



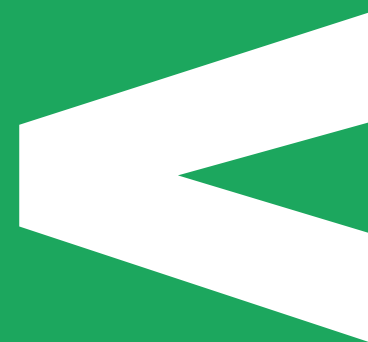
Racial and Ethnic Inequalities

Imran Rasul, UCL and IFS

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by the Nuffield Foundation

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Inequality

The IFS Deaton Review

The Current Economic Climate



- **We publish this report just as the economy appears on the cusp of a major downturn**
- **Rising unemployment and interest rates, sustained higher energy prices**
 - Autumn statement: tax rates/thresholds, investment into public services
- **Report makes clear such changes in the economic environment could impact inequality across racial/ethnic groups**
 - convergence in employment rates among men could be halted/reversed
 - already see higher unemployment rates for:
 - men: Pakistani, Bangladeshi, Black African, Black Caribbean
 - women: Black African, Black Caribbean
 - convergence in poverty rates (although remaining very wide) could also be halted/reversed
 - home ownership [higher rates among Indian (70%) than White British (68%), Pakistani (58%)]
 - lower for Black Caribbean and Black African (40%, 20%)

We Have Been Here Before

Last economic recession was caused by the Covid-19 pandemic

Revealed Stark Inequalities Across Groups



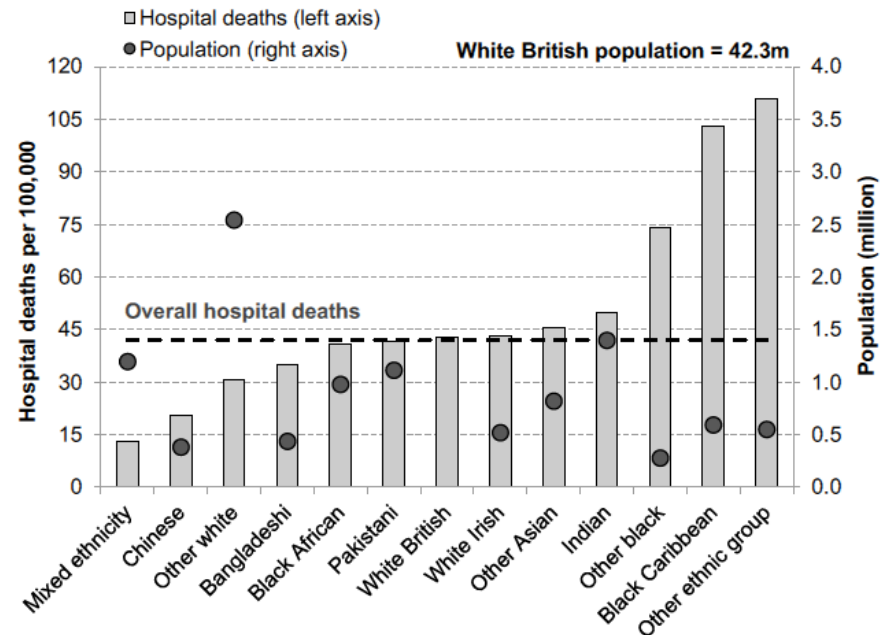
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- Work conducted during the pandemic (since updated) revealed large differences in COVID mortality rates across groups [Platt and Warwick 2020]

- Not easily explained by age, geography (push in opposite directions)
- Accounting for them, mortality rates many times higher than expected

- Black African 4.1
- Pakistani 2.9
- Black Caribbean 2
- Indian 1.8

Total registered hospital deaths from COVID-19 per 100,000 in England by ethnic group



Note: In 9 per cent of cases, an ethnic group could not be identified; these are excluded. The 'other white' population includes the Gypsy and Irish Traveller group. The 'other ethnic group' includes the Arab group. Source: Authors' calculations using population data from 2011 ONS Census of England & Wales and NHS England COVID-19 hospital death figures by ethnicity as of 19 May 2020.

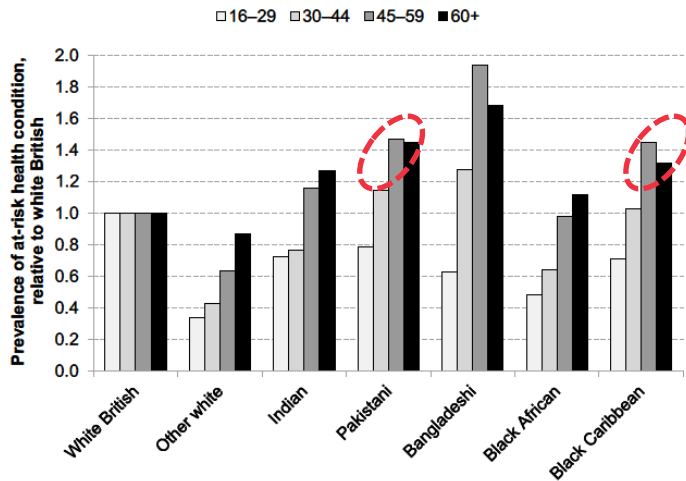
What the Pandemic Revealed

Inequalities in health and economic well-being pre-pandemic might play a role for how racial/ethnic groups are affected by twin health and economic crisis



- Underlying differences in pre-existing health conditions: diabetes, cardiovascular disease
- Concentration in key worker occupations in health and social care (Black African, Black Caribbean, Indian)
- Risks at home also varied across groups because of differences in household structures
 - South Asian groups having larger household sizes, higher number of residents per room
 - less likely to reside in single headed households

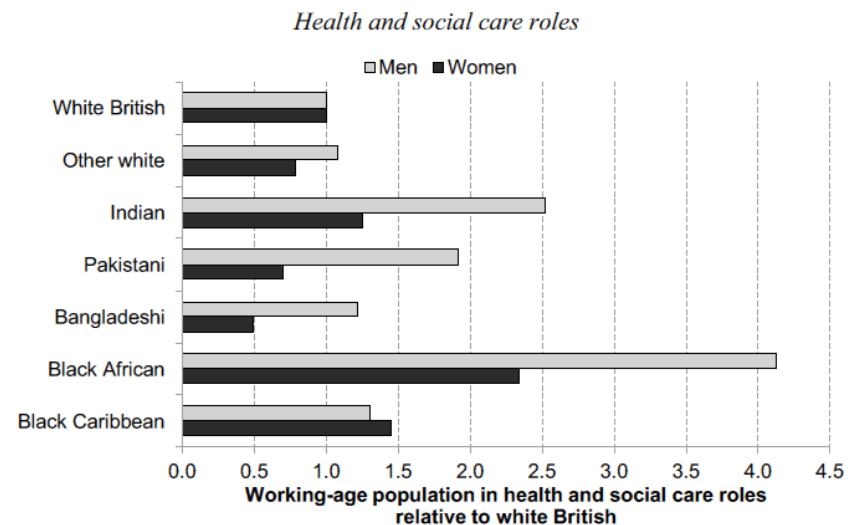
Rates of long-term health conditions comprising risks for COVID-19, by ethnic group and age in England and Wales, relative to white British



Note: Self-reported long-term health problems, where 'at risk' includes one or more of chest and breathing problems, heart, blood pressure or circulation problems, and diabetes.

Source: Quarterly Labour Force Survey, quarter 1 2016 to quarter 4 2019.

Share of key workers in each of seven ethnic groups relative to white British, by sex



What the Pandemic Revealed

- **Health vulnerabilities are compounded by economic vulnerabilities**
 - Greater reliance of families on a sole earner, greater number dependents
 - Concentration in occupations shutdown due to social distancing, or in self-employment
- **Low holdings of liquid financial assets**

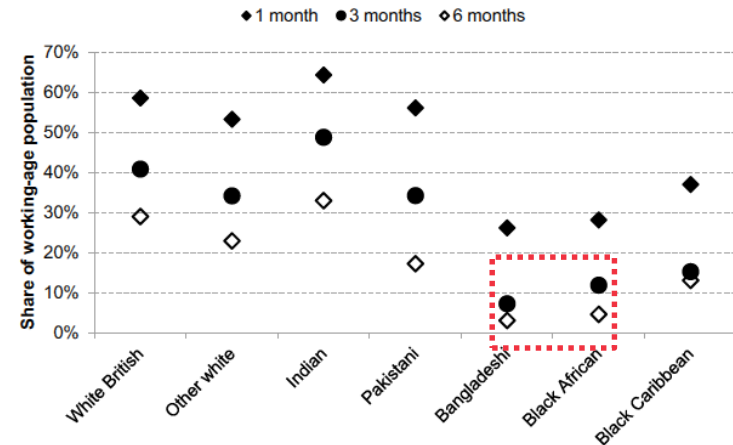
Share of working-age population in shut-down sectors in England and Wales, by ethnic group and sex



Note: Shares represent the percentage of the working-age population (aged 16–64) (excluding students) of each group in shut-down sectors.

Source: Quarterly Labour Force Survey, quarter 1 2016 to quarter 4 2019.

Months of household income that can be covered by liquid financial assets (savings accounts, current accounts, ISAs), by ethnic group



Note: Working-age individuals only (aged 20–64). Liquid financial assets are the sum of funds held in current accounts (net of overdraft), savings accounts and ISAs at the household level. Ethnic group is reported individually.

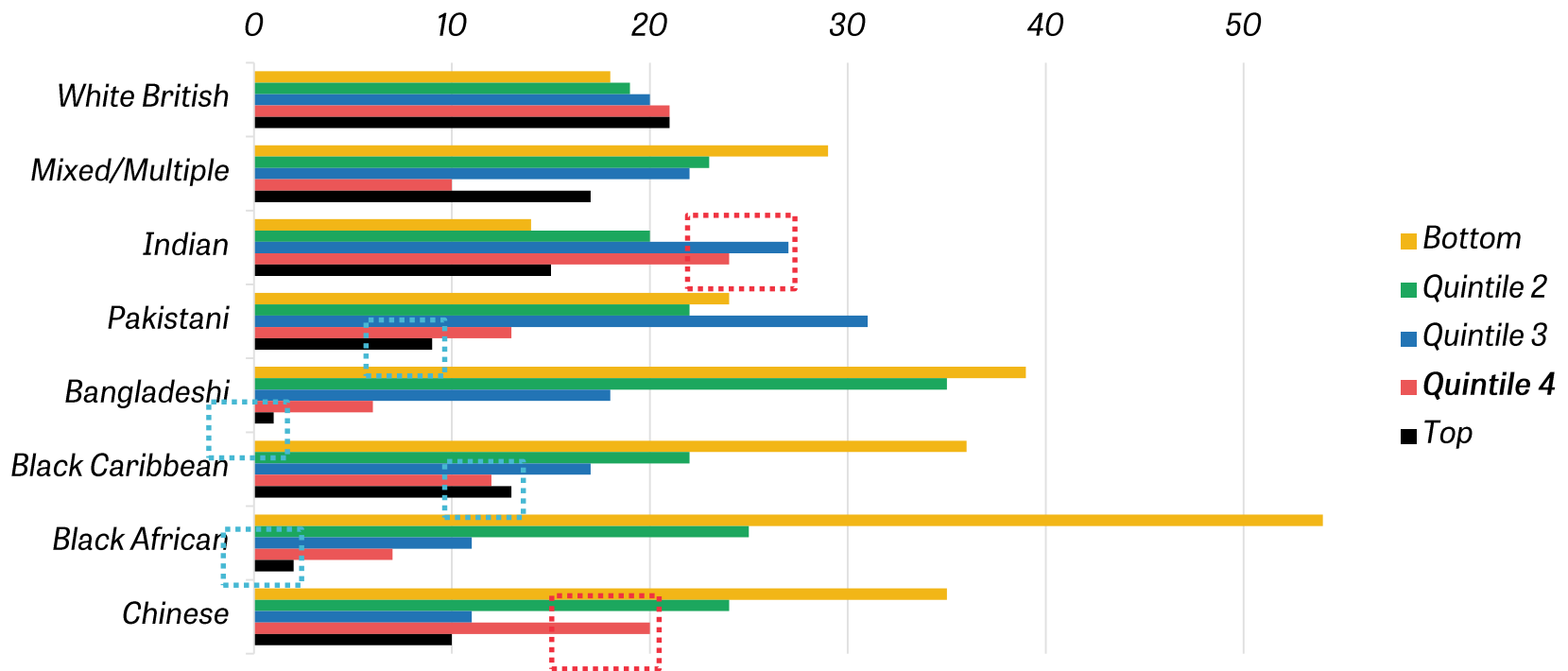
Source: Authors' calculations using the Wealth and Assets Survey wave 5 (2014–16).

Past, Present and Future

Long term drivers of persistent inequalities across groups captured in differences in wealth, that also determine social mobility

- All ethnic minority groups are under-represented in the top 20% of the wealth distribution

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



Wealth

Sources of wealth differ across groups



Housing wealth: median White British household has £115,000 in property wealth

median Black household has none

Pakistani and Indian households have median property wealth greater than White British

Other main source of wealth inequality comes from private pensions:

median holdings among White British (£80,000), twice that of any other group

Pakistanis, Bangladeshis, Black Africans and Chinese have median pension wealth \leq £5,000

Partly due to lower participation in private pension saving due to types of work individuals do:

high levels of self-employment among Bangladeshis and Pakistanis

- **Lack of wealth creates economic vulnerability for households in economic downturns**
- **But can also lead to an accumulation of disadvantage over life:**
 - **taking risks in educational choices**
 - **helping family members when they are faced with hard times at work (boomerang kids)**
 - **providing security in old age**
 - **wealth is sticky: intergenerational persistence of wealth inequalities and social immobility**

Future Agenda: Moving Beyond Description

What Explains Differences Across Groups?



- **No one single explanation: data repeatedly shows many subtle variations in some outcomes between groups that look similar on some dimensions (e.g. skin colour, geography, age)**
 - **Differing historical patterns of migration to UK, skills (occupational downgrading)**
 - **Plan to explore this using an array of new data sources including:**
 - **Household data:**
 - **Family behaviours at key stages of childhood development**
 - **WAS, FRS, LFS, UKHL on wealth gaps and wealth transfers**
 - **Administrative data:**
 - **linked ASHE-census, UKHLS-ONSLs: entry into jobs, career progression**
 - **LEO: school-HE-work**
 - **Linked education-crime**
 - **Primary data collection:**
 - **Audit studies of firms: discrimination in hiring vs differences in career progression**
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Future Agenda: Moving Beyond Description

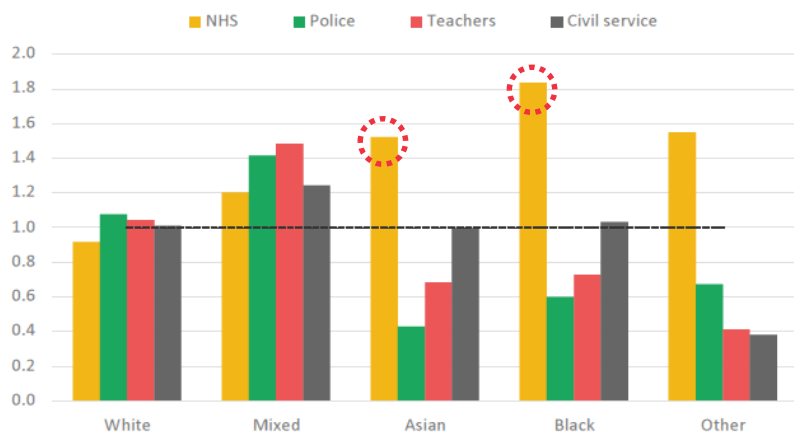
Rapid pace of change on some dimensions



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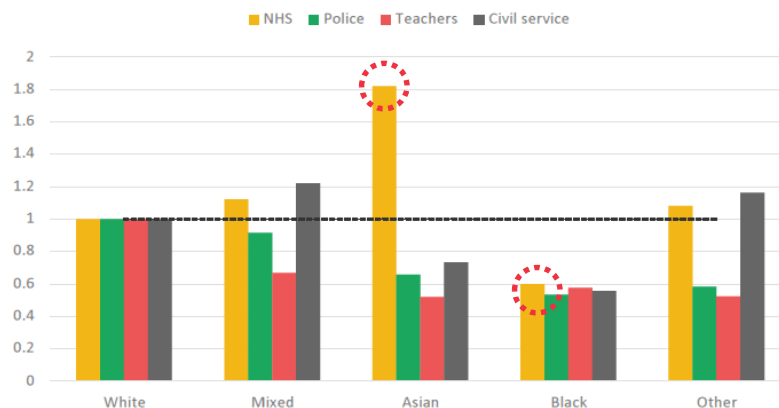
- **Education: 15 years ago, Bangladeshi pupils were 10 percentage points less likely than White British to obtain good Maths and English GCSEs. They are now 5 percentage points more likely to do so.**
 - **overcoming ‘FSM penalty’ and despite strong flows into university education, not reaching highest tier universities, achievement gaps at university → university policies**
 - **a generational divide in educational and work experiences between parents and their children: limited advice on university education (where and what to study), job opportunities?**
- **steady convergence in employment rates among men across groups: hiding different nature of work that groups are exposed to: access to good jobs/career progression, reliance on self-employment, PT work**
 - **skills, search and matching in the labour market, within firm hierarchies → firm policies**

Figure 67. Ethnic minority representation in selected sectors and institutions, relative to working age population



Note: For all series except police, Chinese ethnicity is included in Asian; for police officers, those of Chinese ethnicity are grouped under “Other including Chinese”. Police includes total police workforce of England and Wales on FTE basis in 2019, including

Figure 68. Share of each ethnic group in ‘senior roles’ among employees in selected sectors and institutions, relative to White



Note: Senior positions defined as: Senior Doctor and other Senior Roles for NHS; Chief Officer, Chief Superintendent, Superintendent, Chief Inspector, Inspector or Sergeant for Police; Heads and Deputies and assistants for Teachers; and Grade 7 and above for Civil Service. Ethnic groups, time periods and geographical coverage are as in Figure 67.

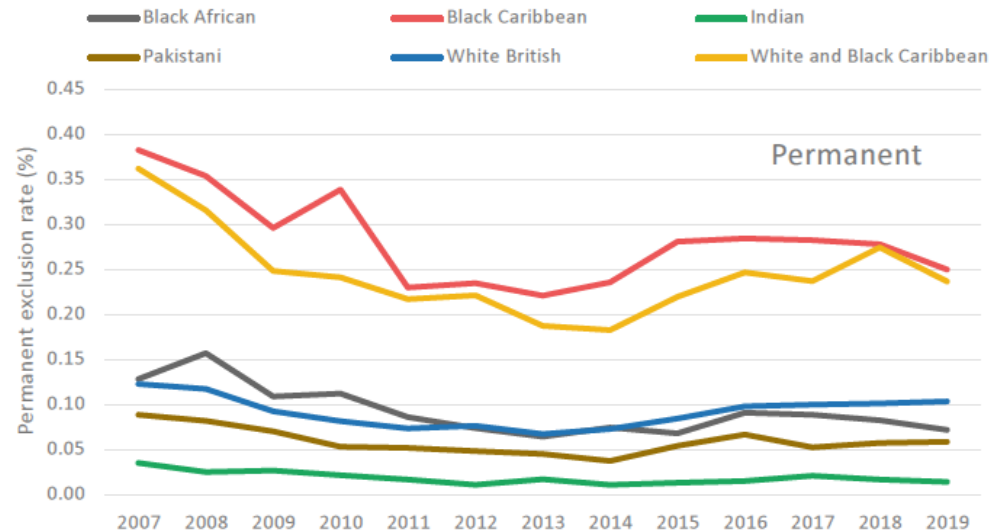
Source: see Figure 67.

Future Agenda: Moving Beyond Description

Persistent inequalities on other dimensions, affecting second/later generations (not a matter of assimilation)

- **Women's labour force participation rates: Bangladeshi and Pakistani women of working age are more than 30 percentage points less likely to be active in the labour market than White British women**
- **School exclusion:**

Figure 27. Exclusion rates in English state schools



- **Why are these so rigid against despite changing labour market conditions, educational policies/resources?**
- **points to investigation of more fixed factors: e.g. (lack of) role models, norms, stereotypes**

Future Agenda: Moving Beyond Description

The emergence of new dimensions

- UK becoming increasingly diverse: other white, mixed race families – variation within mixed A-B because of mother-father combinations (29th Nov for 2021 census data)
- Changing notions of identity: ethnic background, work, family, gender...
- Especially given any divergences in wealth within groups



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Figure 3. Relative importance of characteristics to person's sense of who they are, deviations from White British individual response on a four-point scale



Note: Figure shows relative importance of 7 potential sources of identity for individuals, by ethnicity. These are calculated from a scale of 1 to 4 as follows. First, individual responses are demeaned across the 7 domains. These demeaned responses are then averaged within each ethnic group, before subtracting the white British mean to construct the measures shown in the graph. Positive numbers show relatively greater importance, with the 7 domains summing to zero for each ethnic group.

Source: Understanding Society Wave 8.



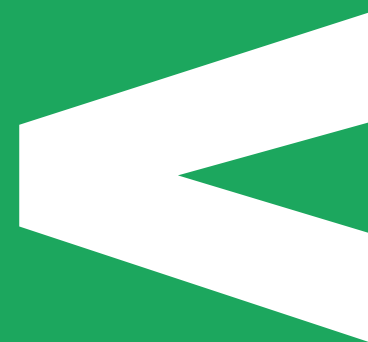
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