Determinants of status insecurity 1991-2007 (excerpt, part 1)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Class (Ref. Unskilled manual)	High service	-0.210 (-4.32)	-0.252 (-5.31)	-0.237 (-5.08)
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N= 133.492 observations

Determinants of status insecurity 1991-2007 (excerpt, part 2)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Fixed-term contract	Fixed-term contract		0.240 (9.30)	0.187 (14.53)
Interaction: Class*fixed term contract	High service		-0.105 (-2.42)	
	Low service		-0.029 (-0.81)	
	Routine non-manual		-0.143 (-3.19)	
	Routine service-sale		-0.079 (-1.82)	
	Skilled manual		-0.116 (-3.01)	
Sector: (Ref.: other sectors)	Bank/insurance			-0.702 (-8.57)
	health			-0.456 (-9.77)
	Civil service & edu			-0.215 (-5.03)
	Construction			-0.309 (-7.27)
Interaction: Sector*time	Bank/insurance			0.044 (5.94)
	health			0.018 (4.13)
	Civil service & edu			-0.037 (-9.16)
	Construction			0.040 (8.89)

N= 133.492 observations

What happened since the crisis? (2008-2014)

Determinants of status insecurity 2008-2014 (excerpt, part 1)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Class (Ref. Unskilled manual)	High service	-1.053 (-4.62)	-1.088 (-4.67)	-0.814 (-3.56)
	Low service	-0.814 (-4.20)	-0.498 (-2.52)	-0.561 (-2.85)
	Routine non-manual	0.340 (1.41)	0.753 (3.03)	0.588 (2.27)
	Routine service-sale	0.149 (0.65)	0.315 (1.34)	0.256 (1.12)
	Skilled manual	0.095 (0.44)	0.203 (-0.92)	0.154 (0.71)
Interaction: EGP*time	High service	0.022 (1.94)	0.019 (1.74)	0.015 (1.37)
	Low service	0.018 (1.88)	0.018 (1.97)	0.013 (1.33)
	Routine non-manual	-0.037 (-3.17)	-0.035 (-3.02)	-0.038 (-3.01)
	Routine service-sale	-0.016 (-1.42)	-0.017 (-1.56)	-0.020 (-1.77)
	Skilled manual	-0.003 (-0.27)	-0.005 (-0.45)	-0.006 (-0.59)
Time	Year	-0.093 (-13.33)	-0.070 (-9.71)	-0.065 (-8.81)

N= 83.359 observations

Determinants of status insecurity 2008-2014 (excerpt, part 1)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Class (Ref. Unskilled manual)	High service	-1.053 (-4.62)	-1.088 (-4.67)	-0.814 (-3.56)
	Low service	-0.814 (-4.20)	-0.498 (-2.52)	-0.561 (-2.85)
	Routine non-manual	0.340 (1.41)	0.753 (3.03)	0.588 (2.27)
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	Skilled manual	-0.003 (-0.27)	-0.005 (-0.45)	-0.006 (-0.59)
Time	Year	-0.093 (-13.33)	-0.070 (-9.71)	-0.065 (-8.81)

N= 83.359 observations

Determinants of status insecurity 2008-2014 (excerpt, part 2)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Fixed-term	Fixed-term contract		-0.288 (-7.97)	-0.473 (-24.33)
Interaction: Class*fixed- term contract	High service		0.086 (1.36)	
	Low service		-0.374 (-7.04)	
	Routine non-manual		-0.498 (-7.26)	
	Routine service-sale		-0.111 (-1.94)	
	Skilled manual		-0.107 (-1.76)	
Sector: (Ref.: other sectors)	Bank/insurance			-0.232 (-0.69)
	Gesundheit			-0.299 (-1.43)
	Civil service & edu			-0.943 (-4.49)
	Bau			0.677 (2.40)
Interaction: Sector*time	Bank/insurance			0.002 (0.15)
	Gesundheit			-0.006 (-0.56)
	Öff. Verw. & Erziehung			0.008 (0.78)
	Bau			-0.032 (-2.29)

N= 83.359 observations

**... and over the whole time-span?
(1991-2014)**

Determinants of status insecurity 1991-2014 (excerpt, part 1)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Class (Ref. unskilled manual)	High service	-0.081 (-1.98)	-0.134 (-3.34)	-0.122 (-3.05)
	Low service	-0.107 (-3.19)	-0.188 (-5.50)	-0.174 (-5.21)
	Routine non-manual	-0.150 (-3.36)	-0.240 (-5.26)	-0.132 (-2.90)
	Routine service-sale	-0.160 (-4.40)	-0.177 (-4.74)	-0.198 (-5.46)
	Skilled manual	0.035 (1.16)	0.044 (1.41)	0.054 (1.83)
Interaction: EGP*time	High service	-0.018 (-7.02)	-0.016 (-4.99)	-0.013 (-5.22)
	Low service	-0.012 (-5.80)	-0.005 (-1.87)	-0.004 (-1.89)
	Routine non-manual	-0.007 (-2.47)	0.005 (-1.52)	-0.011 (-0.38)
	Routine service-sale	0.002 (1.05)	0.007 (2.61)	0.005 (2.51)
	Skilled manual	0.002 (1.09)	0.002 (0.63)	0.002 (0.83)
Time	Year	-0.005 (-3.28)	0.003 (1.59)	0.006 (3.66)

N=216.851 observations

Determinants of status insecurity 1991-2014 (excerpt, part 1)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Class (Ref. unskilled manual)	High service	-0.081 (-1.98)	-0.134 (-3.34)	-0.122 (-3.05)
	Low service	-0.107 (-3.19)	-0.188 (-5.50)	-0.174 (-5.21)
	Routine non-manual	-0.150 (-3.36)	-0.240 (-5.26)	-0.132 (-2.90)
	Routine service-sale	-0.160 (-4.40)	-0.177 (-4.74)	-0.198 (-5.46)
	Skilled manual	0.035 (1.16)	0.044 (1.41)	0.054 (1.83)
Interaction: EGP*time	High service	-0.018 (-7.02)	-0.016 (-4.99)	-0.013 (-5.22)
	Low service	-0.012 (-5.80)	-0.005 (-1.87)	-0.004 (-1.89)
	Routine non-manual	-0.007 (-2.47)	0.005 (-1.52)	-0.011 (-0.38)
	Routine service-sale	0.002 (1.05)	0.007 (2.61)	0.005 (2.51)
	Skilled manual	0.002 (1.09)	0.002 (0.63)	0.002 (0.83)
Time	Year	-0.005 (-3.28)	0.003 (1.59)	0.006 (3.66)

N=216.851 observations

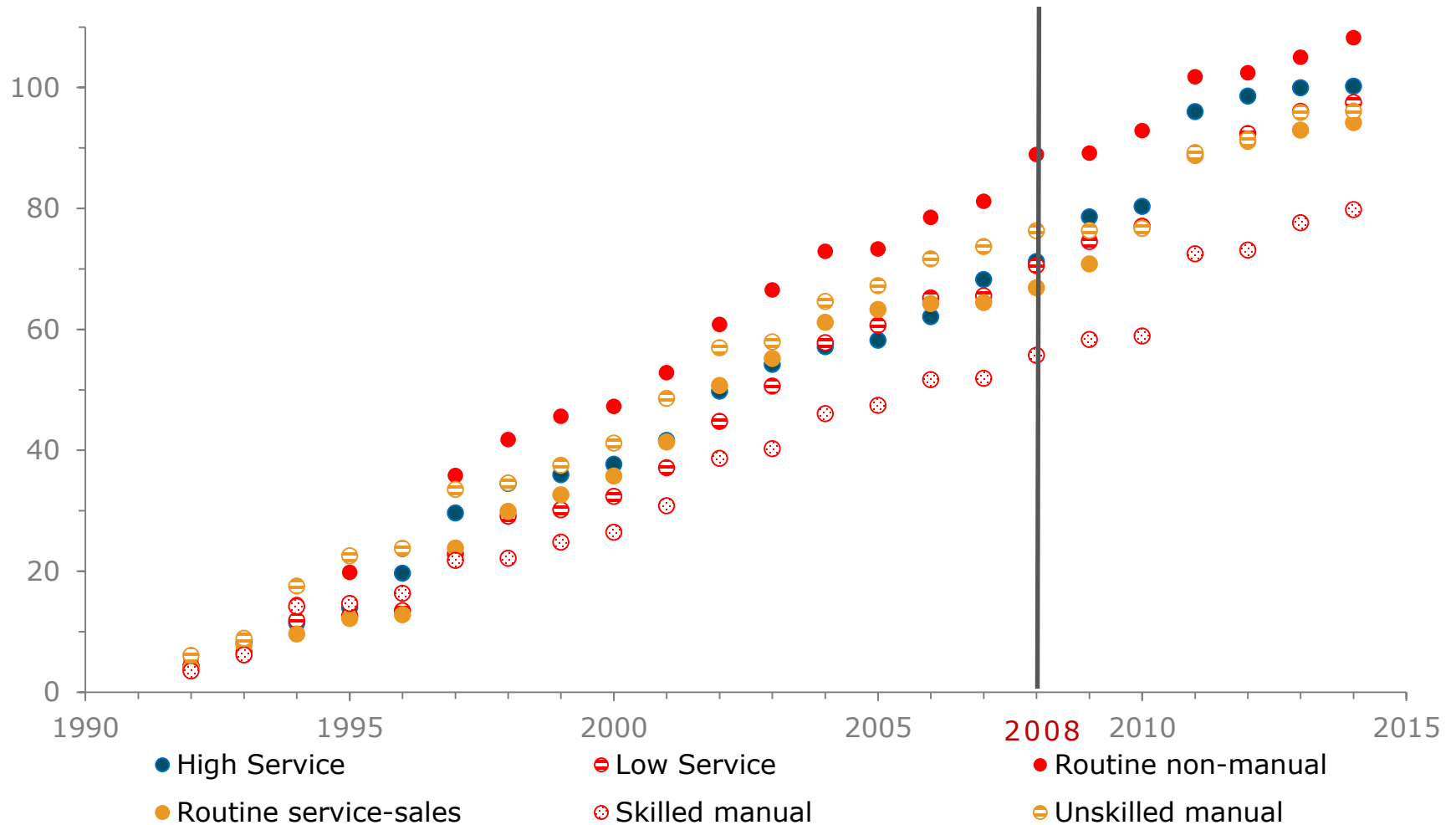
Determinants of social insecurity 1991-2014 (excerpt, part 2)

		M1 Coef. (z)	M2 Coef. (z)	M3 Coef. (z)
Fixed-term contract	Fixed-term contract		0.072 (3.54)	-0.004 (-0.35)
Interaction: Class*fixed-term contract	High service		-0.037 (-1.04)	
	Low service		-0.097 (-3.25)	
	Routine non-manual		-0.187 (-4.93)	
	Routine service-sale		-0.070 (-2.10)	
	Skilled manual		-0.055 (-1.76)	
Sector: (Ref.: other sectors)	Bank/insurance			-0.550 (-4.04)
	Health			-0.303 (-4.64)
	Civil service & edu			-0.179 (-7.21)
	Construction			0.149 (8.15)
Interaction: Sector*time	Bank/insurance			0.024 (5.60)
	Health			-0.001 (-0.34)
	Civil service & edu			-0.026 (-10.57)
	Construction			0.013 (4.91)

N=216.851 observations

Volatility of status insecurities

(Germany overall, cumulative procentual changes)



Quelle: SOEP v31, 1991 – 2014 (weighted), frequencies based on 283.160 observations

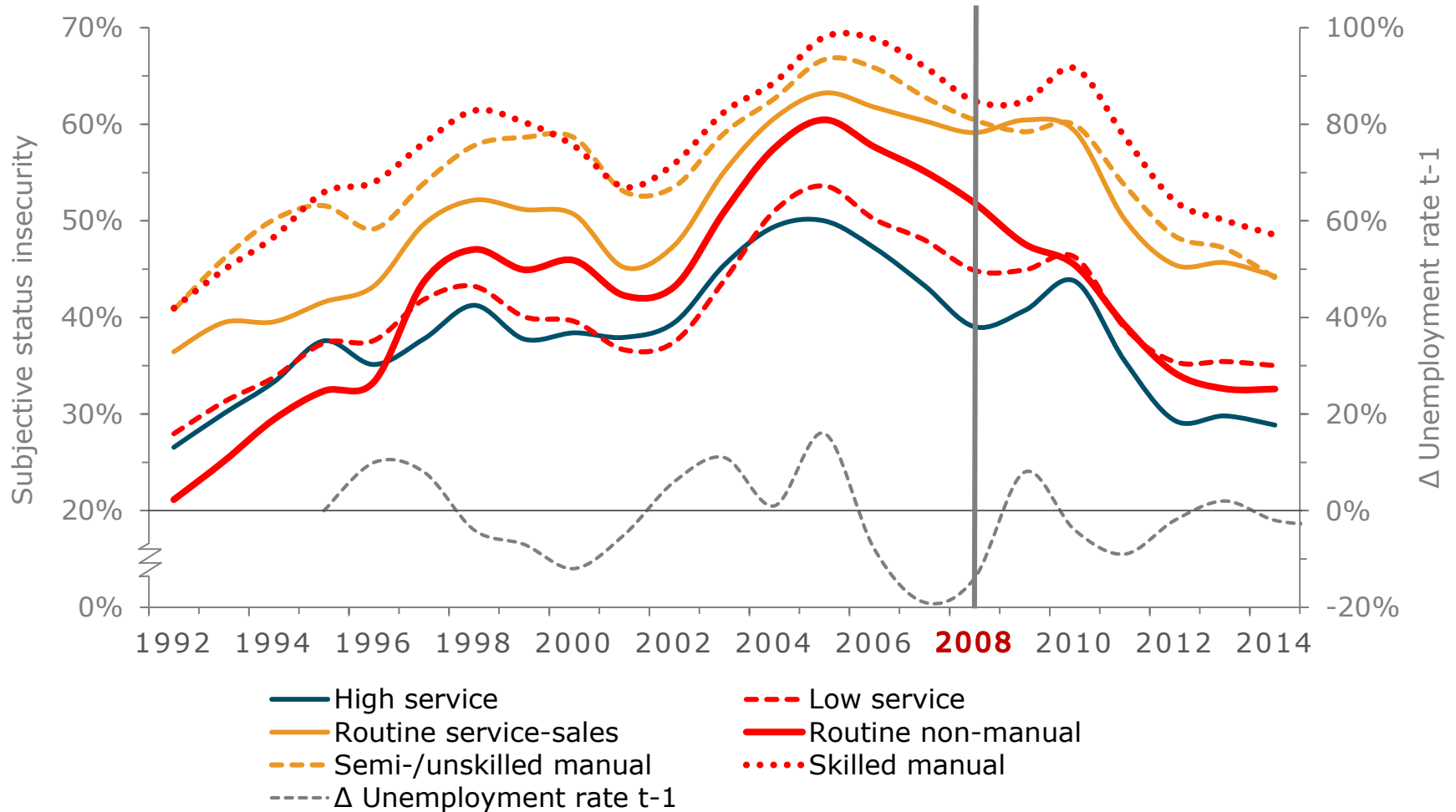
Conclusion

Persistent Jitters: the centre of the middle class as society's nervous core

- (1) Coping with insecurity: collective learning and the end of the spill-over effect?
- (2) European crisis and the change in reference group?
- (3) Overproportional (perceived) improvement of the living conditions of the middle?

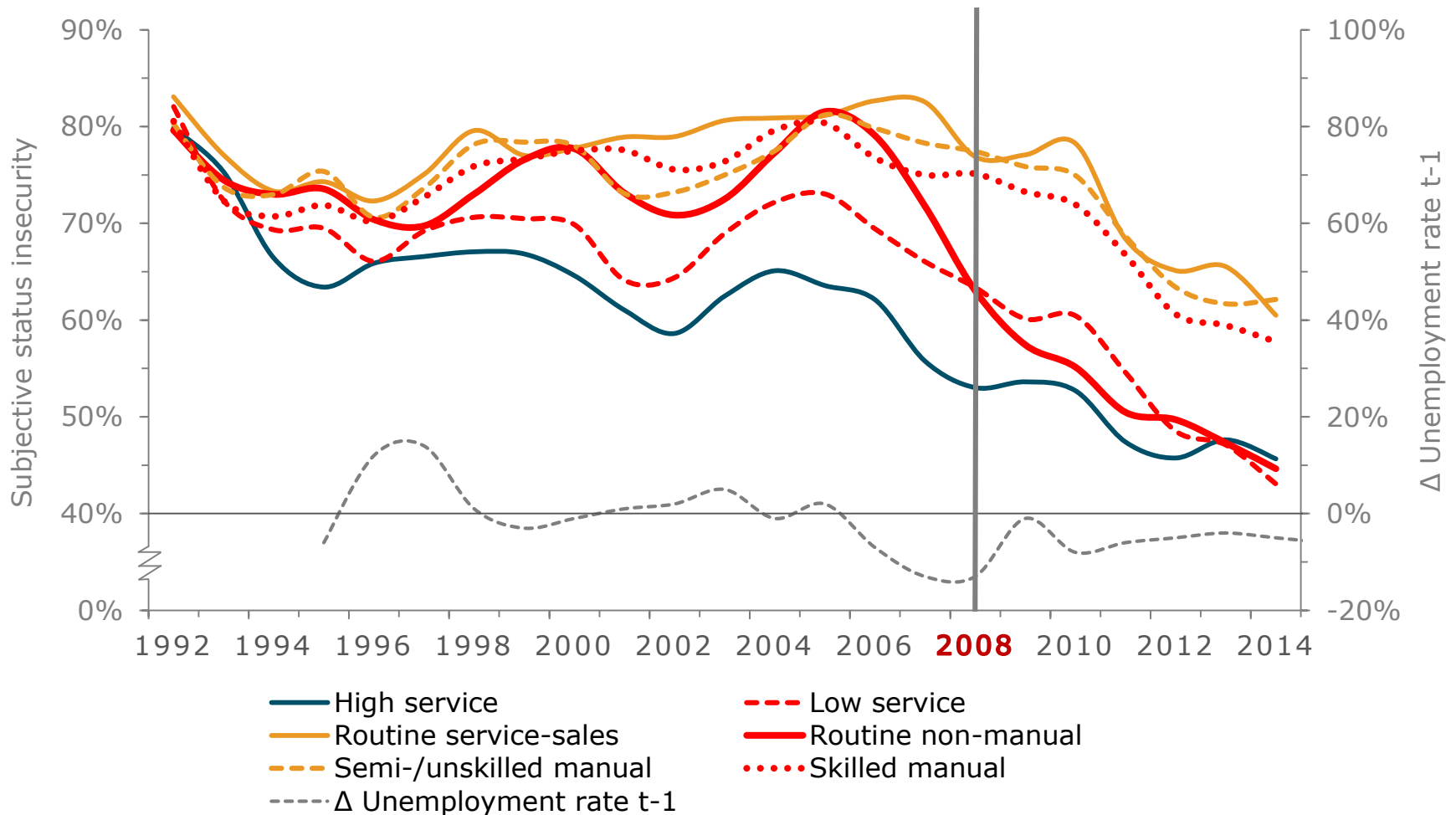
Addendum

Status insecurity, Germany (west) (moving avg. in %)



Quelle: SOEP v31, 1991 – 2014 (weighted), frequencies based on 183.656 observations

Status insecurity, Germany (east) (moving avg. in %)



Quelle: SOEP v31, 1991 – 2014 (weighted), frequencies based on 57.513 observations