

Poverty rates among ethnic groups in Great Britain

As part of its monitoring of poverty and social exclusion (see www.poverty.org.uk), the New Policy Institute has analysed how the rates of income poverty differ between ethnic groups and the reasons for some of these differences. It finds:

- The income poverty rate varies substantially between ethnic groups: Bangladeshis (65%), Pakistanis (55%) and black Africans (45%) have the highest rates; black Caribbeans (30%), Indians (25%), white Other (25%) and white British (20%) have the lowest rates.
- 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 Caribbeans.
- 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.



Measuring income poverty

This study uses a relative income measure adjusted for household size, the standard measure of poverty in Great Britain since at least the late 1990s.

A household is defined as in 'income poverty' if its income is less than 60% of the contemporary Great Britain median household income. In 2004/05, this was worth:

- £100 per week for a single adult with no dependent children;
- £183 per week for a couple with no dependent children;
- £186 for a lone parent with two dependent children; and
- £268 per week for a couple with two dependent children.

These sums are measured after deducting income tax, council tax and housing costs (including rents, mortgage

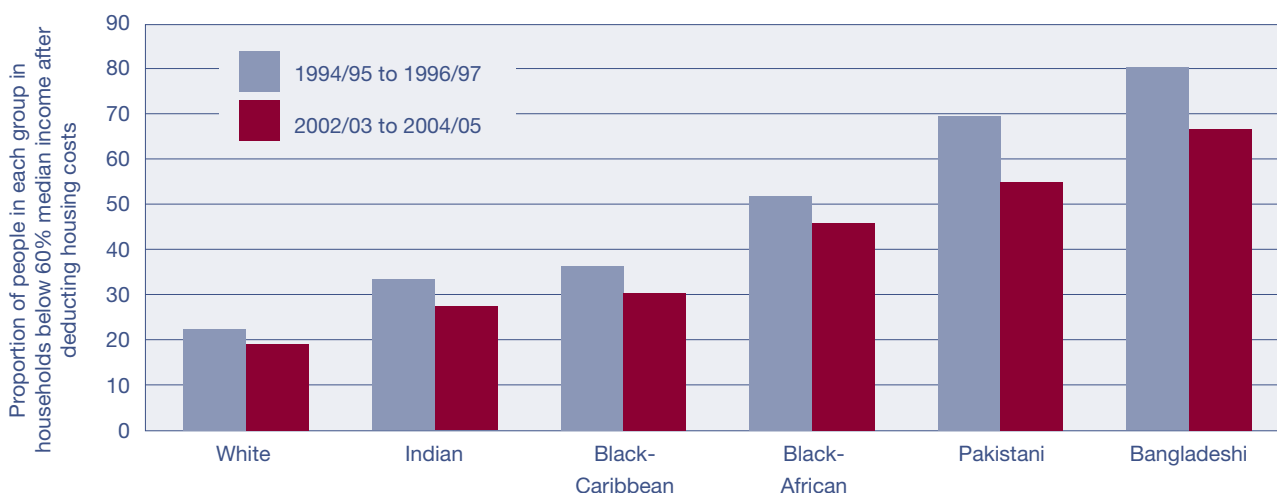
interest, buildings insurance and water charges). The money left over is therefore what the household has available to spend on everything else it needs, from food and heating to travel and entertainment.

Income poverty rates

The income poverty rate varies substantially between ethnic groups: Bangladeshis (65%), Pakistanis (55%) and black Africans (45%) have the highest rates while black Caribbeans (30%), Indians (25%), white Other (25%) and white British (20%) have the lowest rates (see Figure 1). For all ethnic groups, the rate at which income poverty has fallen over the last decade appears to be roughly similar.

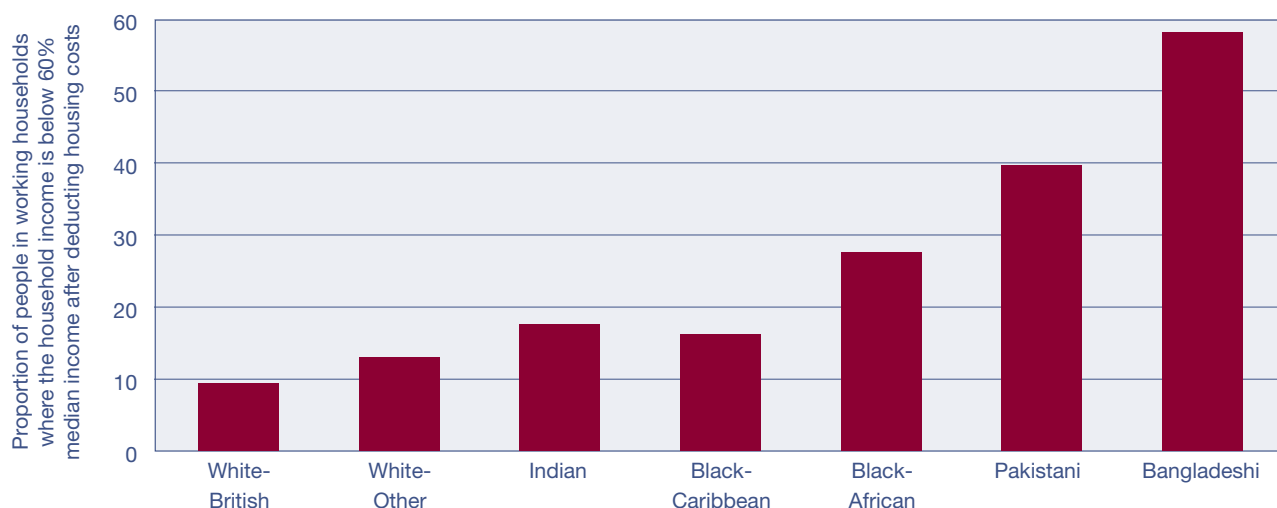
For all ages, people from minority ethnic groups are, on average, much more likely to be in income poverty than white British people, the differences being greatest for children and least for pensioners. Almost half of all children from minority ethnic groups are in poverty. For all family types, people from minority ethnic groups

Figure 1: **Income poverty rates have been falling for all ethnic groups but more than half of people from Bangladeshi and Pakistani ethnic backgrounds still live in income poverty**



Source: *Households Below Average Income, DWP*

Figure 2: **Among those in working households, around 60% of Bangladeshis, 40% of Pakistanis and 30% of black Africans are in income poverty**



Source: *Households Below Average Income, DWP; the data is the average for the years 2002/03 to 2004/05*

are, on average, more likely to be in income poverty than white British people, the differences being greatest for couples with children and least for lone parents.

For all family work statuses, people from minority ethnic groups are, on average, more likely to be in income poverty than white British people, the differences being greatest for 'working families' (families where at least one adult is in paid work) and least for 'workless families' (families where no adult is in paid work). Among those in working families, around 60% of Bangladeshis, 40% of Pakistanis and 30% of black Africans are in income poverty (see Figure 2). This is much higher than the 10-15% for white British, white Other, Indians and black Caribbeans.

Although income poverty rates for white British are slightly higher in inner London than elsewhere, there is little variation for this group between different parts of the country. By contrast, although people from minority ethnic groups are more likely to be in income poverty than white British people wherever they live, the difference is much greater in inner London and the English North and Midlands than elsewhere.

The proportion of the population belonging to an ethnic minority varies greatly across the country, ranging from 50% and 35% in inner and outer London respectively to less than 5% across Wales, Scotland, rural England and urban North East England. As a consequence, there are huge differences in the proportion of people in income poverty who are from an ethnic minority, from 70% in inner London and 50% in outer London, to 15% in the English North and Midlands and 10% elsewhere.

Accounting for differences in poverty rates

From the discussion above, children are more likely to be in income poverty than adults, lone parents are much more likely to be in income poverty than other family types, and workless families are much more likely to be

in income poverty than working families. It follows that, if a particular ethnic group has a high number of children, lone parents or workless families, this could go some way to account for its higher income poverty rate.

This analysis suggests that **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** (see Figure 3).

Of the three factors, work status has the biggest effect for the Bangladeshi and Pakistani population. This is due to a combination of workless families being generally so much more at risk of income poverty than working families and the much higher proportion of working-age adults not in paid work among Bangladeshis and Pakistanis than among white British people.

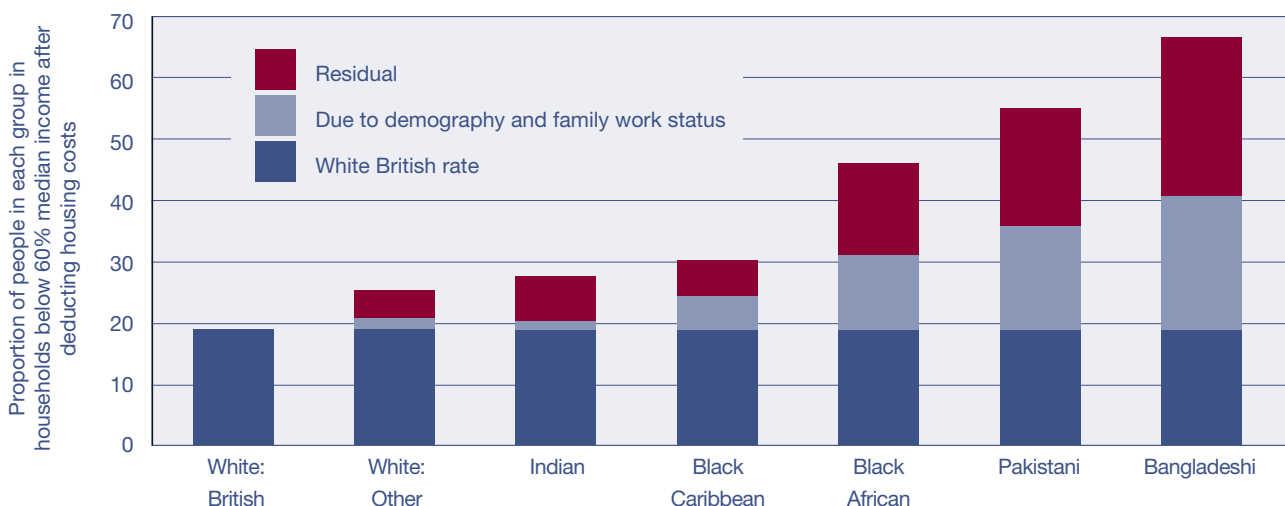
Family type has the biggest effect for the black Caribbean population, with both family type and work status having an effect for the black African population. In both cases, the prevalence of lone parents within these ethnic groups is an important factor.

Differences in work rates

According to the 2001 Census, around 15% of non-retired white British men aged 25 and over are not in paid work, with similar proportions for white Other and for Indians (see Figure 4). By contrast, the equivalent proportions for Bangladeshis, Pakistanis, black Africans and black Caribbeans are 30-40%.

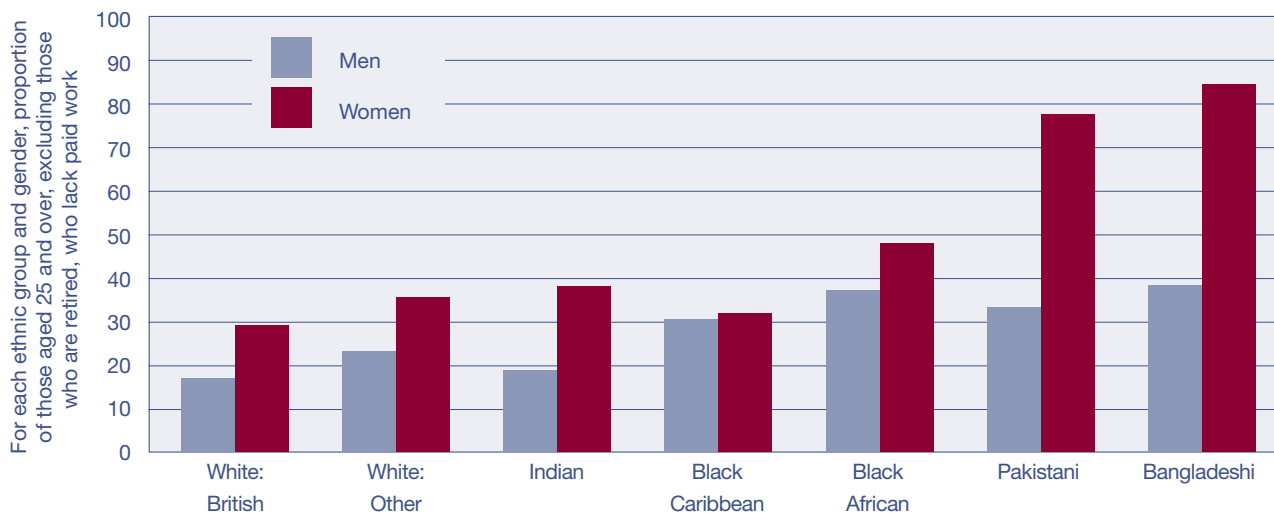
Around 30% of non-retired white British **women** aged 25 and over are not in paid work, with only slightly higher proportions for black Caribbeans, white Other and Indians. For black Africans, the proportion rises to almost 50%. But what really stands out is that the vast majority – 80% – of Bangladeshi and Pakistani women are not in paid work.

Figure 3: **Around half of the high poverty rates among Bangladeshi, Pakistani and black African households is accounted for by differences in age, family type and family work status, but the other half is not**



Source: *Households Below Average Income, DWP*; the data is the average for 2002/03 to 2004/05

Figure 4: Most Bangladeshi and Pakistani women are not in paid work



Source: 2001 Census for England, Scotland and Wales

The proportion of adults aged 25 to retirement who are not working and say that they **do not want paid work** is, at 40-45%, much higher for Bangladeshis and Pakistanis than for other ethnic groups (around 15%). By contrast, the proportion of adults aged 25 to retirement who are not working and say that they **do want paid work** is, at 10-20%, similar for Bangladeshis and Pakistanis as for other ethnic groups.

Other possible factors – and what remains to be explained

As differences in age, family type and family work status account for around half of the 'excess' income poverty rates among minority ethnic groups; the other half must therefore be due to other factors.

Analysis suggests that neither the higher prevalence of multi-family households, larger average family size nor the geographical spread of minority ethnic groups across the country add appreciably to the account of why overall income poverty rates are higher among minority ethnic groups.

However, this analysis points to where further explanation will have to be found. Of particular note are the much higher rates of *in-work* poverty among Bangladeshi,

Pakistani and black African groups (Figure 2). The greater prevalence of low pay will be a factor here: up to half of Bangladeshi workers, a third of Pakistanis and a quarter of black Africans were paid less than £6.50 per hour in 2006 compared with 20% of the other ethnic groups.

This in turn will need to be part of a more general explanation of the contrasting situations of different ethnic groups in both the labour market and the income distribution as a whole. For example, it is striking that not only are Pakistani and Bangladeshi households over-represented in the lowest fifth of the income distribution (essentially those in income poverty) but they are also over-represented in the second lowest fifth too. As a result, very few of the households in either of these two groups are even on average income. In that sense, it is the whole income distribution, and not just the degree to which different groups are concentrated in the lowest fifth, that needs to be explained.

About the project

This analysis draws data from a wide range of sources, mostly government-funded surveys. In all cases, the data used is widely agreed to be the most authoritative source for the subjects being analysed.

For more information

The full report, **Poverty among ethnic groups: How and why does it differ?** by Guy Palmer and Peter Kenway, is published by the Joseph Rowntree Foundation.

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