Title
Declining middle classes in the heyday of globalization?
Germany and the U.S. 1990-2019

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Abstract
For years, scholars have been pointing to the phenomenon of shrinking middle classes in Western countries, especially due to occupational and institutional transitions in the wake of ongoing globalization. However, previous research on the middle class to date suffers from a one-sided focus on income and the fact that the thesis of a continuously shrinking middle class is not fully supported by empirical evidence. Using data from the PSID and the SOEP, we compare the middle classes in the U.S. and Germany for the period between 1990 and 2019 and operationalize them by income, education, occupation, and two multidimensional approaches. Our findings show that middle classes in Germany are almost universally larger than in the U.S. Moreover, we find a tendency for the middle class to shrink in both countries in terms of income and education. In contrast, the occupational middle class has remained stable in the U.S., while it has actually grown in Germany. Anyway, we also find clear upgrading processes for education and occupation, which are mainly reflected in rising shares of households with at least intermediate-middle level status. The results of the multidimensional approaches confirm the tendency of a slight contraction of the middle class in both countries, accompanied by a gradual upgrading of many households. We conclude that to strengthen the middle class in the long term, measures are needed above all to reduce the rather robust shares of low-educated households, but also the extent of income inequality.