

Godfried Engbersen, Erik Snel and Monique Kremer (eds.)

THE FALL OF THE MIDDLE CLASS?

Stability and Vulnerability
in the Middle Segment of
Society

WRR

The Fall of the Middle Class?

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THE MIDDLE SEGMENT OF SOCIETY

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PREFACE

In the slipstream of the debates in the United States, the notion of a ‘threatened’, ‘shrinking’ or ‘eroded’ middle class is now also causing a debate in Western Europe. Is it a phenomenon that is also occurring in the Netherlands? That question prompted the Netherlands Scientific Council for Government Policy (WRR) to conduct this investigation into developments in the middle segment of Dutch society. We do not use the term ‘middle class’ or ‘middle group’ in this study, but refer instead to the middle segment of society or to middle groups. The middle segment of Dutch society is too heterogeneous and too broad to speak of ‘the’ middle class or ‘the’ middle group. For this study we have explored developments in the domains of labour, education and income, as well as examining views about politics and society.

The Dutch report *De val van de middenklasse?* which was presented on 6 July 2017 included articles from various academics – economists as well as sociologists – who looked at the middle segment through different lenses. Tolsma and Wolbers outline the social position of people in the Netherlands with an intermediate education level. Ganzeboom describes the middle segment of Dutch society on the basis of their occupations. Salverda analyses the size and the share of total income of the middle-income group in the Netherlands. De Beer describes the income dynamics of the middle groups over the last few decades. Van der Waal, De Koster and Van Noord analyse the positions adopted by people with an intermediate education on two aspects of the socio-cultural divide between the low-skilled and the high-skilled, namely societal discontent and distrust of politics. We would like to thank the authors for their valuable contributions. We would also like to thank Hans Schmeets, who wrote the WRR Working Paper 26 on *Trust in each other and in society* for this project.¹

In chapter 1 Engbersen, Snel, Kremer and Went present the main findings of this WRR report, and formulate four policy directions: greater security on the labour market, investment in education and training, preservation of the redistributive effect of the welfare state, and support for families. In chapter 2, Engbersen and Snel provide an analysis of the development of the middle segment of Dutch society over the last few decades. They explore both the socio-economic development of the middle segment of society (in terms of education, occupation and income) and socio-cultural processes that are occurring in the domain of attitudes (towards their own position and towards major social issues) and in the political domain (particularly their trust in politics). Chapter 3, by Kremer, Das and Schrijvers, provides an analysis of focus groups with representatives of the middle groups. Insecurity turns out to be the main characteristic of their view. The find-

ings presented in this study suggest the existence of both a stable and a vulnerable middle segment of society, but people have to work harder to remain in the middle.

NOTE

- 1 On 19 June 2015 the WRR also organised a seminar of experts entitled *Middle classes under pressure? European perspectives*, with papers by Professor Steffen Mau (Humboldt University, Berlin), Professor Martin Kronauer (IPE, Berlin), Horacio Levy (OECD), Professor Ive Marx (University of Antwerp), Professor Gabriël van den Brink (University of Twente) and Professor Bas ter Weel (University of Maastricht/CPB), as well as the authors of the separate chapters in this report. The WRR also benefited from a plenary conference entitled *Onzeker in het midden: de staat van het middenklasse* (Insecurity in the Middle. The State of the Middle Class), organised by the Social Sciences Council of the Royal Netherlands Academy of Arts and Sciences (KNAW) (27 and 28 May 2016) with contributions by Professor Mark Bovens (University of Utrecht/WRR), Professor Monique Kremer (University of Amsterdam/WRR), Professor Godfried Engbersen (Erasmus University Rotterdam/WRR), Professor Bas ter Weel (University of Maastricht/CPB), Professor Paul Dekker (University of Twente/SCP) and Professor Remieg Aerts (Radboud University).

1 THE FALL OF THE MIDDLE CLASS? STABILITY AND VULNERABILITY IN THE MIDDLE SEGMENT OF SOCIETY

Godfried Engbersen, Erik Snel, Monique Kremer and Robert Went

1.1 STABILITY AND VULNERABILITY

Contrary to what many disturbing reports might suggest, the middle segment of Dutch society is not being eroded and is not in decline. The majority of the members of the middle groups in society are maintaining their position and avoiding social decline. They are doing so by working harder in more uncertain circumstances. Households increasingly need two incomes, have to adjust to the flexibility and temporary nature of work, must combine work with informal care tasks and display a greater ability to fend for themselves in coping with risks. This combination of factors is accompanied by a growing sense of insecurity, as well as a feeling that the government is doing too little for the middle groups in society. It is important for the government to focus on reducing insecurity in order to assuage the vulnerability and bolster the stability of the middle groups in society.

This investigation examines the changes that have occurred in the middle segment of Dutch society since the 1970s. Four aspects are analysed: developments affecting people with middle incomes, intermediate education and in intermediate occupations, and attitudes towards politics and society. The most important findings are:

- The middle classes are too heterogeneous and too broad to speak of ‘the’ middle class or ‘the’ middle group. We therefore refer to the middle segment of society or middle groups.
- The optimism among the middle groups that things will always get better has come to an end. They have to work harder to maintain their position and avoid downward social mobility.
- Many members of the middle groups in the Netherlands are equipped to meet the demands of modern society in terms of employability and resilience and are therefore capable of preserving their position in the middle groups.
- The main threats to the middle segment of society are: (1) educational or credential inflation; (2) the disappearance of routine administrative jobs and the growth of low-paid service jobs; and (3) a shrinking middle segment when measured on the basis of market or gross income.
- There is one sub-segment of the middle groups that is threatened. This vulnerable segment is comprised mainly of people with intermediate education (qualifications at senior secondary vocational education (mbo) level) and who work in routine administrative jobs or jobs in a caring or service occupation.

They are more likely to lose their jobs or earn a low income. If supplementary income disappears, for example because a person's partner is made redundant, downward social mobility can quickly become a reality.

- The views on politics and social issues of people educated to mbo level have converged strongly with those of people with a lower level of education. The same applies with respect to feelings of discontent and the sense of having no control over one's future. Members of this group are very critical of immigration and open borders and have little faith in the EU or the Dutch House of Representatives.

The most important policy recommendations are:

- *Promote greater certainty in the labour market.* Encourage employers to hire more people on permanent employment contracts and make less use of flexible workers: work should only be flexible if that is appropriate to the nature of the work. Forms of flexible labour will continue to exist, so new certainties are required, such as collective insurance against incapacity for work and minimum rates for self-employed persons. In the longer term, there is a need for a fundamental debate about a new system of social security that covers every type of work, regardless of contractual form.
- *Invest in education and training.* Working people with intermediate education need to receive training so that they can compete with more high-skilled workers, for example by improving their IT skills. Develop wider possibilities for 'learning on the job' and facilities for lifelong learning.
- *Preserve the redistributive effect of the welfare state.* The trend in the Netherlands is to provide relief for those at the bottom end of society (through allowances, for example). A side-effect of this is that the middle groups feel relatively more vulnerable. It is essential to preserve the redistributive effect of the welfare state in order to prevent the middle segment of society from shrinking and their position from deteriorating.
- *Support for families.* The resilience of the middle groups will increase if they are able to properly combine informal care and work. Stable and affordable child care is very important in that context.

These central findings and policy suggestions are fleshed out in more detail later in this chapter. The central question addressed in this study is to what extent the socio-economic position of society's middle segment has become more vulnerable and how the views of the members of this group towards politics and their own position in society have changed. This study represents an attempt to answer the following four clusters of questions :

1. *Education:* what changes occurred in the size and labour market position of the group of people with intermediate education between 1980 and 2010? Did the labour market position of this group deteriorate?

2. *Occupations*: which occupational groups grew in size and which shrank in the period 1970-2014? Are intermediate occupations disappearing and is there evidence of polarisation in the occupational structure?
3. *Incomes*: what changes occurred in the size and the incomes of middle-income households in relation to the low-income and high-income households in the period 1990-2014? Has the financial position of the middle segment of society deteriorated?
4. *Attitudes and trust in politics*: how do people in the middle segment perceive and rate their position, what are their views on politics and society and what are their expectations for the future?

First and foremost, this investigation endeavours to explain in conceptual and empirical terms what is happening in the “broad social middle” in the Netherlands (Berting 1968; Wijmans 1987). Hard data on the subject is lacking, something which is also the case in many other European countries. Atkinson and Brandolini (2013: 78) refer to “the forgotten middle” (see also Mau 2014; Van Dalen 2015).

The empirical basis of this study consists of analyses carried out by a number of Dutch researchers specifically for this report. Other sources were earlier studies, as well as an analysis of interviews conducted with focus groups (see chapter 3). We begin this introductory chapter with a brief explanation of how we have defined the middle segment and present the key findings from our analyses. (The findings are discussed in more detail in chapter 2). We then discuss some of the changes which are causing (or could cause) growing uncertainty among the middle groups and which have made maintaining a position in the social middle more difficult. The next question we address is what role the government can play in reducing insecurity.

1.2 THE MIDDLE SEGMENT OF SOCIETY: DEBATE AND DELINEATION

Concerns have been growing in recent years about the socio-economic position of some groups in the middle segment of Dutch society (Goos et al. 2014; Van den Berge and Ter Weel 2015; Dekker et al. 2015). Institutional certainties have become less secure for the middle groups, who therefore now have more to lose than they used to. The number of stable jobs for workers with intermediate education is falling due to the flexibilisation of the labour market, and investments in secondary, and even higher education, are yielding less in professional terms (Tolsma and Wolbers 2010; Ter Weel 2012 and 2015). There is now talk in the Netherlands of “an erosion of the middle class” (Blom et al. 2014), a “vulnerable class” (ABN AMRO 2014), a “stagnating middle class” (Stegeman 2016) and even “the fall of the middle class” (De Waard 2015).

Fear of social decline

It is clear from the debate in the Netherlands that the issue of the “threatened middle class” is no longer confined to the United States, where studies referring to a “fear of falling” (Ehrenreich 1989) or “falling from grace” (Newman 1988) were already appearing at the end of the 1980s.¹ The subject is now also being debated in Western Europe (Mau 2013).² In France the debate focuses on whether social mobility is stagnating (Chauvel 2006; Fourquet et al. 2013; Peugny 2013). The question is not just whether younger generations will perform a higher or lower occupation than their parents, but also what standard of living they can expect. The difficulty that certain groups in the middle segment face in buying their own home, the flexibilisation of the labour market, the rising levels of debt, higher fixed costs and even the phenomenon of shorter holidays are all seen as indications that today’s middle groups are less well-off than their predecessors, even those who belong in professional terms to the same occupational class as their parents. Characteristic of the debate in France is the attention paid to differences between the generations, partly because the French welfare state serves older generations better than younger ones. The middle groups’ fear of downward social mobility (*la peur du déclasserment*) also receives a lot of attention (Maurin 2009; Peugny 2009).

In Germany, a study by the *Deutsches Institut für Wirtschaftsforschung* (DIW) and the University of Bremen shows that the German middle class shrank between 1997 and 2010 (Burkhardt et al. 2012). Considerable attention has also been devoted in Germany to the emotions and feelings of the middle groups, including the fear of social decline (*Abstiegsangst*). Other research in Germany has shown that fear of losing one’s job has increased more in a particular segment of the middle class – skilled and semi-skilled workers – than among people in the higher or lower socio-economic classes (Lengveld and Hirsche 2009; Arndt 2012; Mau 2012). A substantial number of middle-class people are also concerned about their ability to maintain their current lifestyle as they grow older, and whether their children will be able to attain a similar standard of living.

These debates and publications raise questions about the position and development of the middle groups in Dutch society. Who precisely are the middle groups in Dutch society? How can we define and circumscribe the middle segment of society? Which dimensions of the socio-economic position of the middle class should we take into account? The debates about the middle class concern people with *intermediate* education, persons and households with *middle incomes* and people in *intermediate occupations*. The chosen perspective has implications for the findings because these population groups only partially overlap. A person with intermediate education is not necessarily in an intermediate occupation, and a high-skilled person may earn a low income. Nevertheless, there is a correlation between level of education, level of occupation and income position (De Beer 2015: 154; Savage 2015: 69). Moreover, the issue is not just the social position of the

middle groups (in terms of education, occupation or income), but also their views and attitudes. Studies in the Netherlands and abroad have shown that perceptions of politics and society, and how people rate their own personal situation within society, are relevant for an understanding of the position of middle groups.³ An important theme is the possible decline in trust in politics among the middle groups.

For this study it was decided to cast the net wide on the basis of four basic principles:

1. First, we do not use the term middle class or middle group in this study, but refer to the *middle segment of society* or to *middle groups*. The middle segment of Dutch society is too heterogeneous and too disparate to speak of 'the' middle class or 'the' middle group (Berting 1968; Vrooman et al. 2014).
2. Second, we consider all three aspects of the socio-economic position of the middle segment of Dutch society: *education, income and occupation*. Wherever possible, we explore the relationship between level of education, level of occupation and level of income.
3. Third, we adopt a *developmental perspective*. To express any opinion about a possible polarisation in the occupational structure or about a relative deterioration in the situation of people with intermediate education and middle incomes, developments have to be reviewed over a period of time.
4. Fourth, we also analyse *subjective aspects* of the position of the middle segment of society on the basis of surveys and qualitative research among focus groups. Our main focus concerns their views about politics, society and their own position.

Defining the middle segment of society

This study is based on the following starting points. First, our analyses cover persons between the ages of 25 and 65; in principle no students or pensioners are included (with the exception of Salverda's contribution (2017), whose analysis also extends to 15 to 25-year-olds and includes many students).⁴ Second, we use the following definitions to circumscribe the middle segment of Dutch society:

– *Intermediate education*

With regard to *education*, we distinguish people with *intermediate education* (persons whose highest level of education attained is senior secondary vocational education (mbo), senior general secondary education (havo) or pre-university education (vwo)) from the *low-skilled* (people who have only completed primary education or preparatory secondary vocational education (vmbo)) and the *high-skilled* (people who have completed a higher professional education (hbo) or an academic education). In some cases we focus on a particular sub-category of the group of people with intermediate education, i.e. individuals with qualifications at mbo level.

– *Intermediate occupations*

As regards *occupations*, we follow the classification of occupations devised by Erikson, Goldthorpe and Portocarero (1979). This classification distinguishes between different types of occupations. Higher occupations, for example, include higher-grade professionals or managers, while lower occupations are skilled or unskilled manual work. According to this typology, *intermediate occupations* relate to routine service occupations (such as workers in administration and sales and carers), small business proprietors with employees, self-employed persons and self-employed farmers, supervisors of manual work ('foremen') and high-skilled manual workers. Rather than by type of work, occupations can also be classified according to the average income earned in each category of occupation. As we shall see, that classification produces different outcomes.

– *Middle incomes*

In terms of *income*, the middle segment is delineated by the distance from the median household income. The median income is the precise midpoint of the income distribution; in other words the point at which 50% of all households (or individuals) have a higher income and 50% have a lower income. The *middle-income groups* comprise households with a household income of between 60% and 200% of the median income. In this study the income classes are generally based on standardised disposable household income, in other words the net disposable income of households after deduction of social insurance contributions and taxes and corrected for differences in the composition of households. However, some analyses are based on gross or net household income (these definitions of income are explained further in chapter 2). As we shall see, different definitions of income produce different outcomes.

However, some of the analyses adopt a different delineation of the middle-income groups. In those cases, households are arranged into 10-percent or 20-percent groups according to income (in other words, by income deciles or quintiles). In that case, the 20% of households with the lowest incomes are seen as the low-income group and the 20% with the highest incomes as the high-income group. The middle-income groups are then all households in the third to the eighth decile (or the second, third and fourth quintile).

When we view the middle segment of society through these three socio-economic lenses (education, occupation and income), we do not always find the same households or individuals (cf. De Beer 2015; Savage 2015). On the contrary, a number of the issues arising in the current debate actually concern questions such as: Can people with intermediate education still find work in an intermediate occupation, or are they being squeezed out of the intermediate segment of the occupational structure by people with higher education? Do people with an intermediate occupation still earn a middle income, or are they increasingly dependent on a lower income due to technological developments and the growth of part-time and flexi-

ble work? We therefore endeavour to analyse these three aspects in relation to one another, as well as assessing developments that have occurred over time. And as already mentioned, in addition to these three socio-economic perspectives, we also consider *subjective aspects*.

1.3 KEY FINDINGS: STABILITY, VULNERABILITY AND INSECURITY IN THE MIDDLE

This study shows that many groups in the middle segment of Dutch society are equipped to survive financially and economically. We refer to them as ‘the stable middle’. At the same time, however, we identify social and financial-economic developments that could weaken the position of the middle groups (or some sub-segments of those groups), whom we call ‘the vulnerable middle’. Furthermore, the different methods we have used to analyse the developments affecting the middle segment of society produce different outcomes. The most important findings can be summarised as follows.

Education: convergence of people with intermediate education towards the low-skilled

Looking at the middle segment from an educational perspective, we see that since the end of the 1970s the proportion of adults (aged between 25 and 65 years) with an intermediate education has not declined, but has risen. The number of people with intermediate education is growing steadily, while there has been a steep decline in the proportion of low-skilled people in the Dutch adult population. A threatening development for people with intermediate education is the phenomenon of credential inflation: despite the growth in the share of people with intermediate education in the last few decades, there has been no concomitant rise in their average occupational level. Due to technological advances and the competition from people with a higher level of education doing work for which they are over-qualified, intermediate-skilled workers often find themselves competing with low-skilled workers for lower-level jobs.

In their contribution to this WRR study, Tolsma and Wolbers (2017) show that in the period 1985-2010 the occupational position of people with intermediate education worsened significantly more than that of the low-skilled. The occupational position of intermediate and low-skilled workers has converged, while the gap between those two groups and high-skilled workers has widened. Although the number of intermediate occupations in the Netherlands has not reduced, the chances of people with intermediate education entering those occupations have receded.

Occupations: growth at the bottom end of the scale, but polarisation when measured by earned income

Viewed through an occupational lens, analysis of the development of the middle segment does not suggest that intermediate occupations are in decline in the Netherlands. While the proportion of jobs in intermediate occupations fell slightly between 1970 and 2014, there was especially strong growth in the proportion of jobs in high-skilled occupations and a sharp decline in jobs in less skilled occupations (skilled and unskilled manual labour). In other words, there has been no job polarisation (growth at the top and the bottom of the occupational structure and contraction in the middle), but rather expansion at the top and contraction at the bottom of the occupational structure. Sociologists refer in this regard to a trend of professionalisation.

In his contribution to this study, Ganzeboom (2017) describes the development of the occupational structure in Netherlands in the period 1970-2014. Whether there has been polarisation or professionalisation of the occupational structure depends on how one arranges the occupational classes. If, as in the case of sociological occupational classifications, a distinction is drawn between low-skill, intermediate-skill and high-skill occupations, there has been professionalisation: growth at the top, a slight decline in the middle and a sharp decline at the bottom of the occupational structure. The same conclusion emerges if we arrange occupational classes in other ways (according to level of education or occupational prestige, for example).

However, we find something else if we arrange the various occupational classes according to earned income. An economic approach of that kind leads to the finding that there has been job polarisation: while the proportions of jobs in high-paid and low-paid occupations in the overall occupational structure is growing, the number of jobs in occupations in the middle segment is declining (cf. Goos et al. 2014). The discrepancy in the outcomes is mainly attributable to the growing number of care workers, mainly women, who earn relatively little but do not consider themselves to be at the bottom of the occupational hierarchy and, in terms of their education, do not belong there.

Another threatening development for people with intermediate education is that some intermediate occupations (principally routine administrative functions) are disappearing or have already disappeared. Women (who are heavily over-represented in these occupations) and older workers (who may be less able to adapt to new technologies) will be particularly affected by this development. Until now, the contraction of jobs in these occupations has been offset by the growth in other intermediate occupations (lower-grade professionals in the education, care and personal services sectors) (cf. Van Berge and Ter Weel 2015: 14).

Incomes: stability and decline

Looking at the development of the middle segment of Dutch society in the period 1990-2014 through the lens of income, we also note stability and vulnerability, although the situation varies depending on the definition of income that is used. If we look solely at what (members of) households earn (in other words, gross household income), there has been a sharp decline in the proportion of households with a middle income and in their share of total income. Between 1990 and 2014, the proportion of middle-income households fell from 68% to 57%, while their share of aggregate household income dropped from 71% to 57%.

These downward trends are offset to a considerable extent by the redistributive effect of the Dutch welfare state and by the fact that people with higher incomes usually have larger households (and therefore a lower standardised income). On the basis of standardised household income (which takes account of the size of households and the tax and social insurance contributions they pay), the proportion of households with a middle income is substantial and fairly stable. It is only since 2006 that the proportion of middle-income households has declined – slightly – from 80% to 76% of all households. Their share of income has also remained relatively stable over time, though it also fell slightly between 2010 and 2014 (from 79% to 77%).

The distribution of wealth among different income groups is also significantly more equal than is often assumed. In his contribution to this WRR study, Salverda (2017) shows that even some low-income households have substantial assets: although the figure varies from year to year, households in the lowest income group possess between 5% and 10% of the total wealth in the Netherlands. Middle-income households possess roughly two-thirds of the total wealth. This category includes households whose mortgage has been paid off and self-employed persons with a low or intermediate income but with substantial private capital or business assets.⁵

Turning to the development of purchasing power, it transpires that it is actually the higher income groups, and to a lesser extent the higher middle-income groups, whose disposable income has diminished over the last few decades. The position of the lower and lower-middle income groups has meanwhile improved year on year; see De Beer's (2017) analysis, whose findings show that the purchasing power of the lower-income groups has improved by more than that of the middle-income groups.

There is no evidence that middle-income households descend into poverty more frequently than in the past. Generally speaking, income dynamics are limited; with the majority of households remaining in the same income group over the years. Downward income mobility, if it does occur, is almost always confined to a single

income class. Between 12% and 28% of households with a middle income experience a decline in income from one year to the next and consequently drop into a lower income class. Most upward or downward income mobility is caused by changing personal circumstances in the household (moving in together, divorce, having a baby, a child leaving home) or is work-related (losing a job or starting a new job). In short, the middle segment of society remains in the middle in terms of income – in part because of the Dutch system of tax and social insurance. The dynamics that do occur are due primarily to changes in family situation or at work.

Attitudes: growing uncertainty

Besides these socio-economic developments, we also studied the perceptions and attitudes of the middle groups with regard to their personal position, important social issues and politics. Many members of the middle groups still occupy the middle ground between the low-skilled and the highly-skilled (Bijl et al. 2015), although people with intermediate education have in recent decades tended to become more critical on issues relating to globalisation (such as the immigration society, the disappearance of borders and the open economy) and towards political institutions such as the Dutch House of Representatives and the EU (see Tolsma and Wolbers 2017 and Van der Waal et al. 2017; see also Dekker et al. 2015).

Another important trend is that the views of people in the middle segment with an education up to mbo level (in contrast to individuals with havo or vwo qualifications) have started to converge strongly with those of the low-skilled, both in relation to politics and social issues and in terms of feelings of societal discontent and a sense of not having control over their own future (see chapter 2).⁶

- In 2014, 35% of people educated to mbo level had the feeling of ‘having little control over my own future’, while 54% felt that that ‘the government does not do enough for people like me’ and 66% felt that ‘people like me have no influence whatsoever on what the government does’. These percentages correspond closely with those of the low-skilled (40%, 51% and 70%, respectively) and diverge from the figures for people with a higher education (24%, 31% and 48%, respectively).
- In 2014, 33% of people educated to mbo level said they suffered ‘mainly disadvantages from the disappearance of borders’, the same percentage as among those with a lower level of education. Only 14% of high-skilled people shared that view.
- People educated to mbo level have significantly less trust in other people and in most institutions (political or otherwise) than people educated to havo or vwo level. Another finding was that in the period 2013-2016 the attitudes of people with mbo qualifications had come to resemble those of people with vmbo qualifications more closely in this regard (Schmeets 2017).

An addendum to these findings is that it is not possible to infer from general figures for the period between 1971 and 2016 that trust in politics is declining (Thomassen 2010; Schmeets 2017). Two trends are emerging, however. First, middle groups are more inclined than other social groups to switch their allegiance from one political party to another at elections, but they still vote for centre parties. This political volatility suggests a loss of trust in specific centre parties, but is not an indication of a growing mistrust of democracy (Thomassen 2010; Van der Meer 2017). A second trend is that the opinions of a sub-category of the middle segment (people educated up to mbo level) regarding the Dutch House of Representatives and the EU have shifted closer to those of people with a lower level of education.

Finally, the interviews with focus groups of representatives of middle groups revealed insecurity to be a dominant feature in how they see their position (see Kremer et al. chapter 3). That uncertainty leads to concerns about the prospects for their own future and that of their children and causes some to adopt a short-term perspective that is similar to that of lower social groups.⁷ There are two principal causes of this insecurity: developments on the labour market (credential inflation and the flexibilisation of the labour market) and the diminished protection provided by a retreating government. There is a perception that the welfare state is mainly for the lower class and that they themselves benefit little from it.

The middle groups are having to learn to live with greater insecurity. Citizens feel that the risks and insecurities have increased, while the government is offering less social protection. This greater institutional insecurity marks a break with the traditional post-war middle-class outlook: a deeply-rooted personal conviction that they themselves, and above all their children, would always fare better. That optimism about the future is increasingly being called into question.

1.4 PERMANENT STATUS WORK FOR MAINTAINING A POSITION IN THE MIDDLE

What distinguishes the middle segment of society from the groups at the top and bottom of the class structure is that it has something to gain and something to lose. People in the highest social class can afford to lose a little and the underclass is focused mainly on day-to-day survival (Schimank et al. 2014; Standing 2012). Middle groups want to improve, or at least consolidate, their position and avoid downward social mobility (cf. De Swaan 1990; Eydemis 1998).

During the post-war period, for a long time the middle groups in Dutch society mainly had something to gain. They climbed the social ladder and experienced an unprecedented improvement in their material well-being. They could improve their social position by investing sensibly (in education, a home and savings). Various institutional certainties also allowed them to make long-term plans: the cer-

tainty of work and a permanent job and the assurance that investments in education would be rewarded. There was also a system of social welfare arrangements in place to reduce the risks of unemployment, incapacity for work and illness (Van Kersbergen and Vis 2016). The middle classes therefore had control over their own future and that of their children. The work they had to perform to maintain or improve their social status was predictable and often proved rewarding (Tolsma and Wolbers 2010).

This study shows that upward social mobility and the associated optimism are no longer self-evident. Middle groups are now more focused on maintaining their position and avoiding downward social mobility. This reversal is the result of institutional changes that have made life more uncertain, less predictable and less planable. Although these developments do not affect only the middle groups, they are clearly affected by them – and sometimes more heavily than other social groups.

The middle segment as a cyclist: keep pedalling or fall off

According to the German researchers Schimank et al. (2014), it has become more difficult to achieve a typical middle-class biography. In that context, they introduced the term ‘status work’. Status work relates to the work that middle groups have to perform in order to retain their social standing. Strategic investments in economic capital (through work, income and assets) and cultural capital (education and further training) are particularly important for safeguarding one’s position and that of one’s children. More than ever this status work demands constant care and attention. Schimank et al. use the metaphor of a cyclist to explain the nature of modern status work. A cyclist who stops pedalling will eventually fall off.⁸ Similarly, members of the middle groups who are unwilling or unable to invest constantly in economic and cultural capital face the risk of social decline. Obtaining a diploma and securing a permanent job used to provide a solid foundation for a middle-class existence, but that is no longer the case. Middle groups must remain constantly alert and be willing to make the necessary investments by changing jobs, earning two incomes, updating their skills in time and combining work and care in order to consolidate their position. In contrast to the post-war period, they must – to continue the cycling metaphor – keep pedalling harder to avoid falling off or dropping behind.

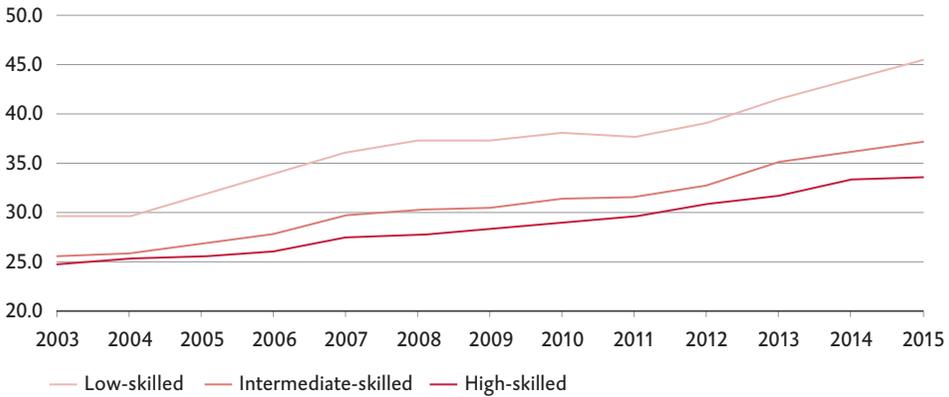
This need for permanent status work stems from various institutional changes that are already threatening the socio-economic position of the middle segment of society and will continue to do so in the future. We concentrate here on four institutions that once laid the foundations of a middle-class life: permanent work, the value of an education, profit from government provisions and services and stable familial relationships. The changes occurring within these institutions have implications for the position of members of the middle groups, although not exclusively for them.

Greater job insecurity

The first trend is the growing insecurity of working life. Securing a good job is no guarantee of a carefree future. A growing number of people in the middle groups have temporary employment contracts. A 'job for life', the former ideal of the middle class, is no longer always a reality. This insecurity is reinforced by the strong trend towards the flexibilisation of the labour market in the Netherlands (Kremer et al. 2017).⁹ A quarter of all employees in the Netherlands now have a temporary contract; in other words, they have an employment contract for a fixed period and/or for a variable number of hours per week. Furthermore, the proportion of self-employed persons (with or without employees) has grown rapidly in the Netherlands. In the third quarter of 2016 more than a million people were self-employed (in combination with a job or otherwise).¹⁰

The result of these two trends is that the proportion of working persons with a permanent employment relationship has been declining for decades, falling from 74% in 2003 to 62% in 2015 (Statistics Netherlands (CBS) StatLine 2016). Although this trend towards a more flexible labour market is more marked among low-skilled workers than among people with intermediate education, the proportion of people with flexible contracts (temporary work, varying weekly working hours or work as a self-employed contractor) among people with intermediate education rose from 25% to 37% between 2003 and 2015 (see figure 1.1). This trend is more evident among young adults (particularly those entering an occupation for the first time) than among older workers.

Figure 1.1 Proportion of people with flexible jobs* in the Netherlands, by level of education (2003-2015)



* Flexible workers are employees with a temporary contract or a flexible number of working hours per week (including people working via an employment agency or on an on-call basis) and self-employed persons with or without employees.

Source: Data from Statistics Netherlands (CBS) StatLine (edited by the report's authors)

It is impossible to say with any certainty what this flexibilisation of the labour market signifies for working persons, and particularly for the middle segment of society. On the one hand, young adults are accommodating themselves to the situation; on the other, it is a fact that a growing number of working persons are having to live with insecurity and fluid situations (Dekker 2017). The latter can be a conscious choice – young people could opt for entrepreneurship and a variety of challenges – but can at the same time lead to insecurity and a lack of recognition (Van Lieshout 2016; Schimank et al. 2014; Van der Klein 2017), particularly if people are not only working on a flexible basis, but also depend on occupations below their level of qualifications – something that is more prevalent among people with intermediate education than the more high-skilled.

For many young people flexible employment relationships mean having to put off starting the rest of their lives: they make it difficult for them to make decisions on where to settle, whether to buy a house and whether to start a family, especially if both partners have insecure and flexible work (Kremer 2017). A flexible labour market demands a high degree of employability on the part of workers. It is crucial for individuals to have the capacity to be repeatedly employable in a changing labour market because many certainties are linked to an employment contract, such as training, entitlement to unemployment benefit and pension rights.

Depreciation in the value of a secondary education: credential inflation in the middle

A second trend confronting the middle segment of society is the depreciation in the value of a secondary education: due on the one hand to technological developments (automation), and to competition from people with higher education working below the level of their qualifications on the other, more and more people with intermediate education end up in lower-level occupations, and the occupational level of people with intermediate education has declined significantly faster than that of the low-skilled in the last few decades (see Tolsma and Wolbers 2017). These two categories have converged in terms of occupational level, while the gap relative to the occupational level of the high-skilled has widened.

We do not know whether this trend will continue in the future. Further automation and digitalisation could lead to the disappearance of more manual and routine administrative jobs for which intermediate skills used to be a requirement (Social and Economic Council (SER) 2016a; Went et al. 2015). We are already seeing this happening in the banking and insurance sectors. A study by the OECD and McKinsey (quoted by Van der Veen 2016: 92), which looked at the potential for automation of specific aspects of jobs, concluded that some changes will occur in practically every job and that relatively few jobs will be entirely automated within the foreseeable future. In other words, completing a secondary or higher education does not provide any guarantee of a certain future. Many people with a secondary education will either have to retrain or compete with less skilled employees if they want to retain a job

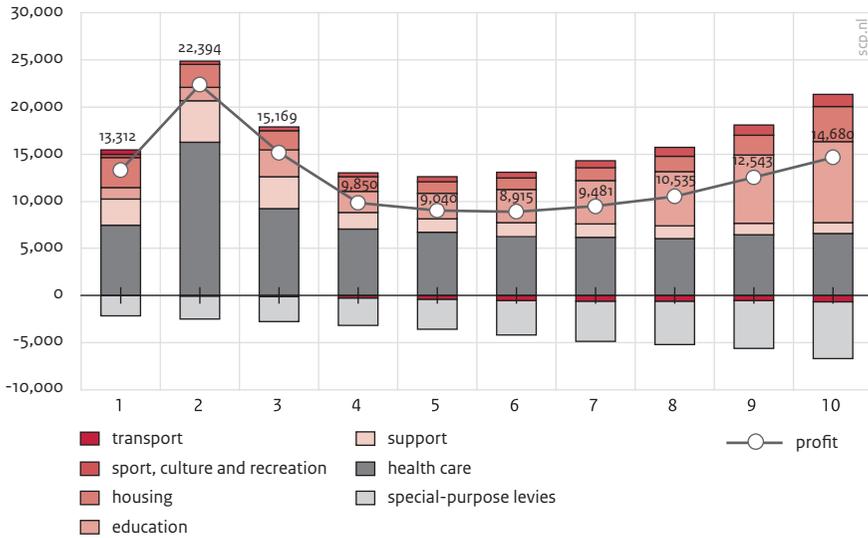
Less for the middle: diminished social protection

A third trend that is causing greater insecurity is the diminishing social protection afforded by the welfare state (Vrooman 2016; Van Lieshout 2016). The systemic reforms that have been implemented since the end of the 1980s can be summed up in two words: retrenchment and activation (Engelen et al. 2007; Kersbergen and Vis 2016). The government is making greater demands on the self-reliance of citizens. This can be seen, for example, in the privatisation of various elements of the social security system whereby risks have been delegated to businesses or individual citizens. For example, as early as the 1990s the cover provided by the Sickness Benefits Act was replaced by the obligation on employers to continue paying the salaries of employees who are sick. Since then the financial risk of an employee's illness has been borne not by the government but by individual employers for the first two years. Prime Minister Mark Rutte's second cabinet shortened the maximum period of entitlement to unemployment benefit from three to two years, transferring the financial risk of long-term unemployment to individual citizens. (The employers' organisations and the trade unions subsequently agreed a scheme to compensate for the disappearance of the third year of unemployment benefit). The same government also increased the excess paid by citizens on health insurance and abolished public student grants (although students can now take out a

loan on favourable terms to finance the costs of their studies). Further measures along these lines could lead to a residualisation of welfare state arrangements, which is to say the government would guarantee social provisions and services for the most vulnerable members of society, but that those who are less vulnerable would mainly be expected to solve their own problems. National social assistance (*bijstand*) is one example of such a residual arrangement: only households without any other income qualify for these welfare benefits. There is also a lot of discussion about residualisation in relation to public housing: housing associations are only allowed to rent cheap housing to lower income groups, not to households with middle or higher incomes. Middle groups in particular face the risk of falling between two stools with measures of this nature: they have less protection from the welfare state, but are also less able to take care of themselves than people in the higher social segment.

This was also the conclusion reached in a number of studies by the Netherlands Institute for Social Research (SCP) on the subject of ‘who profits from the government’. The government contributes greatly to increased equality through social security and through taxes and social insurance contributions. If we look solely at the secondary income of households, the higher-income groups pay more and receive less. The opposite applies for lower-income groups. However, the picture changes if we look at the profit households derive from various government provisions and services (the tertiary income). According to Olsthoorn et al. (2017), in relative terms, middle-income households benefit least from various government provisions and services. Figure 1.2 below shows how much the various income groups profit from government provisions and services or pay in taxes on average. The black line in the figure shows the net profit of households (provisions and services received less taxes paid). The net profit is smaller for the middle-income groups (particularly the fourth to seventh deciles) than for either the lower or higher-income groups. People with lower incomes profit most from some services and provisions (such as health care and social support), while they also pay a smaller excess for health costs and receive a health-care allowance. The higher-income groups benefit most from other services and provisions (education and culture, but also the tax treatment of owner-occupied homes). In other words, there is a *Squeeze on the middle*, as the title of an earlier study by the SCP on this subject put it (Pommer 2011).

Figure 1.2 Balance of tertiary transfers to households, by deciles of secondary income*, 2014 (average amount in euros per household)



* The points on the black line show the net profit per decile, i.e., the profit (positive transfers) less the cost (negative transfers). The line joining these points visualises the form of redistribution.

Source: Olsthoorn et al. (2017: 195)

Vulnerability and complexity of primary relationships

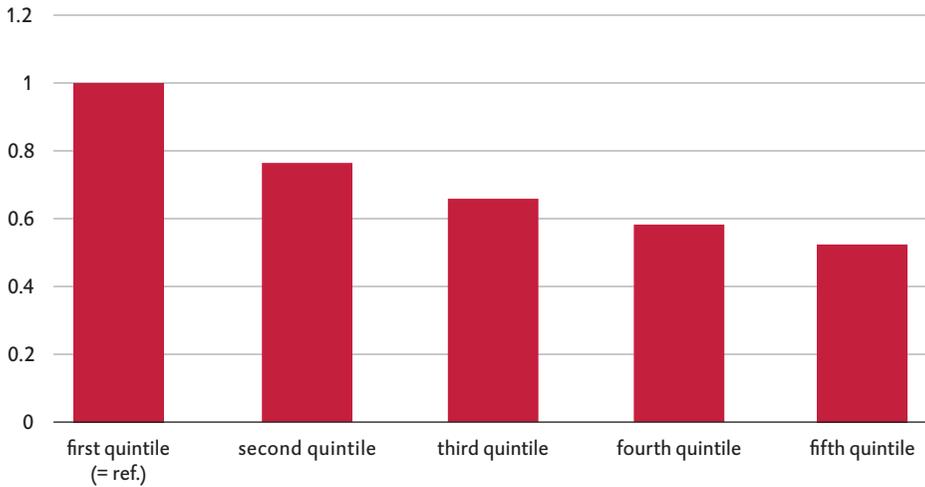
A fourth trend affecting the middle groups is the *increased complexity and vulnerability of primary relationships*. Within a relatively short space of time the Netherlands has made the transition from a traditional single breadwinner society to a dual-earner social model in which both partners combine career and care. Balancing two careers and dividing care tasks is often a complex challenge and is not without risks (Beck and Beck-Gernsheim 1995, 2002). A greater diversity of households has also emerged; there are now more single-person households and fewer comprising couples with children. In the last few decades the proportion of households comprising couples with children still living at home has fallen sharply, from 44% in 1981 to 28% in 2010, while the proportion of single-person households rose from 22% to 36% in the same period (Bucx 2011: 36).

The income position of households is closely connected with the type of household. Households in the higher-income groups usually comprise cohabiting partners or families with children and they often have multiple incomes from work; members of lower-income groups are relatively more often single or single parents and are in both cases single earners. However, this also means that people with higher and middle incomes are more vulnerable to the financial risk of divorce.

Research has shown that the number of divorces in the Netherlands rose sharply from the 1960s, but has remained fairly stable since the 1990s. The total number of broken relationships did rise, however, because of an increase in the number of unmarried cohabiting couples who separated (Statistics Netherlands (CBS) 2009). Furthermore, divorce was formerly more common among higher-status groups, but nowadays is actually more common among lower-status groups.

A number of studies (De Graaf and Kalmijn 2006; Bucx 2011) have shown a negative correlation between a higher level of education and divorce: people with a lower level of education are more likely to divorce than the more highly educated. Recent research by Statistics Netherlands (CBS) showed that this applies not just for married couples, but for all cohabiting couples. In the lowest-income group (first quintile), 4.5% of all couples (with at least one child) separated within one year. In the highest-income group (fifth quintile), the figure was 1.4% (figures for 2014) (Statistics Netherlands (CBS) 2016a). Figure 1.3 shows the chance of a relationship ending for different income groups. In the figure the lowest-income group is the reference category (the chance is set at one for that group). The probability of a relationship ending is only half as great in the highest-income group as in the lowest-income group. For the middle-income groups, the chance of a relationship ending falls between the two extremes, but is significantly smaller than in the lowest-income group (Statistics Netherlands (CBS) 2016b). These outcomes are in line with Salverda's (2017) finding that households in lower-income groups are usually smaller and are more frequently single-person households. Nevertheless, a separation or divorce represents a serious financial risk for people with intermediate education, perhaps even more so than for people with higher education, because in the latter households each partner will often be earning well and will therefore be less dependent on the other partner's income.

Figure 1.3 Chance of a relationship ending* in the Netherlands, by level of income (odds ratios, corrected for various other characteristics of persons**)



* Number of couples (married or unmarried) living at the same address on 1 January 2014 who were no longer doing so on 31 December of the same year.

** Corrected for differences in age, ethnic background, married or otherwise, children or no children, type of home (rented or owned), size of municipality and location of home (a new housing estate or otherwise).

Source: Statistics Netherlands (CBS) (2016b)

1.5 POLICY DIRECTIONS: REDUCING INSECURITY, STRENGTHENING RESILIENCE AND PREDICTABILITY

The findings presented here paint an ambivalent picture. Looking at the development of the social middle groups through the lenses of education, occupation and income, we find stability, but also some threatening trends. Groups in the middle have been confronted with greater insecurity in the last few decades. The institutional changes that are occurring in the labour market, education, the welfare state and the family are undermining routines and expectations that used to be taken for granted. Greater demands are being made on the capacity of citizens to cope with change and uncertainty. They are being called upon to accept more personal responsibility, enhance their employability, and above all demonstrate their capacity for improvisation. In that context, Boutellier (2011) refers to “the improvising society”. Another impression to emerge is that of ‘a liquid society’ in which stable institutions are making way for looser network relationships, which complicate long-term commitments¹¹ and feed the fear of being unable to keep up (Bauman 2005, 2007).¹² Institutional changes are occurring so rapidly that people have fewer prescribed behavioural patterns. A similar point was made in an earlier

study by The Netherlands Scientific Council for Government Policy (WRR), *Towards a learning economy* (The Netherlands Scientific Council for Government Policy (WRR) 2013). In an economy based on the circulation of knowledge, citizens at every level of society must be able to cope with new ideas and changing circumstances.

Surveying the findings from this investigation, one could conclude that many middle groups in the Netherlands are equipped to meet the modern demands of employability and resilience. They are capable of delivering status work in order to maintain their position. However, to paraphrase Salverda, they have to keep running faster to stand still (Salverda 2016). That is the impression of the stable middle that emerges from this study. But that having to run faster is accompanied by feelings of insecurity about people's own position and that of their children.

However, there is a particular sub-segment in the social middle that is unable to attain a stable position. This vulnerable segment consists mainly of people with mbo qualifications in routine administrative jobs or in occupations in the care or service sector. These individuals have a greater chance of losing their job or are more likely to be earning a low income. Without additional income, for example due to the loss of a partner or the partner's loss of his or her job, downward social mobility will ensue. This is the picture of the 'vulnerable middle'. As far as members of this category are concerned, there is a clear relationship between socio-economic vulnerability and feelings of insecurity about their own position.

The threats and uncertainties facing groups in the middle segment of society justify a policy aimed at reducing insecurity (see Van Lieshout 2016: 25; Kremer et al. 2017). We provide a general outline of four policy directions for responding to the institutional changes confronting the middle segment of society as outlined above: (a) promoting greater security in the labour market; (b) investing in education and training to enable the middle groups to keep pace with change; (c) preserving the redistributive effect of the Dutch welfare state; and (d) providing support for families under pressure.

Underlying these policy directions is a more general vision of the challenges facing the government in contemporary society. The policy challenge lies in reforming institutions so that they can provide citizens with greater certainty, and where necessary the support they need, while at the same time strengthening the resilience of citizens; in other words, equipping them to function effectively in a more flexible labour market and to shape their own lives. Reducing a number of insecurities and strengthening the resilience of citizens will help to increase people's capacity to shape the course of their own lives (Van Lieshout 2016).¹³ Herein also lies the social and economic significance of middle groups: the capacity to look ahead, to defer satisfying their needs and to take risks.

The policy directions that we outline broadly match earlier proposals made by the WRR and other research institutes (including the Netherlands Bureau for Economic Policy Analysis (CPB), the Netherlands Institute for Social Research (SCP) and the Social and Economic Council of the Netherlands (SER)), as well as other parties (such as the Dutch Labour Foundation and the *Commissie vraagfinanciering mbo*). According to those proposals, providing greater certainty does not imply the reintroduction of former institutions (the bloated welfare state, jobs for life or the traditional breadwinner family). The relatively stable position of middle groups is largely due to the combination of a two or one-and-a-half-earner economy, a flexible labour market and an activating welfare state. It is evident, however, that some risks facing citizens have increased and that there are greater insecurities. A balance has to be found between flexibility and insecurity, on the one hand, and predictability and security on the other.

Greater security in the labour market

Earlier, we referred to the trend of the flexibilisation of the labour market.¹⁴ The proportion of workers with flexible employment contracts and the number of self-employed persons have both grown substantially in recent years. We found that this trend affects a relatively large number of low-skilled workers and, to a lesser extent, also middle groups. The trend of flexibilisation of labour is stronger in the Netherlands than elsewhere in Europe. Comparatively, the Netherlands has more temporary employees and more self-employed persons than the average in the EU-15. It has the highest proportion of temporary employees with the exception of Spain and Portugal (Netherlands Bureau for Economic Policy Analysis (CPB) 2016: 21; Chkalova et al. 2015; Roeters et al. 2016: 86). Moreover, the number of self-employed persons and temporary employees grew substantially in the Netherlands in the period 2004-2014 (Roeters et al. 2016: 86).

It is noteworthy that the proportion of people with flexible work has not declined with the economic recovery and the reduction in unemployment in the Netherlands, but has actually grown further. According to the Netherlands Bureau for Economic Policy Analysis (CPB), the cause of this increase is not so much the preferences of working persons (many people with flexible work would actually prefer a permanent job or a job with a regular number of working hours) or dominant economic developments such as globalisation and automation, since those processes are also occurring elsewhere in Europe and are not leading to greater flexibilisation of the labour markets in those countries. CPB argues that the extensive flexibilisation of the labour market in the Netherlands is mainly due to the existing institutional arrangements, such as the wide disparity in the degree of protection afforded to people with permanent contracts and those with flexible contracts. The financial coverage provided in the event of an employee's illness and incapacity for work in the Netherlands (the first two years are paid by employers) also deters employers from hiring people on a permanent basis.

Chkalova et al. (2015: 134) point out that countries with strong protection against the dismissal of permanent employees (such as the Netherlands and Portugal) have far more temporary workers than countries where there is less protection for permanent employees (such as the United Kingdom and Ireland). However, De Beer and Verhulp (2017) concluded in a recent report about flexible work that there is “no systematic connection whatsoever between the number of temporary jobs and the difference in protection against dismissal”.

Political and public support for providing greater certainty for citizens in the labour market is growing. Practically every Dutch political party called in their recent election manifesto for the government to encourage employers to provide more permanent contracts and to make less use of flexible workers. The principal argument is that work should only be performed on a flexible basis if it is appropriate to the nature of the work. It is logical that temporary employees or self-employed persons should be used in the making of a film, for example, but far less so in the care services or cleaning sectors, where continuity and predictability are important (Kremer et al. 2017). Various measures could be taken to curb the flexibilisation of labour, such as reducing the legal, financial and fiscal discrepancies between permanent employment contracts and contracts with self-employed persons and people with temporary contracts, or rewarding companies which provide job security (by offering those employers a bonus in the form of a reduction of their social insurance contributions, for example). Or, for example, the national government and local authorities could set a good example by not making price the sole criterion when awarding contracts, but also considering working conditions.

Nevertheless, there will always be some forms of flexible labour. New certainties are therefore needed for citizens. In the short term they could be provided through measures such as agreeing minimum rates for self-employed persons or introducing collective insurance for incapacity for work. In the longer term, there needs to be a fundamental debate about a new system of social security covering every form of work, regardless of the type of contract. In that context, we could learn from experiences in other countries.

Investment in education and training

Education and training are for various reasons relevant policy areas for measures to strengthen the position of and social opportunities for middle groups. Firstly, citizens have to be properly equipped to function in the flexible society of the 21st century. The greater volatility and risks of contemporary society call for resilient citizens who are capable of adapting to changing circumstances. The aspect of social resilience recalls the WRR’s appeal in its report *Towards a learning economy* (2013: 14) for educational reform in the Netherlands with a focus on “(...) teaching children and adults 21st century skills (learning to learn, showing initiative, persever-

ance, cooperation, etc.)”’. This recommendation was based among other things on the OECD’s finding that such 21st-century skills receive too little attention in contemporary education (Ananiadou 2009).

Secondly, these skills are of strategic importance for groups in the middle segment of society. We saw that people with intermediate education face tough competition in the labour market from more high-skilled workers and therefore have a particular need for education and training to enable them to compete with more high-skilled workers, for example by improving their IT skills (The Economist 2017). An important aspect of that is more investment in on-the-job learning. There is a task here for employers.

Thirdly, lifelong learning¹⁵ is imperative if middle groups are to keep their knowledge and skills up to date.¹⁶ A survey by Statistics Netherlands (CBS) showed that participation in lifelong learning activities is mainly confined to a select group of the Dutch population, specifically high-skilled people working in professions where permanent education is mandatory, such as lawyers, general practitioners, psychologists, medical specialists and physiotherapists (Pleijers and Hartgers 2016: 12). Accordingly, the Social and Economic Council (SER) (2017) called in a recent advisory report for permanent learning and personal development to become automatic for low-skilled workers and people with intermediate education throughout their careers (see also the *Commissie vraagfinanciering mbo* 2017). One of the SER’s suggestions in that report was the introduction of a tax-friendly ‘personal development account’ in which workers could save for a programme of activities dedicated to their personal development. Employers, the training and development funds (O&O funds) of individual sectors, public authorities and the workers themselves would be able to save money in that account, which could then be used to pay for a development programme of their own choice.¹⁷ This proposal fits in with an earlier proposal by CPB to provide workers with a secondary education with vouchers that they could use to ‘upgrade’ their skills and/or to provide tax breaks for employers that facilitate additional training or retraining for members of their workforce with intermediate education (Van den Berge and Ter Weel 2015: 15).

Preserve the redistributive effect of the welfare state

The redistributive effect of the welfare state is important for preventing the contraction and decline of the middle segment of society in the Netherlands. If one looks exclusively at what people with a middle income earn in the market, what can be seen is that their numbers and their share of aggregate income have declined sharply. This contraction of the middle segment is largely negated by the redistributive effect of the Dutch welfare state and by the fact that middle and higher-income groups usually have larger households as well as multiple incomes.

Preserving the redistributive effect of the Dutch welfare state could conflict with the basic principle behind the existing policy of delegating more responsibility to individuals. If, for example, the government insists that citizens should pay a higher personal contribution for certain provisions and services (education, health care, housing), but compensates people with lower incomes through allowances (health-care allowance, rent allowance, supplementary student grants for children of parents with a low income), in relative terms the negative effect of such measures will be most severe on middle-income groups (particularly lower middle-income households). After all, people with the lowest incomes are compensated for the higher personal contributions with allowances and the personal contributions have relatively little impact on the households with the highest incomes. It is on the middle-income groups that the costs of education, health care and housing have the greatest relative impact.

That applies not only for the expenditure, but also for the incomes of middle-income households. For example, the gradual reduction of the maximum duration of entitlement to unemployment benefit from three to two years is more disadvantageous for the middle-income group than for other income groups because households in the lowest income group (particularly single earners) quickly fall below the welfare threshold when their unemployment benefits end and therefore become eligible for national assistance. That does not apply for households in the middle-income group, particularly for households with more than one breadwinner. The income of those households falls sharply when unemployment benefit ends because they are not entitled to national assistance if one of the partners in the household has an income. Although that also applies for households in the highest income groups, they are better able to absorb such a loss of income.

To sum up: thus far the decline in the income of middle-income groups has been compensated mainly by the redistributive effect of the Dutch welfare state, but that makes these groups vulnerable to policy changes. The trend in the Netherlands towards protecting those at the bottom of society – for example with allowances and student grants – leads to the middle groups feeling relatively more vulnerable than those at the bottom.

Support for families

An important finding in this study is that the income position of households is closely linked to the household situation. On average, higher-income groups have larger households and usually have more than one income. Lower-income groups are more often single persons or single parents and, by definition, single earners (see contribution by Salverda 2017). Furthermore, the income dynamics of households are often related to their changing composition – forming a relationship usually leads to a better financial situation, while the break-up of a relationship weakens the household members' financial position (De Beer 2017).

The existing welfare state is increasingly based on the model of the dual-earner household, i.e. on the principle that both partners earn a living. This study shows that combining two incomes is often essential for safeguarding middle-class status. If that is impossible – because of divorce or because a person lives alone, as more than a third of the population currently do – it can lead to financial vulnerability for those who are on their own, especially if they have children. The question is whether sufficient account has been taken of the vulnerability of the single earner in the shift from the breadwinner model to the dual-earner model. As the WRR observed in an earlier report, single earners are becoming a new vulnerable group (Kremer et al. 2014).

Dual-earner households and single parents both face the challenge of combining work and care. Households in the middle groups that are able to do so adequately are more resilient. According to the OECD (2015: 37), measures that make it easier to combine work and family life are “(...) critical for men and women to participate in the labour market on an equal footing. The difficulty of combining work and family responsibilities very often results in women working part-time or dropping out of the labour force altogether”. It therefore calls for a series of family-friendly measures (parental leave, child care, after-school care, flexible working arrangements) to support parents with children. Stable and affordable child care is very important for parents in the middle segment of society. From 2005, there was a lot of investment in child care in the Netherlands. The funding was transparent and the use of child-care facilities grew steadily. But because of spending cuts and the impact of the economic crisis on the labour market, from 2010 the number of children attending child-care facilities in the Netherlands stagnated, and actually declined, even among the middle groups. In fact, between 2014 and 2015, the use of child-care facilities declined fastest among parents with incomes of between 130% of the statutory minimum wage and the modal income (Social and Economic Council (SER) 2016b: 59).

Child care in the Netherlands is relatively expensive for families. The costs to parents of caring for and educating two-year-olds are higher than in other OECD countries, and are exceeded only in Luxembourg and Switzerland (Social and Economic Council (SER) 2016b: 48). A large majority of parents – in the lower, middle and higher income segments – say that “child care is no longer affordable” (Roeters and Bucx 2016: 20). Many parents also say that their opinion of child care has become more negative in the last few years, not only because of the cost, but also by reason of the quality and the countless changes in the funding system.¹⁸ This latter aspect points once again to the importance of certainty and predictability in enabling households to properly combine work and care.

Management of expectations

The four policy directions outlined above are designed to ease the insecurities felt by middle groups and to strengthen their resilience and so help them plan their lives more predictably. Will these policy directions – if they are fleshed out in more concrete terms – eradicate the sense of insecurity and unease felt by the middle groups of society? That is very much the question. The post-war welfare state, with its permanent jobs and inflation-proof diplomas, was a unique period in the Netherlands' history (Schuyt and Taverne 2000). Those times will not return. The capacity to deal with change and uncertainty is an essential skill for the modern citizen. Policies can help to reduce insecurity, and thus offer new perspectives for long-term planning and upward social mobility, but realistic expectation management is equally necessary (see also Kremer et al. in chapter 3) because the middle class can no longer take upward social mobility for granted.

NOTES

- 1 See also the more recent studies by Huffington (2010), Murray (2012), Parker (2013), Madland (2015) and Putnam (2015). There is a broad consensus in America that the labour market and the income position of the middle classes has deteriorated in the last three decades. It is also assumed that the weaker position of the middle classes has a negative impact on public participation in civil society and leads to diminished trust in politics.
- 2 See also Van Lieshout (2016: 10-11) who, writing about the Netherlands, refers to a shift away from 'rising expectations' towards 'fear of falling'.
- 3 International comparative research in fact shows that there are wide disparities between countries in the extent to which their citizens feel economically uncertain. Important factors are the country's level of economic prosperity and the comprehensiveness of the social protection provided by the welfare state. That research has shown that feelings of socio-economic insecurity are at a relatively low level in the Netherlands (Mau et al. 2012).
- 4 See W. Salverda and E. de Jong (2017) The Dutch middle class in times of income inequality 1990-2014: The crucial rise of dual earners. AIAS Working Paper 171. March 2017.
- 5 The calculation of the wealth of households is based on the method commonly used by Statistics Netherlands (CBS), which includes a person's own home as a household asset, but not their pension savings. The rationale behind this method is that households do not have free access to pension savings. This subject is discussed further in chapter 2.
- 6 According to a recent analysis of societal discontent by the Netherlands Institute for Social Research (SCP), there is a clear relationship between people with a low level of education (up to and including mbo-1) and people who have completed an mbo education. In that study, societal discontent was defined as a combination of serious disaffection with politics and substantial social dissatisfaction (Dekker et al. 2017: 42). The analysis showed that 16% of people with a lower level of education and 13% of people with mbo qualifications had strong feelings of societal discontent. Among people educated up to a higher level of secondary education (havo or higher) and with a tertiary education (hbo and university), the percentages were substantially lower, at 5% and 2%, respectively.
- 7 Lauer (1981: 117) writes in *Temporal Man*: "When the future is perceived to offer uncertainty at worst, the rational course of action is to live for the present."
- 8 Schimank et al. write (2014: 32): "Wie ein Radfahrer, der das Treten lässt und dann irgendwann, noch bevor er ganz zum Stehen kommt, umfällt, riskiert ein Mittelschichtangehöriger, der die Statusarbeit schleifen lässt oder aufgibt, den sozialen Abstieg".
- 9 Another trend connected with flexibilisation is the 'hybridisation' of work, which refers to new combinations of entrepreneurship, work and consumption. Many workers occupy multiple positions on the labour market simultaneously. For example, there are self-employed persons who are also employees (324,000), pensioners (137,000) or benefit recipients (53,000). For a more detailed discussion of this, see Kremer et al. (2017: 23-25).

- 10 According to figures from Statistics Netherlands (CBS), the number of self-employed persons in the Netherlands rose from 641,000 to more than a million (an increase of 60%) between 2003 and 2016. See: <https://www.cbs.nl/nl-nl/nieuws/2016/46/toename-aantal-zzp-ers-stokt>
- 11 Cf. Senneth (1998) *The Corrosion of Character. The Personal Consequences of Work in the New Capitalism*. New York/London: W. W. Norton & Company. See also Zijdeveld (1991) *Staccato cultuur, flexibele maatschappij en verzorgende staat*. Utrecht: Lemma.
- 12 Bauman writes (2005: 2-3): “In short: liquid life is a precarious life, lived under conditions of constant uncertainty. The most acute and stubborn worries that haunt such a life are the fears of being caught napping, of failing to catch up with fast moving-events, of being left behind (...) Life in a liquid modern society cannot stand still.” Similar observations are to be found in Buyung-Chul Han (2010) *Müdigkeitsgesellschaft*. Berlin: Matthes & Seitz (this study was translated into English as *Burn-out society* and into Dutch as *De vermoeide samenleving*).
- 13 Hall and Lamont (2013: 2-13) speak of ‘social resilience’, which they describe as “(...) the capacity of groups of people bound together in an organization, class, racial group, community or nation to sustain and advance their well-being in the face of challenges to it (...) At issue is the capacity of individuals or groups to secure favourable outcomes (material, symbolic, emotional) under new circumstances and, if need be, by new means..”
- 14 The Mondriaan agreement (an agreement between the trade unions, the employers’ organisations and the government) states that “(...) there is increasingly ‘excessive flexibility’, i.e. employment relationships of dubious necessity and/or which are designed entirely to the disadvantage of the employee” (The Labour Foundation 2013: 20).
- 15 The Economist (14 January 2017) actually describes lifelong learning as the most important policy challenge: “Unfortunately (...) the lifelong learning that exists today mainly benefits high achievers — and is therefore more likely to exacerbate inequality than diminish it. If 21st-century economies are not to create a massive underclass, policymakers urgently need to work out how to help all their citizens learn while they earn. So far, their ambition has fallen pitifully short.”
- 16 Examples would be persons of working age who have completed havo or vwo but have never followed a vocational course (Van den Berge and Ter Weel 2015: 15).
- 17 See also the call by the *Commissie vraagfinanciering mbo* (2017) for an “individual learning account”. The individual learning account for on-the-job learning would be an instrument for everyone in the Netherlands. People would be able to use the money for training and further personal development courses with a certified supplier. The learning account would be funded from various sources: government, employers and employees. The commission recommended that learning accounts should be opened when a person leaves initial education with a basic qualification or has reached the age of 27.
- 18 The relatively high costs are nevertheless an important factor. The views of middle groups seem increasingly similar to those of the low-income group when they say that they “might just as well stay at home if the wage is the same as the cost of child care” (Roeters and Bucx 2016: 20).

2 THE MIDDLE SEGMENT OF DUTCH SOCIETY EXPLORED: AN OVERVIEW OF THE FINDINGS

Godfried Engbersen and Erik Snel

2.1 INTRODUCTION

In this chapter we summarise the main findings of this investigation and supplement them with some relevant insights and figures, particularly regarding the income position of the middle segment of society. We start by discussing the conceptualisation and delineation of the middle segment of society and then review trends affecting people with intermediate skills and in intermediate occupations and in relation to middle-income groups. We then discuss the political and social perceptions and attitudes of the middle groups and end the chapter with a number of conclusions.

2.2 CONCEPTUALISATION OF THE MIDDLE SEGMENT OF SOCIETY

There is no clear definition of the term ‘middle class’ or ‘middle group’. In the 19th century the term ‘middle class’ was often applied to shopkeepers or owners of independent businesses. Independent practitioners of intellectual professions, including doctors, lawyers, architects and civil-law notaries, were also regarded as members of the middle class (Berting 1968; Wijmans 1987). In the course of the 20th century the term was expanded to embrace everyone falling between the working class and the upper class, with a further distinction being made within the middle class between people with an office job and manual workers with a management position.

From the 1960s it became fashionable to compile more refined classifications, most of which were based on a person’s occupational position. Important work in this field was performed by the British sociologist Goldthorpe, whose study *The Affluent Worker*, written with David Lockwood, was particularly groundbreaking (Goldthorpe et al. 1969). In that study the authors devised an occupational structure based on two principles: (1) a distinction between employers (including the *self-employed*) and employees, and (2) a trichotomy between a managerial and professional class, an intermediate class and a working class (*manual workers*). This classification, which has been further refined over the years, remains the benchmark for academic literature on developments in the occupational structure.

This occupational perspective was later supplemented with approaches based on the income and wealth of individuals and households, or their level of education. More recently, multidimensional approaches inspired by the ideas of the French

sociologist Bourdieu have been developed. We will discuss two recent examples of such multidimensional approaches here. Both studies show that in today's advanced economies the middle segment of society forms a heterogeneous whole. The first example is the work of Savage et al. (2013; 2015), who devised the *Great British Class Survey* in association with the BBC. The survey in 2011 was completed by 161,000 Britons, making it the largest ever survey of social class in the UK. It produced a list of seven distinct classes:¹

1. elite (6% of the population);
2. established middle class (25%);
3. technical middle class (6%);
4. new affluent workers (15%);
5. traditional middle class (14%);
6. emerging service workers (19%);
7. precariat (15%).

This classification is based on the extent to which individuals possess three types of capital: economic capital (income and wealth), cultural capital (education and cultural taste and preferences) and social capital (the nature of their social networks). In the Netherlands, the Institute for Social Research (SCP) conducted a similar survey, which introduced a fourth form of capital, personality capital. In contrast to Savage et al., SCP (Vrooman et al. 2014) identified six rather than seven 'classes' or 'groups':

1. established upper echelon (15% of the adult population);
2. privileged younger people (13%);
3. employed middle echelon (27%);
4. comfortable retirees (17%);
5. insecure workers (14%);
6. precariat (15%).

The results of the two studies are difficult to compare, although both refer to the existence of two extremes (an elite, or upper echelon, and a precariat) with a heterogeneous middle segment (or, in the words of Savage (2015: 53), "a patchwork of several other classes") in between. That broad, heterogeneous middle segment is the focus of this study. Our point of departure is not the aforementioned capital approach because it has still to be systematically fleshed out (Elchardus 2015; Ganzeboom 2015). We do however adopt a multidimensional approach, hence the focus on people with intermediate skills, middle incomes and intermediate occupations. The first two dimensions have a clear link with economic and cultural capital.

This study is based on the following delineations of the middle segment of Dutch society (see also chapter 1).

People with intermediate skills

As regards *education*, we distinguish *people with intermediate* education (individuals whose highest completed level of education is mbo, havo or vwo) from the *low-skilled* (people who have only completed primary education or vmbo) and the *high-skilled* (people who have completed an hbo or academic education). This is a commonly used trichotomy of levels of education (see Tolsma and Wolbers 2017). It is also a classification that has evolved historically. For older people, a secondary education meant that they fell into the upper half of the educational distribution (De Beer 2016). With the post-war expansion of education, however, the proportion of the low-skilled declined to such an extent, and the proportion of people with intermediate and high levels of education increased by so much, that each category now represents roughly a third of the overall educational distribution.

Intermediate occupations

In terms of *occupations*, we use the EGP occupational class scheme of Erikson, Goldthorpe and Portocarero (1979). Strictly speaking, Erikson et al.'s occupational class typology does not make a hierarchical distinction between occupational classes. The occupations are not just ranked from high to low, but also by type of occupation (mental versus physical labour, for example). The point of departure of this classification is the distinction between different types of occupation (or other economic activity). Higher occupations include higher-grade professionals and managers, while lower occupations are skilled or unskilled manual labour. According to Erikson et al. (1979), the category intermediate occupations covers routine service occupations (such as administrative work and work in sales or care), proprietors of small businesses with employees, the self-employed and self-employed farmers, supervisors of manual workers (foremen) and high-skilled manual workers.

In his contribution to the WRR-study, Ganzeboom (2017) shows that there are also other methods of ranking occupational classes hierarchically, for example according to the average income in each class of occupation or the prestige of occupations. He also demonstrates that when the various occupational classes are ranked on the basis of average income, as has been done in some recent economic studies (Goos et al. 2014; Van den Berge and Ter Weel 2015), the result is not only a different ranking of occupational classes, but also produces different answers to the question of whether or not the middle segment of the occupational structure is shrinking.

Middle incomes

In terms of *income*, the middle segment is circumscribed by the distance from the median income of households. The median income is the precise point at which 50% of all households (or individuals) have a higher income and 50% have a lower income. The question then is what the cut-off points are for the middle-income group; in other words, where is the line drawn between the middle-income group and the higher and lower-income groups? We have chosen a lower limit of 60% of the median income, which corresponds with the poverty level in many international studies of poverty. (According to the European poverty threshold, a household is 'poor' if the standardised household income is less than 60% of a country's median income). In other words, anyone who is not regarded as poor under this definition is assigned to the middle-income and high-income categories.

It was also decided to adopt a generous upper limit for the middle segment, namely households with an income of at least twice the median income (200% of the median income). The limit was set so high in order to make a clear distinction between middle-income households and the genuinely wealthy households (see Atkinson and Brandolini 2013; Vaughan-Whitehead 2016). We further break that broad category of middle-income households down into four sub-categories: 60% to 80%, 80% to 100%, 100% to 120% and 120% to 200% of the median household income. This sub-division allows us to make a distinction between the lower-middle and higher-middle income groups.

Summary Conceptualisation of the middle segment of Dutch society

Three dimensions	The middle segment of Dutch society
People with intermediate skills	Individuals educated to mbo, havo or vwo level. Sub-category: mbo.
Intermediate occupations	Occupations that are regarded as routine service occupations (administrative work, sales, care), proprietors of small businesses with employees, self-employed persons and self-employed farmers, supervisors of manual workers ('foremen') and high-skilled manual workers.
Middle incomes	Households with a household income of between 60% and 200% of the median income of households. Sub-categories: 60% to 80%, 80% to 100%, 100% to 120% and 120% to 200% of the median household income.

All of the analyses in this study encompass persons between the ages of 25 and 65 (in other words, persons of working age) and in principle exclude students and pensioners. The age group investigated was slightly wider (from 15 to 65 years of age) in Salverda's (2017) contribution and slightly narrower (from 25 to 60 years of age) in the contribution by De Beer (2017).

The heterogeneity of and shifts in the social middle justify the decision not to refer to ‘the’ middle class, but rather to the middle segment of Dutch society and to middle groups. A further point to be made is that the position in the social class structure that people ascribe to themselves is often not the same as their position in an objective sense. Many people are inclined to regard themselves as members of the middle groups, including people who are too wealthy or too poor to be regarded as such (cf. Savage 2015: 61 and 90; Van Eijk 2011). Were that downward or upward self-identification not to occur, it might in fact suggest a deterioration in the status ascribed to the middle segment of society, indicating that citizens do not wish to be regarded as belonging to the middle segment of society.

2.3 EDUCATION: CONVERGENCE OF PEOPLE WITH INTERMEDIATE SKILLS TOWARDS THE LOW-SKILLED

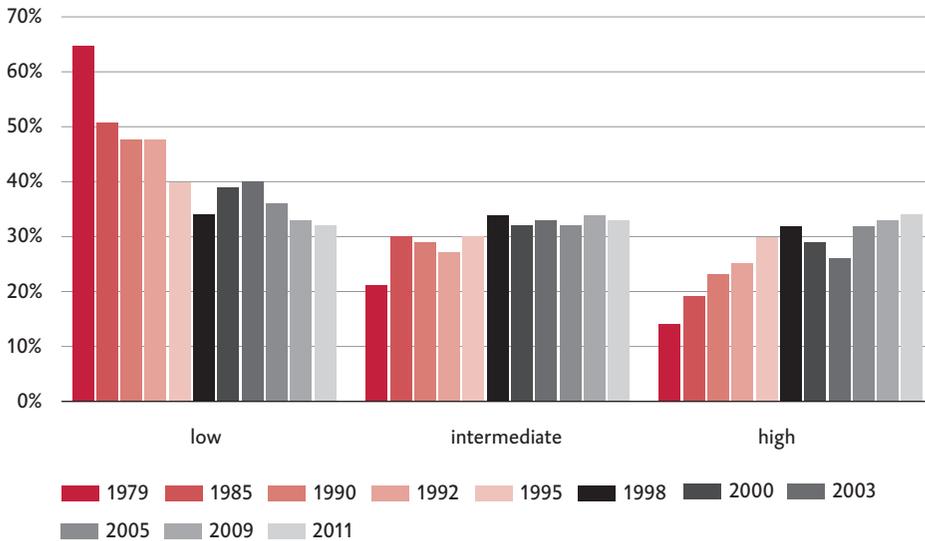
Anyone who has followed the debate about the gap between the high-skilled and the low-skilled (Bovens and Wille 2011; De Lange et al. 2015) could almost forget that a third of the Dutch population have an intermediate education to mbo, havo or vwo level. There is no question of a dichotomy or polarisation in the Netherlands in the sense of a steadily growing number of high-skilled and unskilled people and steadily fewer people with intermediate education. According to Tolsma and Wolbers (2017), the assumption of a dichotomy is contradicted by the current educational distribution in the Netherlands. The post-war expansion of education led to a sharp rise in the average level of education of the Dutch working population. A large majority of the population, particularly in the youngest age cohorts, are educated to secondary level or higher. It is just that the number in the low-skilled category is steadily declining.

In this section we look at how people with intermediate education fare in the Netherlands compared with the low-skilled and the high-skilled. We compare the position of people with intermediate education (whose highest attained level of education is havo, vwo or mbo) with that of the less-skilled (with an education only to primary or vmbo level) and the more high-skilled (with an hbo or academic education). We review the development in both the size of these three categories over the last few decades (1979-2011) and their positions in the labour market. Reflections on the worsening social position of the middle segment could lead one to expect that their position on the labour market (in terms of participation and occupational status) has deteriorated over the years. In other words, the assumption would be that the labour market position of people with intermediate education has come to resemble that of the low-skilled more than that of the high-skilled. We investigated whether that assumption is correct. Later in this chapter we will also discuss the political behaviour and attitudes of people with intermediate education compared with those of the low-skilled and the high-skilled.

Size of the group of people with intermediate skills

Figure 2.1 summarises the changes in the division of the population into the three educational categories over the last three decades (1979-2011).

Figure 2.1 Proportion of people in the Netherlands with low, intermediate and high levels of education (1979-2011) (persons over the age of 25)



Source: Tolsma and Wolbers (2017) (edited by the authors)

The above figure shows the following effects of the post-war expansion of education:

- There has been a steep decline in the share of the population with only a lower level of education: the figure fell by half (from 65% to 32%) between 1979 and 2011.
- The proportion of people with an intermediate education rose from 21% to 33%; the increase was even greater among people with a higher education (from 14% to 34%). The rise in the level of education was therefore more marked at the top end of the educational distribution than in the middle. Nevertheless, one cannot say that the proportion of people with an intermediate education is declining. At most, their share in the total population is growing less rapidly than that of the group with a higher education.
- The populations of the three educational categories were almost equal in size in 2011. The proportion of people with intermediate education is expected to remain relatively stable in the near future.

Declining occupational level for people with intermediate education

What does the growth in the proportions of people with intermediate and high levels of education signify for their position in the labour market in the Netherlands? Has the increased level of education led to a corresponding rise in the average occupational level of Dutch people? That would accord with the meritocratic ideal that positions in society are increasingly determined by personal 'merit' (in this case, educational performance) rather than on the basis of origin (social or ethnic origin, gender).

Tolsma and Wolbers (2017) show, however, that the value of an intermediate education has declined on the labour market. An intermediate education is less likely to open doors to senior positions than in the past. There are various reasons for this. One is that technological advances have reduced the demand for certain intermediate occupations (sales, administrative work, etc.). At the same time, people with an intermediate education are being displaced by people with a higher education who cannot find a job at their own level. This phenomenon, known as 'credential inflation', means that you get 'less of a job' for your education. Apart from a shortage of senior positions, another reason for this could be that employers demand more from their staff and therefore require higher qualifications for a job than they used to. The effect of this is that people with an intermediate education, who formerly depended on the middle segment of the labour market, either have to train up or compete with individuals with lower qualifications for less qualified jobs (Van der Veen 2016).

The increased vulnerability of people with intermediate education on the labour market

Tolsma and Wolbers also show that the labour participation rate of people in all three educational categories rose in the period 1985-2011, but that the increase was greater among people with intermediate and higher education than among people with a lower level of education. In other words, people with intermediate education and the high-skilled have come to resemble each other more in terms of their participation in the labour market, while the low-skilled have fallen behind. Tolsma and Wolbers also investigated whether the number of people in each of the educational categories started working part-time (less than 32 hours a week) more often during the period investigated. This revealed a different trend. While high-skilled workers are most likely to have a job of 32 hours or more, it is low-skilled workers that have come to resemble them more closely in that respect. In contrast, a growing number of people with intermediate education, and particularly women in that category, have jobs with fewer working hours.

The authors therefore conclude that the position of people with intermediate education on the labour market has become more vulnerable in recent decades. In particular women with intermediate education are nowadays less likely to have a job for more than 32 hours a week than low-skilled women, and the average occupa-

tional level of people with intermediate education has declined more rapidly than in the other categories. In this regard, people with intermediate education have come to resemble the low-skilled more closely.

2.4 OCCUPATIONS: PROFESSIONALISATION AND POLARISATION OF THE OCCUPATIONAL STRUCTURE ACCORDING TO EARNED INCOME

There are two dominant views regarding the development of intermediate occupations in advanced Western economies. The skill-biased technological change theory postulates that technological advances will cause a lot of unskilled work to disappear and create a lot of additional skilled work. This is referred to as the professionalisation trend in the labour market. However, there have recently also been references to economic and technological developments that could cause a polarisation of the occupational structure. Automation is causing the disappearance of a great deal of routine service work, such as office jobs, while globalisation is prompting the relocation of entire industries to low-wage countries and thus leading to the loss even of skilled factory jobs in Western countries. Consequently, specific intermediate occupations are disappearing. Meanwhile, there is said to be growth in both the volume of high-skilled work (managers, professionals, technicians) and unskilled work (particularly unskilled work in the care, security, hospitality and cleaning sectors). The overall effect of these developments is a polarised occupational structure, with growth at the top and bottom and contraction in the middle segment. The key question addressed in this section is to what extent professionalisation or polarisation of the occupational structure is occurring.

The trend of polarisation was first identified in the United States and the United Kingdom (Autor et al. 2006; Goos and Manning 2007). In later studies Goos et al. (2009; 2014) showed that this job polarization was also evident in other European countries, including the Netherlands. They demonstrated that the proportions of jobs in both the highest-paid and lowest-paid occupational groups in Europe were growing, while the proportion of jobs in the intermediate occupations was shrinking. In the Netherlands, for example, in the period from 1993 to 2006 the proportion of jobs in the highest-paid occupations rose by 5.6 percentage-points and in the lowest-paid occupations by 2.0 percentage-points, and therefore the proportion of jobs in the middle segment declined by 7.6 percentage-points in the same period (Goos et al. 2014: 2515). CPB (Bureau for Economic Policy Analysis) also discerned pressure on the middle segment of the Dutch labour market. An important reason is that the rise of IT has caused a lot of routine service work, which is often performed by people with intermediate education, to disappear. Because people who formerly worked in the intermediate occupations are now in lower-paid jobs at the bottom end of the labour market, employment and wages are also under pressure in that segment (Van den Berge and Ter Weel 2015).

Ganzeboom's (2017) analysis of the intermediate occupations in the Netherlands supplements the research performed by Goos et al. and CPB. Ganzeboom's analysis covers a longer period (1970-2014) and therefore covers the entire period of de-industrialisation in the Netherlands. Furthermore, his study embraces not just a selection of occupations, but all occupations. In the process, he also makes a distinction between manual occupations and service occupations. And thirdly, he ranks the various occupational groups in different ways, not just by level of income, but also according to other criteria, such as the level of education required or the prestige of an occupation.

Polarisation or professionalisation in the Dutch labour market?

The point of departure for Ganzeboom's analysis was the EGP occupational class scheme of Erikson, Goldthorpe and Portocarero (1979), a classification that arranges different occupations on the basis of various characteristics, including the position on the labour market, the place in the system of authority and control in the production process (salaried employment versus self-employment, management versus operational) and the nature of the work (service versus manual). In its original form the EGP scheme distinguished seven occupational classes:

- I higher-grade professionals and managers, proprietors;
- II intermediate-grade professionals and managers, proprietors;
- III workers in routine service occupations (administration, sales, care, etc.);
- IV proprietors of small firms with employees, self-employed persons and farmers;
- V supervisors of manual workers ('foremen') and high-skilled manual workers;
- VI skilled manual workers;
- VII semi-skilled and unskilled manual workers, farm labourers.

This EGP scheme has been used frequently in research and has consequently been further refined over the years. Ganzeboom distinguishes 21 'mini-classes' in his analysis. For the purposes of this chapter, we have distilled his data into the seven original occupational classes.

Figure 2.2 shows significant changes in the occupational structure in the Netherlands, which we summarise here (see also Ganzeboom 2017):

- There has been strong growth in the highest occupational class (I) (higher-grade professionals and managers, proprietors of large firms). The share of this class in the total occupational distribution more than doubled from 12.0% in the period 1970-1990 to 26.2% in the period 2009-2014. Within this category, the share of the sub-category higher-grade professionals grew even more rapidly (this cannot be seen from the figure).

- Occupation class (II) (intermediate-grade professionals and managers) also grew during the period that was investigated (from 21.9% in the period 1970-1990 to 24.9% in the period 2009-2014), but by significantly less than the highest occupational class.
- The size of occupational class (III) (routine service occupations, such as lower-grade professionals, administrative staff, salespersons and carers) contracted slightly (from 27.0% in the period 1970-1990 to 25.8% in the period 2009-2014), though it is important to note that different trends are evident within this class. While the share of administrative jobs fell sharply (due to new technologies), the proportion of lower-grade professionals (medical assistants, auxiliary nurses, playgroup leaders, etc.) and of workers in the personal services sector increased.
- The share of occupational class (IV) (proprietors of small firms and self-employed persons) declined substantially (from 9.1% in the period 1970-1990 to 5.3% in the period 2009-2014), mainly due to a drop in the proportion of self-employed farmers.
- The share of occupational class (V) (supervisors, high-skilled manual workers) declined in the period investigated, although it was never very large. The proportion fell from 4.1% in the period 1970-1990 to 1.9% in the period 2009-2014.
- The share of occupational class (VI) (skilled manual workers) fell sharply, from 11.3% in the period 1970-1990 to 5.5% in the period 2009-2014.
- The share of occupational class (VII) (semi-skilled and unskilled manual workers) decreased from 14.7% in the period 1970-1990 to 10.4% in the period 2009-2014. Within this category there was a particularly sharp decline in the share of semi-skilled occupations (factory workers), which is connected with the process of deindustrialisation in the 1970s and 1980s. The proportion of farm labourers remained the same, but was already minimal in the earlier period.

Figure 2.2 Distribution of respondents by EGP occupational class in the Netherlands (1970-2014)



Source: Ganzeboom (2017) (edited by the authors)

These findings do not support the supposed polarisation of the Dutch occupational structure (cf. Vrooman et al. 2014). On the contrary, the entire period (1970-2014) was characterised mainly by strong growth at the top of the occupational structure (class (I) and to a lesser extent class (II)). The proportion of jobs in the lower occupations (classes (VI) and (VII)) declined substantially, and the share of the intermediate occupations (classes (III) to (V)) also fell. In other words, the trend in the labour market in the Netherlands is more towards professionalisation (growth at the top and decline in the lower occupations) than polarisation.²

An economic versus a sociological view of polarisation

Earlier research by Goos et al. (2014) and by CPB (Van den Berge and Ter Weel 2015) observed a trend towards polarisation in the occupational structure in the Netherlands and in other Western countries. Both studies were based on a ranking of occupational classes according to income. Ganzeboom supplements that economic perspective with a sociological perspective. On the assumption that the seven occupational classes in the EGP scheme (which he breaks down into 21 'mini-classes') do not constitute an inherent ranking, he arranges the occupational classes in five different ways and then investigates for each classification whether polarisation of the occupational structure has occurred. He reaches the following conclusions:

- If occupational classes are arranged from an economic perspective according to the average earned income per occupational class, polarisation has indeed occurred in the occupational structure in the Netherlands. The proportions of

jobs in well-paid and low-paid occupations are growing, while the middle segment has contracted. In other words, the earlier findings by Goos et al. (2014) and Van den Berge and Ter Weel (2015) are confirmed.

- If, however, the occupational classes are ranked more on a sociological basis, for example according to the required level of education or the occupation's prestige, there is no sign of polarisation. According to Ganzeboom, the difference is attributable mainly to the growing group of care workers, who earn relatively little and are at the bottom of the income hierarchy. But care workers do not see themselves as occupying the lowest rungs on the social ladder; in their view they actually form a lower middle group. Data on the level of education and other sociological characteristics of this category of workers prove them right: in all of those respects the rapidly growing group of carers belong more to the middle segment than to the bottom of society.

2.5 INCOME: STABILITY AND DECLINE

The issue of income inequality has been high on the academic and political agenda in recent years, partly as a result of prominent publications on the subject (Wilkinson and Pickett 2009; Piketty 2014; Atkinson 2014). Their central message was that after diminishing for decades during the heyday of the welfare state, income inequality is growing again (see also Kremer et al. 2014). Atkinson (2014) refers to an 'inequality turn' that took effect around 1980, particularly in the Anglo-Saxon world.

This growing inequality has various causes, including the rise in top incomes. Other factors include the increased participation of women in the workforce and changing patterns in relationships. In the post-war decades men who earned high salaries generally married a partner who did not work or who earned less than they did, and this depressed the joint household income. Since the 1980s, however, there has been growing equality: well-educated men earning high salaries marrying partners with a similar status. Sociologists refer to increasing 'homogamy'.

The WRR has found earlier that disparities in wealth in the Netherlands are fairly large by international standards, but that income differentials remain small due to the redistributive effect of the Dutch welfare state (Kremer et al. 2014; Van Bavel 2014). Although Salverda (2014) observed that the gap between the highest and lowest incomes in the Netherlands had widened, other studies have shown that income inequality in the Netherlands has remained fairly stable in recent years (Caminada et al. 2014; Statistics Netherlands (CBS) 2014; Soede et al. 2014). Others, however, have referred to a "growing problem of poverty" due to lower incomes falling behind because of the recent economic crisis (Vrooman, Wildeboer and Schut 2015: 359).

All the academic and political attention focused on the top and bottom ends of the income distribution begs the question of how the Dutch middle-income groups have fared in the last few decades. In addressing that central question in this section we consider five aspects:

1. The development of the size of the middle-income groups and its share of income in relation to both the higher and lower income groups. Is the middle segment of society shrinking and have the middle-income groups fallen behind in relation to the other income groups?
2. The development of the purchasing power of the middle-income groups in relation to the higher and lower income groups.
3. The dynamics of the income distribution – to what extent have middle-income groups experienced downward income mobility over time?
4. The development of the wealth of middle-income groups in relation to the higher and lower income groups.
5. Spending by the middle-income groups: we investigate whether the fixed costs (particularly housing costs) of the middle-income groups increased in the period 2012-2015.

As already mentioned, the definition of middle-income groups that we use is relative. It is based on the median household income in the Netherlands in a particular year. Households with an income of up to 60% of the median income are regarded as the bottom end of the income scale; households with an income of between 60% and 200% of the median income are the middle-income households, and households with an income of more than 200% of the median income are the top end of the income scale. In some of the analyses we also distinguish four sub-segments within the middle-income group (the lower and the higher middle-income groups and two groups in between).

The analyses in this investigation are all based on data from Statistics Netherlands (CBS). Data from the Income Panel Survey were used in the analyses for points 1 to 4 and data from the Budget Survey for point 5.

Size and share of income of the middle segment

The first question concerns the size of the group of middle-income households. Is the middle segment of society shrinking in the Netherlands? That would be the case if more households than formerly fall into the higher and lower income classes. The effect would be a decline in the proportion of middle-income households among all Dutch households or in their share of total income. Salverda's (2017) contribution to this study shows whether that has been the case.

His central message is that the size and development of the group of middle-income households can only really be understood by analysing them in a variety of ways – on the basis of different definitions of income. Salverda distinguishes between three measures of income: gross household income, net or disposable household income and standardised disposable household income. The *gross household income* is the total income derived from market activities (from labour, enterprise or capital) or from a government benefit by every member of a household. The *net or disposable household income* is the income that households retain after paying taxes and social insurance contributions. Finally, the *standardised household income* takes into account differences in the size and composition of households. For example, a single person needs less income than a couple to maintain the same standard of living, but economies of scale mean that the couple does not need twice as much income. Standardisation allows the income of couples and couples with children to be compared with the income of a single person.

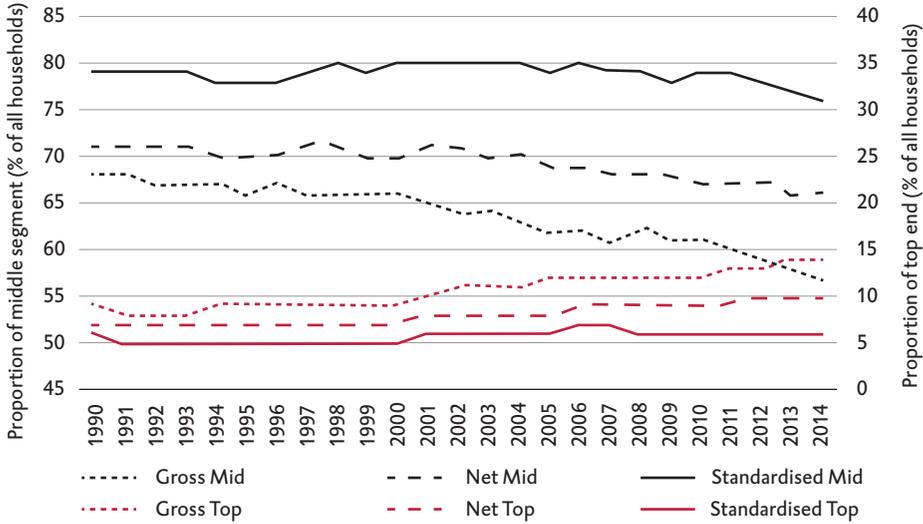
Although the standardised household income is generally used (including in the contributions to this study), Salverda argues that it is important to use different measures of income because doing so reveals the mechanisms that influence the development of the income distribution. Figure 2.3A shows that the development of the middle segment of society differs depending on the income measure used. The figure outlines the development of the proportion of households belonging to the middle segment and the top end of the income distribution (the bottom end is not shown here) between 1990 and 2014. The following conclusions can be drawn from the figure:

- If we use *gross household income* (in other words, before payment of taxes and social insurance contributions), the middle segment is relatively small and contracted from 68% of all households in 1990 to 57% in 2014. This can be seen from the left-hand axis in figure 2.3A and confirms the impression of a ‘shrinking middle class’.
- If one looks at *net household income* (after payment of tax and social insurance contributions), the middle segment is slightly larger and has not shrunk by as much (from 71% to 66%).
- On the basis of *standardised household income* (corrected for differences in household size), the middle segment is not only very large (around 80% of all households), but is also fairly stable. It is only since 2006 that there has been a slight decline in the proportion of middle-income households (from 80% of all households in 2006 to 76% in 2014). In other words, based on standardised incomes there has been scarcely any shrinkage of the middle class, and what there has been has only occurred in recent years.

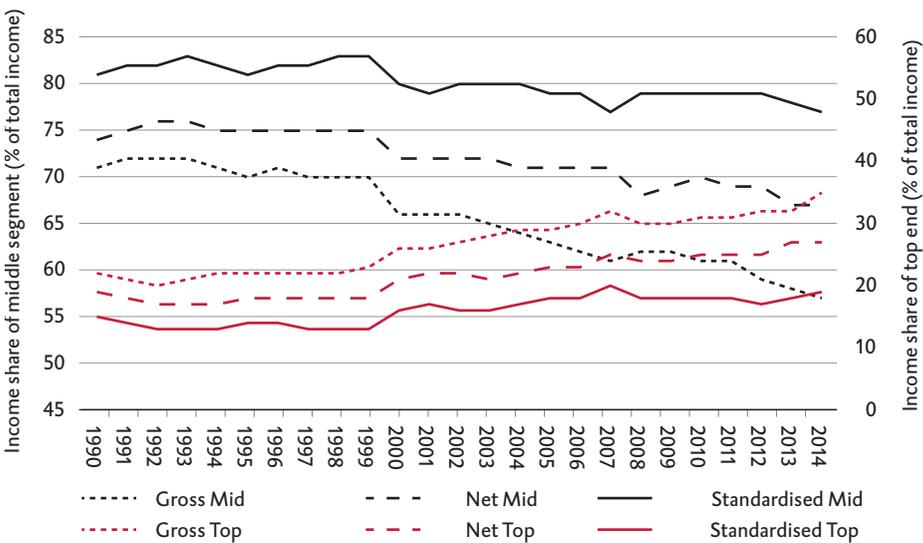
- The development of the *top end* of the income scale (the right-hand axis in figure 2.3A) complements that impression. Looking at gross household income, there has been strong growth in the proportion of households at the top end (from 9% in 1990 to 14% in 2014). If one looks at net income, the growth is already far smaller, and on the basis of standardised household income the proportion of households at the top end of the scale is not only quite small, but has barely risen. Measured on the basis of standardised household income, over the years the proportion of households at the top end of the income scale has fluctuated between 5% and 6% of all Dutch households.

Figure 2.3 Size and income share (as %) of income groups, by measure of income, 1990-2014*

A. Proportion of households



B. Income share of households as % of total income (gross incomes)



* The shares of the middle-income groups (proportion of middle-income households and their income share) can be seen on the left-hand axis in the figures. The shares of the highest-income groups (>200% of the median income) can be seen on the right-hand axis. Note: In 2000 there was a break in the series because of changes in definitions and observations.

Figure 2.3B describes the development of the shares of the middle segment and the top-income groups in the total income of households between 1990 and 2014. These trends are more pronounced.

- On the basis of *gross household income*, the income share of the middle segment peaked in the early 1990s and then dropped substantially from 71% of total income in 1990 to 57% in 2014 (left-hand axis in figure 2.3B).
- If we look at the *net income and standardised income* of households, the decline of the middle segment's income share has been far smaller, falling from 81% in 1990 to 77% in 2014 based on standardised income.
- The income share of the *top end* rose substantially when measured by gross income (from 22% of total income in 1990 to 35% in 2014; right-hand axis in figure 2.3B), but if one looks at standardised income, the share of income of the top end of the income scale grew more slowly (from 15% in 1990 via 16% in 2000 to 19% in 2014).
- Since the turn of the millennium there has been a slight shift in the income shares of the middle-income groups and the top-end incomes: the income share of middle-income households fell by 3 percentage-points (from 80% to 77%), while the income share of the top-end households grew by 3 percentage-points (from 16% to 19%).

Figure 2.3 does not show changes in the proportion of households and the income share of households at the bottom end of the income scale. However, the dominant impression is one of stability, although this varies somewhat depending on which measure of income is used (see Salverda 2017).

Figure 2.3 also says nothing about how the sub-segments of the middle-income category have fared over the last few decades. Have shifts perhaps occurred *within* the broad social middle which, on the basis of standardised household income, embrace the majority (around 80%) of all households? Salverda (2017) gives an overview of these shifts, but here too the dominant impression is one of stability. On the basis of gross household income, the proportion of households in the highest middle-income groups (120% to 200% of the median income) has increased slightly, but that effect largely disappears when one looks at standardised income. The proportion of households in the lower middle-income groups (60% to 80% of the median) is also remarkably stable, consistently fluctuating around 20% of all households, regardless of the measure of income used.

In other words, the general trend on the basis of the gross income of households is one where both the proportion of households in the middle segment and their income share have diminished in the last few decades, while the proportion of households at the top end of the income scale and their income share have risen. However, these trends are far less prominent if net or standardised household income is used as the benchmark. This is an interesting outcome, because it pro-

vides an insight into the mechanisms that influence income developments. If we look only at gross income, the middle segment of society is shrinking and its share of total income is declining. However, that trend is largely negated by the redistributive effect of tax and social insurance contributions in the Netherlands, and particularly by differences in the size of households. Households at the top end of the income scale are, on average, larger than households in the middle segment and at the bottom end of the income distribution. Corrected for the effect of taxes and social insurance contributions and for differences in the size of households (in other words, using standardised household incomes as the benchmark), the size of the middle segment and its income share have both remained relatively stable over the years. It is only in recent years that there has been a slight decline both in the proportion of households in the middle segment (which fell by 4 percentage-points between 2008 and 2014) and in the income share of the middle segment (which declined by 3 percentage-points between 2000 and 2014).

Finally, Salverda (2017) argues that a growing proportion of households – including many dual-income households with children – earn a higher gross income and even fall into the ‘top class’ of the gross income distribution, but slip back into the middle segment after deduction of tax and social insurance contributions and after allowing for differences in household size and composition. Hence his conclusion: “... members of the household together run faster in the labour market, but their household ultimately remains where it is in the class structure”.

Development of the purchasing power of middle-income households

Another relevant aspect is the development of the purchasing power of middle-income groups in relation to groups at the top and bottom of the income scale. It is frequently asserted in the media and in the political debate that the rich have become richer and that both the lower and middle-income groups have lagged behind in recent decades. The question of whether the purchasing power of the middle-income groups has improved or decreased in relation to the other income groups was central to De Beer’s contribution to this study.

His findings contradict the commonly held view. Changes in purchasing power are often encapsulated in remarks such as “the higher incomes have gained more than the lowest incomes” or “the middle incomes are under pressure”. Statements like this create the impression that what is being compared is the development of the incomes of individual households, but that is incorrect. The comparison is only between the average income of particular categories, for example the income of the poorest and the wealthiest ten percent of the population, at two succeeding points in time. However, these are often not the same households. A household that is among the poorest or wealthiest ten percent in one year can fall into a different income group the next year. The development of an individual household’s income can therefore be totally different to the development of the average income

of the income group to which that household belonged in the first year. The purchasing power of households is also determined in part by incidental factors, such as changes in the composition of the household. For example, a household's purchasing power declines if a child is born because the same income then has to support more people. And vice versa, a household's purchasing power increases when a child leaves home.³ In De Beer's analysis, individual households are reassigned to a particular income class every year.

Furthermore, De Beer, in contrast to Salverda, used just one measure of income in his analysis, namely standardised household income (the household income after payment of taxes and social insurance contributions and corrected for differences in the size and composition of households). De Beer arrived at the following findings:

- The purchasing power of the households with higher incomes (>200% of the median income) actually declined in practically every year from the beginning of the 1990s (with the exception of 1992 and 2007). On average, the purchasing power of the highest-income households declined by 3.3% a year from the beginning of the 1990s.
- The purchasing power of poorer households (<60% of the median) improved year on year. The purchasing power of the households with the lowest incomes rose on average by just over 5% a year from the beginning of the 1990s.
- Middle-income households fell between the two extremes. Their purchasing power improved by less than that of lower-income groups but by more than the higher-income households. On average, their purchasing power increased by 1.2% a year. Within the middle segment, the situation of the lower incomes (below the median) improved by more than that of the higher-income groups (higher than the median). Whereas the purchasing power of the lower middle-income households generally improved, the higher middle-income households, like the highest-income households, experienced a decline in purchasing power in many years.

All in all, De Beer concludes that there is no evidence that the purchasing power of middle-income groups is 'under pressure'. Middle-income households have not fallen behind in relation to households with higher incomes, but have actually become relatively better off.⁴

Income dynamics of the middle groups

A third development that is said to represent a threat to the middle segment of society is the greater income insecurity as a result of the increased dynamic and flexibility of the labour market and the growing instability of relationships. Some authors argue that this increased uncertainty and volatility is typical of the contemporary risk society, which leads to new – albeit usually temporary – risks of

poverty (Beck 1992; Giddens 2000). A characteristic feature of these new risks is that they affect not only traditional marginal groups, but also the middle groups. As Leisering and Leibfried (1999: 27) argue:

“(...) the experience of poverty as a temporary situation and latent risk extends well into the middle classes, and it is not confined (if, in fact, it ever was) to traditional marginal groups or to an excluded bottom third of society.”

This hypothesis raises the question of whether a larger number of middle-income households are now confronted with income uncertainty and have a greater chance of falling into poverty than several decades ago.⁵ De Beer’s contribution to this study provides data to answer this question. De Beer investigated the mobility between income classes and showed that the middle-income category actually displays little dynamic. There is a greater income dynamic between the various segments of the middle-income group (see table 2.1). The table highlights three things:

- The majority of households in every income class do not change class (the figure ranges from 58% to 74%; the values shown in bold in the table). Logically, non-stable households at the bottom only rise and those at the top only fall, since the former cannot descend any further and the latter cannot ascend any further.
- Among households in the lower middle-income groups (up to 100% of the median), upward mobility is more common than downward mobility (27.4% and 24.8% compared with 12.3% and 17.1%, respectively), while the opposite applies for households in the higher middle-income groups (100% to 200% of the median) at 10.5% and 12.0% compared with 15.4% and 27.6%, respectively.
- Most changes occur over a short distance, to an adjacent income class.⁶ For example, most upwardly mobile households in the lowest income class move into the lowest middle-income segment (60% to 80% of the median). And one in eight households in this lowest middle-income segment (i.e. all households in this class that experience downward mobility) descend into the category of poor households (<60% of the median). Such a descent into poverty scarcely ever occurs from the higher-income classes (80% or more of the median), confirming once again that the trend observed by authors such as Beck (1992) and Leisering and Leibfried (1999), that middle-class households face a growing risk of poverty, is currently exaggerated as far as the Netherlands is concerned.

Table 2.1 Change of income class after a year (as %)

Income class in second year	Income class in first year compared with median					
	Low	Middle segment				High
	<60%	60-80%	80-100%	100-150%	150-200%	>200%
Stable	67.0	60.2	58.1	74.1	60.4	68.7
Upward mobility	33.0	27.4	24.8	10.5	12.0	-
Downward mobility	-	12.3	17.1	15.4	27.6	31.3

Source: contribution by De Beer (2017) (edited by the authors)

De Beer also finds no evidence of greater income uncertainty among the middle-income groups. At the end of the 1990s, the spread in the development of the purchasing power of middle-income households did widen slightly, but it has diminished again since 2005. This means that more households in the middle segment are remaining in their own income class. The same applies for young people who are more likely to depend on flexible work. De Beer also observes that changes in the development of the purchasing power of households often ensue from more or less voluntary changes in their situation, such as moving to a new (usually better-paid) job or a change in the composition of the household (having a child, divorcing, moving in together). Even if there is no change in disposable income, such changes in household composition sometimes lead to substantial changes in the standardised income (or purchasing power).

Changes in a household's purchasing power as a result of changes in its composition usually have a positive effect for lower income groups and a negative effect for higher income groups, which again contributes to the previously observed increase in the purchasing power of lower-income groups and decline in the purchasing power of higher-income groups. To a lesser extent, transitions in the labour market can also lead to changes in the purchasing power of households. In particular self-employed entrepreneurs who end their business and start receiving benefits or enter salaried employment suffer a substantial loss of purchasing power, as do employees who start claiming benefits.

The ultimate conclusion is that while there is significant variation in the annual changes in purchasing power, there is no evidence that this variation has increased in the last few decades. The frequently heard hypothesis that the income uncertainty is increasing specifically in the middle segment is also not borne out by the facts – not even among young people who might be expected to feel it most. We do see some downward mobility, however. Between 12% and 28% of all households in the middle segment suffer a drop in income and fall into a lower income class

over the course of a year. One in eight households in the lowest middle-income group (60%-80% of the median income) consequently end up below the poverty level.

Wealth of the middle-income groups

A fourth aspect is the wealth of middle-income groups. The academic and political debate about inequality in recent years has focused more on inequality of wealth than on income inequality (Piketty 2014; Van Bavel 2014; Soede et al. 2014). As far as the Netherlands is concerned, these publications showed that although income inequality is very small in this country, the disparities in wealth are relatively large, including by international standards. Van Bavel (2014), for example, showed that 61% of all the wealth in the Netherlands is owned by the wealthiest 10% of households. In contrast, the 60% least wealthy households in the Netherlands have practically no assets or have negative capital (debt) if their assets and debts are set off against each other.

However, there is also discussion about how wealth should be measured. Statistics Netherlands (CBS) calculates wealth as the totality of a household's assets (bank accounts and savings accounts, securities, a purchased home, etc.) less their debts (including a mortgage). Van Bavel in the earlier study and Salverda in this study adhere to that definition in this study. Statistics Netherlands (CBS) does not treat pension savings as a component of a person's wealth because that money cannot be withdrawn immediately and can also not be inherited. Pensions are regarded as 'constricted assets'. Earlier research has shown that the wealth distribution in the Netherlands would be significantly more equal if pension savings were treated as a component of a household's wealth.⁷

Another methodological issue concerns the position of the self-employed. For example, some sole traders (such as farmers) might have a low income but possess substantial wealth in the form of a farm with land or another business, while others, such as unskilled self-employed persons, might have a low income and also not have any pension savings. In short, self-employed persons are a problematic category in studies of incomes and wealth. Nevertheless, they are included in the analyses presented in this report.

Salverda argues in his contribution to this study that the distribution of wealth among the different income groups is far more equal than it appears from a comparison of the wealthiest and the least wealthy, as made by Van Bavel (2014). For example, the lowest income groups (with a household income of up to 60% of the median income) own between 5% and 11% of the total wealth in the Netherlands (the figure varies from year to year and depends on the measure of income used). A low income can be accompanied by substantial wealth, for example in the case of self-employed farmers or senior citizens who have paid off the mortgage on their

house. The highest income groups (the 'top end' with at least twice the median income) possess between 27% and 45% of the total wealth in the Netherlands. This figure also varies from year to year and according to the income measure used. The highest income group's share of the wealth on the basis of gross household income is larger than its share on the basis of standardised income. To the extent that a trend can be discerned in the share of wealth of the highest-income group, it is only slightly upward. Based on gross income, the highest-income group's share of the nation's wealth rose from 38% in 2005 to 45% in 2013. Its share of the total wealth is also smaller on the basis of standardised income, showing a rise from 28% in 2005 to 32% in 2013.

The middle-income households' share of the total wealth fluctuates between 55% and 47% (based on gross income) and between 68% and 60% (based on standardised income), with a slight downward trend in each case. Accordingly, the share of the total wealth owned by households in the middle segment is smaller than the proportion of all households that they represent (which fluctuated between 62% and 58% on the basis of gross household income and between 79% and 77% on the basis of standardised income during the period investigated (2005-2013)), but the most important observation to make is that the distribution of wealth per income group in the Netherlands is far more equal than is often believed.⁸ It should be noted, however, that the figures quoted here are averages for each income class and the wealth distribution within individual classes is very uneven. The vast majority of lower and middle-income households have no capital.

The conclusion can be that the disparities in wealth in the Netherlands are smaller if they are related to the different income groups. Salverda does note, however, that the wealth distribution is slightly more polarised than the income distribution: the middle segment's share in the distribution of wealth is somewhat smaller than their share of total income.

Fixed costs of the middle-income groups

Up to now this section has been devoted to the income, wealth and purchasing power of middle-income households in relation to other income groups. But the financial position of households is not determined solely by their income, but also by their outgoings. The fixed costs (housing costs and other regular expenses) occupy a special position in a household's expenditures because they partly determine how much of their income households are free to spend on other consumer goods (such as food, clothing and entertainment). The unease about the financial position of the middle groups perhaps stems not so much from the fact that their incomes have fallen behind, but from the increasing pressure of fixed expenses (particularly housing costs) on household income. Relatively little is known about the development of housing costs and other fixed costs of households in the Netherlands. However, in this study we are able to present data from Statistics

Netherlands's (CBS) Budget Survey regarding the development of the fixed expenses of the middle-income group compared with those of other income groups in the period 2012-2015.

In the following analysis we use a different definition of the middle-income group and other income groups from that used earlier. Here we divide all Dutch households into five categories on the basis of their standardised disposable income. Using this classification, the middle category (the third 20%-group or quintile) can be seen as the ideal representation of the middle-income group. In the following analyses we compare their position and experiences with those of the lowest 20% of incomes and the highest 20% of incomes (in other words, the first and fifth quintiles). However, the second and fourth quintiles of the income distribution could also be relevant as they can be seen as the lower-middle and higher-middle segment, respectively.

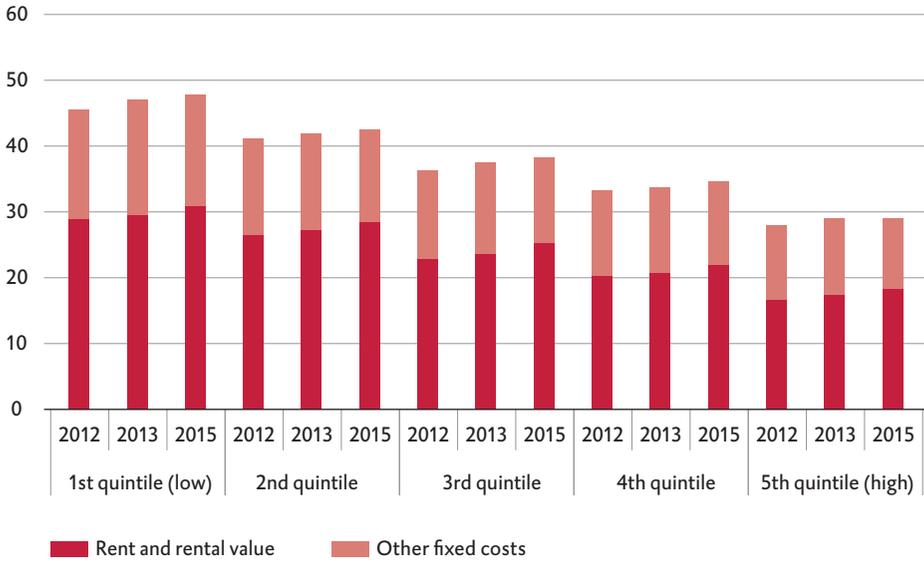
The fixed expenses of households, particularly housing costs, but also the costs of education and health care, are the subject of constant political debate. Due in part to austerity measures by the government, the costs of housing, education and health care borne by citizens themselves have risen. One might ask whether this trend has affected the middle-income groups more than others, since the government tries to mitigate the effect of higher fixed expenses for people with lower incomes and it is easier for higher-income households to bear the burden of higher fixed expenses. In short, how have the housing costs and other fixed expenses of the different income groups developed over the last few years?

Figure 2.4 shows the changes in the fixed expenses of different income categories:

- The share of total income spent on fixed expenses is highest for the lowest-income groups. On average, they spent almost 48% of their income on fixed expenses in 2015. The figure was significantly lower (just under 29%) for the households with the highest incomes. The share of total household spending devoted to fixed expenses increased for all income groups between 2012 and 2015, but by more for the households with the lowest incomes than those with the highest incomes (by 2 and 1 percentage-points, respectively).
- For middle-income households (the second and third quintiles), the proportion of total spending devoted to fixed expenses is slightly lower than for the lowest income group, but has also increased slightly for the former group (by 1.3 percentage-points for the second decile and 1.9 percentage-points for the third decile).
- For all income groups, the growing share of fixed expenses was solely the result of the increase in housing costs between 2012 and 2015; i.e. the actual rent paid for homes and the imputed rental value of owner-occupied homes. The share of other fixed expenses declined slightly between 2012 and 2015 for all income groups.

- For households in the highest income groups (the fourth and fifth quintiles), the share of fixed expenses has also risen slightly, but their fixed expenses account for less of their spending in relative terms than is the case for middle incomes.

Figure 2.4 Development of housing costs and other fixed expenses* of households according to income position (as % of total spending) (2012, 2013, 2015)



* Other fixed costs: water, energy, telephone and Internet, insurance, sewage and cleaning charges, waste collection and water treatment charge, government services, fines

Source: Statistics Netherlands (CBS), Budget Survey 2012, 2013, 2015

2.6 PERCEPTIONS AND ATTITUDES OF THE MIDDLE SEGMENT OF SOCIETY

In the preceding sections we explored the socio-economic position of the middle segment of Dutch society. The analysis produced a diverse picture. There is no evidence of an erosion of the middle segment of Dutch society, but we do see that certain sub-segments face some risk of a deterioration in their socio-economic position.

The question now is what processes are occurring in the domain of attitudes and in the political domain (trust in politics in particular). Focusing on these two domains provides us with an insight into the feelings and attitudes of groups in the middle segment of society, while recognising that there is not always a rela-

tionship between people's objective situation and how they feel about it. International studies show that a stable position in the socio-economic middle segment can be accompanied by concerns about various social issues and a person's own future. The focus groups organised with representatives from the middle groups produced a similar outcome (see Kremer et al., chapter 3). Many respondents are satisfied with their financial position, but nevertheless feel far greater insecurity and have the feeling that their social position is under pressure.

This section is devoted mainly to the question of how people with intermediate education see themselves in relation to low-skilled and higher-skilled people. Do they occupy a middle position or are their views shifting in the direction of one or other of those other groups? We start by briefly discussing attitudes towards the role of government, some social issues and how people see their own position. We conclude by discussing the political domain.

Attitudes towards government, society and own position

Tolsma and Wolbers (2017) show that people with intermediate education have come to resemble the less-skilled more in terms of occupational status. When it comes to attitudes, the process is less clear-cut. What is evident is that the relative position of people with intermediate education has changed. When it comes to attitudes about the *European Union* and *ethnic minorities*, in the last few decades (1985-2011) people with intermediate education have become more intolerant than the high-skilled, but still occupy the middle ground. With regard to *perceived health*, they also take a position in the middle, while on the issue of *government measures* their views correspond more with those of high-skilled people.

Van der Waal et al. (2017) also refer to the shift in the relative position of the middle groups in the period 1970-2010 in their contribution. As far as *societal discontent* (the extent to which a person experiences society as unpredictable and meaningless), the views of people with intermediate education have converged with those of the low-skilled and diverged from those of the more high-skilled.

The analyses by Tolsma and Wolbers and Van der Waal et al. are based on a classification into three levels of education (high, intermediate and low), in which the category of people with intermediate education comprises people who have completed an education at mbo, havo or vwo level. However, as we have seen, there are signs that the position of people with a background in senior secondary vocational education (mbo) is under particularly threat. Dekker and his colleagues at SCP recently investigated the position of this category of workers in more depth (Dekker et al., 2015). Their findings suggest that the views of people with mbo qualifications are very similar to those of people with a lower level of education on subjects such as having control over one's future, attitudes towards politics and govern-

ment and issues relating to globalisation. Accordingly, a gap is emerging within the middle segment in terms of attitudes between people educated to mbo level on the one hand, and other people educated to secondary level on the other.

The following table summarises some of the findings. It shows that in almost every case people educated to mbo level have more in common with the low-skilled than with other people with an intermediate education and people with a higher education. Other people with a secondary education occupy a position between people with a lower and a higher education. It is also interesting to note that almost half (48%) of people with a higher education feel they have no influence over what the government does. Further analyses of the cohort of people with a higher education showed that the percentage is 38% among people with a university education (Dekker et al. 2016: 161).

Table 2.2 Attitudes about having control of one's future, politics and government and issues of globalisation, population 18+, 2014-2015 (as %)

	Lower education	Senior secondary vocational education	Secondary education*	Higher education
Control of one's future				
Feeling of having little control over his/her own future	40	35	29	24
Feels that life in general is moving in the wrong direction in the Netherlands	63	65	56	51
Politics and government				
The government does not do enough for people like me	51	54	43	31
Members of Parliament and ministers do not much care what people like me think	61	64	52	38
People like me have no influence at all on what the government does	70	66	65	48
Issues of globalisation				
The Netherlands would be a nicer country if there were fewer immigrants living here	51	51	34	26
People like me suffer mainly disadvantages from the disappearance of the borders and the more open economy	33	33	22	14
Membership of the EU is a good thing	25	28	44	61

* Secondary education is: senior general secondary education (havo) and pre-university education (vwo).

Source: P. Dekker et al., 2015: 41-47

In the focus groups that were organised with representatives from various middle groups (low, middle and high incomes), insecurity emerged as the dominant characteristic of the lives of the middle groups, together with a feeling of having no control over the shape of one's life (see Kremer et al., chapter 3). The participants had less confidence in the future, referring in particular to the flexibilisation of work, the loss of jobs due to automation, credential inflation, an increase in work-related stress and the creation of new jobs with poorer working conditions. These developments cause stress and uncertainty and make it difficult to plan one's life and maintain a particular standard of living.

A second source of insecurity is the retreating government. According to the participants in the study, the welfare state mainly caters for the lower class, people who have to survive on a minimum income or on benefits. They can claim allowances and subsidies and can be given a home in the social rental sector; in short, the lower class is helped. The middle groups have to make do with a smaller safety net and are being given more and more personal responsibility, as in the case of health care (the higher mandatory excess, more expensive health insurance, requirement to provide informal care) and education (the new student loan system), which is making life harder and more expensive.

It seems that middle groups are having to learn to live with greater uncertainty. That uncertainty leads to concerns about their own future and that of their children. At first glance this would seem to be at odds with the findings on the income position of the middle groups, which show a substantial degree of stability. But more households need to have two jobs in order to secure that stability in their income position, and increasingly those are flexible jobs. In other words, the increased need for 'status work' to safeguard a middle-class position brings with it new insecurities – insecurities that not only relate to the more flexible labour market, but also to combining work and care, acquiring one's own home or starting a family (see Engbersen et al., chapter 1 and Kremer et al., chapter 3).

Political volatility and trust in politics

Since the Second World War the political landscape has been dominated, and Dutch society has been shaped, by large parties in the political centre supported by middle groups. These large centre parties have been replaced more recently by a greater number of medium-sized parties, and the question that arises is to what extent socio-economic changes in the middle segment of society have affected the attitudes of middle groups towards politics.

An important role is attributed to the middle groups in maintaining a stable and balanced political system and a democratic balance of power. A classic example is the reference to Aristotle (1986), who took the view that a strong middle class was essential for stable governance. If the middle class is larger than the upper and

lower classes together, or at least larger than either of them, there is less chance of radical political change. The economist Lester Thurow (1984) put it as follows: “A healthy middle class is necessary to have a healthy political democracy. A society made up of rich and poor has no mediating group either politically or economically.”

A strong middle segment of society contributes to a constructive political dialogue. It prevents confrontation between higher and lower income groups and avoids conflicts of interest coming to dominate political decision-making. Shrinkage of the middle segment could cause the political centre to evaporate, thus undermining political stability. But, as we have seen in the previous sections, there is no question of evaporation or erosion of the centre in the Netherlands. However, the socio-economic position of some groups in the middle segment of society is under threat and a substantial proportion of the population with intermediate education feel ignored and unsupported by Members of Parliament and the government (see table 2.2).

The dissatisfaction with political parties and the government among middle groups may explain why they are the most inclined to switch parties at elections (political volatility or changeability).⁹ At the same time, middle groups seldom follow ideological extremes. It is mainly those with the lowest level of education and the lowest incomes (incomes below modal) who swing between parties that are relatively far apart. Van der Meer (2017: 37) writes: “Switching occurs in almost all social groups, but slightly more often in the middle groups. This fickle voter is slightly more likely to have a middle income and a secondary education. He is more likely to occupy the political centre than the extremes.” (see also Van der Brug and Van der Meer 2015; Van der Meer et al. 2012).

Van der Brug and Van der Meer (2015), like Thomassen (2010), do not see the political volatility of voters as a threat, but as emancipation of the voter who votes rationally rather than haphazardly. Although a high degree of volatility among middle groups is a sign of dissatisfaction with some of the political parties in the centre, it does not necessarily indicate dissatisfaction with the functioning of the political system.

That brings us to the subject of trust in politics. Thomassen (2010) found no evidence of trust in politics declining among people with a lower, intermediate or higher level of education. Van der Waal and De Koster (2017) reach a similar conclusion for the period 1995-2010. Their time series does show that there was a wide disparity between people educated to secondary level and low-skilled people in the 1990s, but that in 2010 the difference was greater compared to people with a higher education (see also Thomassen 2010: 27).¹⁰ Recent data for the period 2013-2016 show that trust in the House of Representatives and in the European

Union has barely changed in either direction: trust fell by 5 percentage-points between 2012 and 2013, but then recovered again. Trust in politics has not declined in the last five years (see Schmeets 2017).

International comparative research also shows that trust in politics is relatively high in the Netherlands. An analysis of 29 European countries showed that trust in politics is greatest in Norway, where 48% of the population trust politicians, 47% trust political parties and 76% have faith in parliament. The Netherlands follows close behind, with 46% of the population trusting politicians, 45% trusting political parties and 53% having faith in parliament (Schmeets 2017).

But these general figures do not provide sufficient insight into the trend that was also identified above, namely that people educated to mbo level and people with a lower level of education have started to display a kinship in terms of their views on politics and society. Recent data for the period 2013-2016 – in which an even more detailed distinction is made between categories of education – show a similarity between persons educated to primary and vmbo level and people with mbo qualifications when it comes to trust in the House of Representatives and the EU (see Arends and Schmeets 2015; Dekker et al. 2016, see table 2.3).

Table 2.3 Trust in the House of Representatives and the EU, population aged 18+, 2013-2016 (as %) (N=28,705)

	Primary education	Preparatory secondary vocational education (vmbo)	Senior secondary vocational education (mbo)	Senior general secondary education (havo), pre-university education (vwo)	Higher professional education (hbo)	University, PhD	Total
Trust in the House of Representatives							
2013	22	22	28	34	39	49	31
2014	24	26	28	42	43	51	35
2015	25	23	29	42	41	51	34
2016	25	25	30	44	47	54	36
Trust in the EU							
2013	23	25	30	40	38	54	33
2014	22	28	30	44	41	54	35
2015	25	27	30	44	41	49	34
2016	28	27	28	45	40	51	35

Source: Schmeets, 2017; Social Cohesion and Welfare Survey (edited by the authors)

Schmeets (2017), who wrote a working paper entitled *Vertrouwen in elkaar en in de samenleving* [Trust in each other and in society] for this WRR project, also referred to the disparities between people educated to mbo level and people with other secondary education qualifications and concluded: “however, a more detailed analysis of people with secondary education shows a clear difference between people educated to mbo level and people with another secondary education: people with a havo or vwo diploma. People with an mbo diploma have significantly less trust in other people and in most (political) institutions than those in the havo/vwo group. People with an mbo diploma sometimes even have less trust than people educated to vmbo level. It was also found that people educated to mbo level moved closer to people educated to vmbo level on a number of aspects of trust in the period 2013-2016. That is an indication that the views of people educated to mbo level are converging with those of people with vmbo qualifications”.

The middle segment as a patchwork

The study entitled *Gescheiden werelden* [Separate worlds] introduced two socio-cultural families (Bovens et al. 2014). One was the *universalist family*, which consists mainly of people with a higher education who take a reasonably positive view towards open borders and the admission of immigrants. The members of this family are pro-EU, culturally assured and have faith in political institutions. The members of the other, *particularist family*, are generally less well educated and see mainly the disadvantages of open borders and immigration. They are culturally uncertain, euro-sceptical and distrustful of politicians. The authors write that the two families occupy opposite ends of a continuum and that there are also large middle groups. This raises the question of how the middle segment of society relates to these two families.

The material from this study suggests that people with a secondary education often occupy a typical centre position when it comes to subjects such as having control of one’s future, government and politics, and trust in politics. However, the group of people educated to secondary level includes people with an mbo education whose views closely resemble those of people with a lower level of education. We see the same picture in relation to views about issues relating to globalisation, including the multicultural society and the EU.

The middle segment of society is therefore is not a homogeneous family, but rather a *patchwork family*, which displays both universalist and particularist tendencies. This finding accords with SCP’s study *Vershil in Nederland* [Difference in the Netherlands] (Vrooman et al. 2014), which painted a very diverse picture of the world views of groups that form part of the middle segment of society. But one important trend is that the views of some people with a secondary education (in particular those who are educated to mbo level) have started to more closely resemble those of people with a lower level of education. We are convinced that

this is connected with the threats they experience in socio-economic terms and with changes that are occurring in the division of responsibility between citizens and the government.

2.7 CONCLUSION: THE STABLE AND VULNERABLE MIDDLE

This chapter has sketched the socio-economic and socio-cultural position of the middle segment of Dutch society. The sketch we have given does not correspond with many of the alarmist warnings of a threatened or shrinking middle segment in the Netherlands. Our findings show that when we look at the educational, occupational and income position of the middle segment of society, what we mainly see is stability. We refer in that context to the 'stable middle'. At the same time, however, we have seen some threatening developments in the areas of education, occupation and income. We call this the 'vulnerable middle'. In the following sections we first draw up the balance on the socio-economic position of the middle groups and sum up the findings about the 'stable middle' and the 'vulnerable middle' (see overview 2.2).

We then draw up the socio-cultural balance on the basis of the findings about attitudes and trust in politics. In that context, it is irrelevant to make a distinction between a stable and a vulnerable middle. What we mainly see is that certain groups in the middle segment of society feel more insecure and that their world view has started to show greater similarities with that of people with a lower level of education.

Socio-economic balance: the stable middle

Anyone analysing the middle segment of society through an *educational lens* will see that the proportion of adults (between the ages of 25 and 65) with a secondary education has not declined, but has risen, since the end of the 1970s. The main development has been a steep decline in the proportion of low-skilled people in the Dutch adult population.

The same thing is apparent if we look at changes in the middle segment of society through an *occupational lens*. If we arrange the occupations in the Netherlands according to the occupational classification by Erikson et al. (1979), we do not see a decline in the proportion of jobs in the intermediate occupations. Above all, there is growth in the proportion of jobs in higher occupations and a sharp decline in the proportion of jobs in lower occupations (defined as skilled and unskilled manual labour). The proportion of people in intermediate occupations has fallen slightly. On the basis of this commonly used classification, there has been no polarisation of the occupational structure in the Netherlands (growth at the top and bottom ends of the occupational structure and contraction in the middle), but rather a *trend towards professionalisation*. This finding accords with the analysis by Ganze-

boom (2017), which also shows that there has been no observable polarisation if the occupational structure is analysed in sociological terms, for example according to level of education, occupational prestige, homogamy and inter-generational mobility.

If we look through the *income lens*, we also see considerable stability. On the basis of standardised household income, the *proportion of households* with a middle income is large and fairly stable. It is only since 2006 that the proportion of middle-income households has declined slightly, from 80% to 76% of all households. The *income share* of the middle-income households has also remained fairly stable over the years, although it too fell slightly between 2000 and 2014 (from 80% to 77%).

As regards the *development of purchasing power*, the higher income groups, and to a lesser extent the higher middle-income groups, have lost out in terms of purchasing power in the last few decades, while the lower income and the lower middle-income groups have made gains every year. We also studied the *incomes dynamics*. Seen over a period of one year, the income position of the majority of households (between 58% and 74%) is stable. The other households rose or fell by one income class, with a tendency towards upward mobility for lower income groups and a tendency towards downward mobility for households with higher incomes. Downward mobility was confined to a single income class in practically every case. This means that few households in the middle segment of society – with the exception of some in the lowest middle-income segment – descend into poverty.

Salverda (2017) also investigated the distribution of *wealth* across the income groups. His analysis shows that even some low-income households possess substantial wealth. Households in the lowest income group possess about 5% to 10% of the total wealth in the Netherlands. The middle-income households own about two-thirds of the total wealth in the Netherlands.

These outcomes, which point to a stable position for the middle segment of society, are summarised in the left-hand column of overview 2.2. However, we also found evidence that there are some threats to the position of the middle groups. These indicators of the ‘vulnerable middle’ are summed up in the right-hand column of overview 2.2.

Overview Socio-economic balance: the stable and vulnerable middle

	The stable middle	The vulnerable middle
Secondary education	Slight increase in the proportion of adults with a secondary education.	<i>Credential inflation</i> : the average occupational level has declined faster among people with intermediate education than among people with lower and higher education. There has been convergence between people with intermediate education and the low-skilled in terms of <i>occupational status</i> .
Intermediate occupations	<p><i>Professionalisation of the occupational structure</i>: there has been mainly growth at the top end and contraction at the bottom end of the occupational structure. The proportion of jobs in intermediate occupations is declining slightly.</p> <p><i>No polarisation of the occupational structure</i> in terms of level of education, occupational prestige, homogamy and inter-generational mobility (sociological perspective).</p> <p><i>Growth of specific intermediate occupations</i> (lower-grade professionals in education, care and personal services) compensates to a significant extent for the loss of specific intermediate occupations (routine administrative jobs).</p>	<p><i>Polarisation of the occupational structure</i> in terms of earned income (economic perspective): the proportion of jobs is growing in highly paid and low-paid occupations, but <i>contracting in the intermediate segment</i>.</p> <p>The <i>disappearance</i> of specific intermediate occupations (mainly routine service work), performed by people with intermediate education (mainly people who are educated to mbo level).</p> <p><i>Flexibilisation of labour</i>: there has been flexibilisation at every level of the labour market (more temporary and insecure jobs, more self-employed persons). This trend is slightly stronger in the lower occupations than in the intermediate and higher occupations.</p>
Middle incomes	<p>On the basis of <i>standardised household income</i>, the proportion of households in the middle segment is relatively <i>stable</i>. There has been a certain contraction since 2006, from 80% to 76%.</p> <p>On the basis of <i>standardised household income</i>, the income share of households in the middle segment has been relatively <i>stable</i>. There was a slight contraction from 80% in 2000 to 77% in 2014.</p> <p>Since the beginning of the 1990s, the <i>purchasing power</i> of middle-income households improved by more than that of higher-income households.</p> <p>The <i>income insecurity</i> (in terms of downward income mobility) of the middle segment has <i>not increased</i>. Relatively few households in the middle segment fall into poverty.</p> <p>Middle-income households possess a significant share (around two-thirds) of the total wealth of all Dutch households.</p>	<p>On the basis of <i>gross income</i>, the proportion of households in the middle segment has contracted from 68% in 1990 to 57% in 2014.</p> <p>On the basis of <i>gross income</i>, the share of national income of households in the middle segment also declined, from 71% in 1992 to 57% in 2014.</p> <p>Since the early 1990s, the <i>purchasing power</i> of middle-income households improved by less than that of lower-income groups.</p> <p>Between 12% and 28% of all households in the middle segment experience a <i>drop in income</i> and fall into a lower income class in the course of a year.</p> <p>Between 2011 and 2013 the middle-income households' share of the total wealth in the Netherlands declined from 66% to 60%.</p> <p>Middle-income households devote a smaller proportion of their total spending to fixed costs than the households with the lowest incomes, but the proportion did rise slightly in the period 2012-2015.</p>

Socio-economic balance: the vulnerable middle

One important development that is threatening the middle segment of society – looking through the *educational lens* – is the phenomenon of credential inflation. The proportion of adults with a secondary education has risen in the last few decades, but there has been no corresponding increase in their average occupational level. Because of technological developments and competition from people with a higher level of education who are working below their level of qualification, more people with intermediate education are taking lower-level jobs in which they compete with low-skilled workers. The decline in the occupational status of people with secondary education is greater than for people with a lower level of education. The occupational status of people with secondary and lower levels of education has converged, while the gap relative to more high-skilled people has widened.

Looking through the *occupational lens* we also see a number of threatening developments for the middle segment. Although there does not generally seem to have been a polarisation of the Dutch labour market, but rather professionalisation, that changes if we break down the various occupation classes according to earned income. We then find that there has been a certain polarisation of the occupational structure: while the proportions of jobs in highly paid and low-paid professions in the total occupational structure are growing, the proportion of jobs in occupations in the middle segment is declining.

Another development affecting the middle segment of society is that some specific intermediate occupations (particularly routine administrative jobs) are in danger of disappearing. This development will continue (think of the current reorganisations in the banking and insurance sector in the Netherlands). Up to now, this contraction of the middle segment has been compensated by growth in other intermediate occupations (lower-grade professionals in education, care and personal services).

If we analyse the middle segment through the *income lens*, a number of threatening developments are emerging. On the basis of gross household income, there has been a fairly severe contraction both in the proportion of households with a middle income and their share of total income. The proportion of middle-income households fell from 68% to 57% between 1990 and 2014 and their income share dropped from 71% to 57%. This downward trend is largely nullified by the redistributive effect of the Dutch welfare state and by the fact that higher-income households are usually larger (and therefore have a lower standardised income), but it demonstrates the vulnerability of the middle segment. Once the redistributive effect weakens, the pressure on middle-income households will increase.

Another development affecting the middle-income groups is the growth or otherwise of purchasing power. The purchasing power of the higher and higher-middle income groups has been declining for years, while for the lower income groups it has improved. Accordingly, the purchasing power of middle-income groups has lagged behind that of the lower income groups. This relative deterioration in the financial situation of middle-income groups as opposed to households with lower incomes is also apparent from a number of other findings. For example, middle-income households' share of total wealth dropped from 66% to 60% between 2011 and 2013.

Another threatening development for the middle-income groups is the possibility of declining income. Most upward and downward income dynamics ensue from changes in personal circumstances, such as the composition of the household (moving in together, divorce, having a child, a child leaving home) or work (loss of a job or moving to a new job). Such changes have significant consequences for the income of households. Between 12% and 28% of all middle-income households experience downward mobility (in the sense that they drop into a lower income class from one year to the next). This downward mobility generally only covers a short distance: few households descend more than a single income class. It is rare for middle-income households to fall into poverty (i.e. into the lowest income class).

Finally, we saw that the share of fixed costs in total spending by middle-income households (the second and third quintile of the income distribution) rose slightly in the period 2012-2015, mainly due to the increase in housing costs.

Socio-cultural balance: greater uncertainty

This completes our presentation of the main findings concerning the changes in the educational, occupational and income position of the middle segment of society. What we found was stability, but also some threatening developments for the socio-economic position of the middle segment. These developments also seem to have had consequences for the views held by members of the middle groups with regard to their own position, their attitudes on important social issues and their trust in politics. Some noteworthy findings are:

- People educated to secondary level appear to have become more intolerant of the European Union and ethnic minorities in recent decades than people with a higher education, but still occupy the middle ground.
- People educated to mbo level have become more similar to people with a lower level of education and less similar to people with a higher level of education in terms of societal discontent (the extent to which people regard a society as unpredictable and meaningless).

- The views of people educated to mbo level are very similar to those of people with a lower level of education, for example when it comes to control over one's own future, views about politics and government, trust in members of parliament and the EU and issues related to globalisation (including the immigration society).

Finally, in the focus groups with the middle segment of society the aspect of insecurity emerged as a dominant characteristic of their own social position. Expectations have been shattered. Obtaining a diploma and working hard are no longer a guarantee of a stable existence. Two important pillars underpinning a middle-class life – job security and the certainty of government care – have weakened. Greater demands are being made on the resilience and the learning capacity of citizens if they are to maintain their position in the middle segment of society – and hence their middle-class status. This report uses the term 'status work' to cover that (see chapter 1). The results suggest that many middle groups possess the necessary resilience and learning capacity, but that it is accompanied by growing uncertainty.

NOTES

- 1 With the help of an interactive Class Calculator, British respondents could investigate which class they belonged to for themselves (see: www.bbc.com/news/magazine-22000973). Seven million people used the calculator in the first week after its release.
- 2 These findings partially correspond with earlier findings by De Beer (2015), who also studied the changes in the occupational structure, but over a shorter period (1990-2010). He concluded that there was growth mainly at the top. Although the number of jobs in intermediate occupations in the Netherlands had risen, the higher class had grown faster and thus the share of the intermediate occupations in the overall employment structure had declined. De Beer (2015: 151) concluded that, at least until 2009, “there was no contraction of the middle classes” in terms of occupations.
- 3 Based on standardised income (as De Beer does), the income of households corrected for differences in the size and composition of households.
- 4 De Beer stresses that these annual figures for purchasing power say little about the development of the average income differential between different categories of households in the Netherlands. Moreover, there is also a ‘regression to the mean’: for purely statistical reasons households in a lower income group have a greater chance of their income rising and households in a higher income group have a greater chance of their income declining. The fact that only households whose members are aged between 25 and 60 were included in the analysis could also distort the outcome, because older people often have a higher income than young people, who are often single (and thus single earners), have still to begin their working career and are also dependent on temporary or flexible work. Because of this demarcation by age, every year older people (60+) with a higher average income disappear from the analysis, while young people (25+) with a lower income, but good prospects of a higher income, are added.
- 5 Achterberg and Snel (2008: 64) have in fact shown that there has been no increase in temporary poverty in the Netherlands in the recent past (1984-2000), but that long-term poverty did rise, particularly among the lower-skilled and women. SCP reached similar conclusions in a recent report on poverty (Witteboer, Schut and Hoff 2016).
- 6 This is not shown in table 2.1,
- 7 See the letter from the government to the House of Representatives of the States-General of 16 September 2014 concerning the distribution of wealth in the Netherlands. House of Representatives, session year 2014-2015, 32 140, no. 5. 16 September 2014.
- 8 In Van Bavel’s study (2014: 83) the middle segment (i.e. the second, third and fourth quintiles of the wealth distribution in the Netherlands; in other words, 60% of all households) owned just 23% of the total wealth. In fact, the letter from the government about wealth cited earlier also made the point that the wealth distribution by income group is more equal than is often believed: “(...) it is striking that a substantial proportion of the wealthier households are households with a low income: a quarter of the wealthiest ten percent of households have a

low income. They are mainly pensioners with a small pension and large capital assets.” (Letter from the government to the House of Representatives of the States-General of 16 September 2014 concerning the ‘distribution of wealth in the Netherlands’).

9 Van der Brug and Van der Meer (2015: 173) define middle groups on the basis of educational criteria, income criteria and political preferences.

10 Other indicators of political behaviour are voting intentions and membership of political parties. Tolsma and Wolbers show in their contribution (2017) that in the period 1979-2009 voting intentions did not change among the lower educated, increased among people with a higher education and declined among people with an intermediate education. Consequently, the similarity between people with an intermediate and a low level of education increased. A similar finding emerged in relation to membership of a political party. Membership declined in all three groups, but most markedly among people with a secondary and a higher education. As a result, people with a secondary education are more akin to people with a lower level of education.

3 INSECURITY IN THE MIDDLE. ON THE BROKEN PROMISES OF THE MIDDLE CLASS

Monique Kremer, Djurre Das and Erik Schrijvers

3.1 INTRODUCTION

“Traditionally, the Netherlands has been a country with an equitable income distribution and a large and strong middle class. Generations grew up with the conviction that they would be able to better themselves through entrepreneurship or by studying and working, and by taking an active part in society. Now that the economy is picking up and the prospect of a recovery of buying power and job opportunities is gradually emerging, we can once again have confidence that future generations, too, will be better off” (Ministry of General Affairs 2015), said King Willem-Alexander of the Netherlands in his Speech from the Throne (Troonrede) on the occasion of the presentation of government policy for the forthcoming Parliamentary session in 2015. If we look at newspaper reports from recent years about the middle class, the tone is considerably more alarming. “There are no new jobs for the middle class” (Trouw, 2 April 2014). “Middle class under pressure” (De Telegraaf, 17 August 2016) and “Middle class at risk of disappearing” (De Volkskrant, 20 June 2015). Due to developments on the labour market, in particular increasing flexibilisation of work and advances in technology (robots!), work in the middle segment of society is disappearing or declining, and incomes are lagging behind. According to the newspapers, the younger generations in particular will have an increasingly difficult time.

But how does the middle class itself experience this? To gain a better understanding of the ideas, feelings and experiences of citizens in the middle segment of Dutch society, a small-scale qualitative study was carried out to explore this issue. In the cities of Amersfoort and Amsterdam, six focus group discussions were held with a total of 46 people (see Appendix for more details). Separate discussions were held with low-skilled people (preparatory secondary vocational education (vmbo), senior secondary vocational education (mbo) levels 1 and 2); people with intermediate education (mbo 3 and 4, senior general secondary education (havo) and pre-university education (vwo)); and high-skilled individuals (higher professional education (hbo) and university education (wo)), with a net annual household income of between 20,000 and 65,000 euros, which roughly coincides with the thresholds of 60 per cent and 200 per cent of the median that are often used for demarcating the middle class (see also Salverda, 2017 and De Beer, 2017). This also produced three income categories. The participants were aged between 25 and 65 years. Finally, within each group we ensured a spread according to age, gender, immigration background, family situation and work situation.

In this chapter we report on these discussions, first examining how people in the middle segment of society themselves define the middle class: the self-definition. Who belongs there and who does not? As the government voiced in the Speech from the Throne, the Netherlands is frequently seen as a middle-class society, but does the middle class also have boundaries? And what are the key ingredients and characteristics of a middle class existence? (Section 3.2). We then consider to what extent the middle class is under pressure. Are people experiencing this themselves? It is apparent that people from the broad middle of society are above all experiencing considerable uncertainty. The participants in the focus groups say that in order to lead a middle-class life, both partners have to work, while at the same time there is increasing insecurity on the labour market due to robots, flexibilisation of work and credential inflation (Section 3.3). The newspapers devote a lot of attention to the insecure labour market. But it is above all the welfare state – once a major source of stability for the middle class – that is a growing source of insecurity. This is covered in Section 3.4. Finally, in Section 3.5 we bring together our findings and list a few topics for which policy could be developed.

3.2 WHO BELONGS TO THE MIDDLE CLASS AND HOW DO THEY GET THERE?

There is a long tradition of classifying middle classes according to status groups (Weber 1978), professions (Golthorpe et al. 1980), education and cultural capital (Bourdieu 1984), or income (Atkinson and Brandolini 2013). In this study, too, we examine the middle class through three different lenses and on the basis of different definitions. But how do people position themselves? And how do they compare themselves with others? Who belongs to the middle class and why?

In the first place, most participants in this study do not think it is necessarily logical to divide society into specific *classes*. Imposing difference and, especially, hierarchy on the basis of classes sometimes meets with resistance:

“You’re put into boxes and that’s exactly what we should avoid doing. To me it doesn’t have a positive sound – middle and high.” (woman, 62, high-skilled, Amersfoort)

“If you start dividing people into groups, and especially into low, high or middle, it gives you an unpleasant feeling.” (man, 33, low-skilled, Amsterdam)

When asked, all focus group participants, regardless of their education or level of income, consider that they do belong to the middle class. In this context, low-skilled people frequently see themselves as belonging to the ‘lower middle class’, while a number of intermediate and particularly high-skilled people put themselves in the ‘upper middle class’. Some high-skilled and intermediate-skilled people indicate that in some cases, others no longer consider them to be middle

class: “We are seen as yuppies,” they say, for example due to their education or because they are financially secure. However, they do count themselves as being middle class.

We can observe this in many Western societies. When questioned, very few people place themselves either at the top or the bottom of the social ladder – a phenomenon that is also visible in a country such as the United States, where people earning more than 100,000 dollars per annum often also describe themselves as being middle class (Pew Research Center 2015). In the Netherlands, too, people usually place themselves in the broad middle, as shown in research by the Netherlands Institute for Social Research (SCP). It is noteworthy that the largest group actually places itself above the middle (level 7 on a ladder of 1 to 10). This is higher than in similar research done some ten years ago (Vrooman et al. 2014). Apparently, people think they are doing well when compared with others.

The fact that people consider themselves to be middle class is translated into estimates of the size of the middle class. Regardless of their level of education, in the eyes of the participants the middle class is by far the largest group in Dutch society, with estimates ranging from 60 to 90 per cent of the population. According to the participants, the Netherlands is a genuine middle-class society. They say that the broad middle class is extremely important for the stability of society as a whole. The middle class is seen as the “engine” of society, in both an economic and a social sense. As both an economically active group and a consumer group, it makes a major contribution to the economy, and as a tax-paying group it is the driving force behind the welfare state. Furthermore, according to many people questioned, the middle class is socially engaged and active in sports clubs, in schools or in voluntary work.

“The middle class is the engine, the lower class is the oil and the petrol, and the upper class is in the driver’s seat.” (man, 45, high-skilled, Amersfoort)

The ‘class that works’

But when does someone belong to the middle class? According to the participants, the middle class is less easy to define than was the case in the past. For example, nowadays one can conceive of more types of different households than just the classic family composed of ‘husband, wife and two children’. For the participants, a person’s origins, their background, are also not necessarily a decisive factor. A majority think that a person’s origins, for example whether their parents are middle class, have nothing to do with their positioning in the middle class, although participants with an immigrant background feel that this definitely does still play a role. Moreover, in the opinion of the participants, a good education is important, but does not determine whether a person will belong to the middle class.

“I know lots of people who are university graduates but whom I would nevertheless just consider to be middle class (..) People often think they will then have well-paid work, but that’s not the case at all.” (woman, 41, intermediate-skilled, Amsterdam)

“It doesn’t matter whether or not you’re well-educated. Somebody who comes from a deprived neighbourhood and is low-skilled can also end up earning a million. Contrast that with someone who was born in a privileged part of Amsterdam and is well-educated, but who earns only 44,000 euros per year... what is then high and what is low?” (man, 27, intermediate-skilled, Amsterdam)

Education does boost a person’s chances of moving up in society – we will return to this later – but securing a place in the middle class is mainly the result of hard work. The middle class is characterised by a specific mentality. Motivation, ambition, commitment and perseverance can ensure that people become members of the middle class. The meritocratic philosophy, according to which it is not one’s origins that matter, but one’s own merits and above all the commitment that one shows, is broadly embraced.

“I know plenty of people who are uneducated and now run a factory. They think: “I’m just going to do it.” In reality, it depends on your motivation. It’s about wanting something, really going for something.” (woman, 47, intermediate-skilled, Amsterdam)

Virtually all the people questioned believe that a person’s actual work and income situation determine whether they belong to the middle class. Above all, being in work is unanimously seen as being the most important condition for belonging to the middle class: the middle class is the ‘class that works’. This is also because in this way, people can earn an average income, allowing them to live a ‘middle class life’.

“The middle class is the class of the working people, people with an average income (..) Income is ultimately the most important factor. It determines what you have at the end of the month, what you eat, what you do, where you go and what you wear.” (man, 27, intermediate-skilled, Amsterdam)

This fairly clearly defines the lower limit in the economic sense. Money has to be earned through work. However, there is much less of a consensus regarding the upper economic limit of the middle class. For example, lower-skilled people generally have a different view of where the middle class flows into the upper class than do the highly educated. Whereas lower-skilled people are quicker to define someone as upper class, high-skilled people often think of top-earners from the business world and Dutch celebrities when they think of the upper class.

The promise of the middle class

Income is decisive, say participants, because a particular lifestyle is associated with the middle class and that requires a certain financial leeway. Members of the middle class can occasionally treat themselves to something more than just the strictly essential expenses. The ‘middle-class lifestyle’ can be summarised as the conventional dream of having a job, a home, an occasional holiday in the sun and, if possible, a bit left over to save.

“A qualification, a good income, a pleasant life and no worries.” (man, 27 intermediate-skilled, Amsterdam)

According to the participants, the archetypal middle-class family has quite a good life. This includes a car – ‘a Volkswagen on the drive’ – and living in ‘a reasonably good neighbourhood’, whether as a tenant or a homeowner. And the middle class go on holiday, abroad and for preference a camping trip, ‘because then you can go twice a year’. The middle class have enough financial leeway to allow themselves the occasional luxury: ‘just being able to get a Chinese takeaway without immediately having financial problems.’ (woman, 48, low-skilled Amsterdam).

According to the focus group participants, it is above all typical of the middle class to wish to move forwards: to be motivated to achieve something, to get ahead. They see the middle-class work ethic as being one of ‘rolling up your sleeves, getting down to work and going for something’.

“It does have to do with motivation, I think. If you’re motivated to climb higher, you set yourself a goal and go for it (..) I think that in that way you can go very far in life.” (woman, 44, intermediate-skilled, Amsterdam)

If you do your very best, you can secure a place in the middle class, with a job, an average income, and sufficient financial resources to raise your children, live in a pleasant home and have a good life. This might be called ‘the promise’ of the middle class existence.

This promise is accompanied by expectations of stability, as the middle class is fond of stability and certainty: ‘taking few risks’ and ‘ensuring that things stay the way they are’. The typical middle-class mentality of discipline and perseverance aims at being assured of a good position in the future as well. This certainty is necessary in order to guarantee their children’s future.

“It’s simply a group that is just able to function well and to take good care of its children. A group that doesn’t want any revolution or unrest. Sort of wanting things to stay as they are. ...They have the feeling that they want to have an influence on their lives and how their lives develop, and we’re going to try to keep things that way. And we’re just going to try and hand that on to our children. There mustn’t be too much unrest.” (man, 54, intermediate-skilled, Amsterdam)

We also encounter these characteristics of the middle class in the academic literature. The middle class looks to the future, favours long-term planning and does not take too many risks, above all because its members do not want to jeopardise their children’s future. Or, as Davis (2004) puts it: “Equipped with a drive to secure their own prosperity and welfare of their children, middle classes are disciplined, forward-looking investors.” In this, the middle class differs from the lower class and the elite. The middle class has something to gain and something to lose, write Schimank et al. (2014). For this reason, middle-class people are constantly working on consolidating their position. They call this ‘status work’.

In summary: although people do not like ‘putting each other into boxes’, it emerges that all the participants in the focus groups count themselves as members of the middle class, regardless of skills level or income. The middle class is seen principally as a class that works, which is able to earn a good income, not due to background or origins, but thanks to commitment and hard work. That level of income is necessary for people to be able to permit themselves a particular lifestyle, to raise their children and to be able to do something enjoyable now and then. In the words of the participants, “a good life without worries”, but also “without anything too outlandish”. Stability is of great value to members of the middle class. Because if “things stay as they are”, this offers the best guarantee for their children’s future.

3.3 BROKEN PROMISE: THE MIDDLE CLASS UNDER PRESSURE

But in the eyes of the focus group participants, the middle-class strategy for success is showing serious cracks. Although many people – including lower-skilled individuals – emphasise that they are definitely ‘rich’, ‘that they can consider themselves content’, and that in general they are ‘doing well’ or ‘do not like doomsday scenarios’, most people say that the middle-class existence is under pressure. Nearly everyone predicts ‘a shrinking middle class’. However motivated you are and however hard you work, success is no longer assured. The peace of mind of the middle-class existence has given way to a growing sense of uncertainty – an uncertainty that has not always been there and that does not meet people’s expectations. More than once, a comparison is made with a certain peace of mind from the past.

“I think that the Western world had its best time from the 1960s to 9/11 (..) The period of prosperity following World War II. And the fact that there would never again be war.” (man, 34, low-skilled, Amsterdam)

The participants often point to the second half of the 20th century, the period of post-war prosperity in which the welfare state was developed, as a period of certainty and upward social mobility. Van Lieshout (2016) calls it a period of rising expectations, with – possibly modest – economic growth each year and the ‘promise’ that, every year, not only would things get better for every individual, but that this would apply even more strongly for the next generation. He states: “For increasing numbers of people, their position in society was no longer determined by possessions and social background, but rather by individual competences and commitment.” He considers that around the turn of the millennium, these hopeful expectations seem to have given way to a fear of falling, a term once coined by Ehrenreich (1989).

Particularly in the last few years, the participants in the focus groups have observed a number of developments that are shaking the foundations on which the middle-class existence is built. They report that there is pressure on families, because it has become necessary for both partners to contribute financially to the household budget, and because care responsibilities are increasingly being handed back to individuals. At the same time work, and therefore the possibility of earning an income, has become more insecure. These sources of insecurity are explored in more depth below.

Insecure families: working as well as caring

While people are still working just as hard – and perhaps even harder than before – the focus group participants have the impression that their chances of reaping the benefits of their work are steadily diminishing. The middle class is under pressure, as people have to work harder and both partners need to work in order to lead a middle-class life and be able to offer the children a future. Or, as Salverda (2017) describes it in this study: “You have to run faster to stay at the same level.”

“You have to work many hours to be able to remain part of the middle class and to ensure that you don’t fall back to a lower class. It seems as if you have to work harder and harder for it.” (woman, 29, low-skilled, Amsterdam)

Low or intermediate-skilled people in particular are convinced that households with only one breadwinner have a hard time financially. They say that single-income households are constantly struggling to make ends meet. It is possible, but it does not match the picture that they have of the middle class.

“With one income, you have to miss out on lots of things. A weekend away, the nice things (..) The Efteling (theme park) costs quite a bit, so you have to forget that. Then you’re reduced to the bare necessities.” (man, 36, intermediate-skilled, Amsterdam)

Some participants say that this was not always so: in the past, a family with one breadwinner could still maintain its place in the middle class. This is no longer possible, partly due to the higher costs of having children. From children’s parties to childcare, from the iPhone to the offspring’s studies: because children have to continue developing to keep pace with rapidly developing technology and societal demands, middle-class life has become more expensive.

“In the 1960s and 70s, if you were a single man who worked 40 hours a week, you could cover the household costs, afford a car, and in the summer you could go on holiday with the caravan. If you only have one income nowadays, you can’t do that anymore. Everything is being increasingly stripped away.” (man, 34, low-skilled, Amsterdam)

“In the past, things were a lot simpler: the wife at home with the children, the husband at work.” (woman, 38, intermediate-skilled, Amersfoort)

In her book *The squeezed middle* (2013), Parker also reports that families can come under pressure when partners have to combine their professional career with care tasks and the family. According to her, this is the result of many women entering the labour market, while the average number of hours worked by men has remained the same. However, the rising number of hours worked per household has not led to greater luxury: due to the stagnating wages of men, the financial contribution made by women to the household has become a necessary evil, Parker concludes.

Insecure work

The labour market is also causing insecurity. The focus group participants say that the labour market is in a constant state of flux and that it is generally heading in a negative direction. Many of them see the market as becoming increasingly complex and exclusive. One low-skilled participant says: “There’s no certainty any more; the labour market has become tougher.” For the participants, three developments have brought uncertainty: technological developments (robots!), flexibilisation, and credential inflation – issues that are definitely of concern to the middle class..

The concerns about technological developments relate to automation and robots, which are changing the nature of work and in some cases even causing it to disappear. According to the participants, this jeopardises many middle-class jobs. Not that everyone has personal experience of this, but many hear and see examples of this trend around them or in the media, for example in the articles with which we

started this chapter. It is a phenomenon that one can call ‘socioscopy’: people do not always experience things personally, but they see developments that affect others, and this also gives them a sense of insecurity.

“The position of the middle class on the labour market has worsened. More and more people are being laid off because of robots, etc.” (man, 65, low-skilled, Amersfoort)

There are also worries about the flexibilisation of the labour market. “The permanent contract no longer exists,” say many participants. And they also say: “A permanent contract is no longer worth anything.” These concerns are not restricted to the low-skilled.

The high-skilled also indicate that as flexible workers, they have problems obtaining a mortgage, and as freelance workers, they worry about not accruing a pension. The whole of society is organised around permanent contracts and that leads to problems.

“You can’t buy a house. Everything is based on the old system. We have to be very flexible, (..) but with a flexible contract you can forget it.” (woman, 49, high-skilled, Amsterdam)

Several participants find it problematic that having a temporary contract means that while working on that contract, they already have to be looking for the next job. In addition, some people lose their jobs because their employer cannot or will not offer a permanent contract. Sometimes it is precisely the rules thought up by the government to give workers better protection that cause yet more insecurity, according to one high-skilled person:

“Since this summer you can only have two separate consecutive contracts – a bizarre rule. I already know that from May I’ll be on unemployment benefit for six months and then I’ll return to work. That’s how it works now. My employer wants me back and I want to return too. But they no longer dare to give a permanent contract because of the potential consequences. So that’s the way it goes.” (man, 28, high-skilled, Amsterdam)

At the same time, there are people who say that they would like to change jobs, but do not dare to do so: they are trapped in their current job because it offers stability and they do not want to take a risk.

The most frequently cited development on the labour market which focus group participants say has a negative impact on the middle class is the ever rising educational requirements for jobs. This makes the labour market increasingly exclusive.

Where previously one could start in a job without particular qualifications and gain higher qualifications while working, many think that this is no longer possible. In particular, low-skilled people find this problematic.

“Yes, that’s the way it used to work. Nowadays, you really have to study a lot more in order to get a good job. When I left school with a MAVO [*junior general secondary education*] diploma, I went straight into work at a bank and I had a very good job. But that’s no longer the case.” (woman, 48, low-skilled, Amsterdam)

They argue that if academic qualifications become more important than motivation and commitment, this means that the attitude of “rolling up one’s sleeves”, so characteristic of the middle class, can no longer bring the same success as in the past. It is becoming harder to enter the labour market and increasingly difficult to find opportunities to advance one’s career without “paper qualifications”.

Even the high-skilled report that it is harder to find work nowadays. They can of course accept work that is below their level, but they consider this to be risky, as subsequently they may be unable to find employment at a higher level. They conclude that a good education today no longer guarantees a good job.

“In the past, everything was possible – that was my experience (..) Maybe it was very naive, but I thought: with a university degree, the jobs would be there for the taking. That turned out not to be the case: crisis.” (woman, 30, high-skilled, Amsterdam)

The children’s future

A final classic middle-class topic is the future of their children. Research by SCP shows that the majority of Dutch citizens have concerns regarding the future of the next generations. In 2016, 66 percent of those questioned agreed with the statement, “I am afraid that future generations will be worse off than we are” (Den Ridder et al. 2016). The focus groups present a similar picture, although slight differences can be discerned according to the level of education. The low-skilled in particular think that today’s children will be worse off than their parents. They refer to pensions (“I don’t think our children will get any old-age pension (AOW)”, and housing (“you can hardly get a new home anymore”), but also to broader themes such as reduced social cohesion and more threats to peace (“the world is on fire”).

The high-skilled and, to a lesser extent, the intermediate-skilled, feel less strongly about this and have a more positive view of their children’s future. For example, they think that the young people of today will learn to live with uncertainty. Young people know that a job is no longer for life, and as a result they will be more flexible. “They grow up and have a different perspective on things than we have.

They're more flexible." (woman, 49, high-skilled, Amsterdam). Participants also say that the standard of living is only going up. "It can't be true that they'll be worse off. They're earning more and more, and they're becoming healthier." (man, 48, high-skilled, Amersfoort).

Moreover, an age-related effect can be observed as regards the assertion that the focus group participants are better off than their own parents. Younger generations (those in their twenties and thirties) are of the opinion that their parents are better off than they will ever be. This is especially because their parents were able to buy houses (which have risen in value), whereas they themselves hardly have a chance to purchase a house. Older participants (in their fifties) are generally of the opinion that they have had it better than their parents.

In short, in order to be middle class and to be able to live a middle class existence, the participants believe that these days one has to work harder and preferably have two wage-earners in a household, while at the same time the labour market is becoming more insecure as a result of technological developments and flexibilisation, and academic qualifications are worth less. That is what all people in 'the broad middle' are worried about. Given the developments in the labour market, these are worries that to the middle class appear to be justified (see Chapters 1 and 2). If people look to their children's future – a typical middle-class concern – then the high-skilled are more relaxed than the low-skilled or intermediate-skilled, who doubt whether their children will be able to buy a house or get a job just as easily as they did.

3.4 INSECURE WELFARE STATE

The welfare state has always been very important to the middle class (Hacker 2008; Dallinger 2013). This is because a welfare state offers all kinds of securities that the middle class needs in order to remain middle class. It protects them against dropping down the social ladder, for example in the event of unemployment or illness, and it offers an education system that guarantees that their children can continue to study. The development of the post-war welfare state has enabled the middle class to lead a life of stability and growth.

But the question is whether this is still the case. According to Van Lieshout (2016), the increasingly strong feeling of a fear of falling in the middle class is also connected with a decline in confidence that the welfare state is still able to offer sufficient certainty. There is a 'middle class paradox' in that, while the middle class in the Netherlands has become accustomed to – and is even based on – a certain degree of certainty, the certainty of the welfare state has declined significantly over the last two decades (Vrooman 2016).

This is evident in all the focus groups. The participants are of the opinion that the general public is less able to rely on the state and that people are increasingly being left to fend for themselves. Societal certainties are disappearing. “You’re on your own,” says one low-skilled man (52, Amersfoort). People do propagate a meritocratic ideal, in which reward is based principally on the efforts of individuals (rather than on their intelligence), but they also expect to be supported in this by the certainties of the welfare state. They have the impression that certainties which used to be fairly unshakeable are now looking unsteady. They point to the fact that one now has to work longer in order to receive an old-age pension, to higher healthcare costs, and to the replacement of student grants by a loans system. There is ever-diminishing certainty in many different areas, according to the participants.

Less ‘profit’ from the welfare state

Moreover, low-skilled or intermediate-skilled people in particular have the feeling that it is precisely the middle class that is falling through the net as regards the welfare state. While the lower class, i.e. those who have to make do with the minimum wage or benefits, can apply for grants and supplementary benefits, and can rent a property in the social housing sector, the middle class is not entitled to such assistance. Unlike the lower classes, middle-class people cannot count on benefits or other forms of financial support from the state. Indeed, some say that the middle class is “plucked clean” for the welfare state. The middle classes see themselves as the group that provides the most in tax, while they are less able to benefit directly from those taxes.

“As the middle class, you don’t have the possibility of obtaining help or compensation from the government.” (woman, 31, low-skilled, Amersfoort)

“In every case, you just miss being entitled, although we could also really use the benefits.” (man, 28, low-skilled, Amersfoort)

“For the lower classes there are handouts. But we in the middle class just miss out on everything.” (woman, 59, low-skilled, Amersfoort)

A number of participants state that they have the feeling of having to work harder to achieve the same level of prosperity, and that they are not helped by the state, while there are other people who appear not to work as hard, but do receive state help. Now and then a certain jealousy comes through, directed at those who are at a lower socio-economic level, as sociologist De Swaan (1990) once noted.

“It’s always (the middle class) that is not quite entitled to all kinds of benefits. You hear that kind of thing. And then sometimes I also think secretly that you’re better off depending on benefits, because then you get everything for nothing. Of course that isn’t fair either, as you can’t help being on benefits.” (woman, 56, high-skilled, Amersfoort)

Something that participants see as an important symbol of a middle class that can no longer make any claims on the welfare state is the abolition of student grants. This goes to the heart of the middle class life, as the middle classes are devoted to the future of their children, and disseminate the view that it is not sensible to take risks. They are reluctant to incur debts and do not want to encourage indebtedness at an early age. Some people, particularly the low or intermediate-skilled, believe that this has led to a barrier being thrown up, impeding their children’s access to further education.

“I think it’s harder for children to have a good education, because of the costs of studying. In my opinion, it has really become harder because of the abolition of student grants.” (woman, 29 low-skilled, Amsterdam)

At the same time, a number of people with a medium or high level of education feel that it is to some extent justified to invest in their children’s education, because it will pay for itself in the long run: “An education that leads to a better job – that’s something that you can definitely invest in yourself.” However, they recognise that due to the credential inflation mentioned earlier, this investment has also become less secure. This is probably why the abolition of student grants has such symbolic value for the groups in the middle. Now that the benefits of education are no longer as clear to the middle class, they are expected, without state help, to take risks that are not compatible with their middle class lifestyle.

The feeling among the middle classes of having been abandoned by the welfare state also emerged in previous research by the Netherlands Institute for Social Research (SCP) (Dekker et al. 2015), in which above all intermediate-skilled people say that “the government doesn’t do enough for people like me”. There is the view that “the ordinary, hard-working person’ is caught between a rock and a hard place” (p. 4). More recent research by the same institute on profit from the state shows that if secondary benefits (social security) and tertiary benefits (such as those relating to housing or education) are added together, people with the lowest incomes profit the most and those with higher incomes the least (see Olsthoorn et al. 2017: 16). The strongest shoulders therefore bear the heaviest burdens. It emerges that middle-income groups (between 25,000 and 45,000 euros net household income per year), compared with the lower class, derive a lot less ‘profit’ from *some* (tertiary) provisions in particular, such as housing, higher education, recreation and sport. This could explain their impression that the welfare

state is no longer there for them. Middle-income households benefit relatively little from government spending on public facilities that have an important symbolic middle-class value and that are the most visible and tangible in their lives, such as housing and education. In addition, people in the lower and middle group seem to compare themselves more with the lower class than with the higher class, because middle-class people have to do their very best in order to be able to lead a middle-class life.

The feeling that the middle class does not benefit from the state ultimately appears to undermine the solidarity of some participants, who develop the idea that these days it is “everyone for himself”.

“You get a different mindset. If you have the idea that you’ll get short-changed.. then you start thinking more and more about your own self-interest. You’re forced to do that. Then you don’t do what’s best for all of us.” (man, 28, high-skilled, Amsterdam)

What could be the consequences of this? If the people in the middle segment no longer want to take part in a social security system based on solidarity, because – rightly or wrongly – they feel they benefit too little from it, this could have negative consequences for the future of the welfare state. The middle class has always been an important driver of and support for the welfare state (De Swaan 1989; Baldwin 1990). Once the middle class feels that it no longer benefits, it might withdraw from collective insurance schemes and provisions. This is described, for example, by Skocpol in her book *The Missing Middle* (2000), in which she attributes the lack of a broad-based welfare state in the USA to the fact that policy only targets those at the bottom of society, so that there is no support from the middle class.

The ‘participation society’

Something else that constitutes a problem in the eyes of the participants – from all levels of education – is the shift from a welfare state towards a ‘participation society’, as announced in the Speech from the Throne in 2006, in which the government stated that people should take more responsibility for themselves and those around them. Although several focus group participants stress that it is good to care for frail parents, for example, they are less enthusiastic about the way in which it needs to be done. Because they are an exceptionally socially engaged and active group, the burden falls mainly on their shoulders. Alongside their normal tasks, such as running their own households and any other obligations, they are also expected to make time for voluntary work at schools and sports clubs, or provide informal care to parents or others in their area. ‘The participation society’ places even more pressure on them, just as they are already struggling with work and care activities:

“I get stressed out by it all. At school you have to help out with all kinds of things – compulsory duties. That keeps you endlessly busy. I also have to work to pay off the mortgage, and that causes a lot of stress and bother (...) Subsidies have been taken away from the sports associations and you also have to do bar duties there.” (man, 48, high-skilled, Amersfoort)

“You just don’t have any energy left and society demands so much of you. The pressure of work is increasing, the biggest cause of absenteeism is stress, because we’re all overworked and we’re constantly being asked to do more. And then you also have to do that (care work), because they say they don’t have any money for it anymore, and they say you’re on your own.” (man, 28, low-skilled, Amersfoort)

Many respondents find it hard to understand that, precisely in the context of increasing emphasis on paid work and an insecure labour market, the government is asking citizens once again to take on the task of caring for one another. Some of them believe that families are being driven from pillar to post by government policy. First it was important for people to participate in the labour market, and now they are suddenly having to go back to providing informal care.

“I don’t think it makes things any more pleasant. We’ve been thrown all over the place by politicians in recent years. Previously, we were supposed to be more individualistic and just take care of ourselves. And now we suddenly have to look after grandad again, just when we’d got used to not doing that! I feel a bit cheated. What’s more: I don’t know how to manage everything. To get a bit of a decent pension, it’s essential that we both work. I couldn’t manage otherwise.” (man, 61, low-skilled, Amsterdam)

In answer to the question whether the middle class is being supported by the government or left to its own devices, one participant replied:

“It’s all about the engine that is the middle class. You can pour oil into it, but if you’ve overloaded it, steering it makes no sense. You have to give it a bit of TLC. The answer is negative. The middle class has been abandoned.” (man, 45, high-skilled, Amersfoort)

Listening to the engine of society

According to many focus group participants, the government has too little regard for the implications of policy and its impact on citizens’ lives. “We’re the engine, but the upper class is in the driver’s seat,” as one participant said earlier. When talking about the government or politics, people frequently use the word ‘they’, which creates distance, as well as phrases such as “it will be pushed through anyway”, “we’re being screwed”, and “we don’t have any say anymore”. This also applies to the high-skilled interviewees; they too felt that they were not being heard.

“I think we are starting to have less respect for governments and the decisions they make. You get angry about it and think: how can you dream up such nonsense?” (woman, 52, high-skilled, Amsterdam)

It was stated a number of times that it is important for the government to lend an ear to society, and specifically to the middle class that is so overlooked.

“Listen carefully to the members of the middle class. And just listen to their cries for help. That happens too little to my mind.” (man, 28, low-skilled, Amersfoort)

Many participants consider it is the state’s task to equip people better to deal with the challenges of modern society and the complex labour market. Sometimes the view is that people also have responsibility: “Shoulder your responsibility yourself – why should someone else always do something for you?” But usually people say the most important thing is that the government should once again be there for everyone and should commit itself to creating certainty for people who work hard and are really motivated. If the government guarantees the members of the middle class a few existential securities, and assures them that if there are problems, they do not immediately need to be afraid of falling to the bottom of the social ladder, the middle class will regain confidence in the idea that hard work is worthwhile.

“The government needs to make an effort to ensure more certainty for the future. It should say that this is a guideline, something that we can aim for (..) Restore people’s trust. This trust has been broken.” (man, 61, intermediate-skilled, Amersfoort)

The welfare state, which in its heyday was a major source of security, has lost that role in the eyes of low and intermediate-skilled people in particular. In the middle segment of society, there is a strong feeling that the “engine of society” is not being heeded: the upper class is in the driver’s seat. Middle-class people already have to work hard and now they are also being told that they have to do more in society. Especially those at the lower end of the middle have the feeling that they “fall through the welfare net”, because the high-skilled can look after themselves and the low-skilled are still supported by the welfare state. The middle class is left to fend for itself.

3.5 CONCLUSION: THE INSECURE MIDDLE CLASS

As King Willem-Alexander said in his Speech from the Throne in 2015, the Netherlands has a broad and strong middle class, which large groups – from high to low sections of society – consider themselves to be a part of. Indeed, generations

grew up with the idea that through work and study, you could get ahead. This could be called ‘the promise of the middle-class existence’: if you just do your very best, through commitment and perseverance you can win a place in the middle class, with a job that gives you an average income, with which you can have a nice home and a good life, and sufficient financial resources to raise your children and guarantee their future. But it can no longer be taken for granted that this promise will be kept. This emerges from the focus group discussions that we held with representatives of the middle segments of Dutch society. The middle class can go up, but it can also go down. People have to work harder and perform better to stay in the same position. In other words, constant ‘status work’ is necessary so as not to slide down the social ladder (Schimank et al. 2014).

Maintaining a place in the middle is accompanied by a growing feeling of insecurity. The discussions do not so much present a picture of a “vanishing” or “threatened” middle class as of an “insecure middle class”. According to the participants, this insecurity arises because two pillars supporting the middle-class existence are now shaky. The first source of insecurity is work, which the participants see as a crucial component of the middle class: the middle class is the class that works. People are experiencing an increasingly complex labour market, in which flexibilisation and automation (robots) are causing feelings of uncertainty. Even a qualification no longer guarantees access to a well-paid job. Furthermore, two jobs are now needed for a couple to be able to lead a middle-class life, with all the stress that this causes for the family.

The second source of insecurity is the welfare state. Although the focus group participants emphasise the meritocratic ideal – it is not a person’s background that counts, but the individual effort and perseverance – the welfare state is still expected to give a hand. Whereas in the past the welfare state was a source of stability and certainty, people now sometimes feel abandoned. “The welfare state is not for us” and “we fall through the net”: these sentiments represent a feeling that is widely shared, particularly among the low and intermediate-skilled. While the high-skilled can look after themselves and the very low-skilled are entitled to “all kinds of handouts”, the middle classes receive less and less. The abolition of student grants is for the middle class an important symbol of this development.

What lessons should be drawn from this in relation to policy? The middle groups, including the more highly educated among them, clearly do not have the feeling that the government is listening to them. They say that there is insufficient awareness of the impact that all kinds of contradictory government messages have on their middle-class existence. They have to work harder in an insecure labour market and, within the framework of the ‘participation society’, they have to care for

others. Now that student grants have been abolished, they themselves have to invest in their children's education, while it is unclear whether investing in education is really worth it. "Listen to our cries for help," they say.

How could government respond to the growing feelings of insecurity in the middle class? Do the middle groups have to set aside their expectations and should they get used to an insecure future for themselves and their children? That would mean government policy no longer focusing on *rising expectations*, but instead on *managing expectations*. The promise of the middle-class existence can no longer always be kept. However much you try to do your best, the future is simply not certain. Or should government try to provide greater security and predictability, both in the labour market and the welfare state, so that the middle-class groups can once again enjoy a somewhat firmer footing in uncertain times? The government should again be there for everyone and should give people confidence, say some participants. As is often the case, the answer probably lies in a combination of the two.

APPENDIX

For the research on the subjective experience of middle-income groups, six different group discussions were held, in which a total of 46 people took part. The research was carried out by the market research consultancy Bureau Veldkamp (now Kantar Public), in collaboration with researchers from the WRR. The participants were selected by two selection agencies. They were divided into different groups on the basis of their level of education: discussions took place with low-skilled (vmbo, mbo 1), intermediate-skilled (mbo 2-4, havo and vwo), and high-skilled (hbo and wo) participants. Finally, within each group we also ensured a similar spread according to age, gender, income, origin, family situation, and work situation. For example, in every group there was an equal number of men and women, and there was a maximum of two people not in work and two people who were self-employed without employees or employed on a flexible contract. An overview of the participants' socio-economic characteristics is given in table 3.2. Because perceptions can also vary from one region to another, discussions were held in Amsterdam and in Amersfoort. These all took place in November 2015.

Table 3.1 Overview of the 46 participants in the focus groups

Educational level	Amsterdam	Amersfoort
Low	8 people	8 people
Intermediate	8 people	7 people
High	7 people	8 people

Table 3.2 Socio-economic characteristics of participants by skills level

	Total	Examples of professions	Family situation	Age	Net household income
Low-skilled	16	<ul style="list-style-type: none"> – Caretaker – Logistics worker – Supermarket sales – Self-employed singer – Administrative worker – Secretary 	<ul style="list-style-type: none"> Couple without child (5x) Couple with child (6x) Single (3x) Single with child (2x) 	<ul style="list-style-type: none"> Average: 44 years – Youngest: 28 – Oldest: 65 	<ul style="list-style-type: none"> Average: € 2322 – Lowest: € 1538 – € 2000 – Highest: € 3500 – € 4000
Intermediate-skilled	15	<ul style="list-style-type: none"> – Lorry driver – Occupational therapist in the care sector – Customer service – Transport, self-employed – Legal secretary – Administrative secretary 	<ul style="list-style-type: none"> Couple without child (4x) Couple with child (4x) Single (4) Single with child (3x) 	<ul style="list-style-type: none"> Average: 45 years – Youngest: 27 – Oldest: 61 	<ul style="list-style-type: none"> Average: € 2637 – Lowest: € 1538 – € 2000 – Highest: € 4500 – € 5000
High skilled	15	<ul style="list-style-type: none"> – HR advisor – Educational staff – Juridical clerk – Sales manager – Tech. consultant, chemicals – Tch. cons., orthopaedics 	<ul style="list-style-type: none"> Couple without child (3x) Couple with children (6x) Single (4x) Single with child (2x) 	<ul style="list-style-type: none"> Average: 43 years – Youngest: 28 – Oldest: 62 	<ul style="list-style-type: none"> Average: € 2986 – Lowest: € 1538 – € 2000 – Highest: € 4500 – € 5000

For this qualitative study, the focus group method was used: group discussions with a limited number of participants (preferably 6-8), for which a certain degree of homogeneity is pursued to enable the discussions to proceed smoothly. The advantage of the focus group method is that participants can stimulate one another and trigger new ideas. The interaction that takes place during the discussions prompts the participants to delve more deeply into their experiences and opinions, which brings about a better understanding of the reasoning behind ideas and opinions.

The discussions were conducted using a checklist that was drawn up jointly by WRR researchers and the Bureau Veldkamp market research consultancy. The basic format was a two-hour discussion. There were questions on how the participants define the limits of the middle class and what, according to them, determines whether a person belongs to it; self-identification by the participants; what developments they see in relation to the middle class; and what they expect for the middle class in the future. The discussions were transcribed and subsequently analysed by the authors of this chapter.

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THE FALL OF THE MIDDLE CLASS?

STABILITY AND VULNERABILITY IN THE MIDDLE SEGMENT OF SOCIETY

Contrary to what many disturbing reports might suggest, the middle class is not in decline and is not being eroded in the Netherlands. The majority of the members of the middle groups in society are maintaining their position, but are having to work harder and accept greater uncertainty in doing so.

Households increasingly need two incomes and have to adapt to the flexible and temporary nature of work. They are also required to combine work with care tasks and need to display a greater ability to fend for themselves in coping with risks.

This combination of tasks is accompanied by a growing sense of insecurity, as well as a feeling that the government is doing too little for the middle groups in society. It is important for the government to focus on reducing insecurity in order to assuage the vulnerability and bolster the stability of the middle groups in society.

The WRR publication *The Fall of the Middle Class? Stability and Vulnerability in the Middle Segment of Society* provides an insight into the changes that have occurred in the middle segment of Dutch society since the 1970s. The analysis encompasses four aspects: developments affecting people with middle incomes, with intermediate skills and in intermediate occupations, as well as attitudes towards politics and society.

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