

**JRF programme paper:  
Poverty and ethnicity**

# Inequality within ethnic groups

**Lucinda Platt**

**May 2011**

This paper:

- considers the extent of economic inequality within and between ethnic groups;
- examines the relationship between economic inequality within ethnic groups and poverty rates across ethnic groups; and
- discusses the implications of a better understanding of inequality within ethnic groups for analysis of, and approaches to, ethnic minority poverty.

**The Joseph Rowntree Foundation (JRF) commissioned this paper as part of its programme on poverty and ethnicity which aims to understand the underlying reasons for variations in low income and deprivation among different ethnic groups in the UK and the problems caused. It also aims to contribute towards solutions to these problems.**

ISBN 978 1 85935 813 9

© Lucinda Platt 2011



**JOSEPH ROWNTREE  
FOUNDATION**

**[www.jrf.org.uk](http://www.jrf.org.uk)**

This paper was commissioned to inform the work of the JRF poverty and ethnicity programme, which aims to understand the underlying reasons for variations in low income and deprivation among different ethnic groups in the UK and the problems caused. It also aims to contribute towards solutions to these problems.

The Joseph Rowntree Foundation has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy-makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of JRF.

Joseph Rowntree Foundation  
The Homestead  
40 Water End  
York YO30 6WP  
[www.jrf.org.uk](http://www.jrf.org.uk)

This report, or any other JRF publication, can be downloaded free from the JRF website ([www.jrf.org.uk/publications/](http://www.jrf.org.uk/publications/)).

© Lucinda Platt 2011

First published 2011 by the Joseph Rowntree Foundation

All rights reserved. Reproduction of this report by photocopying or electronic means for non-commercial purposes is permitted. Otherwise, no part of this report may be reproduced, adapted, stored in a retrieval system or transmitted by any means, electronic, mechanical, photocopying, or otherwise without the prior written permission of the Joseph Rowntree Foundation.

ISBN 978 1 85935 813 9 (pdf)

Ref: 2607

Contact:  
Helen Barnard  
[helen.barnard@jrf.org.uk](mailto:helen.barnard@jrf.org.uk)

# Contents

	<b>Page</b>
<b>Section 1</b> Introduction and overview	<b>3</b>
<b>Section 2</b> The concepts of inequality and poverty	<b>6</b>
<b>Section 3</b> Inequality within and between ethnic groups: ethnic group inequality and poverty	<b>9</b>
<b>Section 4</b> Inequality, heterogeneity and intersectionality	<b>14</b>
<b>Section 5</b> Conclusions, implications and directions for future research	<b>17</b>
References	<b>20</b>
About the author	<b>23</b>
Acknowledgements	<b>23</b>
Appendix	<b>24</b>

## Introduction and overview

In focusing on inequality *between* ethnic groups, are we at risk of ignoring inequality *within* ethnic groups? This paper addresses the implications of inequality within ethnic groups for how we conceive of and address the poverty of ethnic minority groups. It concentrates on income inequality and on an income-based definition of poverty, though poverty can of course be measured multi-dimensionally, and linked inequalities can be identified across a range of domains. The potential for exploring the relationship between multi-dimensional poverty and inequality is one that the paper returns to in its conclusions.

The recent National Equality Panel (NEP) report (Hill, *et al.*, 2010) drew attention to the fact that inequalities within minority groups were substantial: often as great as, and sometimes greater than, inequality in the population as a whole. The report also showed that inequalities between groups contribute little to inequality overall, and this is true for all the strands (gender, disability, ethnicity, age) that the NEP covered. If we think of total inequality as being made up of one element that comes from differences between groups in the population and one element that comes from differences among members of those groups, then the contribution of the former element is trivial, while the latter accounts for almost all income inequality. For those concerned with analysing the extent of, or attempting to reduce, income inequality, ethnic differences in fact matter little. (Though they matter slightly more for ethnicity than for other strands; that is, inequality between ethnic groups contributes slightly more to overall inequality than, for example, inequalities between disabled and non-disabled people. I am grateful to Giovanni Razzu for this point.) Equalising incomes between ethnic groups would do little to alter the overall spread of incomes and the high levels of income inequality experienced in this country. An analysis focusing specifically on ethnic minority women's income and poverty reached similar conclusions (Nandi and Platt, 2010). These findings were felt to be startling for two reasons. First, because they seemed to suggest that ethnic inequalities have little bearing on inequality within UK society overall; second, they indicated that the experience of minority ethnic groups was in fact highly heterogeneous. The ranking of group experience in terms of average employment rates, poverty rates and earnings might therefore be misleading about overall group welfare. What we think of as typical experiences of different groups may, in fact, have little relationship to the experience of the majority of that group.

These are important insights, heightening our understanding of heterogeneity across groups, and the scale of inequality in UK society. But does it then follow from them, as some might conclude, that we should cease to be concerned about poverty differentials across ethnic groups? The simple answer to that question is no: attention to differences in poverty across ethnic groups is still important and worthy of sustained research and policy attention. Minority group poverty remains both a proper subject for analysis and understanding of disadvantage, and a challenge to social justice. The reasons why lack of concern for poverty does not follow from the observations about inequality within ethnic groups are:

- Inequality and poverty are conceptually distinct, even if they are often related. The arguments for paying attention to poverty apply to minority groups as

much as they do to the majority (and there are higher levels of poverty among many ethnic minority groups than for the majority white population).

- The extent to which between-group inequalities do or do not contribute to overall inequality is heavily influenced by:
  - relative group size; and
  - the extent and nature of population inequality.
- For those groups with particularly high rates of poverty, inequality within those groups is driven by very low, as much as high, incomes. Income inequality is revealing about poverty in such instances.

Subsequent sections of the paper expand upon and illustrate these points.

Despite the fact that concern with differential poverty rates across groups are not undermined by substantial inequalities within groups, a better grasp of inequality can still enhance our understanding of poverty. By drawing attention to heterogeneity within groups and the specific vulnerability of particular sub-populations, investigating inequalities within ethnic groups makes it possible to understand the disadvantage and poverty risks of minority groups in more detail. Additionally, if there is substantial inequality, even within groups that have higher poverty rates, then that shows that disadvantage is not necessarily associated with group belonging and invites us to explore why. Conversely, inequality may suggest that the experience of poverty varies substantially within groups, being more severe for some than others.

Thus, by leading us to explore specific experiences of sub-populations, inequality is relevant for both understanding and addressing poverty. Substantial heterogeneity may tell us something about the extent to which it is meaningful to think in terms of groups at all. Systematic (average) inequalities between groups are an important rationale for organising or conceiving of the population in groups in the first place. Clearly, though, the better that average inequalities summarise the experience of the majority of the group, the more appropriate the particular construction of the group. If, instead, substantial inequalities within groups suggest that inequalities between ethnic groups are driven by a particular sub-section of the group, or that average experiences summarise the experience of most of the group only poorly, then it may be worth reconsidering how groups are constructed and reflecting further on the meanings we attribute to them as relevant social divisions. This is a point explored more fully in the section *Inequality, heterogeneity and intersectionality* below.

A further way in which inequality can be informative about poverty is in illustrating the relationship between different forms of economic inequality and poverty. Poverty is typically measured in relation to average overall household income. A threshold representing a proportion of average incomes is calculated and those with incomes below this threshold (typically 60 per cent of the median or midpoint income) are deemed poor. However, inequalities can occur in particular components of income, such as earnings, as well as in individual incomes and in wealth. Exploring these may help us understand not only how inequalities within groups arise, but also how they have consequences for poverty. This paper therefore touches on inequalities in different domains and what they can tell us. Just as overall income inequality can be broken down into the parts contributed by different populations, the contribution of inequalities in different sources of income can be disaggregated for different groups,

leading to insights into what drives inequality within ethnic groups and why it is associated with different levels of poverty depending on the group.

Finally, it is possible to explore inequality within the experience of poverty itself. Among those poor, incomes are not all the same and certain measures of inequality can be used to understand the experience of those poor as well as being used to explore the whole range of incomes. Inequality and poverty, then, are different; but exploring them together can be mutually illuminating.

The paper starts by considering the concepts of poverty and inequality. Section 2 also touches on the different ways that inequality is measured, to facilitate understanding of the illustrations that follow. Section 3 provides an outline of inequalities within and between groups, drawing on the two main sources we currently have for this information (Hills, *et al.*, 2010; Nandi and Platt, 2010). In doing so, for clarity of argument and for comparability across sources, it focuses just on seven ethnic categories: white British, Indian, Pakistani, Bangladeshi, black Caribbean, black African and Chinese. Section 4 interrogates what inequality and heterogeneity mean for our understanding of ethnicity. The final section of the paper summarises the implications of the preceding discussion for potential theoretical and empirical analytical development deriving from the relationship between minority group poverty and inequality.

## The concepts of inequality and poverty

Income inequality is the subject of an extensive body of research exploring its measurement, trends, implications and consequences. Some studies have explored the contribution of particular demographic or economic subgroups (workless families, older families and so on) to trends in inequality in order to understand the relative contribution of different population shares to changes over time (Jenkins, 1995; Jenkins and Van Kerm, 2005; Brewer, *et al.*, 2009); and Brewer *et al* (2009) explored the contribution of ethnic inequality to overall inequality trends. But, overall, ethnic income and earnings inequalities in the UK, and their relationship to overall inequality, have received little attention.

Poverty has also been subject to substantial investigation, in terms of trends and 'at-risk' groups, and there has been a steadily expanding (albeit still small) body of work specifically on UK ethnic poverty differentials (Berthoud, 1997,1998; Platt, 2007, 2009; Nandi and Platt, 2010). This has shown that all minority groups experience higher poverty rates than the majority population, sometimes, as for Pakistani and Bangladeshi men, women and children, startlingly higher; but there is substantial variation between minority groups. Such findings have led to an increased imperative both to understand the sources of these differences and to identify the means to address them.

Nevertheless, there have been few attempts to explore the relationship between poverty and inequality within and across ethnic groups. Thus the findings of the National Equality Panel that 'there is generally as wide – or even wider – variation in the equivalent net incomes within ethnic groups as within the population as a whole' (Hills, *et al.*, 2010, pp.391), came as something of a surprise, apparently challenging the notion that we could conceive of minority groups as singular coherent groups, and highlighting the fact that even if average incomes, earnings and poverty rates differed substantially between groups, the distribution of incomes (household and individual) and of earnings echoed that of the population as a whole in its wide dispersion. Moreover, large average differences between groups did little to explain overall inequality: remove ethnic differences and population inequality would remain much the same.

But these insights into inequality, while revealing, do not necessarily undermine concerns about poverty. As Atkinson (1987) has pointed out, poverty and inequality are distinct concepts. Poverty analysis is concerned with attributing a particular status – poor – to all those who fall below a particular income threshold. Any single individual has a risk of being poor that is the same as the poverty rate – that is the proportion who fall below the poverty threshold. But research and policy concern focuses on those who are actually below the threshold, and on their outcomes and trajectories. The general risk, whether it is 25 per cent or 65 per cent, that all individuals face is not the key interest. Inequality is concerned with describing the distribution of everyone's incomes and summarising the relationship of these different incomes to each other through some form of measure of dispersion of difference. (See *Appendix*). While it can be informative about the extent to which changes over time have affected the better off or the worse off, it is informative about the overall social structure, not about the particular risks of any individual of living on a given income, or about their life changes.

It is perfectly possible to focus on either poverty or inequality without addressing the other. For example, concern with the situation of the most disadvantaged is not incompatible with a belief in a system of differential rewards and thus in the necessity of inequality of outcomes (Rawls, 1971). Conversely, those concerned with addressing income inequality might argue that it is more fundamental to reduce inequalities than to focus on a specific, disadvantaged group. Wilkinson and Pickett (2009) have argued that inequality is bad for everyone and that the adverse effects of inequality do not stem from the disadvantages specifically of poor people in unequal societies but are spread across the distribution. Earlier, Atkinson (1970) emphasised the importance of inequality rather than average income for social welfare by showing how equally distributed income could lead to the same level of welfare at a lower average income. Moreover, addressing poverty is not necessarily the best means to decrease overall income inequality, if income dispersion is primarily occurring at the top of the distribution.

Nevertheless, poverty and inequality do tend to be intimately intertwined, even if they are theoretically distinct (Atkinson, 1987). This is because, first, poverty focuses on a particular part of the wider distribution. Therefore analysis of poverty relates to the spread of incomes and to analysis of the distribution. Second, poverty tends to be higher when inequality is higher. This is not a necessary relationship: if all the action takes place above the middle (median) of the spread of incomes, which is typically used to define the poverty threshold, then it would not follow. Conversely, poverty could conceivably increase without inequality increasing if median incomes increased while top incomes reduced. But it is still likely that increases in dispersion of income lead to corresponding increases in poverty. Empirically this tends to be the case: those countries with more unequal income distributions also have higher poverty rates. In the literature, studies of income inequality are therefore often regarded as inseparable from studies of poverty (Jenkins and Micklewright, 2007). Moreover, many of the approaches to explaining or showing the contribution of different factors to (decomposing) income inequality can also be applied to poverty, since it is part of that income distribution (Jenkins and van Kerm, 2005). Greater inequality also implies heterogeneity among those designated poor and greater intensity of poverty – or poverty gaps – for some. Though poverty gaps can be directly measured, assessing differential poverty experience across minority groups by and large remains an issue for further research (though see Magadi and Middleton, 2007).

Grasping the nature and extent of income inequality is, therefore, informative in terms of understanding poverty and the context of poverty, even if it is possible to treat both inequality and poverty as presenting separate, theoretical, conceptual and policy challenges. This would appear to answer the motivating concern of the paper as to whether revelations of substantial inequality within ethnic groups found in the NEP report undermines a concern with unequal outcomes, specifically different rates of poverty, across ethnic groups.

However, there remain reasons why considering inequality and poverty together may complicate our understanding of ethnic differences – or inequalities – in poverty risks. The first is in terms of what is implied by the use of the term 'inequality'. This differs depending on whether we are thinking about inequality between groups (in terms of poverty) or about income inequality within a single population or sub-

population. Analysing differences across ethnic groups assumes that there is a 'normal' model of experience and variation from that 'normal' experience constitutes inequalities. Typically the majority is used as representing the normal experience and minority groups are compared with this, even though that is not necessary when comparing different groups. Thus, when investigating inequalities between groups the tendency is to identify whether the minority group experience differs from the majority – and if so by how much. This works for averages which summarise the group experience in terms of earnings, income, or poverty rates. We can see that some groups have higher earnings, some have lower incomes, and some have much higher poverty rates. They are correspondingly doing well or badly with reference to the norm, and according to which group is chosen as that norm. However, when we compare the *distribution* (or spread) of income across majority and minority groups, it is not clear what we should be looking for or judging as problematic. The NEP report implied that it was surprising – or at least worthy of note – that minority group income inequalities at least seemed to echo those in the population, even if averages varied substantially. But whether this was a positive finding (minorities 'look like' the majority) or a negative finding (income inequality is 'bad' and minority groups have just as much or more of it than the majority) was harder to ascertain. This is a point explored further below.

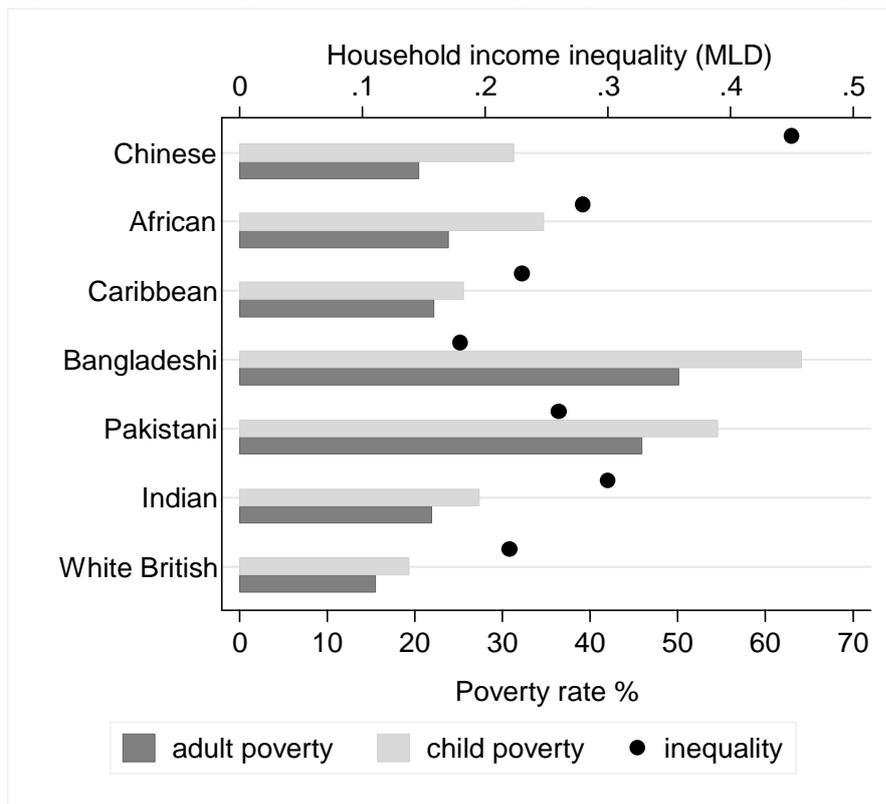
Second, if income and earnings inequalities between groups matter, we might expect them to influence overall inequality. Instead, inequalities between groups make a small, indeed perhaps negligible, contribution to overall inequality (Hills, *et al.*, 2010; Brewer, *et al.*, 2009; Nandi and Platt, 2010), even if somewhat more for ethnic minorities than for other minority groups such as disabled people. For example, Nandi and Platt showed that of total household inequality 99 per cent could be attributed to inequality within ethnic groups and only 1 per cent to inequality between ethnic groups. (This was using their preferred measure of the Mean Logarithmic Deviation (MLD), one of the measures that can be broken down or decomposed in this way. For more on the measurement of inequality see *Appendix*.) Brewer *et al* (2009) found 'no evidence that changes in the ethnic make-up of the population since 1994–95 have contributed significantly to changes in income inequality' (pp.49). Part of the reason for this lies simply in the fact that minority group population proportions are small. Methods to ascertain the contribution of inequalities between groups take account of the population size of the groups. Therefore it is hard for differences between minority groups to make a substantial contribution to overall inequality even when those differences are large. However, it is likely that even if the population proportions of minority groups were larger, the contribution to overall inequality of inequalities between groups would still not be large. And this is simply because the total extent of variation or spread across incomes is so great. There is an enormous range of incomes, perhaps greater than we typically recognise when making simple comparisons between the poor and the not poor, and to a greater or lesser extent all groups share in this variation.

We have shown that poverty and inequality can provide complementary understandings of income positions, rather than being completely distinct. Inequalities within groups are still relevant to understanding inequalities of position between different groups, even in the absence of their ability to explain wider social inequality. This is explored further in the following section.

# Inequality within and between ethnic groups: ethnic group inequality and poverty

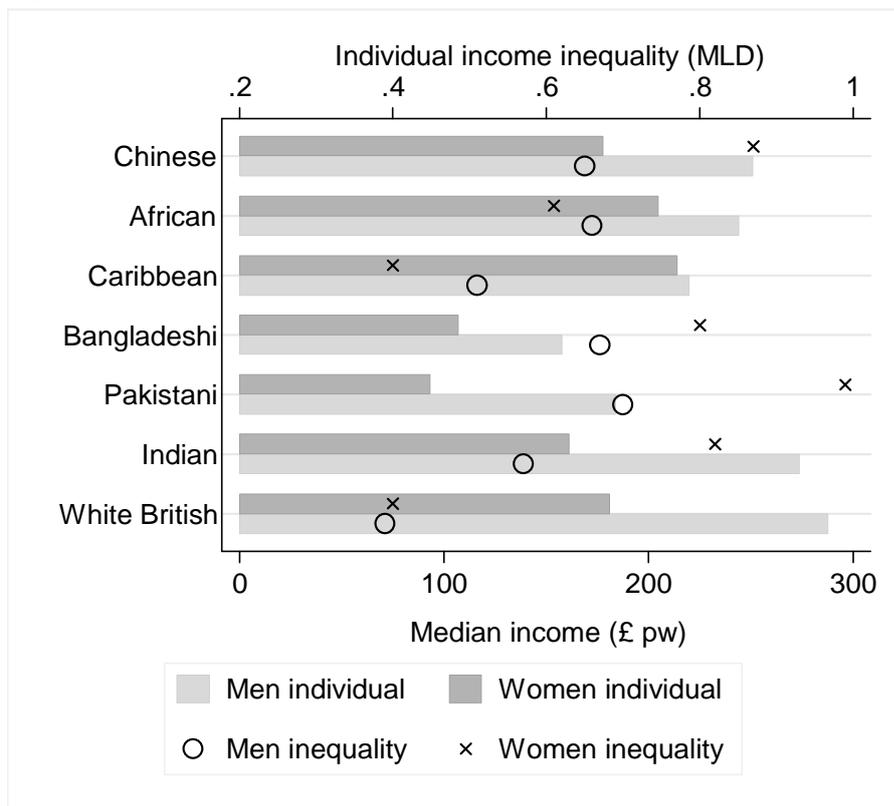
Figure 1 shows poverty rates and inequality in household income by ethnic group. Inequality is measured using the Mean Logarithmic Deviation (MLD), but the general pattern is consistent across measures. See *Appendix Note on measures* and Nandi and Platt (2010). As Figure 1 shows, there is not a clear inverse association between poverty and inequality across the groups. Figure 2 shows average individual income for men and women and inequality in their individual incomes, while Figure 3 shows men's and women's average earnings, and earnings inequality by ethnic group. Figure 4 shows median incomes and wealth across the ethnic groups, revealing that while there is some association across the groups between median income and poverty (Figure 1) and between median income and wealth, this association is not consistent or exact. Between them, these figures reveal the complex pattern of economic inequalities facing minority ethnic groups.

**Figure 1: Poverty and income inequality across ethnic groups**



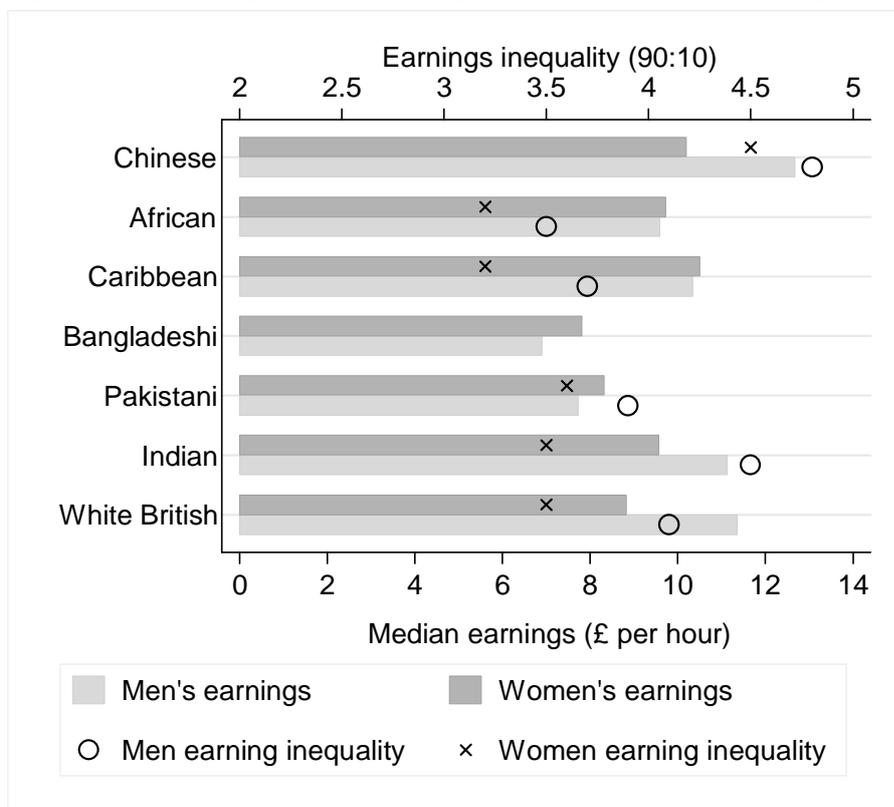
Source: Adapted from Nandi and Platt (2010)

**Figure 2: Individual incomes and income inequality**



Source: Adapted from Hills et al. 2010 and Nandi and Platt (2010)

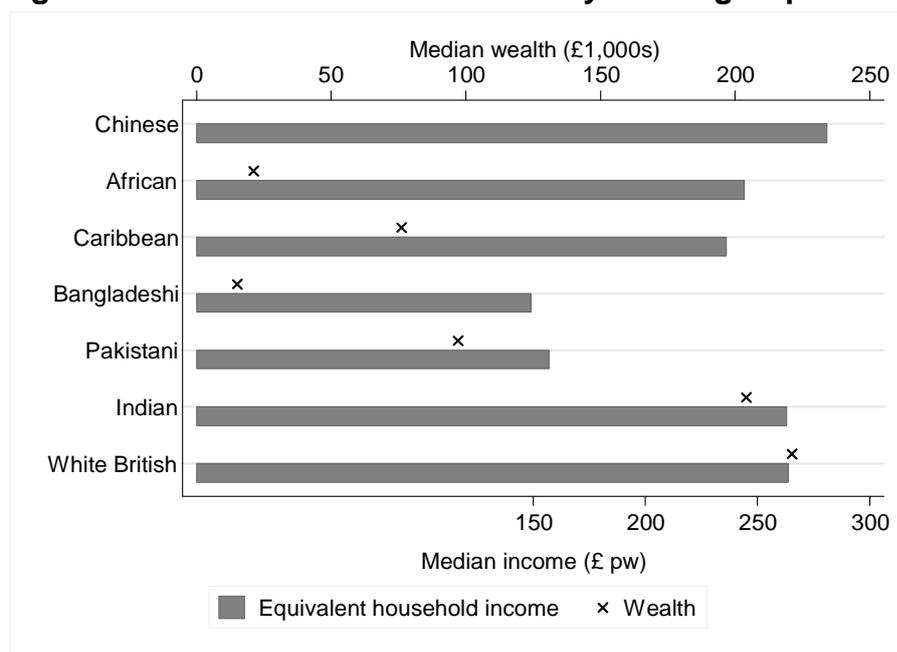
**Figure 3: Earnings and earnings inequality by ethnic group**



Source: Adapted from Hills *et al* (2010).

Note: earnings inequalities cannot be robustly calculated for Bangladeshi men and women's earnings.

**Figure 4: Median income and wealth by ethnic group**



Source: Adapted from Hills *et al* (2010) and Nandi and Platt (2010).  
 Note: Wealth data not available for the Chinese group.

Figure 1 is the most relevant to an interest in poverty. It also reveals substantial inequality within groups and for all groups. It shows that inequality is least among Bangladeshi households and greatest for Chinese households, with the other groups falling in between. When comparing inequality ‘rankings’ with poverty rates, there is an apparent relationship between the relatively lower inequality among Bangladeshi households and their very high poverty rates, but this relationship is not replicated across groups, and it is hard to discern any further systematic relationships. It should be noted that the extremely high poverty rates of Bangladeshi adults and children do not mean that there is *low* inequality, only *lower* inequality. There is still substantial inequality across this group.

It is also important to remember that a high poverty rate for a group does not mean that every member of that group has an equal chance of being in poverty. For example, if overall poverty rates for Indians are approximately 25 per cent, then any Indian person will have a one in four chance of being poor. But this does not mean that every Indian man or woman or child has an equal 25 per cent chance of being poor, nor that their chances of poverty are 25 per cent rather than 20 per cent *because* they are Indian, in any causal sense. Poverty chances are associated with the characteristics and composition of the Indian group, and those require identifying and addressing in order to understand and tackle poverty. And though progress has been made in identifying the factors that lead to differential poverty rates across groups, they are still relatively poorly understood (Platt, 2009). Nevertheless, the fact that whatever the causes, poverty rates are above the average for a particular group indicates that members of the group are disadvantaged by social structures and that the poverty differential warrants specific attention both on grounds of social justice and more effectively to address and mitigate poverty.

An analogy between identifying and investigating differential causes of poverty across ethnic groups can be made with lone parents. We know that poverty risks of

lone parents are substantially higher than for adults living in couples with children (or adults living without children). But this does not mean that the experience or characteristics of lone parents is homogeneous, nor that there are not some lone parents who are comfortably off. Neither does it mean that the solution to lone parent poverty lies in tackling lone parenthood itself – the state is not the intrinsic cause of poverty (and international comparisons show how the relationship between lone parenthood and poverty is much weaker in many other countries). Instead recognition of the high poverty rates for this group directs policy to explore what it is that results in lone parents having higher poverty risks, such as patterns of work, the extent to which child-related benefits provide adequate living standards, and issues of access to childcare. These issues will not apply to all lone parents, and will be irrelevant to some, but they provide a means for thinking about how to reduce the risks associated with this particular family status. Similarly, specific factors can be associated with poverty for certain minority groups: higher rates of workless households and low pay in work for Bangladeshi households; higher rates of lone parenthood among black Caribbean and black African households; higher rates of unemployment for all minority groups; larger than average household sizes for all three South Asian groups; a younger demographic for all minority groups, though less so for black Caribbeans. But again this does not mean that these characteristics are common to all members of families of each group, nor are they an implied consequence of belonging to a particular ethnic group. But they can give some purchase on how policy might be effective in reducing the poverty risks for particular groups.

There are four ways in which rates of inequality are potentially informative about poverty rates, despite appearing to have little connection to them. First, inequality demonstrates that the relationship between economic inequality and ethnicity is far from being a deterministic one. For all groups there are some individuals who are doing very well, even if the proportions doing very well and the extent to which they spread across the upper end of the income distribution varies by group. This can lead us to ask questions about what it is that enables people to escape high risks of poverty as well as what characteristics are associated with those higher risks. The upper end of the distribution has been relatively neglected till recently in analysis (Orton and Rowlingson, 2007), though it is the subject of a growing strand of research and methods for analysis (see for example Atkinson, 2006). In relation to ethnicity, the experience of well-off minority group members has received scant research attention; we know little about whether those at the upper end of the income distribution feel a sense of belonging with others of the same ethnic group, or the extent to which ethnic and class identities intersect.

Second, the presence of substantial inequality within each ethnic group and for all groups shows that the experience of sub-groups of the population still needs to be understood in relation to overall inequalities in society. The extent of inequality across minority groups indicates that they do not form economically homogeneous, distinct segments of the population. Instead they experience something of the variation and large differences in outcomes associated with the way that outcomes, earnings, and incomes are very differentially distributed across the population as a whole. Inability to enjoy the highs as well as suffer from the lows associated with a highly unequal society such as the UK would indicate particularly strong faultlines at the level of ethnicity. While the ability to transmit advantage from one generation to

another may be regarded as unfair, it would be even more unfair if minority groups were unable to transmit advantage in this way where it is a common principle within the wider society. In the same way, the absence of inequality within groups, particular if average economic outcomes are poor, would be indicative of groups being structurally inhibited from taking advantage of opportunities potentially available across UK society. An egalitarian model might welcome suppression of incomes within the population; but suppression of incomes just for particular sectors of the population can be seen as inequalitarian. Conversely, I would argue that equality across groups also implies the chance to experience equally unequal outcomes. In fact there is some variation in the degree of inequality across groups, as Figures 1–4 show, which might suggest that certain 'groups' in fact comprise a number of sub-populations with distinctive profiles. This is a point we return to when looking at the experience of specific groups in Section 4.

Third, inequality does not stop at the poverty line. Inequalities are informative about what is going on among those designated poor as well as those above the poverty line. To the extent that group-level inequalities are driven by very low incomes far below the poverty line as well as dispersion at the top, poverty itself can be considered a very different experience across groups. We can see this, for example, among Bangladeshi incomes, and, in particular, among women's individual incomes, especially Pakistani and Bangladeshi individual incomes.

Fourth, inequality allows us to reflect on the extent to which high levels of inequality across groups challenge the very notion of 'groupness' on which analysis of ethnic stratification is predicated. This point is considered in detail in the next section.

## Inequality, heterogeneity and intersectionality

Given the levels of income inequality within groups, should we be more circumspect about attributing ethnic differences in poverty rates to particular 'groups'? Much empirical analysis of ethnic group inequalities and disadvantage is silent about the appropriateness of the application of notions of 'groupness' to the categories employed. However, the use of categories and their (lack of) meaning is much discussed in the wider sociological literature on race and ethnicity (e.g. Ballard, 1997; Carter and Fenton, 2009, Gilroy, 2000; see also the discussion in Burton, *et al.*, 2010). Such issues are highly pertinent to claims about differences within as well as between groups. Do large inequalities within groups challenge the meaning of groupness? The answer may be different depending on which 'group' we are considering. Looking across Figures 1–4 and drawing on the further information we have on the distribution of incomes across groups, we can consider what patterns of inequality within groups can suggest about the internal coherence or homogeneity of different groups. Though income is clearly only one potential point of connection or disparity within a group, it provides a good starting point for reflecting on other forms of group relations. For reasons of both clarity and space we concentrate just on the Bangladeshi, Indian, Caribbean and Chinese categories.

As Figures 1–4 show, the pattern for Bangladeshis in terms of both inequality and relative income position is remarkably consistent. They have the lowest income inequality apart from in individual income. In this latter case, the prevalence of zero incomes contributes in part to the relatively high levels of income inequality. In terms of relative income position, they are consistently the worst off. They also clearly have the highest poverty rates of all groups across both adults and children. Thus incomes for this group appear to be *relatively* closely grouped or clustered, and that clustering takes place at low levels of income. Nandi and Platt (2010) show that 75 per cent of Bangladeshi household incomes are below the median for white British households. Thus, despite a fair degree of inequality, there is also considerable concentration in the lower half of the income distribution, such that only 25 per cent are above this half way point, and even many of them will be close to it. Inequality appears to differentiate among those less well off, rather than between those less well off and those better off in general. This indicates that to identify Bangladeshis as a group *for the purposes of investigating disadvantage* makes considerable sense. A group focus for analysis of poverty and for understanding differentiation among the poor is, then, illuminated by exploring inequality within groups. Moreover, the fact that there is nevertheless substantial variation and that 25 per cent are in the upper half of the overall income distribution may help to shed light on what factors make a difference for this group in gaining and maintaining economic security. As noted above, the levels of inequality across all groups are not consistent with a view of minority groups as forming distinct sections of the population, and separated from common experience.

The Chinese story is, by contrast, one of a wide spread of incomes – or large income dispersion – with substantial economic achievement towards the top of the distribution. Thus average individual and household income and earnings are high, for both men and women. However, inequality levels are also extremely high. Despite the high median levels of resources, poverty rates are above average for both adults and children. This perhaps challenges – or invites us to scrutinise more

carefully – the construction of this group as a group. In terms of understanding the poverty rates, it may well be that these represent the experience of a specific sub-section of the wider Chinese group, for example distinguished by generation (age), country of origin, or period of migration, all factors which are known to have an impact on minority group outcomes. Further quantitative investigation of this group and sub-groups within it are hampered by relatively small population sizes. Qualitative research may, however, enhance our understanding of these widely different experiences across the category and the extent to which poverty rates are meaningfully constructed as those of the Chinese ‘group’.

Indian inequality patterns also indicate some degree of polarisation. High levels of earnings and wealth holdings are accompanied by high levels of inequality across income and earnings – though not as striking as those for the Chinese group – and above average poverty rates. There is substantial evidence of the increasing educational and labour market success of this group, as with average Chinese experience (Platt, 2011). But higher than average poverty rates present ongoing questions about their cause (Platt, 2009). The extent of inequality and the more even spread of incomes across the range (rather than a particular concentration of households at a given income level) suggests that the poverty risks may be a consequence of differences in experience within different fractions of the group. Longhi *et al* (2009), for example, have shown how differentiating by religious affiliation among Indians suggests a more advantaged group (Hindus) and a less advantaged group (Muslims) with a more complicated story for Sikhs (see also Platt, 2005). Nevertheless, it may be worth exploring further the extent to which our understanding of disadvantage makes more sense for this group if we distinguish along ethno-religious lines. And, unlike for the Chinese population, existing and forthcoming quantitative data sources, such as pooled years of the Family Resources Survey or Understanding Society ([www.understandingsociety.org.uk](http://www.understandingsociety.org.uk)), the new household panel study, are more susceptible to such analysis given the relatively larger size of this group.

Caribbeans show relatively low levels of inequality (particularly among women). But the fact that most incomes fall within a narrower range than the incomes of other groups does not mean they have lower poverty rates. The relative concentration of incomes means fewer people with high incomes but substantial numbers with fairly low incomes. Some of these lower incomes result in income poverty and others fall just above the poverty threshold. Therefore, for this group, we might enhance our understanding of poverty by exploring continuities in experience, for example of deprivation or in income (im)mobility, between those above and those below the poverty threshold.

In addition, there are distinctively gendered patterns of experience for this group, with women having relatively high income and earnings, but men having relatively low incomes. As this is also the group (along with Chinese) where individuals are least likely to be partnered with someone from the same ethnic group, it may be that to understand poverty rates involves tracing the experiences of income and inequality separately across Caribbean men and women, rather than necessarily treating the experience of men and women of the same group as interconnected.

To develop our understanding of the relationship between inequalities and the meaning of groups, we can draw on the insights from the literature on intersectionality, which has emphasised the importance of an intersectional approach for addressing economic disadvantage (Brah and Phoenix, 2004; Davis, 2008; McCall, 2005, Phoenix and Pattynama, 2006). Inspecting the intersections of particular sets of characteristics, whether ethnicity and sex (as in Nandi and Platt, 2010) or age and ethnicity (Berthoud, 2000) might enable further insights into how ethnic inequalities are mediated or compounded by other potential sources of inequality. That is, we may better understand the heterogeneity in experience implied by large income inequalities by paying attention to other sources of variation within groups. This may give us a more coherent understanding of how inequality cross-cuts a group. As yet the emphasis on applying an intersectional approach, though it has gained substantial ground in exploring gender inequalities, is less developed in other directions. There is a growing body of work exploring the intersection of religious affiliation and ethnic group (e.g. Longhi, *et al.*, 2009; Khattab, 2009), but this tends to be empirical and descriptive rather than giving providing a strong theoretical understanding of why it is important to explore this particular intersection. This is clearly an area which could benefit from further attention.

## Conclusions, implications and directions for future research

As Loury (2000) pointed out at a conference on poverty in 2000, 'one encounters the disturbing evidence that racial differences in the experience of poverty are large, intractable and poorly understood' (pp.59).

He was speaking of the US, but the point stands also for the UK. Given the current (limited) state of knowledge about ethnicity and poverty, how might the observations in this paper take forward an agenda for the analysis and understanding of poverty across different ethnic groups? The discussion above has indicated a number of ways in which exploring the relationship between poverty and inequality can both enhance our existing understanding of ethnicity and poverty and lead to new directions for research. These are briefly summarised below. Analysis of income inequality within groups emphasises that poverty is not necessarily a common standard of living but lies along a trajectory. There is also inequality among those who are poor and it can be analysed with existing measures. Those whose incomes put them just above the poverty line are likely to share similar standards of living with those whose incomes are just below the poverty line; but both among the poor and the non-poor there is considerable diversity of experience.

That diversity and inequality may be negative for overall group welfare in that it leaves some minority group members far behind the reference income for the society as a whole, and undermines the logic for attention to minority groups' economic well-being. On the other hand, if high levels of inequality within ethnic groups are accompanied by high levels of contact between group members, then that might lead us to conclude that group inequality has positive spin-offs, enabling opportunities for 'bridging' social capital. Similarly, within-group inequality might also be positive for mitigating some of the impacts of poverty such as reduced consumption and financial stress, allowing informal – or more formal – borrowing and material support to occur. This is an area which is currently under-theorised and would benefit from both qualitative and quantitative empirical investigation on the basis of such theorisation.

Approaches to breaking down poverty into its components looking at the relative roles of different sets of circumstances have not so far been extended to an analysis of ethnic group poverty. Indeed, the recent recognition of large economic inequalities within groups came as a timely reminder about how relatively little we still know about ethnic minority economic welfare. More attention to income sources, to the make-up of income in poor and non-poor households, and to the different family and household circumstances associated with poverty could bring insights for poverty research more generally as well as for the specific nature of minority groups' poverty.

While it has not been fully able to do justice to them, this paper has indicated some of the gender differences in economic welfare and in the nature of economic inequalities within groups. These may be significant for how poverty is experienced at a household level. Control over, and use of, resources as well as negotiations and exchanges with those living outside the immediate household are likely to play a significant role in how income poverty is experienced, enhanced or mediated within

households and across household members. Research exploring consumption patterns may help illuminate how gendered and group inequalities intersect at the household level and whether they in fact 'matter' for those currently poor in any practical sense. That is, do more un/equal groups foster greater mutual support? This is a question it would be possible to theorise an answer to in either direction. For example we might expect that in more equal groups the relative similarity of circumstances will lead to greater levels of exchange. Conversely, where there are great inequalities, those who are well off may be particularly concerned with the less well off and have the capacity to set up mechanisms for support and exchange. This is an area that merits both theoretical development and empirical testing.

Revealing inequality within groups draws attention to how average disadvantage is not common to all members of a group. Indeed the greater the inequality the further the experience of some – or even many – of the group will be from those who are disadvantaged. To understand the different experience of those far removed from poverty may help to illuminate potential routes out of (or causes of) poverty. Are the better off a distinct group, or are they comparable apart from particular factors which enabled them to achieve economic success? A parallel agenda focusing on the top of the distribution – particularly for those groups with the highest poverty rates – could potentially be informative about poverty itself.

The paper also highlights how specific research questions could help to illuminate what inequality is telling us about 'groupness' and enable potentially fruitful directions in terms of unpicking the extent to which poverty, and over-representation in poverty in particular, is a group-level risk, and the extent to which it is meaningful to analyse it across standard ethnic group categories. Exploring particular intersections – between ethnic group and other characteristics, such as gender or age – may improve our understanding of some of the apparent contradictions presented by high average incomes but above average poverty rates.

In particular it could be worth exploring how poverty rates differ across generations and the extent to which patterns of inter-generational transmission lead to the large inequalities within groups. Inequalities faced by minority groups relative to the majority tend to decline from the migrant to the UK-born generations for most groups (Heath and Cheung, 2007; Longhi, *et al.*, 2009). However there are also differences across groups in the extent of 'catching up' across the generations, and different patterns of inter-generational transmission of class position (Platt, 2005). This work could be further developed, with sources that allowed a distinction between UK- and non-UK-born, to look at the relative contribution to poverty rates of inequalities between generations. The contribution of groups' specific patterns of mobility to both inequalities and poverty would also merit further attention.

Related to this, a better understanding of income dynamics across ethnic groups, building on Platt's (2009) preliminary work, and using both further sweeps of the Millennium Cohort Study (a multi-disciplinary research project following the lives of around 19,000 children born in the UK in 2000/1, see [www.cls.ioe.ac.uk/studies.asp?section=000100020001](http://www.cls.ioe.ac.uk/studies.asp?section=000100020001)) and new data emerging from *Understanding Society*, could enhance understanding of the ways in which patterns of inequality develop and how poverty can become concentrated within particular subpopulations of groups.

Finally, one issue that runs through this paper is the way it has consistently conceived of poverty in terms of income and a poverty threshold relative to median incomes. Of course this is not the only way that poverty is conceived (Lister, 2004). There are differing interpretations and definitions of poverty (Platt, 2006), with overlaps with multiple deprivation (Pantazis, *et al.*, 2006; Nolan and Whelan, 1996), social exclusion (Burchardt, 2002; Atkinson, *et al.*, 2002), labour market disadvantage, and forms of social deprivation or lack of social contact (Salway, *et al.*, 2007; Levitas, 2006). The United Nations Development Programme adopted a multidimensional poverty index that has ten components, and which can be broken down to reveal intensity and depth of poverty as well as the number of poor according to the index. In the UK, the equality measurement (Alkire, *et al.*, 2009) also proposes a range of dimensions of activity and experience that can enable exploration of differential capabilities (Sen, 1983) across groups. The focus on income poverty in this paper leaves unanswered questions about inequalities in access to resources *within* groups and within households in terms of alternative or multi-dimensional poverty measures.

## References

- Alkire, S., Bastagli, F., Burchardt, T., Clark, D., Holder, H., Ibrahim, S., Munoz, M., Terrazas, P., Tsang, T. and Vizard, P. (2009) *Developing the Equality Measurement Framework: selecting the indicators*. EHRC Research Report 31. Manchester: EHRC.
- Atkinson, A.B. (1970) 'On the measurement of inequality', *Journal of Economic Theory*, Vol.13, No.3, pp.244–263.
- Atkinson, A. B. (1987) 'On the measurement of poverty', *Econometrica*, Vol. 55, No. 4, pp.749–64.
- Atkinson, A. B., Cantillon, B., Marlier, E. and Nolan, B. (2002) *Social Indicators: The EU and social inclusion*. Oxford: Oxford University Press.
- Atkinson, A. B. (2006) Concentration among the Rich. UNU WIDER Research Paper 2006/151. Helsinki: UNU World Institute for Development Economics Research.
- Ballard, R. 1997 'Negotiating Race and Ethnicity: Exploring the implications of the 1991 Census', *Patterns of Prejudice*, Vol. 30, No. 3, pp. 3–33.
- Berthoud, R. (1997) 'Income and standards of living', in Modood, T., Berthoud, R., Lakey, J., Nazroo, J., Smith, P., Virdee, S. and Beishon, S. (eds) *Ethnic Minorities in Britain: Diversity and Disadvantage*. London: PSI, pp. 150–183.
- Berthoud, R. (1998) *The Incomes of Ethnic Minorities*. ISER Working Paper. Colchester: Institute for Social and Economic Research, University of Essex.
- Berthoud, R. (2000) 'Ethnic employment penalties in Britain', *Journal of Ethnic and Migration Studies*, Vol. 26, No. 3, pp.389–416.
- Brah, A. and Phoenix, A. (2004) 'Ain't I A Woman? Revisiting intersectionality', *Journal of International Women's Studies*, Vol. 5, No. 3, pp.75–86.
- Brewer, M., Muriel, A. and Sibieta, L. (2009) *Accounting for Changes in Inequality Since 1968: Decomposition analyses for Great Britain*. Report of the National Equality Panel. London: IFS.
- Burchardt, T. (2002) 'Measuring social exclusion', in Hills, J., LeGrand, J. and Piachaud, D. (eds) *Understanding Social Exclusion*. Cambridge: Cambridge University Press.
- Burton, J., Nandi, A. and Platt, L. (2010) 'Measuring ethnicity: challenges and opportunities for survey research', *Ethnic & Racial Studies*, Vol. 33, No. 8), pp. 1332 – 1349.
- Carter, B. and Fenton, S. (2009) 'Not thinking ethnicity: a critique of the ethnicity paradigm in an over-ethnicised sociology', *Journal for the Theory of Social Behaviour*, Vol. 40, No. 1, pp. 1–18.

Davis, K. (2008) 'Intersectionality as buzzword: A sociology of science perspective on what makes a feminist theory successful', *Feminist Theory*, Vol. 9, No.1, pp. 67–85.

Gilroy, P. (2000) *Between Camps: Nations, cultures and the allure of race*. Harmondsworth: Allen Lane/The Penguin Press.

Heath, A. F. and Cheung, S. Y. (eds) (2007) *Unequal Chances: Ethnic minorities in western labour markets*. Oxford: Oxford University Press.

Hills, J., Brewer, M., Jenkins, S., Lister, R., Lupton, R., Machin, S., Mills, C., Modood, T., Rees, T. and Riddell, S. (2010) *An Anatomy of Economic Inequality in the UK: Report of the National Equality Panel*. London: Government Equalities Office/Centre for Analysis of Social Exclusion.

Jenkins, S.P. (1995), 'Accounting for inequality trends: Decomposition analyses for the UK, 1971–86', *Economica*, Vol. 62, No. 245, pp. 29–63.

Jenkins, S.P. and van Kerm, P. (2005) 'Accounting for income distribution trends: A density function decomposition approach', *Journal of Economic Inequality*, Vol. 3, No.1, pp. 43–61.

Jenkins, S. P. and Micklewright, J. (eds) (2007) *Inequality and Poverty Re-examined*. Oxford: Oxford University Press.

Khattab, N. (2009) 'Ethno-religious background as a determinant of educational and occupational attainment in Britain', *Sociology*, Vol. 43, No. 2, pp. 304–322.

Levitas, R. (2006) 'The concept and measurement of social exclusion', in Pantazis, C., Gordon, D. and Levita,, R. (eds) *Poverty and Social Exclusion in Britain: The millennium survey*. Bristol: The Policy Press, pp. 123–160.

Lister, R. (2004) *Poverty*. Oxford: Blackwell.

Longhi, S., Nicoletti, C. and Platt, L. (2009) *Decomposing Wage Gaps Across the Pay Distribution: Investigating inequalities of ethno-religious groups and disabled people*. Report commissioned by the National Equality Panel. ISER Working Paper 2009-32. Colchester: Institute for Social and Economic Research, University of Essex.

Loury, G. C. (2000) 'What's next? Some reflections on the IRP poverty conference, "Understanding Poverty in America: Progress and Problems": poverty and race', *Focus*, Vol. 2, No.2, pp. 59–60.

Magadi, M. and Middleton, S. (2007) *Severe Child Poverty in the UK*. London: Save the Children.

McCall, L. (2005) 'The complexity of intersectionality', *Signs: Journal of Women in Culture and Society*, Vol. 30, No. 3, pp. 1771–1800.

Nandi, A. and Platt, L. (2010) *Ethnic Minority Women's Poverty and Economic Well-Being*. London: Government Equalities Office.

Nolan, B. and Whelan, C. (1996) *Resources, Deprivation and Poverty*. Oxford: Clarendon Press.

Orton, M. and Rowlingson, K. (2007) 'A problem of riches: towards a new social policy research agenda on the distribution of economic resources', *Journal of Social Policy*, Vol. 36, No. 1, pp. 59–77.

Pantazis, C., Gordon, D. and Levitas, R. (eds) (2006) *Poverty and Social Exclusion in Britain: The millennium survey*. Bristol: The Policy Press.

Phoenix, A. and Pattynama, P. (2006) 'Intersectionality', *European Journal of Women's Studies*, Vol.13, No.3, pp. 187–192.

Platt, L. (2005) *Migration and Social Mobility: The life chances of Britain's minority ethnic communities*. Bristol: The Policy Press.

Platt, L. (2006) 'Poverty', in Payne, G. (ed) *Social Divisions* (2nd edition). London: Palgrave Macmillan.

Platt, L. (2007) 'Child poverty and ethnicity in the UK: the role and limitations of policy', *European Societies*, Vol. 9, No.2, pp. 175–199.

Platt, L. (2009) *Ethnicity and Child Poverty*. Department of Work and Pensions Research Report No 576. London: DWP.

Platt, L. (2011) *Understanding Inequalities: Stratification and Difference*. Cambridge: Polity.

Rawls, J. (1971) *A Theory of Justice*. Cambridge MA: Harvard University Press.

Salway, S., Platt, L., Chowbey, P. and Harriss, K. (2007) *Long-term Illness, Poverty and Ethnicity*. Bristol: The Policy Press.

Sen, A. (1983) 'Poor, relatively speaking', *Oxford Economic Papers*, Vol.35, No. 2, pp.153–169.

Townsend, P. (1979) *Poverty in the United Kingdom*. Harmondsworth: Penguin.

Wilkinson, R. G. and Pickett, K. E. (2009) *The Spirit Level: Why equality is better for everyone*. London: Allen Lane.

## **About the author**

### **Lucinda Platt**

Professor of Sociology; Director, Millennium Cohort Study, Centre for Longitudinal Studies, Institute of Education.

## **Acknowledgements**

I am grateful for the helpful comments of Giovanni Razzu, Tania Burchardt and Helen Barnard on an earlier version of this paper. Some of this paper draws on joint work with Alita Nandi for the Government Equalities Office.

## Appendix Note on measures

There is no consensus on a single 'best' measure to summarise economic inequality within populations or groups. There are a large range of potential measures and they have different properties and may result in different emphases or slightly different conclusions if used alongside each other (Hills, *et al.*, 2010; Jenkins and Van Kerm, 2009). The NEP report focused on the ratio between the income received by someone on the 90<sup>th</sup> percentile of the distribution compared to someone on the 10<sup>th</sup> (the 90:10 ratio). This captures the degree of dispersal across the population, excluding only the highest and lowest incomes in an easily comprehensible way. However, it does not tell us much about the distribution between those points. The ratio would be the same if 10 per cent of people had very high and 10 per cent very low incomes, and either the remaining 80 per cent were clustered in the middle or the remaining 80 per cent were evenly spread between these points. Moreover, the 90:10 ratio can be very sensitive to individual incomes when sample sizes are small (and therefore few people are at the 90<sup>th</sup> or 10<sup>th</sup> percentiles), making it typically quite unstable for measuring dispersal across minority ethnic groups. The 75:25 ratio, which is offered as an alternative in Nandi and Platt (2010) is much more stable, though, clearly, it tells us only about the dispersal across the middle 50 per cent of incomes, rather than overall polarities in incomes.

The Gini coefficient is a commonly used measure of income inequality that summarises ratio between the amount cumulative incomes diverge from total equality to a totally equal cumulative income distribution. It can vary from 0 (complete equality – everyone has the same income) to 1 (complete inequality – one person has all the income and everyone else has none). The mean logarithmic deviation is one of a class of inequality measures that vary according to their sensitivity towards inequality at the top or the bottom of the distribution. The mean logarithmic deviation (MLD) is not unduly sensitive to either end of the distribution. Moreover, unlike the Gini, it can be broken down into the 'within-group' and the 'between-group' contribution, making it useful for comparisons across ethnic groups. A higher value of the MLD corresponds to greater inequality.

It is also possible to explore inequality across individual incomes and earnings (and other measures of economic welfare). Summaries of individual and earnings inequality can also be informative when attempting to understand income poverty and when exploring issues of distribution within households.

Poverty estimates are based on net household income adjusted for household composition. All individuals within the same household are assumed to have the same equivalent income. The poverty threshold is set as the amount corresponding to 60 per cent of the midpoint (median) of all incomes. Like inequality, poverty can also be broken down into component parts, and the degree of inequality among those who are poor can also be estimated.

It is possible to examine inequalities within and between groups across certain other dimensions of (economic) well-being other than income. And some multidimensional measures of poverty, such as the Oxford Poverty and Human Development Initiative Multidimensional Poverty Index, can also be broken down to ascertain those

deprivations that drive poverty across and with groups. However, this paper focuses on income inequality and poverty measured in household income terms.

## References to Appendix

Hills, J., Brewer, M., Jenkins, S., Lister, R., Lupton, R., Machin, S., Mills, C., Modood, T., Rees, T. and Riddell, S. (2010) *An Anatomy of Economic Inequality in the UK: Report of the National Equality Panel*. London: Government Equalities Office/Centre for Analysis of Social Exclusion.

Jenkins, S. P. & Van Kerm, P. (2009) 'The measurement of economic inequality', in Salverda, W., Nolan, B. and Smeeding, T. M. (eds) *Oxford Handbook of Economic Inequality*. Oxford: Oxford University Press.

Nandi, A. and Platt, L. (2010) *Ethnic Minority Women's Poverty and Economic Well-Being*. London: Government Equalities Office.