

## **The effects of taxes and benefits on household income, 1976**

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Articles on the incidence of taxes and social security benefits have been published in *Economic Trends* annually since the early sixties. Their general purpose has been to show how taxation and public expenditure on social services, cash benefits and consumer subsidies affect the observed distribution of income between different types of households. The present article continues the series with estimates for 1976.

## Changes in presentation

There are substantial changes this year in the format and content of the article. Whereas previous articles have presented analyses for a single year, this time a comparison is given between the latest year, 1976, and the situation five years earlier, in 1971. Also the substantive discussion is brought forward in the article and much of the description of methodology is transferred to an appendix.

The choice of a five-year interval is largely arbitrary, though the difficulty of producing data in a suitable form for earlier years, e.g. ten years ago, and the wish to highlight the effect of demographic changes that are not evident in the short term were important considerations.

Another change arose from the problem of interpreting data which are presented in terms of size ranges of income. Valid comparisons over time were difficult because the growth in incomes required the ranges to be changed frequently if the bulk of the sample was not to be concentrated in a few ranges. To overcome these difficulties, most tables are now presented on a quantile basis. The number of households in each table is divided into five, ten or twenty equal groups arranged in ascending order of income, and for each group the average taxes and benefits received and paid are shown\*. Generally the summary tables in the text are analysed by quintiles whereas the more detailed tables in Appendix II are analysed by deciles. The tables in the old form are available on request from the Central Statistical Office (see Appendix I).

The article now begins with a section relating total government expenditure and its financing to the household sector. This gives a broad introduction to the methods used in allocating taxes and benefits to different types of households.

The next section contains the main results. It starts with a summary of our findings and then considers each successive stage of redistribution. First we look at the distribution of income before any intervention by the state, either by taxation or by granting benefits (we call this 'original income'). This is then augmented by direct cash payments to households by the state, direct taxes are deducted to leave disposable income, and finally we estimate the effect of

indirect taxes, subsidies and direct benefits in kind (e.g. the health service). The results section finishes with some analysis of the overall effects of taxes and benefits on households of various types.

Two appendices are included at the end of the article. The first covers the detailed methodology used in arriving at the estimates in the article, and provides definitions of all the terms used. The second contains the main statistics in the form of tables, showing how the allocated taxes and benefits are made up, and how their impact affects households in different parts of the income distribution.

## Government expenditure and its financing

In 1976 public expenditure amounted to £58.5 thousand million. It was financed by receipts of £20.0 thousand million from direct taxes on persons, £16.7 thousand million from indirect taxes falling on expenditure and £21.8 thousand million from other sources such as corporation tax and borrowing (see Appendix II Tables 1 and 2). Households both contribute to and benefit from this expenditure. They pay taxes directly in the form of income tax and national insurance contributions, and indirectly through local rates and the taxes levied on the goods and services they buy. They 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.

There are considerable difficulties in moving from these aggregates to apportioning taxes and benefits to individual households. We can obtain information about the types of households that receive cash benefits and pay direct taxes through surveys such as the Family Expenditure Survey. From the replies respondents give to questions on their expenditure we can impute their payments of indirect taxes, and from information they supply about such factors as their age and the number of children in the household we can determine the average costs of providing them with social services, such as health and education. But there are other kinds of financing, such as corporation tax and government receipts from public corporations, that 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. Similarly, there are other items of government expenditure, such as expenditure on defence and the maintenance of law and order and capital expenditure, for which there is no clear conceptual basis for allocation, or for which we do not in any event have sufficient information to make an allocation.

Consequently, in the estimates in this article, only some 44 per cent of total government expenditure and 60 per cent of total government receipts in 1976 are in the categories which are directly allocated to individual households. Allocated taxes thus make up more of government financing than do allocated benefits of public expenditure. Since this imbalance reflects only the practical and conceptual pos-

\* In this article the average benefit received means the average over all households in the group or income range, not the average of only those households that are recipients of the benefit.

sibilities of allocating the individual receipts and expenditures to households, it 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. For 1971, 39 per cent of total government expenditure and 65 per cent of total government receipts were allocated. Since the basis for allocation has not changed during the period this means that expenditure on services allocated to households has risen faster than other government expenditure and that allocated taxes have risen slower than those not allocated and other forms of government financing.

Changes in the pattern of redistribution between 1971 and 1976 should be seen against a background of changes in government expenditure and financing. Government expenditure grew faster (152 per cent) than gross domestic product (114 per cent at market prices) during this period. The share of current expenditure on social, environmental and protective services rose from 46.9 to 52.9 per cent of total expenditure, while the share of capital expenditure and other current expenditure fell from 42.8 to 36.4 per cent. At the same time as social services were taking up an increasing share of government expenditure, gross domestic product in real terms rose nearly 10 per cent and it is clear that there was a substantial rise in social service expenditure in real terms.

These increases in expenditure on social services are partly explained by demographic changes, for instance the increases in the health service and cash benefits stem partly from the increasing numbers of elderly persons in the population. Other increases, such as the huge rise of 415 per cent in housing subsidies and the introduction of food subsidies were results of the government's attempt to alleviate the effects of inflation on households. The increase of 132 per cent in allocated taxes was much less than the increase of 182 per cent in allocated expenditure because of the shift in government financing from taxation to other forms of financing, notably borrowing and non-tax receipts. Even so, allocated taxes rose faster than the gross domestic product.

It must be emphasised that the analysis in this article provides only a very rough guide to those persons who benefit from government expenditure and by how much, and those who finance it. Apart from the fact that a large part of expenditure and receipts are not allocated, the methods both of allocating taxes and of valuing and apportioning benefits to individual households are subject to error. For example, in allocating indirect taxes we assume that the full weight of the tax falls on the individual household that buys the item or the service taxed, whereas in reality the tax probably falls in varying proportions on the producers of a good or service, on their employees, on the buyer, and on the producers and consumers of other goods and services. In the case of benefits such as education, we know only an estimate of the total financial cost of providing the service and so we treat that as the measure of the benefit which accrues to recipients of the service. This procedure is unavoidably imperfect because the value the recipients themselves place on the service they receive may be very different from the cost of providing it, and there may be other households in the community (other than the immediate beneficiaries) who receive a benefit from the general provision of the service (for example, in the case of the health service in lowering the general likelihood of catching infectious diseases).

Further details of the allocation methodology for taxes and benefits are given in Appendix I.

### Summary of the results

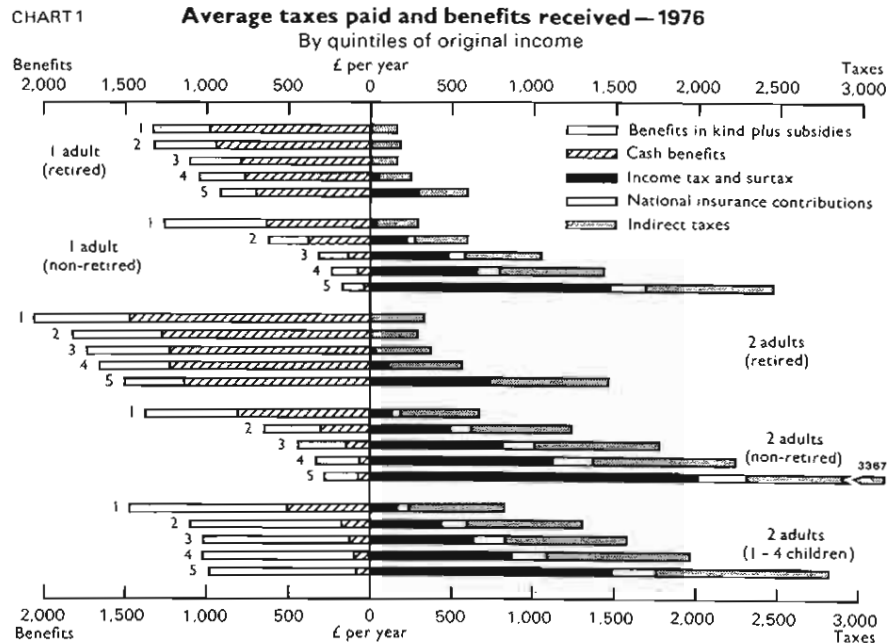
Table A shows that income is redistributed from households with high incomes to those with low incomes. This can be seen from a comparison between original income and final income. It is clear that, for the lowest three deciles, average final income exceeds average original income and, for the highest four deciles, average original income exceeds average final income. As overall average original income exceeds overall final income (because we can allocate more of taxes than of government expenditure to households, as explained

## Summary of results for all households, 1976

### By deciles of original income

TABLE A

	Deciles										All households
	1	2	3	4	5	6	7	8	9	10	
Number of households in sample	720	720	721	720	720	721	720	720	721	720	7,203
<b>Average</b>											
Number of workers per household	0.1	0.2	0.7	1.1	1.4	1.6	1.8	1.9	2.1	2.5	1.3
Number of persons per household	1.6	1.7	2.0	2.5	2.9	3.1	3.3	3.2	3.3	3.8	2.7
Number of adults per household	1.3	1.5	1.6	1.8	1.9	2.0	2.1	2.2	2.3	2.7	1.9
Number of children per household	0.3	0.2	0.4	0.8	1.0	1.1	1.2	1.0	1.0	1.0	0.8
Number of persons per worker	16.0	8.5	2.9	2.3	2.1	1.9	1.8	1.7	1.6	1.5	2.1
<i>£ per household per year</i>											
<b>Average</b>											
Original income	33	409	1,277	2,376	3,180	3,877	4,585	5,420	6,583	10,066	3,781
Cash benefits	1,147	1,013	879	454	307	227	199	164	157	162	471
Direct taxes	1	17	144	403	618	803	978	1,264	1,567	2,576	837
Disposable income	1,179	1,405	2,011	2,427	2,869	3,302	3,806	4,320	5,173	7,652	3,414
Subsidies	197	138	117	110	125	105	95	86	78	84	114
Indirect taxes	240	294	435	541	672	748	831	922	1,032	1,441	716
Direct benefits in kind	356	406	450	475	570	616	647	604	601	691	541
Final income	1,493	1,654	2,142	2,470	2,891	3,276	3,716	4,087	4,820	6,985	3,354



above), the relationship between original income and final income for the remaining deciles is not clear.

Cash benefits together with direct and indirect taxes have the major redistributive influence. They are in turn related to the characteristics of the households, which are also shown in Table A. The lower income deciles have comparatively few workers per household; they are composed mainly of retired persons and others who are dependent on the state. Thus income is redistributed from households with working people to those who are retired and others who are dependent on cash benefits.

While the number of workers per household rises steadily with income, the average number of their dependents, i.e. persons per worker, falls. Owing to the progressive form of the income tax system, their payments of direct taxes rise faster than their incomes. As a result, there is redistribution of income not only from working to non-working households but also from working households with high incomes to those with fewer workers and lower incomes. The combined effect of subsidies and indirect taxes is also to redistribute income from those with higher to those with lower incomes. Benefits in kind (mainly education and health) tend to be distributed more in line with household size and composition than with income. Thus, households with higher incomes tend to receive more of these benefits because they are larger.

The detailed picture of income redistribution, taking fuller account of different types of households at each income level is very complex. Nevertheless, a few features are

clear from Chart 1 which shows average benefits received and taxes paid by different types of households at different income levels (quintiles of their distributions). It is clear that, although the main beneficiaries of cash benefits are retired households, such benefits are also distributed to a significant extent to the low income groups of each type. These groups are also the main beneficiaries of total allocated taxes and benefits because they pay little tax. Households with children also receive significant amounts of subsidies and benefits from health and education expenditures, since children are relatively large consumers of these services. Another feature is that tax payments are largest for non-retired households without children, particularly those with the highest incomes, though households with children also pay relatively large amounts. Thus redistribution is from working households with high incomes and few dependents to those households with few or no workers and those with children.

Both Table A and Chart 1 summarise the redistribution in 1976. In the following detailed discussion of the results comparisons are made with 1971. During the period from 1971 to 1976 the main forms of income redistribution have not changed. However, the economic situation and demographic changes have led to some new developments. This is evident from Table 3 in Appendix II. For example, the general level of direct taxes has increased, so that households on average paid 160 per cent more in 1976 than in 1971 (compared with an increase of 110 per cent in original incomes), although the lowest deciles with little original income were virtually unaffected. The average level of benefit



from subsidies increased more than fivefold in money terms during the period, reflecting an attempt to alleviate the effects of inflation on the poor. Indeed, the impact of subsidies was greater on the lowest deciles in 1976 than in 1971. The main demographic change has been the increase in the proportion of retired households in the population. This increase has been one factor in the very large increases in cash benefits paid as retirement pensions.

Tables 3 and 4 in Appendix II show the principal results of the redistribution analysis. The tables show the allocation of the main categories of benefits and taxes to different household types for 1971 and 1976. The tables showing the effects analysed by decile for all households in the sample are arranged in two different orders: in Table 3 households are arranged by original income (i.e. income before any intervention by the state, either the receipt of cash benefits, such as retirement pensions, etc., or payment of taxes) and in Table 4 by disposable income. For original income a distribution by size ranges is shown for 1976 in Table 5.

The first ordering is mainly of interest for showing which households are in most need of benefits because of their low original incomes and, at the other end of the scale which are those with the higher taxable incomes. After original incomes are modified by taxes and benefits, households are

re-ranked by their resulting disposable incomes. Thus a household consisting of a pensioner couple will receive a higher combined pension than a single pensioner, and a family with several children will pay less tax than a single person with the same household income. The tables of households ranked by disposable income are of more interest for gauging the effects of indirect taxes and subsidies, which are related mainly to what a household buys. The incidence of benefits in kind varies mainly according to household structure, for example the number of children and elderly persons in the household.

#### Original income

In the period 1971 to 1976 the average original income of households more than doubled, from £1,802 per annum to £3,781 per annum. This is slightly slower than the rate at which individual earnings rose (110 per cent as against 120 per cent). One reason for this difference is the fall in the average size of household from 2.9 persons to 2.75 persons; if personal income and other factors remained unchanged while household size decreased then household income would decrease.

The growth of original income of households in the bottom three deciles was considerably below the overall rate.

### Household composition, 1971 and 1976

By quintiles of original income

TABLE B

	Percentages											Average over all quintiles
	1971						1976					
	Quintiles					Average over all quintiles	Quintiles					
1	2	3	4	5	1		2	3	4	5	Average over all quintiles	
1 and 2 adult retired .. .. .	72	12	2	1	1	18	77	25	2	1	1	21
1 and 2 adult non-retired .. .	15	46	33	31	26	30	11	44	38	35	28	31
2 adults 1-4 children non-retired .. .	4	27	48	37	25	28	3	18	44	40	24	26
Others .. .. .	9	15	17	30	48	24	9	13	15	24	47	22
Total .. .. .	100	100	100	100	100	100	100	100	100	100	100	100
Number of households in the sample ..	1,448	1,448	1,447	1,448	1,448	7,239	1,440	1,441	1,441	1,440	1,441	7,203

### Average number of workers per household, 1971 and 1976

By quintiles of original income

TABLE C

	1971						Average over all quintiles	1976					Average over all quintiles
	Quintiles					Quintiles							
	1	2	3	4	5	1		2	3	4	5		
1 and 2 adult retired .. .. .	—	—	—	—	0.2	—	—	0.1	0.2	0.1	0.1	—	
1 and 2 adult non-retired .. .	0.8	1.1	1.4	1.7	1.7	1.4	0.6	1.1	1.4	1.7	1.7	1.4	
2 adults 1-4 children non-retired .. .	0.6	1.3	1.5	1.6	1.6	1.5	1.0	1.3	1.5	1.7	1.7	1.5	
Others .. .. .	0.4	1.2	1.8	2.4	2.9	2.2	0.4	1.2	2.0	2.4	3.1	2.3	
All households in the sample ..	0.2	1.1	1.5	1.8	2.3	1.4	0.2	0.9	1.5	1.8	2.3	1.3	

The main reason for this difference is the large number of retired households at this end of the distribution, many of which are pensioner households with little or no income apart from state benefits. Their original incomes being zero or very small and fixed do not grow in line with earnings.

The proportion of different household types in each quintile of original income is summarised in Table B. The main changes over the five years have been an increased proportion of retired households, particularly in the second quintile, an increase in one and two-adult households; and a drop in the proportion of households with children. This changing composition affects the size and pattern of redistribution.

Table 3 in Appendix II shows the distribution of average incomes, taxes and benefits for a number of different household types. For one-adult retired households the bottom two deciles consist entirely of people with no original income. Any ordering of households within these deciles would be quite arbitrary so the two deciles are combined. For two-adult retired households only the bottom decile consists entirely of households with no original income. One reason for this difference is that the one-adult households are on average older and less likely to do part-time work than two-adult households. Another reason is that the two-adult retired category includes some households in which only one adult is retired, for example a retired father and a daughter who may have quite high earnings.

Amongst non-retired households the differences between the original income of households at the bottom of the distribution and those near the top are large. One reason for this difference is that household income varies with the number of workers per household, as shown in Table C. This is particularly marked in the case of 'other' households which range from 0.4 workers per household in the lowest quintile to about 3 workers per household in the highest quintile.

### Cash benefits

The first stage in estimating redistribution is the addition of direct transfers, that is cash benefits such as national insurance pensions and unemployment benefit, to original income. Since most cash benefits are akin to insurance benefits, that is they are designed to support people during periods when they are not earning, the effect of these benefits is very markedly redistributive. However, it is important to remember that many of those who are in the lower part of the income distribution may only be there temporarily; for example if they are there because they are out of work this may be for only for a short period. Indeed there is evidence that amongst the population capable of work there is considerable movement within the earnings distribution over time<sup>1</sup>, although the shape of the distribution remains unchanged.

The increase in average cash benefits for all households between 1971 and 1976 was 147 per cent, appreciably above the rise in original income of 110 per cent. However, this increase in cash benefits reflects an increase in the number of recipients as well as increases in rates of benefits. For example, the number of pensioners increased by about 13 per cent, so while the rates of pensions increased by about 156 per cent (comparing the average rate of pension for a single person under 80 during 1976 with the average rate during 1971), the average amount received over all households increased by 173 per cent. The average amount of unemployment benefit increased by 243 per cent; again the numbers had increased; indeed although levels of unemployment were high in 1971 they were nearly twice as high in 1976. Another factor contributing to the increase in cash benefits over the period was the introduction of new benefits, notably invalidity pensions towards the end of 1971.

Table 3 shows how the totals of cash benefits are made up for different household types. The high levels of benefits to retired households consist, as would be expected, largely of retirement pensions. The high levels of benefits to non-

### Income tax and surtax as a percentage of original income plus cash benefits, 1971 and 1976

By household type within quintiles of original income

TABLE D

	Percentages											
	1971						1976					
	Quintiles					Average over all quintiles	Quintiles					Average over all quintiles
	1	2	3	4	5		1	2	3	4	5	
All households	1.0	7.2	11.0	12.6	17.0	12.7	0.7	8.9	14.6	17.4	20.7	16.2
<b>Retired households</b>												
1 adult	1.3	13.5	22.8			7.9	1.2	12.8				5.4
2 adults	1.1	10.0	17.9	22.0	37.1	9.0	0.7	7.5	17.9			7.9
<b>Non-retired households</b>												
1 adult	2.5	12.9	18.3	22.1	25.9	16.2	2.0	15.7	20.6	23.3	32.3	20.1
2 adults	1.8	8.1	13.3	15.2	20.2	15.6	1.1	8.6	16.6	19.5	23.5	19.0
2 adults 1 child	0.9	5.6	10.2	13.2	15.2	11.8	-0.4	5.8	14.5	17.4	19.4	16.0
2 adults 2 children	-0.2	3.7	9.0	10.7	15.3	11.0	-2.8	6.4	12.8	15.9	18.3	15.0
2 adults 3 children	-2.4	2.7	7.7	11.8	15.9	10.7		5.2	11.1	15.1	21.7	15.7
2 adults 4 children		0.6	7.4	8.6	17.1	9.9		-2.1	11.8	15.5	17.6	13.1
<b>Other households</b>												
	-0.8	3.4	9.1	10.3	15.3	12.7	-0.2	5.3	11.0	15.5	19.3	16.5

retired one and two-adult households with low original incomes are also made up largely of retirement pensions. This is so because the classification of a household as 'retired' depends partly on whether its members, when responding in the Family Expenditure Survey, describe themselves as 'retired' or 'unoccupied' (see Appendix I). Many of those low income non-retired one and two-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 some of the cash benefits (notably pensions) is broadly the basis on which liability for income tax is assessed. Income tax and surtax as a percentage of original income plus cash benefits is shown in Table D. The table shows for each quintile of households ranked on original income the percentage paid on average by each household type within that band. Not surprisingly, better-off households pay a substantially higher proportion of their income in tax. However, the relationship between tax payments and income is influenced by tax reliefs such as those on mortgage interest and life insurance premiums (the tax is shown net of these reliefs). These reliefs tend to increase with income because higher-income households on average pay out proportionately more of their income in mortgage interest and insurance premiums. Another factor in the relationship is that child tax allowances and other personal allowances reduce the tax paid by the larger households in each income range.

The pattern of tax payments in Table D shows a number of changes between 1971 and 1976. Overall, income tax and surtax have risen from 12.7 per cent to 16.2 per cent of original income plus cash benefits. This increase in tax has not fallen evenly on different household types or income ranges.

Tax receipts from retired households have fallen on average, from 7.9 per cent of original income plus cash benefits to 5.4 per cent for one-adult retired households and from 9.0 per cent to 7.9 per cent for two-adult retired households. The reason for this fall is that the increase in retired

households has been entirely at the lower end of the distribution. Indeed, the proportion of retired households in the upper half of the distribution has fallen from 3.5 per cent to 2.7 per cent. Amongst non-retired households generally the increases have been greatest for those households with children. This is so because tax allowances for children have not risen in line with incomes, and consequently a number of families have been brought into the tax-paying sector who were not previously liable.

Taking all households the increase for the highest quintile is less on average than that for the quintile immediately below it. In interpreting the figures, it should be remembered that changes in tax payments at the extremes of the income distribution derived from the Family Expenditure Survey are very sensitive to sampling variability in the small number of highly taxed households at one end of the distribution and in those with large tax rebates at the other end. This effect is discernible in the large differences in the percentage of tax paid by different types of non-retired households in the fifth quintile in Table D, an increase of 6.4 per cent for one-adult households but only 0.5 per cent for two adults and four children.

The rest of direct taxation apart from income tax and surtax is made up of employees' (and self-employed) national insurance contributions. Although these increased in absolute terms, with a shift from flat-rate to graduated contributions, they remained fairly constant as a proportion of original income plus cash benefits at 3.5 per cent. The pattern of incidence remained much the same in 1976 as in 1971 because the main determinant of the variation between income ranges, the relative number of workers in the household, was fairly stable. The only exception, which was attributable to the increase in the number of retired households, was the proportion of original income plus cash benefits paid in national insurance by the bottom 30 per cent of households; that fell from 1.3 per cent to 0.3 per cent during the five years.

### Indirect taxes and subsidies

The amount of subsidies received and indirect taxes paid depends on how each household spends its money, because

## Indirect taxes as a percentage of disposable income of all households, 1976

By deciles of disposable income

TABLE E

	Percentages										Average over all deciles
	Deciles										
	1	2	3	4	5	6	7	8	9	10	
Rates	6.6	5.2	4.2	3.7	3.4	3.1	2.9	2.6	2.5	2.0	3.0
Beer	0.9	1.1	1.3	1.6	1.6	1.6	1.7	1.5	1.4	1.4	1.5
Wines and spirits	1.2	1.5	1.6	1.7	1.5	1.7	1.7	1.8	1.9	2.1	1.8
Tobacco	2.8	3.7	3.6	3.9	3.8	3.5	3.1	2.9	2.4	2.1	2.9
Value added tax	2.6	2.4	2.7	2.8	3.0	3.0	3.0	3.1	3.2	3.0	3.0
Oil	0.8	1.1	1.7	1.8	2.2	2.3	2.3	2.3	2.2	2.0	2.1
Import duty	0.5	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Intermediate taxes	6.1	5.5	5.5	5.4	5.4	5.2	5.1	5.0	5.0	4.6	5.1
Other	1.2	1.5	1.5	1.5	1.6	1.5	1.4	1.3	1.2	1.0	1.3
Total indirect taxes	22.7	22.3	22.6	22.9	22.9	22.4	21.5	21.0	20.2	18.4	21.0

both subsidies and indirect taxes are different for different types of goods and services. If the proportion of household income spent on an item rises with income, indirect taxes on that 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 degree of progressivity or regressivity may be affected by taking definitions of income that are more or less equally distributed, and indeed with different definitions the direction may be reversed. The choice of an income base depends on the purpose of the analysis. The results are shown here on the basis of disposable income since that is the income definition in this article closest to that on which the household makes its spending decisions. Finally, the impact of the various indirect taxes and subsidies shown in the tables is only the initial impact, excluding secondary and time-lagged effects. The impact of individual taxes in 1976 is shown in Table E; a detailed comparison with 1971 was not possible because of the extensive changes in tax structure in this period, the most notable of which were the abolition of purchase tax and selective employment tax and the introduction of value added tax.

Indirect taxes as a whole tend to take a lower proportion of income from those households with higher incomes than from those with lower incomes. This is primarily because their expenditure forms a lower proportion of their income and most indirect taxes are roughly proportional to expenditure. There are two factors causing the impact on the lowest groups to be overstated. The first is that, while local authority rates are included net of rate rebates for those households which receive a rebate, no rebate is generally made to ratepayers who are in receipt of supplementary benefit or supplementary pensions. An allowance for rates is included in the assessment for supplementary benefit, but this appears in the article as an increase in cash benefits rather than a reduction in rates paid. The second factor is that certain households consisting of students in full-time

higher education are shown as having no income or very little income because for the purpose of this analysis their maintenance grants are treated as education benefit rather than a cash benefit or original income. However, the expenditure financed by such grants is subject to indirect tax and this tax appears in the average for the lowest income group.

Indirect taxes are treated here as the same stage of re-distribution as subsidies. An average shopping basket will almost certainly contain goods bearing value added tax together with subsidised foods, and both of these types of goods, on the assumptions made here, will bear a share of intermediate taxes. Similarly, many households are likely to hand over one payment for rent and rates. Rates are an indirect tax while most council rents are reduced by housing subsidies, which, like food subsidies, are an indirect benefit.

Table F shows the combined effect of indirect taxes and subsidies for 1971 and 1976, for different household types. During this period the net effect has been a reduction in the overall impact from 20.9 per cent of disposable income in 1971 to 17.6 per cent in 1976. This drop is largely due to the increase in subsidies, although indirect taxes fell slightly from 22 per cent in 1971 to 21 per cent in 1976. Housing subsidies increased from 1.2 per cent of disposable income in 1971 to 2.7 per cent in 1976, and food subsidies introduced in 1974 had a further impact.

In 1976 indirect taxes and subsidies were such that their combined effect on the lowest income groups was relatively small, at 9 per cent of disposable income, and on the middle ranges fairly constant at about twice the level of the lowest groups. It was slightly less for those at the highest income levels, being 17 per cent for those in the top decile as is shown in Table 4 of Appendix II. This pattern is due mainly to the very progressive effect of housing subsidies, particularly for elderly households, which offsets the regressive effect of indirect taxes in the total. It is due also to the higher savings ratios of those at the higher income

### Indirect taxes less subsidies as a percentage of disposable income, 1971 and 1976

By household type within quintiles of disposable income

TABLE F

	Percentages												
	1971						1976						
	Quintiles					Average over all quintiles	Quintiles					Average over all quintiles	
1	2	3	4	5	1		2	3	4	5			
All households in the sample .. ..	20.5	22.8	22.5	21.2	19.5	20.9	9.3	17.1	19.2	18.8	17.9	17.6	
<b>Retired households</b>													
1 adult .. .. .	16.2	22.4	12.6			16.7	5.1	14.1	14.9			7.0	
2 adults .. .. .	22.0	21.9	17.9	22.6	15.5	21.2	7.4	14.9	20.3	20.1	18.2	14.3	
<b>Non-retired households</b>													
1 adult .. .. .	18.1	19.7	20.8	17.4	18.4	19.1	13.6	20.8	18.4	17.4	20.2	18.3	
2 adults .. .. .	33.3	23.1	22.9	21.0	17.9	21.0	30.9	16.9	19.8	19.2	16.5	18.3	
2 adults 1 child .. .. .	32.0	24.5	22.7	20.3	19.2	21.5	32.4	21.9	19.4	18.3	16.4	18.7	
2 adults 2 children .. .. .	41.4	22.8	21.8	20.0	17.9	20.2	30.3	17.6	19.6	19.2	16.1	18.2	
2 adults 3 children .. .. .		27.1	23.7	20.5	15.7	20.8		14.4	19.4	16.9	16.8	17.2	
2 adults 4 children .. .. .		24.6	20.9	21.5	21.7	21.7		14.3	15.6	17.4	19.7	17.4	
<b>Other households</b> .. .. .	19.4	22.0	23.5	22.6	21.0	21.6	11.7	13.1	17.5	18.9	18.9	18.5	



levels which restrict the proportional effect of expenditure taxes. These reasons apply also to differences between household types shown in Table F, the elderly receiving proportionately more housing and food subsidies than the non-retired population both because they are more dependent on the State generally and because their expenditure on food forms on average a higher proportion of income than for other households.

### Benefits in kind

Apart from cash benefits and subsidies, the other parts of government expenditure we are able to allocate to households are current expenditure on health, education and welfare foods. The ways in which these expenditures are allocated are explained in Appendix I. The allocation of benefits in kind depends far more on the size and composition of each household than on its income.

In interpreting the allocation of education benefits to different income groups it is important to remember two factors. First, 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 three or more adults, who are included in Table 3 under 'others'. This explains why, in Table 3 of Appendix II, households with two adults and 1 to 4 children received on average £480 per annum in education benefit in 1976 compared with £586 per annum received by 'other' households. Secondly, for households with children, there is a tendency for better-off parents to be older and consequently to have older children<sup>1</sup>; 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. (Education benefit is higher for secondary school than for primary school children). This factor probably explains most of the general rise in education benefits with income which is shown in Table 3.

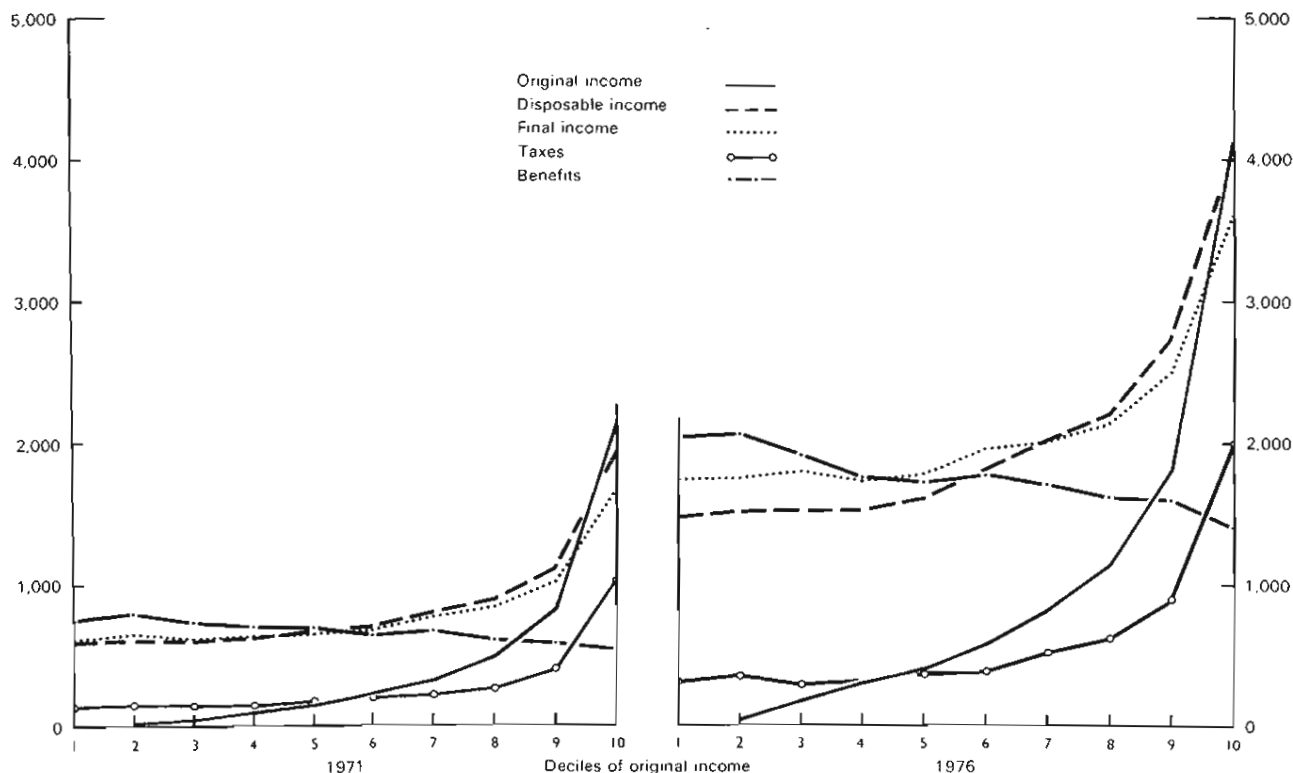
The method of allocating health service benefits is entirely dependent on the age and sex of the people in each household (except in the case of benefit on the maternity services which is allocated to households reporting in the Family Expenditure Survey that they have received national insurance maternity benefits). The variation in health service benefits shown in Table 3 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

Charts 2, 3 and 4 summarise the overall effect on incomes of allocated taxes and benefits for three household types. The types are two-adult retired households, households with two adults and 1 to 4 children and those with two adults who are non-retired. There is no chart for one-adult households because it would be broadly similar to that for two adults. Also there is none for the 'others' category which is not very homogeneous, including both families with and those without children. The charts distinguish original income, disposable income, final income (income after all allocated taxes and benefits), total taxes and total benefits for 1971 and 1976.

CHART 2

The impact of taxes and benefits on 2 adult retired households.



**Chart 2 – Two adult retired households**

The chart shows the position of these households in 1971 and 1976. Cash benefits form the bulk of their disposable income. State pensions make up about half of all benefits (cash benefits, benefits in kind and subsidies) for those at the lower end of the income distribution and two thirds for those at the top end. It can be seen from the charts that all benefits fall steadily with income from just above £2,000 per annum to just under £1,500 per annum. This pattern is due partly to the reduction in means tested benefits, particularly supplementary benefit, as income rises, and partly to the decline in the proportion of local authority tenants and thus housing subsidy, as we consider groups of households with higher incomes.

On average, state pensions account for about half of disposable income, although those with original income greater than these pensions form only about the top 30 per cent of households in the group. Indirect taxes are the main types of taxes paid to the government by retired households. In 1971 these exceeded original income for households in the lower half of the income distribution, but by 1976 this was so for only the lowest 40 per cent of households. This change was due to an above average increase in original income for the fourth and fifth deciles rather than to a reduction in taxes.

In 1971 disposable income and final income were roughly equal except for the higher income groups, where there was a marked tapering of subsidies, but in 1976 final income was higher for the lower 70 per cent. This change was due to the very fast growth in housing subsidies and to the introduction

of food subsidies, which outweighed the increase in indirect taxes. For the bottom 30 per cent of households housing subsidies were equivalent to nearly two thirds of their payments of indirect taxes in 1976 whereas in 1971 they were less than a quarter.

**Chart 3 – Two adult households with one to four children**

The chart shows that taxes exceed benefits for all but about the lowest 25 per cent of these households; indeed direct taxes exceed cash benefits for all but the bottom 15 per cent of households. The bulk of benefits consist of education and health services and they are fairly constant over all income bands. Disposable and final income are very similar except for the lowest income deciles. To the extent that this means that indirect taxes and non-cash benefits are approximately equal, the difference between the lines for all taxes and all benefits shows the excess of direct taxes over cash benefits for deciles above the second. For the lowest deciles the deviation from this pattern, with final income appreciably greater than disposable, is due partly to the higher levels of housing subsidy at this end of the distribution (as with retired households) and partly to the higher rates of education benefit due to higher than average numbers of children and the existence of some student households in this group.

**Chart 4 – Two adult non-retired households**

The chart shows that, except at the extremes, the original income profile of this group is similar to that of two adults and one to four children. The lowest decile is a rather

CHART 3 The impact of taxes and benefits on households with 2 adults and 1-4 children.

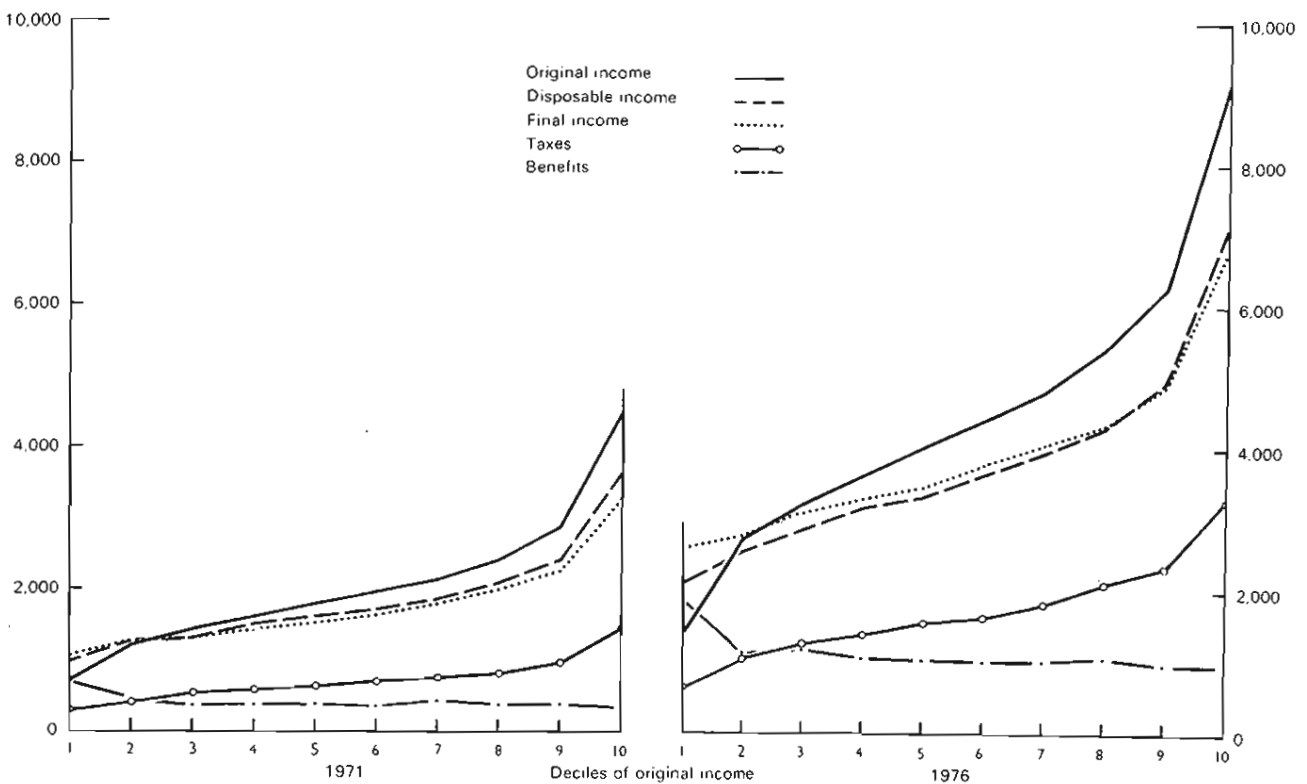
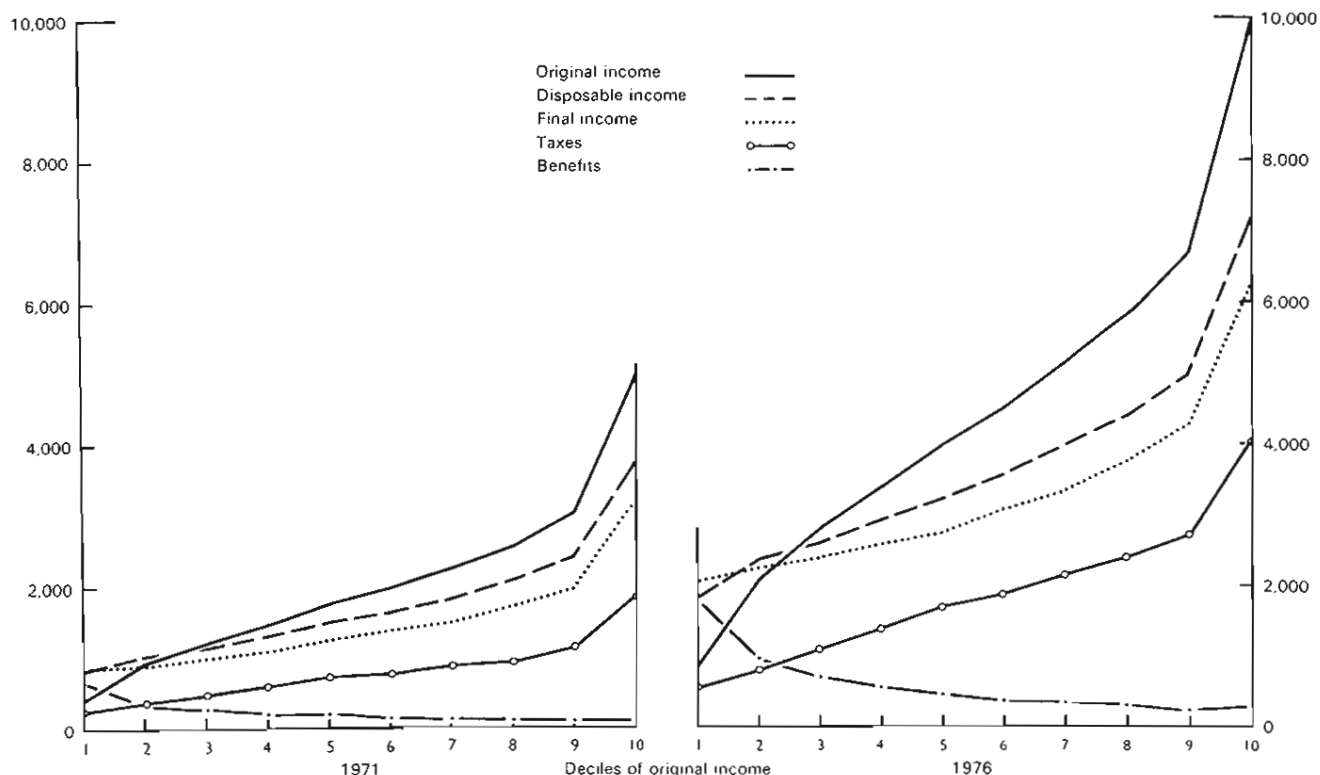


CHART 4

## The impact of taxes and benefits on 2 adult non-retired households.



heterogeneous group with a low number of workers per household, includes numbers of semi-retired households and households with invalids, has more unemployed persons than other deciles, and includes some student households as noted above. This leads to high benefit levels in the lowest deciles quickly tapering off to a state where the majority of benefit is from the health service. Disposable income for the deciles above the median is very close to that for two adults and one to four children, the slightly higher original income being offset by higher taxes. Final income is, on the other hand, consistently lower than disposable income with indirect taxes being markedly higher than indirect benefits and benefits in kind.

### Conclusion

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 (and which form about two thirds of it), are largest *per capita* for retired households and for households with children. The amounts are highest for those with 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.

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. 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 single policy explicitly designed to produce a particular intended redistributive effect.

It is very difficult to say how the final overall effects shown in this analysis are influenced by the quality of the basic data and by 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 effect of these 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 Britton<sup>2</sup>. Two notable suggestions that have been put forward are first, that the other benefits should be allocated on a *per capita* basis, and second, that they should be allocated in proportion to original income. In terms of the three charts, the first suggestion would shift the final income curves in Charts 2 and 4 vertically upwards by some fixed amount and the final income curve in Chart 3 by a larger amount proportional to the number of children in each decile, which since the average income of retired households is lower than that of the others would redistribute income to the elderly; the second suggestion would add amounts to the final income curves in all three charts in proportion to the height of the curve for original

income which would primarily lower the degree of redistribution shown in the article. 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 of individual households in different circumstances – and there are practical and presentational advantages in a straight forward approach.

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#### References

- <sup>1</sup> 'How individual people's earnings change.' *Department of Employment Gazette*, January 1977 (HMSO).
- <sup>2</sup> 'The redistribution of income': J. L. Nicholson and A. J. C. Britton published in *The personal distribution of incomes 1976* (George Allen & Unwin).

## APPENDIX I

### Methodology and Definitions

#### Family Expenditure Survey

The estimates in this article are based mainly on the data derived from the Family Expenditure Survey (FES). The FES is a continuous survey of the expenditure of private households. People living in hotels, lodging houses, and in institutions such as old peoples' homes are excluded. Each respondent keeps a full record of all payments made during 14 consecutive days and answers questions about hire purchase and other payments. Households are also asked in detail about their income from all sources, but there is no systematic linkage of income and expenditure to yield a balanced household budget for any particular period. 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 and payments of income tax. Information on age, occupation, kinds of education being received, family composition and housing tenure is also obtained.

One of the main purposes of the FES is to yield information on household expenditure patterns to produce the weights used in compiling 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 it. The latest report is the *Family Expenditure Survey Report for 1976*. 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 1976 was 7,203, the same number as in 1975.

#### Unit of analysis

The basic unit of analysis in the article is the household. One of the major reasons for this choice is that it is more appropriate than the family or the individual for determining the redistributive effect of indirect taxes and subsidies. Spending on many items, particularly on housing, fuel and light and food, is largely joint spending by the members of the household. Without further information therefore it would not be possible to apportion indirect taxes or the effects of housing and food subsidies to individuals or other sub-divisions of households, except in a highly arbitrary way.

However, very little is known about the extent to which income is pooled within households or other groupings. Since the analysis is based on the whole household, no assumptions about such pooling have been made. Consequently, it would not be correct to use the analysis to discuss the living standards of the individual members of a household. For example, the standard of living of an old person living in the household may be different from that of the household as a whole. This is also one reason why, for example, unemployment benefit and old age pensions are received by households whose overall position in the income distribution would seem to make them ineligible.

Over time, changes in the pattern of household size and composition affect the shape of the distribution and redistribution of income. For example, increases in the

number of older people in the population and a reduction in birth rates have led to a reduction in average household size. This change coupled with earlier retirement has been a factor in the increase in pensions, in other benefits which accrue to retired members of households, and in expenditure on the health service.

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

A retired household is defined as one in which the combined income of members who are at least 60 and who describe themselves as retired or unoccupied amounts to at least half the total gross income of a household. A pensioner household is defined as one in which more than three quarters of the household income consists of national insurance or retirement and similar state pensions, or supplementary allowances supplementing such pensions.

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' by W. F. F. Kemsley, *Statistical News* No. 31, November 1975 (HMSO)). The effect of this differential response on the accuracy of the estimates of redistribution is the subject of a recent article 'Differential response in the Family Expenditure Survey: the effect on estimates of redistribution of income' by R. Harris in *Statistical News* No. 39, November 1977 (HMSO).

The available evidence suggests that older households, households where the head is self-employed and those without children are less likely to co-operate than others. There are regional variations in response; for example in the Greater London 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 practicable at present to correct for any consequential non-response bias; the results in the article are based on the responses of those households which actually co-operated in the survey.

#### Income: redistributive stages

##### Stage one

Original income *plus* benefits in cash *minus* direct taxes = Disposable income.

##### Stage two

Disposable income *plus* subsidies *minus* indirect taxes = Income after all taxes and transfers.

##### Stage three

Income after all taxes and transfers *plus* benefits in kind = Income after all taxes and benefits (final income).

The starting point of the analysis is *original income*. This is income in cash and kind of all members of the household before the deduction of taxes or the addition of any state benefits. The original income of the household is



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 from the respondent.

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

The next stage of the analysis is to show the distribution of cash benefits and to add these to original income to obtain *original income plus cash benefits*.

Cash benefits are:

- Family allowances
- Retirement and old-age pension, widow's pension, disablement and war disability pension, invalidity pension and allowance, mobility allowance
- Unemployment benefit, sickness and industrial injury benefits
- Family income supplement, supplementary benefit
- Maternity benefit
- Death grant, redundancy payment
- Other cash benefits

Supplementary benefit includes all supplementary allowances where they are separately distinguished by respondents. The amount of benefit is taken as the amount received by the household in the 12 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.

Direct taxes are then deducted to give *disposable income*.

Direct taxes 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 12 months for which figures are available in the case of self-employment and investment incomes.

As original income includes some elements of income in kind, particularly imputed rent of owner occupiers, disposable income as defined here does not correspond exactly to money available for the household to spend. It does however give an indication of the resources which are available to the household and which influence spending decisions. One of the basic problems of allocating

government revenues and expenditures to households is in identifying the ultimate payer or recipient. In some cases, for example corporation tax, this is impracticable or highly controversial and so we prefer not to allocate the items concerned. Even for those we do allocate the criteria used are sometimes questionable. Thus, the lack of data forces us to assume that the incidence of net direct taxes falls on the individual from whose income the tax is deducted. The analysis implies that the benefit of tax relief, for example mortgage tax relief, accrues directly to the tax payer rather than to some other agent, for example, the land owner. It also implies that no section of the working population has been able to pass the cost of the direct tax back to employers through lower profits, or to consumers through higher prices. The major taxes not allocated are corporation tax and taxes on capital.

The order in which the remaining allocated items is presented is to some extent arbitrary. First, we add subsidies less indirect taxes to disposable income, to obtain *income after all taxes and transfers*. This corresponds closely to 'available income' in the United Nations recommendations for systems of national accounts, and to the 'factor cost' concept of consumers' expenditure shown in the National Income Blue Books; the factor cost is calculated by subtracting indirect taxes from consumers' expenditure at market prices and adding consumer subsidies. The subsidies are:

- Housing subsidies
- Food subsidies

The total housing subsidy for local authority tenants is defined as the difference between current account expenditure by public authorities on housing (the sum of the 'economic rents') and the rent paid by tenants of local authority dwellings. For each local authority dwelling in the sample the subsidy is derived as 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 for each dwelling is calculated by multiplying the rateable value of that dwelling by the ratio of the total current account expenditure on all dwellings owned by the local authority to the total rateable value of those dwellings. 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 for each household are estimated by calculating the ratio of the total cost of the subsidies to consumers' expenditure on the subsidised product field. The subsidy factors derived in this way are applied to actual expenditure by the household on the product field covered. 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 calculated in this way.

In line 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. The subsidies do not include payments by the European Economic Community because reliable estimates of them are not available for 1976.

A more detailed account of the treatment of subsidies is given in an article, 'The redistributive effect of subsidies on households', in *Economic Trends* No. 289, November 1977 (HMSO).

Indirect taxes on final consumer goods and services are:

- Local authority rates on dwellings (after rebates).
- Duties on beer, wines, spirits, tobacco, oil, betting, etc.
- Value added tax (VAT)
- Car tax
- Motor vehicle duties
- Driving licences
- Television licences
- Stamp duties

These taxes are either levied directly on the consumer (for example local rates) or are assumed to be fully incident on the consumer. For example, the amount of VAT which is paid by the household is calculated from the household's total expenditure on those goods and services subject to VAT. Where goods are subject to both excise duties and VAT, the VAT is consolidated with the excise duty. Thus 'duty on wines' 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 purchaser of such cars. Expenditure recorded in the FES on alcoholic drink, tobacco, ice cream, soft drinks and confectionery is weighted to allow for the known under-recording of these items in the sample. The true expenditure in each case is assumed to be proportional to the recorded expenditure. It should be noted that local authority rates are paid in full by recipients of supplementary benefit as the supplementary benefit payments they receive include an allowance for this item.

Indirect taxes on intermediate goods and services are:

- Local authority rates on commercial and industrial property
- Motor vehicle duties
- Duties on hydrocarbon oils
- Import duties
- Stamp duties
- Employers' contributions to national insurance, the National Health Service, the industrial injuries fund and the redundancy payments scheme.

These taxes are those that fall on goods and services purchased by industry and used in the production of goods and services for final consumption by consumers. That part which falls on goods and services bought by consumers is assumed to be fully shifted to the consumer. Their allocation between different categories of consumers'

expenditure is based on the relation between intermediate production and final demand, estimated using input-output techniques.

Finally we add the effect of those state benefits in kind for which there is a reasonable basis for allocation to households, to obtain *income after all taxes and benefits*. Benefits in kind are:

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

The measure of the benefit of the National Health Service to households in this article is the cost of providing the service. That cost is estimated by the Department of Health and Social Security according to the use made of the service by individuals of different ages and sex. It is then applied to the households in the FES in the corresponding age-sex groups. The benefit of the maternity services is assigned separately to those households in receipt of maternity benefit.

Education benefit is estimated by the Department of Education and Science as the cost per pupil or student of providing the various educational services, such as special schools, primary, secondary and direct grant schools, universities and teachers training colleges. The value of the benefit attributed to households depends 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 to this figure and the fees and contributions made by parents subtracted to arrive at a final net benefit for each household.

The value of school meals and other welfare foods is based on their cost to public authorities. Any payment by the individual households is subtracted to arrive at a net contribution.

#### Previous articles

This article is the latest in an annual series. Earlier articles covering the years 1957 to 1975 were published in the following issues of *Economic Trends*: November 1962, February 1964, August 1966, February 1968, 1969, 1970, 1971, 1972, November 1972 and 1973, December 1974, February 1976, December 1976. The December 1974 article contains a comprehensive account of the methods employed and the changes in treatment over the years. As far as is practicable with the resources available the Central Statistical Office will provide on request analyses for 1976 on a comparable basis to earlier years.

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General government expenditure<sup>1</sup> in 1971 and 1976

TABLE 1

	1971		1976	
	£ million	Percentage of total expenditure	£ million	Percentage of total expenditure
<b>Allocated expenditure</b>				
Allocated cash benefits and subsidies <sup>2</sup>				
Benefits in cash .. .. .	4,150	17.9	10,770	18.4
Subsidies				
Housing (including rent rebates and allowances) .. .. .	330	1.4	1,700	2.9
Food .. .. .	—	—	450	0.8
Allocated benefits in kind				
Health services .. .. .	2,050	8.8	5,730	9.8
Education .. .. .	2,430	10.5	6,590	11.3
School meals, milk, welfare foods .. .. .	160	0.7	450	0.8
	9,120	39.3	25,700	43.9
<b>Unallocated expenditure</b>				
Other current expenditure on social, environmental and protective services				
Social services				
Social security benefits				
Administration .. .. .	210	0.9	650	1.1
Personal social services .. .. .	270	1.2	1,030	1.8
Other .. .. .	10	—	20	—
Environmental services				
Housing .. .. .	30	0.1	170	0.3
Water, sewerage, land drainage, and public health .. .. .	260	1.1	490	0.8
Parks, etc. .. .. .	90	0.4	310	0.5
Miscellaneous local authority services .. .. .	140	0.6	460	0.8
Libraries, museums, and arts .. .. .	100	0.4	290	0.5
Protective services				
Police .. .. .	410	1.8	1,060	1.8
Parliaments, courts and prisons .. .. .	160	0.7	510	0.9
Fire services .. .. .	80	0.4	250	0.4
	1,760	7.6	5,240	8.9
Capital expenditure on social, environmental and protective services				
Social services .. .. .				
Environmental services				
Housing .. .. .	950	4.1	3,320	5.7
Other .. .. .	510	2.2	840	1.4
Protective services .. .. .	50	0.2	150	0.3
	2,210	9.5	5,580	9.5
Other current expenditure				
Defence and external relations .. .. .	2,990	12.9	7,020	12.0
Roads, transport and communications .. .. .	450	1.9	1,630	2.8
Industry, trade, agriculture, research and employment .. .. .	1,060	4.6	2,110	3.6
Other .. .. .	450	1.9	1,130	1.9
	4,950	21.3	11,890	20.3
Other capital expenditure .. .. .				
Debt interest .. .. .	2,770	11.9	3,840	6.6
Non-trading capital consumption .. .. .	2,090	9.0	5,450	9.3
	310	1.3	820	1.4
<b>Total expenditure</b> .. .. .	<b>23,200</b>	<b>100.0</b>	<b>58,510</b>	<b>100.0</b>

<sup>1</sup> This table and Table 2 relate to the combined expenditure of central government and local authorities, excluding transactions between the two sectors. In previous articles, the tables related to consolidated public sector expenditure, a presentation no longer used in the national accounts. Whereas the present figures include general government payments to and receipts from public corporations, the former tables included the income and expenditure of public corporations other than their receipts from and payments to general government.

<sup>2</sup> Including benefits to people not living in private households.

Financing of general government<sup>1</sup> expenditure in 1971 and 1976

TABLE 2

	1971		1976	
	£ million	Percentage of total financing	£ million	Percentage of total financing
<b>Allocated financing</b>				
Allocated taxes <sup>2</sup>				
Direct taxes				
Income and surtax	6,380	27.5	16,670	28.5
Employees' and self-employed NI contributions	1,380	5.9	3,340	5.7
Indirect taxes				
On final goods and services	5,590	24.1	11,260	19.2
On intermediate goods and services	1,750	7.6	3,770	6.4
	15,090	65.0	35,040	59.9
<b>Unallocated financing</b>				
Unallocated taxes				
Corporation tax, etc.	1,510	6.5	2,060	3.5
Taxes on expenditure not allocated to consumers' expenditure	2,050	8.8	3,790	6.5
Employers' NI contributions not allocated to consumers' expenditure	860	3.7	2,920	5.0
Taxes on capital	660	2.9	880	1.5
	5,080	21.9	9,660	16.5
Other receipts <sup>3</sup>	1,720	7.4	5,890	10.1
Government borrowing requirement	1,310	5.6	7,920	13.5
<b>Total financing</b>	<b>23,200</b>	<b>100.0</b>	<b>58,510</b>	<b>100.0</b>

<sup>1</sup> See footnote 1 of Table 1.<sup>2</sup> Including taxes paid by people not living in private households.<sup>3</sup> Receipts of rent, interest, dividends, trading income and miscellaneous transactions (net).Source: *National Income and Expenditure 1966-76*, Table 9.1





**Average incomes, taxes and benefits, 1976 and 1971**  
By deciles of original income within household type

TABLE 3 (continued)

	£ per year										Average over all deciles
	Deciles										
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>											
Decile points	0	85	150	215	280	345	410	475	540	605	670
(ii) 1 adult retired											1,188
Number of households in the sample	85	85	85	85	85	85	85	85	85	85	85
Original income	642	685	728	771	814	857	900	943	986	1,029	1,072
Direct benefits in cash	31	31	31	31	31	31	31	31	31	31	31
Retirement and old age pension	288	262	236	210	184	158	132	106	80	54	28
Other pensions	21	21	21	21	21	21	21	21	21	21	21
Supplementary benefit	1	1	1	1	1	1	1	1	1	1	1
Other direct benefits	1	1	1	1	1	1	1	1	1	1	1
Original income and cash benefits	981	987	966	966	966	966	966	966	966	966	966
Direct taxes	2	2	2	2	2	2	2	2	2	2	2
Disposable income	979	987	965	965	965	965	965	965	965	965	965
Subsidies	172	164	156	148	140	132	124	116	108	100	92
Indirect taxes	170	172	198	231	264	297	330	363	396	429	462
Income after all taxes and transfers	981	979	907	907	907	907	907	907	907	907	907
Direct benefits in kind	183	183	183	183	183	183	183	183	183	183	183
National Health Service	1,164	1,162	1,183	1,183	1,093	1,150	1,194	1,322	1,446	1,570	1,694
Income after all taxes and benefits	1,164	1,162	1,183	1,183	1,093	1,150	1,194	1,322	1,446	1,570	1,694
<b>1971</b>											
Decile points	0	72	144	216	288	360	432	504	576	648	720
(ii) 1 adult retired											687
Number of households in the sample	72	72	72	72	72	72	72	72	72	72	72
Original income	240	257	274	291	308	325	342	359	376	393	410
Direct benefits in cash	21	21	21	21	21	21	21	21	21	21	21
Retirement and old age pension	156	114	72	30	1	1	1	1	1	1	1
Other pensions	4	4	4	4	4	4	4	4	4	4	4
Supplementary benefit	1	1	1	1	1	1	1	1	1	1	1
Other direct benefits	1	1	1	1	1	1	1	1	1	1	1
Original income and cash benefits	420	404	404	404	404	404	404	404	404	404	404
Direct taxes	420	420	420	420	420	420	420	420	420	420	420
Disposable income	420	404	404	404	404	404	404	404	404	404	404
Subsidies	25	33	41	49	57	65	73	81	89	97	105
Indirect taxes	83	85	82	80	78	76	74	72	70	68	66
Income after all taxes and transfers	363	352	346	352	346	352	346	352	346	352	346
Direct benefits in kind	70	66	69	70	69	67	68	69	69	68	69
National Health Service	433	418	415	422	415	433	447	480	513	546	579
Income after all taxes and benefits	433	418	415	422	415	433	447	480	513	546	579

## Average incomes, taxes and benefits, 1976 and 1971

By deciles of original income within household type

TABLE 3 (continued)

	£ per year										Average over all deciles
	Deciles										
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>	0	108	245	345	483	698	948	1,434	2,375		
Decile points	..	..	..	..	..	..	..	..	..	..	..
(iii) <b>2 adults retired</b>	..	..	..	..	..	..	..	..	..	..	..
Number of households in the sample	68	67	68	68	68	67	68	68	67	68	677
Original income	..	..	..	..	..	..	..	..	..	..	..
Direct benefits in cash	0	32	182	303	406	583	819	1,148	1,810	4,205	949
Retirement and old age pension	1,072	1,165	1,176	1,114	1,098	1,124	1,104	990	1,009	1,024	1,088
Other pensions	172	99	74	72	83	123	147	166	156	22	111
Supplementary benefit	215	188	76	21	29	3	6	5	16	—	56
Other direct benefits	9	17	1	17	5	—	12	24	44	14	14
Original income and cash benefits	1,468	1,502	1,508	1,526	1,622	1,833	2,088	2,334	3,035	5,265	2,218
Direct taxes	..	..	..	..	..	..	..	..	..	..	..
Disposable income	1,468	1,501	1,507	1,518	1,607	1,797	2,016	2,197	2,729	4,085	2,043
Subsidies	233	244	222	166	152	161	85	71	43	23	140
Indirect taxes	311	349	293	305	340	353	456	483	599	824	431
Income after all taxes and transfers	1,390	1,395	1,436	1,378	1,419	1,605	1,644	1,786	2,173	3,284	1,751
Direct benefits in kind	..	..	..	..	..	..	..	..	..	..	..
National Health Service	341	353	362	355	355	356	358	346	331	325	348
Income after all taxes and benefits	1,731	1,748	1,798	1,733	1,774	1,961	2,002	2,132	2,504	3,609	2,099
<b>1971</b>	0	6	63	118	181	271	394	630	1,075		
Decile points	..	..	..	..	..	..	..	..	..	..	..
(iii) <b>2 adults retired</b>	..	..	..	..	..	..	..	..	..	..	..
Number of households in the sample	57	56	57	56	57	57	56	57	56	57	566
Original income	0	1	34	92	149	225	329	493	826	2,178	434
Direct benefits in cash	..	..	..	..	..	..	..	..	..	..	..
Retirement and old age pension	375	463	459	463	447	467	448	428	414	357	432
Other pensions	21	14	24	16	31	5	25	4	7	14	16
Supplementary benefit	156	114	70	57	28	13	5	11	—	—	45
Other direct benefits	44	33	25	11	31	7	32	23	17	35	26
Original income and cash benefits	596	624	613	640	686	717	839	958	1,264	2,584	953
Direct taxes	..	..	..	..	..	..	..	..	..	..	..
Disposable income	596	623	611	639	683	700	825	911	1,127	1,936	865
Subsidies	22	53	26	15	9	15	23	4	21	1	19
Indirect taxes	138	151	155	153	170	176	211	213	270	387	202
Income after all taxes and transfers	479	525	482	501	522	540	637	702	878	1,550	682
Direct benefits in kind	..	..	..	..	..	..	..	..	..	..	..
National Health Service	133	135	137	138	140	137	135	134	132	123	134
Income after all taxes and benefits	612	659	619	639	662	678	772	836	1,010	1,672	816

**Average incomes, taxes and benefits, 1976 and 1971**

By deciles of original income within household type  
TABLE 3 (continued)

	£ per year										Average over all deciles		
	Deciles												
	1	2	3	4	5	6	7	8	9	10			
<b>1976</b>													
Decile points	384		941	1,510	1,975	2,366	2,786	3,141	3,828	4,748			
(iv) <b>1 adult non-retired</b>													
Number of households in the sample	62	61	62	61	62	62	61	62	61	62	61	62	616
Original income	131	665	1,244	1,777	2,171	2,595	2,966	3,449	4,208	6,873	2,609		
Direct benefits in cash													
Family allowance	—	—	—	—	—	—	—	—	—	—	—	—	—
Pensions	364	508	414	221	148	30	71	29	18	54	186	—	—
Unemployment/sickness/injury benefit	45	35	26	20	39	48	17	22	5	7	26	—	—
Other direct benefits	281	41	87	3	4	3	14	1	—	—	44	—	—
Original income and cash benefits	820	1,249	1,771	2,022	2,361	2,676	3,069	3,501	4,233	6,934	2,865		
Direct taxes	5	67	202	353	534	641	787	814	1,127	2,241	678		
Disposable income	815	1,182	1,568	1,669	1,827	2,036	2,282	2,687	3,106	4,694	2,187		
Subsidies	188	156	114	82	77	57	92	34	80	24	90		
Indirect taxes	219	292	311	331	423	503	520	743	634	936	492		
Income after all taxes and transfers	785	1,046	1,371	1,420	1,481	1,589	1,854	1,978	2,551	3,782	1,786		
Direct benefits in kind													
Education	543	134	—	61	—	50	42	—	—	—	83		
National Health Service	94	119	123	94	90	91	89	80	75	80	94		
Welfare foods	—	—	—	—	—	—	—	—	—	—	—		
Income after all taxes and benefits	1,422	1,299	1,494	1,575	1,571	1,730	1,985	2,059	2,626	3,858	1,963		
<b>1971</b>													
Decile points	180		367	615	774	977	1,143	1,331	1,635	2,137			
(iv) <b>1 adult non-retired</b>													
Number of households in the sample	53	52	53	52	53	53	52	53	52	53	526		
Original income	67	279	480	706	879	1,058	1,229	1,469	1,894	2,947	1,101		
Direct benefits in cash													
Family allowance	—	—	—	—	—	—	—	—	—	—	—		
Pensions	148	214	135	94	58	42	43	6	26	26	79		
Unemployment/sickness/injury benefit	73	19	23	18	10	13	5	7	10	6	19		
Other direct benefits	109	30	7	1	8	6	2	1	—	2	17		
Original income and cash benefits	398	542	645	818	955	1,122	1,279	1,483	1,931	2,982	1,216		
Direct taxes	—	—	—	—	—	—	—	—	—	—	—		
Disposable income	401	525	600	708	778	928	1,022	1,156	1,459	2,186	977		
Subsidies	39	43	24	22	12	8	33	6	17	18	22		
Indirect taxes	112	122	120	151	178	209	219	260	302	420	209		
Income after all taxes and transfers	328	446	504	580	612	727	836	903	1,174	1,783	790		
Direct benefits in kind													
Education	109	54	—	23	—	19	30	—	—	—	23		
National Health Service	43	51	46	39	36	35	35	34	34	36	39		
Welfare food	—	—	—	—	—	—	—	—	—	—	—		
Income after all taxes and benefits	480	551	550	643	648	781	902	936	1,208	1,820	852		

## Average incomes, taxes and benefits, 1976 and 1971

By deciles of original income within household type

TABLE 3 (continued)

	£ per year										Average over all deciles	
	Deciles											
	1	2	3	4	5	6	7	8	9	10		
<b>1976</b>												
Decile points	1,530	2,480	3,106	3,705	4,232	4,805	5,465	6,139	6,775	7,375		
(v) <b>2 adults non-retired</b>												
Number of households in the sample	164	164	164	164	165	164	164	164	164	164	164	1,641
Original income	839	2,083	2,787	3,390	3,976	4,492	5,127	5,785	6,707	9,929	4,511	
Direct benefits in cash												
Family allowance	841	430	254	182	124	83	58	26	49	77	212	
Pensions	97	100	56	39	42	38	20	18	15	10	44	
Unemployment/sickness/injury benefit	113	40	59	14	6	7	2	8	2	2	25	
Other direct benefits												
Original income and cash benefits	1,890	2,654	3,155	3,625	4,147	4,620	5,208	5,838	6,772	10,019	4,792	
Direct taxes	58	299	542	694	955	1,062	1,249	1,475	1,756	2,855	1,094	
Disposable income	1,832	2,355	2,613	2,931	3,192	3,558	3,959	4,363	5,016	7,164	3,698	
Subsidies	164	118	102	90	95	89	70	81	45	27	88	
Indirect taxes	474	507	565	677	735	789	886	886	922	1,200	764	
Income after all taxes and transfers	1,522	1,965	2,150	2,344	2,553	2,858	3,143	3,558	4,140	5,991	3,022	
Direct benefits in kind												
Education	340	36	13	56	29	—	30	18	—	8	53	
National Health Service	252	234	234	201	196	181	175	165	167	183	199	
Welfare foods	1	—	—	—	—	—	—	—	—	1	—	
Income after all taxes and benefits	2,115	2,236	2,397	2,600	2,778	3,039	3,349	3,742	4,307	6,182	3,274	
<b>1971</b>												
Decile points	758	1,092	1,345	1,648	1,862	2,084	2,360	2,765	3,369			
(v) <b>2 adults non-retired</b>												
Number of households in the sample	168	168	168	168	168	167	168	168	168	168	1,679	
Original income	446	947	1,211	1,494	1,756	1,972	2,220	2,546	3,030	4,982	2,060	
Direct benefits in cash												
Family allowance	319	125	101	73	65	28	26	12	21	20	79	
Pensions	66	40	33	17	14	12	12	11	7	5	22	
Unemployment/sickness/injury benefit	34	19	18	7	9	1	3	3	2	1	10	
Other direct benefits												
Original income and cash benefits	867	1,131	1,362	1,591	1,844	2,012	2,261	2,572	3,059	5,008	2,171	
Direct taxes	37	127	199	273	335	372	451	499	647	1,212	415	
Disposable income	828	1,004	1,163	1,318	1,509	1,640	1,811	2,074	2,412	3,795	1,755	
Subsidies	21	25	31	13	20	14	20	13	5	2	16	
Indirect taxes	221	255	298	340	369	373	416	434	486	661	385	
Income after all taxes and transfers	627	774	895	991	1,160	1,281	1,415	1,653	1,930	3,137	1,386	
Direct benefits in kind												
Education	102	43	28	29	39	20	6	14	—	—	28	
National Health Service	107	89	83	79	74	71	70	65	63	65	77	
Welfare foods	—	—	—	—	—	—	—	—	—	—	—	
Income after all taxes and benefits	836	906	1,006	1,099	1,273	1,372	1,492	1,731	1,993	3,202	1,491	



### Average incomes, taxes and benefits, 1976 and 1971

By deciles of original income within household type

TABLE 3 (continued)

	£ per year										Average over all deciles	
	Deciles											
	1	2	3	4	5	6	7	8	9	10		
<b>1976</b>												
(vi) 2 adults, 1-4 children	2,330	3,027	3,429	3,775	4,206	4,601	5,079	5,738	6,797			
Number of households in the sample	187	186	187	187	187	186	187	187	186	187	187	1,867
Original income	1,392	2,708	3,229	3,607	3,985	4,395	4,831	5,387	6,252	9,123	4,491	
Direct benefits in cash												
Family allowance	71	68	73	64	74	80	65	71	67	80	71	
Pensions	179	38	40	32	9	6	10	3	10	—	33	
Unemployment/sickness/injury benefit	275	66	52	38	31	26	15	15	12	8	54	
Other direct benefits	274	48	35	26	19	7	11	12	5	3	44	
Original income and cash benefits	2,191	2,927	3,428	3,768	4,118	4,512	4,933	5,489	6,345	9,214	4,693	
Direct taxes	80	407	581	618	799	871	1,011	1,176	1,382	2,123	905	
Disposable income	2,111	2,520	2,847	3,150	3,320	3,641	3,921	4,313	4,964	7,091	3,788	
Subsidies	174	139	148	101	94	103	88	85	55	45	103	
Indirect taxes	535	621	683	723	736	752	811	918	968	1,169	792	
Income after all taxes and transfers	1,750	2,037	2,311	2,529	2,678	2,993	3,198	3,480	4,051	5,966	3,099	
Direct benefits in kind												
Education	482	375	446	444	477	470	499	526	541	536	480	
National Health Service	337	352	345	302	290	288	295	295	267	271	304	
Welfare foods	46	30	29	29	32	36	33	37	40	44	36	
Income after all taxes and benefits	2,616	2,794	3,132	3,304	3,477	3,787	4,025	4,337	4,899	6,818	3,919	
<b>1971</b>												
(vi) 2 adults, 1-4 children	1,077	1,329	1,535	1,691	1,875	2,039	2,254	2,597	3,207			
Number of households in the sample	203	203	203	203	204	203	203	203	203	203	203	2,031
Original income	716	1,210	1,431	1,613	1,784	1,955	2,145	2,409	2,850	4,416	2,053	
Direct benefits in cash												
Family allowance	48	46	41	45	45	43	47	44	48	46	45	
Pensions	62	14	2	13	2	3	5	4	4	1	11	
Unemployment/sickness/injury benefit	94	47	21	20	12	9	8	9	5	2	23	
Other direct benefits	103	26	19	10	12	5	10	5	5	3	20	
Original income and cash benefits	1,023	1,343	1,515	1,701	1,855	2,015	2,216	2,471	2,912	4,468	2,152	
Direct taxes	46	120	190	215	261	299	346	365	495	821	316	
Disposable income	978	1,223	1,324	1,487	1,594	1,716	1,869	2,106	2,417	3,647	1,836	
Subsidies	20	25	24	18	20	15	15	12	9	1	16	
Indirect taxes	263	311	326	373	354	389	403	436	472	656	399	
Income after all taxes and transfers	735	937	1,022	1,132	1,259	1,342	1,481	1,683	1,954	2,992	1,454	
Direct benefits in kind												
Education	219	167	147	162	166	183	210	197	206	187	184	
National Health Service	119	111	115	108	109	100	104	101	97	94	106	
Welfare foods	20	13	9	11	8	9	11	10	9	10	11	
Income after all taxes and benefits	1,093	1,228	1,293	1,413	1,543	1,633	1,805	1,992	2,266	3,282	1,755	

## Average incomes, taxes and benefits, 1976 and 1971

By deciles of original income within household type

TABLE 3 (continued)

	£ per year										Average over all deciles
	Deciles										
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>	1,278	2,094	3,328	4,320	5,099	5,825	6,674	7,617	8,205	9,909	
Decile points	155	155	155	155	155	155	155	155	155	155	1,550
(vii) Other households											
Number of households in the sample	357	2,094	3,328	4,320	5,099	5,825	6,674	7,617	8,205	9,909	5,696
Original income	83	75	63	63	60	30	31	37	33	28	50
Direct benefits in cash	487	505	448	286	161	192	168	80	67	106	250
Family allowance	108	144	94	112	88	68	69	41	46	52	82
Pensions	839	192	117	80	58	37	40	42	36	47	149
Unemployment/sickness/injury benefit											
Other direct benefits	1,874	3,010	4,050	4,861	5,465	6,152	6,981	7,818	9,185	12,880	6,228
Original income and cash benefits	4	229	602	761	1,033	1,342	1,543	1,717	2,178	3,177	1,258
Direct taxes	1,870	2,781	3,449	4,100	4,432	4,810	5,439	6,101	7,008	9,703	4,969
Disposable income	197	187	202	144	106	108	129	134	132	106	145
Subsidies	389	592	791	944	1,008	1,058	1,190	1,414	1,461	1,797	1,064
Indirect taxes											
Income after all taxes and transfers	1,678	2,376	2,860	3,300	3,530	3,861	4,378	4,821	5,679	8,012	4,050
Direct benefits in kind											
Education	748	651	650	687	640	515	433	563	530	445	586
National Health Service	301	299	325	334	313	309	314	317	326	358	320
Welfare foods	88	49	31	31	33	16	18	21	18	15	32
Income after all taxes and benefits	2,815	3,375	3,866	4,353	4,516	4,701	5,143	5,722	6,552	8,831	4,987
<b>1971</b>	710	1,358	1,837	2,150	2,425	2,709	3,055	3,530	4,284		
Decile points	172	171	172	171	172	171	172	171	172	171	1,715
(vii) Other households											
Number of households in the sample	267	1,056	1,620	1,995	2,293	2,570	2,882	3,279	3,859	5,900	2,571
Original income	44	55	42	43	37	25	25	18	22	21	33
Direct benefits in cash	237	185	140	113	94	72	66	47	51	46	105
Family allowance	77	67	52	35	29	19	40	23	20	16	38
Pensions	254	89	20	24	28	16	12	9	11	11	47
Unemployment/sickness/injury benefit											
Other direct benefits	879	1,452	1,875	2,210	2,480	2,702	3,024	3,376	3,963	5,994	2,794
Original income and cash benefits	-1	99	242	304	344	424	489	607	726	1,283	451
Direct taxes	880	1,354	1,633	1,906	2,136	2,278	2,535	2,769	3,237	4,711	2,343
Disposable income	30	31	29	30	23	33	22	34	28	10	27
Subsidies	202	324	407	477	496	535	626	651	715	903	533
Indirect taxes											
Income after all taxes and transfers	707	1,061	1,255	1,459	1,663	1,776	1,931	2,152	2,549	3,818	1,837
Direct benefits in kind											
Education	286	266	238	262	290	218	213	238	234	248	249
National Health Service	117	131	132	133	140	124	123	124	128	130	128
Welfare foods	28	26	9	10	10	6	5	4	4	3	10
Income after all taxes and benefits	1,137	1,485	1,634	1,864	2,103	2,125	2,272	2,518	2,915	4,200	2,225

**Average incomes, taxes and benefits, 1976 and 1971**  
By deciles of disposable income

TABLE 4

	£ per year										Average over all deciles
	Deciles										
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>	1,173	1,650	2,146	2,663	3,108	3,597	4,091	4,737	5,846		
Decile points	720	720	721	720	720	721	720	720	721	720	7,203
<b>All households</b>											
Number of households in the sample	200	628	1,461	2,380	3,136	3,821	4,549	5,292	6,495	9,843	3,781
Original income	3	8	16	27	34	46	43	43	36	39	29
Direct benefits in cash	597	687	573	364	272	178	159	121	150	115	322
Family allowance	6	32	43	61	60	56	56	57	34	50	45
Pensions	155	174	100	64	46	52	38	40	26	48	74
Unemployment/sickness/injury benefit											
Other direct benefits	960	1,528	2,193	2,897	3,549	4,153	4,845	5,554	6,740	10,095	4,251
Original income and cash benefits	24	104	292	493	668	803	1,005	1,168	1,519	2,295	837
Direct taxes	937	1,425	1,900	2,403	2,881	3,350	3,840	4,386	5,221	7,800	3,414
Disposable income	158	154	117	127	108	108	112	87	80	84	114
Subsidies	213	318	430	550	660	751	825	919	1,055	1,434	716
Indirect taxes											
Income after all taxes and transfers	882	1,260	1,587	1,980	2,329	2,707	3,127	3,555	4,247	6,449	2,812
Direct benefits in kind											
Education	175	98	118	181	230	343	331	411	366	443	270
National Health Service	177	239	255	268	269	259	262	259	262	305	255
Welfare foods	2	9	11	16	16	22	22	22	20	22	16
Income after all taxes and benefits	1,235	1,606	1,972	2,445	2,843	3,331	3,742	4,247	4,895	7,219	3,354
<b>1971</b>	544	795	1,058	1,302	1,517	1,723	1,986	2,328	2,865		
Decile points	724	724	724	724	724	723	724	724	724	724	7,239
<b>All households</b>											
Number of households in the sample	104	323	800	1,193	1,536	1,817	2,092	2,461	2,974	4,723	1,802
Original income	—	5	13	22	25	25	31	33	28	26	21
Direct benefits in cash	246	279	176	114	67	51	48	53	56	50	114
Family allowance	10	25	38	30	29	27	19	21	21	19	24
Pensions	75	77	36	25	20	18	18	18	11	12	31
Unemployment/sickness/injury benefit											
Other direct benefits	436	709	1,063	1,383	1,677	1,938	2,208	2,586	3,089	4,831	1,992
Original income and cash benefits	18	44	131	200	260	319	356	438	528	916	321
Direct taxes	418	665	931	1,184	1,417	1,619	1,852	2,148	2,561	3,915	1,671
Disposable income	24	20	22	20	23	20	19	18	15	13	20
Subsidies	106	161	232	293	339	387	420	465	553	741	370
Indirect taxes											
Income after all taxes and transfers	337	525	722	911	1,101	1,252	1,451	1,702	2,023	3,187	1,321
Direct benefits in kind											
Education	59	39	75	98	110	113	154	180	181	181	119
National Health Service	72	98	94	98	98	99	100	105	106	111	98
Welfare foods	—	3	6	8	8	5	7	7	7	5	6
Income after all taxes and benefits	467	665	897	1,116	1,316	1,469	1,712	1,994	2,317	3,484	1,544

**Average incomes, taxes and benefits, 1976**  
By ranges of original income

	£ per year										Average over all and income ranges						
	Under 381	381- 557-	557- 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- 6,642	6,642 above	8,038 and above
<b>All households</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Number of households in the sample	1,078	203	221	132	143	174	243	338	487	685	807	817	704	491	548	7,203	
Original income	112	464	682	910	1,097	1,322	1,595	1,933	2,354	2,846	3,423	4,145	4,997	6,002	7,262	10,801	3,781
Direct benefits in cash:																	
Family allowance	10	9	11	4	15	18	21	24	33	32	41	45	42	32	32	33	29
Retirement and old age pension	694	738	711	741	595	561	431	273	218	159	107	68	54	48	49	53	259
Widows' pension	22	41	56	60	35	48	80	70	32	25	22	14	10	16	6	16	24
Disability and war disability pension	17	26	42	11	22	9	17	15	11	14	12	9	4	10	12	7	13
Incapacity pension and allowances	57	58	44	63	113	47	68	58	33	14	18	10	5	6	1	6	26
Mobility allowance	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unemployment benefit	18	35	59	17	47	71	47	58	44	29	19	19	17	12	14	13	24
Sickness/industrial injury benefit	4	12	12	16	29	35	39	55	37	25	28	26	19	17	19	18	21
Family income supplement	—	—	2	—	2	7	2	1	2	1	—	—	—	—	—	—	—
Supplementary benefit	270	119	60	44	81	85	44	29	51	34	22	18	11	14	15	22	66
Maternity benefit	—	1	—	—	—	2	1	4	9	6	7	3	4	2	2	2	3
Death grant	1	1	1	1	—	1	2	1	1	—	—	—	—	—	—	—	—
Redundancy payment	—	—	1	—	2	1	2	2	2	1	1	2	1	1	1	1	1
Other cash benefits	9	2	10	9	—	17	1	—	8	2	2	3	—	—	—	—	3
Original income plus cash benefits	1,214	1,508	1,691	1,875	2,038	2,224	2,347	2,523	2,835	3,188	3,704	4,362	5,166	6,160	7,415	10,972	4,251
Direct taxes:																	
National Insurance	—	—	1	3	7	14	30	53	88	120	151	185	217	260	299	360	148
Income tax and surtax	2	14	54	79	114	132	171	243	292	426	518	690	886	1,167	1,460	2,433	689
Disposable income	1,213	1,496	1,636	1,793	1,917	2,077	2,147	2,227	2,455	2,642	3,035	3,487	4,062	4,733	5,656	8,179	3,414
Indirect subsidies																	
Housing subsidy	164	131	115	80	80	115	104	89	97	94	94	77	63	60	51	53	91
Food subsidy	14	16	16	17	17	18	19	18	21	20	23	24	26	25	28	31	22
Local rates	68	71	78	76	88	92	85	86	91	88	100	104	114	119	133	166	102
On final goods and services	114	171	193	222	245	253	249	287	318	364	452	487	554	623	741	948	440
Intermediate products	64	81	87	95	104	107	113	121	129	140	165	181	214	232	278	374	173
Income after all taxes and transfers	1,145	1,320	1,408	1,496	1,578	1,758	1,823	1,840	2,035	2,164	2,435	2,816	3,268	3,844	4,584	6,775	2,812
Direct benefits in kind:																	
Education benefit	122	136	140	160	213	253	173	180	192	235	317	340	366	340	352	384	270
National Health Service	237	265	258	266	242	259	241	234	271	254	268	254	255	242	260	293	255
Welfare foods	10	10	12	2	10	13	13	17	16	15	19	21	21	18	18	18	16
Income after all taxes and benefits	1,513	1,731	1,819	1,924	2,042	2,284	2,249	2,272	2,514	2,668	3,039	3,431	3,911	4,445	5,213	7,471	3,354

Quantile shares of income by household type—1976

TABLE 6

		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	..	..	..	..	..	..	..	..	..	0.5	1.3	3.0	4.5	6.8	8.3	10.0	12.5	14.6	17.1	21.4	100.0			
	Disposable income	..	..	..	..	..	..	..	..	..	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.9	6.1	7.0	100.0			
	Income after all taxes and benefits	..	..	..	..	..	..	..	..	..	4.8	4.9	5.1	5.2	5.4	5.5	5.7	6.0	6.3	6.7	7.9	100.0			
	Non-pensioner, retired																								
	Original income	..	..	..	..	..	..	..	..	..	3.2	3.5	4.2	4.8	5.4	6.1	6.8	8.0	9.3	11.5	18.0	100.0			
	Disposable income	..	..	..	..	..	..	..	..	..	4.2	4.4	4.6	4.8	5.1	5.3	5.6	5.9	6.4	6.8	7.8	100.0			
	Income after all taxes and benefits	..	..	..	..	..	..	..	..	..	4.4	4.5	4.8	5.0	5.2	5.4	5.6	5.9	6.2	6.7	7.4	9.8	100.0		
	Non-pensioner, non-retired																								
	Original income	..	..	..	..	..	..	..	..	..	4.0	4.3	4.8	5.2	5.5	5.8	6.3	7.0	7.6	8.5	10.2	16.2	100.0		
	Disposable income	..	..	..	..	..	..	..	..	..	4.1	4.3	4.6	4.8	5.1	5.4	5.9	6.4	7.0	8.0	8.9	12.9	100.0		
	Income after all taxes and benefits	..	..	..	..	..	..	..	..	..	3.9	4.1	4.5	4.8	5.0	5.4	5.7	6.3	7.1	7.9	8.8	12.3	100.0		
2 adults																									
	Pensioner																								
	Original income	..	..	..	..	..	..	..	..	..	0.6	2.0	3.3	4.3	5.1	5.7	6.6	7.5	8.3	8.8	9.4	10.9	17.2	100.0	
	Disposable income	..	..	..	..	..	..	..	..	..	4.5	4.6	4.7	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	6.1	8.5	100.0	
	Income after all taxes and benefits	..	..	..	..	..	..	..	..	..	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.6	5.7	6.0	7.8	100.0	
	Non-pensioner, retired																								
	Original income	..	..	..	..	..	..	..	..	..	2.1	2.3	2.6	2.9	3.1	3.4	3.8	4.3	4.9	5.5	6.5	7.9	12.8	21.8	100.0
	Disposable income	..	..	..	..	..	..	..	..	..	3.9	4.0	4.1	4.3	4.5	4.7	4.9	5.1	5.6	5.9	6.5	7.4	8.3	11.1	100.0
	Income after all taxes and benefits	..	..	..	..	..	..	..	..	..	4.1	4.3	4.4	4.5	4.7	4.9	5.0	5.2	5.4	5.8	6.3	6.9	7.7	10.4	100.0
	Non-pensioner, non-retired																								
	Original income	..	..	..	..	..	..	..	..	..	3.3	3.6	3.9	4.3	4.6	4.8	5.1	5.5	5.9	6.2	7.1	7.8	8.9	13.1	100.0
	Disposable income	..	..	..	..	..	..	..	..	..	4.0	4.3	4.4	4.5	4.8	5.0	5.3	5.8	6.1	6.6	7.2	8.2	11.5	100.0	
	Income after all taxes and benefits	..	..	..	..	..	..	..	..	..	3.8	4.0	4.2	4.4	4.6	4.9	5.2	5.4	5.7	6.1	6.6	7.2	8.1	11.7	100.0



Quantile shares of income by household type—1976

TABLE 6 (continued)

		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
2 adults, 1 child																						
Original income	..	0.5	2.3	2.9	3.2	3.5	3.7	4.0	4.2	4.3	4.6	4.8	5.1	5.4	5.6	5.9	6.2	6.8	7.3	8.0	11.5	100.0
Disposable income	..	2.2	2.8	3.2	3.4	3.6	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.4	5.6	6.0	6.4	6.9	7.7	10.9	100.0
Income after all taxes and benefits	..	2.0	2.8	3.1	3.5	3.7	3.9	4.1	4.3	4.4	4.6	4.8	5.0	5.2	5.4	5.7	6.0	6.5	6.9	7.6	10.5	100.0
2 adults, 2 children																						
Original income	..	1.1	2.4	2.9	3.3	3.5	3.8	4.0	4.1	4.4	4.6	4.8	5.0	5.3	5.6	5.8	6.1	6.6	7.2	8.1	11.6	100.0
Disposable income	..	2.1	2.8	3.2	3.5	3.6	3.8	4.0	4.2	4.4	4.5	4.7	4.9	5.1	5.4	5.6	6.0	6.4	6.9	7.6	11.2	100.0
Income after all taxes and benefits	..	2.3	3.0	3.2	3.5	3.7	3.9	4.0	4.2	4.4	4.5	4.8	4.9	5.2	5.4	5.7	6.0	6.3	6.8	7.5	10.6	100.0
2 adults, 3 children																						
Original income	..	0.6	2.0	2.5	2.9	3.3	3.5	3.7	4.0	4.2	4.5	4.6	4.8	5.1	5.4	5.8	6.3	6.8	7.5	8.8	13.7	100.0
Disposable income	..	2.1	2.7	3.0	3.3	3.5	3.7	4.0	4.1	4.3	4.5	4.7	4.9	5.1	5.3	5.6	5.8	6.3	6.9	8.1	12.1	100.0
Income after all taxes and benefits	..	2.4	3.2	3.4	3.6	3.7	3.9	4.1	4.3	4.4	4.6	4.8	4.9	5.1	5.3	5.5	5.8	6.1	6.8	7.5	10.6	100.0
2 adults, 4 children																						
Original income	..	0.2	1.8	2.7	3.2	3.5	3.7	3.8	4.0	4.2	4.4	4.7	4.9	5.1	5.3	5.5	5.8	6.3	7.2	9.0	14.7	100.0
Disposable income	..	2.1	3.0	3.4	3.7	3.7	3.9	4.0	4.1	4.3	4.5	4.6	4.7	4.9	5.1	5.3	5.4	5.8	6.6	8.2	12.8	100.0
Income after all taxes and benefits	..	2.6	3.1	3.4	3.9	4.1	4.3	4.4	4.5	4.6	4.8	4.9	4.9	5.1	5.2	5.4	5.6	5.9	6.2	7.0	10.1	100.0
All households in the sample																						
Original income	..	—	0.1	0.4	0.7	1.3	2.1	2.8	3.5	4.0	4.4	4.9	5.4	5.8	6.3	6.9	7.5	8.2	9.2	10.8	15.8	100.0
Disposable income	..	1.2	1.6	1.9	2.3	2.6	3.0	3.3	3.7	4.1	4.4	4.7	5.1	5.4	5.8	6.2	6.7	7.3	8.0	9.4	13.5	100.0
Income after all taxes and benefits	..	1.2	1.8	2.1	2.4	2.7	3.0	3.4	3.7	4.0	4.3	4.7	5.0	5.4	5.8	6.2	6.7	7.2	8.0	9.3	13.1	100.0

Average incomes before and after taxes and benefits—1961–1976

	Average income							Percentage of original income							Percentage of corresponding income in 1961			
	£ per year							Percentages							1961 = 100			
	1961	1965	1969	1975	1976	1976	1976	1961	1965	1969	1975	1976	1976	1965	1969	1975	1976	
<b>Retired and non-retired households</b>																		
1 adult																		
Original income	312	420	510	1,123	1,343	1,343	100	100	100	100	100	100	135	163	360	430		
Disposable income	375	502	618	1,393	1,613	1,613	120	120	121	124	120	120	134	165	371	430		
Income after all taxes and benefits	341	439	546	1,374	1,576	1,576	109	105	107	122	117	117	129	160	403	462		
2 adults																		
Original income	824	1,007	1,351	3,129	3,471	3,471	100	100	100	100	100	100	122	164	380	421		
Disposable income	809	988	1,273	2,857	3,215	3,215	98	98	94	91	93	93	122	157	353	397		
Income after all taxes and benefits	698	828	1,054	2,617	2,931	2,931	85	82	78	84	84	84	119	151	375	420		
2 adults, 1 child																		
Original income	1,016	1,281	1,586	3,880	4,328	4,328	100	100	100	100	100	100	126	156	382	426		
Disposable income	921	1,148	1,398	3,176	3,604	3,604	91	90	88	82	83	83	125	152	345	391		
Income after all taxes and benefits	836	1,032	1,220	3,041	3,478	3,478	82	81	77	78	80	80	123	146	364	416		
2 adults, 2 children																		
Original income	1,026	1,245	1,762	4,039	4,539	4,539	100	100	100	100	100	100	121	172	394	442		
Disposable income	961	1,159	1,582	3,345	3,816	3,816	94	93	90	83	84	84	121	165	348	397		
Income after all taxes and benefits	936	1,113	1,473	3,461	3,909	3,909	91	89	84	86	86	86	119	157	370	418		
2 adults, 3 children																		
Original income	967	1,289	1,705	4,266	4,726	4,726	100	100	100	100	100	100	133	176	441	489		
Disposable income	962	1,225	1,618	3,539	4,040	4,040	99	95	95	83	85	85	127	168	368	420		
Income after all taxes and benefits	1,008	1,263	1,625	4,105	4,567	4,567	104	98	95	96	97	97	125	161	407	453		
2 adults, 4 children																		
Original income	1,030	1,219	1,638	3,594	4,272	4,272	100	100	100	100	100	100	118	159	349	415		
Disposable income	1,023	1,227	1,650	3,374	3,911	3,911	99	101	101	94	92	92	120	161	330	382		
Income after all taxes and benefits	1,123	1,343	1,760	4,432	4,966	4,966	109	110	107	123	116	116	120	157	395	442		
3 adults																		
Original income	1,282	1,616	2,140	4,896	5,705	5,705	100	100	100	100	100	100	126	167	382	445		
Disposable income	1,197	1,475	1,907	4,132	4,851	4,851	93	91	89	84	85	85	123	159	345	405		
Income after all taxes and benefits	1,035	1,248	1,609	3,765	4,334	4,334	81	77	75	77	76	76	121	155	364	419		
3 adults, 1 child																		
Original income	1,457	1,571	2,123	5,186	5,971	5,971	100	100	100	100	100	100	108	146	356	410		
Disposable income	1,230	1,453	1,879	4,316	4,929	4,929	88	92	89	83	83	83	114	147	337	401		
Income after all taxes and benefits	1,182	1,387	1,743	4,391	4,924	4,924	81	88	82	85	82	82	117	147	371	417		
3 adults, 2 children																		
Original income	1,289	1,661	2,232	5,089	5,925	5,925	100	100	100	100	100	100	129	173	395	460		
Disposable income	1,214	1,565	2,070	4,430	5,328	5,328	94	94	93	87	90	90	129	171	365	439		
Income after all taxes and benefits	1,190	1,607	2,014	4,830	5,790	5,790	92	97	90	95	98	98	135	169	406	487		
4 adults																		
Original income	1,742	2,064	2,789	6,989	8,105	8,105	100	100	100	100	100	100	118	160	401	465		
Disposable income	1,558	1,860	2,456	5,625	6,518	6,518	89	90	88	80	80	80	119	158	361	418		
Income after all taxes and benefits	1,352	1,625	2,079	5,107	6,014	6,014	78	79	75	73	74	74	120	154	378	445		
<b>All households in the sample</b>																		
Original income	960	1,172	1,519	3,386	3,781	3,781	100	100	100	100	100	100	122	158	353	394		
Disposable income	922	1,121	1,421	3,016	3,414	3,414	96	96	94	89	90	90	122	154	327	370		
Income after all taxes and benefits	847	1,019	1,271	3,000	3,354	3,354	88	87	84	89	89	89	120	150	354	396		

## Distribution of households co-operating in the Family Expenditure Survey

By deciles of original income

TABLE 8

	Deciles										All households
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>											
1 adult retired .. .. .	406	286	127	23	5	2	2	—	1	—	852
2 adults retired .. .. .	158	258	166	44	15	11	9	8	3	5	677
1 adult non-retired .. .. .	39	61	129	144	98	58	29	28	17	13	616
2 adults non-retired .. .. .	24	36	148	214	192	205	209	233	221	159	1,641
2 adults, 1-4 children .. .. .	22	27	70	185	308	331	326	253	216	129	1,867
Others .. .. .	71	52	81	110	102	114	145	198	263	414	1,550
Number of households in the sample ..	720	720	721	720	720	721	720	720	721	720	7,203
Average original income (£ per year) ..	33	409	1,277	2,376	3,180	3,877	4,585	5,420	6,583	10,066	3,781
<b>1971</b>											
1 adult retired .. .. .	400	227	59	11	10	3	3	—	2	7	722
2 adults retired .. .. .	203	219	84	17	13	7	8	5	5	5	566
1 adult non-retired .. .. .	33	100	147	95	52	28	30	20	10	11	526
2 adults non-retired .. .. .	12	71	201	230	186	217	210	192	199	161	1,679
2 adults, 1-4 children .. .. .	22	29	119	274	357	333	298	243	196	160	2,031
Others .. .. .	54	78	114	97	106	135	175	264	312	380	1,715
Number of households in the sample ..	724	724	724	724	724	723	724	724	724	724	7,239
Average original income (£ per year) ..	23	258	777	1,195	1,531	1,827	2,115	2,471	3,015	4,813	1,802

## Distribution of households co-operating in the Family Expenditure Survey

By deciles of original income *plus* cash benefits

TABLE 9

	Deciles										All households
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>											
1 adult retired .. .. .	565	177	69	24	12	2	2	—	1	—	852
2 adults retired .. .. .	21	321	177	68	31	23	12	8	10	6	677
1 adult non-retired .. .. .	86	77	134	130	58	57	22	27	15	10	616
2 adults non-retired .. .. .	18	44	156	194	209	218	217	233	203	149	1,641
2 adults, 1-4 children .. .. .	9	27	116	216	314	319	301	236	207	122	1,867
Others .. .. .	21	74	69	88	96	102	166	216	285	433	1,550
Number of households in the sample ..	720	720	721	720	720	721	720	720	721	720	7,203
Average original income <i>plus</i> cash benefits (£ per year) ..	951	1,490	2,129	2,855	3,516	4,133	4,810	5,609	6,768	10,254	4,251
<b>1971</b>											
1 adult retired .. .. .	537	100	40	19	7	5	4	1	2	7	722
2 adults retired .. .. .	64	317	86	42	17	7	10	10	7	6	566
1 adult non-retired .. .. .	88	119	113	77	37	30	27	14	12	9	526
2 adults non-retired .. .. .	15	71	221	218	203	221	206	192	178	154	1,679
2 adults, 1-4 children .. .. .	7	34	161	292	345	331	293	222	191	155	2,031
Others .. .. .	13	83	103	76	115	129	184	285	334	393	1,715
Number of households in the sample ..	724	724	724	724	724	723	724	724	724	724	7,239
Average original income <i>plus</i> cash benefits (£ per year) ..	425	697	1,040	1,368	1,662	1,932	2,220	2,573	3,109	4,894	1,992

### Distribution of households co-operating in the Family Expenditure Survey

By deciles of disposable income

TABLE 10

	Deciles										All households
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>											
1 adult retired	556	192	69	20	9	3	1	1	1	—	852
2 adults retired	19	259	195	87	49	22	20	14	8	4	677
1 adult non-retired	94	131	142	87	59	35	31	15	17	5	616
2 adults non-retired	20	46	148	221	238	217	228	203	187	133	1,641
2 adults, 1-4 children	10	26	110	229	289	333	282	245	203	140	1,867
Others	21	66	57	76	76	111	158	242	305	438	1,550
Number of households in the sample	720	720	721	720	720	721	720	720	721	720	7,203
Average disposable income (£ per year)	937	1,425	1,900	2,403	2,881	3,350	3,840	4,386	5,221	7,800	3,414
<b>1971</b>											
1 adult retired	530	112	45	12	6	7	1	2	2	5	722
2 adults retired	59	300	105	45	16	12	7	12	6	4	566
1 adult non-retired	93	141	120	70	36	25	16	8	10	7	526
2 adults non-retired	20	75	217	236	236	223	205	175	154	138	1,679
2 adults, 1-4 children	9	29	149	282	314	327	316	245	194	166	2,031
Others	13	67	88	79	116	129	179	282	358	404	1,715
Number of households in the sample	724	724	724	724	724	723	724	724	724	724	7,239
Average disposable income (£ per year)	418	665	931	1,184	1,417	1,619	1,852	2,148	2,561	3,915	1,671

### Distribution of households co-operating in the Family Expenditure Survey

By deciles of income after all taxes and transfers

TABLE 11

	Deciles										All households
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>											
1 adult retired	455	252	94	30	12	4	2	1	2	—	852
2 adults retired	47	184	210	108	48	30	25	10	10	5	677
1 adult non-retired	113	139	116	92	45	31	38	20	15	7	616
2 adults non-retired	43	55	136	215	235	226	195	207	187	142	1,641
2 adults, 1-4 children	30	45	104	205	284	313	278	252	207	149	1,867
Others	32	45	61	70	96	117	182	230	300	417	1,550
Number of households in the sample	720	720	721	720	720	721	720	720	721	720	7,203
Average income after all taxes and transfers (£ per year)	764	1,245	1,594	1,954	2,321	2,698	3,116	3,603	4,297	6,531	2,812
<b>1971</b>											
1 adult retired	465	152	61	15	8	5	6	2	1	7	722
2 adults retired	79	246	119	49	27	15	14	4	8	5	566
1 adult non-retired	85	133	113	79	38	30	17	14	8	9	526
2 adults non-retired	44	87	201	217	226	214	205	182	154	149	1,679
2 adults, 1-4 children	26	51	143	260	308	307	299	250	207	180	2,031
Others	25	55	87	104	117	152	183	272	346	374	1,715
Number of households in the sample	724	724	724	724	724	723	724	724	724	724	7,239
Average income after all taxes and transfers (£ per year)	301	518	703	897	1,080	1,260	1,461	1,704	2,056	3,231	1,321

## Distribution of households co-operating in the Family Expenditure Survey

By deciles of income after all taxes and benefits

TABLE 12

	Deciles										All households
	1	2	3	4	5	6	7	8	9	10	
<b>1976</b>											
1 adult retired .. .. .	502	248	68	23	5	3	1	2	—	—	852
2 adults retired .. .. .	24	174	248	119	48	32	15	9	5	3	677
1 adult non-retired .. .. .	128	183	112	65	42	42	20	11	11	2	616
2 adults non-retired .. .. .	35	69	188	279	281	212	212	152	125	88	1,641
2 adults, 1-4 children .. .. .	14	28	69	159	249	309	296	306	276	161	1,867
Others .. .. .	17	18	36	75	95	123	176	240	304	466	1,550
Number of households in the sample ..	720	720	721	720	720	721	720	720	721	720	7,203
Average income after all taxes and benefits (£ per year) .. .. .	1,002	1,507	1,932	2,356	2,799	3,242	3,732	4,328	5,121	7,515	3,354
<b>1971</b>											
1 adult retired .. .. .	507	138	40	14	6	6	3	1	3	4	722
2 adults retired .. .. .	49	261	141	52	23	16	8	8	4	4	566
1 adult non-retired .. .. .	111	153	107	64	36	18	18	7	7	5	526
2 adults non-retired .. .. .	36	108	245	278	247	214	190	148	97	116	1,679
2 adults, 1-4 children .. .. .	14	30	118	217	304	317	305	290	262	174	2,031
Others .. .. .	7	34	73	99	108	152	200	270	351	421	1,715
Number of households in the sample ..	724	724	724	724	724	723	724	724	724	724	7,239
Average income after all taxes and benefits (£ per year) .. .. .	394	632	843	1,066	1,284	1,488	1,713	1,994	2,393	3,632	1,544