Income and wealth

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Defining resources

Resources are commonly understood in terms of income and wealth. Income describes the flow of resources - what comes in. Wealth is a stock - the resources that a person holds. What goes out is 'expenditure': surveys sometimes use expenditure as an indicator of what people are able to do with their resources.

Income, wealth and expenditure are usually measured in terms of money. Money is a material resource in itself, as well as a unit of exchange. It is important for people's welfare, partly because some people find it a pleasant or useful thing to have in itself, and partly because it represents security, but mainly because it can be used to buy things. From the point of view of welfare, however, what matters about resources is not really their monetary value, but what they imply for the way people live. Monetary value is important, because things which can be exchanged for money - like bonds or share certificates - can also be exchanged for goods. But it is the ability to use goods which is really important: whether people can eat, whether they can afford somewhere to live and what its quality will be, whether they can obtain clothes, and so forth. Sometimes the monetary value of this use does not reflect its value for welfare. Someone who rents a house has much of the same use value as someone who has bought it, but the owner-occupier has a much more substantial financial asset. Titmuss made the case that social policy has to be concerned with 'command over resources'[1], by which he meant not just the money people had, but the use they were able to make of resources. This is normally translated in studies into 'consumption', which is the process by which people use up goods and services.[2]

The use of monetary values as a test of resources has advantages and disadvantages. The main advantages are that money is measurable, widely understood, and widely accepted. The main disadvantage is that money can come to dominate the debate, to such extent that people forget what the real issues are. The figures for the distribution of wealth, for example, focus on 'marketable' wealth; the estimates in the UK are put together by the Inland Revenue, and they are strongly influenced by the question of what is taxable. The clothes that people wear are not 'marketable', but they are vitally important for welfare; the research for 'Breadline Britain' found, for example, that 4% of the population could not afford a warm waterproof coat.[3]

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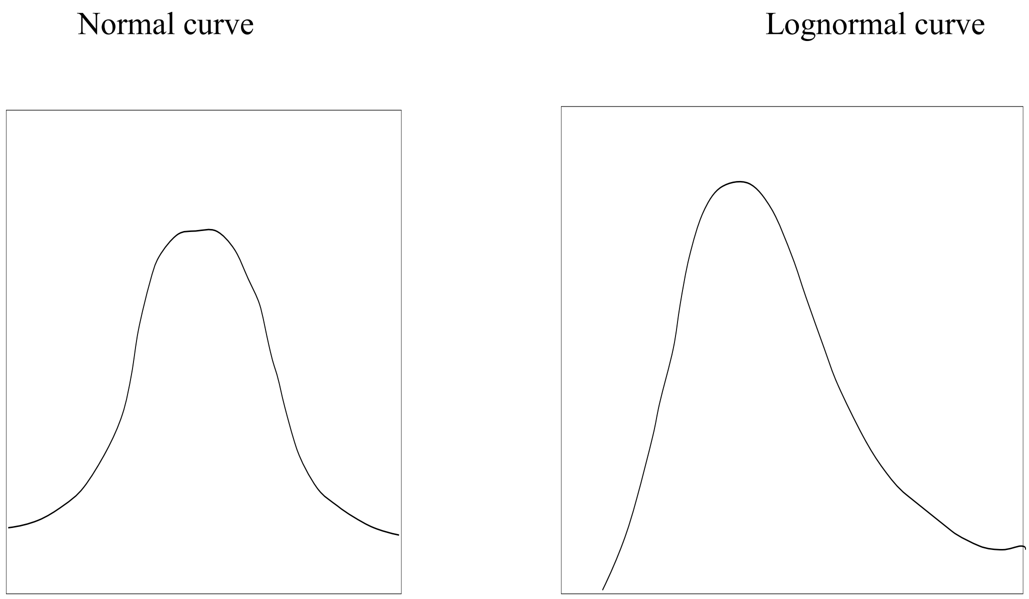
1 R Titmuss, 1968, Commitment to welfare, London: Allen and Unwin, pp 22-3.
2 Maureen Macdonald, Consumption, in D Gordon, P Spicker (eds), 1999, The international Glossary on Poverty, London: Zed, pp 31-33.
3 D Gordon, C Pantazis (eds), 1997, Breadline Britian in the 1990s, Aldershot: Avebury.

The distribution of income and wealth

Income

Figure 1: **Normal and lognormal distributions**



In most Western societies, the distribution of income has a shape similar to that of a *lognormal curve*. The 'normal curve', or bell curve, will be familiar to anyone who has done some basic statistics (although it is hardly ever found in real life): it looks like the curve on the left in Figure 1. The lognormal curve, which is much more common, is on the right. Lognormal curves look as if the bell has been pushed backwards; this is referred to as a 'positive skew', because skew is identified with the tail, not the bell. The amount of skew depends on which lognormal curve you use - there are several.

Both of these shapes suggest a degree of randomness. The bell curve is the shape you get if you drop a pile of salt straight down on the floor; the lognormal curve is what you get if you throw it forward.[4] This does not mean, of course, that income distribution is genuinely random; what it does show it that it is multifactorial, because whenever lots of different factors interact, the effect is likely to produce something that looks random. The lognormal distribution is widely used, partly because it lends itself to conventional statistical calculations, and partly because it more or less seems to work.[5] Some assumptions are hidden by its use - for example, it assumes that there are no discontinuities in the distribution, and that the ratio of inequality in the upper part of the population reflects the ratio in the lower part, which may not be true. What is clear, though, is that income distribution is not evenly spread. Most people have less than the 'average' income, if by average we understand the arithmetic mean; it is more conventional to look at the median (or mid-point) income, which is lower than the mean but still higher than the mode (the top of the hump).

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[4] In the interests of social science, I have just tested this in my kitchen. It worked.
[5] See F Cowell, 1995, Measuring inequality, Hemel Hempstead: Prentic Hall, ch 4.

The idea that most people are below the 'average' takes a moment to adjust to. Jan Pen likened the distribution of income, famously, to a parade of dwarfs and a few giants. If people had the same height as their income, and filed past us in order of their height, there is a long, long procession of dwarves. If the parade is set to last an hour, we will still be seeing dwarfs after forty five minutes. People of average height appear only twelve minutes before the end. In the last few minutes, there are a few giants - lawyers eighteen feet tall, some doctors sixty feet tall, and in the last few seconds some people with the height of tower blocks.[6] The last person is at least ten miles high.

The picture this conjures up is helpful, but it also leads to some misconceptions. Most people, including many who are very well off, assume that 'the rich' means someone else. As a general proposition, about a third of the population are likely to be on very low incomes, such as pensions and benefits: this varies from country to country, but a third is a useful generalisation. That means that people who are earning are generally likely to find themselves in the top two-thirds, and that people who have middling earnings income are in the middle of that top two thirds. Two average incomes put people in the top third; a single earner, or two low wages, in the next third. The top third, then, includes households with two teachers or two social workers, not just the super-rich.

The distribution of wealth

Wealth is very unequally distributed. 10% of the population own half all the wealth. Half the people in the UK population own 92% of the marketable wealth. The other half own only 8%. These bald statements may seem shocking, but some reservations ought to be made about them. The first is that the definition of wealth has an important effect on the figures which are returned. The most important and influential wealth holdings in the UK currently are probaly occupational pension funds, which have becaome the biggest bloc of shareholders on the stock market. They are 'owned' (but not controlled) mainly by ordinary workers, whose interest lies in their pension. If pension rights are included, the distribution of wealth looks a lot more equal. The second is that formal ownership is not the same thing as command over resources. A council tenant who lives next door to neighbours who have bought their council house is not very much worse off than they are - they have similar property and similar use of resources - but one has no assets in housing, while the other does. Third, 'marketable' wealth is not necessarily what is important. Fuel, clothing and food matter, but nothing in the figures about wealth says whether or not people will have access to them. Some 'asset rich' pensioners have unsatisfactory lifestyles; some people with enviable command over resources have negative assets. In practice, then, income is usually taken as a better indicator of welfare than wealth.

The distribution of wealth seems, at first blush, as if it should be at least as important as income. The amounts of money which are being considered are very large. An inheritance of £50,000 (the average value of a house in the UK) is not just the equivalent of three years' income; it might easily double a person's disposable income for the rest of his or her life. In practice, however, the oddities of measurement and the lack of clear links between wealth and consumption have tended to mean that statistics about income offer a better guide to command over resources.

[6] J Pen, 1971, Income distribution, London: Allen Lane, pp 48-53.

Table 1: Distribution of wealth (UK, %)[7]						
	1976	1981	1986	1991	1994	1995
Marketable wealth						
Percentage of wealth owned by:						
Most wealthy 1%	21	18	18	17	19	19
Most wealthy 5%	38	36	36	35	39	38
Most wealthy 10%	50	50	50	47	52	50
Most wealthy 25%	71	73	73	71	74	73
Most wealthy 50%	92	92	90	92	93	92
Total marketable wealth (£ billion)	280	565	955	1,711	1,950	2,033
Marketable wealth less value of dwellings						
Percentage of wealth owned by:						
Most wealthy 1%	29	26	25	29	29	27
Most wealthy 5%	47	45	46	51	53	51
Most wealthy 10%	57	56	58	64	66	64
Most wealthy 25%	73	74	75	80	83	81
Most wealthy 50%	88	87	89	93	94	93

Resources and inequality

Inequality in resources is important in three ways. First, the distribution of resources is important in itself. People who do not have resources are poor, and poverty means that people are denied welfare. Second, inequality in resources has important consequences for welfare in other senses. Inequalities in health consistently point to an 'inverse care law'; poorer people have greater needs, but tend to receive less care for those needs. Inequalities in housing mean that people with fewer resources are more likely to become homeless, and are more likely to find themselves in inferior housing. Third, inequality implies social problems. In *Recession, Crime and Punishment* , Steven Box reviews the evidence on crime, unemployment and inequality, and argues that "every study to date on income inequality and property offences or non-fatal violence shows that there is a statistical, maybe even a causal, relationship."[8] The Rowntree report on Income and Wealth suggests that "it is in the interests of all to remove the factors which are fostering the social diseases of drugs, crime, political extremism and social unrest."[9]

This argument has been criticised by Norman Dennis, in a pamphlet for the Institute of Economic Affair.[10] He argues that crime has been steadily increasing for years. Inequality, however, has not consistently increased; it fell in the years 1961-77, and rose fairly sharply between 1982 and 1990. Crime increased throughout the period when inequality was falling. The position is not conclusive, because the definitions of crime are contested, and the constitution of inequality has changed - the lowest income brackets used to be occupied by pensioners, and some of the falling inequality in the 1960s and 70s represented improvements for that group. The main argument for saying that inequality does create social problems is that it leads to economic marginalisation. Economic marginalisation, in turn, is strongly linked with both crime[11] and family breakdown.[12]

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7 Social Trends, 1999, at http://www.ons.gov.uk.
8 S Box, 1987 Recession, Crime and Punishment, London: Macmillan, p 87.
9 P Barclay (chair), 1995, Joseph Rowntree Foundation Inquiry into Income and wealth, vol.1, York: Joseph Rowntree Foundation, p 34.
10 N Dennis, 1997, The invention of permanent poverty, London: IEA Health and Welfare Unit.
11 Box, 1987.
12 R Lampard (1994), An examination of the relationship between marital dissolution and unemployment, in D Gallie, C Marsh, C Vogler (eds) Social change and the experience of

Measuring inequality

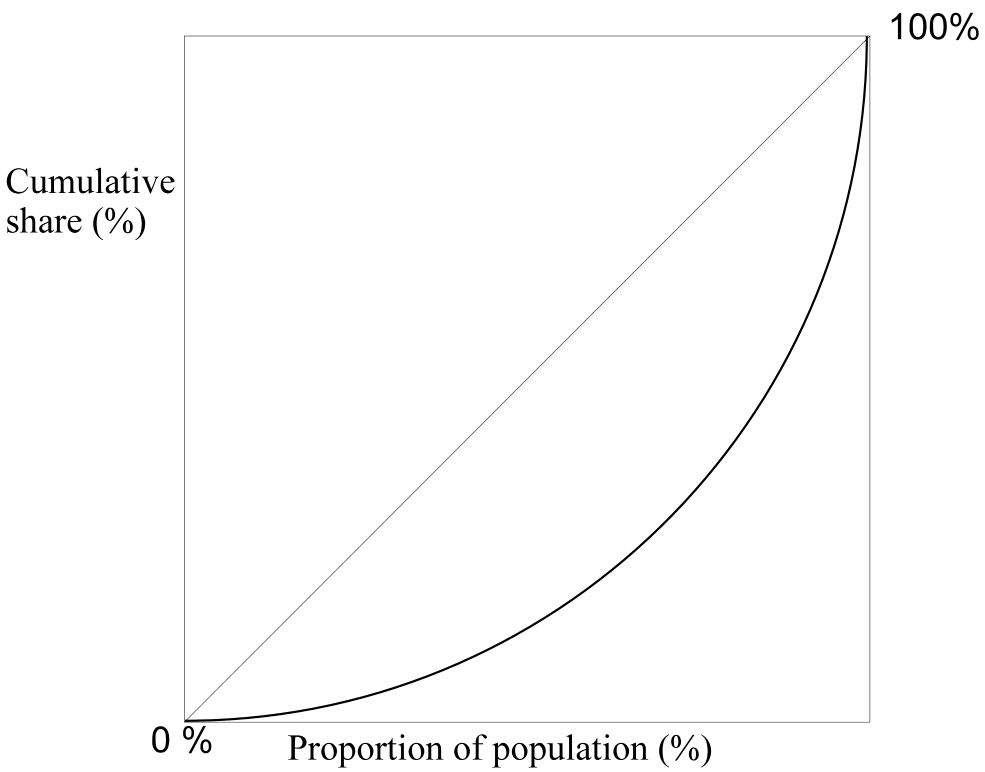
Measuring inequality is problematic. Table 2 outlines a simple distribution of resources in two societies, each with four people. It is artificial, of course, to imagine a society with only four people, but it helps to bring the issues out; if you think of this as a split between four divisions in a society, the reason might be clearer. Which society is more unequal? If the question is judged by relative privilege, or the concentration of resources, society 1 is more unequal. This is the kind of situation found in some less developed countries: most people live in relatively deprived conditions, and only a minority are engaged in the formal economic market.

Table 2: Inequality in two societies

	Person 1	Person 2	Person 3	Person 4
Society 1	1	1	1	3
Society 2	1	2	3	4

The most commonly used measure of income inequality is the Gini Coefficient, which is a measure of the concentration of resources. It is easiest to explain graphically. The Lorenz Curve is drawn by mapping the share of resources, going from the lowest to the highest. So, for example, if four people have £1, £2, £3 and £4 the cumulative share is 10% for the lowest, 30% for the lowest two, 60% for three and 100% for all. The line across the centre of the graph is the line of equality - where they would be if they had equal shares.

Figure 2: **The Lorenz Curve**



unemployment, Oxford University Press.

The Gini Coefficient is a measure of the area under the Lorenz Curve. Technically it ranges from 0 to 1, where 1 is complete inequality (one person has all the income) and 0 is complete equality (everyone has the same); it is much more common, though to find the number printed as an index, between 0 and 100. Because the coefficient measures the concentration of income, a society like society 1 is counted as much more unequal than one like society 2.

If, on the other hand, the judgement is made according to the dispersion of resources, Society 2 is more unequal. The distance between the bottom and the top is greater, and the ratio the bottom half has a lower share of resources than in society 1. Economic distance is often used as a measure of poverty. O'Higgins and Jenkins argue:

> "there is an inescapable connection between poverty and inequality: certain degrees or dimensions of inequality ... will lead to people being below the minimum standards acceptable in that society. It is this "economic distance" aspect of inequality that is poverty. This does not mean that there will always be poverty when there is inequality: only if the inequality implies an economic distance beyond the critical level.' [13]

A commonly used measure is 50% of the median income. At this level, no-one in Society 1 is poor, but person 1 in Society 2 is poor.

These are figures for the distribution of income in six countries. The figures are mainly drawn from the World Bank's latest World Development Report. By contrast with the simplified figures used in the earlier abstract examples, the picture this kind of figure draws is muddy; the data sources they cover different periods, and they are not completely reliable.

Table 3: The distribution of income in six countries[14]

Country	**Percentage share of income or consumption**					**Gini coefficient (measure of concentration of resources)**
	Lowest 20%	**next 20%**	**Middle 20%**	**Next 20%**	**Highest 20%**	
Brazil (1995)	2.5	5.7	9.9	17.7	64.2	60.1
Malaysia (1989)	4.6	8.3	13.0	20.4	53.7	48.4
United States (1994)	4.8	10.5	16.0	23.5	45.2	40.1
United Kingdom (1991)	7.4	12	17	23	41	33.7
Sweden (1992)	9.6	14.5	18.1	23.2	34.5	25.7
Slovak Republic (1992)	11.9	15.8	18.8	22.2	31.4	19.5

The pattern of income distribution in different countries is very different, and few generalisations can be made reliably. One interesting general proposition from development economics is the idea of the 'Kuznets inverted U-curve'.[15] Prior to development, resources tend to equality; as development progresses, they become more unequal. South American countries like Brazil are more unequal than many West African countries, though the African countries tend to be poorer. However, as development proceeds and more people participate in economic processes, resources become less

[13] M O'Higgins, S Jenkins, 1990, 'Poverty in the EC: 1975, 1980, 1985', in R Teekens, B van Praag (eds) Analysing poverty in the European Community, (Eurostat News Special Edition 1-1990), Luxembourg: European Communities.

[14] World Bank, 1999, World Development Report 1998/99: Knowledge for Development, Oxford: Oxford University Press; UK figures from J Hills, 1995, Jospeh Rowntree Inquiry into Income and Wealth, vol 2, York: Rowntree Foundation.

[15] See D Gordon, P Spicker (eds) The International Glossary on Poverty, London: Zed.

concentrated, so that inequality is reduced. In recent years, there has been an important question raised about this process: in the 1980s, a number of developed countries, including the UK, showed a trend towards increasing inequality. Atkinson argues that this reflects the complexity of income distributions. They are not set in concrete, and they are affected by many interacting factors.[16]

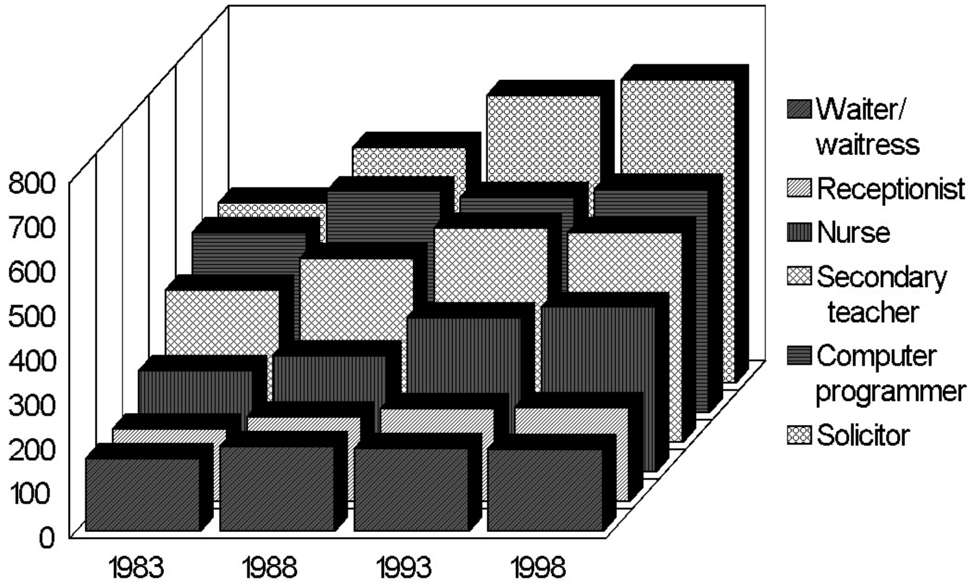
A fair distribution?

Many discussions of inequality begin from the general presumption that people in the same circumstances should be treated equally, unless there are reasons to the contrary. This does not mean, however, that a fair distribution would be an equal one. The reward for work is also reasonably affected by experience, qualifications, skills, effort, and scarcity value. Many people are prepared to accept that the incomes of more experienced workers should be higher than younger workers, in the expectation that as they gain experience, they will be rewarded in the same way. This alone implies substantial differences in income - and leads, besides, to gender disadvantage, because of the likelihood that women will interrupt their work records.

The distribution of income is not 'fair': a great deal depends on luck, accidents of birth, changes in status or an eye to the main chance. The rewards that people receive for work have little to do with effort, skill, training or the social utility of the work; over time, there have been considerable shifts in the relative position of bank clerks, teachers, or secretaries, which have as much to do with convention, the role of women as they do with the demand for labour. Figure 3 shows changes in relative position in some selected occupations.[17]

[16] A B Atkinson, 1993, What is happening to the distribution of income in the UK?, London: LSE/STICERD.
[17] Social Trends, 1999.

Figure 3: Relative incomes of people in selected occupations, GB



Individuals and households

The conventional unit for the measurement of income, and so of inequality, is the household. Individual measures, like accounts based on tax returns, tend to be distorted, because people in a household share resources. At the same time, concentration on households creates its own problems. The most important is the definition of the household itself; we may know roughly what a household is, but it is a difficult term to operationalise, and the results of surveys are very sensitive to the definitions which are used.

Another important issue is the distribution of resources within the household. The effect of inequality within the household is that individuals in it may have less resources than at first appears. Millar and Glendinning argue that, at the threshold of poverty, this could lead to a misclassification, and an underestimate of the numbers of people considered to be poor.[18] Over time, this largely reasonable argument has been amplified into the much less well-founded argument that people might be poor in rich households. Payne writes about the "poverty and deprivation women experience within affluent households"[19]. The basic argument for this is that women may not have incomes in their own right; they do not have money. But they are still part of an affluent household; even if they do not

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18 J Millar, C Glendinning, 1989, Gender and poverty, Journal of Social Policy 18(3) pp 363-381.
19 S Payne, 1991, Women, Health and Poverty, Harvester Wheatsheaf, London.

have a personal disposable income, they still use furniture, fuel and household goods. Unless these women are locked away in a 'secret inner cabinet', like Mrs Rochester in *Jane Eyre*, they still have a considerable command over resources, and they cannot sensibly be compared to single parents on Income Support. The main empirical evidence on the question does not support even the more moderate view; in general, women and men in household share resources fairly equally.[20]

It is true that women are more likely to be poor than men. This is partly because pensioners are more likely to be women (the men are dead), partly because most single parents are women, and partly because women have lower pay, and lower associated benefit entitlements. This has been called the 'feminisation of poverty', but the term 'feminisation' suggests that this is a new trend; it has long been true.[21] The following table shows the gender balance of poorer households. There are more women than men: 39% of women are in the lowest 40% of households, compared to 33% of men.

Table 4: People in households: by gender and income grouping (UK, %, 1996-97)[22]

	Men	Women	Children	All
Income grouping				
Bottom fifth	16	19	29	20
Next fifth	17	20	21	19
Middle fifth	21	21	20	21
Next fifth	23	21	18	21
Top fifth	23	19	13	19
All	100	100	100	100

Much more striking, however, is the position of children; disproportionately more poor households have children than do richer households, and more than half all children are in the lowest 40% of households. This is a relatively recent trend; it reflects partly the growth of particular forms of deprivation (especially single parenthood), but it also reflects a relative improvement in the position of pensioners, which has taken many of them out of the lowest fifth.

Distribution over time

Income is only an indicator of command over resources, and taken at a particular moment it may not be reliable. Titmuss argued for a focus, not just on command over resources, but with "command-over-resources-through-time". But it is difficult to gain a reliable sense of distribution over time, because people's income varies considerably. In the short term, people's circumstances may change: for example, they may change employment, become unemployed, work overtime, claim benefits or have changes in rates of pay. In most cases, unemployed people do not remain unemployed indefinitely: many shift in and out of jobs, even if the jobs are low-paid and temporary. Single parents are not condemned to permanent poverty: many are able to start work when their children are old enough to go to school, or remarry into new circumstances. Jarvis and Jenkins, using the British Household Panel Survey, found that in one year over one-quarter of their sample moved up or down by at least two decile groups (each decile

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[20] S Cantillon, B Nolan, 1998, Are married women more deprived than their husbands?, Journal of Social Policy 27(2) 1998 151-172.

[21] I Garfinkel, S McLanahan, 1988, The feminisation of poverty, in D Tomaskovic-Devey (ed) Poverty and social welfare in the United States, Boulder: Westview Press; J Lewis, D Piachaud, 1992, Women and poverty in the twentieth century, in C Glendinning, J Millar, Women and Poverty in Britain in the 1990s, London: Harvester Wheatsheaf.

[22] **Social Trends, 1999.**

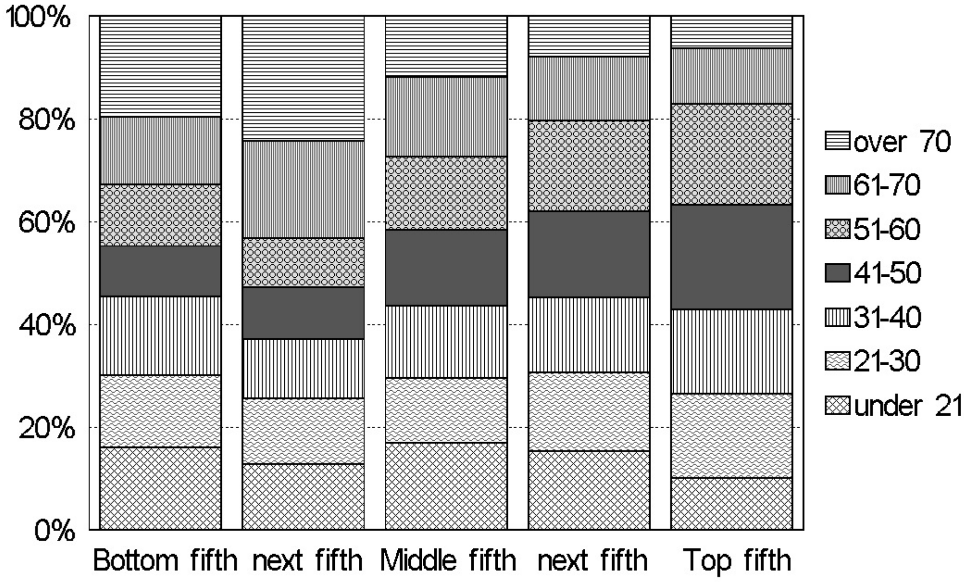
group represents one-tenth of the income distribution). Of the remainder, about half stayed in the same decile, and half moved up or down one.[23]

In the long term, the general pattern tends to be that:

- as children, resources depend on parental income;
- as young single people, resources are likely to be low, but to increase rapidly;
- single people who then share household with anothers have a large increase in family resources;
- a couple who have a child have a noticeable dip in earnings, because of the loss of the woman's income;
- the income of the couple is restored and improved on when the youngest child goes to school;
- the earnings of middle-class people increase as they age, while those of working-class people tend to decline; and
- income falls rapidly on retirement. (This does not mean that pensioners are necessarily poor; the fall is relative to the pensioner's previous income. The fall in income in the UK is considerable, but in France pensioners tend to be better off than average workers.)

If we look at the distribution of income according to age, younger and older people feature disportionately in the lowest income groups.[24]

Figure 4: **Age group by income quintile**



[23] S Jarvis, S Jenkins, 1998, Income and poverty dynamics in Great Britain, in L Leisering, R Walker (eds) The dynamics of modern society, Bristol: Policy Press.
[24] **A Goodman, P Johnson, S Webb, 1997, Inequality in the UK, Oxford, p.65.**

This means that changes in the demography of the population also have implications for the distribution of income. In the 1970s, most poor households in the UK were old people.[25] By the 1990s, this was no longer true: part of the explanation lies in improving levels of pension, but mostly it is the result of increasing numbers of people in other groups - particularly young single people forming independent households, and single parents who have divorced.

Redistribution

Redistribution is conventionally described as 'horizontal' or 'vertical'. Vertical redistribution is redistribution between richer people - those higher up the income distribution - and poorer people, who are those lower down. In the rather coloured language conventionally used in this field, vertical redistribution is said to be *progressive* when it goes from rich to poor, and *regressive* when it goes from poor to rich. (The phrase 'from rich to poor' should not be confused with redistribution 'from the rich to the poor'. It is the same difference as going 'from north to south' or going 'from the North to the South'; the first is a direction, the second refers to specific locations.) Redistribution which does not change the distribution is *proportionate*.

Horizontal redistribution is redistribution from one sector of society to another - for example, from workers to old people, from people without children from people with children, from men to women, and so forth. Sometimes horizontal redistribution is also vertical; at times it has mixed effects, with some money going to better off and some to worse off people.

An example of this process is Child Benefit. Despite the frequent and repeated claims that Child Benefit helps the poor, it is horizontal, not vertical, and it is likely to be regressive. There are three directions of movement:

a) from people without children to people with children. Families without children include both younger people (who tend to earn less) and older earners (who tend to earn more).

b) from people with smaller households to people with larger households (someone with three children receives more in child beenfit that someone with one). The families which are most vulnerable to low income are those with young children under 5 - partly because these families are likely to be younger, but largely because very young children stop one parent, usually the mother, from going out to work. Despite preconceptions to the contrary, larger families in the UK tend no to be on lower incomes. This is because larger families tend to be older (it takes time to have children) and older workers tend to earn more. The main exception to this are large families where the ages of the children prevent the mother working for long periods - for example, a family with children aged 15, 11, 7 and 3.

c) from some people who are working to other people who are working. Child Benefit can in theory go to families on benefit, but the value is deducted directly from Income Support, which means it offers no net benefit to the poorest families.

Because smaller households tend to be on lower incomes than larger households, and because Child Benefit does not offer anything to families on Income Support, the pattern of redistribution is slightly regressive. This is not a comment about family allowances in

[25] R Layard, D Piachaud, M Stewart, 1978, The causes of poverty (Royal Commission on the Distribution of Income and Wealth background paper no 6), London: HMSO.

general - it is specific to the system in the UK. By contrast, the complex system of family allowances in France is more likely to be progressive, because

i) some of the benefits are means-tested, and so available only to families on lower incomes;

ii) child care is extensively available, which means that women can return to work and

iii) some benefits are specifically concentrated on children under 3.

Titmuss argued that distributive analysis was fundamental to an understanding of many social policies[26]; it is one of the central approaches which students of Social Policy need to learn.

The strategy of equality

Tawney made the case that public spending was the most effective way of redistributing resources. The aim, he wrote, is not to take money from one group of people to give to another.

> "It is, on the contrary, the pooling of its surplus resources by means of taxation, and the use of the funds thus obtained to make accessible to all, irrespective of their income, occupation or social position, the conditions of civilisation which, in the absence of such measures, can only be enjoyed by the rich."[27]

Julian Legrand has argued against this that the universal social services are not available equally to all. The NHS gives most health care to middle class people, as the Black report shows. Education is regressive, partly because people are poorest when the children are young, but mainly because it is the middle classes who gain most from education after the age of 16. Transport subsidies are worth most to people who travel the greatest distances, who tend to be middle class. And housing subsidies tend to favour owner-occupiers, who are more likely to be wealthy. The 'strategy of equality' proposed by Tawney has failed.[28]

The table which follows casts some doubt on this position. It needs, though, to be treated with some caution.

- The distribution of income by household depends a great deal on age and family structure. The lowest income groups contain mainly pensioners and people on benefit. People who are earning are mainly found in the top 60%. People in the lower half of earners tend to be those with an average wage, or two low wages; people in the upper half have either above average income, or two incomes.
- The distribution of income shown here does not reveal the distribution of income by class. There may be class inequalities concealed by the broad averages.
- Income is only one of the criteria by which welfare is judged. Wealth is important; so is command over resources, which is the ability to draw on resources when in need.

Having said this, the figures in the table do seem to show that:

- the distribution of income is more equal than it is commonly thought to be;
- the social services do play a major part in redressing the balance;
- even where people in higher income groups receive more in cash terms from welfare services than people in lower income groups (as in health or education), the service is worth proportionately more to people on low incomes.

O'Higgins argues that the provision of universal benefits helps to create equality in its widest sense - the reassurance provided by social protection.[29]

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26 Titmuss, 1968, pp 22-3.
27 R Tawney, 1931, Equality, London: Unwin, 1961.
28 J Le Grand, 1982, The strategy of equality, London: Allen and Unwin.
29 M O'Higgins, 1985, Welfare, redistribution and inequality - disillusion, illusion and reality, in P Bean, J Ferris, D Whynes (eds.), In defence of welfare, London: Tavistock.

Table 5: Redistribution of income through taxes and benefits, (£ p.a., UK, 1996-97[30]						
	Quintile group of households					
	Bottom fifth	Next fifth	Middle fifth	Next fifth	Top fifth	All house-holds
Average per household						
Wages and salaries	1,300	4,450	11,100	19,190	31,780	13,560
Imputed income from benefits in kind	-	10	100	260	920	260
Self-employment income	420	670	1,340	1,830	6,460	2,140
Occupational pensions, annuities	280	850	1,380	1,770	2,600	1,380
Investment income	190	310	620	960	2,790	970
Other income	120	160	160	210	230	180
Total original income	2,310	6,450	14,710	24,220	44,780	18,490
plus Benefits in cash						
Contributory	1,990	2,340	1,840	1,130	720	1,600
Non-contributory	2,780	2,460	1,520	830	370	1,590
Gross income	7,080	11,250	18,070	26,180	45,870	21,690
less Income tax and NIC	320	960	2,570	4,690	9,880	3,680
less Local taxes (net)	400	490	610	710	840	610
Disposable income	6,360	9,810	14,890	20,770	35,150	17,400
less Indirect taxes	1,930	2,470	3,420	4,280	5,390	3,500
Post-tax income	4,430	7,340	11,470	16,490	29,760	13,900
plus Benefits in kind						
Education	1,700	1,210	1,180	1,010	620	1,140
National Health Service	1,970	1,890	1,730	1,450	1,260	1,660
Housing subsidy	90	80	40	20	-	50
Travel subsidies	50	60	70	80	140	80
School meals and welfare milk	80	20	10	-	-	20
Final income	8,310	10,600	14,490	19,040	31,790	16,850

[30] Social Trends, 1999.