

EMBARGOED 00.01 TUESDAY 6 DECEMBER 2011

WORKING WOMEN KEY TO RISING LIVING STANDARDS

The rise of working women has been a critical factor in raising the living standards of low to middle income households in the last 40 years, according to new research carried out by the respected Institute for Fiscal Studies for the Resolution Foundation.

In the first major study breaking down the factors which drove household income growth over recent decades, the research finds that between 1968 and 2008/09:

- Over one quarter (27 percent) of all income growth for low to middle income households came from women's work, with only 8% from men. In 1968, 86 percent of household gross employment income in this group came from men and 14 percent from women; by 2008, 63 percent came from men and 37 percent from women.
- Tax credits accounted for around one sixth of the total rise in household income among the low to middle income group since 1968, despite the fact that their major expansion took place in the past 10 years. All other state benefits accounted for a similar-sized rise.

Over the recent period of economic growth, from 2002/03 to 2008/09, women's employment income raised household incomes by £301 and tax credits by £581 (in 2008/09 pounds). But these gains were largely cancelled out by big losses from other sources, most notably male employment income, which reduced incomes by £610. This meant that overall, incomes in low to middle income households rose in real terms by an average of only £143 from 2002/03 to 2008/09.

The research points to the very different experience of low to middle income households compared to the rest of the population. Income from male employment in the low to middle income group grew at less than a quarter of the rate for the rest of the population.

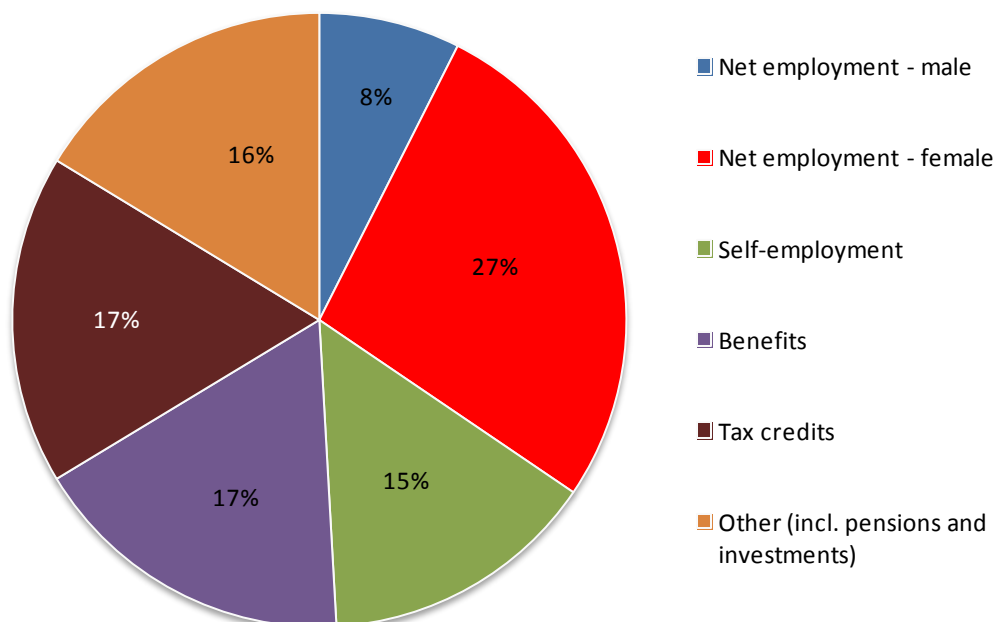
The research was undertaken by the IFS for the Resolution Foundation's Commission on Living Standards, a wide ranging investigation into pressures facing people on low to middle incomes.

Mike Brewer, co-author of the report said 'This report shows the big changes in where working households' income has come from over the past four decades. In the late 1960s, low-income working households were more reliant on the main earner than better-off households: these households had a low income partly because they had only one earner. But by the 2000s, before the recession, low-income working-age households were slightly less reliant on the main earner than better-off households.'

Gavin Kelly, Chief Executive of the Resolution Foundation said 'this report shows the massive contribution of working women to the incomes of hard-pressed households, as well as the growing role of tax credits. But given female employment has now flat-lined - and with cuts to tax credits and less support for childcare - it's not obvious how families are going to raise their incomes in the future.'

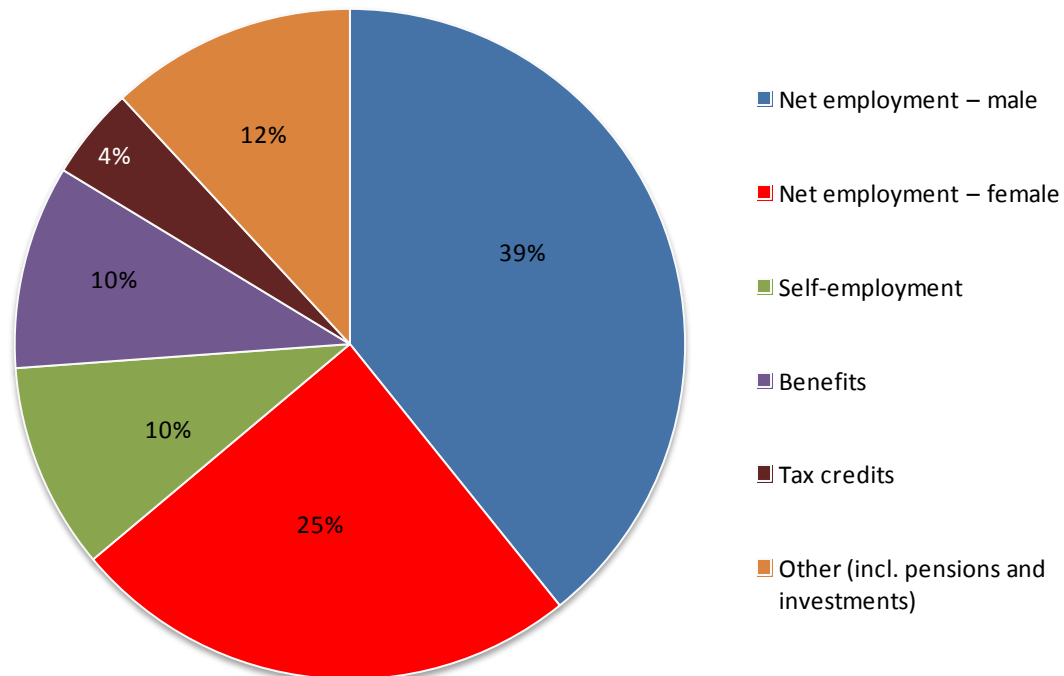
Notes to editors

Sources of household income growth 1968- 2008/09 – low to middle income households



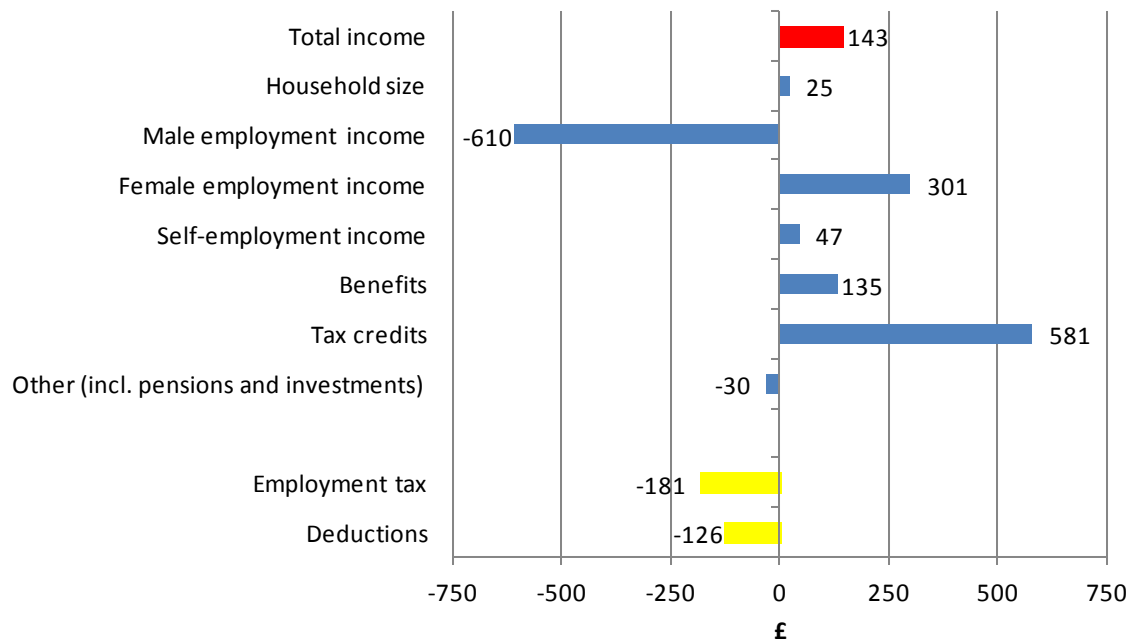
Note: net employment income growth is divided between genders in the same proportion as gross employment income growth (since our data on tax payments are at the household level), i.e. we assume that employment tax growth is distributed across genders in the same way as employment income growth.

Sources of household income growth 1968- 2008/09 – all working age households



Note: net employment income growth is divided between genders in the same proportion as gross employment income growth (since our data on tax payments are at the household level), i.e. we assume that employment tax growth is distributed across genders in the same way as employment income growth.

Average change in income for low to middle income households, 2002/03 - 2008/09, in 2008/09 £s



The Commission on Living Standards is an independent and wide ranging investigation into the pressures facing people on low to middle incomes, established earlier this year by the Resolution Foundation think tank www.livingstandards.org

Resolution Foundation is an independent think tank focused on improving the lives of households on low to middle incomes www.resolutionfoundation.org

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