

Between welfare state retrenchments, globalization, and declining returns to credentials: The French middle classes under stress

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Following the work of Pierre Bourdieu (1979) and Gustav Schmoller (1897) before him, the multipolarity of middle classes between higher and lower, and between cultural and economic capitals is well acknowledged. This old vision is useful to understand the "middle classes adrift" of the last 20 years in France and Continental Europe. The expansion of the "new wage earner middle class" (Touraine, 1969) of the 1960s-1980s is now and old dream of Welfare state expansion, and the European social structure faces a trend of "repatrimonialization", a U-turn towards a decline in the value of mid-qualified work and an expansion of the return to inheritance of family assets.

This paper addresses three main points. First, a new description of repatrimonialization is useful in the specific European context of middle class societies. We need a re-definition of the system of middle classes (plural) in the context of the construction and decline of strong welfare states.

Second, we have to analyze three ruptures in the social trends of the 'wage earner society' of the 1960s to 1980s. In this period, economic growth, social homogenization, and social protection were major contextual elements of the expansion of a 'new middle class,' based on educational meritocracy, the valorization of credentialed skills, and the expansion of the average wage compared to housing and capital assets ('depatrimonialization'). After the 1980s, the rupture and reversal of these previous trends, with 'stagnation', 'new inequalities' and 'social uncertainty' being the new trends, generated a backlash in the system of middle classes.

Third, I analyze the demographic and social consequences of the new trends in terms of the shrinking and quartering of the middle classes in a context where the inheritance of assets and resources changed the previous equilibrium. Finally, I highlight the importance of addressing the problem of social stability when large strata of the middle class have less interest in the maintenance of the social order.

According to international social indicators and comparative statistics, most Continental European countries are comfortable, intermediate middle class societies under the protection of strong and stable welfare states. France is a noteworthy case—for the last twenty years, the French Gini index and interdecile ratio of post tax and transfer incomes has remained relatively low, the level of public employment and the number of civil servants show a remarkable permanence of the State, and welfare

indicators and the good health of the elderly population illustrate the efficiency of the French “new” middle class model of society. We could insist also deep French specificities such as the valorization of leisure, the priority to family equilibrium (with a fertility rate near to 2.0), quality of collective childcare, etc. Even if the French model appears stable, clear signs of destabilization have been surfacing in recent decades. These signs of destabilization have observable effects in the political realm.

Fig 1 here

The most visible elements of this destabilization are, on the one hand, the first turn of the 2002 Presidential elections, when the socialist candidate and former Prime Minister Lionel Jospin lost the votes of lower middle classes and of workers; being the third candidate, he had to let the extreme right wing candidate Jean-Marie Le Pen challenge Jacques Chirac on the second turn. On the other hand, the French “No” to the referendum on the EU Constitution (May 2005) illustrated the Euro-pessimism of the French semi- and associate- professionals in educational, social and health services, of the middle and lower level civil servants, and more generally of a large intermediate-lower-middle-class which had supported a European project of monetary union thirteen years ago , and rejected this new step in the institutional construction of the European union (fig 1). Some interpretations of this electoral rejection are controversial—for example, the declining leadership of President Chirac, the incapacity of the political elite of the center-left and center-right to organize a convincing campaign, etc.—but perhaps the most interesting factor is the destabilization of the intermediate middle class, which served as a strong support for policies of modernization, social reform, and European construction. The intermediate middle class was also anxious about the European construction, seeing it as a Trojan horse for radical competition and the neo-liberal dismantlement of social protections. Twenty years ago, these fears were

only typical among the working class facing the fear of unemployment, but now they are shared by the middle class (fig 2).

My intention here is not to participate to a polemical debate about the relative performances, priorities or fairness of the French model (Krugman, 2005; Smith, 2004), or about the European comfort and decline (Krugman, 1994; Baverez, 2003) or new challenges (Krugman, 2009), but simply to elaborate on a diagnosis of the stability and sustainability of the “new” middle class society and discuss this paradox: why does a Continental European model of low inequality and strong State institutionalization seem to be so stable, when newer generations of young adults do not really benefit from its protection (Chauvel, 2006a)?

My first intention in this chapter is to describe the Europe-specific structure of the middle class and develop a definition of the system of middle classes (plural) in the context of a strong welfare state. I propose here a redefinition of the system of middle classes. My second point is a presentation of three ruptures in the social trends of the “wage earner society” of the 1960s to 1980s. In this period, economic growth, social homogenization, and social protection were major contextual elements relevant to the expansion of a “new middle class”, based on educational meritocracy, the valorization of credentialed skills, and the expansion of the average wage compared to assets (‘depatrimonialization’).

After the 1980s, the rupture and reversal of these previous trends in favor of new trends such as “stagnation”, “new inequalities” and “social uncertainty,” generated a backlash in the system of middle classes. My third point is to analyze the demographic and social consequences of these new trends in terms of the shrinking and quartering of the middle classes in a context where the inheritance of assets and resources (‘repatrimonialization’) changes the previous equilibrium. The problem of social stability in a context where large strata of the middle class have less interest in the stability of the social order must also be addressed.

Fig 2 here

Part 1. Europe as a realm of the middle class: past dreams, present paradise and a contemporary U-turn

As seen from Sirius, when one considers economic inequalities (2) in the world, France, like most countries of Continental and Nordic Europe, is a typical country of equality and comfort: in terms of post tax and transfers disposable income by consumption unit, it is not far from Finland, which is maybe the most equal country in the world, and falls relatively close to Luxembourg, which is the richest country by per capita GDP in terms of purchasing power parity (PPP). A mapping of the degree of development and inequality in the world (fig.3) presents Europe as a club of rich and equalitarian nations. In fact, this vision of Europe in the early 21st century is quite problematic because it does not reflect a new reality: Europe is no longer the union of 15 members sharing similar characteristics—rich, old-industrial western liberal democratic nations—it was in the early 1990s. Europe is now a set of 27 dissimilar countries where new large members do not share the same degree of economic, social, and human development.

Fig 3 here

By comparing the old members and the new members of the European Union (including Romania and Bulgaria), we can clearly see the differences between the two projects. Here is simply one example of globalization in the old European countries, where the expansion of “outside Europe” markets fosters the competition with new industrial countries with low labor costs, while at the same time, “inside Europe” competition (where import/export taxes are reduced, and transaction costs are reduced to transportation

costs alone), which contributes to more capital volatility, competition between workers and in investment opportunities, and a polarization in the marginal productivity of wage earners between specialists and managers on the one hand and standard workers on the other. The new trends that took off between the early 1980s and the early 2000s (fig. 3ter) further help to explain inequalities inside the European Union. While France was one of the most resistive to intra-country inequality (3), most of European nations experienced an intra-country expansion of inequalities, which went hand in hand with the inter-country expansion of inequalities (fig. 3bis and fig. 4).

Fig 3 bis & ter here

A particularly interesting point is the stability of France: while Nordic countries experience an increase in their Gini coefficient, French indicators of economic inequality remain almost the same.

Fig 4 here

Thus, France is a standard nation in a European club of comfortable and equal countries, but its stability in terms of economic inequalities is quite uncommon. Compared to the liberal regime (UK, US, etc.) in the three worlds of welfare capitalism (Esping-Andersen, 1990), which is structurally more unequal and becoming more economically polarized, and to the social democratic regime (Sweden), where, since the end of the 1990s, the most celebrated equalitarian countries of the world have been facing increased economic inequality, France's Gini coefficient remains static. This French mix of moderate inequalities and the lack of a clear trend toward increased inequalities (4) is a fundamental trait of the French welfare

regime, based on a strongly institutionalized (i.e. state-organized) middle class. Here one of the most significant problems of international comparison becomes relevant: how can we define the “middle class” in a comparative context (Zunz, 2002)?

An international definition is almost impossible, because two approaches to defining the middle class exist, which are quite incompatible. In the first approach, characteristic of British sociological discourse, the middle class (singular) refers to a comfortable group, located immediately below the upper classes and the higher bourgeoisie. In the second approach, which is more common in Continental Europe and in the American golden age of the 1960s (Mills, 1951), the middle classes (plural) represent an aggregation of intermediate groups, of which the incomes are close to the arithmetic mean. The first approach is more elitist, with the “middle class” representing, at maximum, 5 to 10% of the population; the second approach has the potential for inclusivity among the middle classes, with an ideal of a two-thirds society (in Germany: *Zwei-Drittel-Gesellschaft*) where the middle class aggregates most stable and qualified wage earners, and represents between 50 and 80% of the population. These competing definitions of the middle class are a major source of uncertainty in discourses on the middle class.

One of the first apparitions of this distinction emerged with a French social thinker who profoundly inspired Pierre Bourdieu: Edmond Goblot. In his book, *La Barrière et le Niveau (The Fence and the Level)*, Goblot describes the British middle class: “It has large incomes, is affluent and comfortable, is served by an abundant domesticity in luxurious mansions. It is called “middle”(5) because the *aristocracy* (the *upper class* <in English in the text>) subsists. In England, the class which is at the level of our middle classes can not be distinguished from the popular classes” (Goblot, 1925, pp. 21-22). The British “middle class” is much higher than its Continental European homonym.

The French and Continental European terminology of “middle classes” (French: *classes moyennes*, Deutsch: *Mittelstand*, Español: *Clases Medias*, etc.) is often translated to “lower middle class” in the English tradition (Mayer, 1975); conversely, the English debates on the “middle class”, notably in terms of gentrification (Butler, 2003), refer to a social group that, in terms of education, income, and wealth, is clearly above the standard Continental European “middle class”. However, in the political discourse, this terminological confusion is very common in countries where most politicians claim they represent the interests of the (lower) middle class, seen as the most central and numerous social group for gaining democratic legitimacy, but gear their economic policies (tax cuts, the design of social redistributions, etc.) towards the (very) high middle class (Skocpol, 2000), to which most political leaders actually belong.

Beyond this problem of the translation of basic concepts, the linkage between the degree of inequality and the shape of the system of social stratification remains loosely developed in a comparative context. It is difficult to figure the social architecture resulting from the intensity of inequalities, notably in terms of economic coherence of the middle class. A solution is the analysis of the shape of the “strobiloid” curve (Chauvel, 1995), which is the smoothed density of the medianized income (or better of level of living, defined by the post tax and transfer net income by consumption unit), a curve which is adapted to international comparisons.

fig 5 here

fig 6 here

For this comparison, the two opposite poles of the international spectrum of inequalities offer interesting points of reference: on the one hand we have Sweden, with a Gini coefficient of 25.2%, one of the lowest in the world, on the other hand is Brazil, with a Gini coefficient of 59.8%. In Sweden, since the floor (the poor) is high and the ceiling (the rich) is relatively low, the larger part of the population is amassed near

the median. If we define the “median class” as the population between half the median and twofold the median, 84% of the population is between these borders. By contrast, in Brazil there is a strong polarization between the extreme poor, with incomes near zero, and extreme rich. There, the median class is divided between those who climb to the top and those who remain at the bottom, with a median class consisting of approximately 44% of the population. The United States stands in an intermediate position between these two extremes, with 58% of the population in the median class. The French strobiloid is closer to the Swedish one, even if its median class is less homogeneous and concentrated near the median.

Nevertheless, a complicated aspect of economic inequality is the difference between the flux (income) and the stock (accumulation of wealth). In France, if we compare the Gini coefficient of income (29%) and of wealth (75%), and the shapes of the associated strobiloids, two different pictures appear: in terms of income, France is a country with a strong homogeneous “median class”, while in terms of wealth, a strong polarization exists between no-wealth families and the top of the strobiloid, which shows no homogeneous median class. This distribution can explain a part of the terminological ambiguity about the “middle class”, in the English and Continental European traditions: in French, “middle class” means the population of common citizens with normal incomes, needs, lifestyles and consumption patterns, but in English, it defines the intermediate group between the highest economic elite based on wealth accumulation. In France, the “middle class” is a kind of “average income class”, while in the English tradition it refers to much higher positions—individuals with above average wealth.

Fig 7 here

A reconstruction of the middle class definition

As explained above, the empirical presentation of the French stratification system lacks a theoretical basis and confusion exists surrounding the definition of “middle class”. In light of this, we need a

theoretically-grounded reconstruction of the concept of the “middle class”. To resolve this conceptual ambiguity, we have to return to the German social sciences of the end of the 19th century, when the notion of the « new middle class » (*neue Mittelstand*) emerged. The late 19th century German context is clearly different from the contemporary French one (Charle, 2002)—the Wilhelm’s Germany had been facing a fast socioeconomic modernization during the final three decades of the 19th century, and was about to, in a generation, transform (even if the impact was regionally heterogeneous) Germany from a feudal society to a complex industrial society (Schultheis et Pfeuffer, 2002).

These considerable changes were deeply influenced by the contrast between archaic cultural traits and representations (for example, the notion of *Mittelstand*, refers to an “intermediate State” similar to the French “Tiers Etat” of the 18th century) and the surprising rapidity of the social-structural transformation. The transformation was marked by high tech industrialization and the expansion of elaborate bureaucratic organizations, such as the constitution of a new and strong central state and with the expansion of large industry and mass services (insurance, banks, post offices, etc.). Inside the German social democratic party, such social transformations produced a new debate on the (in)accuracy of the Marxist prophecy of relative or absolute proletarianization, a sociological diagnosis that Eduard Bernstein (1899) was the first to translate in political terms.

However, two years before, Gustav Schmoller (1897) was the first to face this difficulty in a seminal text that anticipated further sociological problems and diagnoses of the social structure. Indeed, Schmoller underlined the existence of two important dimensions structuring the middle class space:

- On the one hand, he highlighted the distinction between an *Obere* and an *Untere Mittelstand* — an upper and lower middle class. This distinction underlined the hierarchical division of the middle classes, the *Obere* reaching the limits of aristocracy, and the *Untere* neighboring the working class.

- On the other hand, he developed the polarization between an *Alte* and a *Neue Mittelstand*. The *Alte* consisted of intermediate farmers, self-employed shopkeepers, small businesses owners, while the *Neue* benefitted from the fast expansion of a social group of qualified wage earners in industry, large service companies, and state (*Beamten*) and private bureaucracy (*Angestellten*) (Kocka, 1981).

Schmoller's distinction between the *Alte* and *Neue Mittelstand* underlines the emergence of an important concept—the new middle class. Lederer and Marschak (1926) and Geiger (1932) wrote on the destabilization of the new middle class in the post-World-War-I context, and in *White Collar: The American Middle Class* (1951), C. Wright Mills analyzed the contemporary American model of middle class. The debate between emergence or the pauperization of the middle class during the difficulties of the 1914-1950 era reveal a long pause in the process of middle class expansion, particularly in Germany.

In contemporary analyses of the middle classes, the dimensions of Upper/Lower and Old/New remain useful. These two dimensions are complementary, and offer an analytic image of four large sets of middle classes. With these two axes, Schmoller prepared the Bourdieusian idea of a two dimensional social space (Bourdieu, 1979) 70 years in advance. When these two axes of differentiation inside the middle class are crossed, the two dimensional social space provides four types of middle classes:

Fig 8 here

The old middle class refers to small owners and a petty bourgeoisie who own small property. The old high middle class consists of neighboring aristocrats and large proprietors. Typically, medium size entrepreneurs are the ideal type of “old middle class,” in which patrimony (both in terms of wealth accumulation and inheritable shares of economic control on productions) is the strategic model. Civil servants in the traditional services and missions of the state, such as security, police, and the central bank, and groups that are considered extensions of the former aristocracy, such as higher military

officers, are situated in the old high middle class quadrant. Members of the higher bourgeoisie (6) are also sometimes classified as members of this group. Self-employed individuals without employees, specifically those in manual occupations, are typical of the old lower middle class. For Schmoller, two new types emerged in the sociological vision of stratification. The first is a new lower middle class of wage earners in occupations based on an intermediate level of responsibility or technical qualification, such as low-level engineers, semi-professionals, low-level managers, and most of the intermediate bureaucracy of the state and large companies. The second is a new higher middle class, defined by expertise, the control of larger organizations, elaborate knowledge, the “symbolic manipulation” of complex systems, management, ruling, and decision making. Schmoller is the first social scientist to have clearly detected the expansion of a social stratum based not on patrimony. The opposition between the “old” and “new” middle classes appears to be first a question of credentialed skills and the control of complex and institutionalized knowledge, which is mainly technical, juridical or more generally certified by diplomas that are controlled by a professional group recognized by the state (in the French context). On the contrary, the “old” side of the middle classes is more closely tied to the control of economic resources and is directly dependent on markets.

A trend of de-patrimonialization of the economic position and a return to credentialed skills (Wright 2003) and strategic knowledge clearly emerges in the post-Second World War era, particularly in Europe, when the wage earner middle class was about to access better statuses, market positions, social protections, and political control, without the accumulation of economic resources but rather with the accumulation of cultural capital, credentialed skills, state-recognized social rights, and political recognition (Castel and Haroche, 2001). However, as this trend reversed in the last 20 years in favor of repatrimonialization, Europe has been experiencing a backlash.

The French model of social stratification in the Schmoller-Bourdieu scheme

Historically, in the French social debate, occupational inequalities and stratifications are, to a certain extent, officially recognized. Since their creation in 1954, the *Catégories socioprofessionnelles* (CSP) have constituted a commonly acknowledged “class schema”, similar to the Erikson-Goldthorpe-Portocarrero classification (Erikson and Goldthorpe, 1992).

The CSP schema defines 6 main occupational groups (more detailed schemata exist), where almost everyone can identify their position (7). A book such as Bihl and Pfefferkorn’s (1995), which offers a large panorama of occupational inequalities, is an example of the usefulness of the CSP schema. The two digit CSP scheme is also very useful, since it details 27 different elements in the former 6 major groups. I will use this detailed classification to illustrate the utility of Schmoller’s theory.

The coding below offers a multi or bi-dimensional vision of the social space to highlight how these categories are attracting or rejecting others (Chauvel, 1998a). For example, if we consider the homogamy table connecting the father of each member of a couple’s occupation, the log odds ratios of any kind of occupation i with j is a symmetric table of dissimilarity: the stronger the log odds ratios, the less likely the marriage (if we aggregate Enquêtes Emploi, which are French style Current population surveys, from 1982 to 2000, the number of such observations is over 300 000). If we submit such a table of dissimilarity to a multidimensional scaling procedure, we obtain a two dimensional space where the different social groups are dispatched such as the closest are more likely to exchange their children, and are father if they do not.

Fig 9 here

The first axis is typically a hierarchical one: at the top are social groups defined by the accumulation of both economic and educational capital (such as liberal professions), and at the bottom are those with little to no economic and educational capital. The second axis is more complicated, since it is both an axis of educational *versus* economic resources, and state *versus* market-based positions. On the far left are state

civil servants and public occupations, and far on the right are independents, self-employed and employers. Wage earners in the private sector lie between the two extremes.

Fig 10 here

Schmoller's quadripartite schema of the middle classes appears on the higher part of the figure, where we find the opposition between higher and lower middle classes, and between old and new middle classes. There also exists an opposition between cultural resources and state positions on the left, and economic capital based positions on the market on the right. When we analyse the social determinants of access to the social groups on the left, the first determination is educational level when on the right side, social inheritance dominates. The difference between the old and new middle class is also a contrast between ascribed *versus* achieved status—education is a major means of selection to the new middle class. In Weberian terms, the contrast is also in terms of the bureaucratic legitimacy of social positions on the left, and of economic resources on the right.

The declining returns of education

In international debates about the question of “value of education”, the French or Latin European notion of “inflation des diplômes” (diploma inflation) seems to be an exception (Duru-Bellat, 2006). We have no room here to develop these problems, but the main issue in France, where we experiment with an extreme form of social-generational fracture between birth cohorts, is that we have a simultaneity of two contradictory trends—the new cohorts of young adults are becoming more educated while the social structure remains rather stable, with a slow slope of social upgrading (8).

From the two contradictory trends results the expansion and ultimate overcrowding of the (mid) educated population. The result is a “diploma inflation” effect, which comes with the risk of “educational

declassement (9)” (*déclassement éducationnel*). This declassment involves the intrinsic value of (intermediate level) diplomas declining from cohort to cohort in terms of probability of access to higher or middle positions. The youngest generations of adults received, on average, three more years of education than their parents, and yet have lower socioeconomic positions than their parents when they entered adulthood 30 years prior. This problem of *déclassement* (and its increasing social visibility) helps to explain the pessimistic outlook in France (Peugny, 2009) and continental and southern European countries.

Fig 11 a & b here

The demographic crisis of the “new” middle class

In this next section, I highlight the origin of the mismatch between educational attainment and social position. When we compare the “old style” middleization of the industrial (or early post-industrial) society to the more recent one, the problem of the so-called “new middle class” emerges. Post-1960, the expansion of the new middle class was seen as an inherent trend of modernity (Mendras 1988). Despite C. Wright Mills positing a fundamental political conservatism and instability within this class (10), from the late 1960s to the mid 1980s, more optimistic analysts hypothesised a soft cultural revolution brought on by the “*nouvelle classe moyenne salariée*” (the “new wage-earners middle class”, Touraine, 1969). The declining intensity of class cleavages was about to blur class borders (Aron, 1969). Strong debates emerged such as the controversy between Pierre Bourdieu (1979), who claimed that the “dominated fractions of the dominant classes” were intrinsically frustrated by their ambiguous position, and Catherine Bidou (1984), who demonstrated that during the late 1970s, the young members of the new

middle classes were bringing a new culture of self fulfilment and emerged as central political actors, mainly at the local level.

The cultural dynamics of the “new middle class” was based first on the spectacular growth of this social category. During the “*Trente Glorieuses*” (1945-1975, see Fourastié 1979) era of full employment and fast growth (an annual growth of about 4% for the worker’s real wage), the French State fostered a model of Welfare regime that employed a large middle class population in public services about to improve health, education, and human development (hospitals, universities, welfare services of any kind). It also developed large-scale interventions in the industrial and service economy, nationalizing or launching public companies which engage a large technical and service middle class in businesses and infrastructures such as trains and electricity (SNCF, EDF), high tech companies in nuclear industry, telecommunications and space (CEA, PTT, Aérospatiale), strategic industries (the automobile industry Renault, steel, mining), banks, and insurance. In short, the trend was towards the protection of wage earners in a salaried society (Aglietta and Brender 1984). From these policies emerged a trend of “*moyennisation*” (middleization) analysed by Mendras (1988) that increased the percentage of the population that was “higher service class” from 4.3% to 11.8%, and the “lower service class” from 12.5 to 16.9% between 1969 and 2002. The rapid growth of these populations created an optimistic outlook among the middle class; concerns about poverty, downward mobility, unemployment and exploitation were on the decline. However, after 1984 and the conversion of the government elites from both left and right political moderate parties to monetarism and public debt control, the capacity to fuel this middle class expansion disappeared.

Since 1982, the size of the middle classes has remained the same, constituting about 30% of the 20 to 59 year old population. The most important change in the middle class is the redistribution from public to private status. Even if the public higher service class prolongs its expansion, the downward trend of the public lower service class is evident. The most visible growth is among the private sector lower class and

the higher service class. Nevertheless, during the 1980s and 1990s, stability seems to be the most salient trend among the adult population.

The apparent stability represented by the fact that the size of the middle class that is 20-59 years old has remained the same for over two decades masks a considerable generational gap. French society, in terms of social stratification, culture, and politics, is marked by a strong generational fracture. On the one hand, the first generation of the baby boomers (born between 1945 and 1955), who were young adults in May 1968 and during a period of full employment and fast growth. On the other hand, the cohorts born after 1955 faced a depressive period of strong unemployment during their youth, alongside wage moderation and a housing crisis, among other problems (Chauvel, 2006). These two periods of entry in the labour market produced divergent trends in the social structure, culture, and representations of the middle classes. When we compare the dynamics of cohorts that have recently reached 50 years old and those 20 years younger, we observe a complete divergence in life chances.

We have to collapse the “middle class” into four groups: higher *versus* lower, and public sector *versus* private sector. The intrinsic transformations of these groups are quite independent to one another. More specifically, the cohorts of the early baby boom, born around 1948, benefitted from a boom in the public intermediate middle class (an archetype of the “new middle class”), while the newer generations, born after 1955, faced a backlash, or more precisely a profound mismatch between the potential and real empirical expansion of the public sector intermediate middle class. This “potential” expansion is assessed by the size of a particular social group if education, social origin, gender and region effects remained the same from 1982 to nowadays (11).

Fig 12 a & b 13 a & b here

If we compare the theoretical versus empirical changes of the different groups (figure 11), the main result is that, for the fifty-something age group, the real and potential transformations are similar. On the contrary, for the “juniors”, the massive expansion of education went with a boom in the “potential” intermediate public sector middle class, but empirically, there was almost stagnation. These findings cannot explain the anxiety among the middle classes—the “*angoisse des classes moyennes*”, a kind of collective “status panic” (Mills, 1951, p.237), specifically visible in the new populations of “juniors”, or thirty-something age group.

The evidence of this shrinking dynamics is quite different to the trend shown by Wright and Dwyer (2003) who are focused on a unidimensional hierarchy, but the result is in fine the same: the intermediate middle class loses its substance.

Another central aspect is the comparison between the empirical trend and what would have happened if the effect of social origins (father’s occupation), gender, and level of education had remained unchanged over the period? To answer this question, we fix in 1982 for each age group the effect of the three variables (origins, gender, education), and compute each year the theoretical proportion of social groups required to let unchanged the effect of the three characteristics (12). Each year, the new cohorts are better educated than the previous ones, come from families of higher origins, and, thus, we can expect a mechanic increase of access to higher positions; the cohort dynamics of the reduction of inequalities between women and men (Chauvel, 2004) could imply a similar evolution. In reality, the most substantial changes are led by education.

Which are the results? Since the first cohorts of the baby boom enjoyed longer education (the *baccalauréat*, the French SAT test, was passed by 15% of the 1935 birth cohort and 27% of the 1946 birth cohort), the access to the higher service classes is expected to increase as well. However, in most social groups, the empirical curve is over the theoretical one: the actual increase of positions exceeded the growth of “usual” candidates, and then to fill these positions, candidates with lower achievements

were required. The strongest gap between empirical and theoretical increase appears for the private higher service class, but in relative terms, the empirical increase of the public higher service class is stronger.

Conversely, changes in the 30 to 35 year old age group point to a less optimistic trend: the expansion of the level of education is quite strong, and then the theoretical curves generally rise. However, the drastic reorganisation of the welfare and interventionist state produces a strong decline in the public lower middle class, which was the archetype of the “new” middle class.

The quartering of the middle classes

This demographic challenge where the number of potential candidates (given the degree of education) exceeds the number of empty slots about to be filled inside the “new intermediate middle class” positions, thus creating a strong trend of educational *déclassement*, i.e. the declining value of education in terms of prestige and positions, is just one facet of the phenomenon. The other is the collective decline of the value of wages compared to the value of assets, where the wage earner middle class shares with the working class the problem of the declining value of work. The long-term data on the average value of net wages by social groups offer a clear vision of the problems of the wage earner middle class.

A long-term analysis of wage incomes, capital incomes and fluctuation in the asset values (Piketty 2001b) shows that the post-Second World War period was marked by the increasing frequency of home ownership among middle class wage earners, even without family support, due to high wages and low capital costs. On the contrary, the last twenty years are marked by an increase in rental costs and property prices. Consequently, new cohorts of adults, even with higher incomes, cannot expect better housing than their own parents. For older cohorts, the trend is positive since the value of their former accumulation increases, but, conversely, for the young adults, the economic dependence on family is strengthened and

the capacity for independence through work alone declines. This economic dependence could contribute to declining fertility rates in countries such as Spain, Italy, and Germany.

Fig 14 here

These constraints on the access to capital (such as housing, via rent or acquisition) create a division between the children of families who have access to accumulation and the others. In France, between 1992 and 2004, the significance of household's income, like occupation, as an explanatory factor is declining; having received heritage or *inter-vivo* gifts are better explanatory variables of wealth inequalities (Cordier and al, 2006).

This point underlines the new fragmentation inside the middle classes between the wage earners who have an intermediate level of cultural capital and no family support (typical of the "new middle class" of the 1960's, but facing real difficulties today), and strata of the privileged upper middle class who have better positions in the market economy and have access to patrimony. Such a situation goes hand in hand with less meritocratic and more unequal configurations of development.

Fig 15 here

Conclusion

The diagnosis of the European "new middle class squeeze" is as follows: the average evolution shows no strong change because it aggregates optimistic dynamics for the generations of contemporary seniors, and a major U-turn for the newer ones who face a clear decline at the intermediate level of the social hierarchy (lower middle class). Such a dynamic, which is particularly clear in France, has a strong impact

on the legitimacy of the school and university system. After 20 years of educational expansion, the average age at end of school is now 2 years older, and the impact of this heavier investment in the future—by both the state and families—is quite unclear. If the most prestigious and selective institutions of higher education, such as Ecole Normale Supérieure, Ecole Polytechnique, Sciences Po, and the most selective Business schools, continue to prepare a well-trained and protected élite, most standard non-selective universities face a crisis, with a radical devaluation of diplomas, or, “*déclassement*” (Forgeot et Gautié, 1997). This devaluation produces a paradoxical trend of a university rush: the lower the value of diplomas, the higher the necessity to acquire higher degrees. Over-education goes with an educational disenchantment, as was the case in the United States in the 1970s (Freeman, 1976).

In terms of downward mobility, compared to Americans, the French are less subject to intra-cohort disruption than to inter-generational declines. In other words, France is less a country of “falling from grace” (Newman, 1988 [1999]) than of a specific incapacity of the young generation to inherit the wage earner middle class status of their parents, due to a lack of positions in the “new” middle class. The younger generations, often the children of upwardly mobile baby boomers, are experiencing a strong rise in education, and many are experiencing downward dynamics of lower middle class positions; this contradiction is likely to produce a kind of generational dismemberment of the “new” middle class. If the French social structure seems to be quite stable in recent decades, the young face a collective concern of a shrinking new middle class. Their own parents, who are growing increasingly conscious of the challenges of the next generation, are likely to share the pessimism of their children.

The consequences of these trends, in political terms, are quite pervasive: the 2002 presidential elections demonstrate the destabilization of the lower middle classes and of the young generations. In 2005 several youth movements took place: the secondary school pupils’ protest against the reform of the *baccalauréat* (the François Fillon reform), the “precarity generation” mobilization, the “thirty-something movement”,

and, last but not least, the October-November 2005 suburb riots. Revealing a deepening generational rift, these increasingly frequent “earthquakes” among the younger generations foreshadow the “big one”.

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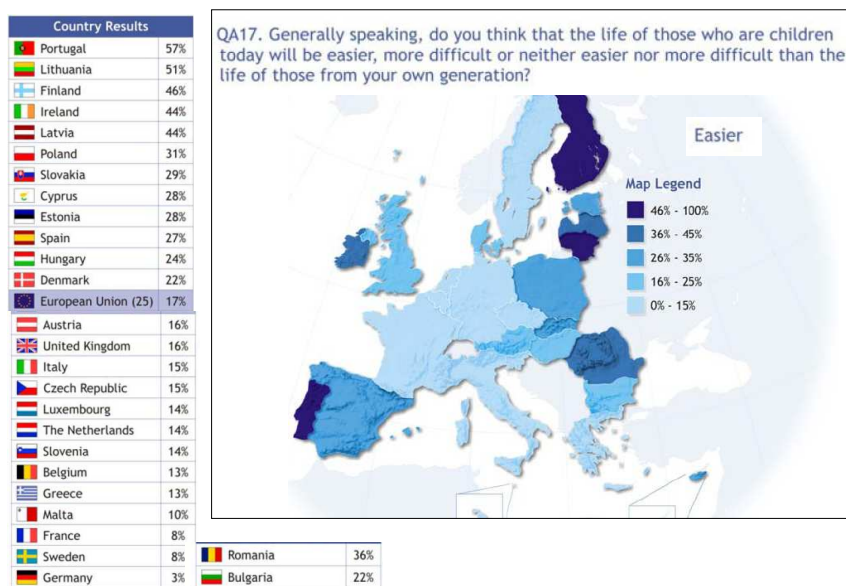
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1. « Yes » at two European Referenda in France by occupational group %

	Maastricht treaty referendum 20 September 1992	European constitutional treaty referendum 29 May 2005	Change
Professionals & managers	66	67	1
Self employed	49	53	4
Semi prof. and lower managers	55	46	-9
Routine white collars	47	37	-10
Blue collar workers	43	30	-13

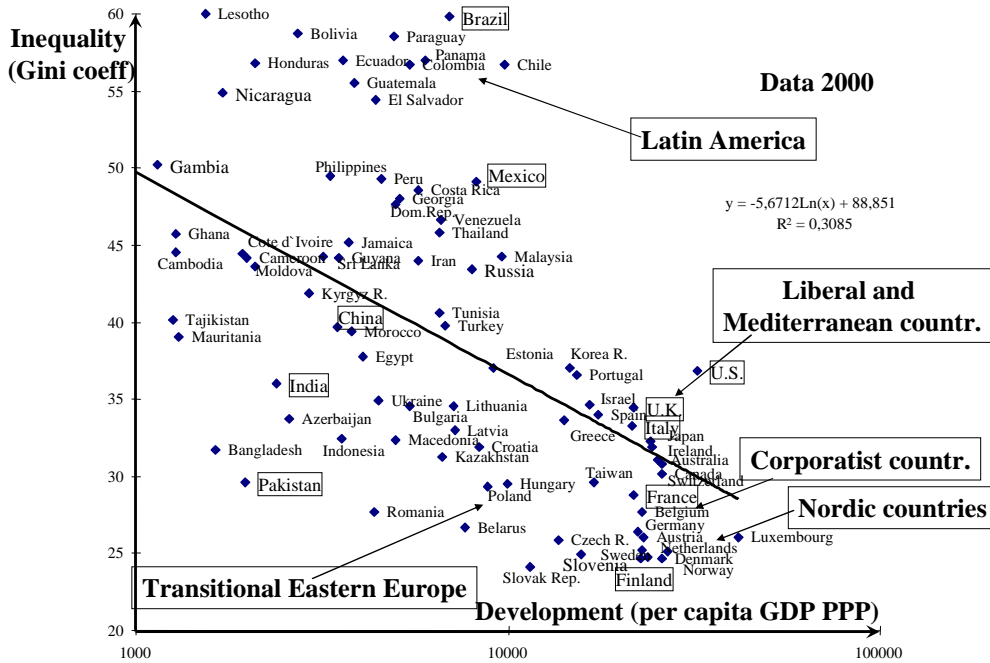
Source : My own computation of CEVIPOF 1995 postelectoral survey microdata and CSA postelectoral survey 2005.

2. Pessimism in Europe (27 countries)



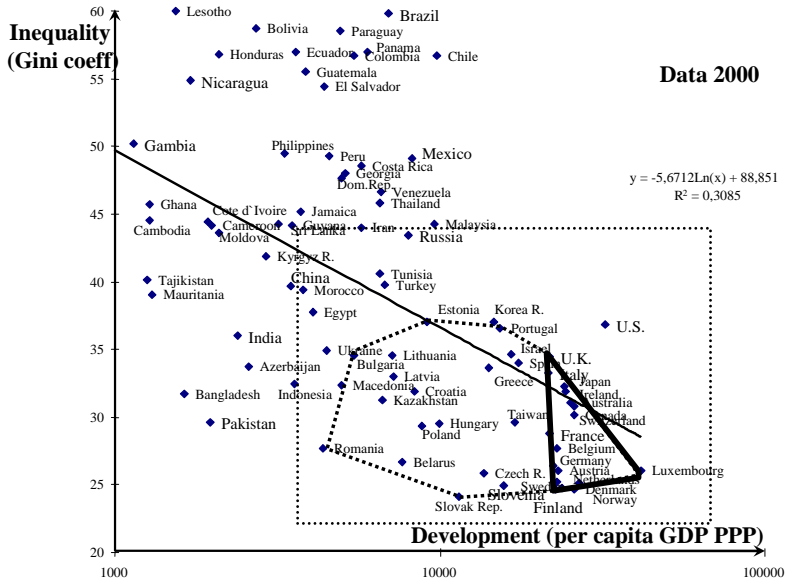
Source : Special Eurobarometer 66.3 "European Social Reality"

3. Degree of development (horizontal axe) and inequality (vertical axe) in 2000

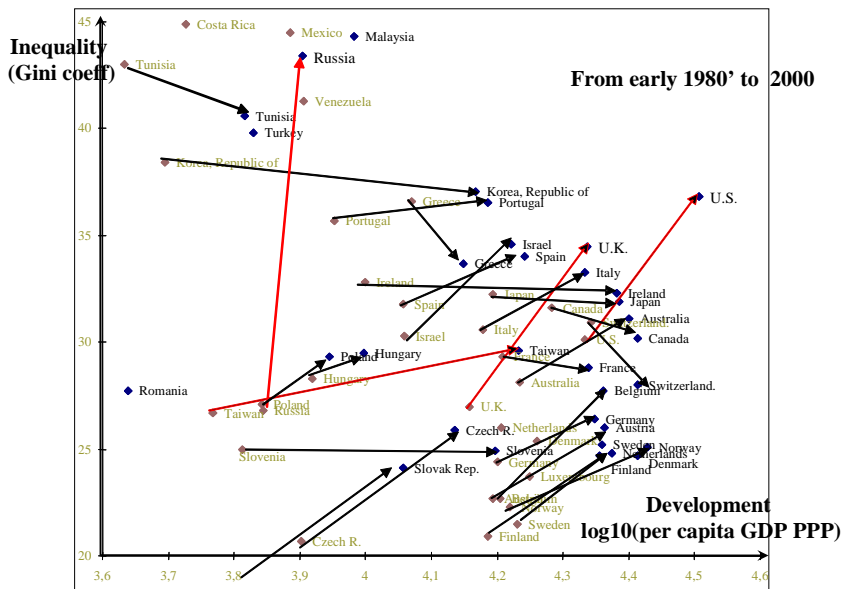


Source : Penn World Tables 6.1 (Heston et al., 2002) pour les revenus moyens, et pour les inégalités : World Income Inequality Database V 2.0a, United Nations University / World Institute for Development and Economics Research, june 2005, completed with Luxembourg income study (LIS) for the recent years, and French Family expenditure surveys-INSEE 2000 for France 1999-2000 (archives : Maurice Halbwachs Center).

3bis. Evolution of development (horizontal axe) and inequality (vertical axe) from early 1980's to 2000



3ter. Evolution of development (horizontal axe) and inequality (vertical axe) from early 1980's to 2000



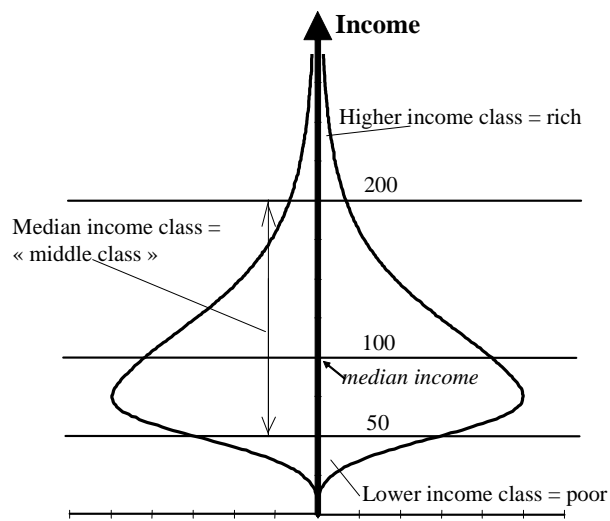
Source : Penn World Tables 6.1 (Heston et al., 2002) pour les revenus moyens, et pour les inégalités : World Income Inequality Database V 2.0a, United Nations University / World Institute for Development and Economics Research, june 2005, completed with Luxembourg income study (LIS) for the recent years, and French Family expenditure surveys-INSEE 2000 for France 1999-2000 (archives : Maurice Halbwachs Center). We zoom here the more than 6000 dollar per year per capita countries.

4. Gini Coef. and interdecile ratios of after tax and transfer incomes (by consumption units)

	Near 1982			Near 2000	
	Gini	Interdecile ratio		Gini	Interdecile ratio
	Coefficient	(9th decile/1st decile)		Coefficient	(9th decile/1st decile)
Belgium 1985	0,227	2,73	Belgium 2000	0,277	3,31
France 1979	0,293	3,47	France 1999	0,292	3,50
Israel 1979	0,303	4,02	Israel 2001	0,346	5,01
Mexico 1984	0,445	8,63	Mexico 2000	0,491	10,38
Spain 1980	0,318	4,37	Spain 2000	0,34	4,78
Sweden 1981	0,197	2,43	Sweden 2000	0,252	2,96
Taiwan 1981	0,267	3,29	Taiwan 2000	0,296	3,81
U.K. 1979	0,27	3,53	U.K. 1999	0,345	4,59
U.S. 1979	0,301	4,67	U.S. 2000	0,368	5,45

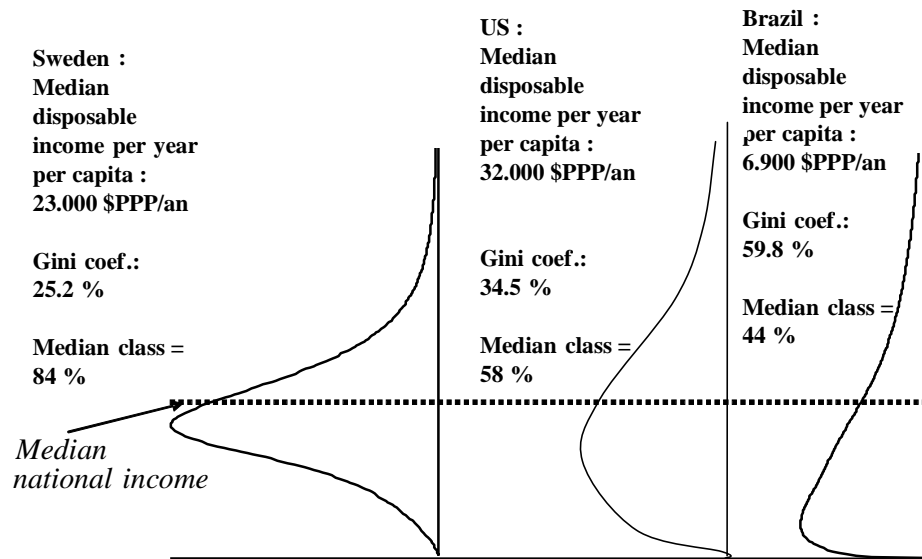
Source : The Luxembourg Income Study database : <http://www.lisproject.org/> and French Family expenditure surveys-INSEE 2000 for France 1999-2000 (archives : Maurice Halbwachs Center).

5. The strobiloid representation of income distribution

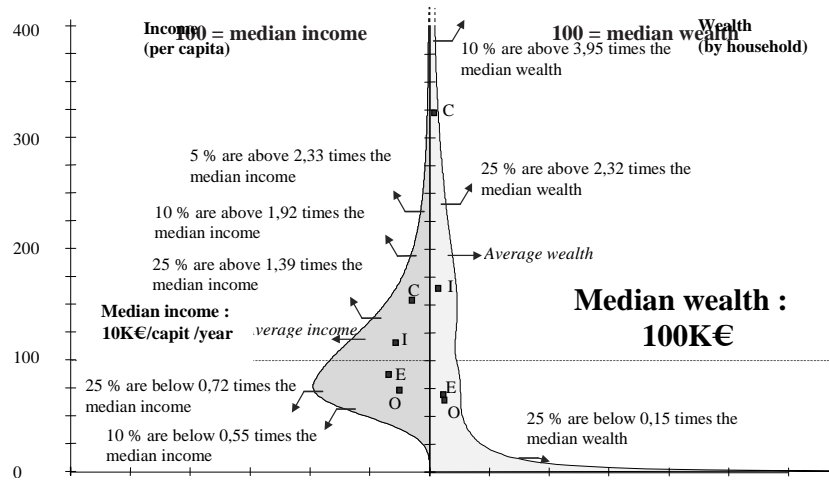


Note : In the strobiloid curve, income is the vertical axe; 100 is the median income. Generally, the curve is shrinking at the top and at the bottom (few people are extremely poor or extremely rich). The largest the curve around income = 100, the more the population is a median class society.

6. Comparisons of national strobiloids



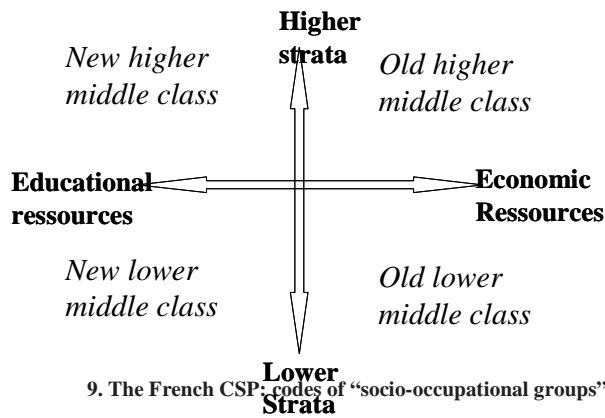
7. Income and Wealth Strobiloid 2004 in euro (in France)



Note : the strobiloid is the shape of social pyramid corresponding to the distribution of income (*versus* wealth) (see Chauvel, 1995). At a given level of income, the larger is the curve, the more people are positioned around this point. If 100 is the median income (per capita in the household) a large strobiloid at level 100 shows a large middle class (in the Swedish situation, for instance) at an equal distance between extremes. For wealth, there is clearly no middle class, and the population is stretched between the extreme high level of accumulation and the extreme low. The points C, I, E et O shows the median C “cadres” = higher professionals, managers etc. I “professions intermédiaires” = lower professionals and intermediate white collars, E “Employés” routine white collars, and O “ouvriers” = blue collar workers. For Wealth, these are not the median but average positions.

Source : income : *Budget des ménages* survey INSEE 1995 and wealth : *Actifs financiers* INSEE 1992 , reevaluation for year 2000 (growth and inflation)

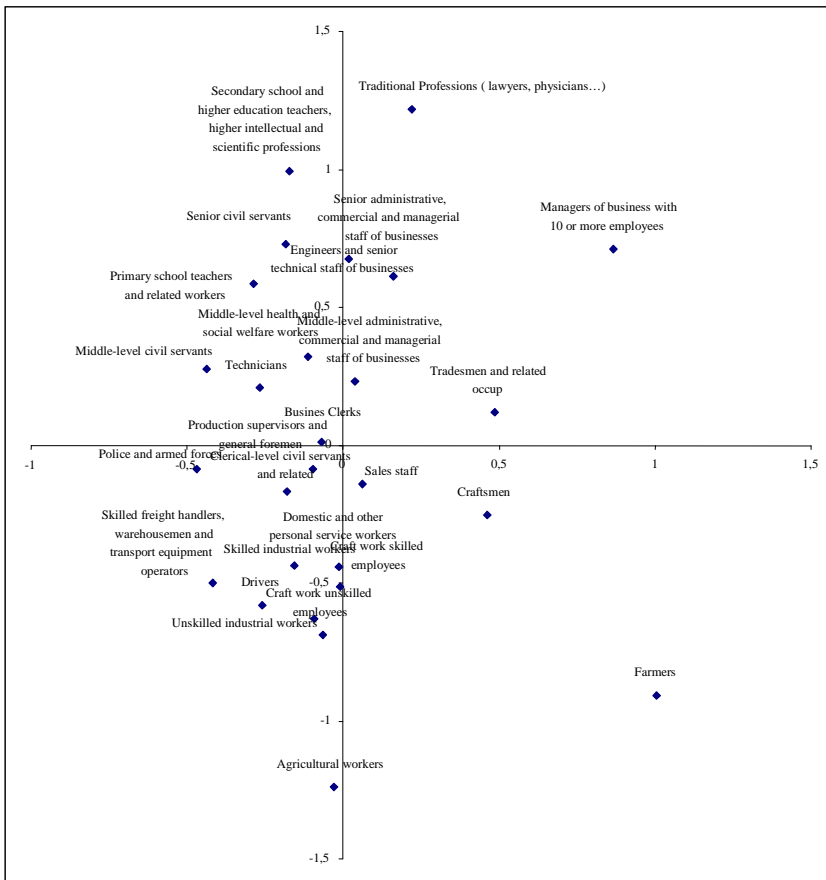
8. The bidimensional space and four types of middle classes



9. The French CSP: codes of "socio-occupational groups"

#	CSP Socio-occupational group
1	<i>Farmers</i>
10	Farmers on large farms
2	<i>Self employed and employers</i>
21	Craftsmen
22	Tradesmen and related workers
23	Managers of business with 10 or more employees
3	<i>Higher service class</i>
31	Liberal professions
33	Senior civil servants
34	Secondary school and higher education teachers, higher intellectual and scientific professions
35	Information professionals, creative and performing artists
37	Senior administrative, commercial and managerial staff of businesses
38	Engineers and senior technical staff of businesses
4	<i>Lower service class</i>
42	Primary school teachers and related workers
43	Middle-level health and social welfare workers
44	Ministers of religion and members of religious orders
45	Middle-level civil servants
46	Middle-level administrative, commercial and managerial staff of businesses
47	Technicians
48	Production supervisors and general foremen
5	<i>Routine white collars</i>
52	Clerical-level civil servants and related
53	Police and armed forces
54	Businesses clerical workers
55	Sales staff
56	Domestic and other personal service workers
6	<i>Blue collars</i>
62	Skilled industrial workers
63	Craft work skilled employees
64	Drivers
65	Skilled freight handlers, warehousemen and transport equipment operators
67	Unskilled industrial workers
68	Craft work unskilled employees
69	Agricultural workers

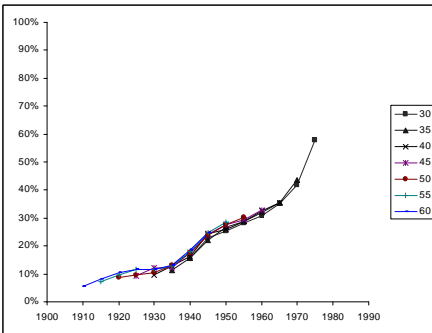
10. The bidimensionnal social space of mobility



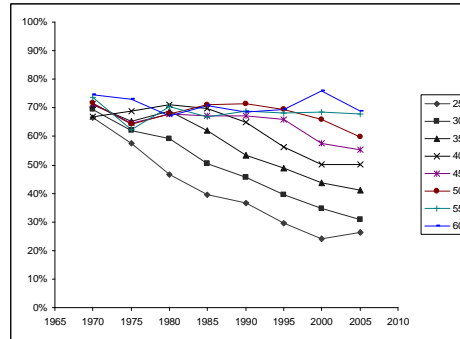
Sources : Enquêtes emploi 1982-2002 INSEE, Lasmas Iresco/ Institut Quételet.

Mis en forme : Français (France)

**11a. Educational expansion –
Proportion Bac (end of secondary education) and
more cohorts born 1910 to 1975**



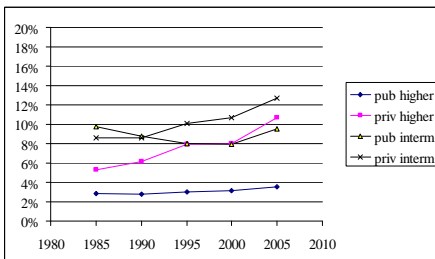
**11b. Educational inflation –
Proportion Bac (end of secondary education) no more
no less accessing to higher & lower middle class
positions period 1970-2005**



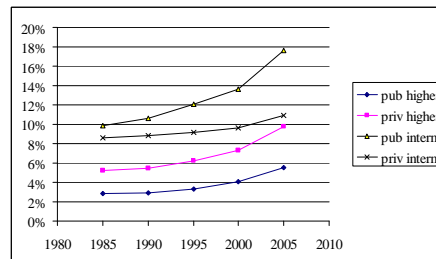
Source : Enquêtes emploi 1970-2005 N= 774.424, CMH microdata archives.

Mis en forme : Français (France)

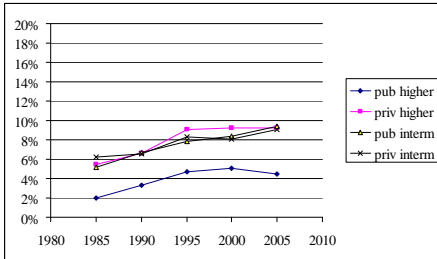
**12a. Empirical change of social groups
period 1985-2005 for 30-34 yo population**



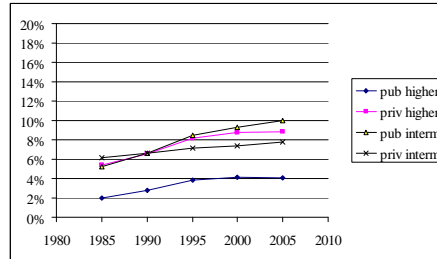
**12b. Theoretical change of social groups
period 1985-2005 for 30-34 yo population**



13a. Empirical change of social groups
 period 1985-2005 for 50-54 yo population



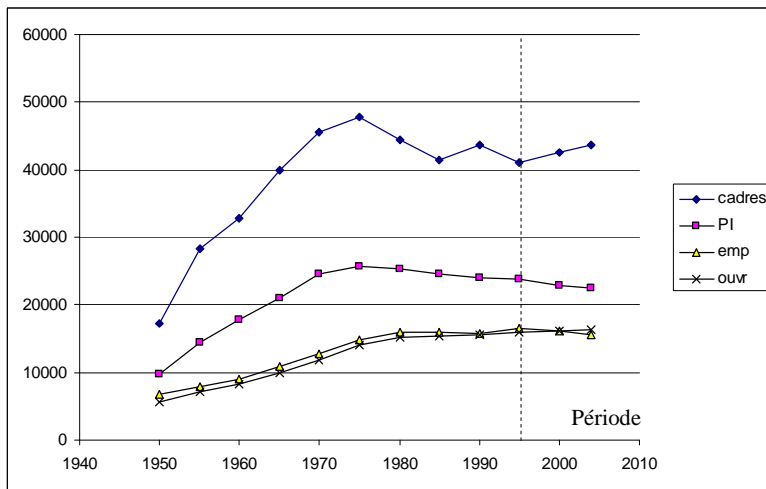
13a. Theoretical change of social groups
 period 1985-2005 for 50-54 yo population



Source : Enquêtes emploi 1970-2005 N= 774.424, CMH microdata archives.

Note: The « theoretical » change is under the assumption that the effects of education, social origins, gender and region remain unchanged from 1982 to 2005.

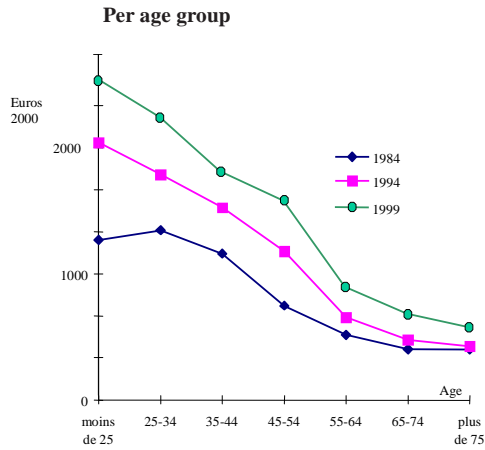
14. Net yearly average wage of full time full year employed wage earners of 4 social groups
 (constant euros 2004) (cadres = higher professionals, PI = lower professionals and credentialed clerks, emp = service sector standard workers; ouvr = industrial sector workers)



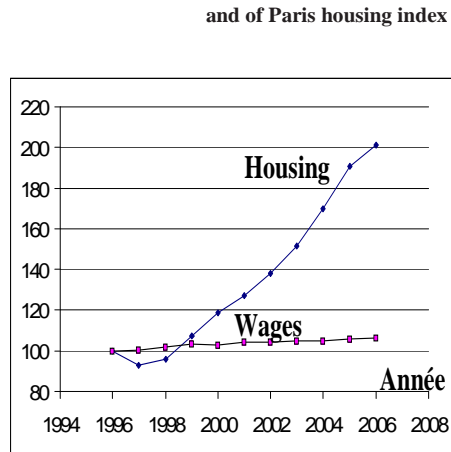
Source : INSEE series longues sur les salaires

15. Housing costs and wage earner society

1984 to 1999 average yearly cost for 1 room



1996-2006 comparison of Paris wages



Source : left : Insee, Budget des ménages 1984-2000 ; right : Insee, Notaires d'Île de France - Base BIEN

Notes

- (1) Referendum on the Maastricht Treaty, in September 1992.
- (2) of net per capita incomes in households after redistributions
- (3) because of stronger redistributions balancing less work income in the lower strata of the working class
- (4) in terms of post-tax, post-transfer income per capita
- (5) In French, we have an ambiguity with *classe moyenne* since *moyenne* is both “middle” and “average” (L.C.)

(6) supposed to control larger assets, and based on intergenerational strategies of wealth transmission and reproduction

(7) In the French statistical system, these “socioprofessional categories” or “socio-occupational groups” CSP are a type of official classification of occupations, with no alternative and that no one can avoid (Desrosières et Thévenot, 1988; Szreter, 1993). ‘*Cadres*’ (= senior wage earner managers, experts of professionals) are similar to the “higher service class of the EGP scheme; ‘*professions intermédiaires*’ are second-rank professionals and managers, and can be roughly identified to the lower service class of the EGP scheme; ‘*employés*’ are routine white-collar and service workers; ‘*ouvriers*’ are blue-collar workers; ‘*agriculteurs*’ and ‘*patrons*’ are the self-employed in agriculture and of other sectors respectively. This nomenclature is widely used by official and private statistical agencies and constitutes a tool broadly adopted by individuals to describe their own social position.

(8) Upgrading is defined here as a shift of social structure where higher occupational groups expands when lower ones declines in size.

(9) This expression means that the new cohorts find lower social positions than expected (if the scale of educational values of parents remained unchanged).

(10) Mills, who had been translated in French in 1970, read Lederer and Marschak (1926), who were the first systematic analysts of the destabilisation of the “new middle class” in the post WW I Germany (Mills, 1951, p. 357). However, Mills ignored Geiger’s (1932) contribution on the German middle class auto destruction.

(11) We compute the expected results of the logistic model explaining social structure groupings by gender education, social origins and regions, with the coefficients pertaining to year 1982. These calculations are obtained separately for age groups and for middle class subgroups.

(12) For that calculations, we use a polytomic logistic model explaining social destiny (social groups of occupation) in 1982 given three independent variables: gender, origin, education, and we assign the same coefficients for following years (we use the expected probabilities of belonging to the groups) to compute the percentage of the different groups resulting from the change of their characteristics.

Bio :

Louis Chauvel is Professor of sociology, director of the PhD program of sociology at Sciences Po Paris, and member of Institut Universitaire de France. He is specialized in the sociology of inequalities, of welfare regimes, of youth and generations, and of social change in a comparative perspective. His main books, *Le destin des générations, structure sociale et cohortes en France au XX^e siècle* (the fate of generations) (PUF 1998 & 2002), and *Les classes moyennes à la dérive* (the middle class adrift) (Seuil 2006) pointed the difficulties of overeducation and downward mobility in post-developed countries where economic stagnation challenge new cohorts of “baby loser”.