

Continuity and Change in Ethnic and Racial Inequalities

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The IFS Deaton Review



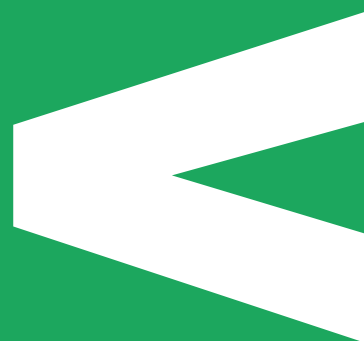
Continuity and Change in Ethnic and Racial Inequalities

Findings from the Race and Ethnicity Chapter of the IFS Deaton Inequality Review written by Heidi Mirza and Ross Warwick

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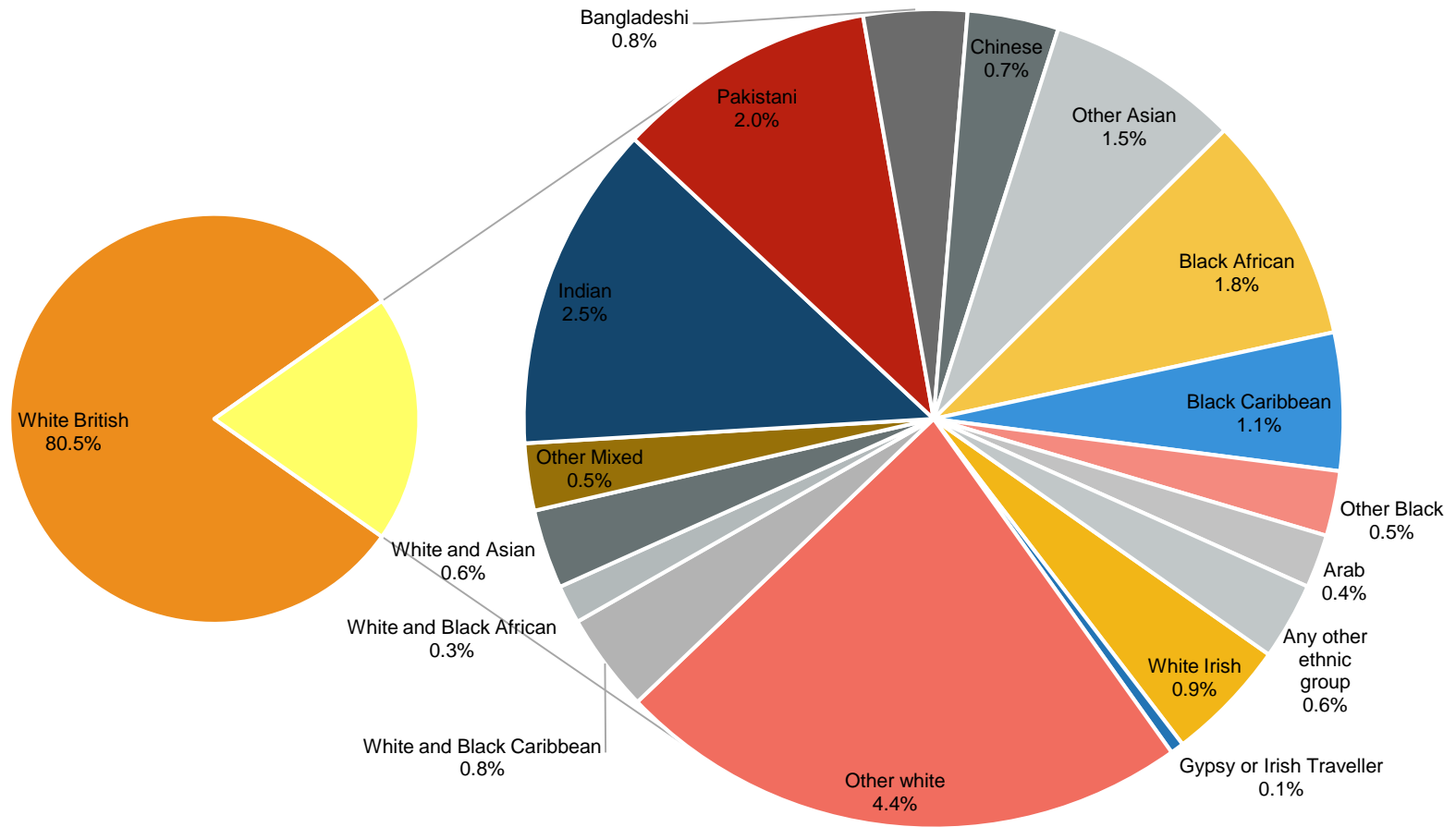


Inequality

The IFS Deaton Review

The ethnic make up of England and Wales, 2011

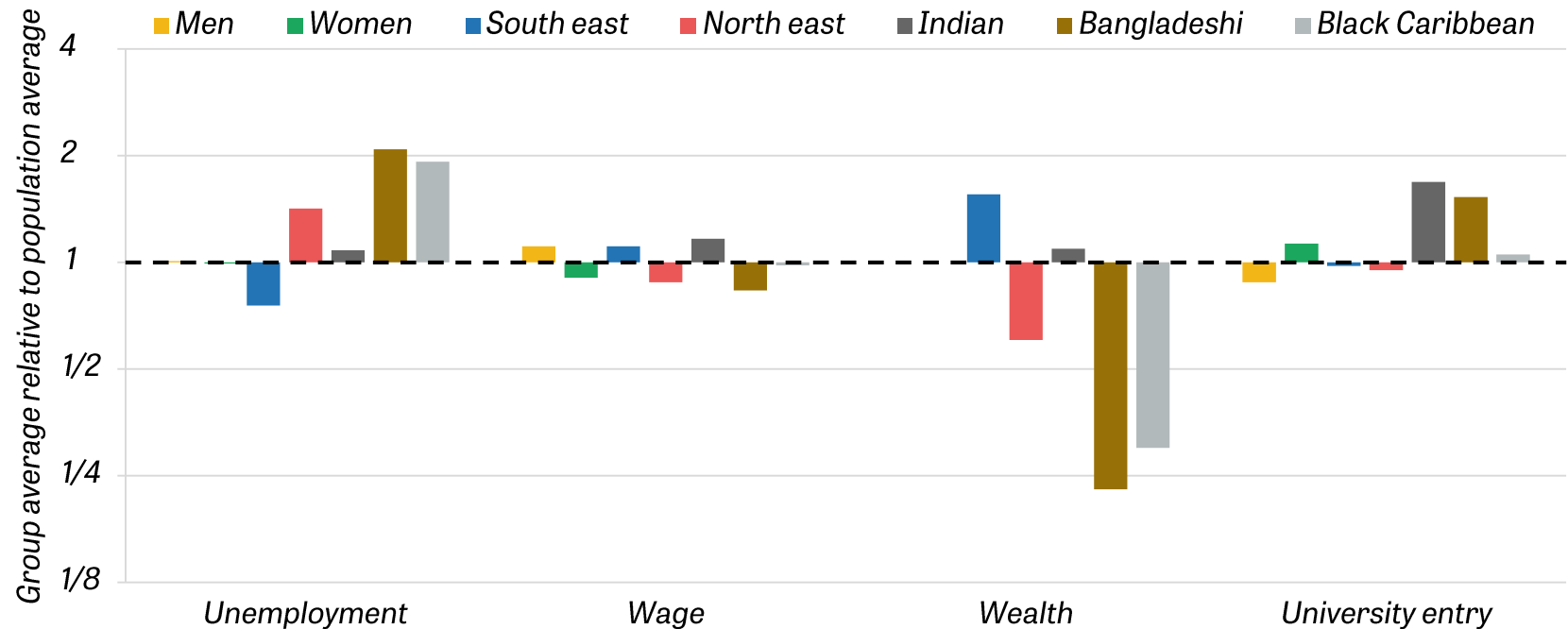
Ethnic minorities make up nearly 20% of the population; around 6% are white minorities



A complex picture

Not only are there big differences across groups, with some minority groups doing relatively well, but there are varied patterns across outcomes for the same group

Example inequalities by group across different socio-economic outcomes, relative to population benchmark



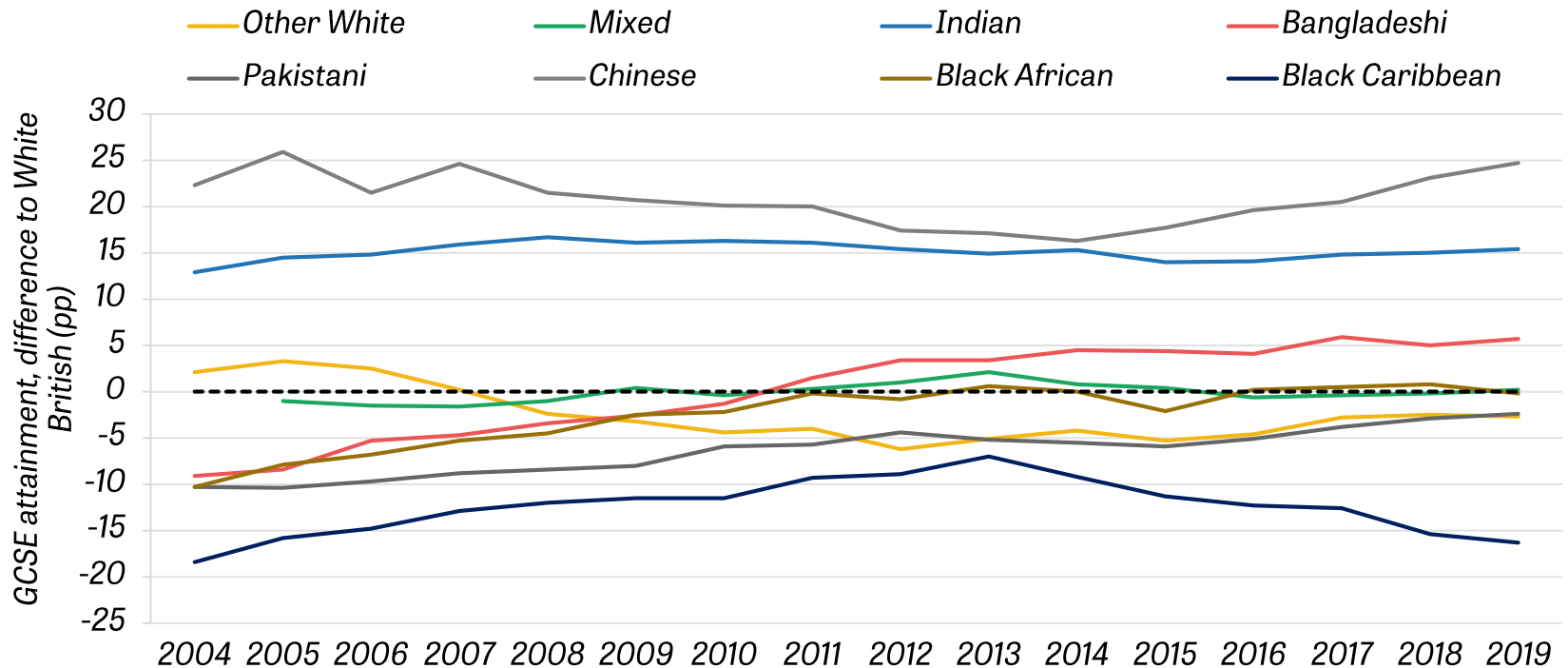
Source: Figure 2, 'Race and ethnicity', Mirza et al (2022).

Ethnic minority attainment at school

While Indian and Chinese students have had high average attainment for a long time, Bangladeshi, Pakistani and Black African students have caught up a lot – despite persistent socioeconomic disadvantage. Black Caribbean students falling behind.



Percentage point difference in GCSE attainment relative to White British students

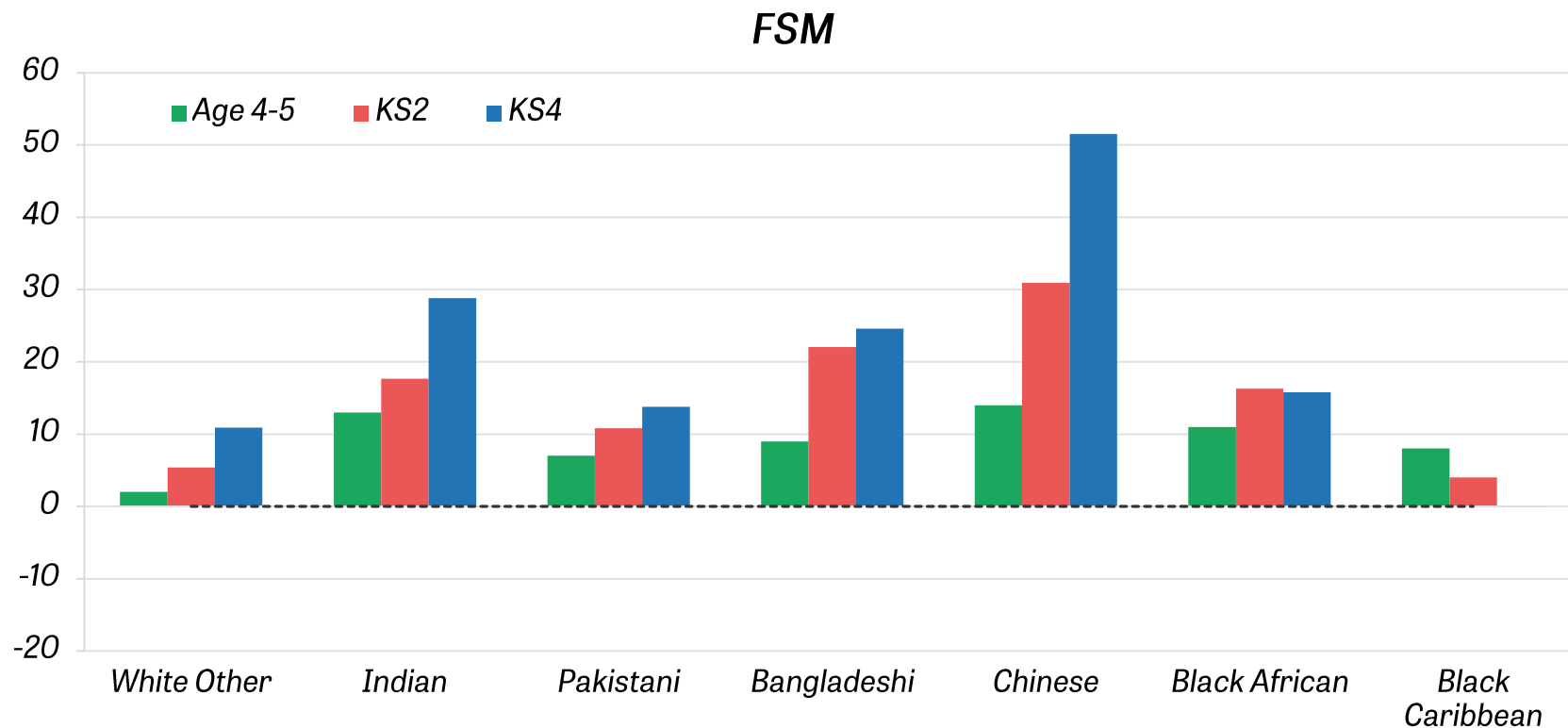


Source: Figure 24, 'Race and ethnicity', Mirza et al (2022).

“Educational resilience” among ethnic minority children

Among the most disadvantaged students, ethnic minority children significantly outperform White British peers

Attainment gaps (percentage point) relative to White British at different stages of school in England, by FSM status, in the 2018/19 academic year

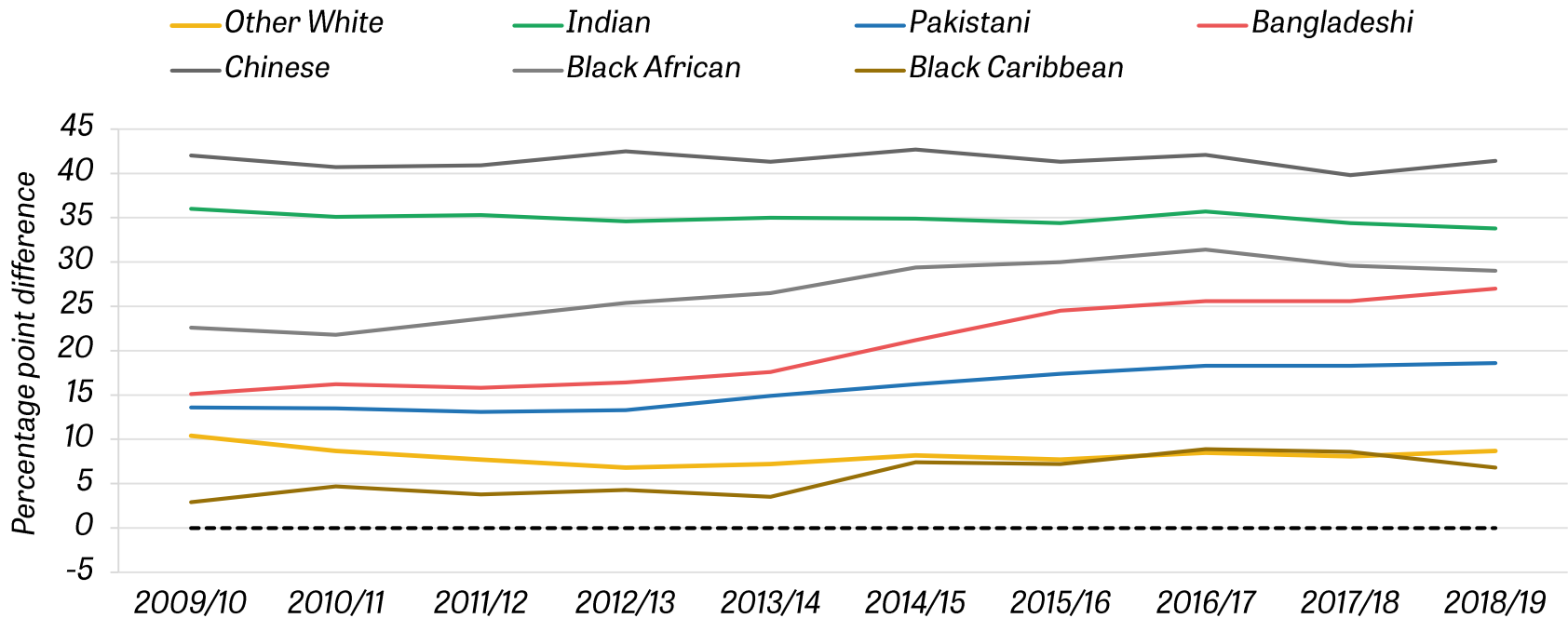


Source: Figure 26, ‘Race and ethnicity’, Mirza et al (2022).

Large differences in university attendance

All the largest minority ethnic groups have higher university attendance rates, with gaps growing for those groups with rising school attainment. Caveats related to institutions attended, completion, and attainment at university, however.

Entry rates to university among state school pupils over time relative to White British



Source: Figure 29, 'Race and ethnicity', Mirza et al (2022).

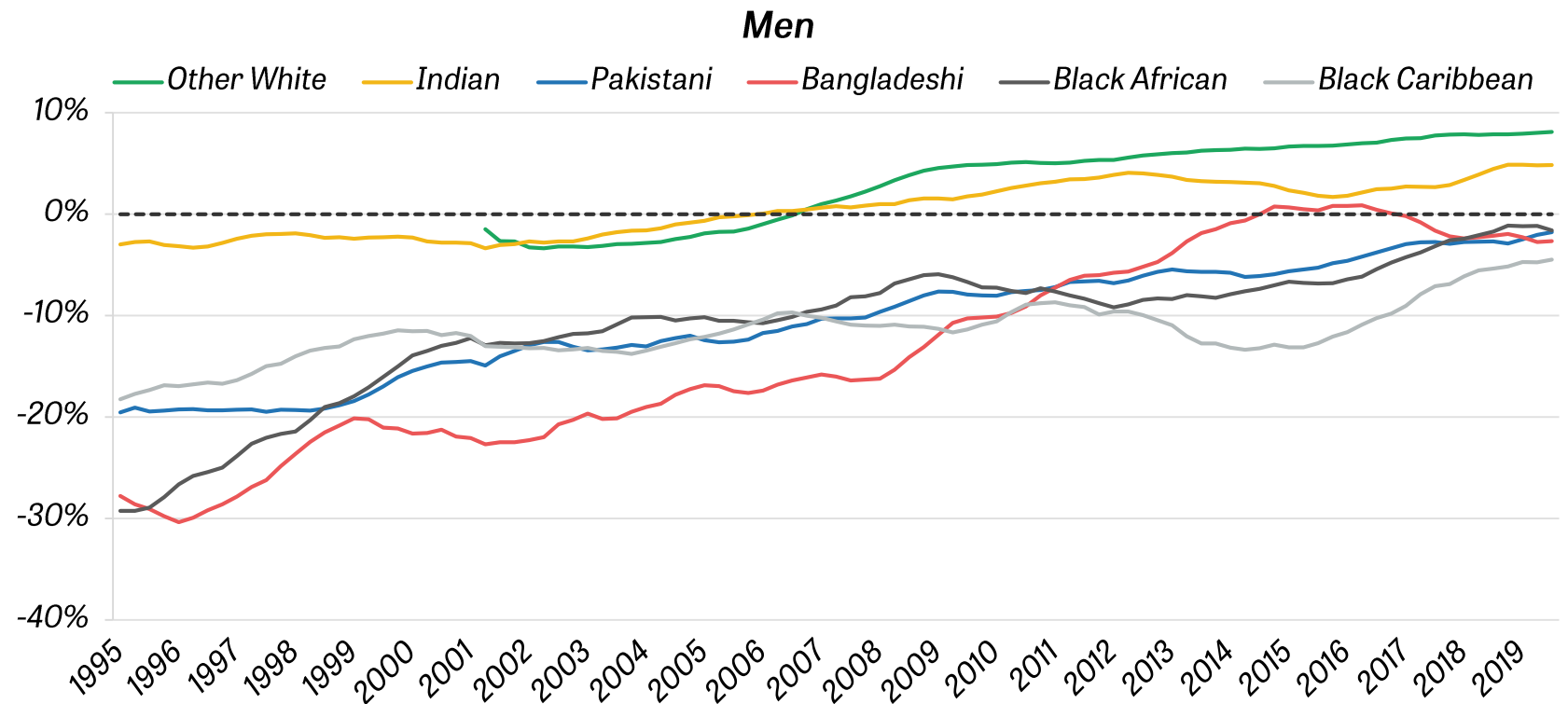
But what happens in the labour market?

Employment rate convergence

Overall, differences in employment rates among working-age men have narrowed substantially



Employment rate of ethnic groups in England and Wales compared with White ethnic majority



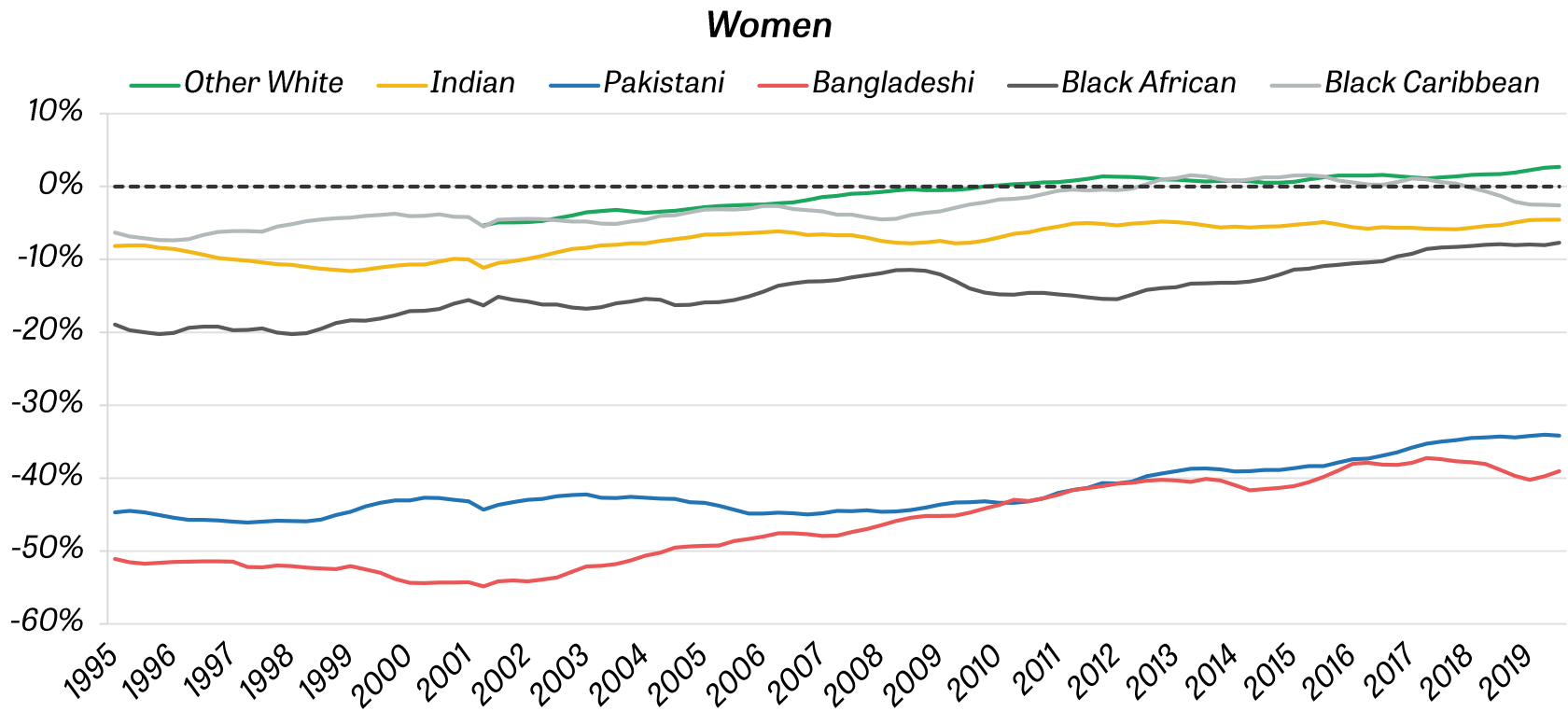
Source: Figure 32, 'Race and ethnicity', Mirza et al (2022).

Employment rate convergence

This is the case among women too, but the size of the remaining gaps are larger here



Employment rate of ethnic groups in England and Wales compared with White ethnic majority

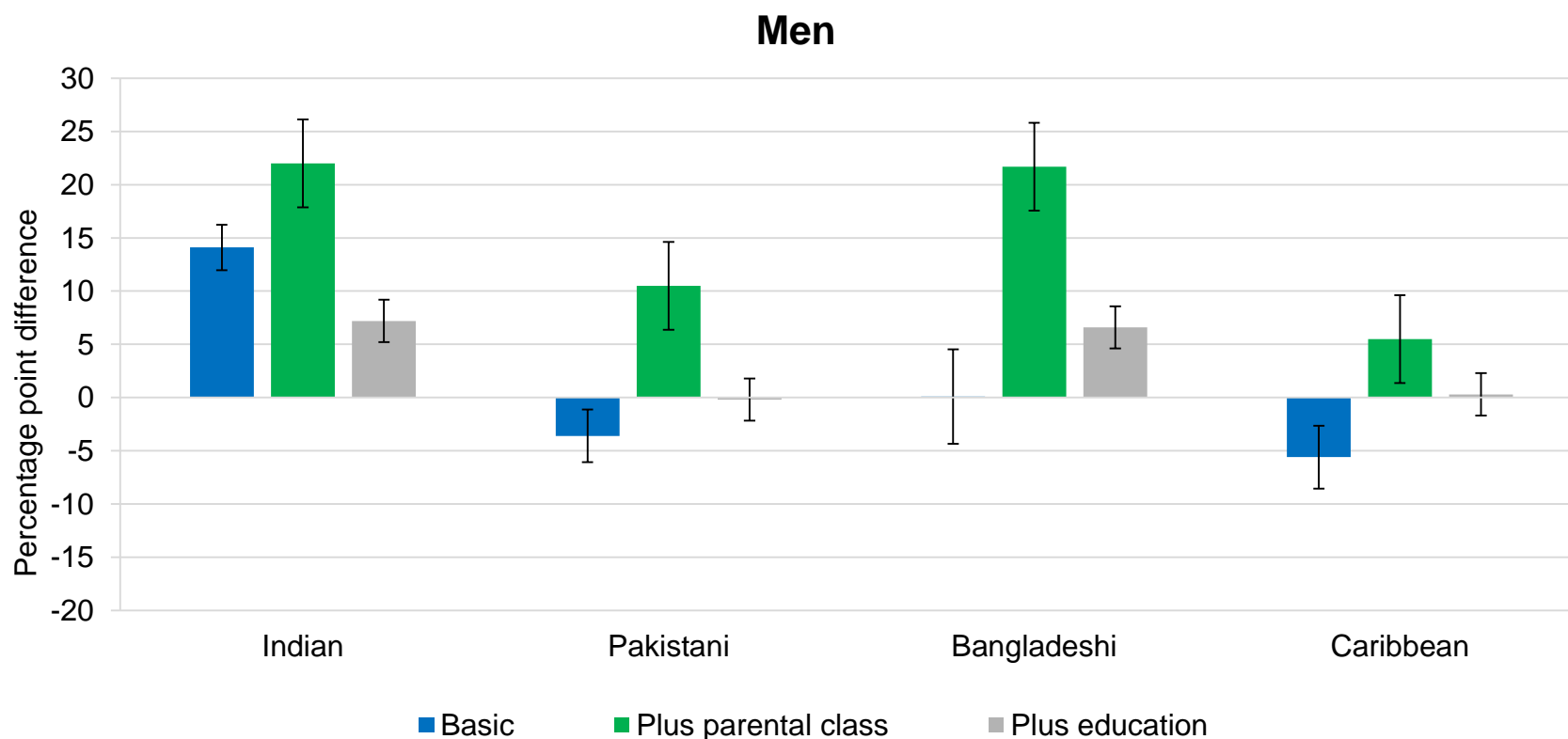


Source: Figure 32, 'Race and ethnicity', Mirza et al (2022).

Social mobility among minority groups

Educational attainment is the key driver of the high levels of social mobility observed among the biggest minority groups

Average marginal effects of the probability of attaining a professional/managerial (high social class) position in England and Wales relative to White British, by ethnic group

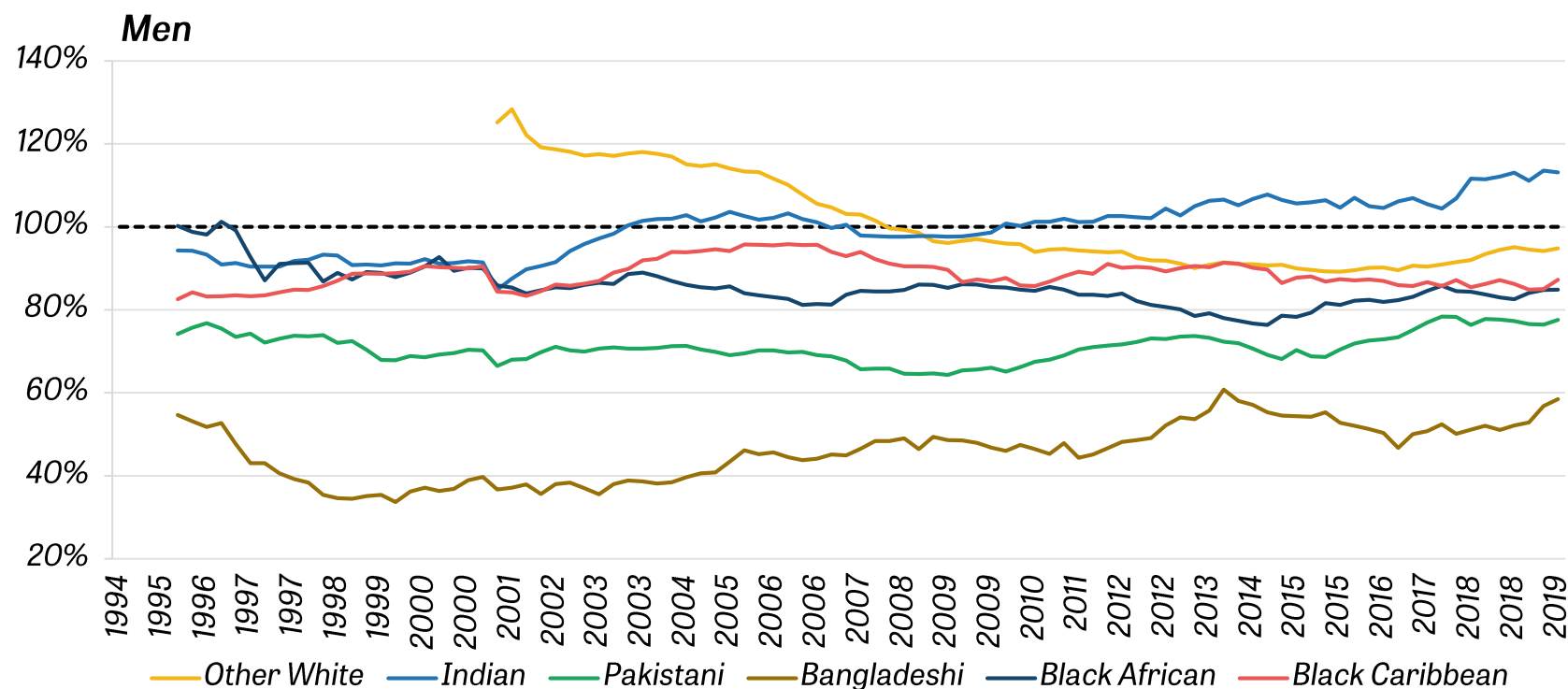


Source: Figure 59, 'Race and ethnicity', Mirza et al (2022).

Earnings inequalities appear broadly more persistent

Indian men have seen fast earnings growth to overtake White British, and relative growth for Bangladeshis too, but other group inequalities persistent

Median gross weekly earnings of employees by ethnic group as a percentage of White ethnic majority median, in England and Wales



Source: Figure 41, 'Race and ethnicity', Mirza et al (2022).

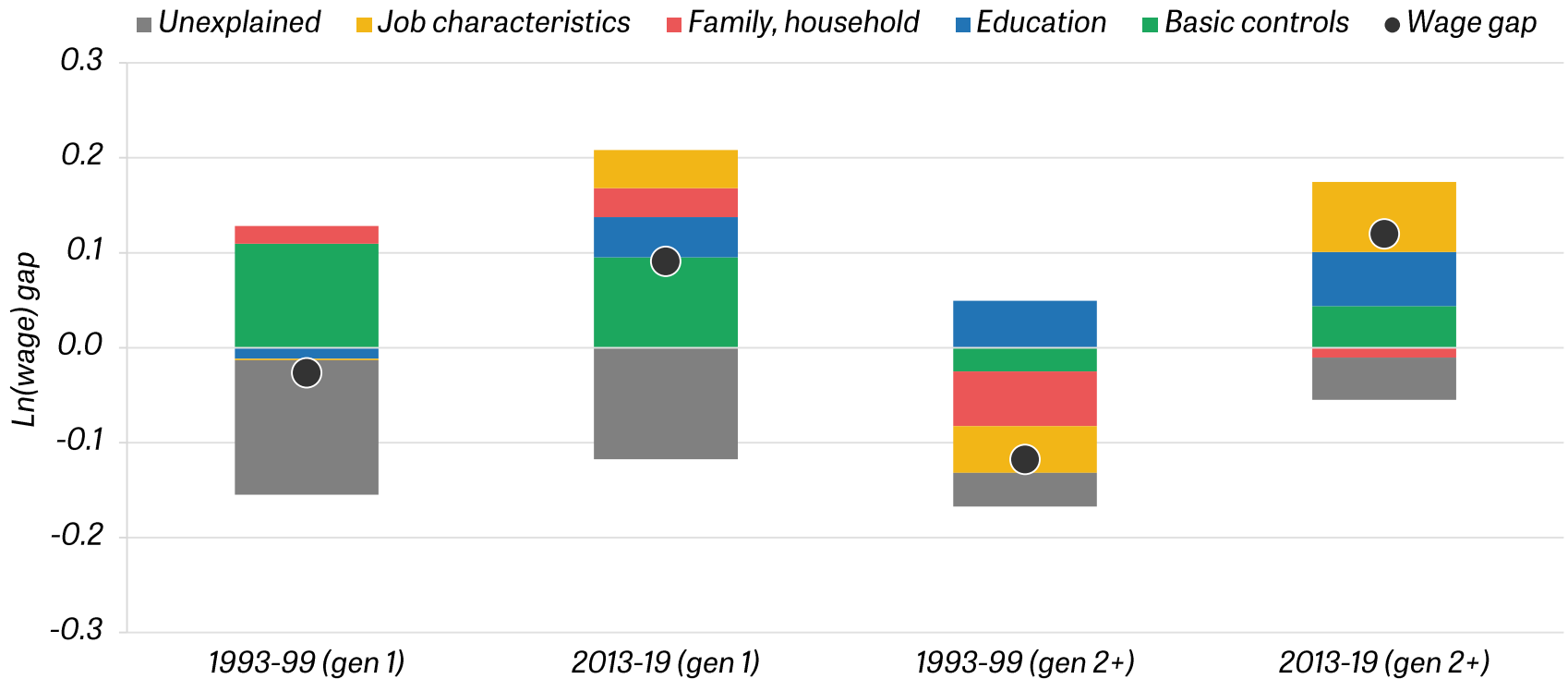
Decomposed wage differences

Indian men have seen fast wage growth, with changing occupational profile a key factor – linking to the evidence on social (occupational) mobility



Decomposed wage gaps compared with UK-born White individuals over time

Indian men



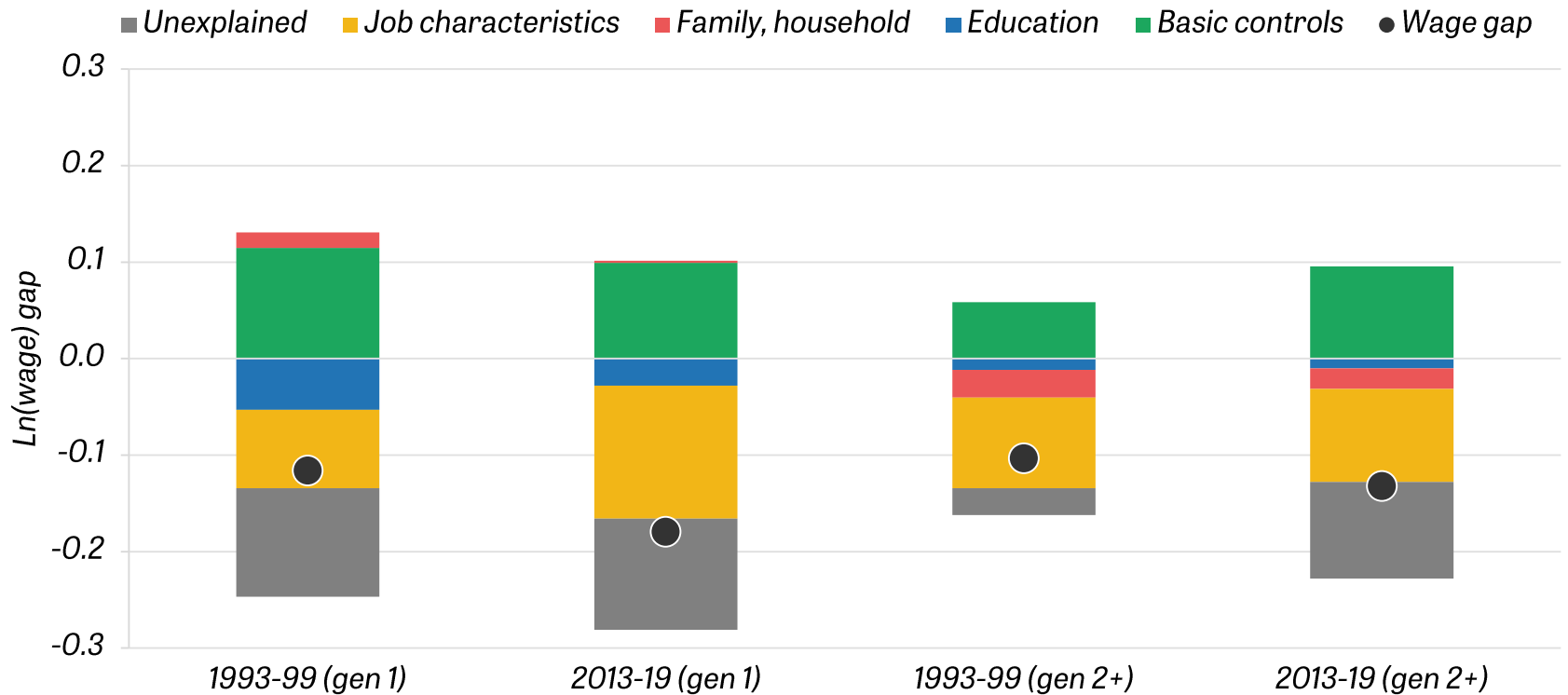
Source: Figure 45, 'Race and ethnicity', Mirza et al (2022).

Decomposed wage differences

In contrast, Black Caribbean men have had no such relative advancement – again linking to access to jobs with opportunity for pay progression

Decomposed wage gaps compared with UK-born White individuals over time

Black Caribbean men



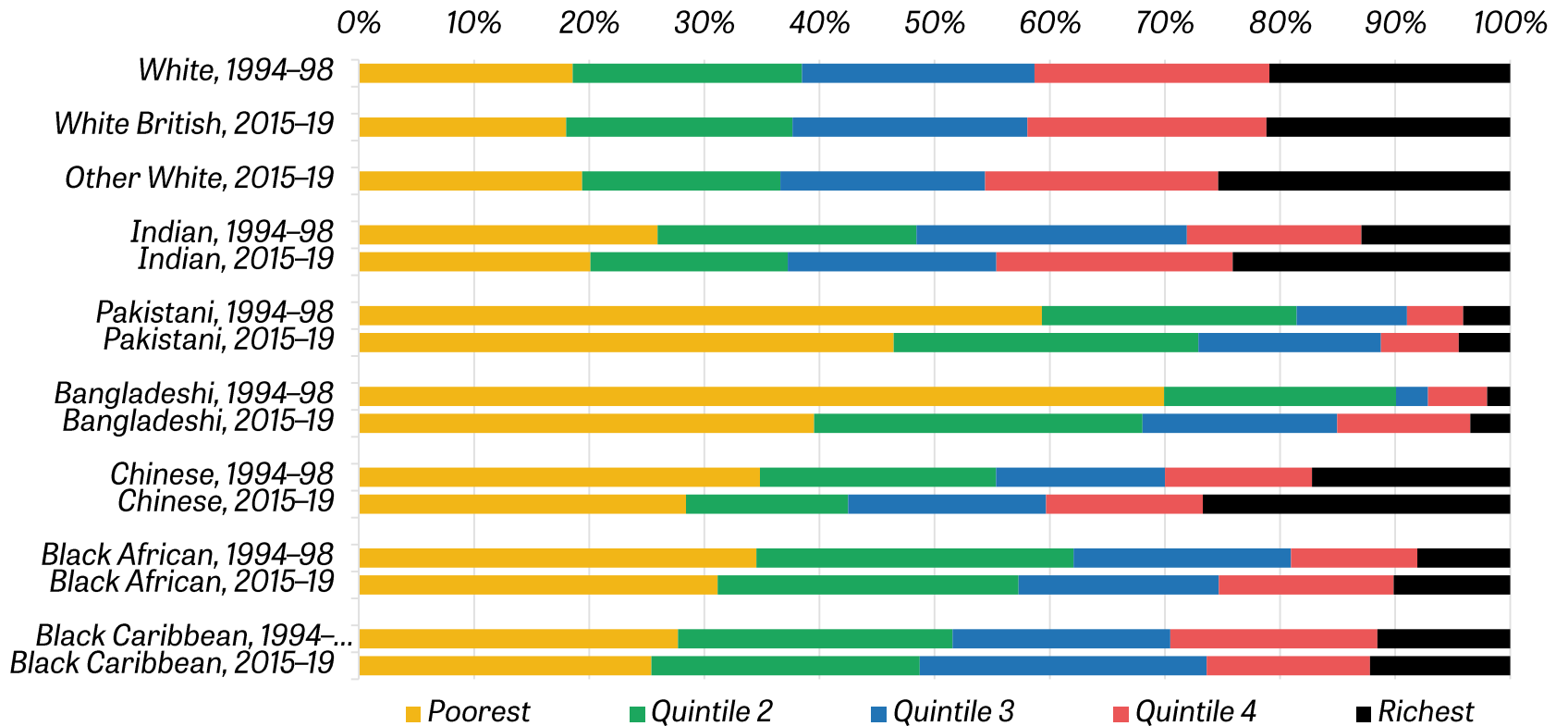
Source: Figure 45, 'Race and ethnicity', Mirza et al (2022).

Pay inequality then shapes differences in living standards

Indian income distribution has shifted a lot, but relative Black incomes look pretty similar to in the 1990s



Quintiles of net household income in England and Wales before housing costs by ethnic group of household head



Source: Figure 49, 'Race and ethnicity', Mirza et al (2022).

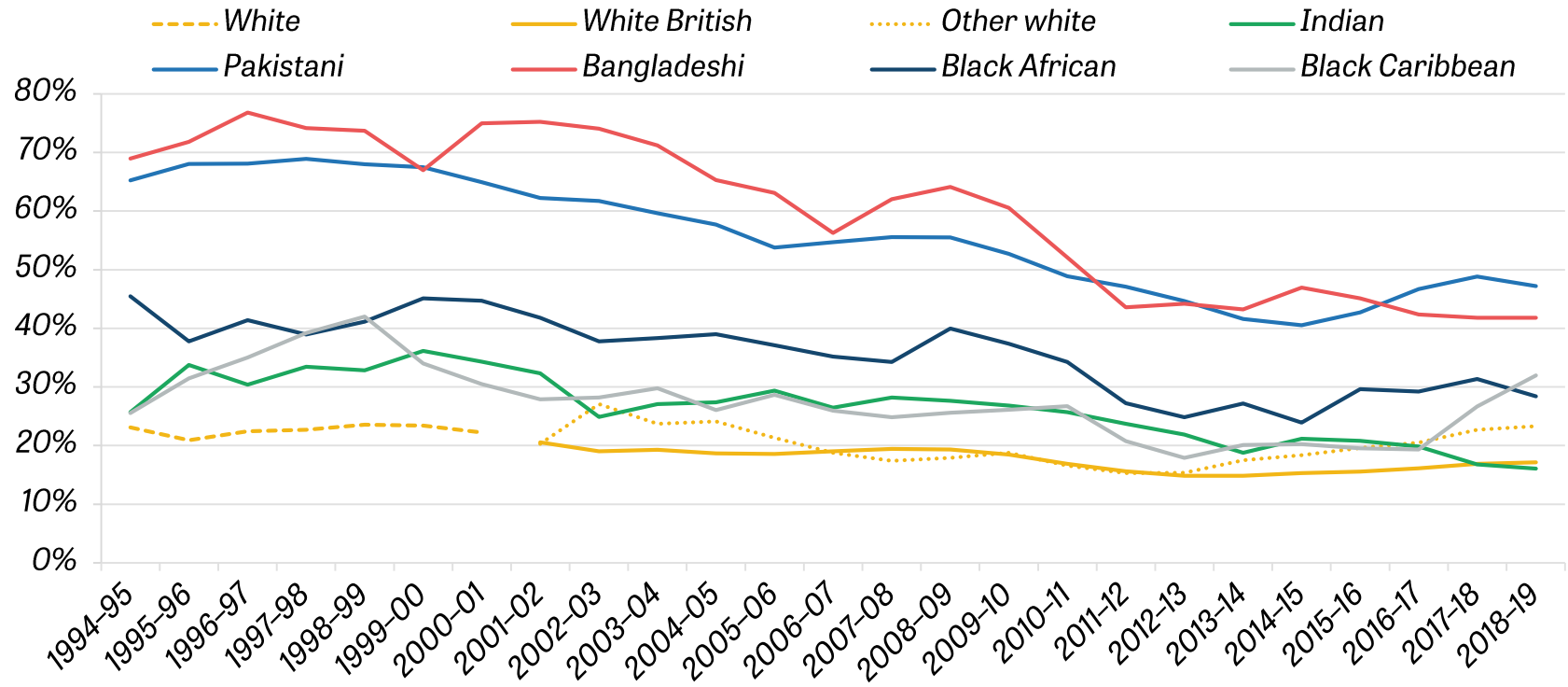
Poverty rates remain especially high among children

Though they have come down a lot since the 1990s for the worst-affected groups, the gaps in poverty rates are very large – and even larger after housing costs



Before housing cost poverty rates in England and Wales by ethnic group

Children



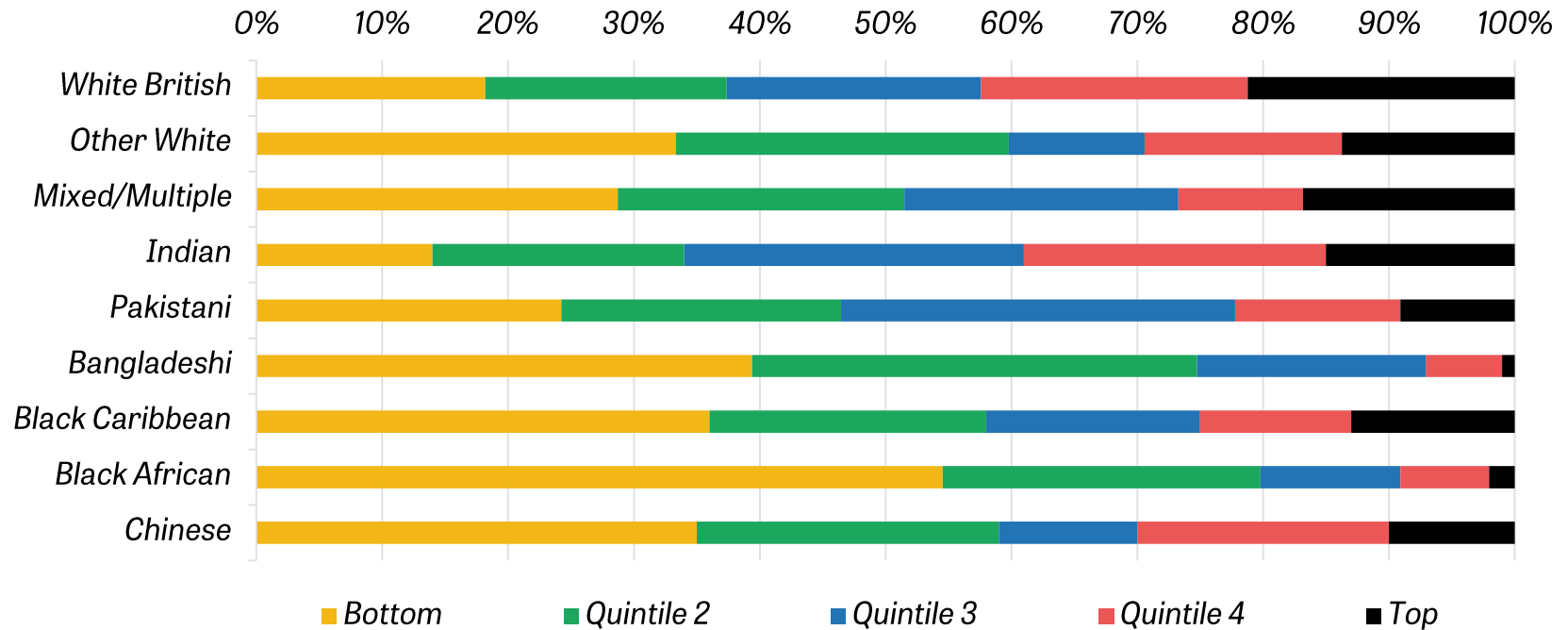
Source: Figure 55, 'Race and ethnicity', Mirza et al (2022).

Wealth is likely to be especially sticky

All ethnic minority groups are underrepresented at the top, and the median Black households has zero net housing wealth. Intergenerational accumulation, local housing costs, and pension access/participation appear differentially important across groups.



Distribution across wealth quintiles by ethnic group of household head in Great Britain, 2016–18



Source: Figure 56, 'Race and ethnicity', Mirza et al (2022).

Key takeaways

Conclusions: Main points to take away



• THE DANGER OF A SINGLE STORY

- Histories and routes into Britain are varied complex and characterised by continuity and change, with some doing well while others struggle.
- With such diversity, collective terms like BAME are unhelpful and potentially misleading

• THE BEST OF TIMES

- Education is key to inter-generational social mobility, especially for some (e.g. Bangladeshi girls); and many are doing very well in education. However, success is uneven across groups.
- In addition, while educational success is central to labour market achievement, qualifications are not equally rewarded and gaps in employment, wages and professional advancement remain

THE WORST OF TIMES

- There are shocking levels of poverty for some groups, particularly Bangladeshi and Pakistani families. Caribbean men are not thriving economically and have average zero housing wealth.
- Multiple disadvantages were amplified during COVID as was vulnerability in terms of health

• THE IRRESISTIBLE RISE OF MULTIRACIAL BRITAIN

- Younger ethnic minority populations are a crucial part of the economic future of demographically ageing society. Yet opportunities cannot be realised if racial discrimination and entrenched labour market inequalities persist
- If future generations are to achieve their potential, targeted anti-poverty policies and political and professional representation are necessary.

Thank you!