



Poverty

Khan points out that inequality has risen up the public and policy agenda and that while there is some dispute about how far inequality has risen or fallen in the past decade in Britain there is increasing recognition that inequality has significant economic, social and political costs.ⁱ There are definite patterns of disadvantage for people from minority ethnic backgrounds which need to be acknowledged and tackled. For instance, poverty is higher among all black and minority ethnic groups than among the majority white population. Men and women from some ethnic groups are paid less on average than those from other groups who have similar qualifications, experience and so on.ⁱⁱ “*Black and minority ethnic (BAME)*” households in the UK are over twice as likely to live in poverty as their white counterparts, leaving them disproportionately exposed to job losses and pay cuts caused by the coronavirus pandemic.ⁱⁱⁱ Child poverty rates for England were 33%, Wales 31% and Northern Ireland 29%. The poverty line is set at 60% of the median UK income, which equates to £325 a week for a single parent with two children, £439 a week for a couple with two children, and £239 a week for a pensioner couple.^{iv}

A study by the Department for Work and Pensions in 2009 demonstrated that discrimination is evident in recruitment.^v However, research carried out by the Equal Opportunities Commission’s Moving on Up investigation had also earlier highlighted the “*key part played by workplace culture*” in affecting the role and experience of work for people from different backgrounds.^{vi} More recently, the Department for Work and Pensions’ Ethnic Minority Advisory Group has also been examining the role of employers and the potential for policies in public procurement to affect behaviour. The research, conducted by Hudson and Radu, examined the “*behaviour and practices*” of employers, but indicated that this is only one part of the picture, identifying “*several stages*” at which ethnicity can be a “*major, and disadvantaging, factor*”, recruitment, promotion, training and retention. The report points out that “*workplace culture*” is important in shaping outcomes around all of these stages.^{vii}

The most recent annual report by the Social Metrics Commission indicates that nearly half of Black African Caribbean households live in poverty, compared with

just under one in five white families, while “*BAME*” families as a whole are between two and three times as likely to be in “*persistent poverty*” than white households.^{viii} The report indicates that all people in poverty, particularly those classed as in “*deep poverty*”, meaning they “*lived at least 50% below the breadline*”, had been “*far more likely to suffer reduced incomes*” since lockdown, increasing the risk that the pandemic would drive a “*significant*” increase in the incidence and severity of poverty.^{ix}

It is indicated that 14.4 million people in the UK were living in poverty in 2018-19, an increase of 100,000 over the previous year, of which 4.5 million were children. About 4.5 million people, some 7% of the population, were in “*deep poverty*”, and 7.1 million people (11%) were in “*persistent poverty*”, meaning they had “*lived below the breadline*” for at least two of the last three years.

The commission’s chair, Conservative peer Philippa Stroud stated that:

“With the economic and social impacts of the coronavirus likely to last long after the health crisis is over, these results show how far we have to go to improve the lives of the most disadvantaged in society”.^{xi}

She asserted that “*more work was urgently needed*” to understand why “*BAME households*” were disproportionately likely to live in poverty, and what solutions would “*drive improvements*”, from “*skills and work opportunities to housing*”. She asserted that we should be looking to “*level up for the BAME community*”.^{xii}

The commission indicated that “*BAME households*” were more likely to be in “*deep poverty*” than white families, with around one in 10 adults from a Black British, Pakistani, Bangladeshi or mixed background being unemployed, compared with one in 25 white British people. In this context, they are more likely to suffer “*heightened financial exposure*” to the pandemic.

The Commission found that 19% of people in families where the head of the household was white lived in poverty in 2018-19. This compared with 32% of mixed ethnicity families, 39% of Asian/Asian British families, 42% of families classified as “*other ethnic*” and 46% for Black/African/Caribbean/Black British.^{xiii}

Zubaida Haque, interim director of race equality think tank the Runnymede Trust, said “*Covid-19 had disproportionately hit BAME families*” both in health terms and income. She pointed out that she agreed with Baroness Stroud that we should “*level up*”, which means “*short-term increases*” to universal credit and child benefit to lift people out of poverty and in-work poverty, and “*long-term solutions*” around “*affordable housing and skills*”.^{xiv}

A survey of 80,000 adults carried out by the commission between 25 March and 18 May found that 65% of those people in “*deep poverty*” prior to the crisis “*had suffered reduced earnings, job losses or furlough*”. This compared with 35% of those living in families with incomes more than 20% above the poverty line.^{xv} The report concluded that these “*impacts on those already in poverty and just above the poverty line*” threaten to increase the number of people in poverty and “*deepen poverty for those already experiencing it*”.^{xvi} Half of all people in poverty lived in a family that included a disabled person. The “*rise of in-work poverty*” meant 68% of working-age adults (5.6 million people) were in families where at least one person worked part time. Just over one in 10 pensioners were in poverty.^{xvii}

Helen Barnard, acting director of the Joseph Rowntree Foundation and a member of the commission, stated that:

“For a society that values compassion and justice, news that the proportion of people locked in deep poverty has increased over the last 20 years must act as wake-up call. That the pandemic has also hit those living in deep poverty hardest only sharpens the need for urgent action.”^{xviii}

Sam Royston, director of policy and research at the Children’s Society, said:

“These new figures –which show that nearly a third of people in poverty are living on less than half what they would need simply to get above the poverty line, should appall us all”.^{xix}

In general data from the Labour Force Survey since at least the 1980s (and before that surveys testing for discrimination) have found significant ethnic inequalities in the labour market. These inequalities have persisted and remain for every ethnic minority group. When we look at gender, the variance in racial inequalities becomes even more notable. ethnic minority women have very high *unemployment* rates. This means that when they are seeking work, ethnic minority women are almost five times more likely to be unemployed, with Bangladeshi, Gypsy-Traveller and Arab women rates of 19%.

The 2012 All Party Parliamentary Group on Race and Community report on Ethnic minority female unemployment found that discrimination and stereotypes were a key reason for this higher rate of unemployment.

<https://www.runnymedetrust.org/projects-and-publications/parliament/appg-2/appg-inquiry.html>

Black and minority ethnic men also have much higher unemployment rates than white British men. Unemployment is damaging in the short term where people's income falls below the poverty line, and where they cannot provide for their families. But it is even more damaging when it is long term, with evidence of 'scarring effects' that last throughout an individual's working life.

For many ethnic minorities, unemployment appears to be a greater risk even when they have what are otherwise viewed as 'protective' characteristics (i.e. characteristics that reduce the likelihood of being unemployed). For example, Lucinda Platt, using Understanding Society data has found that black men who are employed in one year, are much more likely to be unemployed the following year compared to white British men. Runnymede Trust research has similar found that even among Russell Group, graduates with otherwise similar qualifications, black people in particular are more likely to be unemployed 2.5 years after completing their degree (When Education Isn't Enough, 2014).

Perhaps unsurprisingly then, BME workers are more likely to be in low-paid work, and to be living in poverty. Around 18% of Bangladeshi workers are paid *below* the National Minimum Wage, compared to only 3% of White workers (and 11% of Pakistani and Chinese workers, and 5% of Black African and Indian workers) (Peters, 2015). This is partly because they are a younger population (workers under 25 are paid a lower minimum wage), and partly because they are more likely to work in the 'grey' economy, such that their employers may be illegally paying them below the minimum wage.

All BME groups are more likely to be in the lowest paid work, and the higher rates of child poverty (rising to over half for Pakistani children) are particularly striking. This is due to lower wages, higher unemployment rates, higher rates of part-time working, higher housing costs in England's large cities (especially London), slightly larger household size, and the relatively low levels of benefit paid, particularly following the application of the 'benefit cap'. Child poverty is not only bad for children in terms of their experience at school and relationships with parents and wider family, but it provides people with a disadvantaged start in life. The government's prior decision to remove child poverty targets, to change the definition of child poverty to downgrade income and to measure divorce, alcohol abuse and educational attainment, results in the perverse conclusion that because Bangladeshi children are doing better in school, and their parents are less likely to drink or divorce, those children are suddenly less likely to be poor. This is what happens when policymakers don't understand or respond to data on racial inequalities.

Recent research from the Resolution Foundation suggests inequalities among graduates are not much better than those among non-graduates, or that racial inequalities cannot be wholly explained by socioeconomic disadvantage or class. The largest gaps were among Black and Pakistani/Bangladeshi men, and remained for most groups even when accounting for ‘compositional factors’ – e.g. that some ethnic groups are younger or work part-time.

The Equality and Human Rights Commission report very similar findings in its report on ethnic pay gaps. Over the period of 2002-2014 it found larger pay gaps for migrants than for UK-born ethnic minorities, and for men compared to women. When considering median hourly the authors summarized: ‘Broadly speaking, in the period 1993 –2014 there has been very little narrowing of ethnic pay gaps and for some groups they have actually increased, particularly among men’ (page 8-9).

Another important finding over the years is that while migrants experience significant labour market disadvantage, their UK-born children do not always experience the expected gains. Migrants might be ‘expected’ to do worse in the labour market, to the extent that they have un- or under-recognized overseas qualification, are less connected to social networks, and are more likely to speak English as a second language (or with an accent). Such factors do not apply to British-born ethnic minorities, but previous research has found that UK-born ethnic minority men are more likely to be unemployed than their overseas-born fathers (Heath and Cheung, 2006), that despite being ‘positively selected’ migrants have ‘experienced notable *déculassement* in the British labour market, leaving their children in a disadvantaged starting position’ (Li, 2017), and that even recent Russell Group BME graduates have higher risk of being unemployed than their white British counterparts (Lessard-Phillips, 2015).

The issue of child poverty in the UK is a growing issue of concern and affects more than 4 million children. It has been pointed out that growing up in poverty can have negative consequences for children's well-being and future life prospects, such as employment and earning opportunities.^{xx} Young adults who suffer financial hardship as children have significantly greater than average chances of earning lower wages, being unemployed, spending time in prison (men) or becoming a lone parent (women).^{xxi} In this respect, there is a clear pathway from childhood poverty to reduced employment opportunities, with earning estimated to be reduced by between 15% and 28%, and the probability of being in employment at age 34 years reduced by between 4% and 7%.^{xxii}

Child poverty significantly impacts “*Black Asian and Ethnic Minority Populations (BAME)*”^{xxiii}

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- i Omar Khan (2019): Economic Inequality and Racial Inequalities in the UK: Current Evidence and the Possible Effects of Systemic Economic Change. Available online <<https://www.friendsprovidentfoundation.org/wp-content/uploads/2019/01/Runnymede-report.pdf> Accessed October 26, 2020>
- ii Helen Barnard and Claire Turner (2011): Poverty and Ethnicity: A Review of The Evidence. Joseph Roundtree Foundation. Available online <<https://www.jrf.org.uk/report/poverty-and-ethnicity-review-evidence> Accessed October 26, 2020>
- iii Patrick Butler (2020): "Nearly half of BAME UK households are living in poverty" In The Guardian, Wed 1 July. Available online <<https://www.theguardian.com/society/2020/jul/01/nearly-half-of-bame-uk-households-are-living-in-poverty> Accessed October 18, 2020>
- iv Ibid.
- v M. Wood, M., Hales, and J., Purdon et. Al (2009): A test of racial discrimination in recruitment practice in British cities. DWP Report No. 607. TSO, Norwich
- vi EOC (2007): Moving On Up? The way forward: report of the EOC's investigation into Bangladeshi, Pakistani and Black Caribbean women and work. Manchester: EOC
- vii M. Hudson and D. Radu (2011): The role of employer attitudes and behaviour. JRF, York
- viii Phillipa Stroud (2020): Measuring Poverty 2020: A Report of the Social Metrics Commission. Social Metrics Commission. Available online <<https://socialmetricscommission.org.uk/wp-content/uploads/2020/06/Measuring-Poverty-2020-Web.pdf> Accessed October 27, 2020>; Patrick Butler (2020) supra
- ix Ibid.
- x
- xi Ibid.
- xii Ibid.
- xiii Ibid.
- xiv Patrick Butler (2020) supra
- xv Phillipa Stroud (2020); Patrick Butler (2020) supra
- xvi Ibid.
- xvii Ibid.
- xviii Ibid.
- xix Ibid.
- xx Office for National Statistics (2020): Child poverty and education outcomes by ethnicity. Office for National Statistics website, 25 February. Available online <<https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/compendium/economicreview/february2020/childpovertyandeducationoutcomesbyethnicity> Accessed 23 October 2020>
- xxi Paul Gregg, Susan Harkness and Stephen Machin (1999): "Poor Kids: Trends in Child Poverty in Britain: 1968-96" In Fiscal Studies, Vol. 20 (2). Available online <<https://core.ac.uk/download/pdf/7107736.pdf> Accessed October 26, 2020>
- xxii Jo Blanden, Kirsten Hansen and Stephen Machin (2010): "The Economic Cost of Growing Up Poor: Estimating the GDP Loss Associated With Child Poverty. In Fiscal Studies, 22 October. Available online <<https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1475-5890.2010.00116.x> Accessed October 26, 2020>
- xxiii Guy Palmer and Peter Kenway (2007): Poverty Among Ethnic Groups: How and Why Does it Differ. Jnew Policy Institute (NPI). Available online <<https://www.npi.org.uk/publications/income-and-poverty/poverty-among-ethnic-groups-how-and-why-does-it-differ/> Accessed October 26, 2020>; Steve Garner and Gargi Bhattacharyya (2011): Poverty Ethnicity and Place. Joseph Roundtree Foundation. Available online <<https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/poverty-ethnicity-place-full.pdf> Accessed October 26, 2020>; Helen Barnard and Claire Turner (2011) supra.; Omar Khan (2019) supra.

■ For all ethnic groups, the income poverty rate appears to have fallen at a roughly similar pace over the last decade.

- For all ages, family types and family work statuses, people from minority ethnic groups are, on average, much more likely to be in income poverty than white British people.
- The differences are particularly great for families where at least one adult is in paid work: in these families, around 60% of Bangladeshis, 40% of Pakistanis and 30% of black Africans are in income poverty. This is much higher than the 10-15% for white British, white Other, Indians and black Caribbean.
- For white British people, income poverty rates are similar across the country. For people from minority ethnic groups, however, income poverty rates are much higher in inner London and the English North and Midlands than elsewhere.
- 70% of those in income poverty in inner London are from minority ethnic groups, as are 50% in outer London.
- Differences in age, family type and family work status account for around half – but only half – of the ‘excess’ income poverty rates suffered by minority ethnic groups compared with white British people.
- Of the three factors, family work status has the biggest effect for the Bangladeshi and Pakistani population. This is because of the high proportion of working-age Bangladeshis and Pakistanis, particularly women, who are not in paid work.
- Family type has the biggest effect for the black Caribbean population, with both family type and work status having an effect for the black African population. In both cases, the prevalence of lone parents within these ethnic groups is an important factor.