

Middle class occupations and middle-income groups: trends and overlappings

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This working paper focuses on the evolution of the incidence of middle-income groups in Italy, considering both the quotas of individuals and income share, and how they are intertwined with middle class occupations.

Using SHIW data, we show that the relative weight of the middle-income groups (whether considering 75-125%, 75-150% or 75-200% of the median as thresholds to define them) has increased from the 1970s until 1982, when it entered a phase of stasis. In the second half of the 1980s (1987-1991) a new increase is registered. Fluctuating trends follows and a decline emerges in the last decade with a negative peak in 2014. However, this decline is concentrated in the 75-100% of median income group.

In this framework of general a long-term stability, a heterogeneous picture of the middle class emerges. The analysis by income quintiles shows that the upper layers of the middle class (defined by income levels) have seen an overall growth, or at least general stability and that the losses have been concentrated in the lower and middle layers. The income share of quintiles 3 and 4 of the population shows an increase from 39% of late 70s to 42% in 2016.

Therefore, if some middle-class squeeze has occurred, it has only affected the lower-middle classes, while the upper-middle classes have improved.

The heterogeneity of the middle class also emerges when comparing the intermediate groups defined based on income levels with socio-occupational classes (using ESEG classification). 2018 SILC data for Italy shows that the degree of overlap between the occupational middle class and the middle-income groups varies according to the definition adopted to identify the intermediate income groups (thresholds 75-125% vs 75-200%), but generally remains low. Only one third of middle-class workers earn an average income (those with income between 75 and 125% of the median income), while over 40% have a high income.

The intersection between socio-occupational class and deciles of earnings shows that almost half of technicians are placed in high deciles (8-9-10). Small entrepreneurs are evenly distributed between low (1-2-3), medium (4-5-6-7) and high (8-9-10) deciles. One third of clerks and skilled service employees fall into the top deciles of the income distribution. At the same time, some elements of the working class, such as

skilled industrial workers, have a significant share of individuals (over 40%) placed in intermediate deciles.

With a particular focus on the middle-class occupations, the paper will investigate whether these differences in the distribution of earnings of the different occupational groups that emerge for Italy are persistent over time and between countries (compared to early 90s using LIS data). This last aspect may highlight whether structural differences in the labor market (protection for insiders, the spread of precariousness, atypical contracts, etc.) have affected some occupational classes more than others in particular contexts.