

## INTERVIEW WITH PETER KRAUSE AND CHRISTIAN FRANZ



Dr. Peter Krause is a Research Associate at the German Socio-Economic Panel Study (SOEP) at DIW Berlin

Christian Franz is an Advisor in the Executive Board Department at DIW Berlin

## »Regular employment continues to play important role«

1. Mr. Krause, you took a close look at income groups in Germany. What did you hope to accomplish? Peter Krause: We wanted to bring together two discussion threads in our study. One thread has to do with the long-term trend in inequality of household income distribution and the other, with changes in labor force participation. Until the mid-2000s, inequality in disposable household income increased and has plateaued on the same high level ever since. At the same time, labor force participation has risen rapidly: many more people have jobs now than 20 years ago. The question here is: how have employment types changed in the respective income groups?
2. What is special about your study's methodology? Christian Franz: We successfully managed to conflate two perspectives – the income dimension on the one hand and employment and its myriad forms on the other. There are numerous studies examining income groups in detail, but none of them show the concurrent development in types of employment, especially over the rather long period of 1995 to 2015.
3. How have the low, middle, and high income groups changed in the past 20 years? Christian Franz: We found that the groups surrounding the median income have shrunk. The trend was the strongest in the mid-2000s but is still very much present in the most recent surveys. The middle is shrinking, but at the same time we see swelling at the tails – in both the lower income groups below the poverty line and those at the top. There are more people in these groups than there were in 1995.
4. What does the picture look like in numbers? Peter Krause: The middle income groups shrunk by around six percent between 1995 and 2015. At the upper tail, we see a solid two percent increase in the same period, and the lower tail grew by 3.5 percent.
5. Were the changes in income groups over the past 20 years gradual, or were there abrupt changes? Peter Krause: I would not call them abrupt changes, but there were some marked shifts in the income groups, especially in the mid-2000s. After that, we saw a certain level of stabilization and deceleration in the process, and inequality continued at a high level. And when we looked at how employment types in Germany changed during that time we saw that regular employment (full- and part-time) is still very important. However, in income groups below the median, the number of low-wage earners increased. In income groups with higher incomes, the increase is not necessarily a problem insofar as the employment of household partners can compensate for it. For households in lower income groups, the increase can cause problems because these earnings represent a greater share of household income. At the same time, the proportion of those with regular employment in that income group decreased until 2013.

Interview by Erich Wittenberg



To hear the recorded interview in German, visit [www.diw.de/interview](http://www.diw.de/interview)



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