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Effects of taxes and benefits on household income 1974

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MURIEL NISSEL, *Chief Statistician* and JANE PERETZ, *Statistician*, Central Statistical Office

The purpose of the analysis

Articles on the incidence of taxes and social service benefits have been published in *Economic Trends* regularly since the early sixties. Their general purpose is to show how public expenditure on social services, cash benefits, and consumer subsidies, and taxation to finance them, affect the distribution of income of different types of households. The present article, with estimates for 1974, is in the same series but the presentation has been changed with the aim of giving a more sharply focussed commentary on the background to the growth in public expenditure. The main tables, that is Tables 1-8, are in Appendix II but there are a number of summary tables included in the text. Charts 1 and 2 are at the end of Appendix II.

In 1974 public expenditure amounted to £41.6 thousand million and was financed by £11.5 thousand million from direct taxes on persons, £10.1 thousand million from indirect taxes falling on consumers' expenditure and £20 thousand million from other sources such as corporation tax and borrowing (Tables A and B). All households both contribute to and benefit from this expenditure. They pay taxes either directly in the form of income tax and national insurance contributions or indirectly through local rates and the taxes falling on the goods and services they buy. At some stage all households benefit from public spending on social services, including state education, the national health service, and housing and food subsidies, as well as payments in cash. In general, these benefits can be valued in money terms and apportioned to individual households. But there are other services also paid for out of general taxation, such as defence and the maintenance of law and order, which are difficult to apportion to individual households. While few would dispute that the community as a whole is better off with than without these services, most people would probably not consider that they personally derive benefits from them that can be valued in money terms. Similarly some kinds of financing, such as corporation tax and government receipts from public corporations, are difficult to apportion to individual households and would probably not be thought of by most people as leading to a reduction in their personal incomes. There is, nonetheless, considerable interest in estimating and making comparisons of the total amounts of all those taxes and benefits which can be allocated to particular households.

In the estimates in this article, only some 37 per cent of total public expenditure and 52 per cent of total public receipts in 1974 in the categories which are directly allocated to households. Allocated taxes thus make up more of public financing than do allocated benefits of public expenditure. Because the dividing line between those taxes and benefits which are allocated and those which are not allocated is largely arbitrary, this has no special significance, but it does mean that, on average,

households are shown in the tables as paying more in taxes than they receive in benefits.

Even if more taxes and benefits were to be allocated it must be emphasised that the analysis is limited to describing the flows of taxes and benefits from and to particular groups of households in a single year. In the sense that they use a set of accounting conventions recording the outcome of the circumstances prevailing in a given year, the estimates are closely analogous to Blue Book estimates of national income and expenditure. The analysis does not attempt to show the distribution of income after taxes are paid and benefits are received in comparison with a very different situation in which taxes and benefits did not exist. While it reflects the results of economic policies and conditions, it is not intended to provide more than a rough basis for estimating the effects of changes either in policy or in other circumstances.

The estimates can, in some cases, be used to estimate the immediate redistributive effects of marginal changes in the levels of taxes and benefits (for example changes in the standard rate of income tax or in family allowances) on the households directly concerned. They become increasingly inappropriate for estimating the effects of larger changes in the levels of taxes or benefits because of the reactions which the changes provoke. For example, it is not possible to use the estimates of receipts of food subsidy given in Table 1 to make other than a rough initial estimate of the distributive effects of, say, halving food subsidies. If the rates of subsidy on the foods which were subsidised in 1974 had been half what they actually were, the prices of those foods in the shops would have been higher. The amounts of food subsidies received by households would then have dropped by more than half, because the shoppers would have bought less subsidised foods, as well as having received half the previous rate of subsidy on those subsidised foods they did buy. In addition, taking this example further, incomes dependent on the production and supply of subsidised foods would have been affected, although only part of the subsequent effects would have happened before the end of 1974.

Similarly, the estimates are not suitable for estimating all the effects of a fundamental change in the structure of a tax or benefit, or the substitution of one form of tax or benefit by another. Substantial changes of that kind (such as the replacement of child tax allowances by child benefits) may also have important secondary effects, that is, they may also lead to changes in relative incomes or the pattern of household expenditure. To obtain valid estimates of the total redistributive effects of large changes, we would need a behavioural model. The estimates do not constitute a model of this kind.

The section which follows describes in some detail the way the estimates are compiled and discusses further some of the problems of interpretation. Though it is essential to a full understanding some readers may prefer to go direct to the third section which analyses the contribution which each stage of redistribution makes to the final results, and then to the final section which discusses the total of taxes and benefits and their particular impact on different types of household.

The estimates – compilation and problems of interpretation

The household

The basic unit of analysis in the article is the household. The estimates are presented in terms of the distribution and redistribution of income between groups of households defined as working and retired and subdivided by numbers of adults and children. The classification approximates to a broad life cycle approach and, although a study of the redistribution of income within an individual's lifetime would require longitudinal data relating to that particular person, the results from the cross sectional analysis of the single year household data can be used to demonstrate the net flow of benefits and taxes towards children, away from those of working age and towards pensioners.

In principle, studies of income and its redistribution could be based on a range of different units. Income is normally earned by individuals, income tax is paid by tax units (individuals, or married couples taken as one), and social security benefits are paid to individuals or families. The particular unit chosen will affect the level and shape of the income distribution. For example, although in 1974 nearly 80 per cent of households contained only one tax unit, the rest contained two or more tax units so that on average households had higher incomes than tax units.

Not only does the choice of the household as the basic unit influence the pattern of the distribution and redistribution of income but, over time, a change in the pattern may result from demographic and social changes in the structure of the chosen units. For example average household size has been falling for many years. This is partly because higher incomes have enabled more families and individuals to buy or rent accommodation of their own, but it is also a result of the increasing numbers of older people in the population, many of whom are widows living alone, and more recently of lower birth rates, and in particular of much lower numbers of births to women who already have two or three children. All these changes in household structure will affect the way in which the pattern of incomes shown for 1974 in Table 3 compares with the pattern for earlier years shown in the same table. An article by the Central Statistical Office on some of the effects of changes in household structure on income distribution appeared in the December 1975 issue of *Economic Trends*.¹

One of the major reasons for choosing the household as the basic unit of analysis is that it is more appropriate than the family or the individual for determining the redistributive effect of indirect taxes and subsidies. In the Family Expenditure Survey (which is the main source of the estimates), a household

is defined as a group of people who live at the same address and share in the catering for at least one meal a day. Their spending on many items, but particularly on housing, fuel and light, and food, is largely joint spending. So it would not be possible without further information to apportion indirect taxes or the effects of housing and food subsidies to individuals or other sub-divisions of household, except in a highly arbitrary way.

Very little is known about the actual extent to which income is pooled within households or any other groupings. This analysis however does not depend on assumptions about the degree of pooling or sharing since it is based entirely on the household as a unit and is designed to show the taxes paid and benefits received by households in different groups. But when using the analysis to discuss the living standards of members of households it is important to remember that income will not be wholly pooled. For example, the living standard of an old person or working teenager living in a large household may be much worse or much better than that implied by the position of the household as a whole.

The Family Expenditure Survey

The estimates presented are based mainly on detailed information from private households taking part in the Family Expenditure Survey (FES); people living in hotels, lodging houses, and in institutions such as old peoples' homes are excluded. Approximately 7,000 households co-operate. Although it was designed principally as a source of information on household expenditure, a wide range of other information is also obtained. Every household member aged 16 and over is asked to give detailed information where appropriate about income, including national insurance and other cash benefits received from the State, payments of income tax, age, occupation, and kinds of education being received. Each of these people keeps a full record of all payments made during 14 consecutive days and answers questions about hire purchase and other payments. Information on family composition and housing tenure is also obtained. Further details of the Survey and notes on the accuracy of the data are included in Appendix I.

Taxes

The estimates of the incidence of taxes on households are derived from the data recorded in the Family Expenditure Survey. Direct taxes depend on the income size and circumstances of the household; indirect taxes depend on its pattern of expenditure. The taxes attributed in this analysis, which in 1974 financed rather more than half of public expenditure (see Table B) are of three main types: direct taxes, that is, taxes on household income and employees' national insurance contributions; indirect taxes on final goods and services, such as local rates, value added tax, and duties on drink and tobacco; and indirect taxes on intermediate products, such as local rates on commercial and industrial property and employers' national insurance contributions. The major taxes not attributed are corporation tax and taxes on capital. Taxes on capital, that is capital gains tax and death duties, are excluded because capital gains are not included in the figures of original income in this analysis.

¹ *Economic Trends*, No. 266, December 1975. 'The effect of changes in household composition on the distribution of income, 1961-73': M. Semple, (HMSO 1975).

Benefits

Some 37 per cent of public expenditure in 1974 is in categories which have been allocated to households (see Table A), half being in the form of benefits in kind such as education and health services and the rest in the form of cash benefits and housing and food subsidies. State benefits in cash are taken to increase a household's income by the amount of cash received, and the costs of administration are not counted as part of the benefit. Benefits in kind provided by the State, for example, the national health services and state education, are measured by their net cost to public authorities (that is excluding charges for prescriptions, spectacles, etc). If this analysis were trying to estimate their effects on the welfare of households, they should perhaps be measured in terms of the values placed upon them by the households themselves – but there is no practicable way of doing this.

Government expenditure not allocated to households falls into four broad categories. The first relates to expenditure on defence and on administration costs, such as tax collection. These items are not generally thought of as conferring benefits of a kind which can be allocated to individual households. The second category consists of expenditure on items such as roads, research, and investment grants, which are part of regional or industrial development programmes. Expenditure on these programmes, as with defence, does ultimately affect household incomes because it influences the general levels of taxation and

it may also affect the type, pay structure and location of employment opportunities as well as the pattern of market prices for goods and services which prevail in the rest of the economy. But there is, at least at present, no practical way of estimating these effects on individual households. The third category includes expenditure on environmental and protective services such as refuse collection, museums, libraries, parks and fire services. Virtually all these services, in some degree, directly benefit households, but not enough is known about the variation in the extent to which each is used to enable them to be allocated. The fourth category excluded from the analysis is the benefit of capital expenditure on the social services. Households derive current benefits from past capital expenditure on schools, hospitals, etc. but to value them requires more information than is presently available.

The way expenditure on the benefits allocated in this analysis fits into public expenditure as a whole is shown in Table A which is based on the Analysis of public expenditure given in Table 58 of the *National income and expenditure 1964-74 Blue Book*. Current and capital expenditure on the social, environmental and protective services as a whole amounted, in 1974, to 58 per cent of total public expenditure. Most of this—37 per cent of total public expenditure—is current expenditure in categories where the costs of providing services and benefits to people living in private households have been allocated. Of the remainder, 9 per cent is current expenditure which is not allocated and 12 per cent represents capital expenditure.

Public expenditure in 1974

TABLE A

	£ million	Percentage of total expenditure		£ million	Percentage of total expenditure
Allocated benefits*			Capital expenditure on social, environmental and protective services		
Benefits in cash	6,540	15.7	Social services	1,000	2.4
Subsidies			Environmental services		
Housing (including rent rebates and allowances)	960	2.3	Housing	2,890	6.9
Food	340	0.8	Other	840	2.0
Benefits in kind			Protective services	100	0.2
Health services	3,450	8.3		4,840	11.6
Education	4,050	9.7			
School meals, milk, welfare foods	280	0.6			
	15,620	37.5	Other current expenditure		
Other current expenditure on social, environmental and protective services			Defence and external relations ..	4,570	11.0
Social services			Roads, transport and communications	1,170	2.8
Health, education and welfare foods			Industry, trade, agriculture, research and employment	2,010	4.8
Imputed rent	260	0.6	Other	690	1.7
Other	10	—		8,450	20.3
Social security benefits			Other capital expenditure		
Administration	350	0.8	Public corporations	3,260	7.8
Personal social services	590	1.4	Other	2,010	4.8
Environmental services				5,270	12.7
Housing	90	0.2			
Water, sewerage, land drainage, and public health	430	1.0	Debt interest	3,730	9.0
Parks etc.	210	0.5			
Miscellaneous local authority services	410	1.0	Total expenditure	41,610	100.0
Libraries, museums, and arts ..	190	0.5			
Protective services					
Police	650	1.6			
Parliaments, courts and prisons ..	330	0.8			
Fire services	160	0.4			
	3,690	8.9			

* Including benefits to people not living in private households.

Financing of public expenditure in 1974

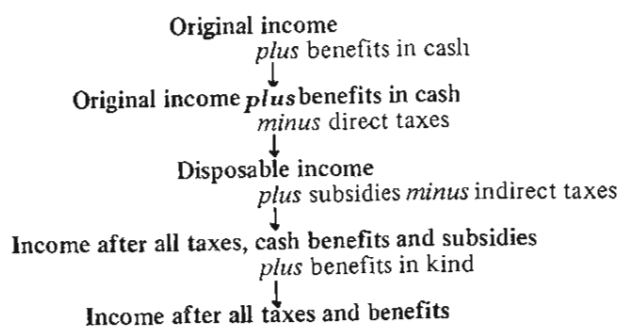
TABLE B

	£ million	Percentage of total financing
Allocated taxes*		
Direct taxes		
Income and surtax	9,300	22.4
Employees' and self-employed NI contribution	2,210	5.3
Indirect taxes		
On final goods and services ..	7,460	17.9
On intermediate goods and services	2,450	5.9
	21,420	51.5
Unallocated taxes		
Corporation tax etc.	2,840	6.8
Taxes on expenditure not allocated to consumers expenditure ..	2,580	6.2
Public employers NI contributions ..	1,640	3.9
Taxes on capital	840	2.0
	7,910	19.0
Trading surplus, interest, rent, dividends ..	5,320	12.8
Public sector borrowing requirement ..	6,330	15.2
Other receipts on capital account	640	1.5
Total financing	41,610	100.0

* Including taxes paid by people not living in private households.

Stages of redistribution

This section gives an account of the effect of the redistribution of household income resulting from allocating taxes and benefits in the way described in the previous paragraphs. The starting point is original income, that is the income in cash and kind of all members of the household before the deduction of taxes or the addition of any state benefits. Income in cash includes earned income, income from investment, and private pensions. Income in kind includes an income imputed to owner-occupiers based on the rateable value of their dwelling, and the value of the concessions on items such as miners' coal. The estimates are intended to relate to the annual rate of income at the time of the FES interview.² Substantial numbers of households, particularly those of elderly people, have original incomes which are very small or zero. The diagram below illustrates the framework which is used:



Details of the categories of income, taxes, transfers (that is cash benefits and subsidies) and benefits in kind are given in Appendix I, together with details of how they are allocated to households.

The diagram corresponds to the order of the stages of redistribution which is shown in Table I at the end of the article. This table shows in considerable detail the taxes paid and benefits received by different types of households at different levels of original income. Because of the relatively small size of the Family Expenditure Survey sample, many of the figures in this table refer to small numbers of households and may therefore not be very representative³. Even those referring to larger numbers may be considerably influenced by one or two, possibly atypical, households. It is always advisable when interpreting the tables to look at the general run of figures for households in several adjacent income ranges. The income scales shown in all the tables are logarithmic – that is, the end point of each successive income range is in a constant ratio to the end point of the previous range.

The order of stages of redistribution in this year's article differs from that shown in previous years (although Table I does include all the data previously shown). Previously, direct benefits in kind, that is benefits from health, education, and welfare foods, were shown in the tables immediately after direct benefits in cash and before direct taxes. This was done because benefits that are freely available such as access to state schools and hospitals, form part of the social structure. They are essentially long term and not liable to short term variations and hence decisions about using them are generally taken once-and-for-all. People know that these benefits are freely available before deciding the allocation of their disposable income on consumer goods, and before deciding how to alter their expenditure as a result of periodical changes in direct and indirect taxes, etc. It could therefore be argued that such benefits should be allocated at an early stage.

But the order in which taxes and benefits are allocated is inevitably somewhat arbitrary, and it has now been changed for several reasons. First, the new order makes it possible to show, in Table I, the distribution of disposable income as a separate sub-total. The definition of disposable income used here differs slightly from the more usual definitions because it includes those elements of income in kind such as imputed rent included in original income – but it does nevertheless provide an indication of the money households have to spend or save. Secondly, it becomes possible to show income after all taxes and all cash benefits and subsidies, that is after all taxes and transfers. This corresponds to what is called 'available income' in the United Nations recommendations for systems of national accounts, and relates to the 'factor cost' estimates shown in the National Income Blue Books. The Blue Book figures of consumers' expenditure at factor cost are calculated by subtracting indirect taxes from expenditure at market prices, and adding consumer subsidies. This corresponds to the way in which income after all taxes and transfers is worked out in this analysis. Thirdly, this order of presentation separates benefits in kind from other taxes and benefits. The values put on the health and education services here represent the average net cost of providing them to each type of household. It would be difficult to put a market valuation on them because very few people buy these services privately and only small markets therefore exist. The sums thus give some general indication of

² See Appendix I for a fuller explanation.

³ See Appendix I for a note on sampling errors and response bias.

the current cost of the resources used by each type of household, but they may bear little relation to the value which the household concerned would itself put on these services.

Cash benefits

The first stage in estimating redistribution is the addition of direct transfers, that is cash benefits such as pensions, unemployment benefit, etc., to original income. Although most cash benefits are akin to insurance benefits, that is, they are designed to support people during periods of days or years when they are not earning, the effect of these benefits as a whole is very markedly redistributive. Table a shows the average amounts received by households in different ranges of original income. It is clear that, for each household type, those with the lowest original incomes benefit most. Cash benefits as a whole therefore substantially increase both the amount and the proportion of aggregate household income going to the less well off.

Table 1 shows how the totals shown in Table a are made up. The high levels of benefit going to retired 1 and 2 person households consist, as would be expected, largely of retirement pensions. But the high levels of benefit going to non-retired 1 and 2 adult households with low original incomes are also made up largely of retirement pensions. The classification of a

household as 'retired' depends partly on whether its members describe themselves as 'retired' or 'unoccupied'. Many of these low income non-retired 1 and 2 adult households therefore include people who do some paid work, although they are 60 and over and largely dependent on the retirement pension.

Direct taxes

Original income *plus* cash benefits is thus more equally distributed than original income. Original income *plus* some of those cash benefits is, broadly, the basis on which liability for income tax is assessed. The effect of income tax and surtax is shown in Table b as a percentage of original income *plus* cash benefits. Better-off households pay a substantially higher proportion of their income in tax but in interpreting the table two factors need to be borne in mind. First, child tax allowances and other personal allowances reduce the tax paid by the larger households in each income range. Secondly, the effects of income taxation shown here include the effects of tax reliefs such as those on mortgage interest and life insurance premiums. These tax reliefs tend to have more effect on tax paid as a proportion of income by the better off households, because these households usually pay out proportionately more of their incomes in mortgage interest and insurance premiums, and have more taxable income against which to set the reliefs.

Cash benefits

Table a

	£ per year										Average over all income ranges
	Range of original income										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
All households in the sample	728	710	614	535	333	189	143	103	113	298	
Retired households											
1 adult	590	470	472	429	515	468	—	—	—	565	
2 adults	920	831	784	777	801	665	712	—	—	853	
Non-retired households											
1 adult	428	386	382	240	120	50	53	23	27	175	
2 adults	711	911	697	592	312	155	105	43	50	172	
2 adults, 1 child	—	—	—	454	217	72	64	19	6	92	
2 adults, 2 children	—	—	—	—	289	88	69	59	52	102	
2 adults, 3 children	892	—	—	—	359	159	119	139	118	185	
2 adults, 4 children	—	—	—	—	452	300	206	176	153	310	

Income tax and surtax as a percentage of original income *plus* cash benefits

Table b

	Percentages										Average over all income ranges
	Range of original income: £ per year										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
All households in the sample	0.4	1.5	4.2	5.8	7.9	11.0	12.9	15.2	18.8	13.3	
Retired households											
1 adult	0.4	2.7	6.8	12.6	15.0	17.9	—	—	—	5.3	
2 adults	0.3	1.1	4.3	7.7	12.5	12.7	17.2	—	—	7.0	
Non-retired households											
1 adult	0.3	3.3	7.8	9.9	15.0	18.5	18.6	20.2	23.7	16.7	
2 adults	1.7	1.2	2.4	5.3	8.9	12.8	15.1	17.2	21.7	15.9	
2 adults, 1 child	—	—	—	8.4	2.9	10.5	13.4	16.2	24.0	14.1	
2 adults, 2 children	—	—	—	—	1.6	8.6	11.7	15.0	18.2	12.6	
2 adults, 3 children	1.2	—	—	—	0.7	6.5	10.6	13.4	19.2	12.2	
2 adults, 4 children	—	—	—	—	0.9	3.5	8.9	10.5	16.4	9.2	

National insurance contributions as a percentage of original income *plus* cash benefits

Table c

	Percentages										Average over all income ranges
	Range of original income: £ per year										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
All households in the sample	0.1	0.3	0.5	1.6	3.3	4.2	4.2	4.0	2.9	3.5	
Retired households											
1 adult	—	—	—	—	—	0.2	—	—	—	—	
2 adults	—	0.2	0.1	0.1	0.1	—	0.2	—	—	0.2	
Non-retired households											
1 adult	0.1	0.9	1.0	2.5	4.1	4.9	4.1	3.0	1.4	3.4	
2 adults	1.9	0.2	0.5	2.0	3.8	4.3	4.3	4.2	2.6	3.8	
2 adults, 1 child	—	—	—	1.6	3.8	4.9	4.4	3.8	1.9	4.0	
2 adults, 2 children	—	—	—	—	3.9	4.8	4.4	3.8	2.2	4.0	
2 adults, 3 children	2.6	—	—	—	3.6	5.0	4.3	3.5	2.0	3.6	
2 adults, 4 children	—	—	—	—	3.5	3.3	4.2	3.4	1.9	3.2	

The rest of direct taxation, apart from income tax, is made up of employees' (and self employed) national insurance contributions. Table c shows these contributions, again as percentages of original income *plus* cash benefits. For each household type, the percentages tend to rise and then to fall as original income rise. This is determined by the number, and level of earnings, of the workers in the household. Households with low original incomes will tend to have no workers, or at most one worker, and therefore to pay relatively little in national insurance contributions. The proportion of income paid in contributions will tend to be highest for households with one or two fairly low paid workers. These households

will mostly appear in the middle ranges of income for each household type. In households containing workers with higher incomes national insurance contributions will rise less than proportionately with income and will cease to rise after the graduated pension contribution ceiling is reached. (Table c shows no households with more than 2 adults but Table 1 shows that the same pattern holds for households with larger numbers of adults.)

The net effect of all direct taxes, including income tax, is clearly to make disposable income more equally distributed than original income *plus* cash transfers.

Total indirect taxes as a percentage of disposable income

Table d

	Percentages										Average over all income ranges
	Range of original income: £ per year										
	Under 381	381-	557-	816-	1,194-	1,749	2,561-	3,750-	5,490 and above		
All households in the sample	21.0	20.7	21.3	22.1	23.0	22.6	21.4	19.6	16.8	20.2	
Retired households											
1 adult	18.0	17.7	19.0	20.0	15.8	14.8	—	—	—	17.8	
2 adults	21.3	17.5	22.1	21.6	19.5	18.4	20.1	—	—	19.9	
Non-retired households											
1 adult	27.3	22.6	22.4	21.7	23.0	20.7	19.3	20.9	12.7	20.6	
2 adults	33.2	19.8	20.0	21.2	22.8	22.8	21.5	19.0	15.2	20.0	
2 adults, 1 child	—	—	—	26.6	27.1	22.9	21.6	19.2	15.3	20.9	
2 adults, 2 children	—	—	—	—	25.2	23.4	20.7	17.7	14.3	19.8	
2 adults, 3 children	41.5	—	—	—	23.2	22.9	21.0	17.4	14.8	19.4	
2 adults, 4 children	—	—	—	—	20.7	21.6	20.1	18.7	13.3	19.1	

Net rates as a percentage of disposable income

Table e

	Percentages										Average over all income ranges
	Range of original income: £ per year										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
All households in the sample	6.1	4.5	4.9	4.6	3.8	3.3	2.8	2.4	2.0	2.9	
Retired households											
1 adult	7.1	6.0	5.6	6.6	5.3	4.5	—	—	—	6.5	
2 adults	4.8	3.9	4.4	4.2	4.1	4.0	3.3	—	—	4.3	
Non-retired households											
1 adult	7.3	5.3	5.9	4.9	4.3	3.6	3.2	3.1	1.9	3.9	
2 adults	5.5	3.3	4.0	4.5	3.8	3.4	2.9	2.5	2.2	2.8	
2 adults, 1 child	—	—	—	5.0	3.7	3.4	2.9	2.7	2.0	3.0	
2 adults, 2 children	—	—	—	—	3.4	3.4	3.0	2.6	2.1	2.9	
2 adults, 3 children	6.9	—	—	—	3.7	3.3	2.9	2.6	2.5	2.9	
2 adults, 4 children	—	—	—	—	2.7	3.4	2.9	2.3	2.3	2.8	

Indirect taxes as a percentage of disposable income of all households

Table f

	Percentages										Average over all income ranges
	Range of original income: £ per year										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
Rates	6.1	4.5	4.9	4.6	3.8	3.3	2.8	2.4	2.0	2.9	
Beer	0.7	0.9	0.8	0.9	1.4	1.5	1.3	1.2	1.0	1.2	
Wines and spirits	1.0	1.5	0.9	1.8	1.3	1.5	1.5	1.6	2.0	1.6	
Tobacco	3.5	3.3	3.5	3.8	4.4	4.0	3.2	2.6	1.8	3.0	
Value added tax	2.3	3.1	3.0	3.1	3.2	3.4	3.7	3.7	3.3	3.4	
Oil	0.6	0.8	1.3	1.1	1.8	1.9	2.1	2.0	1.6	1.8	
Import duty	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.4	
Intermediate taxes	5.1	5.1	5.0	5.2	5.1	5.1	5.0	4.7	4.1	4.8	
Other	1.2	1.2	1.4	1.3	1.6	1.5	1.4	1.1	0.8	1.2	
Total indirect taxes	21.0	20.7	21.3	22.1	23.0	22.6	21.4	19.6	16.8	20.2	

Indirect taxes and subsidies

The amount of subsidy received and indirect tax paid depends on how each household spends its money, because both subsidies and indirect taxes are different for different types of goods and services. If the proportion of household income spent on the item rises with income, indirect taxes on a particular good or service will tend to be progressive, that is to take proportionately more income from better-off households. They will tend to be regressive, that is to take proportionately more income from less well-off households, if the proportion of income spent on the item falls with rising income. The following paragraphs discuss the initial impact of the various indirect taxes and subsidies as shown in the tables. It should be remembered that, as explained in the first section, they may have secondary and subsequent effects on income dis-

tribution and these effects are not considered here.

The overall effect of indirect taxes, shown as percentages of disposable income, are given in Table d. The net effects of local rates are shown in Table e. Indirect taxes as a whole tend to take a lower proportion of income from those households with higher incomes. The proportion of income taken over low and middle income ranges varies and is complicated by the effect of local rates, where the real impact on those households in the two lowest income brackets is rather overstated. While rates are included net of rate rebates for those households which receive a rebate, no rebate is made to rate payers getting supplementary benefit or supplementary pensions. An allowance for rates is added to the supplementary benefit, but this appears as an increase in cash benefits rather than a reduction in rates paid.

Food subsidy

Table g

		£ per year									Average over all income ranges
		Range of original income									
		Under 381	381	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above	
All households in the sample	.. ..	12	15	15	15	19	20	24	24	31	21
Retired households											
1 adult	.. ..	9	10	12	8	10	8	—	—	—	10
2 adults	.. ..	16	16	16	16	13	18	19	—	—	16
Non-retired households											
1 adult	.. ..	8	9	9	8	9	8	8	8	13	8
2 adults	.. ..	18	19	19	16	17	16	17	15	18	16
2 adults, 1 child	.. ..	—	—	—	17	19	20	21	21	21	20
2 adults, 2 children	.. ..	—	—	—	—	26	27	27	27	26	27
2 adults, 3 children	.. ..	24	—	—	—	27	31	34	32	35	32
2 adults, 4 children	.. ..	—	—	—	—	45	29	38	40	96	42

Housing subsidy

Table h

		£ per year									Average over all income ranges
		Range of original income									
		Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above	
All households in the sample	.. ..	83	46	53	55	70	51	43	40	19	51
Retired households											
1 adult	.. ..	73	45	35	11	—	2	—	—	—	63
2 adults	.. ..	94	36	42	48	8	—	—	—	—	65
Non-retired households											
1 adult	.. ..	48	59	59	50	43	39	18	—	—	39
2 adults	.. ..	59	46	62	53	73	44	42	31	8	41
2 adults, 1 child	.. ..	—	—	—	118	89	49	34	23	12	42
2 adults, 2 children	.. ..	—	—	—	—	83	44	36	25	—	38
2 adults, 3 children	.. ..	133	—	—	—	139	83	57	44	—	63
2 adults, 4 children	.. ..	—	—	—	—	68	121	72	24	12	67

Indirect taxes less subsidies as a percentage of disposable income

Table i

		Percentages									Average over all income ranges
		Range of original income: £ per year									
		Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above	
All households in the sample	.. ..	9.4	15.4	15.9	7.2	17.4	19.0	18.9	17.9	16.0	17.3
Retired households											
1 adult	.. ..	5.8	11.5	14.8	18.4	15.2	14.4	—	—	—	8.9
2 adults	.. ..	10.7	13.5	17.9	17.7	18.4	17.7	19.5	—	—	14.2
Non-retired households											
1 adult	.. ..	17.3	14.3	15.3	16.5	19.0	17.9	18.1	20.7	12.5	17.6
2 adults	.. ..	3.9	15.1	14.0	16.5	17.0	19.8	19.2	17.7	14.8	17.8
2 adults, 1 child	.. ..	—	—	—	18.3	20.5	19.3	19.4	17.9	14.8	18.5
2 adults, 2 children	.. ..	—	—	—	—	18.9	19.8	18.3	16.2	13.9	17.5
2 adults, 3 children	.. ..	—	—	—	—	13.9	17.5	17.7	15.4	14.2	16.3
2 adults, 4 children	.. ..	25.0	—	—	—	14.3	15.1	16.4	17.1	11.8	15.6

Value added tax and oil duty are both somewhat progressive, reflecting the fact that demand for the products to which they apply tends to rise more than proportionately with income. Excise duty on tobacco is slightly regressive overall but the duty on drink is broadly neutral in its effect. Intermediate taxes appear to be regressive, but not very markedly so. The effects of these components of total indirect taxes are shown for all households together as percentages of disposable income in Table f.

The average amounts which the different types of household received in food and housing subsidies are shown in Tables g and h.⁴ Like expenditure on food, receipts of food subsidy depend more on the number of adults and children in each household than on income level (and decline as a percentage of income as incomes rise). The pattern of receipts of housing subsidies for all household types has two peaks, at the lowest income level and at the bottom quartile of original

⁴ The figures for housing subsidies in the 1973 article in the December 1974 issue of *Economic Trends* are incorrect because the impact of the 1973 rating revaluation for England and Wales was not taken into account. The figures are roughly double what they should have been and are not comparable with other years.

Benefits in kind

Table j

		£ per year									Average over all income ranges
		Range of original income									
		Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above	
All households in the sample	.. ..	231	229	248	282	339	380	430	437	526	374
Retired households											
1 adult	.. ..	108	108	112	104	110	100	—	—	—	108
2 adults	.. ..	211	206	203	194	201	189	197	—	—	206
Non-retired households											
1 adult	.. ..	484	196	110	114	118	50	51	47	56	139
2 adults	.. ..	317	194	206	244	149	163	129	108	122	143
2 adults, 1 child	.. ..	—	—	—	411	306	320	316	326	283	326
2 adults, 2 children	.. ..	—	—	—	—	473	499	508	541	568	519
2 adults, 3 children	.. ..	1,271	—	—	—	677	711	792	793	699	778
2 adults, 4 children	.. ..	—	—	—	—	1,027	1,009	1,064	1,072	992	1,051

income. Households with 3 and 4 children receive significantly greater than average subsidies, those with 1 or 2 children rather less than average. The subsidy for retired households is concentrated in the lowest income group, although on average they receive no more than non-retired households. This table does not show the implicit subsidies received by those getting mortgage relief.

Indirect taxes are treated here as part of the same stage of redistribution as indirect transfers — that is, subsidies. An average shopping basket will almost certainly contain goods bearing value added tax together with subsidised foods, and both these types of goods, on the assumptions used here, will bear a share of intermediate taxes. Similarly, many households are likely to hand over one payment for rates and rent. Rates are an indirect tax, while most council rents are reduced by housing subsidy which, like food subsidy, is an indirect transfer. Subsidies — particularly housing subsidies — are progressive in their effect (that is they represent higher percentages of the incomes of less well-off households), and they offset to quite a substantial extent the regressive impact of indirect taxes. The combined effect of indirect taxes and indirect transfers (or subsidies) is shown as a percentage of disposable income in Table i.

Benefits from the education service

Table k

		£ per year									Average over all income ranges
		Range of original income									
		Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above	
All households in the sample	.. ..	82	60	97	131	177	207	258	269	346	208
Retired households											
1 adult	.. ..	—	—	—	—	—	—	—	—	—	—
2 adults	.. ..	4	—	—	—	—	—	—	—	—	2
Non-retired households											
1 adult	.. ..	420	117	43	52	60	—	—	—	—	82
2 adults	.. ..	180	—	42	83	8	38	17	6	21	24
2 adults, 1 child	.. ..	—	—	—	186	79	109	126	160	137	132
2 adults, 2 children	.. ..	—	—	—	—	271	292	320	359	390	327
2 adults, 3 children	.. ..	988	—	—	—	433	472	565	560	488	544
2 adults, 4 children	.. ..	—	—	—	—	718	723	962	795	740	760

Benefits from the national health service

Table 1

	£ per year										Average over all income ranges
	Range of original income										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
All households in the sample	143	166	144	145	153	162	159	157	168	156	
Retired households											
1 adult	108	108	112	104	110	100	—	—	—	108	
2 adults	207	206	203	194	201	189	197	—	—	203	
Non-retired households											
1 adult	64	79	68	62	58	50	51	47	56	57	
2 adults	136	194	163	161	140	125	111	102	101	119	
2 adults, 1 child	—	—	—	219	226	206	181	158	139	186	
2 adults, 2 children	—	—	—	—	181	190	168	160	155	172	
2 adults, 3 children	200	—	—	—	206	208	197	193	178	198	
2 adults, 4 children	—	—	—	—	260	238	241	220	226	236	

Benefits in kind

The inclusion with other forms of income of current benefits in kind is shown at the bottom of the diagram on page 81. Table j shows the total of all benefits in kind and Tables k and l show the education and health benefits going to each type of household. The ways in which the benefits of the education and health services and of welfare foods are allocated are explained in Appendix I. The allocation of benefits in kind depends far more on the composition of each household than on its income, and their effects make final income more equally distributed than income at any of the other stages discussed.

In interpreting the allocation of education benefits to different income groups it is important to remember two factors. First, that people aged 16 and over are counted as adults and the benefits of sixth form education are therefore in general shown as going to households with 3 or more adults. Secondly, that for households with children, there is a tendency for better-off parents to be older and consequently to have older children; that is, to have fewer children under school age and more children in secondary school than less well-off households with the same number of children. For that reason they will tend to benefit more from the education service. This factor probably explains most of the general rise in education benefits with income which is shown in Table k for households with two adults and children.

The method of allocating health service benefits is entirely dependent on the age and sex of the people in each household (except in the case of benefit from the maternity services which is allocated to households reported in the Family Expenditure Survey to have received national insurance maternity benefits). The variation in health service benefits shown in Table 1 is therefore dependent on the average age and sex structure of each household type. The highest benefits are allocated to households with retired people or very young children who make greater demands on the health service than people of working age.

Benefits and taxes – the total impact

Table m shows the sum of all kinds of benefits allocated in this analysis to different types of household. Table n shows a

similar analysis of allocated taxes. The sums of allocated benefits, which are in effect the part of the 'social wage' which can be allocated in this exercise to households of particular types, are largest *per capita* for retired households and for households with children. The amounts are highest for those with the lowest original incomes, but the variation by household composition is also very substantial because so many of the benefits included go to virtually all people in particular age groups, like pensioners or school children, whatever the income of their household. The totals paid in taxes, on the other hand, are much higher for those households with higher incomes and the variation by household type is less marked than the variation by income. The net result in money terms is to redistribute income both from households with larger incomes to those with smaller incomes and from the smaller households to the larger ones.

Chart 1 shows in absolute terms the make up of benefits received by the different types of household in the income ranges shown in the summary tables. For each type of household the benefits going to the least well-off are higher, largely because of their much greater receipts of cash benefits. These consist mainly of pensions and supplementary benefits for households without children; and national insurance benefits (sickness and unemployment benefit) and supplementary benefit for households with children. Chart 1 also shows the make-up of total tax paid by the different types of household. In absolute terms, the better-off households in each case pay very considerably more indirect tax, but most of the difference between the total tax paid by the better-off and least well-off households is due to the amounts of income tax paid by the better off.

Chart 2 also shows receipts of benefits and payments of tax by the different types of household, but this time as percentages of original income *plus* cash benefits.

The pattern of redistribution is complex. But it is clear that income is redistributed from working people with higher incomes and few children both to those who are working but have lower incomes and more children and to those who are dependent on cash benefits. Income tax and cash benefits taken together have the major impact in redistributing income from households in the higher income ranges to households in

Total benefits

Table m

	£ per year										Average over all income ranges
	Range of original income										
	Under 381	381-	557-	816-	1,194-	1,749-	2,561-	3,750-	5,490 and above		
All households in the sample	1,055	1,000	930	888	761	640	640	604	688	744	
Retired households											
1 adult	781	633	631	553	635	578	—	—	—	746	
2 adults	1,241	1,090	1,045	1,034	1,024	872	928	—	—	1,140	
Non-retired households											
1 adult	969	650	561	413	290	147	130	79	95	362	
2 adults	1,105	1,171	983	906	551	378	292	197	197	372	
2 adults, 1 child	—	—	—	1,000	631	461	436	388	322	480	
2 adults, 2 children	—	—	—	—	871	657	641	652	646	686	
2 adults, 3 children	2,320	—	—	—	1,201	983	1,002	1,009	853	1,059	
2 adults, 4 children	—	—	—	—	1,593	1,459	1,379	1,313	1,253	1,469	

Total taxes

Table n

	£ per year										Average over all income ranges
	Range of original income: £ per year										
	Under 381	381-	557-	816-	1,194-	1,749	2,561	3,750-	5,490 and above		
All households in the sample	178	260	323	431	574	812	1,136	1,600	2,700	1,015	
Retired households											
1 adult	125	183	286	424	542	781	—	—	—	191	
2 adults	225	242	370	493	661	793	1,293	—	—	390	
Non-retired households											
1 adult	155	223	310	400	605	863	1,146	1,747	3,116	727	
2 adults	309	290	310	429	583	837	1,184	1,647	2,789	1,208	
2 adults, 1 child	—	—	—	332	561	784	1,112	1,550	3,330	1,122	
2 adults, 2 children	—	—	—	—	540	773	1,071	1,475	2,403	1,121	
2 adults, 3 children	430	—	—	—	465	746	1,060	1,406	2,499	1,148	
2 adults, 4 children	—	—	—	—	453	663	1,035	1,406	2,493	1,045	

the lower income ranges. Benefits in kind tend to be higher for the larger households within each income range and hence tend to redistribute resources to the larger households (and to some extent also to the elderly households) in each range. The other taxes and benefits make lesser although still very significant contributions to the final effect. This complex pattern of redistribution is due largely to different policies with varied purposes; it does not stem from a policy explicitly designed to produce a particular intended redistributive effect. However the Government can on occasion use two or more stages of the process to produce a specific redistributive effect (such as the raising of family allowances combined with increased claw-back *via* the lowering of tax allowances for children for whom family allowances are received).

It is very difficult to say how the final overall effects set out in Tables n and m are influenced by the quality of the basic data and by the assumptions and approximations which have been made. With better information on use of services the attribution of health services benefits could be improved, and spending on personal social services, libraries, parks, and refuse collection, etc. could be included in the analysis. It might also be possible to allocate some of the relevant spending on police

and fire services to those types of households making the greatest demands on property protection services. But the total of all the extra items would be small relative to the total already allocated, and although there may be some tendency for the services they cover to be used more intensively by households with higher incomes, any such effect would probably not be large enough to change the overall picture greatly. The effects of several alternative sets of assumptions about the incidence of all unallocated benefits are discussed in a paper by Nicholson and Britton⁵. The picture would also be changed somewhat if different assumptions were made about the valuation of benefits in kind going to each household, and the incidence of taxes were estimated in a different way. But the results presented here aim at giving a comprehensible picture of the impact of government expenditure and taxation on individual households in different circumstances — and there are practical and presentational advantages in a straightforward approach.

⁵ *The Redistribution of Income*; J. L. Nicholson and A. J. C. Britton. To be published in the report on the Royal Economic Society's conference on the Distribution of income and property, Lancaster 1974. (George Allen and Unwin).

APPENDIX I

Definitions and method

Family Expenditure Survey

The estimates in this article are based on an extended analysis of data derived from the Family Expenditure Survey (FES). The FES is a continuous annual survey of the expenditure of households; households are also questioned in detail about their income from all sources, but there is no systematic linkage of income and expenditure to yield a balanced household budget. One of the main purposes of the Family Expenditure Survey is to yield information on household expenditure patterns for use in weighting the index of retail prices. The Survey is conducted by the Office of Population Censuses and Surveys on behalf of the Department of Employment who analyse and report on the Survey. The latest report is *Family Expenditure Survey Report for 1974*. Details of the Survey method are set out in *Family Expenditure Survey – Handbook on the sample, fieldwork and coding procedure* by W F F Kemsley. Both are published by Her Majesty's Stationery Office.

The number of households co-operating in the FES in 1974 is somewhat smaller than usual as interviewing was interrupted during the two general election campaigns of that year. In the event 6,695 households co-operated, giving an effective response rate of 71 per cent, which is slightly higher than in recent years.

Households

A household is defined in the FES as comprising persons who live at the same address and who share in the catering for at least one meal a day. In the article, in order to maintain comparability with earlier years all persons aged 16 and over are counted as adults.

A retired household is defined as one which the combined income of members who are at least 60 and describe themselves as retired or unoccupied amounts to at least half the total gross income of the household.

There is some evidence that households who respond to the FES differ from those who do not (see 'Family Expenditure Survey: A study of differential response based on a comparison of the 1971 sample with the census', W F F Kemsley, *Statistical News*, No. 31, November 1975).

It is believed that older households, households where the head of household is self-employed and households without children are less likely to co-operate. There are regional variations in response: in the GLC area it is noticeably lower than in other areas. There are also indications that higher income households are less likely to respond. It is not possible at present to correct for non-response bias and all tables are based on households actually co-operating in the survey.

Original income

The Original income of the household corresponds to the total combined income of the members of the household from employment, self-employment and investment, including occupational pensions. It is based on a concept of 'Normal income' around which the FES income questions are structured. Normal income is a function of the income received in the pay period preceding the interview (usually a week or a month) adjusted,

in those cases where the last payment was abnormal, to take account of the amount usually received. Allowance is also made for periods of absence from work through sickness and unemployment, and for occasional payments. In the case of investment and self-employment income the normal income figure is taken as the amount received in the last twelve months for which details are available.

Some income in kind is taken into account, though the coverage of fringe benefits is not comprehensive. Households living in owner-occupied or rent-free dwellings are assigned an imputed income based on the rateable value of the dwelling. The various components of income are converted to estimated normal annual rates.

Direct benefits

These consist of:

Family allowances

Retirement and old-age pension, widow's pension, disablement and war disability pension, invalidity pension and allowance

Unemployment benefit, sickness and industrial injury benefits

Family income supplement, supplementary benefits

Maternity benefit

Death grant, redundancy payment

Other cash benefits

Supplementary benefits include all supplementary allowances where separately distinguished by respondents. The amount of benefit is taken as the amount received by the household in the twelve months prior to interview. Redundancy benefit is the sole exception to this: the amount of benefit received is divided by the number of years it is intended to cover. Adding direct benefits to original income gives *original income plus cash benefits*.

Direct taxes

These are:

Income tax

Surtax

Employees' and self-employed contributions to national insurance and national health services

The estimates are based on the amount deducted from the last payment in the case of employment incomes and on the amount paid in the last twelve months for which figures are available in the case of self-employment and investment incomes.

Disposable income

Original income *plus* direct benefits *less* direct taxes gives *disposable income*.

Indirect benefits

Housing subsidies

Food subsidies

Housing subsidies for local authority tenants are defined as the difference between current account expenditure by public authorities on housing (the sum of the 'economic grants') and the rents paid by tenants of local authority dwellings. The subsidy is estimated separately for each local authority dwell-

ing in the sample and is taken to be the excess of the estimated economic rent over the actual rent paid by the tenant. The subsidy therefore includes any rent rebates which the tenant may be allowed. The economic rent is calculated by marking up the rateable value of the dwelling in the ratio of the total current account expenditure on all dwellings owned by the local authority to the total rateable value of these dwellings. The housing subsidy estimated for a particular household can (exceptionally) be negative. In the case of non-local authority tenants the value of any rent allowances received is counted as a housing subsidy, and is not included in original income.

Food subsidies are estimated by applying the cost of the subsidies to estimates of consumers' expenditure in the subsidised product field; an allowance is made for the effect on retailers' margins where the subsidy is injected into the distribution chain. The subsidy factors derived in this way are applied to the actual expenditures on the product field recorded by each household. It is not possible to distinguish expenditure on subsidised and unsubsidised categories within each product field. Consumer subsidies on milk, butter, cheese, household flour, bread and tea are treated in this way.

In accordance with practice in earlier years, agricultural subsidies are regarded as forming part of the original income of farmers and not as benefits to the consumer.

Indirect taxes

i. On final consumer goods and services:

- Local domestic rates on dwellings (after rebates)
- Customs and excise duty on beer, wines, spirits, tobacco, oil, betting, etc.
- Value added tax
- Car tax
- Motor vehicle duties
- Driving licences
- Television licences
- Stamp duties

Indirect taxes on final consumer goods and services are either paid in full by the consumer (for example local rates) or assumed to be fully incident on the consumer. For example, the amount of value added tax paid by a household is calculated from its total expenditure on those classes of goods and services subject to the different rates of VAT. In the case of those goods which are subject to both excise duties and VAT, the VAT is consolidated with the excise duty, reflecting the situation at the introduction of VAT. Thus 'duty on wines', for example, includes both excise duty and VAT.

VAT and car tax affect the prices of second-hand cars and are therefore assumed to be incident on the purchase of second-hand cars. Expenditure on alcoholic drink, tobacco, ice-cream, soft drinks and confectionery recorded by households is weighted to allow for the known under-recording of these items in the FES. The true expenditure in each case is assumed to be proportional to the recorded expenditure. It should be noted that rates are paid in full by recipients of supplementary benefit as the supplementary benefit covers this payment.

ii. On intermediate goods and services:

- Local rates on commercial and industrial property
- Vehicle licences
- Customs and excise duties on hydrocarbon oils
- Import duties

Stamp duties

Employers' contributions to national insurance and national health services and to redundancy fund.

Indirect taxes on intermediate products are defined as taxes falling on goods and services purchased by industry and used in the production of goods and services bought by consumers. Their allocation between different categories of expenditure is based on input-output tables. That part of those taxes which bears on goods and services bought by consumers is assumed to be fully shifted onto the consumer.

Income after all taxes and transfers

Disposable income *plus* indirect benefits *less* indirect taxes gives *Income after all taxes and transfers*.

Benefits in kind

- National health service
- State education
- School health service
- Scholarships and education grants from public funds
- School meals, milk and other welfare foods.

The benefit of the national health service is estimated at the average national cost of providing the service to individuals. The value of the benefit to households is assigned on the basis of household composition using estimates of the cost of the health service by age and sex groups. The benefit of the maternity services is assigned separately to those households in receipt of maternity benefit.

Education benefit is based on the estimated cost per pupil or student of the various educational services, for example special schools, primary, secondary and direct grant schools, universities and teachers' training colleges. The value of the benefit attributed to households is dependent on the number of persons in the household recorded in the FES as receiving each kind of education. Actual scholarship payments by the state are added and the individual household's benefit is net of the fees and contributions made by parents.

School meals and other welfare foods. The value of these benefits is based on their cost to public authorities. The individual household's benefit is net of the contributions from the household.

Final income

Income after all taxes and transfers *plus* benefits in kind gives *final income*.

Sampling error

As the majority of statistics shown in this article are based on samples, the figures are subject to sampling error. The customary method of measuring this is to calculate the standard error associated with an estimate based on a sample. The standard error of the estimated number with a particular characteristic is obtained from the formula \sqrt{npq} , where n is the size of the sample, (in this case, 6,695 households), p is the proportion with the characteristic and $q=(1-p)$. In the case of large samples there is a 1 in 20 chance that this estimate will differ from the true value by more than $1.96\sqrt{npq}$. The limits $\pm 1.96\sqrt{npq}$ are usually referred to as the 95 per cent confidence limits of the sample estimate. When the number in the sample is small, that is $np < 15$, the calculation of the confidence limits is slightly more complicated.

In the following table, specimen sample numbers of households, and the range within which it is expected with 95 per cent confidence the number of households will lie, are shown.

Number of households in the sample with a particular characteristic (<i>np</i> where the sample size, <i>n</i> , is 6,695)	Sample Standard error	Range within which it is expected with 95 per cent confidence the number of households will lie	
		lower limit	upper limit
0	0	0	4
5	2.2	2	12
10	3.2	5	18
15	3.9	7	23
25	5.0	15	35
50	7.0	36	64
100	10	80	120
250	16	219	281
500	22	457	543
1000	29	942	1058

Previous articles

This article is the latest in an annual series. Earlier articles covering the years 1957 to 1973 were published in *Economic Trends*: November 1962, February 1964, August 1966, February 1968, 1969, 1970, 1971, 1972, November 1972 and 1973, December 1974. The December 1974 article contains a comprehensive account of the methods employed and the changes in treatment over the years. The present article differs in presentation of the figures although the method is essentially the same as in earlier years. As far as is practicable with the resources available the CSO will provide on request analyses for 1974 on a comparable basis to earlier years.

APPENDIX II CONTENTS

	Table	Page
Average incomes before and after taxes and benefits 1974	1	93
Quantile shares of income by household type	2	109
Average incomes before and after taxes and benefits 1961—74	3	111
Distribution of households co-operating in the Family Expenditure Survey 1974		
by range of original income	4	112
by range of original income <i>plus</i> cash benefits	5	113
by range of disposable income	6	114
by range of income after all taxes and transfers	7	115
by range of income after all taxes and benefits	8	116
Average taxes paid and benefits received by retired and non-retired households in different income ranges—1974		
Chart 1: £ per year		117
Chart 2: as a percentage of original income <i>plus</i> cash benefits		118

Average incomes before and after taxes and benefits—1974

TABLE 1

	£ per year										Aver- age 5,490 over all and income above ranges						
	Range of original income																
	Under 381	381- 461	461- 557	557- 674	674- 816	816- 987	987- 1,194	1,194- 1,446	1,446- 1,749	1,749- 2,116		2,116- 2,561	2,561- 3,099	3,099- 3,750	3,750- 4,537	4,537- 5,490	
(i) Retired and non-retired households																	
All households in the sample																	
	Number of households																
Original income	1,116	91	86	101	112	109	153	207	295	475	637	774	806	680	498	555	6,695
Direct benefits in cash:	6	7	2	6	8	11	7	21	20	21	25	28	28	28	23	25	20
family allowance	486	539	607	427	430	338	307	202	116	98	67	56	45	36	27	57	169
retirement and old age pension	20	49	18	63	40	53	55	47	25	16	6	14	8	6	4	5	16
widow's pension	14	3	20	9	1	12	8	20	5	9	6	7	3	5	4	6	8
disability and war disability pension	31	37	27	15	36	100	33	30	12	24	12	12	6	4	2	2	16
invalidity pension and allowance	5	3	4	14	16	15	24	15	22	10	9	9	7	5	4	8	8
unemployment benefit	4	9	11	4	11	17	22	40	23	26	17	17	14	11	9	15	15
sickness and industrial injury benefit	—	—	—	1	—	1	2	4	4	2	—	1	—	—	—	1	1
family income supplement	157	48	35	74	60	35	34	48	31	16	12	12	8	13	9	2	40
supplementary benefit	—	—	—	—	—	—	2	3	4	5	5	4	3	2	1	2	2
maternity benefit	1	1	—	2	1	1	1	1	—	—	—	—	—	—	—	—	—
death grant	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
redundancy payment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
other cash benefits	4	—	—	—	—	6	—	3	—	—	—	—	—	—	—	—	—
Original income and cash benefits	833	1,118	1,229	1,225	1,353	1,493	1,583	1,752	1,868	2,174	2,505	2,977	3,538	4,222	5,044	7,752	3,017
Direct taxes:	1	4	4	3	10	17	30	44	71	89	108	126	150	173	192	223	105
national insurance, employees' contributions	3	13	23	47	60	87	92	117	162	216	293	359	480	617	797	1,458	402
income tax and surtax	828	1,101	1,203	1,176	1,284	1,389	1,462	1,591	1,636	1,869	2,104	2,492	2,907	3,433	4,054	6,071	2,509
Disposable income	83	61	31	56	49	46	62	69	72	51	51	45	41	42	36	19	51
Indirect benefits:	12	16	14	15	16	15	16	17	20	19	21	24	24	24	24	31	21
housing subsidies	50	52	52	58	62	66	65	62	60	66	67	72	80	85	97	119	73
food subsidies	81	130	125	144	140	161	189	201	245	264	298	342	392	443	491	650	315
local rates	42	62	54	60	62	66	80	76	88	96	107	125	143	163	186	250	119
on other final goods and services	750	933	1,017	984	1,084	1,156	1,206	1,338	1,334	1,515	1,704	2,022	2,358	2,808	3,341	5,101	2,074
on intermediate products	82	102	15	84	108	139	125	183	172	170	235	244	272	285	248	346	208
Income after all taxes and transfers	143	167	164	144	144	146	144	151	155	163	162	159	158	159	153	168	156
Direct benefits in kind:	6	6	3	7	8	8	5	8	10	11	11	12	14	12	10	12	10
education	981	1,207	1,199	1,219	1,344	1,450	1,480	1,680	1,671	1,859	2,111	2,437	2,802	3,264	3,752	5,627	2,448
national health service	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
welfare foods	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Income after all taxes and benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

218

57

32

52

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year																Average age 5,490 overall income and above ranges
	Range of original income																
Under	381-	461-	557-	674-	816-	987-	1,194-	1,446-	1,749-	2,116-	2,561-	3,099-	3,750-	4,537-	4,900	8,556	931
(i) Retired and non-retired households																	
1 adult																	
Number of households	648	34	31	35	46	34	56	57	70	62	70	43	23	18	13	15	1,255
Original income	93	423	501	611	742	900	1,090	1,319	1,589	1,948	2,318	2,796	3,338	4,046	4,900	8,556	931
Direct benefits in cash:																	
family allowance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
retirement and old age pension	410	369	400	331	291	207	153	154	56	58	56	26	23	55	—	—	—
widow's pension	23	49	25	84	36	64	92	60	49	24	27	33	40	29	—	—	58
disability and war disability pension	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
invalidity pension and allowance	8	—	—	17	9	26	—	8	—	—	—	—	—	—	—	—	5
unemployment benefit	1	—	10	—	21	6	9	5	1	—	—	—	—	—	—	—	6
sickness and industrial injury benefit	1	—	—	6	2	12	7	13	9	3	6	5	2	2	10	—	2
family income supplement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
supplementary benefit	119	18	10	3	19	10	4	—	—	—	—	—	—	—	—	—	63
maternity benefit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
death grant	1	2	1	4	1	3	1	1	1	—	2	1	1	—	—	—	1
redundancy payment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
other cash benefits	4	—	—	—	27	20	—	—	—	11	—	—	—	—	—	—	4
Original income and cash benefits	666	868	946	1,056	1,150	1,248	1,356	1,583	1,705	2,045	2,410	2,874	3,404	4,131	4,910	8,672	1,334
Direct taxes:																	
national insurance, employees' contributions	—	3	2	4	7	15	26	39	69	91	101	110	135	121	128	100	28
income tax and surtax	3	20	32	83	80	120	155	205	283	339	478	498	710	880	944	2,140	165
Disposable income	663	845	913	970	1,063	1,114	1,175	1,339	1,353	1,616	1,832	2,266	2,560	3,130	3,838	6,432	1,141
Indirect benefits:																	
housing subsidies	70	50	48	60	39	30	44	28	44	39	31	20	11	—	—	—	53
food subsidies	9	11	9	10	10	7	9	9	8	7	9	9	7	8	10	11	9
Indirect taxes:																	
local rates	47	50	51	58	60	63	63	63	59	64	64	71	85	96	121	134	56
on other final goods and services	47	74	80	86	113	106	131	151	185	199	218	256	297	344	546	524	113
on intermediate products	31	40	38	54	49	47	67	56	65	71	73	93	126	131	179	236	52
Income after all taxes and transfers	617	742	800	842	890	934	967	1,106	1,097	1,328	1,516	1,877	2,072	2,567	3,002	5,550	982
Direct benefits in kind:																	
education	45	65	—	—	40	42	33	25	72	—	—	—	—	—	—	—	34
national health service	104	103	96	91	87	81	70	72	61	55	56	54	51	52	46	67	87
welfare foods	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Income after all taxes and benefits	765	910	896	933	1,017	1,057	1,070	1,203	1,229	1,383	1,572	1,931	2,123	2,620	3,048	5,617	1,103

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year										Aver- age 5,490 overall and income above ranges						
	Range of original income																
Under	381-	461-	557-	674-	816-	987-	1,194-	1,446-	1,749-	2,116-	2,561-	3,099-	3,750-	4,537-	5,490-		
(1) Retired and non-retired households																	
Number of households	367	43	48	47	51	48	55	80	89	156	192	226	237	187	159	128	2,113
Original income	131	424	508	608	740	906	1,080	1,317	1,606	1,944	2,338	2,812	3,404	4,108	4,939	7,671	2479
Direct benefits in cash:																	
family allowance	723	762	754	624	643	532	540	352	225	164	105	107	56	28	35	67	285
retirement and old age pension	5	—	—	28	15	11	25	28	15	12	5	9	12	7	3	10	10
widow's pension	21	—	25	18	3	22	13	17	10	15	11	13	1	2	1	1	11
disability and war disability pension	45	56	23	18	38	91	38	53	13	15	5	4	1	—	—	—	18
invalidity pension and allowance	2	6	—	12	3	2	4	2	4	3	12	7	9	7	4	8	5
unemployment benefit	10	12	20	4	16	23	25	31	28	26	13	13	13	6	3	5	13
sickness and industrial injury benefit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
family income supplement	93	14	21	43	28	11	14	24	8	10	7	9	1	2	—	—	23
supplementary benefit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
maternity benefit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
death grant	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
redundancy payment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
other cash benefits	6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Original income and cash benefits	1,036	1,275	1,352	1,356	1,486	1,600	1,738	1,828	1,910	2,200	2,490	2,976	3,497	4,159	4,991	7,760	2,847
Direct taxes:																	
national insurance employees' contributions	2	—1	5	—1	8	12	24	44	67	78	103	119	150	181	194	196	93
income tax and surtax	4	12	18	37	62	96	119	144	214	257	337	419	566	702	885	1,698	413
Disposable income	1,030	1,263	1,329	1,320	1,416	1,492	1,595	1,640	1,630	1,864	2,050	2,439	2,782	3,276	3,912	5,867	2,341
Indirect benefits:																	
housing subsidies	92	58	21	58	44	53	49	62	60	32	46	39	41	40	19	7	48
food subsidies	16	16	17	15	19	15	17	16	17	16	16	18	16	15	15	19	16
local rates	50	50	48	58	58	72	63	61	64	68	66	69	81	84	98	129	72
on other final goods and services	122	103	152	177	158	168	208	201	231	255	296	339	384	419	443	532	289
on intermediate products	54	51	59	64	66	68	81	75	87	89	101	114	128	146	166	218	106
Income after all taxes and transfers	912	1,133	1,108	1,093	1,196	1,253	1,310	1,381	1,325	1,499	1,650	1,973	2,245	2,682	3,239	5,013	1,939
Direct benefits in kind:																	
education	17	—	—	25	11	60	33	7	7	28	41	19	15	10	1	20	18
national health service	202	207	202	185	187	172	179	156	147	136	126	116	113	105	102	106	143
welfare foods	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Income after all taxes and benefits	1,130	1,340	1,309	1,303	1,395	1,486	1,522	1,544	1,479	1,664	1,817	2,108	2,372	2,797	3,341	5,139	2,100

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year											Aver- age overall income ranges					
	Range of original income																
	Under 381	381- 461-	461- 557-	557- 674-	674- 816-	816- 987-	987- 1,194-	1,194- 1,446-	1,446- 1,749-	1,749- 2,116-	2,116- 2,561-		2,561- 3,099-	3,099- 3,750-	3,750- 4,537-	4,537- above ranges	
(i) Retired and non-retired households 2 adults, 2 children	6	2	1	1	2	2	7	12	37	76	118	155	165	113	60	51	808
Number of households	381	381	461	557	674	816	987	1,194	1,446	1,749	2,116	2,561	3,099	3,750	4,537	7,503	3,293
Original income	47	47	45	45	45	47	46	46	46	46	46	46	46	46	46	46	46
Direct benefits in cash:																	
family allowance	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
retirement and old age pension	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
widow's pension	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
disability and war disability pension	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
invalidity pension and allowance	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59
unemployment benefit	83	83	83	83	83	83	83	83	83	83	83	83	83	83	83	83	83
sickness and industrial injury benefit	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
family income supplement	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158	158
supplementary benefit	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
maternity benefit	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
death grant	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
redundancy payment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
other cash benefits	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
Original income and cash benefits	1,788	1,865	2,050	2,451	2,895	3,473	4,152	5,038	7,555	3,395	1,788	1,865	2,050	2,451	2,895	3,473	4,152
Direct taxes:																	
national insurance employees' contributions	45	81	99	117	135	148	167	169	165	134	45	81	99	117	135	148	167
income tax and surtax	—40	52	150	229	315	430	595	801	1,375	426	—40	52	150	229	315	430	595
Disposable income	1,784	1,732	1,801	2,105	2,445	2,894	3,390	4,068	6,015	2,834	1,784	1,732	1,801	2,105	2,445	2,894	3,390
Indirect benefits:																	
housing subsidies	112	73	61	34	39	34	23	29	—	38	112	73	61	34	39	34	23
food subsidies	21	27	25	27	27	27	28	25	26	27	21	27	25	27	27	28	25
local rates	71	55	66	67	75	85	92	104	124	82	71	55	66	67	75	85	92
on other final goods and services	202	304	273	301	326	354	387	386	504	343	202	304	273	301	326	354	387
on intermediate products	83	107	97	115	120	147	154	165	234	136	83	107	97	115	120	147	154
Income after all taxes and transfers	1,561	1,367	1,452	1,683	1,989	2,370	2,807	3,467	5,179	2,338	1,561	1,367	1,452	1,683	1,989	2,370	2,807
Direct benefits in kind:																	
education	378	236	268	308	301	338	362	352	390	327	378	236	268	308	301	338	362
national health service	169	186	191	189	173	163	160	162	155	172	169	186	191	189	173	163	160
welfare foods	16	23	19	14	17	23	22	21	24	20	16	23	19	14	17	23	22
Income after all taxes and benefits	2,123	1,811	1,930	2,194	2,480	2,895	3,351	4,002	5,747	2,857	2,123	1,811	1,930	2,194	2,480	2,895	3,351

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year										Average age over all and income ranges				
	Range of original income														
	Under 381	381- 461	461- 557	557- 674	674- 816	816- 987	987- 1,194	1,194- 1,446	1,446- 1,749	1,749- 2,116		2,116- 2,561	2,561- 3,099	3,099- 3,750	3,750- 4,537	4,537- above ranges
(i) Retired and non-retired households															
2 adults, 3 children															
Number of households	12	1	1	2	2	8	13	25	38	64	64	48	22	34	334
Original income	90						1,613	1,927	2,362	2,829	3,399	4,078	4,895	7,481	3,385
Direct benefits in cash:															
family allowance	103						87	95	99	98	99	99	94	96	98
retirement and old age pension	48														2
widow's pension															8
disability and war disability pension	39								4						15
invalidity pension and allowance	314						45	74	4						17
unemployment benefit	45						45	3	4		5		3		10
sickness and industrial injury benefit	48						8	45	8	22	5	3	5	7	14
family income supplement							18			3					3
supplementary benefit	294						83								29
maternity benefit	2						4	4	3	2	3	2	3		2
death grant									1		1				
redundancy payment															
other cash benefits															
Original income and cash benefits	983						1,858	2,149	2,480	2,954	3,512	4,205	5,062	7,599	3,570
Direct taxes:															
national insurance employees' contributions	26						89	101	126	135	144	157	161	150	130
income tax and surtax	12						-32	15	242	320	364	504	811	1,461	434
Disposable income	945						1,801	2,032	2,112	2,498	3,004	3,545	4,090	5,988	3,006
Indirect benefits:															
housing subsidies	133						124	83	84	78	37	44	46		63
food subsidies	24						25	28	32	34	34	32	33	35	32
Indirect taxes:															
local rates	65						62	69	69	78	83	95	105	146	87
on other final goods and services	230						265	254	316	321	407	365	435	487	353
on intermediate products	97						94	112	120	130	138	145	200	254	144
Income after all taxes and transfers	709						1,529	1,709	1,723	2,092	2,447	3,015	3,428	5,136	2,518
Direct benefits in kind:															
education	988						283	445	489	561	570	603	467	488	544
national health service	200						219	213	204	192	201	190	198	178	198
welfare foods	83						35	26	35	27	34	41	39	33	37
Income after all taxes and benefits	1,980						2,066	2,393	2,451	2,861	3,251	3,849	4,132	5,835	3,296

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year													Aver- age over all income ranges			
	Range of original income																
	Under 381	381- 461	461- 557	557- 674	674- 816	816- 987	987- 1,194	1,194- 1,446	1,446- 1,749	1,749- 2,116	2,116- 2,561	2,561- 3,099	3,099- 3,750	3,750- 4,537	4,537- above ranges		
(i) Retired and non-retired households 2 adults, 4 children																	
Number of households	4					1	2	9	8	12	14	12	19	14	12	10	117
Original income										1,942	2,356	2,844	3,386	4,055	5,039	8,382	3,275
Direct benefits in cash:																	
family allowance																	
retirement and old age pension																	
widow's pension																	
disability and war disability pension																	
invalidity pension and allowance																	
unemployment benefit																	
sickness and industrial injury benefit																	
family income supplement																	
supplementary benefit																	
maternity benefit																	
death grant																	
redundancy payment																	
other cash benefits																	
Original income and cash benefits										2,312	2,596	3,126	3,544	4,248	5,196	8,535	3,685
Direct taxes:																	
national insurance employees' contributions																	
income tax and surtax																	
Disposable income										66	93	126	151	166	154	164	116
Indirect benefits:																	
housing subsidies																	
food subsidies																	
local rates																	
on other final goods and services																	
on intermediate products																	
Income after all taxes and transfers										144	101	68	74	26	22	12	67
Direct benefits in kind:																	
education																	
national health service																	
welfare foods																	
Income after all taxes and benefits										32	27	42	35	41	39	96	42
										80	76	67	95	88	102	162	87
										314	298	333	382	401	485	460	350
										119	110	151	141	185	258	307	161
										1,807	2,075	2,336	2,533	2,972	3,777	6,150	2,649
Income after all taxes and benefits										666	772	710	796	818	769	740	760
										247	231	259	231	216	225	226	236
										60	38	51	65	53	61	26	55
										2,780	3,114	3,356	3,624	4,059	4,833	7,142	3,700

Average incomes before and after taxes and benefits—1974

TABLE 1 (Continued)

	£ per year													Aver- age over all and income ranges
	Range of original income													
	Under 381	381- 461-	461- 557-	557- 674-	674- 816-	816- 987-	987- 1,068	1,068- 1,316	1,316- 1,534	1,534- 1,952	1,952- 2,834	2,834- 3,750-	3,750- 4,537-		4,537- 5,490- above ranges
(ii) Retired households 2 adults														
Number of households	340	36	37	29	27	20	26	15	16	22	8	10	8	609
Original income	128	423	509	606	731	918	1,068	1,316	1,534	1,952	2,834			670
Direct benefits in cash:														
family allowance	766	775	721	754	708	541	715	766	725	581	638			733
retirement and old age pension	4	—	—	—	26	—	—	—	—	—	—			3
widow's pension	22	—	32	30	5	47	20	—	—	—	—			18
disablement and war disability pension	29	49	27	—	23	131	48	97	—	—	—			32
invalidity pension and allowance	—	7	—	—	3	—	—	—	—	49	—			4
unemployment benefit	6	14	19	—	—	—	13	—	19	—	—			7
sickness and industrial injury benefit	—	—	—	—	—	—	—	—	—	—	—			—
family income supplement	87	4	14	29	14	5	—	—	—	—	—			52
supplementary benefit	—	—	—	—	—	—	—	—	—	—	—			—
maternity benefit	—	—	—	—	—	—	—	—	—	—	—			—
death grant	—	—	—	—	—	—	—	—	—	—	—			—
redundancy payment	—	—	—	—	—	—	—	—	—	—	—			—
other cash benefits	6	—	—	—	—	—	—	—	—	—	—			—
Original income and cash benefits	1,049	1,273	1,323	1,418	1,484	1,668	1,865	2,179	2,277	2,582	3,577			1,523
Direct taxes:														
national insurance, employees' contributions	—	-1	5	—	3	2	2	—	3	14	—			3
income tax and surtax	3	11	18	43	84	91	173	259	297	358	605			106
Disposable income	1,046	1,262	1,300	1,376	1,397	1,575	1,690	1,920	1,978	2,211	2,972			1,414
Indirect benefits:														
housing subsidies	94	60	12	41	43	51	45	—	16	—	—			65
food subsidies	16	16	17	13	19	15	17	13	14	18	19			16
Indirect taxes:														
local rates	50	50	51	63	59	68	68	76	83	94	105			61
on other final goods and services	119	101	139	199	155	195	215	182	244	220	311			155
on intermediate products	53	50	58	70	64	74	85	93	82	87	147			65
Income after all taxes and transfers	934	1,137	1,081	1,098	1,180	1,305	1,385	1,583	1,598	1,827	2,428			1,214
Direct benefits in kind:														
education	4	—	—	—	—	—	—	—	—	—	—			2
national health service	207	210	203	205	201	179	205	206	196	189	203			203
welfare foods	—	—	—	—	—	—	—	—	—	—	—			—
Income after all taxes and benefits	1,144	1,347	1,284	1,303	1,381	1,484	1,589	1,789	1,794	2,017	2,632			1,420

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per Year																Average age over all and income above ranges	
	Range of original income																	
	Under 381	381-	461-	557-	674-	816-	987-	1,194-	1,446-	1,749-	2,116-	2,561-	3,099-	3,750-	4,537-	5,490 and above ranges		
(iii) Non-retired households																		
1 adult																		
Number of households	69	8	11	19	24	19	44	43	64	55	63	40	23	16	13	12	523	
Original income	135	512	613	732	901	1,093	1,319	1,592	1,951	2,322	2,797	3,338	4,051	4,900	8,974	1,816		
Direct benefits in cash:																		
family allowance																		
retirement and old age pension	124		202	141		74	86		56	14	10	15		23			59	
widow's pension	98		155	69		69	117		70	53	27	21		25	40	33	27	61
disability and war disability pension																		3
invalidity pension and allowance	44		31	18		47												9
unemployment benefit	11		28	41		11	11		7	1	1							6
sickness and industrial injury benefit	2		10	4		22	8		17	10	4	6		2	2	10		7
family income supplement																		
supplementary benefit	137		11	6		37	18											21
maternity benefit	1																	
death grant	1		3	3		3	1		1	1		1		1				1
redundancy payment																		
other cash benefits	10					51	36											7
Original income and cash benefits	563	934	1,020	1,094	1,180	1,316	1,500	1,671	2,005	2,368	2,843	3,404	4,086	4,910	9,001	1,991		
Direct taxes:																		
national insurance, employees' contributions	1		4	7	14	26	34		52	75	101	112	118	135	136	128	125	68
income tax and surtax	2		35	95	73	93	140		193	273	338	467	486	710	863	944	2,134	332
Disposable income	561	894	918	1,007	1,061	1,142	1,255	1,323	1,566	1,789	2,239	2,560	3,087	3,838	6,742	1,592		
Indirect benefits:																		
housing subsidies	48		46	44	72	53	49		37	48	44	34	22	11				39
food subsidies	8		9	8	9	5	9		9	8	7	9	9	7	6	10	13	8
Indirect taxes:																		
local rates	41		42	54	60	50	57		55	57	61	60	68	85	95	121	130	61
on other final goods and services	75		103	92	113	135	137		168	188	208	222	260	297	381	546	515	194
on intermediate products	37		40	60	53	50	52		60	64	73	74	95	126	133	179	212	73
Income after all taxes and transfers	464	763	765	863	884	955	1,018	1,071	1,276	1,476	1,846	2,072	2,484	3,002	5,898	1,312		
Direct benefits in kind:																		
education	420				77	75	42		33	78								82
national health service	64		88	70	66	66	60		60	56	50	50	51	48	46	56	57	
welfare foods																		
Income after all taxes and benefits	949	851	835	1,005	1,026	1,056	1,112	1,205	1,326	1,527	1,897	2,123	2,532	3,048	5,954	1,451		

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year											Average age overall income ranges					
	Range of original income																
	Under 381	381-461	461-557	557-674	674-816	816-987	987-1,194	1,194-1,446	1,446-1,749	1,749-2,116	2,116-2,561		2,561-3,099	3,099-3,750	3,750-4,537	4,537-5,490	5,490 and above
(iii) Non-retired households																	
2 adults																	
Number of households	27	7	11	18	24	28	29	65	73	134	184	216	229	183	156	120	1,504
Original income	506	612	751	898	1,089	1,318	1,622	1,942	2,337	2,811	3,403	4,108	4,933	7,740	3,211		
Direct benefits in cash:																	
family allowance	866	414	570	525	383	256	115	95	81	82	36	20	25	26	104		
retirement and old age pension	—	—	—	—	47	35	18	14	5	10	13	7	3	11	26		
widow's pension	20	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
disability and war disability pension	13	—	—	5	6	21	12	18	11	14	1	3	1	1	7		
invalidity pension and allowance	247	8	48	56	63	29	42	15	17	5	1	—	—	—	13		
unemployment benefit	25	—	30	3	4	5	4	7	7	7	5	4	8	5	6		
sickness and industrial injury benefit	59	24	10	34	40	36	38	30	30	13	13	6	3	5	16		
family income supplement	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
supplementary benefit	165	46	67	44	15	26	30	10	12	7	7	1	2	—	—		
maternity benefit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
death grant	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
redundancy payment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
other cash benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Original income and cash benefits	868	1,449	1,255	1,488	1,551	1,623	1,747	1,830	2,137	2,463	2,949	3,476	4,151	4,975	7,790	3,383	
Direct taxes:																	
national insurance, employees' contributions	17	5	-2	14	19	44	54	81	89	107	125	154	183	197	205	130	
income tax and surtax	15	19	28	36	99	70	118	195	241	338	410	561	703	873	1,688	537	
Disposable income	836	1,426	1,229	1,438	1,432	1,509	1,575	1,553	1,808	2,018	2,414	2,761	3,265	3,906	5,897	2,716	
Indirect benefits:																	
housing subsidies	59	48	85	45	54	53	76	70	38	48	41	43	41	20	8	41	
food subsidies	18	19	19	19	15	17	16	18	15	16	17	16	15	15	18	16	
Indirect taxes:																	
local rates	46	41	51	57	74	59	57	60	64	65	68	80	82	97	127	77	
on other final goods and services	168	198	141	162	149	202	206	228	261	295	340	381	420	445	544	343	
on intermediate products	63	63	55	68	63	77	71	88	89	99	112	128	146	168	224	122	
Income after all taxes and transfers	636	1,191	1,086	1,214	1,216	1,242	1,333	1,265	1,446	1,623	1,952	2,231	2,673	3,230	5,026	2,231	
Direct benefits in kind:																	
education	180	—	65	24	103	63	9	8	33	43	20	15	10	1	21	24	
national health service	136	198	152	172	167	156	144	136	128	123	112	110	104	101	101	119	
welfare foods	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Income after all taxes and benefits	953	1,389	1,304	1,411	1,486	1,461	1,487	1,409	1,636	1,788	2,084	2,356	2,787	3,332	5,148	2,374	

Average incomes before and after taxes and benefits—1974

TABLE 1 (continued)

	£ per year											Aver- age 5,490 over all and income above ranges				
	Range of original income															
	Under 381	381- 461	461- 557	557- 674	674- 816	816- 987	987- 1,194	1,194- 1,446	1,446- 1,749	1,749- 2,116	2,116- 2,561	2,561- 3,099	3,099- 3,750	3,750- 4,537	4,537- 7,316	7,316- 11,112
(iii) Non-retired households																
3 adults																
Number of households	1	—	—	2	3	3	5	3	18	22	37	54	85	95	68	83
Original income	1,607	1,917	2,344	2,833	3,453	4,165	4,956	7,316	4,112	—	—	—	—	—	—	—
Direct benefits in cash:																
family allowance	5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
retirement and old age pension	335	399	302	231	158	—	—	—	—	—	—	—	—	—	—	—
widow's pension	22	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
disability and war disability pension	12	10	6	13	4	29	13	4	13	—	—	—	—	—	—	—
invalidity pension and allowance	39	64	68	39	11	—	—	—	—	—	—	—	—	—	—	—
unemployment benefit	18	33	29	9	11	6	3	1	9	—	—	—	—	—	—	—
sickness and industrial injury benefit	33	51	30	26	26	18	16	10	22	—	—	—	—	—	—	—
family income supplement	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
supplementary benefit	82	82	36	47	8	20	13	2	28	—	—	—	—	—	—	—
maternity benefit	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
death grant	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
redundancy payment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
other cash benefits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Original income and cash benefits	2,156	2,558	2,819	3,225	3,687	4,330	5,062	7,394	4,376	—	—	—	—	—	—	—
Direct taxes:																
national insurance, employees' contributions	78	92	110	127	166	193	214	257	175	—	—	—	—	—	—	—
income tax and surtax	154	279	295	361	518	645	817	1,460	678	—	—	—	—	—	—	—
Disposable income	1,925	2,188	2,414	2,737	3,004	3,492	4,032	5,677	3,524	—	—	—	—	—	—	—
Indirect benefits:																
housing subsidies	102	53	74	48	48	44	60	29	50	—	—	—	—	—	—	—
food subsidies	26	21	21	24	24	23	24	24	24	—	—	—	—	—	—	—
local rates	49	59	56	66	64	75	88	109	76	—	—	—	—	—	—	—
on other final goods and services	326	307	389	433	465	556	578	706	512	—	—	—	—	—	—	—
on intermediate products	102	113	125	146	158	199	187	229	172	—	—	—	—	—	—	—
Income after all taxes and transfers	1,675	1,782	1,939	2,164	2,389	2,729	3,262	4,687	2,837	—	—	—	—	—	—	—
Direct benefits in kind:																
education	214	289	184	143	41	107	110	132	119	—	—	—	—	—	—	—
national health service	190	198	181	180	167	157	153	155	168	—	—	—	—	—	—	—
welfare foods	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Income after all taxes and benefits	1,980	2,269	2,305	2,487	2,598	2,993	3,526	4,975	3,125	—	—	—	—	—	—	—

Quantile shares of income by household type—1974

TABLE 2

Percentage share of total income in groups of 5 per cent of households

	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th	17th	18th	19th	20th	Total	
1 adult																						
Pensioner																						
Original income	22.2	17.2	14.5	12.3	10.3	7.6	5.9	4.1	2.8	1.9	0.9	0.2	—	—	—	—	—	—	—	—	—	100.0
Disposable income	7.6	6.4	6.1	5.9	5.8	5.6	5.4	5.2	5.0	4.9	4.8	4.7	4.5	4.4	4.3	4.2	4.1	4.0	3.8	3.5	3.0	100.0
Income after all taxes and benefits	7.8	6.8	6.3	6.0	5.8	5.6	5.4	5.2	5.1	4.9	4.8	4.7	4.6	4.4	4.3	4.2	4.0	3.8	3.5	3.0	100.0	
Non-pensioner retired																						
Original income	25.8	12.6	9.3	7.5	6.2	5.5	4.6	3.9	3.4	3.1	2.8	2.6	2.3	2.1	1.9	1.7	1.6	1.4	1.3	0.6	100.0	
Disposable income	14.8	8.9	7.1	6.2	5.7	5.4	5.0	4.7	4.4	4.2	4.0	3.8	3.7	3.6	3.5	3.4	3.2	3.1	2.9	2.4	100.0	
Income after all taxes and benefits	13.7	8.5	7.0	6.3	5.7	5.3	5.0	4.7	4.5	4.3	4.1	4.0	3.9	3.7	3.7	3.6	3.4	3.2	3.0	2.4	100.0	
Non-pensioner, non-retired																						
Original income	18.6	10.4	8.5	7.4	6.8	6.2	5.8	5.3	4.8	4.4	4.1	3.7	3.3	3.0	2.6	2.0	1.6	1.0	0.4	—	100.0	
Disposable income	16.3	9.4	7.6	6.8	6.1	5.6	5.3	4.9	4.6	4.3	4.1	3.9	3.7	3.5	3.2	3.0	2.7	2.4	2.0	0.7	100.0	
Income after all taxes and benefits	14.8	8.9	7.8	6.9	6.2	5.7	5.3	5.0	4.7	4.4	4.1	3.8	3.6	3.5	3.3	3.0	2.8	2.5	2.3	1.6	100.0	
2 adults																						
Pensioner																						
Original income	15.6	12.8	11.3	10.0	9.0	8.2	7.4	6.7	5.7	4.8	3.8	2.8	1.4	0.4	—	—	—	—	—	—	—	100.0
Disposable income	7.6	6.5	6.0	5.8	5.6	5.5	5.4	5.2	5.1	5.0	4.9	4.7	4.5	4.4	4.3	4.2	4.1	4.0	3.8	3.4	100.0	
Income after all taxes and benefits	7.6	6.6	6.2	5.9	5.8	5.6	5.4	5.3	5.2	5.0	4.8	4.7	4.6	4.5	4.4	4.3	4.1	3.9	3.7	2.6	100.0	
Non-pensioner retired																						
Original income	24.1	13.4	9.6	8.0	6.6	5.4	4.6	4.2	3.6	3.1	2.8	2.5	2.3	2.1	1.9	1.8	1.6	1.3	1.1	0.1	100.0	
Disposable income	3.5	9.1	7.5	6.4	5.8	5.3	4.9	4.7	4.5	4.2	4.1	4.0	3.8	3.7	3.5	3.4	3.3	3.1	2.8	2.4	100.0	
Income after all taxes and benefits	13.1	8.5	6.9	6.2	5.6	5.3	5.0	4.8	4.6	4.4	4.3	4.1	4.0	3.9	3.7	3.6	3.5	3.3	3.0	2.4	100.0	
Non-pensioner, non-retired																						
Original income	13.9	8.7	7.7	7.1	6.6	6.1	5.7	5.3	5.0	4.7	4.4	4.1	3.9	3.6	3.3	3.0	2.6	2.1	1.5	0.7	100.0	
Disposable income	12.4	8.3	7.2	6.7	6.2	5.8	5.5	5.2	4.9	4.7	4.4	4.2	4.0	3.7	3.5	3.2	3.0	2.8	2.5	1.9	100.0	
Income after all taxes and benefits	12.2	8.4	7.4	6.7	6.2	5.8	5.4	5.1	4.8	4.6	4.4	4.1	3.9	3.7	3.5	3.3	3.1	2.8	2.5	1.9	100.0	

Average incomes before and after taxes and benefits—1961-1974

TABLE 3

	Average income				Percentage of original income				Percentage of corresponding income in 1961					
	£ per year				Percentages				1961=100					
	1961	1965	1969	1973	1974	1961	1965	1969	1973	1974	1965	1969	1973	1974
Retired and non-retired households														
1 adult														
Original income	312	420	510	779	931	100	100	100	100	100	135	163	250	298
Disposable income	375	502	618	947	1,141	120	120	121	122	123	134	165	253	304
Income after all taxes and benefits	341	439	546	927	1,103	109	105	107	119	118	129	160	272	323
2 adults														
Original income	824	1,007	1,351	2,108	2,479	100	100	100	100	100	122	164	256	301
Disposable income	809	988	1,273	2,001	2,341	98	98	94	95	94	122	157	247	289
Income after all taxes and benefits	698	828	1,054	1,814	2,100	85	82	78	86	85	119	151	260	301
2 adults, 1 child														
Original income	1,016	1,281	1,586	2,673	3,097	100	100	100	100	100	126	156	263	305
Disposable income	921	1,148	1,398	2,319	2,614	91	90	88	87	84	125	152	252	284
Income after all taxes and benefits	836	1,032	1,220	2,147	2,455	82	81	77	80	79	123	146	257	294
2 adults, 2 children														
Original income	1,026	1,245	1,762	2,755	3,293	100	100	100	100	100	121	172	269	321
Disposable income	961	1,159	1,582	2,409	2,834	94	93	90	87	86	121	165	251	295
Income after all taxes and benefits	936	1,113	1,473	2,359	2,857	91	89	84	86	87	119	157	252	305
2 adults, 3 children														
Original income	967	1,289	1,705	2,890	3,385	100	100	100	100	100	133	176	299	350
Disposable income	962	1,225	1,618	2,587	3,006	99	95	95	90	89	127	168	269	312
Income after all taxes and benefits	1,008	1,263	1,625	2,770	3,296	104	98	95	96	97	125	161	275	327
2 adults, 4 children														
Original income	1,030	1,219	1,638	2,652	3,275	100	100	100	100	100	118	159	257	318
Disposable income	1,023	1,227	1,650	2,581	3,139	99	101	101	97	96	120	161	252	307
Income after all taxes and benefits	1,123	1,343	1,760	2,969	3,700	109	110	107	112	113	120	157	264	329
3 adults														
Original income	1,282	1,616	2,140	3,366	3,914	100	100	100	100	100	126	167	263	305
Disposable income	1,197	1,475	1,907	3,010	3,425	93	91	89	89	88	123	159	251	286
Income after all taxes and benefits	1,035	1,248	1,609	2,745	3,052	81	77	75	82	78	121	155	265	295
3 adults, 1 child														
Original income	1,457	1,571	2,123	3,506	4,216	100	100	100	100	100	108	146	241	289
Disposable income	1,280	1,453	1,879	3,122	3,673	88	92	89	89	87	114	147	244	287
Income after all taxes and benefits	1,182	1,387	1,743	3,090	3,686	81	88	82	88	87	117	147	261	312
3 adults, 2 children														
Original income	1,289	1,661	2,232	3,412	3,844	100	100	100	100	100	129	173	265	298
Disposable income	1,214	1,565	2,070	3,163	3,459	94	94	93	93	90	129	171	261	285
Income after all taxes and benefits	1,190	1,607	2,014	3,329	3,723	92	97	90	98	97	135	169	280	313
4 adults														
Original income	1,742	2,064	2,789	4,520	5,342	100	100	100	100	100	118	160	259	307
Disposable income	1,558	1,860	2,456	3,873	4,625	89	90	88	86	87	119	158	249	297
Income after all taxes and benefits	1,352	1,625	2,079	3,692	4,324	78	79	75	82	81	120	154	273	320
All households in the sample														
Original income	960	1,172	1,519	2,309	2,719	100	100	100	100	100	122	158	241	283
Disposable income	922	1,121	1,421	2,156	2,509	96	96	94	93	92	122	154	234	272
Income after all taxes and benefits	847	1,019	1,271	2,078	2,448	88	87	84	90	90	120	150	245	289

Distribution of households co-operating in the Family Expenditure Survey—1974
By range of original income

TABLE 4

Range of original income £ per year	Number															All house- holds
	1 adult		2 adults		3 adults		2 adults		3 adults		4 adults		Others			
	retired	non- retired	retired	non- retired	retired	non- retired	1 child	2 children	3 children	4 children	1 child	2 children	4 adults	Others		
At least																
Less than																
381	..	579	69	340	27	9	1	8	6	12	4	2	—	—	59	1,116
461	..	26	8	36	7	4	—	—	2	1	—	—	1	—	6	91
557	..	20	11	37	11	3	—	1	1	—	—	—	—	—	2	86
674	..	16	19	29	18	1	2	3	1	1	—	—	—	—	11	101
	..	22	24	27	24	2	—	1	2	2	—	1	—	—	7	112
816	..	15	19	20	28	3	3	1	2	2	1	1	1	—	13	109
987	..	12	44	26	29	3	5	10	7	—	2	2	3	—	10	153
1,194	..	14	43	15	65	1	3	13	12	8	9	2	1	1	20	207
1,446	..	6	64	16	73	1	18	32	37	13	8	6	1	3	17	295
1,749	..	7	55	22	134	—	22	74	76	25	12	8	6	3	31	475
2,116	..	7	63	8	184	2	37	103	118	38	14	18	5	6	34	637
2,561	..	3	40	10	216	1	54	130	155	64	12	22	19	8	40	774
3,099	..	—	23	8	229	1	85	91	165	64	19	32	22	20	47	806
3,750	..	2	16	4	183	2	95	79	113	48	14	35	22	17	50	680
4,537	..	—	13	3	156	1	68	35	60	22	12	34	19	34	41	498
5,490	..	3	12	8	120	—	83	26	51	34	10	36	16	61	95	555
5,490 and above	..	3	12	8	120	—	83	26	51	34	10	36	16	61	95	555
All income ranges	..	732	523	609	1,504	34	476	607	808	334	117	199	116	153	483	6,695

Note: The retired households not shown separately in the tables are distributed as follows:
 2 adults, 1 child (2); 2 adults, 2 children (2); 3 adults, 1 child (1); 3 adults, 2 children (1); others (1).
 1 adult and 2 adult retired households in the lowest range of income include 444 and 273 pensioner households respectively.

Distribution of households co-operating in the Family Expenditure Survey—1974
 By range of disposable income

TABLE 6

Range of disposable income £ per year	Number														All house- holds	
	1 adult		2 adults		3 adults		2 adults		3 adults		4 adults		Others			
	retired	non- retired	retired	non- retired	retired	non- retired	1 child	2 children	1 child	2 children	1 child	2 children	4 children	Others		
At least																
Less than																
381	3	21	—	—	3	—	—	—	—	—	—	—	—	—	—	2
461	16	3	1	—	1	—	—	—	—	—	—	—	—	—	—	—
557	92	2	1	—	—	—	—	—	—	—	—	—	—	—	—	—
674	205	15	—	—	3	1	—	—	—	—	—	—	—	—	3	—
816	201	36	30	—	5	—	—	—	—	—	—	—	—	—	14	—
987	96	58	118	—	14	—	—	—	—	—	—	—	—	—	—	15
1,194	50	68	161	—	29	—	—	—	—	—	—	—	—	—	—	33
1,446	28	88	127	—	97	3	—	—	—	—	—	—	—	—	—	32
1,749	16	84	69	—	176	13	—	—	—	—	—	—	—	—	—	28
2,116	9	51	39	—	213	4	—	—	—	—	—	—	—	—	—	36
2,561	7	44	23	—	266	6	—	—	—	—	—	—	—	—	—	39
3,099	4	21	13	—	259	4	—	—	—	—	—	—	—	—	—	55
3,750	2	14	15	—	208	1	—	—	—	—	—	—	—	—	—	65
4,537	1	10	2	—	128	2	—	—	—	—	—	—	—	—	—	47
5,490	1	5	8	—	52	—	—	—	—	—	—	—	—	—	—	53
5,490 and above	1	3	2	—	50	—	—	—	—	—	—	—	—	—	—	55
All income ranges	732	523	609	1,504	34	476	607	808	334	117	199	116	153	483	6,695	

Distribution of households co-operating in the Family Expenditure Survey—1974
 By range of income after all taxes and transfers

TABLE 7

Range of income £ per year	Number														All house- holds			
	1 adult		2 adults		3 adults		2 adults		3 adults		4 adults		Others					
	retired	non- retired	retired	non- retired	retired	non- retired	1 child	2 children	1 child	2 children	1 child	2 children	4 children	Others				
At least																		
Less than																		
381	28	28	7	1	2	8	2	2	2	1	6	4	1	—	2	1	3	92
461	49	7	1	2	2	2	—	2	—	2	2	1	1	—	—	—	1	66
557	139	15	7	6	—	6	—	2	—	3	—	1	—	—	—	1	3	177
674	204	36	34	8	1	8	1	—	—	2	1	1	—	—	—	—	7	294
816	146	58	86	16	—	16	—	1	—	3	1	2	1	—	—	—	22	337
987	83	66	129	46	—	46	—	2	—	14	4	4	1	—	1	—	16	368
1,194	34	83	144	114	5	114	5	10	—	29	29	9	3	—	2	—	44	507
1,446	20	73	95	161	7	161	7	12	—	71	77	26	8	—	1	—	33	590
1,749	12	62	43	236	4	236	4	29	—	113	122	35	14	—	4	—	35	719
2,116	8	36	25	244	6	244	6	73	—	141	152	59	18	—	21	—	39	865
2,561	4	32	13	230	6	230	6	96	—	101	163	62	26	—	39	—	55	860
3,099	1	10	13	181	1	181	1	99	—	60	131	60	18	—	41	—	31	724
3,750	2	9	2	139	1	139	1	85	—	33	62	35	11	—	38	—	55	724
4,537	1	5	6	58	1	58	1	35	—	23	27	14	7	—	16	—	67	540
5,490	1	2	2	28	—	28	—	11	—	4	12	10	5	—	12	—	55	293
5,490 and above	—	1	2	27	—	27	—	19	—	7	19	11	4	—	7	—	22	126
All income ranges	732	523	609	1,504	34	476	607	808	334	117	189	116	153	483	6,695			

Distribution of households co-operating in the Family Expenditure Survey—1974
 By range of income after all taxes and benefits

Range of income after all taxes and benefits £ per year	Number																	All households
	1 adult		2 adults		3 adults		2 adults		3 adults		4 adults		Others		All households			
	retired	non-retired	retired	non-retired	retired	non-retired	1 child	2 children	1 child	2 children	1 child	2 children	Others					
At least	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Less than	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
381	6	9	3	4	1	1	1	1	1	1	1	1	1	1	1	1	26	
461	13	7	—	1	—	—	—	—	—	—	—	—	—	—	—	—	22	
557	54	6	2	—	—	—	—	—	—	—	—	—	—	—	—	—	63	
674	158	22	5	8	1	—	—	—	—	—	—	—	—	—	—	—	195	
816	227	56	19	12	1	2	2	2	2	2	2	2	2	2	2	2	326	
816	145	66	83	21	1	1	7	3	1	1	3	1	1	1	1	1	336	
987	67	90	154	66	—	—	11	3	—	—	—	—	—	—	—	—	405	
1,194	28	73	158	140	4	8	37	19	5	—	—	—	—	—	—	—	497	
1,446	12	77	96	238	7	20	79	54	12	1	1	1	1	1	1	1	629	
1,749	12	41	37	264	4	42	115	113	27	7	7	3	4	34	34	34	712	
2,116	4	44	20	254	11	97	143	165	48	12	12	5	11	33	33	33	868	
2,561	1	13	15	207	2	110	110	191	63	24	24	22	20	42	42	42	866	
3,099	3	9	6	157	1	93	59	144	89	27	27	29	38	69	69	69	764	
3,750	1	8	7	68	2	60	28	63	50	25	25	30	33	84	84	84	497	
4,537	—	2	2	34	—	17	9	26	20	9	9	17	16	75	75	75	247	
5,490	1	1	2	30	—	24	7	24	17	12	12	7	29	69	69	69	242	
5,490 and above	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
All income ranges	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	732	523	609	1,504	34	476	607	808	334	117	199	116	153	483	483	483	6,695	

CHART 1

Average taxes paid and benefits received by retired and non-retired households in different income ranges - 1974

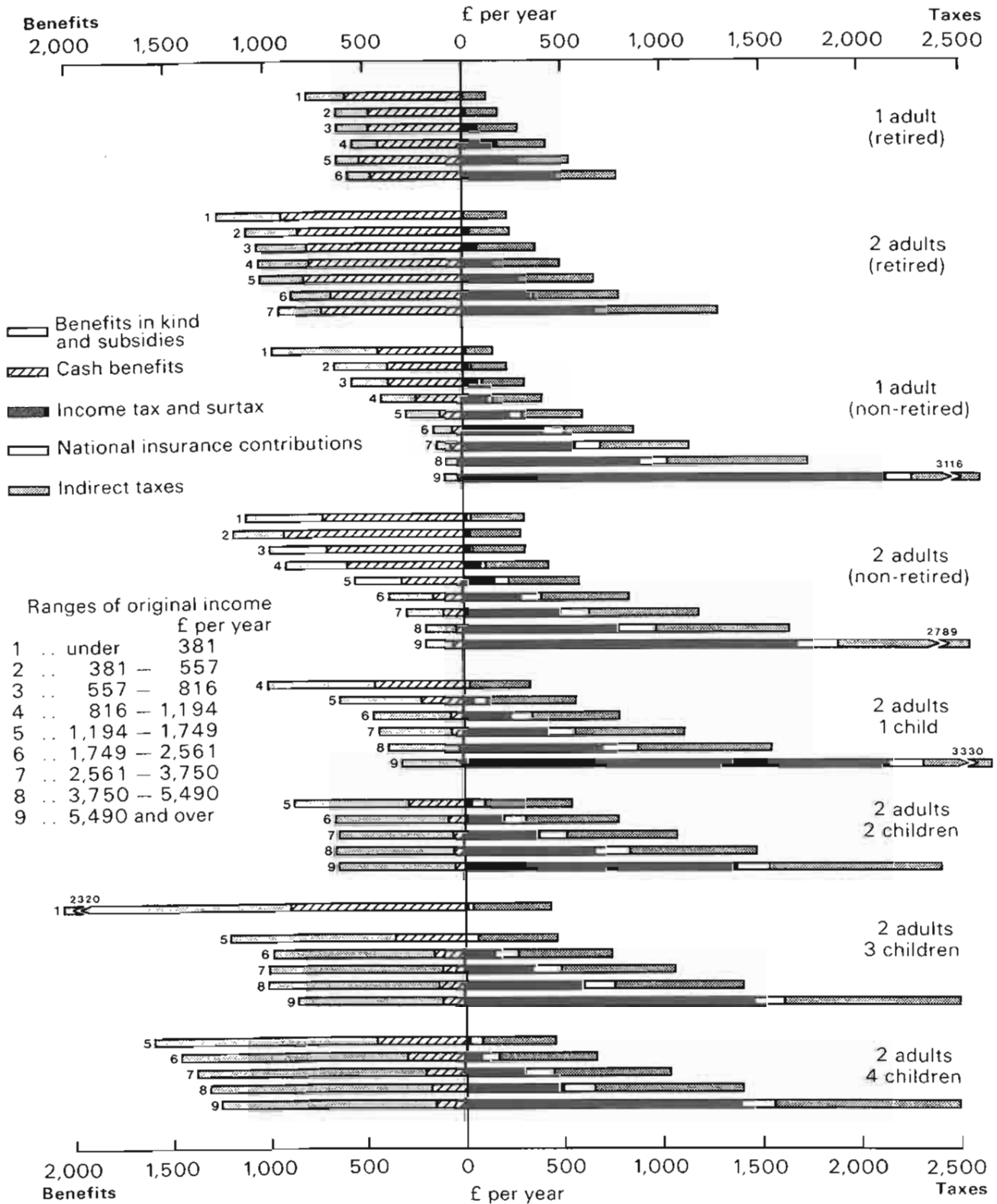


CHART 2

Average taxes paid and benefits received by retired and non-retired households in different income ranges - 1974

