

Ethnicity and Child Poverty

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Summary

- There are stark variations in child poverty by ethnic group. Rates of child poverty are especially high for Black African children (56%), Pakistani children (60%) and Bangladeshi children (72%), compared with a rate of 25% among white children
- Risks of child poverty for the different ethnic groups vary by household type. Pakistani and Bangladeshi children living in a household with at least one earner have over a 50% chance of being in poverty, compared to a 15% risk among white children living in this sort of household.
- Households with earners also make up different *shares* of the total child poverty for each group: over 50% of poor Indian, Pakistani and Bangladeshi children live in such households, compared to only a third of poor Black African and Black Caribbean children. Over two thirds of poor children from the two Black groups live in lone parent families.
- The share of poor children living in a family with a disabled adult is much higher for poor Bangladeshi children (42%) than for poor children from other groups. In addition, most Bangladeshi children living in such households are poor (83%), compared with 36% of white children.
- Many of the reasons for differences in child poverty are employment related: higher unemployment among ethnic minority groups and large differences in rates of economic inactivity; and differences in pay rates, with Bangladeshi men experiencing particularly low pay.
- But to understand child poverty, it is important to consider the aggregation of these factors at the household level (e.g. workless households), as well as other household level characteristics that vary by ethnic group: numbers of dependants, numbers of sick and disabled living in households with children, the extent to which older children remain in post-compulsory education for longer.
- Additionally, sources of income other than those from earnings (e.g. benefits, savings) have an important role to play in total household income and the extent of child poverty.
- In order to address the increased risks of child poverty among ethnic minority groups, employment policies need to address the following areas: employer discrimination; making work pay; retention in employment; moving the workless into a 'good job' rather than 'any job'.
- Focusing solely on employment will not address all the causes of ethnic differences in child poverty rates. Other relevant policy agendas are those relating to benefits and to skills.
- Issues that need further investigation to improve our understanding of differences in child poverty by ethnic group and implications for policy are: income / employment dynamics by ethnic group; composition of income in households with children from different ethnic groups; the occurrence of employer discrimination; benefit take-up by ethnic group.

Part 1: Child poverty and ethnicity

Child poverty rates vary dramatically according to the ethnic group of the household in which they are growing up. Recent figures from the Family Resources Survey (Table 1, columns 1 and 2) reveal that rates of poverty among Black African, Pakistani and Bangladeshi children are more than double the rate among white children, reaching over 72 per cent of Bangladeshi children, when measured after housing costs (or 60 per cent when measured before housing costs).¹ Rates of child poverty are also up to 10 percentage points higher for those living in Black Caribbean and Indian households. Taking

¹ Poverty estimated as 60% of median income after housing costs have been subtracted (AHC) will overstate the amount of poverty relative to before housing costs (BHC) estimates. Before housing costs estimates do not allow for the fact that very different rents and housing costs in different areas (that only partially relate to differences in housing quality) will leave differing amounts of disposable income for the same gross income. This is a particular issue for ethnic group comparisons given the level of concentration of minority groups in particular, and distinct areas, including a high proportion of many groups living in London with its particularly high housing costs. Table 1 shows the effect of using AHC compared to BHC estimates. Subsequent tables are based on AHC estimates only.

child poverty seriously, then, should also involve recognising the very different risks of being in poverty according to ethnic group.

Table 1: Child poverty rates and rates of poverty among households with children, after and before housing costs

	Child poverty rates		Households with children rates	
	After Housing Costs	<i>Before Housing Costs</i>	After Housing Costs	<i>Before Housing Costs</i>
White groups	25.1	17.9	23.6	16.1
Black Caribbean	36.8	28.4	36.9	24.2
Black African	55.7	35.5	50.5	29.8
Indian	31.9	27.2	29.1	24.7
Pakistani	60.0	55.8	56.2	50.8
Bangladeshi	72.0	60.2	66.2	53.0

Source: Households below Average Income data, DWP.

Notes: Figures have been calculated from three year rolling averages for the financial years 2002/03, 2003/04 and 2004/05, and relate to the whole of Great Britain. Proportions are based on population weighted data. Ethnic group is measured at the level of the household and on the basis of the ethnicity of the household reference person. Those living in households where the reference person is of another ethnicity than those illustrated – or of mixed ethnicity – have been excluded from this discussion due to small sample sizes for individual categories. The poverty threshold is calculated as 60% of median equivalised income.

If we compare the rates of poverty among households with children (Table 1, columns 3 and 4), we see a similar pattern; the differences in child poverty rates are more extreme than the rates among households with children, given that the households with the highest child poverty rates also tend to have higher than average numbers of children. The point is an obvious one but relevant for policy in that employment policies tend to focus on the family unit whereas child poverty calculations consider the number of children. The impact of moving households out of poverty will affect different proportions of children, depending upon the group and the type of household targeted.

We go on to look at the variations in child poverty by ethnic group for those living in different sorts of household: lone parent and couple parent families; households with and without earners, households with and without disabled adults; households with varying numbers of children. In making these ethnic group comparisons across household type, there are two issues to consider. First is the extent to which particular household situations bring greater risks of poverty for children, and the variation in those risks by ethnic group. For example, are the risks of poverty associated with living in a lone parent family the same across ethnic groups, or do they differ? Second, we consider the share of poverty within the group that is accounted for by the particular household type. For example, do children living in a lone parent family make up similar shares of all the children in poverty across groups, or do the shares vary by group? We would expect the risks associated with a particular family type to be largely independent of the prevalence of that family type within the group. For example, we would not necessarily expect the risks associated with living in a lone parent family to be either greater or smaller, where lone parent families were very common (or vary rare). Indeed, in the absence of an ethnic penalty, we might expect the risks associated with particular circumstances to be broadly similar across groups. However, the prevalence of particular family types (in combination with the risks) will affect the share of children in poverty from that household type. For example, if 90 per cent of children live in couple parent families then we would expect the majority of poor children also to live in such families, even if the risks of poverty from living in a lone parent family were much higher.

As Tables 2 and 3 show, there is, in fact, substantial variation by ethnic group in both risks and shares of poverty associated with particular household situations. Table 2 focuses on variation by family type, and number of earners, while Table 3 looks at family size and disability status of the household. Turning first to Table 2: among white children, those living in lone parent families make up the largest share of those in poverty, but the risks are highest among those living with couple parents but with no

full-time worker.² Conversely the risks associated with living in a family in which there is at least one earner are low; but because such households make up the majority of households containing white children, they still account for nearly half of all white children in poverty.

Table 2: Child poverty by family type and household employment status: % risk of poverty and % share of poverty by type of household

Ethnic Group	Risk of poverty in type / share of children in poverty	Family type			Employment status
		Lone parents	Couple parents: at least 1 full-time worker	Couple parents: no full-time workers	Households with one or more earners
White groups	<i>Risk</i>	48	12	62	15
	Share	46	32	22	49
Indian	<i>Risk</i>	55	19	86	24
	Share	20	44	36	64
Pakistani / Bangladeshi	<i>Risk</i>	63	46	83	54
	Share	14	32	54	54
Black Caribbean /Black African	<i>Risk</i>	59	19	82	25
	Share	69	15	16	35

Source: Households below Average Income data, DWP.

Notes: As for Table 1. Poverty is estimated After Housing Costs.

By contrast, lone parent families account for only a small share of Indian, Pakistani and Bangladeshi children in poverty, but they make up over two-thirds of Black Caribbean and Black African children in poverty. The risks for all the ethnic minority groups are high for children in these circumstances (between 55 per cent and 63 per cent chance of being in poverty); but they are not as high for the risks for those living with couple parents where there is no full-time earner, which top 80 per cent across the ethnic minority groups. Distinctively, though, for Pakistani and Bangladeshi children the risks of living in a couple parent family with at least one full-time earner are also relatively high (at 46 per cent). This is drawn out further in the final column, where we see that households with one or more earners carry a risk of poverty of over 50 per cent for Pakistani and Bangladeshi children. The risks for Indian children in such households are much lower (at 24 per cent) but they account for nearly two-thirds of poor Indian children.

Table 3: Child poverty by family size and household disability status: % risk of poverty and % share of poverty by type of household

Ethnic Group	Risk of poverty within type / share of children in poverty	Family size		Disability status
		1 or 2 children	3+ children	Households with one or more disabled adults
White groups	<i>Risk</i>	22	32	36
	Share	62	38	23
Indian	<i>Risk</i>	26	46	52
	Share	55	45	28
Pakistani	<i>Risk</i>	51	66	63
	Share	32	68	24
Bangladeshi	<i>Risk</i>	59	79	83
	Share	29	71	42
Black Caribbean /Black African	<i>Risk</i>	41	54	32
	Share	53	47	15

Source: Households below Average Income data, DWP.

Notes: As for Table 1. Poverty is estimated After Housing Costs.

² Risks are also high for those living with a non-employed lone parent, but sample sizes do not allow this breakdown for all groups.

Similarly, both risks and distributions vary when we consider households with different numbers of children and households containing a disabled adult (Table 3). Thus we see that the majority of poor white, Indian and Black Caribbean and Black African children live in 1 or 2 child families, but over two-thirds of poor Pakistani and Bangladeshi children live in families with 3 or more children. For all ethnic groups, the risks associated with a larger family are higher than those in a smaller family; but for Pakistani, Bangladeshi, Black Caribbean and Black African children the risks of poverty in a smaller family are still higher than those for white children living in a large family. When we consider the disability status of the household, we can see that living in a household with a disabled adult increases the risks of poverty across groups (compared with the overall child poverty rates in Table 1), except for the Black Caribbeans and Black Africans, where the share of child poverty made up from such families is also very small. However, there is still substantial variation between groups. It is not simply the fact of having more families with a disabled adult that increases the poverty rates for Bangladeshi children; we can see that the risks of poverty in such families are over twice those for white children, at 83 per cent compared to 36 per cent.

In order to reduce child poverty among ethnic minority groups, and differentials between ethnic groups, it would be possible to focus on either those situations in which risks of child poverty are disproportionate (e.g. Bangladeshi children living in households with a disabled adult), or situations that account for the greatest proportion of child poverty for particular ethnic groups (e.g. Black Caribbean and Black African children living in lone parent families) – or those situations where they overlap (e.g. Pakistani and Bangladeshi children living in households with at least one earner). In fact an approach which addresses both those households with higher risks and those where child poverty concentrates is likely to be necessary to reduce child poverty among ethnic minority groups. Higher risks can be thought of as a form of ‘ethnic penalty’ at the level of the household or family type, while distributions in family types that command a high risk can be associated with demographic, cultural and structural processes that result in these particular distributions. Thus,

- focusing on disproportionate risks will tend to imply policies targeted toward particular ethnic groups and the specific circumstances which lead to those increased risks;
- targeting risky situations which are disproportionately experienced by particular ethnic groups (e.g. workless households) may imply *either*
 - universal policies which attempt to address these particular situations (either the fact of workless households or the fact that they are likely to bring poverty), *or*
 - targeted policies if those situations (e.g. lack of work) are related to obstacles specifically faced by particular groups

One further aspect that is relevant to the targeting of poverty reduction is the depth of poverty experienced. There is only limited evidence on poverty gaps and their variation by ethnic group, but what there is suggests that those groups with the highest rates of poverty (specifically Pakistanis and Bangladeshis) also face the most severe poverty and are most likely to remain near the poverty threshold even when not in poverty.

We return to the question of policy implications in Part 3; and consider the role of both targeted policies and of general policies that may be of disproportionate significance to ethnic minority groups. First, in Part 2, we consider some of the factors that contribute to these differential risks.

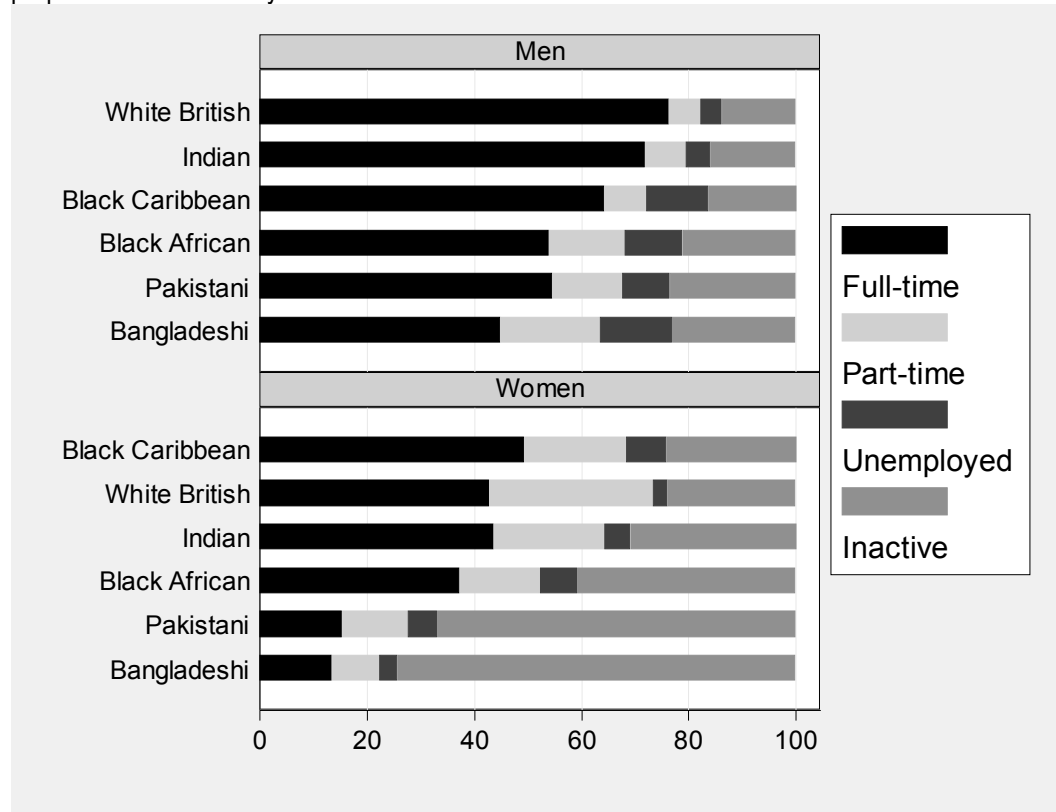
Part 2: Explaining differences in child poverty by ethnic group

It is the income at household level that is important to whether or not children living in that household are judged to be in poverty. But employment rates and ethnic penalties in employment and pay are typically investigated at the level of the individual (or occasionally the couple) rather than at that of the household.

Nevertheless information on the employment experience of different ethnic groups will go some way towards helping us understand ethnic differences in child poverty. At the individual level there are clear

differences in unemployment and economic inactivity across groups, with men and women from all the main ethnic minority groups having higher rates of unemployment than majority men and women (Figure 1). In addition, minority group men and women have higher inactivity rates than white British men and women (with the exception of Caribbean women compared to white British women, where the rates are the same).

Figure 1: Distribution of types of economic activity and economic inactivity by ethnic group, ranked by proportions economically active



Source: Labour Force Survey, pooled quarters 2002-2005. Person weights applied.

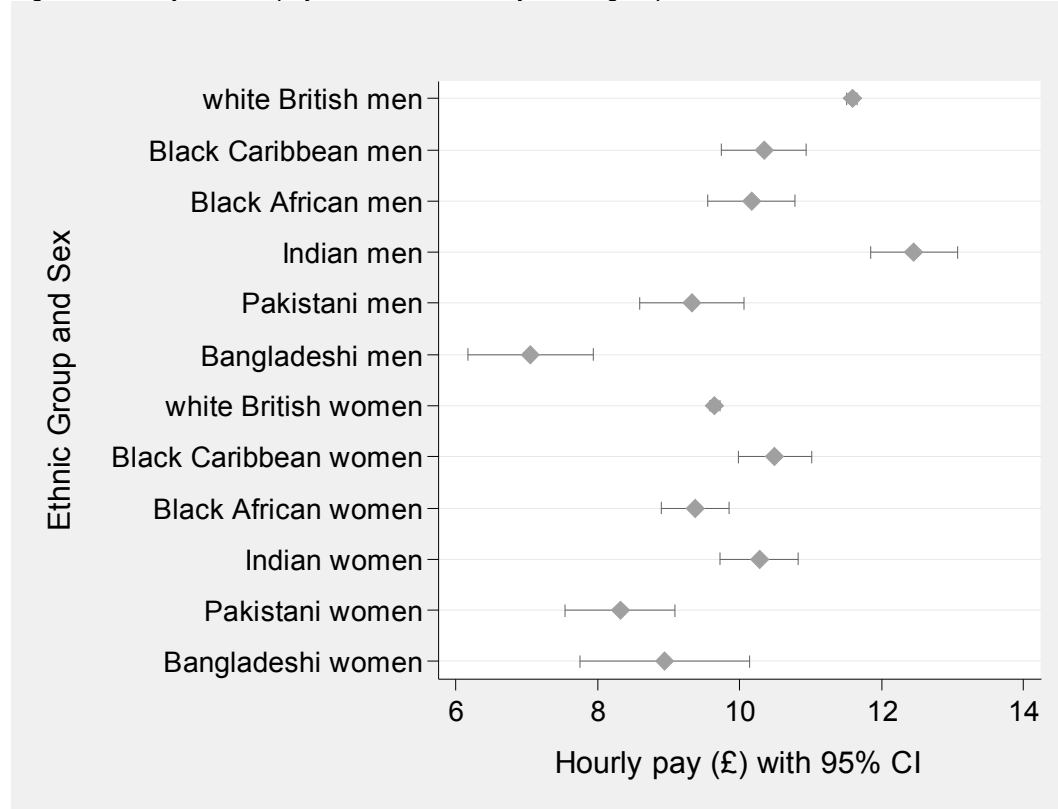
For those in work, pay also differs with ethnicity. Figure 2 shows hourly pay for those in full-time work by ethnic group, for men and women. The lower rate of pay for the ethnic minority groups, with the exceptions of Indian men compared to white British men and of Caribbean and Indian women compared to white women, is evident. The particularly low pay of Bangladeshi men stands out; and this is without taking account of the pay deficits associated with part-time working. As Figure 1 illustrates, rates of part-time work also vary by ethnic group, with Bangladeshi men having the highest rates among men. These figures on hourly pay do not take account of self-employment, which varies greatly by ethnic group, with Pakistani men having particularly high rates and Black African men having lower than average rates (Figure 3).³ Income from self-employment is typically hard to measure reliably, but much self-employment among ethnic minority groups can be regarded as representing a constraint rather than a choice, and can bring poor conditions, insecurity and relatively poor returns.

While differences in characteristics other than ethnicity contribute to the employment disadvantage of certain minority groups, abundant research reveals an 'ethnic penalty' (remaining disadvantage after other relevant characteristics have been held constant) in employment for most groups. This penalty affects even those groups, such as the Indians, that appear to be performing quite well in the labour market: the finding of an ethnic penalty indicates that they should be performing even better and have lower unemployment rates. For the other groups the ethnic penalty accounts for part of the observed employment disadvantage. This suggests that concentrating solely on the characteristics that improve

³ Rates of self-employment are low among women across ethnic groups

the employability of ethnic minority group members, while it may be part of a solution, will not eliminate the employment gap.

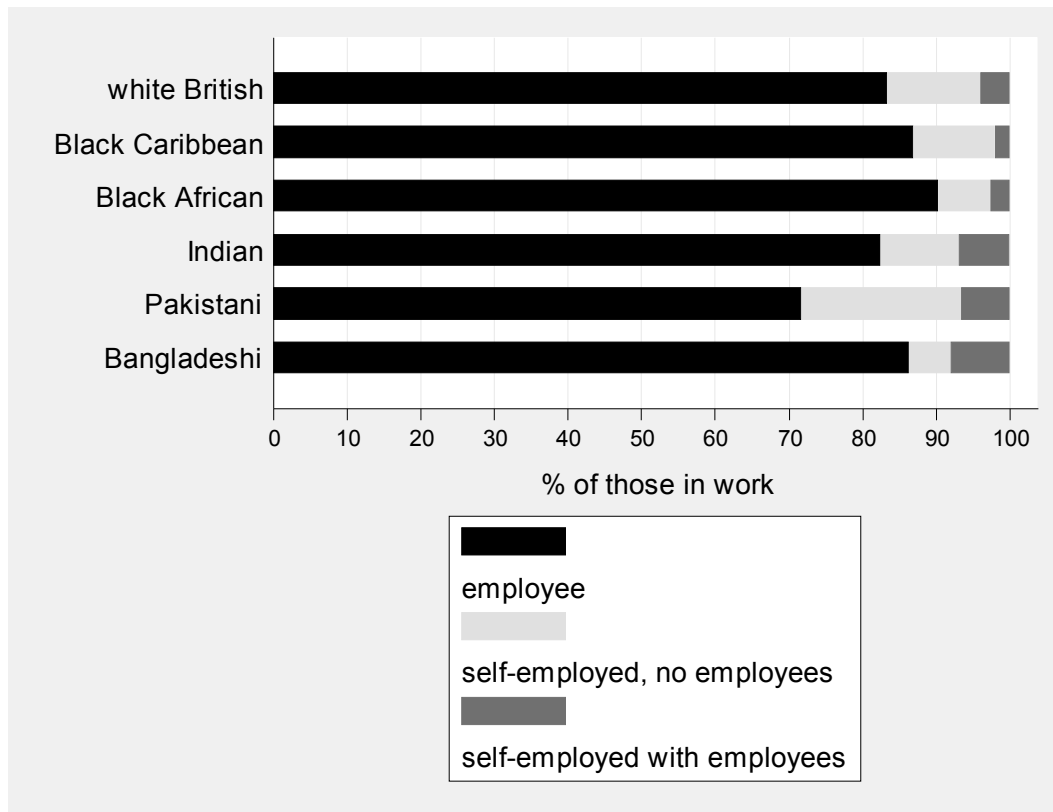
Figure 2: Hourly rates of pay in full time work, by ethnic group and sex, with 95% confidence intervals



Source: Labour Force Survey.

Notes: pooled quarters (wave 1 only) 2001-2005; person income weights applied; hourly pay is adjusted by the CPI to 2005 prices

Figure 3: Employment status among men in work, by ethnic group



Source: Labour Force Survey, pooled quarters 2002-2005; person weights applied.

The employment gap experienced by minority groups and the 'ethnic penalty' (including discrimination), which contributes to it, therefore play an important role in child poverty. The relationship is not, however, straightforward. The impact of employment disadvantage and ethnic penalties on child poverty depends on how earnings from employment aggregate at the household level and how they are or are not supplemented by other sources of income. There is, therefore, not a direct relationship between employment disadvantage and child poverty: for example the evidence indicates that the Indian group performs relatively well in terms of employment and pay, but rates of child poverty are substantially higher than for white children (as we saw in Table 1).

To understand child poverty rates, we therefore have to consider how earnings and other sources of income cluster at the household level *in households containing dependent children*. We then need to consider the demands that are placed on that income and explore how these differ between households according to ethnic group.

In Part 1, in addition to variation in risks of poverty for children in similar contexts, we also saw how different types of household contributed different shares of the total child poverty for any given group. That implied that differences in rates are, in part, driven by the prevalence of different sorts of households across groups. Household characteristics which are relevant to child poverty and which have been shown to vary by ethnic group are:

- Household composition and demographics: complex (multi-family) households, large families (with large numbers of (dependent) children) and lone parent families.

We can examine dependency ratios, that is, how many dependants (both children and older people) there are per working age adult to illustrate the effect of family or household structure. Variation simply in these dependency ratios by ethnic group in households with children will cause child poverty rates to vary across groups. Table 4, column 1 shows the availability of working age adults per dependant (older or younger) in working age households. There are, on average 1.4 working age adults per dependant, but this varies by ethnicity from 1.2 among Black African households to 1.6 in Indian households.

Additionally we can consider the proportion of working age adults in any household who are actually employed. (This relates to Table 2.) Column 2 of Table 4 provides the ratio of adults *in work* to both children and older adults in households containing children under 16. While there is one adult in employment for every dependant in white and Indian families with children, there are, on average, only 0.5 workers per dependant in Bangladeshi families and less than one worker per dependant in other ethnic minority group families. And this is not taking account of the non-working adults that the adults in work may need to support. Thus, the ratio for Indians of one working adult to one dependant, which appears comparable to the white group, does not take account of the fact that average numbers of working age adults are higher in Indian than in white households, as Column 1 showed. Columns 3 and 4 of Table 4 make a similar point by showing the proportion of households with dependent children that have no one in employment. It shows that Black African households with children are particularly likely to lack someone in employment, partly as a consequence of the large proportion of lone parent Black African families.

Table 4: Dependency ratios and workless households among households with children, by ethnic group

	Dependency ratios: working age adults to dependants	Dependency ratios: adults in work to dependants	% of households with no-one in work	% of children living in workless households	% of households with long-term ill adult	% of households with working age ill
White British	1.4	1.1	14	15	35	35
Black Caribbean	1.2	0.8	27	30	34	32
Black African	1.2	0.6	38	44	24	24
Indian	1.6	1.0	9	10	38	34
Pakistani	1.4	0.6	25	27	51	46
Bangladeshi	1.3	0.5	32	36	51	47

Source: Household Labour Force Survey, pooled quarters 2002-2005, household weights applied.

- Living with a sick or disabled adult

We saw, in Table 3, that the proportions of poor children who were living in a household with a disabled adult varied substantially by ethnic group. The final columns of Table 4 show the variation in proportions of households with children that contain a disabled adult. Such households have higher risks of poverty, which will tend to lead to higher rates of child poverty where they form relatively high proportions – i.e. among Pakistani and Bangladeshi families. The presence of someone who is long-term sick is likely to impact on the labour supply of other household members – they may need to be available for care; and where the person with chronic illness is of working age, the illness is also likely to impact on their own labour supply.

- Sources and composition of household income

For those households where there *are* adult(s) in work it is also important to consider that the returns from that work in terms of pay may not be sufficient to lift the household out of poverty, given the pay differences illustrated in Figure 2. For those households with children without (all) working age adults in employment, or where rates of pay are low, other sources of income will be critical in preventing child poverty or ameliorating the depth of poverty. In multi-generation families the extent to which the older members receive pensions and other benefits will be relevant. (Although one of the reasons for the co-residence may be to protect the older adults from poverty in the absence of pension entitlement.) Take-up of state benefits, including disability benefits, by other household members will also be important; and evidence indicates that there may be substantial differences in benefit take-up between ethnic groups. Access to savings and assets also provide a cushion against poverty. Once again the evidence is not extensive on ethnic group differences in savings and assets among families with children, but what there is suggests that ethnic minority group families have fewer of such resources to draw upon.

- Extended post-compulsory education

Finally, the extent to which children themselves remain actually or effectively dependants following the end of compulsory schooling will also affect child poverty rates – both their own and those of younger

siblings. We know that children from ethnic minority groups tend to remain in education for longer than average. Thus, though of 'working age' they may not be available to work, and will require support for a longer period from the household as a whole. This may be a positive development in the long term – education is reasonably effective in ensuring better outcomes – but it may be bad for poverty risks of these dependent or 'semi-dependent' children in the immediate term and also have consequences for their younger, dependent siblings.

Part 3: Policy implications

A. Employment-related policies

It is clear that lack of employment among working age adults is an issue for child poverty among ethnic minority groups. Both group-specific and general policies have already found a place on the policy agenda to a greater or lesser extent, including:

- appropriate, accessible and affordable child care;
- supporting people with health problems to remain in and return to work;
- helping young people and the long-term unemployed into work, including through developing skills

In this paper, we would emphasise as critical:

- Employer discrimination
- Making work pay
- Retention in employment
- And, related to the previous two, moving the workless into a 'good job' rather than 'any job'.

Some policy attention has been paid to addressing discrimination in employment, though the emphasis has been greater on the public than the private sector. 'Ethnic penalties' in employment, and thus implied discrimination, appear, on some evidence, to be higher in the private sector, though there is some ambiguity in relation to the propensity of public versus private sector employers to employ ethnic group minority workers. Investigation of the ways that discrimination, both direct and indirect, can occur is receiving some attention. But clearer understanding of where and how it operates and the development of strategies to address it should be a high priority.

Decreasing the employment differential between minorities and majority is important, but only part of the story. It may also be worth considering whether the PSA target should give consideration to the quality of the job and the potential for achieving career progression, including making sure that foreign qualifications and experience are effectively utilised or 'translated' in employment opportunities. In addition, consideration might be given to whether the Jobcentre Plus incentive structure could be used to target ethnic minority group families with children, and how this might be achieved.

Retention in a job is a related issue with some evidence of not only longer time spent unemployed among ethnic minority groups but also a greater risk of returning to unemployment more quickly. Moving people into the 'right' job is again part of the issue. Providing adequate support within the new job, and assisting employers to provide flexible arrangements where needed may also be important.

Related to this issue of access to employment are the low levels of pay experienced by some ethnic minority group members. Prospects of very low levels of pay might be expected to constitute a barrier to incentives to move into work for the non-employed; but the fact that those with low pay do remain in work or actively unemployed suggests that motivation to work is not a core issue (and this is also indicated by the research evidence available in this area). Instead, low levels of pay in employment mean that even households with children where adults are in employment end up in poverty, as we saw so dramatically in Table 2. Important policy issues here are

- opportunities for promotion and career progression within jobs, which again implies policies targeting employers.

- levels of qualifications and experience. Promoting education and skills policies are an important dimension. Another is supporting individuals to make good use of the experience and skills they already have, including experience and qualifications gained in other countries. The financial support offered to those who remain in post-compulsory education for long periods, acquiring or upgrading qualifications also merits further attention. Educational Maintenance Allowance alleviate some of the financial burdens for those aged 16-18, but not those who stay on beyond this age.
- the rate of the minimum wage and its enforcement.
- rates of pay in part-time work. Equalising terms and conditions of part-time compared to full-time pay is only one part of this: given the very different jobs that are available part-time compared to full-time, flexibility within employment which allows reduction of hours when circumstances (e.g. caring responsibilities or health status require it) are important for maintaining reasonable levels of pay alongside part-time hours.

B The role of state benefits

In Part 2 we stressed that earnings are only one component of household income. State benefits have an important role to play and this extends to the benefits that are or are not received by all members of the household, not just those directly related to the presence of a child. Despite the lack of systematic studies of ethnicity and take-up, investigations into rates of receipt and preliminary investigations of take-up rates by ethnic group have consistently suggested that ethnic minority groups experience both more limited entitlement to certain benefits (through for example interrupted contributions records) and are less likely to claim various forms of benefit to which they are entitled. Thus,

- ensuring take-up among the eligible in families with children is an important area for policy.

Specific benefits areas, that are not related to children specifically, but which may nevertheless impact on families with children are:

- Pensions policy and benefits for older people.

These are relevant to child poverty in cross-generational families where the family members use co-residence to pool risks.

- Eligibility for and take-up of sickness related benefits

These will impact on those households with children containing members with long-term illness. (See Tables 3 and 4). The 2006 welfare reform Green Paper highlighted the issue of those on sickness benefits, who potentially might have stayed in or re-entered employment. However, it had little to say about promoting receipt among those eligible. A focus on supporting those with long-term illness into work needs to be balanced by attempting to ensure that families receive their due entitlement to benefits.

In addition, a higher level of financial remuneration for those who take on caring responsibilities for the long-term sick could have positive effects on child poverty rates and facilitate the combination of such caring with child care, arguably promoting better welfare consequences for the family in certain circumstances than attempting to place the 'carer' in paid employment.

Tax credits in general mean that those working only relatively small numbers of hours can expect themselves and their families to be better off than those in receipt of (other) means-tested benefits. However, 'marginal tax rates' tend to be particularly high for those on housing benefit, and the levels of rent in London, where a very large proportion of children from ethnic minority groups live, make this a particular issue. The move to local housing allowances may assist families in the private rented sector in this respect, but not those in the local authority sector, where many poor families with children live. Understanding of eligibility for housing benefit in work has been found to be poor; and for those living in complex households the issues around balancing gains through pay and tax credits against losses in housing benefit may be particularly complex or confusing.

- It needs to be recognised that risks of loss of assured income or instability in income sources may be felt as more problematic than the potential gains in income.

- The problem of balancing out housing costs against potential rewards from work, and improving claimants' understanding of the issues, is worthy of continued attention.

C Other relevant policy areas

Despite this focus on the employment of un- or under-employed adults and on income measures of poverty in discussing child poverty in ethnic minority group households, it is also important to recognise that there may well be trade-offs between household income, especially income gained through employment, and child welfare more broadly conceived. For example, where there is a chronically sick adult in the household, the non-employment of another adult may serve to 'protect' children from some caring responsibilities or more effectively manage the household stress that such a situation can give rise to. In addition, parents are not necessarily interchangeable, and the loss of employment of one parent will not necessarily 'free up' the other parent to engage in paid work. Having a main carer parent at home (in both lone and couple parent families) may provide more stability, albeit on a low income, than a having a parent in poorly paid work, particularly if there are risks of 'cycling' in and out of insecure job opportunities. There may not be a single view among parents as to how to maximise the welfare and the opportunities of the next generation, particularly among those ethnic minority group members facing substantial current constraints in relation to available jobs and pay. There needs to be more understanding and recognition of the potential impacts on children of unstable patterns of work and care. This takes us to the importance of developing our understanding of child poverty and factors associated with it across different ethnic groups.

Part 4: Issues for future research

- Poverty (and employment) dynamics and durations.

Long-term poverty is acknowledged to be potentially a more serious issue than short-term poverty in terms of its effects on children – including effects well into the future. However, we have only limited evidence of variation in poverty durations by ethnicity. Similarly, there is little research on employment dynamics and durations. A more detailed understanding of poverty and employment dynamics by ethnic group would also be informative about levels of insecurity or instability, and thus the different experiences of poverty among children from different ethnic groups.

- Benefit use and take-up.

Exploring whether eligible non-take-up differs by ethnic group for particular benefits, primarily, but not exclusively means-tested benefits, is an important area for further research. The DWP have started looking into developing this work, which would have a crucial role to play in information approaches to take-up, even though there are technical issues in analysing take-up by ethnic group to be resolved.

- Identifying employer discrimination.

All the evidence suggests that employer discrimination exists and plays a significant role in the 'ethnic penalty' experienced by members of ethnic minority groups; but the extent and processes by which it occur are not so clear. Employer 'tests', such as those that were carried out in the 1970s and 1980s, would provide us with a much clearer measure of the extent of employer discrimination at job entry. These could be complemented by analyses of returns from Jobcentre Plus. In addition, a detailed examination of cases put before tribunals, would allow greater understanding of in-work discrimination, even if it could not provide an actual measure of extent. These investigations could be considered alongside existing self-reports of perceived discrimination in the survey literature to enhance our understanding of both the amount of discrimination and the routes by which it occurs.

- Composition of income

To get a grasp on the relative contribution of the different contributory factors in child poverty rates by ethnic group, it is important to know more about the different sources of income contributing to household income, which family members they originate from, and how this varies by ethnic group.

- Self-employment

Income and earnings analyses typically ignore those in self-employment, given the difficulties of accurately estimating income. However, the differences in rates of self-employment by ethnic group render this an important area for further investigation to understand its impact on children. The long hours associated with self-employment and its frequent involvement of other family members may also

be important in considering its role in the family, its impact on child welfare and how it constrains the labour supply of other family members.

- Estimating the 'ethnic penalty' in child poverty rates at the household level, for the main ethnic minority groups

As noted 'ethnic penalties' relating to employment disadvantage have typically been modelled at the individual level. If we are concerned with child poverty, there is clearly a role for exploring the extent of variation in child poverty by ethnic group across otherwise comparable households.

Annex: Acknowledgements and Sources

This paper has drawn on a number of sources and benefited from the contributions of a number of individuals in the Department for Work and Pensions. Many thanks to Will Driskell for proposing the paper and for offering comments, suggestions and the use of tailored HBAI figures; to Frances Goodwin for the HBAI analyses that form the basis of the tables in Part 1; and to Carly Gray for allowing me sight of provisional work on benefit take-up and its variation by ethnic group.

I am grateful to ONS for use of the Labour Force Survey and to the Data Archive at the University of Essex for making it available. Neither ONS, nor the Data Archive bear any responsibility for the analysis or interpretation offered here.

The paper has also drawn on a wide range of published research papers to reach its conclusions. The following are some of those that have contributed directly to the thinking and points in this paper:

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