

lute size of subsidy for each product group is roughly proportional to the size of its advertising expenditures. The relative size of subsidy, *i.e.*, the subsidy-benefit ratio, however, is significantly affected by the income elasticity of demand for the product. Thus, we observe a positive correlation between the subsidy-benefit ratios and the income elasticities for both a family with an income of \$3,000 and a family with an income of \$10,000. Hence, the higher the income elasticity of demand, the larger the relative size of net subsidy.

A break-even point is attained for each product group when the value of benefits received is equal to payments made, at which point the net subsidy becomes zero. This break-even point varies from product to product, depending upon the value of α and the level of E . A higher value of α tends to raise the break-even point, while a higher value of a and E lowers it. The break-even points for all product groups are presented in Table IV. For all groups with the exception of personal care, the break-even point falls within the relatively narrow range of \$6,000–\$6,800.

TABLE IV
*The Levels of Disposable Personal Income at which a Net
Subsidy Becomes Zero, 1963*

	\$
Food	6,250
Automobile	6,005
Tobacco	6,133
House furnishings and equipment	6,200
Alcoholic beverages	6,646
Clothing and related materials	6,710
Household operations	6,667
Medical care	6,340
Personal care	7,080
Recreation and transport	6,230
Others	6,765

Note: Equation (2.21) was used in computing the break-even points.

Source: See Table I.

For all families taken together, television advertising brought about a redistribution of income in the magnitude of \$291.1 million in 1963. This represents 18% of the total sum spent on television advertising. The largest gainers were the families in the lowest income bracket. The size of net subsidy *received* declines as income increases until the break-even point is reached, thereafter the size of net subsidy *paid* rises as income increases.

The lowest income bracket (under \$3,000) gained \$151.4 million or approximately half of the net subsidy received. In contrast, the highest income bracket (\$15,000 and over) experienced a negative net subsidy of \$79.2 million. The largest negative net subsidy, however, fell upon the