

# Statistics in focus

## POPULATION AND SOCIAL CONDITIONS

THEME 3 – 13/1999

## POPULATION AND LIVING CONDITIONS

### Contents

1. Pensions, other social transfers and standard of living.....2
2. Original income and social transfers other than pensions .....3
3. Redistributive effect of social transfers other than pensions .....5

# Social benefits and their redistributive effect in the EU

*Eric Marlier*

*(with Marc Cohen-Solal and Isabelle Terraz, DREES)*

This study was carried out jointly by Eurostat and the "DREES" Directorate of the French Ministry of Employment and Solidarity. Based on the 1995 wave of the European Community Household Panel (ECHP), it analyses social benefits in the European Union (EU). The results cover the 13 countries which participated in this wave, namely all the Member States of the EU except Finland and Sweden.

Whilst more than 70% of Europeans benefit from social transfers, this figure varies widely from country to country: from 50% in Italy to 90% in Belgium. In most Member States, these transfers constitute, on average, about 25% of the total income of each "equivalent adult".

The standard of living of those drawing pensions is, on average, close to the figure for the population as a whole. It is even higher than the mean national standard of living in France, Italy, the Netherlands and, above all, Ireland.

Throughout the EU, but to differing degrees, social welfare payments other than pensions are heavily concentrated on those people with a low standard of living. How these transfers change the proportion of the population on a low income varies noticeably from country to country.

This proportion drops by at least a quarter after social transfers other than pensions in all Member States, with the exception of Greece, Italy and Portugal.

In these three countries, the relatively small reduction in inequality is explained by the negligible share represented by social transfers in total income and, in Greece and Italy, the low percentage of beneficiaries. In Italy, the percentage of those on a low income after social transfers is close to the Community mean, which is because this country has the lowest "poverty rate" in the EU before transfers. After transfers, Portugal is the Member State with the highest proportion of the population still affected by poverty.

As in Greece and Portugal, inequalities in Ireland and the United Kingdom are still considerable even after social transfers. However, the UK and Ireland - which, before social transfers, have the highest rates of poverty in the EU - differ from the three others because of the much greater impact of social transfers.

With a drop of about 60%, Denmark and the Netherlands are the countries where the proportion of the population on a low income falls most. They also have the lowest poverty rates after social transfers.

Belgium, Germany, France, Luxembourg and Austria are somewhere in the middle. Before transfers, about a quarter of the population has a low income. Insurance benefits combined with social benefits targeted at those on the lowest incomes significantly reduce this group. In Spain, the drop in poverty is on the same scale and disparities in income are close to the EU average.



## 1. Pensions, other social transfers and standard of living

More than 70% of all EU citizens live in households receiving some form of social transfer<sup>1</sup>. This percentage is significantly less in Greece, Spain and Italy (between 50% and 60%). Portugal, on the other hand, together with Belgium, Denmark, Ireland, Luxembourg and the United Kingdom, is one of the countries where the proportion of beneficiaries is highest (85% and more). This disparity is mainly due to the proportion of individuals drawing social benefits other than pensions. In fact, whilst half of all EU citizens draw social benefits other than pensions, this proportion ranges from under 20% in Greece and Italy to 81% in Ireland, whereas the proportion drawing pensions is everywhere between 20% and 40% (Table 1).

Table 1  
Percentage of social benefit recipients in the EU

	pensions	other social transfers	all social transfers together
B	29	70	90
DK	19	75	85
D	29	55	77
EL	42	18	53
E	34	37	60
F	26	63	79
IRL	22	81	88
I	39	17	50
L	28	66	85
NL	19	68	80
A	37	64	83
P	37	63	85
UK	26	73	86
EU-13	30	52	73

*Example:* 42% of Greeks live in households where at least one member draws a pension. For other social transfers, this figure is 18%. For all social transfers together, the figure is 53% (not 60%, i.e. 42%+18%, given that some households benefit from more than one type of social transfer).

On average, social transfers represent a quarter of the income of each "equivalent adult"<sup>2</sup> in the 13 Member States covered by the survey (Table 2). In most of these countries, the share of total income represented by social transfers is also around a quarter, except in Belgium, where it is significantly higher (a third) and in Greece and Portugal, where it is only a fifth (even though a large proportion of Portuguese benefit from social transfers).

Again on average, pensions account for two-thirds of income from social transfers. But this proportion varies considerably from country to country, according to demographic factors and social protection systems. It is very high in Greece (92%), Italy (88%) and Portugal (75%), mainly because the scale of other social benefits is so small. On the other hand, income from social transfers other than pensions is similar to income from pensions in the Netherlands, the UK and Ireland, and in Denmark even exceeds income from pensions, at 60%.

<sup>1</sup> The beneficiaries of social transfers are all persons living in households benefiting from social transfers. In this study, social transfers were divided into two groups: firstly, pensions (including retirement pensions and survivor's pensions) and, secondly, all other social transfers (unemployment, sickness/invalidity, family, housing benefits, etc.). Indirect social transfers (such as reimbursement of medical expenses) and income in kind are not included.

<sup>2</sup> As stated in "Methods and concepts" (page 7), all amounts stated in this study are per "equivalent adult". This concept is based on total household income, not on that of each member of the household taken separately.

<sup>3</sup> The Purchasing Power Standard (PPS) measures the purchasing power of one ECU in the country concerned.

Table 2

Total income per "equivalent adult" in the EU – mean per capita (PPS), proportion of income from social transfers other than pensions in total income (%) and relative standard of living for beneficiaries of pensions

	All households				
	IBT	P	STOTP	TI	STOTP/TI
B	9245	2600	1896	13741	14%
DK	10123	1515	2267	13905	16%
D	10187	2616	992	13795	7%
EL	6723	1540	131	8394	2%
E	6673	1575	742	8990	8%
F	9606	2470	1326	13402	10%
IRL	8176	1659	1337	11172	12%
I	7294	2322	312	9928	3%
L	16582	3710	1878	22170	8%
NL	9042	1867	1613	12522	13%
A	9658	2657	1338	13653	10%
P	6103	1178	397	7678	5%
UK	10130	1554	1629	13313	12%
EU-13	8939	2129	1061	12129	9%

	Households benefiting from pensions					Standard of living
	IBT	P	STOTP	TI	STOTP/TI	
B	3733	9005	786	13524	6%	98
DK	3615	7921	1133	12669	9%	91
D	3537	9177	537	13251	4%	96
EL	3763	3700	123	7586	2%	90
E	3420	4700	565	8685	7%	97
F	3467	9593	721	13781	2%	103
IRL	3874	7581	901	12356	7%	111
I	4068	5909	348	10325	3%	104
L	7063	13189	849	21101	4%	95
NL	2642	9604	833	13079	6%	104
A	5348	7109	897	13354	7%	98
P	3382	3211	306	6899	4%	90
UK	5115	6005	1209	12329	10%	93
EU-13	3899	7072	634	11605	5%	96

Key: IBT=Income before transfers; P=Pensions; STOTP=Social transfers other than pensions; TI=Total income; STOTP/TI=Proportion of income from social transfers other than pensions in total income.

*Example 1:* In Denmark, a STOTP/TI of 16% indicates that 16% of total income comes from social benefits other than pensions.

*Example 2:* The mean standard of living of all households in a given country is 100. A relative standard of living of 90 for beneficiaries of pensions in Greece or Portugal means that these persons have a standard of living 10% lower than the national mean.

### Beneficiaries of pensions in the EU have a standard of living close to that of the population as a whole

Almost one third of all EU citizens are living in households benefiting from pensions; the mean equivalised amount received from pensions is about 7 000 PPS<sup>3</sup> per annum. In Greece, Portugal and the United Kingdom, where pensions, again per equivalent, are amongst the lowest (between 3 000 and 6 000 PPS), they represent less than half of the total income of households where at least one member receives a pension (Table 2).

In most of the other countries, the mean annual pension is between 7 000 and 13 000 PPS, that is 60% to 70% of each beneficiary's total income. In Spain and Italy, this amount is well below the EU mean, but still represents 54% and 57% of their income respectively. In Austria, by contrast, the mean pension is comparable to the EU mean, but represents only 53% of total income.

In the EU as a whole, the standard of living of beneficiaries of pensions is, on average, 4% below that of the population as a whole. It is about 10% lower than the mean national standard of living in Greece, Portugal and the United Kingdom, where pensions are amongst the lowest. There is the same difference in standard of living in Denmark, even though pensions there are much higher.

In France, Ireland, Italy and the Netherlands, however, the standard of living of beneficiaries of pensions is higher than that of the population as a whole. In the Netherlands, this can be explained by the large basic provisions for any person aged 65 and over, and by the developed nature of the supplementary pension sector. In Belgium, Germany, France and Austria, pensions are high, and the basic pension scheme ensures that pensions are in proportion to income from previous employment. In these countries, therefore, the share of pensions in the total income of those drawing them only falls slightly as standard of living rises. In France, compulsory supplementary pension schemes also contribute to giving beneficiaries of pensions a standard of living higher than the population as a whole.

## 2. Original income and social transfers other than pensions

**Income from social transfers other than pensions makes up 9% of the total equivalised income of EU citizens...**

Income from social transfers other than pensions makes up 9% of the equivalised income of EU citizens, i.e. half that represented by pensions (Table 2). The share of these transfers is higher in Belgium, Denmark, Ireland, the Netherlands and the UK (between 12 and 16%) and substantially lower in southern Member States. The latter countries are characterised by a small proportion of beneficiaries (Greece, Spain and Italy; see Table 1) and/or by the fact that only a small proportion of the total income is made up of social benefits other than pensions (Greece, Italy and Portugal; see Table 2). However, in Spain and Italy, these benefits - mainly linked to sickness/invalidity and unemployment - make up a significant share of beneficiaries' income.

**... but 51% of it goes to persons on a low original income**

In all Member States, social transfers other than pensions decrease as *original income* rises (Table 3). Original income includes income from work, private income and pensions, but not other social benefits (unemployment benefits, sickness/invalidity benefits, family benefits, etc.). It therefore represents total income before social transfers (other than pensions).

The distribution of social transfers reflects two phenomena. Firstly, the proportion of beneficiaries drops with increasing original income (Table 4). The EU mean ranges from 74% for the bottom quintile of equivalised original income (made up of the 20% of the population on the lowest original income per equivalent adult) to 34% for the top.

Table 3  
Quintile distribution of mean equivalised income in terms of original income - EU figures (PPS)

	Quintile 1			Quintile 2			Quintile 3			Quintile 4			Quintile 5			Total		
	OI	STOTP	TI	OI	STOTP	TI	OI	STOTP	TI	OI	STOTP	TI	OI	STOTP	TI	OI	STOTP	TI
B	2276	4017	6293	7554	1878	9432	10876	1551	12427	14601	1193	15794	23910	846	24756	11845	1896	13741
DK	2966	5873	8839	7961	2299	10260	11062	1488	12550	14016	996	15012	22179	683	22862	11638	2267	13905
D	3417	2499	5916	8501	1052	9553	11634	581	12215	15266	471	15737	25204	359	25563	12803	992	13795
EL	2517	314	2831	5048	117	5165	7019	86	7105	9628	72	9700	17099	67	17166	8263	131	8394
E	1907	1998	3905	4910	577	5487	6967	561	7528	9804	365	10169	17649	209	17858	8248	742	8990
F	3216	3072	6288	7398	1505	8903	10559	966	11525	14463	668	15131	24750	422	25172	12076	1326	13402
IRL	864	3721	4585	4787	1302	6089	8170	780	8950	12311	608	12919	23029	281	23310	9835	1337	11172
I	3206	650	3856	6160	340	6500	8412	259	8671	11469	168	11637	18843	142	18985	9616	312	9928
L	5874	3892	9766	12412	2173	14585	17380	1133	18513	23480	1201	24681	42282	1002	43284	20292	1878	22170
NL	2350	4551	6901	7357	1261	8618	9734	1037	10771	13147	703	13850	21946	517	22463	10909	1613	12522
A	3587	2485	6072	7889	1461	9350	10981	1138	12119	14559	1014	15573	24543	586	25129	12315	1338	13653
P	1838	682	2520	3958	424	4382	5919	342	6261	8239	290	8529	16443	246	16689	7281	397	7678
UK	1226	4733	5959	6021	1467	7488	10075	865	10940	14659	612	15271	26451	468	26919	11684	1629	13313
EU-13	2645	2704	5349	6795	1051	7846	9747	692	10439	13333	503	13836	22824	357	23181	11068	1061	12129

Key: OI=Original income; STOTP=Social transfers other than pensions; TI=Total income

N.B.: For each country, the population is divided into 5 groups of the same size according to their *equivalised original income*: the 20% with the lowest income (quintile 1), the next 20% (quintile 2), ..., the 20% with the highest income (quintile 5).



*Table 4*  
Percentage of beneficiaries of social transfers (other than pensions) and share of these transfers in total income -  
Distribution by each quintile of the population in terms of original income, EU figures

	Quintile 1		Quintile 2		Quintile 3		Quintile 4		Quintile 5		Total	
	Beneficiaries	STOTP/TI	Beneficiaries	STOTP/TI	Beneficiaries	STOTP/TI	Beneficiaries	STOTP/TI	Beneficiaries	STOTP/TI	Beneficiaries	STOTP/TI
<b>B</b>	86	64	70	20	69	12	69	8	55	3	70	14
<b>DK</b>	93	66	80	22	76	12	72	7	53	3	75	16
<b>D</b>	77	42	63	11	54	5	46	3	37	1	55	7
<b>EL</b>	29	11	18	2	18	1	14	1	10	0	18	2
<b>E</b>	77	51	37	11	32	7	24	4	14	1	37	8
<b>F</b>	88	49	74	17	61	8	53	4	38	2	63	10
<b>IRL</b>	98	81	90	21	84	9	79	5	53	1	81	12
<b>I</b>	30	17	20	5	16	3	11	1	8	1	17	3
<b>L</b>	92	40	74	15	61	6	57	5	49	2	66	8
<b>NL</b>	92	66	85	15	76	10	54	5	31	2	68	13
<b>A</b>	83	41	68	16	67	9	58	7	43	2	64	10
<b>P</b>	63	27	62	10	65	5	61	3	64	1	63	5
<b>UK</b>	95	79	74	20	75	8	68	4	53	2	73	12
<b>EU-13</b>	74	51	58	13	52	7	45	4	34	2	52	9

*Key:* STOTP=Social transfers other than pensions; TI=Total income

*N.B.:* For each country, the population is divided into 5 groups of the same size according to their equivalised original income: the 20% with the lowest income (quintile 1), the next 20% (quintile 2), ..., the 20% with the highest income (quintile 5).

*Example:* In Ireland, 98% of people on the lowest level of income receive social benefits, representing 81% of their income.

Secondly, the share of these transfers in the total income of beneficiaries also drops sharply as original income rises: from 51% for the bottom quintile in terms of original income to 13% for the second and 2% for the top quintile. The differences between countries are particularly striking for those on a low original income. In Belgium, Denmark, Ireland, the Netherlands and the United Kingdom, social benefits other than pensions account for between 64% and 81% of total income for these people. In Greece, Italy and Portugal, this proportion varies between 11% and 27%. In Spain and the other Member States, it is between 40% and 51%.

Social benefits are intensively targeted: for the EU as a whole, half of them go to the first quintile in terms of original income. This share decreases rapidly with rising original income, failing to 20% for the second quintile and 7% for the top quintile. In Ireland, the Netherlands and the United Kingdom, social benefits are targeted at those on the lowest original incomes (the bottom quintile receive between 56% and 58% of all social transfers), whilst, at the other extreme, Portugal and Austria only pay out 34% and 37% respectively to this group (Table 5).

*Table 5*  
Distribution of social transfers other than pensions by quintiles of the population in terms of original income - EU percentages

	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Total
<b>B</b>	42	20	16	13	9	100
<b>DK</b>	52	20	13	9	6	100
<b>D</b>	50	21	12	9	7	100
<b>EL</b>	48	18	13	11	10	100
<b>E</b>	54	16	15	10	6	100
<b>F</b>	46	23	15	10	6	100
<b>IRL</b>	56	19	12	9	4	100
<b>I</b>	42	22	17	11	9	100
<b>L</b>	41	23	12	13	11	100
<b>NL</b>	56	16	13	9	6	100
<b>A</b>	37	22	17	15	9	100
<b>P</b>	34	21	17	15	12	100
<b>UK</b>	58	18	11	8	6	100
<b>EU-13</b>	51	20	13	9	7	100

*N.B.:* For each country, the population is divided into 5 groups of the same size according to their equivalised original income: the 20% with the lowest income (quintile 1), the next 20% (quintile 2), ..., the 20% with the highest income (quintile 5).

### 3. Redistributive effect of social transfers other than pensions

#### Between 21% and 34% of the population is on a low income before social transfers...

Comparing the number of people on low incomes before and after social transfers other than pensions is a good way of evaluating one of their main purposes: their redistributive effect and, in particular, their ability to reduce the proportion of people on low incomes. A person on a low income is defined here as someone whose equivalised income (original or total, depending on the context) is less than 60% of the national

median of the total equivalised income distribution. These people are sometimes referred to as "poor", poverty being defined here in relative and strictly monetary terms<sup>4</sup>.

The low-income thresholds thus defined are between 5 200 and 7 800 PPS in nine of the 13 countries covered. In Greece, Spain and, in particular, Portugal, these thresholds are much lower. In Luxembourg, the threshold is 1.8 times higher than the threshold for the EU as a whole (Table 6).

Table 6  
Low income thresholds (PPS) and distribution of the population (%) in the EU

	Threshold	Distribution by OI				Distribution by TI			
		< 60%	60-100	100-140	140 et +	< 60%	60-100	100-140	140 et +
B	7563	30	30	22	18	32	28	23	
DK	7759	29	35	24	13	11	39	16	
D	7433	24	31	24	21	18	32	24	
EL	4268	22	29	21	28	21	29	28	
E	4544	27	29	19	26	19	31	28	
F	7025	28	29	21	22	16	34	25	
IRL	5447	34	21	18	28	21	29	30	
I	5232	21	31	21	26	19	31	27	
L	11220	26	29	22	24	14	36	26	
NL	6588	23	36	21	20	10	40	24	
A	7398	27	32	22	19	17	33	22	
P	3789	28	26	21	26	24	26	28	
UK	6720	34	22	19	26	20	30	28	
EU-13	6352	26	29	21	24	18	32	24	

Key : OI=Original income; TI=Total income

N.B. : The low income or monetary poverty threshold is set at 60% of the national median OI. In each Member State, the population is divided into four groups, firstly according to equivalised OI and then according to equivalised TI: less than 60% of the national median TI (poverty threshold); 60 - <100% of this median; 100 - <140% of this median; 140% and more of this median. For both distributions (OI and TI), the median used is that relating to the distribution of TI.

Example : In Portugal, the low-income threshold is 3 790 PPS. 28% of the population has an OI less than this threshold; the figure is 24% when the TI is considered.

Before social transfers are taken into account, the United Kingdom and Ireland show a large proportion of people on low incomes (34%). For the other Member States, this proportion varies between 21% and 30%.

#### ... but the impact of the transfers is significant, particularly in Denmark and the Netherlands

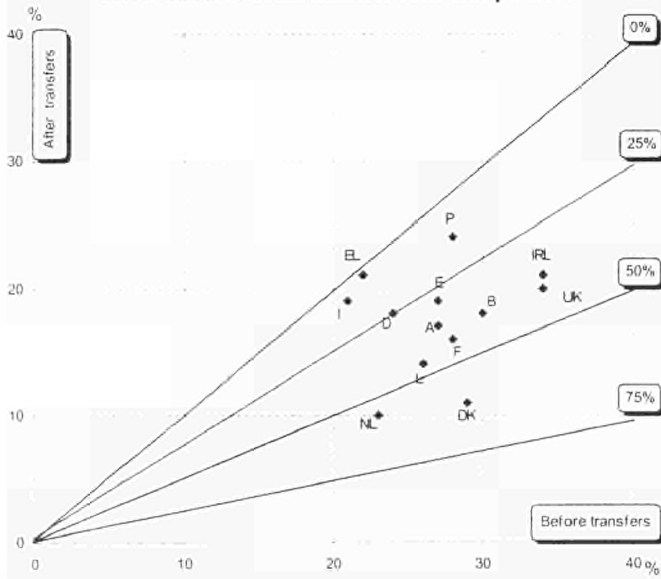
Social benefits reduce the percentage of "poor" people in all the Member States, but to very differing degrees. The reduction is smallest in Greece, Italy and Portugal: between 7% and 15%. In no other Member State is it less than 25%, and in Denmark and the Netherlands, it is around 60% - these two countries have the lowest "poverty rate" after payment of benefits.

Ireland and the United Kingdom have a high proportion of people on low equivalised incomes both before and after payment of benefits. However, after payment of benefits, the share of those still in poverty is highest in Portugal. It is because Italy has the lowest poverty rate before benefits that the percentage of "poor" people in this country is close to the EU mean, despite the low impact of transfers.

Gini coefficients provide an overall indicator of disparities in income distribution (Table 7). These recapitulative benchmarks do not depend on the choice of low-income threshold and can vary, in theory, between 0% (zero inequality) and 100% (total inequality). The ability of social transfers to reduce (monetary) inequality is slightly different from the reduction in poverty rates.

<sup>4</sup> The low income threshold is defined by reference to equivalised total income and is kept unchanged before and after benefits have been paid. It would also have been possible to define the population on a low income before transfers by reference to initial income and the population on a low income after transfers by reference to total income. This option was not used because, in this case, the two effects combine: the proportion of the population below the initial threshold drops but the low income threshold rises because of the inclusion of transfers; a "non-poor" person on the basis of his original income could become "poor" according to his total income. By keeping the threshold constant, the chosen option concentrates on the same population and focuses better on the impact of transfers.

Figure 1: Percentage of the population on a low income before and after social transfers other than pensions



Example: Before income from social benefits (other than pensions) is taken into account, the proportion of poor people in Denmark is 29%. Afterwards, this figure drops to 11%.

Before social transfers, Portugal together with Ireland and the United Kingdom are the countries with the greatest disparities in income. After transfers, these three countries remain above the EU mean, like Greece and Spain, but Portugal clearly breaks away from the other two, with a coefficient of 5 points above the EU mean. At the other extreme, Denmark and the Netherlands have the smallest disparities in income both before and after social transfers. Even if the level of inequality in these two countries is very similar before transfers, it differs perceptibly after transfers, the figure for Denmark being 4 points below the Netherlands' figure.

Another measure of inequality in income distribution is the S80/S20 ratio. For any given country, this is the ratio between the share of entire national income received by the top 20% of the population and that of the bottom 20% (Table 7). Applied to original income (i.e. income before social transfers other than pensions), the ratios in Ireland and the UK are more than twice the ratio for the Community as a whole, pointing to considerable disparities between high and low incomes. After

transfers, Greece, Ireland and Portugal (as for the Gini coefficients) have ratios higher than the EU mean.

Table 7  
Measures of inequality in income distribution in the EU

	Gini coefficient (%)		Quintile ratio S80/S20	
	OI	TI	OI	TI
B	33	29	11	5
DK	30	23	7	3
D	32	29	7	5
EL	35	34	7	6
E	36	33	9	5
F	35	29	8	4
IRL	40	35	27	6
I	32	31	6	5
L	34	31	7	5
NL	31	27	9	4
A	33	29	7	5
P	39	37	9	7
UK	39	33	22	5
EU-13	36	32	9	5

Key: OI=Original income; TI=Total income

N.B.1: Gini coefficients vary, in theory, between 0% (zero inequality) and 100% (total inequality).

N.B.2: The quintile ratio represents the OI (TI) of the top quintile divided by the OI (TI) of the bottom quintile

Example: On average, for EU-13, the entire income received by the 20% of the population with the highest original income is 9 times greater than that received by the 20% of the population with the lowest original income. For total income, this ratio falls to 5.

The specific feature of Italy has already been emphasised above - the percentage of "poor" people in this country after transfers is close to the EU mean, whilst the impact of transfers on reducing poverty is low. Analysing the Gini coefficients and the income share ratios yields very similar results. Before transfers, Italy has the lowest ratio between the top and bottom quintiles and the third-lowest Gini coefficient (jointly with Germany). After transfers, Italy shows by far the lowest impact of social transfers, and, as a consequence, a ratio and a Gini coefficient close to the Community mean.

## ➤ METHODS AND CONCEPTS

- **The European Community Household Panel (ECHP)** is a survey based on a standardised questionnaire that involves annual interviewing of a representative panel of households and individuals in each country, covering a wide range of topics: income (including the various social transfers) health, education, housing, demographics and employment characteristics, etc. The longitudinal structure of the ECHP makes it possible to follow up and interview the same households and individuals over several consecutive years. The first wave of the ECHP was conducted in 1994 in the twelve Member States of the EU at that time. The survey was based on a sample of some 60 500 households (about 170 000 individuals). Since then, Austria (in 1995) and Finland (in 1996) have joined the project. Sweden does not take part.

Those interested in other findings yielded by the ECHP should refer to the first ECHP large-scale publication: *"European Community Household Panel (ECHP): Selected indicators from the 1995 wave"*, Theme 3, sub-theme "Population and social conditions", Eurostat, OPOCE, Luxembourg, 1999; ISBN 92-828-7150-9 (260 pages). The subjects covered by this publication are income, housing and employment.

The results presented in this edition of *"Statistics in Focus"* were calculated from the ECHP "users' database" (for more details on direct access to ECHP micro-data, see: *"EC Household Panel Newsletter"*, *Statistics in Focus 2/1999*, Theme 3, Eurostat, OPOCE, Luxembourg, 1999; catalogue no CA-NK-99-002-EN-C). This base includes only 90% of the German sample, so the figures for Germany may differ slightly from those in the large-scale publication.

The results presented in this study are estimates, whose precision - all other things being equal - depends on the size of the sample and the percentage.

- **Total household income** is taken to be all the net monetary income received by the household and its members at the time of the interview (1995) during the survey reference year (1994). This includes income from work (employment and self-employment), private income (from investments and property and private transfers to the household), pensions and other social transfers directly received. No account has been taken of indirect social transfers (such as the reimbursement of medical expenses), receipts in kind and imputed rent for owner-occupied accommodation.

**Figures for France:** The incomes declared in France are before tax and have been converted to net figures by applying the household's mean tax rate.

**Equivalised income:** In order to take into account differences in household size and composition in the comparison of income levels, **all** the amounts given here are per "equivalent adult". The household's total income is divided by its 'equivalent size', computed using the modified OECD equivalence scale. This scale gives a weight of 1.0 to the first adult, 0.5 to the second and each subsequent person aged 14 and over, and 0.3 to each child aged under 14 in the household. The household composition is as defined at the time of the interview. The same household equivalised income is assigned to each household member (adults and children). This concept is therefore based on the household income, not the income of each of its members taken separately. So, for example, a person with no personal income whatever might not have a "low equivalised income" if the other members of his or her household compensate for this absence of income with individual incomes which are average or high. Conversely, a person with a high personal income could be considered to have a low equivalised income if the members of his or her household have little or no income of their own. In this study, people on a "low income" are those with a "low equivalised income". The same goes for people with a "high income", "poor", "wealthy" people, etc. The mean and median equivalised income figures are defined in terms of the number of persons (i.e. "per capita"), not households.

- **Purchasing Power Parities (PPP)** convert every national monetary unit into a common reference unit, the "purchasing power standard" (PPS), of which every unit can buy the same amount of goods and services across the countries in a specific year. Converting these amounts, which are received in national currency, into amounts expressed in PPS allows income comparisons between EU countries. For 1994, the conversion rates between PPS and the national currencies are: B (41.65); DK (9.790); D (2.160); EL (223.8); E (133.1); F (7.230); IRL (0.7100); I (1.640); L (39.79); NL (2.280); A (14.90); P (136.8); UK (0.7000).



# Further information:

## ➤ Reference publications

Title European Community Household Panel (ECHP): Selected indicators from the 1995 wave  
 Catalogue No CA-22-99-765-EN-C Price EUR 45

To obtain information or to order publications, data bases and special sets of data, please contact the **Data Shop** network:

BELGIQUE/BELGIË	DANMARK	DEUTSCHLAND	ESPAÑA	FRANCE	ITALIA - Roma
<b>Eurostat Data Shop</b> Bruxelles/Brussel Chaussée d'Etterbeek 13 Etterbeeksesteenweg 13 B-1049 BRUXELLES / BRUSSEL Tel. (32-2) 299 66 66 Fax (32-2) 295 01 25 E-Mail: datashop.brussels@eurostat.cec.be	<b>DANMARKS STATISTIK</b> Bibliotek og Information Eurostat Data Shop Sejrogade 11 DK-2100 KØBENHAVN Ø Tel. (45-39) 17 30 30 Fax (45-39) 17 30 03 E-Mail: bib@dst.dk	<b>STATISTISCHES BUNDESAMT</b> Eurostat Data Shop Berlin Otto-Braun-Straße 70-72 D-10178 BERLIN Tel. (49-30) 23 24 64 27/28 Tel. (49-30) 23 24 64 30 E-Mail: stba-berlin.datashop@t-online.de	<b>INE Eurostat Data Shop</b> Paseo de la Castellana, 183 Oficina 009 Entrada por Estébanez Calderón E-28046 MADRID Tel. (34-91) 583 91 67 Fax (34-91) 579 71 20 E-Mail: datashop.eurostat@ine.es	<b>INSEE Info Service</b> Eurostat Data Shop 195, rue de Bercy Tour Gamma A F-75582 PARIS CEDEX 12 Tel. (33-1) 53 17 88 44 Fax (33-1) 53 17 88 22 E-Mail: datashop@insee.fr	<b>ISTAT</b> Centro di Informazione Statistica Sede di Roma, Eurostat Data Shop Via Cesare Balbo, 11a I-00184 ROMA Tel. (39-06) 46 73 31 02/06 Fax (39-06) 46 73 31 01/07 E-Mail: dipdiff@istat.it
ITALIA - Milano	LUXEMBOURG	NEDERLAND	NORGE	PORTUGAL	SCHWEIZ/SUISSE/SVIZZERA
<b>ISTAT</b> Centro di Informazione Statistica - Sede di Milano, Eurostat Data Shop Piazza della Repubblica, 22 I-20124 MILANO Tel. (39-02) 65 95 133/134 Fax (39-02) 65 30 75 E-mail: mileuro@tin.it	<b>Eurostat Data Shop Luxembourg</b> BP 453 L-2014 LUXEMBOURG 4, rue A. Weicker L-2721 LUXEMBOURG Tel. (352) 43 35 22 51 Fax (352) 43 35 22 21 E-Mail: dslux@eurostat.datashop.lu	<b>STATISTICS NETHERLANDS</b> Eurostat Data Shop-Voorburg po box 4000 2270 JM VOORBURG Nederland Tel. (31-70) 337 49 00 Fax (31-70) 337 59 84 E-Mail: datashop@cbs.nl	<b>Statistics Norway</b> Library and Information Centre Eurostat Data Shop Kongens gate 6 P. b. 8131, dep. N-0033 OSLO Tel. (47-22) 86 46 43 E-Mail: <a href="mailto:statistikk@ssb.no">statistikk@ssb.no</a>	<b>Eurostat Data Shop Lisboa</b> INE/Serviço de Difusão Av. António José de Almeida, 2 P-1000-043 LISBOA Tel. (351-1) 842 61 00 Fax (351-1) 842 63 64 E-Mail: data.shop@ine.pt	<b>Statistisches Amt des Kantons</b> Zürich, Eurostat Data Shop Bleicherweg 5 CH-8090 Zürich Tel. (41-1) 225 12 12 Fax (41-1) 225 12 99 E-Mail: datashop@zh.ch Internetadresse: <a href="http://www.zh.ch/statistik">http://www.zh.ch/statistik</a>
SUOMI/FINLAND	SVERIGE	UNITED KINGDOM	UNITED KINGDOM	UNITED STATES OF AMERICA	
<b>Eurostat Data Shop, Tilastokirjasto</b> Postiosoite: PL 2B FIN-00022 Tilastokeskus Käyntiosoite: Työpajakatu 13 B, 2 krs Helsinki Tel. (358-9) 17 34 22 21 Fax (358-9) 17 34 22 79 E-mail: <a href="mailto:datashop.tilastokeskus@tilastokeskus.fi">datashop.tilastokeskus@tilastokeskus.fi</a> Internetadresse: <a href="http://www.tilastokeskus.fi/tk/ku/datashop.html">http://www.tilastokeskus.fi/tk/ku/datashop.html</a>	<b>STATISTICS SWEDEN</b> Information service Eurostat Data Shop Karlavägen 100 Box 24 300 S-104 51 STOCKHOLM Tel. (46-8) 783 48 01 Fax (46-8) 783 48 99 E-Mail: <a href="mailto:infoservice@scb.se">infoservice@scb.se</a>	<b>Eurostat Data Shop</b> Enquiries & advice and publications Office for National Statistics Customers & Electronic Services Unit 1 Drummond Gate - B1/05 UK-LONDON SW1V 2QQ Tel. (44-171) 533 56 76 Fax (44-171) 533 56 88 E-Mail: <a href="mailto:gloria.ryan@ons.gov.uk">gloria.ryan@ons.gov.uk</a>	<b>Eurostat Data Shop</b> Electronic Data Extractions, Enquiries & advice - R.CADE Unit 1L Mountjoy Research Centre University of Durham UK - DURHAM DH1 3SW Tel: (44-191) 374 7350 Fax: (44-191) 384 4971 E-Mail: <a href="mailto:r-cade@dur.ac.uk">r-cade@dur.ac.uk</a> URL: <a href="http://www-rcade.dur.ac.uk">http://www-rcade.dur.ac.uk</a>	<b>HAVER ANALYTICS</b> Eurostat Data Shop 60 East 42nd Street Suite 3310 USA-NEW YORK, NY 10165 Tel. (1-212) 986 93 00 Fax (1-212) 986 58 57 E-Mail: <a href="mailto:eurodata@haver.com">eurodata@haver.com</a>	

Media Support Eurostat (for professional journalists only):  
 Bech Building Office A3/48 • L-2920 Luxembourg • Tel. (352) 4301 33408 • Fax (352) 4301 32649 • e-mail: [media.support@eurostat.cec.be](mailto:media.support@eurostat.cec.be)

This study was carried out jointly by Eric Marlier (Eurostat), Marc Cohen-Solal and Isabelle Terraz (DREES: "Direction de la Recherche, de l'Evaluation et des Statistiques", a directorate of the French Ministry of Employment and Solidarity).  
 For more details: Eric Marlier, Eurostat/E2, L-2920 Luxembourg, Tel: (352) 4301 34521, E-mail: [eric.marlier@eurostat.cec.be](mailto:eric.marlier@eurostat.cec.be)  
 ORIGINAL: French

Please visit our web site at <http://europa.eu.int/eurostat.html> for further information!

A list of worldwide sales outlets is available at the **Office for Official Publications of the European Communities**.

2 rue Mercier - L-2985 Luxembourg  
 Tel. (352) 2929 42118 Fax (352) 2929 42709  
 Internet Address <http://eur-op.eu.int/ffr/general/s-ad.htm>  
 e-mail: [info.info@opoce.cec.be](mailto:info.info@opoce.cec.be)

BELGIQUE/BELGIË - DANMARK - DEUTSCHLAND - GREECE/ELLADA - ESPAÑA - FRANCE - IRELAND - ITALIA - LUXEMBOURG - NEDERLAND - ÖSTERREICH  
 PORTUGAL - SUOMI/FINLAND - SVERIGE - UNITED KINGDOM - ISLAND - NORGE - SCHWEIZ/SUISSE/SVIZZERA - BALGARIIA - CESHÁ REPUBLIKA - CYPRUS  
 EESTI - HRVATSKA - MAGYARORSZÁG - MALTA - POLSKA - ROMÂNIA - RUSSIA - SLOVAKIA - SLOVENIA - TÜRKIYE - AUSTRALIA - CANADA - EGYPT - INDIA  
 ISRAËL - JAPAN - MALAYSIA - PHILIPPINES - SOUTH KOREA - THAILAND - UNITED STATES OF AMERICA

## Order form

I would like to subscribe to Statistics in focus (from 1.1.1999 to 31.12.1999):  
 (for the Data Shop and sales office addresses see above)

**Formula 1:** All 9 themes (approximately 90 issues)

Paper: 360 EUR

PDF: 264 EUR

Paper + PDF: 432 EUR

Language required:  DE  EN  FR

**Formula 2:** One or more of the following seven themes:

Theme 1 'General statistics'

Paper: 42 EUR  PDF: 30 EUR  Combined: 54 EUR

Theme 2 'Economy and finance'

Theme 3 'Population and social conditions'

Theme 4 'Industry, trade and services'

Theme 5 'Agriculture and fisheries'

Theme 6 'External trade'

Theme 8 'Environment and energy'

Paper: 84 EUR  PDF: 60 EUR  Combined: 114 EUR

Language required:  DE  EN  FR

Please send me a free copy of 'Eurostat Mini-Guide' (catalogue containing a selection of Eurostat products and services)  
 Language required:  DE  EN  FR

I would like a free subscription to 'Statistical References', the information letter on Eurostat products and services  
 Language required:  DE  EN  FR

Mr  Mrs  Ms

(Please use block capitals)

Name: \_\_\_\_\_ First name: \_\_\_\_\_

Company: \_\_\_\_\_ Department: \_\_\_\_\_

Function: \_\_\_\_\_

Address: \_\_\_\_\_

Post code: \_\_\_\_\_ Town: \_\_\_\_\_

Country: \_\_\_\_\_

Tel.: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Payment on receipt of invoice, preferably by:**

Bank transfer

Visa  Eurocard

Card No: \_\_\_\_\_ Expires on: \_\_\_\_/\_\_\_\_/\_\_\_\_

**Please confirm your intra-Community VAT number:**

If no number is entered, VAT will be automatically applied. Subsequent reimbursement will not be possible.