

# MACROECONOMIC PICTURE OF BLACK BRITAIN



QUANTITATIVE ANALYSIS OF SOCIO-ECONOMIC  
DISADVANTAGE

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# Quantitative analysis of a socio-economic disadvantage

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The current macroeconomic position of black people in Britain is unclear. Although there is a great deal of analysis available, it is fair to say there is also a high degree of sensationalism. On the one hand, there are reports about an improving position, on the other, there seems to be strong evidence suggesting a sustained financial decline. This is further complicated by the fact that the term 'black' (as in people of African descent) and 'ethnic minorities' (which is of course a broader term) are often used interchangeably, when in reality, the two groups' financial statistics differ greatly. The near constant interchange of terms can make it difficult to gain an accurate picture of the state of the finances of black Britain; and to any reader thinking this topic is obsolete because your own personal finances seem okay, it is important to explore because of our need to move forward with collective financial unity.

Regarding the degree of sensationalist reporting, one must ask, where should one turn for the real truth? The answer is a simple one – the numbers of course, because as the cliché goes – 'numbers do not lie'.

Drawing upon data collated in the 2011 census and the latest ethnographic statistics, this essay offers a quick quantitative snap shot of Black Britain's' socio-economic status using four indicators:

## **Poverty:**

The Joseph Rowntree Foundation (JRF) defines 'poverty' as "the proportion of people living in households with an (after housing costs) income below 60 per cent of the contemporary median household income" (JRF, 2016). This income includes both earnings and state benefits. In 2014/15 the average median household income across Britain was £473 per week (DWP, 2016).

According to the Department for Work and Pensions (DWP) in 2014/15, a whopping 40% of black British people were living in poverty (DWP, 2016). By way of comparison, poverty rates among white Britons were much lower at 19% (JRF, 2016). The Institute of Race Relations (IRR) also found that behind Pakistani and Bangladeshi communities, black African and Caribbean Britons are the ethnic group most likely ----to be living in 'persistent poverty', or in other words, living in poverty for at least two to three years (ONS, 2016a).

It is true that while a detailed examination of the last census shows that a higher number of black people deemed to be living in poverty isn't a new problem, the analysis clearly indicates a grave social issue. These statistics are emotive and harrowing, even if they also require unpacking in order to ascertain the true implications. In practice black Britons are still facing difficulties in obtaining the living wage (Longhi, 2015) and the highest incomes (in society), and this seems to be happening for a variety of factors which seem to go beyond clear cut racism (Longhi, 2015).

## **Employment:**

Although poverty statistics indicate a large number of black people in the UK with low incomes, they do not reveal the larger picture for black people in employment.

The employment rate for black African and Caribbean Britons has remained relatively constant between the last two censuses. In fact, the percentage of black people in

employment was identical in 2001 and 2011 at 61.0% (ONS, 2014). This figure reveals that between those time periods there have been more black people in work than out of work.

Of course, employment rates have a corresponding impact upon unemployment rates, an area of research which black people are known to struggle. Fortunately, datasets from the Office for National Statistics (ONS) show a decrease in black unemployment over the last six years from 13% to 10.8%

Although the rates of unemployment for black men have improved in recent years, as CoDE highlights, black male unemployment rates have consistently remained triple the rates of white men over the last twenty years (CoDE, 2014). Increased employment should be celebrated, however it is important to note ethnic inequalities have not disappeared.

There is also a proportion of the workforce that is not accounted for. This is the percentage of individuals classified as 'economically inactive' or those who are 'out of work, have not sought work for the last four weeks and/or are not available for work in the next two weeks (DWP, 2015). In the black British population three major factors contribute to economic inactivity; long-term sickness; incarceration, but most interestingly, being in full time education. A steady increase of black students in British universities means economic inactivity should not necessarily be viewed in a negative light as it indicates black educational progress (HESA, 2014).

### **Social mobility:**

High educational attainment is an important tool in assisting social mobility, and proven to widen employment and income opportunities. However, there is empirical evidence to suggest that the increase in black Britons taking up higher education has "not translated into improved outcomes in the labour market" (CoDE, 2014). Closely following Chinese

and Indian communities, black British Africans were the largest ethnic group with degree level qualifications from 1991-2011 – around 40% obtained a degree level education (ibid).

Additionally, CoDE's research finds that over that twenty year period, black Africans were also one and half times more likely to have degree qualifications than white Britons (CoDE, 2014). Although these educational achievements highlight that black Africans have consistently overcome racial obstacles to gain educational success, they seem largely incongruent with the volume of black Africans in low skilled jobs. Across all ethnic backgrounds in the UK there is an over-qualification and skills mismatch in the labour market (CIPD, 2015), but this is more pronounced for black Africans than white men (Longhi, 2015). Also according to Longhi, 40% of black Africans are overqualified for their jobs compared with 25% of white Britons. Consequently, black Africans are not advancing at the rate in which they should be, and indeed CoDE's longitudinal analysis of occupational class discovered that second generation black African Britons are moving to a lower occupational class than first generation migrants (CoDE, 2014)

Second generation Caribbean males have struggled for social mobility. The fact that they are in similar occupational classes to their parents demonstrates that British men of Caribbean origin have remained static in their social standing (CoDE, 2014). A lack of social mobility in the second generation Caribbean Britons shows a departure from the trends set by their parents (ibid), highlighting that despite the increases in educational attainment and opportunities, the current generation is not reaping the rewards of those struggles. On the other hand, the educational advances of British Caribbean women have led to an increase in second-generation social mobility. For the Caribbean cohort, this disparity is in part to do with the unequal levels of educational attainment between genders.

Notwithstanding the points above, it is often postulated that entrepreneurship is another marker of social mobility, as individuals move from being employees to employers

(Jones & Ram, 2013). Between the 2011 census and the 2016 figures, rates of self-employment among black Britons doubled (from 54,000 to 109,000) (ONS, 2016b). However, overall self-employment is still low within the community (4%). It is important to note that self-employment can be a double edged sword. As Broughton said “there appears to be a strong link between poor labour market opportunities and self-employment.” Highlighting that “those who do find it difficult to obtain jobs as employees in these groups may be more likely to go into self-employment” or even be pushed in “false self-employment” (Broughton, 2015). Her insights are of great importance as the majority of self-employed black Caribbean Britons are working in the construction sector (The Runnymede Trust).

### **Housing:**

Personal and community assets also play a vital role in social standing. Maintaining savings has enabled some ethnic groups to enter self-employment (Broughton 2015) and arguably provides a buffer against economic crises. However, Runnymede found that 60% of black and Asian Britons have no savings at all, and of those that do, the median savings fall far below those of white households (34% for black Caribbean households and only 9.5% for black African households) (CHASM, 2012). What is important to note is the variety of factors which contribute to this, such as the low income of first time migrants to the UK. This contributes significantly to the stark wealth inequality between black and white Britons.

Research also indicates social housing forms an important part in the picture, with over 40% of black Britons in social housing (40% Caribbean and 42% African). However, the majority of black people in the UK are in some form of housing, despite the IRR’s conclusion that ethnic minorities are disproportionately affected by homelessness (in specific regions). On the whole, homelessness in the black British community is low (only 4% in 2016 (Young, 2016) although their homes are more likely to display signs of deprivation than white British households (IRR, n.d.).

Home ownership is markedly unequal across ethnic groups. Using 2011 Census data, CoDE and JRF found black Africans had the lowest percentage of home ownership of all ethnic groups at 24% (Finley & Harries, 2013). Conversely, 45% of British Caribbean communities own their own homes in a time when home ownership is decreasing across all ethnic groups (ibid). The rise in the private rented sector demonstrates this ethnic inequality; with more African than Caribbean Britons renting privately in the UK. In other words, the more tenants and the less homes owned by black people, shows that the black community has a poor asset base.

### **Conclusion:**

The macroeconomic picture of black Britain is varied and in some parts disappointing. The picture is one of poverty malaise. Alongside unemployment, low-skilled jobs, social immobility and housing problems there is a lot of work to be done. However, it is important to recognise that the picture is not as murky as some news outlets would have us believe. By peeling back some of the literature and looking at raw data, it is clear that a number of black African and Caribbean communities have made successes of themselves in different ways. To engender real social improvements, it is vital to acknowledge and celebrate these successes, in addition to analysing and tackling some of the issues behind our economic disadvantage.