



Performance and Innovation Unit

Improving labour market achievements for ethnic minorities in British society

Scoping Note

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EXECUTIVE SUMMARY

The Prime Minister has asked the Performance and Innovation Unit (PIU) to undertake a new project to draw together a clearer shared understanding across Government of the current position and prospects of ethnic minority groups and to make recommendations about future policies. The project will have a particular focus on labour market issues.

Scoping Note

1. The PIU project team will begin the study in September 2001. This scoping note *sets a context for the project* and highlights some of the issues that the study could usefully include. It will be the remit of the project to develop the analysis and decide on the specific focus of the study.

Ethnic Minorities

2. Ethnicity refers to cultural heritage (thus the term ethnic minorities can also be used to include White 'ethnic' minority groups in Britain, such as the Irish or people from other European countries). However, the systematic historical and continuing patterns of disadvantage for Black and Asian groups singles them out for special consideration.¹ Data show that while there **is much variation within and between different ethnic groups**, overall, people from minority ethnic communities are more likely than others to live in deprived areas and in unpopular and overcrowded housing. They are more likely to be poor and to be unemployed, regardless of their age, sex, qualifications and place of residence. Pakistani, Bangladeshi and Black-Caribbean people are more likely to report suffering ill-health than White people do.²
3. Whilst this scoping note gives an overview of the position of ethnic minorities in various areas including education, employment, health, housing, neighbourhood renewal and crime; **the project itself will focus directly on the position of ethnic minorities in the labour market and their educational qualifications**. This is because labour market position is seen as having a significant causal relationship with many of the issues raised above.
4. The main focus of the project will be on Black and Asian ethnic minority groups. This scoping note therefore concentrates on these groups, even though the project may include the White Irish wherever this is possible, for comparative purposes. The project will also include individuals of mixed ethnic origin.

What is the issue?

5. The proportion of ethnic minorities in the population of Great Britain has risen from under 1% in 1950 to 7.1% in 2000. Ethnic minority and mixed origin groups are projected to account for more than half of the growth in the working age population over the next ten years. But:
 - It is extremely well documented that in broad terms, ethnic minority groups in Britain such as Black Caribbeans, Pakistanis and Bangladeshis, are **disadvantaged in the labour market**.³ Evidence illustrates that they have

¹ First highlighted in, *Racial disadvantage in Britain: the PEP report*, by David Smith, 1968.

² *Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal*, Social Exclusion Unit, 2000.

³ A wealth of literature show these findings. (See Heath 1999a, Owen 2000).

inferior chances of reaching professional and managerial jobs, and that they are more likely than their White counterparts to experience unemployment;

- Yet there is also an increasing trend towards **diversity of experience both *within* and *between* ethnic minority groups**. Some people, notably within Indian and Chinese groups, are doing very well by most criteria (although evidence suggests that they still face barriers in reaching the upper echelons of organisations and tend to be concentrated in certain sectors);
- There are also clear gender differences in educational and labour market outcomes *within* ethnic minority groups.

6. There are concerns that:

- Whilst there is a wealth of literature and evidence documenting disadvantages faced by some members of ethnic minority groups, and the new trend towards diversity of experience, there is *no clear shared understanding* of reasons for the trends;
- Few policies are sufficiently fine-grained to deal with an ever more complex pattern of ethnic differences, and associated gender and class differences;
- Policies may not be joined together in a coherent Whitehall strategy on equality issues;
- Policies aimed at overcoming ethnic minority disadvantages are not consistently assessed for their impact. There is little evidence of assessment of the kinds of policies that have worked and why.

What are the objectives of the project?

7. The project's objective is to **increase the participation and achievement of ethnic minorities in the labour market** through:

- A better and shared understanding** of what the current differentials are between and within ethnic groups and what causes these differentials - drawing together existing research;
- An assessment of the effectiveness of different approaches** for increasing the achievement of ethnic groups – examining the impact of existing action by Government, private and voluntary sectors;
- Clear policy recommendations** for building on existing work and adopting new approaches to address the causes of the differentials in labour market achievement;
- To help develop a fresh intellectual and policy approach** to the issue of ethnic minority differential performance in the labour market.

8. To achieve these outcomes the project will need to examine a range of issues including:

- The individual and cultural factors that contribute to achievement in the labour market e.g. qualifications, geographical location, social class (controls for social class may reveal elements of convergence – or at least narrowing – in comparisons between different ethnic groups). These may have implications for disadvantaged members of the population generally, whether from ethnic minorities or other groups;

- The role of employers (public and private) in shaping labour market achievement;
 - The impact of existing public services – in particular education (this will be examined both in terms of participation and achievement in education as well as how skills match with local job opportunities);
 - The role of private services e.g. banks and financial institutions;
 - The impact of discrimination;
 - The effect of economic conditions and working patterns, including self employment and business formation;
 - Regeneration in urban areas;
 - The role of demand and supply side factors in the labour market in affecting the experiences of different ethnic minorities;
 - The role that policy mainstreaming can play in improving the labour market achievements of ethnic minorities in Britain.
9. Consideration of these issues will need to take account of the historic context of how policies have developed overtime. The project will also need to take account of related issues including immigration, asylum and human rights, which, whilst not the central focus of the project, are linked.

Next Steps

10. The project will commence in September 2001, reporting findings and recommendations in Summer 2002.

MAIN SCOPING NOTE

Introduction

1. This note:
 - i. provides background material on the labour market, education and other experiences of the ethnic minority population in the UK;
 - ii. summarises existing Government initiatives concerning these issues, including how policies in this area have developed overtime; and
 - iii. sets out the objectives of the project and some of the key issues it may consider.
2. Further details of the work programme for the project are set out at **Annex A**. **Annex B** sets out more detailed analysis of past and future trends and **Annex C** sets out in more detail how policies have developed over time.

What are the current experiences of Britain's ethnic minority populations?

3. This section aims to illustrate the current experiences of ethnic minorities through a selection of the available data. The project will build on this, pulling together a wide range of existing research to provide a complete analysis.
4. Ethnic minorities make up 7.1% of the population of Great Britain, and account for 7.2% of all people of working age in 2000. Indians are the largest ethnic minority group, followed by Pakistanis and Black Caribbeans.⁴
5. The ethnic minority population has a much younger age structure than the White population. For example, approximately 11.5% of school pupils in England are from ethnic minority groups. Projections for the next decade show that the most rapid increases in the working age population will occur among the most youthful ethnic groups such as Black Caribbean, Bangladeshis, Pakistanis and Black Africans.⁵
6. **People from ethnic minorities remain highly geographically concentrated in the larger urban areas.** Indeed, we need to be aware that in some areas, Black and Asian groups are not in a minority but form a substantial part of the local population:
 - Greater London contains half of all people from ethnic minority groups;
 - London's ethnic minority population ranges from 5% to over 55% of the residents in individual boroughs;
 - A further eighth of Britain's ethnic minorities live in the West Midlands;
 - Greater Manchester and West Yorkshire also have high ethnic minority populations;

⁴ A. Scott; D. Pearce; and P. Goldblatt (forthcoming September 2001); 'The sizes and characteristics of the minority ethnic populations of Great Britain – latest estimates'; *Population Trends*, 105.

⁵ Owen, D et al, DfEE 2000.

- In total, 84% of the ethnic minority population of Britain live in these four areas.
- 70% of all people from ethnic minorities live in the 88 most deprived local authority districts, compared with 40% of the general population.

Education

7. Bangladeshi, Black and Pakistani pupils achieve less well than other pupils at all stages of compulsory education. There is evidence to suggest that Black Caribbean children have equal, if not higher, ability than White children on entrance to school. However, Black Caribbean boys in particular then go on to make the least progress through school.⁶
8. These differences in achievement in the early years of schooling are also reflected in GCSE attainment:

Table 1: Attainment of 5 or more GCSE grades A*-C in year 11, England and Wales

Percentage	1992	1994	1996	1998	2000
Male	33	37	40	42	44
Female	40	46	49	51	54
<i>Gender Gap: ? – ?</i>	<i>(7)</i>	<i>(9)</i>	<i>(9)</i>	<i>(9)</i>	<i>(10)</i>
White	37	43	45	47	50
Black	23	21	23	29	37
Indian	38	45	48	54	62
Pakistani	26	24	23	29	30
Bangladeshi	14	20	25	33	30
Chinese/Other Asian	46	50	61	61	70
Other	*	37	46	47	43
<i>Indian – Pakistani/Bangladeshi</i>	<i>(18)</i>	<i>(23)</i>	<i>(24)</i>	<i>(23)</i>	<i>(32)</i>
<i>Chinese/Other Asian – Indian</i>	<i>(8)</i>	<i>(5)</i>	<i>(13)</i>	<i>(7)</i>	<i>(8)</i>
Total	37	42	44	46	49

Source: Youth Cohort Study, DfEE. (2001)

9. Whilst within groups individual performance differs, the general trend in the proportion of young people from all ethnic groups gaining 5+ GCSEs A*-C has been upwards. However, we can still observe a **significant difference in the educational achievements of some ethnic minority groups** (Black – in YCS counted as Black African and Black Caribbean - Pakistani and Bangladeshi) compared with Whites and the ethnic high achievers (Indians and Chinese – who outperform their White counterparts).
10. Exclusions from school also demonstrate clear differences by ethnicity:

Table 2: Exclusion from school

Percentages	Black Caribbean	Pakistani	Bangladeshi	White	Indian
Exclusion from school	0.58%	0.10%	0.07%	0.15%	0.04%

Source: OFSTED. (1997)

Further Education

11. **Staying on in full-time education at age 16 is more common among ethnic minority groups** (over 85%) than White young people (67%). In contrast, a higher proportion of White 16 year olds are in full-time employment (10%) and Government

⁶ Tariq Modood's reference to a Birmingham local authority study, raised at the PIU social mobility seminar in March 2001.

supported training (12%) than their ethnic minority peers (3% and 4% respectively). These patterns, demonstrated in the Youth Cohort Studies, continue at age 18.

Table 3: Staying on education rates, Unemployment and gross early earnings

	Males			Females		
	% students ^a	Unemploym. rate ^b	Hourly earnings ^c	% students ^a	Unemploym. rate ^b	Hourly earnings ^c
White	15.2%	11.0%	5.48	14.9%	6.6%	3.91
Black Caribbean	11.5%	25.1%	4.48	15.6%	13.0%	4.21
Other Black	20.5%	28.7%	4.66	21.8%	22.1%	4.09
Indian	38.1%	14.2%	5.15	33.2%	12.9%	3.74
Pakistani/Bangladeshi	36.4%	31.0%	3.94	28.5%	31.4%	3.42
Chinese/Other Asian	45.7%	13.2%	6.10	47.3%	10.2%	4.55
Other	25.3%	19.5%	5.76	27.5%	14.4%	4.38
Non-White	28.0%	21.2%	4.95	26.4%	15.3%	4.04
Total	15.8%	11.5%	5.47	15.4%	7.0%	3.92

^a Base is **British-born** residents aged 18-24

^b Refers to working age population (16-64 males, 15-59 females)

^c Gross hourly earnings in Sept 1987 £, Labour Force Survey's data

Source: Quarterly Labour Force Survey, taken from LESLIE, D. and DRINKWATER, S. (1999)

12. Differences between ethnic groups are noticeable. For example, Black-Caribbean staying-on rates are somewhat lower than White staying-on rates, whereas those for Chinese are particularly high. There are also tremendous variations by gender. Whilst men and women have similar *overall* staying on rates, significant gender differences occur within ethnic minority groups. We see, for example, higher staying-on rates among Black or Chinese women, and lower rates for women from the Indian sub-continent.

Higher Education

13. Black undergraduate entrants are disproportionately likely to be mature students (over half of Black undergraduates are aged over 25 compared to just over a third of Whites). About 60% of Black African male and Black Caribbean female students start their degrees aged over 25. Reasons for these trends are not fully understood.
14. With the exception of Chinese and Asian Other students, a larger proportion of ethnic minority students are studying at the 'new' post 1992 universities, which mirrors a similar patterns to White working class students. However, analysis of admission rates suggests that even controlling for factors such as age, parental social class, appropriate entry qualifications and number of exam sittings, students from **some ethnic minority groups are less likely than White applicants to gain admission to the traditional universities.**⁷
15. **Ethnic minority first-degree graduates are less likely than White graduates to obtain an upper second or first class honours degree** (53% of White graduates obtain the higher classes of degree compared to only 37% of ethnic minority graduates). Given the high prior achievement of Chinese and Indian students, it is surprising that they underachieve in relation to Whites at this level.⁸

⁷ Owen, D et al, DfEE 2000.

⁸ Owen, D et al, DfEE 2000.

Employment

Table 4: Economic activity, Employment and ILO unemployment

Percentages	Males			Females		
	Economic activity ^a	Employment	ILO Unemploy.	Economic activity ^a	Employment	ILO Unemploy.
White	85	80	6.5	74	70	5.0
Non-White	76	65	14	56	49	12
Black-Caribbean	81	69	15	72	63	12
Black-African	77	65	16	59	49	17
Black-other	80	60	*	77	66	*
Indian	80	73	9	62	56	9
Pakistani	71	57	20	30	25	19
Bangladeshi	68	54	21	19	13	*
Chinese	62	57	*	62	56	*
Other	75	64	14	60	52	13
Total	84.7	78.8	6.9	72.5	68.5	5.4

^a 16-59/64 years old, either in work, or ILO unemployed (out of work, but looking for one and available to start work)

Source: Quarterly Labour Force Survey, taken from POLICY ACTIONTEAM. (1999)

16. Economic activity data (which include both the employed and jobseekers) illustrate that Whites are much more likely to participate in the labour market than are their Ethnic minority counterparts. (The only exception being 'Black Other' women, who are more economically active than White women.)
17. Employment is much lower for ethnic minorities than Whites. One noticeable trend is that we see much greater difference within women's employment across ethnicity than among men's. There is dramatic variation in female economic activity rates from less than a fifth (Bangladeshi women and, to some extent, Pakistani women) to almost four-fifths of the working-age population ('Black-other' women).

Table 5: Economic activity of women

Percentage of 16-59 women, not in FT education	White	Caribbean	Indian	African-Asian	Pakistani	Banglad'i	Chinese
Working full-time	37	50	38	45	15	6	47
Working part-time	27	16	15	19	5	1	24
Looking for work	6	16	8	6	8	8	2
Home or Family	27	13	36	26	70	81	2
Disabled/Retired	4	5	4	3	4	4	2

Source: Fourth National Survey on Ethnic Minorities, taken from MODOOD, BERTHOUD. (1997)

Unemployment

18. **Ethnic minority unemployment is more than double that of comparable White sub-populations.** Ethnic minorities suffer a worsening of unemployment rates relative to the white population during economic downturns, and also within regions with high unemployment. Male unemployment figures show some variation between ethnic groups (see table 6 below). Unemployment among Chinese, African-Asian, and Indian men is comparable to unemployment for White men. However, Caribbean, Pakistani and Bangladeshi men face a significantly higher unemployment rate. Unemployment relative to that of the white majority tends to be higher for ethnic minorities during economic downturns.
19. While female unemployment rates are generally lower than men's, a similar ethnic pattern occurs (although ethnic differences in unemployment rates for women are smaller than for men).

20. **Black Caribbean graduates are more than twice as likely to be unemployed as White graduates are.** One survey found that African men with degrees were seven times more likely to be unemployed than White male graduates are.

Table 6: Rate of unemployment, by highest British qualification

Percentage	Men				Women			
	White	Caribb.	Indian/ Afr-As	Pak'i/ Bang'i	White	Caribb.	Indian/ Afr-As	Pak'i/ Bang'i
All age								
None or below O-level	19	42	20	46	13	19	13	54
O-level or equivalent	11	31	20	36	10	16	10	42
A-level or equivalent	12	23	12	17	7	16	12	18
Under 35	15	34	20	37	13	24	15	43
None or below O-level	19	61	18	45	36	36	21	65
O-level or equivalent	13	28	20	43	14	16	13	45
A-level or equivalent	15	34	18	15	8	22	14	20

Source: Fourth National Survey on Ethnic Minorities, taken from MODOOD, BERTHOUD. (1997)

21. As with the labour market as a whole, data from the New Deal have revealed important differences across ethnic minority groups (although care must be taken with the size of the samples currently available.) Black African, Black Caribbean, and Pakistani New Dealers are less likely to move into employment than New Dealers from Indian, Chinese and Bangladeshi groups. However, all ethnic minority groups are less successful at moving into employment than White people. (We should also note, however, that ethnic minority participants in the New Deal have higher rates of employment than ethnic minorities in the labour market in general.)
22. Evidence from the New Deal for Young People shows that a lower proportion of ethnic minority people than Whites move into sustained unsubsidised or subsidised employment (25% compared to 33% of Whites) and a higher proportion into education and training (59% compared to 44% of Whites), despite being better qualified.

Self-Employment

23. **The proportion of ethnic minorities that are self-employed in England and Wales is high relative to their proportion in the population.** In 1991, Britain's ethnic minorities had a self-employment rate of 14.6% compared to a rate of 12.3% among Whites.
24. This can be interpreted in different ways. On the one hand, ethnic minorities may face obstacles in achieving wage and salary employment, perhaps due to employer discrimination, which has "pushed" these individuals into self-employment in response to the absence of alternatives. On the other hand, ethnic minorities may be facing stronger "pull" factors such as the presence of groups with highly concentrated ethnic populations which provide self-sustaining business environments or informal sources of labour through family ties.⁹
25. Furthermore, we can see self-employment as being more likely among certain ethnic groups than others. One in four British South Asians are in self-employment, nearly twice the proportion of their White counterparts, but there are significant differences in the performances of the ethnic groups that make up this sector. There

⁹ The empirical analysis indicates that discrimination among wage and salary employers is a contributing factor in the over-representation of ethnic minorities in self-employment. It is found that the difference between an individual's predicted earnings in paid and self-employment exerts a powerful influence, suggesting that the existence of discriminatory wages in the paid-employment sector may push minorities into entrepreneurship. However, push factors fail to explain all of the differences in self-employment propensities between Whites and non-Whites, suggesting that pull factors also play a role.

are also indications that the remarkable growth of this sector is likely to lose its momentum as the next generation of British South Asians move into professional careers.¹⁰

Health

26. Health may play an important part of labour market outcomes. Health patterns among the ethnic minority population show the same kind of diversity that are apparent in other areas. There are, for example, well-documented differences in the disease patterns of particular groups. Frequently cited are the higher rates of coronary heart disease and non-insulin diabetes amongst the Asian population. **The death rate from heart disease of 20-30 year old Asians is twice as high as that for the general population.**
27. The over-representation of Black Caribbeans, especially young males, in mental health services is also evident in health service data. **Black people are three times more likely to be diagnosed as having schizophrenia** than other users and less likely to be given counselling - 32% compared to 75% of White users. Black people are also over-represented among patients compulsorily detained in psychiatric hospitals under the Mental Health Act. GP consultation rates are higher amongst the ethnic minority population than in the general population.
28. A recent Health Service report also highlights the small number of ethnic minority staff in senior levels in health service management. 28% of doctors in the UK and 16% of consultants are from ethnic minority groups (including all countries of qualification). However, evidence suggests that ethnic minority doctors are concentrated in non-consultant grades or in the most unpopular specialists.¹¹ One survey showed that **White applicants for Senior House Officer posts with comparable CVs were twice as likely to be shortlisted.**¹²

Social Services

29. A 1998 report reviewing the research literature on services to children found that **children from Black, mixed origins and other ethnic minority families are more likely than the general population to enter care** under the age of five years and to have entered via the voluntary route. It also found that certain families (namely Pakistanis, Bangladeshis and Black Caribbeans) were more likely to live in impoverished circumstances than the general population. We know that early years environment has a significant effect on education and labour market outcomes. So these issues of upbringing and childhood poverty are likely to be important issues.
30. Evidence suggests that many older ethnic minority groups are not aware of many of the services open to them. In one study, two-thirds or more Asians did not know that

¹⁰ There are a number of possible reasons for the relative differences among different self-employed ethnic minority groups. One factor may have been that many of the Pakistanis were 'pushed' into self-employment. 63% of Pakistanis, for instance, said that they set up their own businesses because of the lack of local job opportunities, compared to 30% of Indians and 47% of African Asians. Half of the Pakistanis also said that they turned to self-employment because of racism in the labour market. African Asians also claimed to have suffered from this problem, although to a lesser extent (33%). In addition, Pakistanis tended to emphasise non-business reasons for moving into self-employment. 53%, for example, said it would help them to increase their status amongst their family members, compared to 25% of Indians citing this factor as a reason for establishing a business. Once in business, Pakistanis tended to rely on their personal savings for finance, while Indians had fewer problems raising capital, often using institutional loans, and had the advantage of having more relevant skills and qualifications.

¹¹ Ziggy Alexander's (1999) Department of Health report.

¹² Also in Ziggy Alexander's (1999) Department of Health report.

services such as residential care, day care, home help care, meals on wheels, district nurse or chiropody services were available to them. When people did know of services, they expressed, for example, difficulties over obtaining culturally appropriate meals.

Housing

31. The tenure distribution of ethnic minorities to some extent reflects their relative wealth and also the historical pattern of migration, with the Indian and Bangladeshi communities as a whole occupying either end of the spectrum on both counts:

- Indians are most likely to be owners (85%) and least likely to be social renters (9%);
- White households are 70% owners and 20% social renters;
- Pakistanis are a little less likely than Indians to be owners (79%) with about the same proportion of social renters (15%);
- Black Caribbean households are evenly divided between owning and social renting (50% and 46%) and;
- Bangladeshis are least likely to own (48%) and most likely to be renting in the social sector (45%).¹³

Incidence of households living in unfit dwellings and poor neighbourhoods, by ethnic group, 1996.

ethnic group:	% of group living in:	
	unfit dwellings	poor neighbourhoods
White	6	6
Black	10	18
Indian	7	12
Pakistani/Bangladeshi	23	30
Other groups	14	20
All groups	6	7

Source: 1996 English House Condition Survey, DTLR.

Notes:

- ethnic group: defined through self-classification by head of household
- unfit dwelling: defined by S604 of the 1989 Local Government and Housing Act
- poor neighbourhood: visual assessment by professional surveyors considering the design, use and maintenance of the built environment, and using evidence of run down, vacant and derelict properties, levels of misuse, neglect and vandalism. The neighbourhood is defined by local physical features rather than administrative boundaries and typically comprises between 50 and 300 dwellings.

32. It is in the private sectors that differences in housing conditions between ethnic groups are most marked:

¹³ T. Modood et al "Ethnic Minorities in Britain" 1997: data based on 1993/94 survey of 5,000 minority adults in 3,300 households. The figures for White households are based on the 1999/00 Survey of English Housing. The latter suggests some changes to the tenure distribution, including a decline in home ownership among Pakistani and Bangladeshi households.

- around one third of Pakistani and Bangladeshi households live in unfit properties in the private sector, compared to around 13% Black Caribbean and 6% White and Indian households.
 - there is no significant difference between ethnic groups in the social sector.¹⁴
33. Over a quarter of Bangladeshi and 20% of Pakistani households are overcrowded (as measured by the bedroom standard), compared with 8% of Indian, 7% of Black Caribbean and 2% of White households.¹⁵
34. The neighbourhoods in which ethnic minority groups live are much more likely to consist of predominantly older housing:
- some 64% of Pakistani and Bangladeshi households live in areas where the housing was mainly built before 1919, compared to 39% of Indian, 30% of Black and only 22% of White households;¹⁶
35. Unsurprisingly, ethnic minority groups are therefore more likely to live in 'poor neighbourhoods' (where there is a substantial incidence of either run down dwellings or where property is more generally neglected, vandalised, vacant or derelict):
- around 30% of Pakistani and Bangladeshi households live in 'poor neighbourhoods', as do 18% of Black Caribbean and 12% of Indian households (compared only 6% of White households);
 - where ethnic minority households are housed in predominantly private sector poor neighbourhoods (particularly affecting Pakistani communities) problems are more likely to be around concentrations of run down homes (unfitness, disrepair and the need for modernisation);
 - in predominantly social sector poor neighbourhoods (particularly affecting Bangladeshi and Black communities) problems may not be so much the condition of homes as such as the badly neglected state of the neighbourhood itself (vacant and derelict properties, vandalism and crime).¹⁷
36. All ethnic minority households are more likely to live in deprived areas than White households, but Indians are much less concentrated in deprived areas than other ethnic minorities:
- more than half of Pakistani and Bangladeshi households live in the 10% most deprived wards in England, as do over one third of Black Caribbean households. This compares with around 14% of White households.¹⁸

Crime

37. The latest data from the British Crime Survey show that **ethnic minorities have a statistically significant higher risk of being victims of crime than White people**. Ethnic minorities perceive themselves to be at a greater risk of crime than White people do, worry more about falling victim of a crime, and feel less safe on the streets or within their own homes at night.

¹⁴ 1996 English House Condition Survey (EHCS), DTLR.

¹⁵ 1999/00 survey of English Housing (SHE), DTLR.

¹⁶ 1996 EHCS.

¹⁷ 1996 EHCS.

¹⁸ 1999/00 SHE, 1996 EHCS. Further work using ID2000 and the 1991 Census will be carried out to look at the spatial pattern of deprivation among ethnic groups.

38. The latest statistics from the Home Office illustrate that ethnic minority people are five times more likely to be stopped and searched by police in London than White people are. Black people (African and Caribbean) are four times more likely to be arrested than White or other ethnic groups, and White people are more likely to be cautioned.
39. In June 1999 ethnic minorities accounted for 18% of the male prison population and 25% of the female prison population, both of which greatly exceed their relative presence in the general population as a whole.
40. Ethnic minorities are under-represented in all grades as employees in the police service, prison service and in senior posts in all the criminal justice agencies.

What is Government already doing to address these issues?

41. The project will need to develop a complete analysis of what Government is currently doing to improve the labour market achievements of ethnic minorities. This will need to be set in the context and take account of how policies have developed overtime. It will also need to draw together a detailed assessment of the effectiveness of existing action and identify any gaps. This section of the paper is intended to provide a *starting point* for later detailed work.

Historical Context

42. The project needs to have a clear sense of the trajectory of past policy thinking and practice in this field. Underlying policy objectives, understanding of the nature and needs of policy subjects and views on how to measure effectiveness have all changed over the years. The key developments are broadly sketched out in Annex C.

European Dimension and Human Rights

43. The European Parliament has adopted a number of resolutions on the fight against racism in the European Union. Article 13 of the Treaty establishing the European Community empowered the Council to take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In 1996 the Council adopted a Joint Action to combat racism and xenophobia by ensuring effective judicial co-operation in respect of offences based on racist or xenophobic behaviour. In 1999 Employment Guidelines stressed the need to foster conditions for a socially inclusive labour market by formulating a coherent set of policies aimed at combating discrimination against groups such as ethnic minorities.
44. More recently, in 2000 a new Directive was introduced for implementing the principle of equal treatment between persons irrespective of racial or ethnic origin. This will come into force in July 2003. This directive will apply to both public and private sectors and public bodies. The scope of the directive is wide applying to conditions for access to employment (including self employment and voluntary work), access to vocational training, employment and working conditions, social protection (including social security and health care), social advantages, education and access to and supply of goods and services. The directive will require member states to put into practice the principle of equal treatment through:

- Ensuring judicial and/or administrative procedures are available to people who are discriminated against
 - Ensuring that when a person feels they have been discriminated against is the responsibility of the person/organisation they accuse to prove they have received equal treatment (not applying to criminal procedures)
 - Ensuring people who complain do not get victimised
 - Promoting dialogue between unions, industry and non-Government organisations to encourage them to adopt anti-discrimination agreements
 - Having an independent body for promoting equal treatment of persons of different racial or ethnic origin
 - Ensuring that any laws, regulations, rules governing professional organisations and provision in contracts that are contrary to the principle of equal treatment are abolished
45. In addition to these European policies the project will need to take account of the impact of the European Convention on Human Rights (ECHR) in relation to equality of treatment. The ECHR has been an obligation upon the United Kingdom in international law for half a century but has become increasingly prominent due to the Human Rights Act introduced in 2000. The Human Rights Act incorporates the ECHR into UK domestic law. Whilst the Act does not confer new rights it does allow points related to ECHR to be raised in any proceedings and requires public authorities to act compatibly with the ECHR. The impact of the Act, and the possible development a “rights culture”, on ending discrimination is not yet clear.

Home Office

46. Much of the work being done in the Home Office centres on the mainstreaming agenda: making race equality a core issue in the development of policies and the delivery of public services. The HO is promoting a performance management framework to put in place systems to identify any differential impact of a public service on different groups. The **basket of race equality indicators** is an example of this approach. These include high-level attitudinal data illustrating the comparative perceptions of public services among the population; specific performance data for key public services and promoting race equality within the Civil Service.
47. Race equality is also a core issue for business planning. HO have been working with Treasury to discuss how best to monitor race equality issues based upon the PSA/SDA mechanism, and there are a range of race equality employment targets across the public sector.
48. The **Race Relations (Amendment) Act** came into force in 2001. It extends the Race Relations Act 1976 to public functions, which were not previously covered, such as law enforcement. It will put all public authorities under a general statutory duty to promote race equality. In addition, some key public authorities, like central and local Government, will have specific duties to fulfil. The Home Office is currently consulting on detailed proposals for implementation of the legislation.
49. The HO co-ordinates an **Inter-Departmental Group on Race Equality (IDG)**, which meets around four times a year. All departments are represented. The group is intended to provide a forum where issues relating to race equality can be discussed, and information exchanged. Departments can share experience and obtain information on race equality initiatives across Whitehall. Two IDG subgroups have recently been established. One group is looking at statistical issues including issues

of cultural identity, and the other is considering communications and a race equality website.

Education

50. The range of policies to raise overall education standards will benefit the ethnic minority population. Work is also underway to address the issue of ethnic diversity via the National Curriculum. Citizenship became part of the non-statutory framework for Personal, Social and Health Education in primary schools from September 2000. It will become a statutory subject in secondary schools from September 2002. Within the new framework pupils will be taught from an early age to respect the differences between people, to appreciate other's feelings and points of view, to recognise the effects of stereotyping, prejudice, discrimination and racism and to develop the skills to challenge them assertively.
51. The revised National Curriculum includes a statutory inclusion statement setting out how teachers can ensure the curriculum is accessible to all pupils. Teachers must follow three principles for inclusion: setting suitable learning challenges; responding to pupils' diverse learning needs; and overcoming potential barriers to learning and assessment for individuals and groups of pupils. Such curriculum changes mean that there is now increased scope for issues of 'race' to be included.
52. The Ethnic Minority Achievement grant provides ringfenced funding which must be used specifically for the support of ethnic minority pupils. This includes provision of in-service training both for specialist teachers and mainstream staff.

Higher Education

53. There are a number of initiatives in place to improve ethnic minorities' participation and achievement in Higher Education. An extra £150 million was announced in September 2000 to be spent over three years to improve access to Higher Education (HE) for young students from poorer backgrounds, in particular reaching families and communities who do not have a tradition of entering HE. The **Excellence Challenge** has four main strands:
 - Bringing Higher and Further Education Institutions into the Excellence in Cities initiative to provide additional support for young people who have ability to enter HE
 - Increasing funding to Higher Education Institutions to reach out to more young people from disadvantaged backgrounds
 - Providing clearer information and better marketing of the route to HE for young people, and raising expectations
 - Pilots new forms of extra financial help for bright young people from disadvantaged backgrounds
54. In addition **performance indicators** are currently being developed to measure Higher Education Institutions effectiveness in attracting ethnic minority applicants and promoting their achievement.
55. The Race Relations (Amendment) Act's duty to promote race equality provides another opportunity to ensure Higher Education Institutions polices promote access

and achievement of ethnic minorities. A **Code of Practice** setting out what this duty means for Higher Education Institutions is currently being developed.

56. Higher Education Institutions are also major employers of ethnic minorities. This year Universities UK launched **Equality Challenge in Higher Education** which aims to improve equal opportunities for all those who work or seek to work in the UK higher education sector its work will include developing and disseminating good practice and monitoring performance of institutions.

Employment

57. There are a range of initiatives aimed at increasing overall employment opportunities including, New Deals, Employment Zones, Action Teams, One and activities to encourage work place diversity. There are targeted initiatives in the areas where they will help the most, i.e. targeted at specific geographical areas, rather than targeted at specific ethnic minority groups. Labour market programmes focused on areas of higher deprivation will benefit ethnic minorities, as they are disproportionately present in these areas.
58. There is also a **public service agreement target** for the Employment Service and the Working Age Agency to reduce the gap in placing between White and Black jobseekers. The public service agreement states: "over the three years to 2004 an increase in the employment rates of disadvantaged areas and groups - people with disabilities, lone parents, ethnic minorities and the over 50s, the 30 local authority districts with the poorest initial labour market position - and a reduction in the difference between their employment rates and the overall rate".

Health & Social Services

59. In response to independent research the Department of Health produced a paper outlining action to be take on ethnic minority issues. This includes mainstreaming racial issues into all areas of work as well as identifying specific priorities for action. In particular, the NHS Performance Assessment Framework will be used to assess whether adequate proposals are in place to ensure that inequalities in health and the needs of ethnic minority groups are being addressed.
60. The NHS human resources framework, Working Together, launched in September 1998 includes targets against which organisations will be measured. By April 2000 NHS employers must have policies and procedures in place to tackle harassment by staff and patients supported by monitoring and reporting arrangements to measure progress. The **NHS Equalities Framework, 'The Vital Connection'**, launched in 2000 sets out three strategic equality aims:
- A workforce for equality and diversity – delivering services to meet the diverse needs of different groups and individuals
 - A better place to work – equality of opportunities and outcomes in the workplace
 - A service using its leverage to make a difference – using NHS influence and resources as an employer
61. The 'Saving Lives - Our Healthier Nation - White Paper and the Acheson Report 'The Independent Inquiry into Inequalities into Health' both highlight specific

inequalities in health which the Department is tackling by developing programmes to improve health of ethnic minority groups.

Neighbourhood Renewal

62. Approximately 70% of England's minority population live in the 88 most deprived local authority areas. Neighbourhood renewal strategies therefore have a potentially large impact on the opportunities of ethnic minorities. The **New Commitment to Neighbourhood Renewal: A National Strategy Action Plan** was launched by the Prime Minister in January 2001. It set out the Government's vision to narrow the gap between poor neighbourhoods and the rest, so that within 10 to 20 years, no one should be seriously disadvantaged by where they live.
63. The National Strategy Action Plan represents a change in the pace and scale of the Government's attack on deprivation and it offers a major shift in approach, away from regeneration programmes shoring up poor public services in only a few areas, towards ensuring high quality public services in all neighbourhoods. At national level the Action Plan is being implemented by the Neighbourhood Renewal Unit, which is responsible for driving progress across Government. There are four key components:
- Bending mainstream Departmental programmes to focus more specifically on the most deprived areas;
 - Bringing together public, private and voluntary sector service providers with the community and business sector in Local Strategic Partnerships to identify local problems and construct local solutions to regenerating neighbourhoods;
 - Helping local communities to get involved through the provision of additional resources and support;
 - Additional funding programmes.
64. The National Strategy Action Plan gives a clear commitment that the national strategy will benefit ethnic minorities and identified the following steps to mainstream race equality issues throughout Neighbourhood Renewal Policy:
- careful measurement of the impact of the strategy on different ethnic groups using Neighbourhood Statistics;
 - clear responsibility within NRU for ensuring the strategy benefits ethnic minority groups; (this is also an explicit task for the head of NRU)
 - clear objectives for Government Office regional directors to ensure that neighbourhood renewal benefits ethnic minorities;
 - emphasis on ethnic minority participation and leadership at local level especially through involvement in LSPs and Neighbourhood Management Pathfinder Projects.
65. There is substantial evidence that the BME voluntary/community sectors have not been properly involved in past regeneration partnerships and that one result of this is that partnerships have given a low priority to issues which are important to Black and ethnic minority communities. The Neighbourhood Renewal Unit is developing a Black and Minority Ethnic (BME) Strategy to ensure that ethnic minority groups are both involved in the Neighbourhood Renewal process and stand to benefit from its delivery. The Unit is working with external BME organisations to help develop the BME strategy.

66. Ethnic Minorities will benefit from the significant funding programmes linked to the Strategy including:
- the £1.9bn for **New Deal for Communities** partnerships supporting intensive 10 year regeneration strategies in 39 of the poorest neighbourhoods in the country; and
 - the **Neighbourhood Renewal Fund**, worth £900 million over 3 years providing extra non ring-fenced resources for 88 local authorities in the most deprived areas.

Housing

67. The main thrust of the Government's housing policy – promoting choice and ensuring that a decent home is available to all – is consistent with the needs and aspirations of BME groups. The Department is putting in place a range of different policies and measures across all tenures to achieve the Government's strategic aim.
68. The Government's overall approach is that local housing strategies must reflect the needs and aspirations of local communities, and provide choice. They must also recognise that those needs and aspirations will change over time, as the younger generations grow up. Annual Housing Investment Programme guidance to local authorities requires authorities to take account of the needs and aspirations of black and minority ethnic people and communities in their areas when drawing up their housing strategies. In carrying out Best Value inspections of local authority services, the Housing Inspectorate take account of the extent to which they comply with existing codes of practice and guidance on BME issues.
69. The Housing Corporation's Black and minority ethnic housing policy aims to develop a culture among Registered Social Landlords (RSLs) that empowers black and minority ethnic communities. The policy covers both mainstream RSLs and those led by black and minority ethnic people, which are themselves an important manifestation of community empowerment. There is an increasing emphasis on regulation to ensure that RSLs deliver.
70. The Government plans to increase the rate of stock transfers from local authorities to Registered Social Landlords and this provides an opportunity for greater participation in the management of social housing stock. The guidance requires authorities to consider the needs of black and minority ethnic communities and the role of existing of Black and Minority Ethnic led Registered Social Landlords when contemplating transfer.
71. Although the upkeep of privately owned housing is primarily a matter for the owner, help is available through local authorities to owners of poor condition private housing in certain circumstances. Help is targeted mainly on people most at risk from poor quality housing and on tackling concentrations of poor and unfit housing in deprived areas. Black and minority ethnic groups are increasingly becoming the focus of targeted area-based renewal and regeneration schemes. The Department has recently consulted on some reform proposals that would give authorities far wider freedom over how they give assistance for the repair of poor condition private housing and tailoring schemes to meet the needs of specific ethnic groups.
72. Current policy on the private rented sector is aimed at raising physical and management standards in the sector, particularly for those sorts of tenant who have relatively little power in the market place and correspondingly restricted housing choices. The Government is encouraging a variety of voluntary approaches in the

sector, such as local authority landlord accreditation schemes, training for landlords, and pilot tenancy deposit schemes. In addition, it proposes to legislate for a new control regime, including a system of compulsory licensing, for Houses in Multiple Occupation, a sub-sector where standards are often particularly low; and for powers for local authorities in low-demand areas to introduce licensing schemes for landlords generally.

Where are the gaps?

73. The project will need to evaluate, drawing on existing research, the effectiveness of existing policies in promoting the achievement of ethnic minorities in the labour market. Through this analysis it will need to identify the gaps and areas where further progress could be made. Early concerns could include:
74. Is there a clear and shared understanding of the reasons for the trends, particularly the reasons for the pattern of diversity of achievement we now see both within and between certain ethnic minority groups;
75. Has there been a systematic review of policy impact in order to learn from successes and limitations of previous policy initiatives;
76. Are there rigorous impact assessment of policies, and particularly the unintended consequences that some policies may have for ethnic minority groups;
77. Does each individual departmental strategy fit together into a comprehensive Whitehall strategy.

What are the objectives of the project?

78. The project's objective is to increase the achievement of ethnic minorities in the labour market through:
- i. **A better and shared understanding** of what the current differentials are between and within ethnic groups and what causes these differentials - drawing together existing research;
 - ii. **An assessment of effectiveness of different approaches** for increasing the achievement of ethnic groups – examining the impact of existing action by Government, private and voluntary sectors;
 - iii. **Clear policy recommendations** for building on existing work and adopting new approaches to address the causes of the differentials in labour market achievement;
 - iv. **To help develop a fresh intellectual and policy approach** to the issue of ethnic minority differential performance in the labour market.
79. To achieve these outcomes the project will need to examine a range of issues including:
- The individual and cultural factors that contribute to achievement in the labour market e.g. qualifications, geographical location, social class (controls for social

class may reveal elements of convergence – or at least narrowing – in comparisons between different ethnic groups). These may have implications for disadvantaged members of the population generally, whether from ethnic minorities or other groups;

- The role of employers (public and private) in shaping labour market achievement;
- The impact of existing public services – in particular education (this will be examined both in terms of participation and achievement in education as well as how skills match with local job opportunities);
- The role of private services e.g. banks and financial institutions;
- The impact of discrimination;
- The effect of economic conditions and working patterns, including self employment and business formation;
- Regeneration in urban areas;
- The role of demand and supply side factors in the labour market in affecting the experiences of different ethnic minorities;
- The role that policy mainstreaming can play in improving the labour market achievements of ethnic minorities in Britain.

80. In all these aspects the project will need to be sensitive to the difference between and within ethnic groups, genders and class. The project will draw on the lessons that can be learnt from those ethnic minority groups or individuals that are outperforming the average. The project will need to take account of related issues including immigration, asylum and human rights, which, whilst not the central focus of the project, are linked. Consideration of these issues will also need to include the historic context of how policies in this area have developed over time.

Timetable

81. The Prime Minister announced on 21st March that he had asked the PIU to take forward a project on ethnic minority groups. The aim is for the project to start in September 2001 and to submit a report to the Prime Minister by Summer 2002.

Organisation of the project

82. The PIU will be responsible for the overall management of the project and for delivering a report to the Prime Minister by the Summer of 2002. Any policy decisions will ultimately be determined collectively by Ministers.

83. The PIU will recruit a team of civil servants and non-civil servants to undertake the project and will work closely and collaboratively throughout the project with a range of stakeholders.

Key stakeholders

84. There are a wide range of external stakeholders and experts who the PIU will need to consult. A full stakeholder analysis will need to be prepared but key groups will include:

- Whitehall departments and agencies in particular, Home Office, DfES, DfWP and DTI
- Private business (including CBI),
- Trade Unions,
- Voluntary and group organisations,
- Academics
- Local Government
- Service providers
- European Commission
- NGOs
- Think tanks

Further information

85. For further information about the project please contact project leader, Shamit Saggar, PIU.

Performance and Innovation Unit
July 2001

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Annex A: PIU Ethnic Minorities Project – Possible Main Workstreams and Tasks

The project will need to examine a range of issues. The Project Leader will determine the final shape of the workstreams and tasks. Tasks the project will include those are set out below in three indicative workstreams.

Workstream 1: Research and analysis

Task (a) **Clarifying which ethnic groups the project will focus on drawing on existing definitions.**

Task (b) **Analysis of trends in outcomes between and within ethnic group (encompassing both ‘problems’ and successes) and the underlying causes of outcomes (including risk and protective factors)**

Task (c) **Criteria and assessment model for evaluating options for policy proposals developed by workstream 3.**

Workstream 2: Current action

Task (a) **Map of current and proposed initiatives and Whitehall responsibilities**

Task (b) **Timeline showing historical context of how policies for ethnic minorities have developed over time and case studies drawing out lessons to be learnt from past failures**

Task (c) **Assessment of effectiveness of current activities and identification of areas requiring further action**

Task (d) **Best practice case studies – domestic and international as well as national, regional and local**

Workstream 3: Development of new proposals

Task (a) **A strategic framework for developing proposals in areas identified by Workstream 2 as requiring further action – including setting strategic aim of project and identifying barriers to be overcome**

Task (b) **Package of detailed proposals to achieve better labour market outcomes for ethnic minorities in Britain**

Task (c) **Implementation strategy to deliver vision and proposals – including the role of different departments, business and other groups in making change happen**

Other work

These three workstreams will be underpinned by ongoing work of project management and stakeholder handling including:

Project management: recruitment strategy, operational structure of project, project management plan, aims and scope of project and risk analysis.

Stakeholder handling: **stakeholder mapping, stakeholder handling strategy, consultation plan and communications strategy**

Annex B: Past Trends and Future Prospects for Ethnic Minority Groups

Summary

1. This Annex draws together some of the existing research to provide preliminary analysis of the past trends and future labour market prospects of ethnic minorities in the UK. It is intended to provide the project with a starting point for more detailed analysis.
- 2.

Section One: Analysis of past experience

Changing economic structure and mismatch

There is a broad agreement that one of the most important facts explaining the diversity seen in economic performance of ethnic minorities lies in economic restructuring. The changes in job-levels for ethnic minorities, no less than for the White majority, are the consequence of the loss of jobs in manufacturing, especially on those that require low levels of skills, in favour of the service sector (higher-level, multi-task and part-time).

The labour market outcomes set out in the main paper reflect the cumulative effect of differences between Whites and non-Whites and among ethnic minorities. It shows how a slight variation in initial conditions can have tremendous consequences over the long run (this is called the “butterfly effect” by mathematicians).

Individuals of ethnic groups did not suffer from de-industrialisation, as individuals, more than their white counterparts. In some cases they did better than the majority population, all else being equal.¹⁹ The problem is that as ethnic minorities were as a group over-representation in the industrial sector, ethnic minorities groups as a whole were affected by economic structural changes to a greater degree than the White majority.

Microeconomic analysis: the individual and the environment

The key variables in the standard microeconomic model of employment are (Nickell, 1980):

- an individual's stock of human capital,
- his/her family characteristics, and
- his/her geographical location within a country.

Human capital

General Theory

Variations in educational achievement by pupils from different ethnic groups are likely to be influenced by a combination of factors such as²⁰:

- pupils' cultural background,
- parents' social class, and
- peer and teacher influence (presence or lack of 'role models').

According to human capital theory (Becker, 1964), it is expected that an individual is less likely to be unemployed the larger their stock of skills which are appropriate to the prevailing labour market conditions. Since those with the least desirable skills

¹⁹ Iganski and Payne (1999)

²⁰ Pathak (2000)

would not only be the least employable but also earn the lowest wages, their personal 'opportunity cost' of being unemployed is also smaller.

Thus human capital accumulation, by means of formal schooling or post-education investments in labour market activity would be associated with lower probabilities of unemployment. If the post-education investments took the form of on-the-job firm-specific training (often employer-funded) we would expect lower quit, discharge and layoff rates, and thus lower unemployment rates. Given these theoretical considerations we would expect this link between higher educational achievement and lower unemployment to be strongest in the early years of labour market activity.

Specific Factors

English Fluency

Research shows that English fluency can be an important factor in determining labour market outcomes. According to the latest PSI research, more than three-quarters of Asians in the survey were able to speak English fluently or fairly well. Little gender difference was found, except for Pakistani and Bangladeshi ethnic minorities: women of both these groups are much less likely to speak English well.

The two determinants for English fluency are - in decreasing order of influence - age and length of residence in Britain (where appropriate, i.e. for current-generation immigrants).

English fluency										
Percentage	Men					Women				
English spoken well or fairly well	Indian	Afr-Asi.	Pakist.	Bangla.	Chinese	Indian	Afr-Asi.	Pakist.	Bangla.	Chinese
	81	91	78	75	76	70	86	54	40	76

Source: Fourth National Survey on Ethnic Minorities, taken from MODOOD, BERTHOUD. (1997)

Schooling and Labour Market Experience

Two important factors influencing male earnings are schooling and labour market experience. For labour market experiences it is most important to distinguish between British- and foreign-born males. Labour market experience does play a significant role for the British-born ethnic minority individuals, and has a smaller explanatory power for foreign-born²¹. Interestingly, economic performance also varies considerably amongst White immigrants.

Work Experience

Immigrants are the only sub-population, for which labour market past experience overseas or in the UK are comparable. It has been outlined²² that, for immigrants, whilst the likelihood of being unemployed is linked (positively or negatively) to foreign labour market experience, only work experience in the UK plays a significant 'integrating' role in terms of labour market participation and employment.

Cumulative effects also seem to affect non-white immigrants without transferable work experience, as they are also likely to see that their skills and qualifications are not recognised in the UK, and find it more and more difficult to enter employment, as time passes.

Family characteristics

An important aspect of ethnic minority groups (though not proven to be explicitly linked to labour market achievement) is family characteristics.

²¹ Shields (1998)

²² Wheatley Price (1998)

Household structure

Percentages	1 or 2 adults	1 adult,	2 adults,	1 adult,	2 adults,	2 adults,	3 or + adults
	either 60+	less than 60	less than 60	with children 1	or 2 childr.	3-+ children	
White	30	11	18	5	15	4	17
Caribbean	14	14	14	17	19	5	18
Indian / African-Asian	7	4	9	3	26	9	42
Pakistani / Bangladeshi	3	3	6	3	14	21	49
Chinese	7	13	10	3	20	8	40

Source: Fourth National Survey on Ethnic Minorities, taken from MODOOD, BERTHOUD. (1997)

Contacts with parents who live abroad (within the 4 weeks preceding the survey)

Percentages	In person	Phone	Letter
Caribbean	3	37	36
Indian / African-Asian	5	43	63
Pakistani / Bangladeshi	5	28	58
Chinese	15	59	38

Source: Fourth National Survey on Ethnic Minorities, taken from MODOOD, BERTHOUD. (1997)

Pakistanis and Bangladeshi family structures are more different to White patterns than family structures of any other ethnic minority group. Large extended families including the presence of adults (mostly parents or adult children), overcrowded accommodation, high unemployment, and low incomes, characterise this group.

The intensity of broad-family relationships varies considerably between ethnic minorities. Besides parents living under the same roof (Pakistanis and Bangladeshis to a large extent), Chinese and African-Asians have a close and responsive ('synchronic') relationship with their families (parents abroad, uncles and aunts in Britain). The Caribbean minority seems to have a much less intense family network.

Religion

Disadvantage or "ethnic penalty" varies for different ethnic minority groups. Some of the widest differences occur within broad racial groupings, particularly in the South-Asian population. Such findings raise the possibility that culturally determined group attributes other than colour may influence the relative disadvantage of minority groups too.

Religion of South-Asians (aged 16 years and over)

Percentages	Hindu	Sikh	Muslim	Other	None	All
Indian	43	39	8	6	4	63
Pakistani	0	-	97	1	2	28
Bangladeshi	2	-	95	2	1	9
All	27	25	40	4	3	100

Source: Fourth National Survey on Ethnic Minorities, taken from BROWN. (2000)

Economic activity among the South-Asian population (working-age population)

Percentages	Economically inactive		Reason for inactivity							
			FT education		Looking after home		Sick/Disabled/Retired		Other	
	Men	Fem	M	F	M	F	M	F	M	F
Muslims	28	77	18	12	-	61	9	3	0	1
Pakistani	28	77	18	13	-	61	9	3	1	-
Bangladeshi	32	87	20	11	-	71	12	3	-	-
Indian	18	57	12	6	-	45	6	2	-	3
Hindus	21	38	13	8	-	26	7	3	1	1
Sikhs	24	47	15	16	-	27	9	3	1	-
Other	22	41	13	17	-	22	6	2	2	-
No religion	23	43	14	13	-	29	8	2	0	-
All	25	56	16	12	-	40	8	3	1	0

Source: Fourth National Survey on Ethnic Minorities, taken from BROWN. (2000)

Taken together, Brown's analysis shows substantial differences in South-Asian economic performance by religion. These are only partially captured by the conventional ethnic group categories. There are clear differences between Sikhs and Hindus, the former being more likely to be inactive, unemployed, less well represented in top status jobs, and less well paid. Meanwhile, Indian Muslims are strikingly different from other South Asian Muslims. But, the highlighting of a specifically religious effect is made more difficult by the fact that differences between areas of origin include their religious profile. The picture is hence complex, but ethnic and religious factors do seem to play different roles.

Geographical location

Ethnic minority groups remain highly geographically concentrated in the larger urban areas and the original destinations of post-war migration. Greater London contains half of all people from Ethnic minority groups living in Great Britain, and two-thirds of all people from Black ethnic groups.

In general, there is evidence²³ of greater variation in ethnic minority unemployment between areas than there is for Whites. However, there is the same underlying geography of unemployment for the Black and White populations, but a slightly different pattern for Asian ethnic groups. While typical unemployment is usually lower in inner cities for Asian groups unemployment rates are relatively higher in inner cities.

Discrimination

The position of ethnic minorities in employment relative to Whites can be broadly summarised into a typology of three clusters:

- Disadvantage confined to top jobs in large establishments: the Chinese and African-Asians²⁴
- Relative disadvantage: the Indians and the Carribeans
- Severe disadvantage: the Pakistanis and the Bangladeshis.

A recent report²⁵ shows that racism continues to be a major barrier at work for Black and Asian employees, 'unfairly limiting career progression and development once in employment', and that the ethnic gap widened over 1992-1999. The Labour Force Survey's statistics analysed in this report also show that, proportionally, many more Blacks are trapped in part-time jobs against their will and that this further limits opportunities for career advancement.

This is corroborated by another CRE²⁶ study, which shows that White applicants are three times more likely to get interviews than people from Asian background with equivalent qualifications and five times more likely than people from a Black background.

Management status of employees (summer quarters 1992 and 1999, unadjusted)

Percentages	Supervisors		Managers	
	1992	1999	1992	1999
Whites	12.5%	11.8%	17.5%	18.7%
Blacks	12.0%	9.8%	13.4%	14.9%

Source: Quarterly Labour Force Survey, taken from TUC. (2000)

²³ Fieldhouse and Gould (1998)

²⁴ The dimension of representation in the most elite jobs is the only one where ethnic minorities (as a whole) are disadvantaged to the White majority. According to the rest, the Chinese seem more advantaged than Whites, and the African-Asians share broadly the same economic characteristics than the Whites. Caribbeans can have better position than Indians (women in particular), but they suffer more than Indians in respect to unemployment and earnings. While Bangladeshi constitute the most disadvantaged group, Pakistani do not show a considerably different pattern.

²⁵ Trade Union Congress (2000)

²⁶ Commission for Racial Equality (1996)

Involuntary part-timers (summer quarter 1999, unadjusted)

Percentages	All	Women	Men	Men 25-65
Whites	10%	7%	22%	31%
Blacks	20%	14%	31%	51%

Source: Quarterly Labour Force Survey, taken from TUC. (2000)

International comparisons

US perspective

A comparative study²⁷ shows that during the last 30 years, in the UK differences between White and non-white unemployment widened considerably, **whereas US differences in unemployment have decreased** (and stand much lower). When comparing non-white unemployment patterns, this study finds evidence of **partial hypercyclicality** (where each economic cycle leaves the group worse off) for Britain but none for the US. In the UK, not only are non-White unemployment rates consistently higher than White rates, but also non-Whites *suffer* disproportionately as unemployment worsens, and do not *benefit* disproportionately when the economic situation improves. Consequently, after each cycle, they start the next one in a worse state than they experienced at the start of the previous cycle (*ratchet effect*), mainly because of the British labour market greater rigidity.²⁸

But, the greater flexibility in the US labour market has been accompanied by a widening of earnings differentials and real earnings for those in the lowest decile have fallen in real terms. Although earnings inequality has widened in the British labour market, this has not been seen as severe as the US, **real earnings have shown some growth at the lower end of the distribution**²⁹. It therefore seems to be a choice of 'low pay and employment' or 'better pay and unemployment'.

Using data from the **US National Longitudinal Survey of Youth**, another American analysis³⁰ shows that the **disadvantage to racial and ethnic minorities becomes more important at advanced ages**. While gender and family poverty have greater impacts on overall economic attainments, being an ethnic minority is significantly associated with higher unemployment and lower wages when employed.

More specifically, in a comparative study between the US and the UK³¹, four reasons are found for expecting that immigrants in Britain suffer more discrimination than their US counterparts. These include a culture less tolerant of diversity, a legal system with weaker anti-discrimination laws, an economy that offers greater worker protections, and a labour force comprised of fewer non-Whites. Any one or more of these reasons might hold, but they can apply only to those minorities who are dependent on the actions of discriminatory employers. Immune to discrimination are the self-employed, their co-ethnic employees and the beneficiaries of affirmative action policy.

Drawing international comparisons reinforces the need to be very cautious about concepts, data and analysis. When comparing the situation of Chinese ethnic minorities in the US and in the UK, the relative advantage of Chinese in America is only valid for people born in Hong-Kong (13% of foreign-born American Chinese, compared to 48% in the UK). In Britain Hong Kong born Chinese fare less well than

²⁷ Leslie, Lindley, Thomas (1999)

²⁸ The US has a much greater ethnic minority population than the UK, and a longer history of migration and settlement, which makes comparisons problematic. However, it is useful to obtain a view of the situation in the US given the diversity of its population.

²⁹ Blackbaby et al. (1997)

³⁰ Tsang and Dietz (2001)

³¹ Model (2000)

Chinese born elsewhere, so in a US-UK comparison that ignores birthplace, the British Chinese emerge the less advantaged.

However, international comparisons are important, as British studies in this field have tended to be too inward looking³².

Dutch perspective

Analysis³³ reveals that socio-economic differences among ethnic minority groups *with a strong socio-cultural orientation towards Dutch society*, could largely be attributed to labour market characteristics rather than ethno-cultural factors. The empirical testing has also revealed that ethnic minorities with a strong socio-cultural orientation towards their *own group* are in less favourable position. Finally, the study shows that **the socio-economic differences among the ethnic groups only extend to a limited degree over successive generations.**

Fields for further research

It might be very useful to look in closer detail at how change affects individuals over time (longitudinal analysis for the same individual). Are there some patterns for ethnic minorities, over time (short term against long term)?

It may also be fruitful to look at the other side of ethnicity, studying attitudes of the British majority towards ethnic minority groups. In particular, an analysis of businesses could help find both evidence and analysis of potential discrimination, so that this issue could be addressed in the most efficient way.

Although logistic regression-based analysis, controlling for some crucial variables, can sharpen understanding, we have to keep in mind that often inequalities and disadvantages are correlated and cumulative rather than independent.

However, it might be useful in regression-based analysis to pursue the issue of social class, and try to separate this from other variables affecting economic performance of ethnic minority groups. Some work³⁴ in this area has already been done, but it needs to be deepened and enlarged to different ethnic minorities.

Section Two: Likely patterns for the UK over the next 20 years

Overall widening between ethnic groups and the White majority and between ethnic minorities

No 'catching-up'

Heath and McMahon focused on British-born members of the various ethnic groups. Their main finding was that 'the second-generation experienced the same pattern and magnitude of ethnic penalties in the British labour market as the first generation did'. Even the 'over-achieving' groups are being 'under-rewarded'.

Robinson suggests three lines of enquiry when addressing these issues:

- Whether there is differential incorporation or marginalisation of ethnic groups and what is the impact on their desire for social mobility. According to another study,³⁵ there is evidence of class-exclusion for Black-Caribbeans (high unemployment and low earnings) and evidence of class-segmentation for Pakistani and Bangladeshi groups (confined to an inferior subset, wherever the analysis is taking place). While 5% of all workers who had a job in 1971 did not have one in 1981, 8% of Caribbeans were in this case and 19% of Pakistanis.

³² Favell (2001)

³³ Roelandt (1996)

³⁴ Heath and McMahon (1999a)

³⁵ Cross (1994)

- Whether Pakistani and Bangladeshi patterns will converge with those of the Indian minority group. Modood clearly opposes this view. For him, this view 'grossly understates' the current scale of disadvantage of these two groups and takes no account of their structural characteristics: religion, culture, etc.
- The importance of histories prior to immigration and the traditions and resources they can therefore mobilise to gain mobility. This explanation is in line with the sociological tradition that arose in studies on European migration in the US (Chicago school). How similar characteristics, both individual and collective, can replicate themselves over generations may be significant.

Highest qualification of migrants (persons who came to GB at 16 or older, except self-employed)

Percentages	Caribbean	Indian	African-Asian	Pakistani	Bangladeshi	Chinese
None or below O-level	71	52	45	63	75	48
O-level or equivalent	8	12	21	20	11	9
A-level or equivalent	21	36	34	17	14	42
<i>% of higher qualification</i>						
Men	17	11	23	7	8	29
Women	29	2	12	1	1	34

Job level dynamics (gray is 1982, 1994 otherwise)

Percentages	Men											Women											
	White	Caribb	Indian	Afr-As.	Pakis'i	Bangl'i	Ch	White	Caribb	Indian	Afr-As.	Pa	Ch										
Prof/Manag./Employers	19	30	5	11	11	19	22	26	10	14	10	7	41	7	21	1	4	5	3	7	14	7	38
Other non-manual	23	21	10	20	13	28	21	31	8	18	7	22	26	55	58	52	76	35	61	52	66	60	55
Skilled manual	42	31	48	37	34	23	31	22	39	36	13	2	5	5	3	4	2	8	2	3	3	3	-
Semi-skilled manual	13	14	26	26	36	22	22	17	35	28	57	65	20	21	17	36	18	50	32	36	17	29	7
Unskilled manual	3	4	9	6	5	7	3	3	8	4	12	4	8	11	1	7	1	1	3	3	0	0	-

Source: Fourth National Survey on Ethnic Minorities, taken from MODOOD, BERTHOUD. (1997)

Comparing the situation between 1982 and 1994, differing degrees of ethnic mobility between various ethnic groups: whilst Chinese and Indian employees' situation improved, it did not change much for Pakistanis, and even worsened for Bangladeshis.

Different groups are stereotyped differently (constructed during the English colonial period). In the last decade or so, it has increasingly been argued that contemporary racism; cannot be understood in terms of undifferential colour racism, but that additionally groups are racialised on cultural basis³⁶.

Extrapolating past trends and patterns, the most likely pattern for the future appears to be a widening differences for most ethnic minority groups and most dimensions of inequality.

However, another school contends that despite the disadvantaged start for the Black and Asian minority groups, and despite the persistence of discrimination, they actually have made considerable progress over the period 1966-1991, relative to Whites³⁷. This **decline in differentials** has occurred in a context of upward collective social mobility. **Gender** differentials are also found to be more substantial than ethnic ones. It is a fact that Indian males outrank Black-Caribbean males and that Black-Caribbean females outrank Indian females³⁸, but this pattern of greater gender differentiation in a context of ethnic convergence appears nevertheless most unsure.

³⁶ from Barker (1981) to Modood (1997)

³⁷ Iganski and Payne (1996)

³⁸ Model (1999)

Convergence regarding some particular dimensions

Within general patterns of widening inequality between ethnic minorities and the white majority there is some convergence for particular dimensions.

- **For some ethnic groups only:** Indian and Chinese ethnic minorities catching-up with the White majority (regarding employment type and earnings), to a smaller extent for men of Pakistani and Bangladeshi background (regarding the participation in the labour market for example).
- **For some dimensions only:** looking at income rather than at wages or employment, because of correction to the income distribution that social benefits ensure. In the social field, convergence might also be more noticeable in the family size or the age structure (following the progressive alignment on the British way of life), than in the cultural openness to Britishness, for example.

Separation and segmentation

It is sometimes proposed that non-Whites may have a greater tolerance towards joblessness and poorer attitudes towards working but estimates from models of unemployment durations³⁹ indicate that this proposition doesn't resist to the empirical analysis and fails to explain longer term unemployment for ethnic groups.

The education system encourages competition and separation through urban location and social class position⁴⁰. White parents, now being **openly able to choose schools**, tend to try to select schools with few students from ethnic minority groups. Black and Asian *middle-class* parents tend to make similar choices.

Other potential drivers for stratification and segmentation might be

- **Negative neighbourhood effects.** If 'second-generation immigrants grow up in concentrated poverty areas, segregated by race and income, they may experience negative neighbourhood effects⁴¹.
- **Unfavourable labour market niches:** The first generation may establish labour market specialisation in declining industries, industries that are not conducive to self-employment, or that cannot be passed on to their children⁴².
- **Biased treatment by public institutions.** Schools, the criminal justice system, and other public bodies might differentially channel ethnic minorities towards worse income than native⁴³.
- **Group identity.** Ethnic minority young people may join their structured or pseudo-structures 'bands' in forming an identity that will impede their mobility⁴⁴.

New patterns for new immigrations

Globalisation, regional integration, shortening of distances and widespread information are major drivers for change in the patterns of migration. There is little doubt that this will lead to new migration schemes (purpose, origin, structure and dynamics), that will change future patterns of labour market differentials. Issues include:

- Asylum seekers, illegal entrants and overstayers
- EU: all countries within the EU have positive net migration, particularly from the Balkans
- Greater diversity (origin, skills, motivation, culture, etc.): New patterns for each group, new pattern amongst these groups and toward today's UK residents.

³⁹ Thomas (1998)

⁴⁰ Tomlison (1997)

⁴¹ Wilson (1987)

⁴² Saunders and Nee (1987)

⁴³ Min (1999)

⁴⁴ Ogbu (1991) in Roetland (1996)

Section Three: Issues with Data

Many data sources are available in the research field of ethnicity. Among them, the following are the core information, used by most researchers in this domain:

- Sample of Anonymised Records from the 1991 Census (SAR)
- Labour Force Survey
 - On a quarterly basis, this survey is the only nationally representative source for quite detailed information (such as country of birth, year of immigration, etc.). However, some lacks, like reasons for immigration, English fluency that would definitely have been useful for analysis.
- Department of Social Security's Family Resources Survey
 - It covers a sample of 2,520 minority *households* and around 50,000 White households. It provides specifically very useful information on incomes.
- General Household Survey
- National Survey on Ethnic Minorities
 - It covers a specially selected sample of 3,315 minority *households* and a comparison group of 2,867 White households. It provides specifically very useful information on individual identification and other sociological issues.

Changing the statistical sources for the data does not have a significant impact on main findings⁴⁵. Nevertheless, there are some differences between the NSEM results and the SARs results⁴⁶, corresponding to the two most widely used data sources in the literature. In particular, compared to SARs respondents, a higher proportion of NSEM respondents report a university degree and a higher proportion of NSEM respondents describe themselves as unemployed.

⁴⁵ Heath, McMahon, Roberts (1999)

⁴⁶ Model (2000)

Annex C : Historical policy background

Government has played an active part in policy geared towards members of ethnic minority groups for almost four decades. This involvement has varied in terms of definitions, scope, objectives, instruments as well as in its relationship with mainstream areas of social and economic policy. It has also varied and evolved in its group-specific (as opposed to area-specific) remit. The main objectives of the project, as well as its workstreams, will be informed by this background. The project will seek to uncover the thinking behind, and outcome of, earlier approaches to public policy. In addition, it will focus on the key lessons and how these may be integrated into a strategic review for future policy priorities.

Briefly, the main elements of the historic context can be summarised as follows:

- 1962 – Commonwealth Immigrants Advisory Council established. Set up to assess core integration-type issues in schooling, housing, labour market, etc. Seen as counter point to the decision to introduce statutory controls over New Commonwealth immigration in 1962.
- 1965 – (1st) Race Relations Act. Fulfilled an early commitment to legislate to curb racial discrimination (following Fenner Brockway's earlier PMBs). Excluded employment and housing markets, both perceived as areas of special sensitivity. Established Race Relations Board in a watchdog role to oversee new anti-discrimination measures. RRB also given limited promotional role (see 2nd RRA below).
- 1966 – Home Secretary sets out philosophical basis of Government involvement in integration policy: "Equal opportunity and cultural diversity, in an atmosphere of mutual tolerance."
- 1968 – (2nd) Race Relations Act. Embraces jobs and housing sectors, harnessing findings of 1967 PEP report on the extent of acts of racial discrimination. RRB continues with watchdog brief. A new body, the Community Relations Commission, established to spearhead promotional and educational activities.
- 1969 – Urban Programme launched. Main focus on social and economic elements of urban decline. Makes limited provision for "immigrant concentrations" as a basis for funding programmes. Established against backdrop of heightened tensions over immigration and inter-group relations.
- 1976 – (3rd) Race Relations Act. Followed on from the 1975 White Paper, recognising in law the doctrine of 'indirect discrimination' and its implications for public agencies and private bodies. Seen as a breakthrough since it placed a new focus on potential discriminatory outcomes, and not merely on intentions. Elements of the 3rd RRA followed the lead of the 1975 Sex Discrimination Act (e.g. in identifying discriminatory practices and in issuing legally-binding non-discrimination notices. RRB and CRC both abolished and replaced by the Commission for Racial Equality.
- 1981 – publication of the Scarman Report. Dealt with various aspects of 1980-81 disorders including racial discrimination and under participation/achievement

in education and employment. Urban Aid and Partnership Schemes, an expanded Youth Training Scheme, plus additional resources, all featured in the Government's response. Further supplemented by later urban regeneration initiatives including, *inter alia*, City Challenge, Neighbourhood Renewal and SRB.

- 1998 – Human Rights Act. Provides for the enforcement in UK courts and tribunals of rights secured by the European Convention on Human Rights. Article 14 of the ECHR prohibits discrimination on several grounds not already covered by UK law including language, religion, and “association with a national minority.”
- 1998 – Treaty of Amsterdam. Inserts a new Article 13 in the EC Treaty, empowering the Council to “take appropriate action” to combat discrimination based on various grounds including racial or ethnic origin.
- 1999 – publication of the MacPherson Report (Cmnd 4262-I) based on the Stephen Lawrence Inquiry. Highlights the need to tackle institutional racism, providing a definition that has origins in the 3rd RRA.
- 2000 – Race Relations (Amendment) Act. Partly following the above, introduces a positive duty on public authorities to identify and tackle discriminatory patterns and outcomes.
- 2000 – publication of the Hepple Report. Sets out a new framework for law on equality aiming to be non-adversarial, less bureaucratic and effective in enforcement.