

Explaining ethnic minority disadvantage

Anthony Heath
Department of Sociology,
University of Oxford

Soojin Yu
Department of Sociology
University of Oxford

There is substantial evidence that ethnic minorities in Britain such as Black Caribbeans, Indians and Pakistanis suffered serious disadvantages in the labour market when they first arrived in Britain. The earliest studies conducted by the Policy Studies Institute (then known as PEP) in 1966-7 demonstrated the major disadvantages suffered by black and Asian migrants to Britain at that time (Daniel 1968; see also Prandy 1979, Chiswick 1980, McNabb and Psacharopoulos 1981, Heath and Ridge 1983 and Stewart 1983 for research on the post-war migrants to Britain). These migrants tended to be concentrated in manual work, and particularly in lower-level manual work. It was argued that the migrants were filling the least desirable jobs in the labour market - jobs that the native white British were unwilling to fill themselves. Castles and Kosack famously argued that "In the situation of full employment, the nationals of the countries concerned have taken advantage of opportunities for moving into better-paying, more pleasant jobs, usually in the white-collar or skilled sectors. The immigrants have been left with the jobs deserted by others. Typically, such jobs offer low pay, poor working conditions, little security, and inferior social status" (Castles and Kosack 1973: 112).

A variety of explanations has been offered for these disadvantages experienced by the migrants to Britain in the 1950s and 1960s. These explanations have focused on lack of human capital on the part of the migrants and on prejudice and discrimination on the part of the host society.

Firstly, human capital can be thought of as the work-relevant skills that individuals possess. Education and length of experience in the labour market are the usual measures of human capital (Mincer 1974). Broadly speaking, the assumption is that investments in education tend to increase an individual's generic skills and that additional experience in the labour market will improve the individual's job-specific skills. American research has shown that differences in their investments in education alone can account for about a third of the income differences between blacks and whites (Hirschman and Snipp 1999).

In the case of migrants, overseas qualifications may have less value in the labour market than do domestic ones and this may account for some of the lack of success experienced by migrants in the labour market. "An

important determinant of immigrants' economic success is the value in their destination country of the human capital they accumulated in their countries of origin, or the "portability" of their human capital" (Friedberg 1996). English language fluency is a further major aspect of the migrant's human capital that affects the kinds of jobs that they can secure and that can potentially explain a substantial part of migrants' disadvantages in the labour market (Carliner 1996; Chiswick 1991, Dustmann 1994, Dustmann and Fabri 2000). This is likely to have been a major factor for many of the migrants from South Asia, particularly for women (Modood et al 1997).

Thus one possible explanation for the ethnic disadvantage found by the early studies could have been the lack of skills that these migrant workers possessed, coming as many of them did from less developed countries with less advanced educational systems. Many, particularly the arrivals from the Indian subcontinent, lacked fluency in English, and when they did have qualifications, these were often foreign ones that might not be recognized as having equal standing with British qualifications. In this sense, then, their human capital was not 'portable' and this could explain why many, particularly more qualified ones, experienced downward mobility on entering the British labour market (Smith 1977, Heath and Ridge 1983).

A second important explanation for the disadvantages experienced by the migrants was the discrimination that they experienced at the hands of British society. Direct discrimination was well-documented from audit studies in Britain in the 1960s (Daniel 1968). In audit studies, matched pairs of individuals with similar education and experience but of different ethnic groups apply to employers, landlords and so on. Assuming the pairs are well-matched, any difference in treatment between ethnic groups should be attributable to discrimination. Even more convincing have been studies that involve letters of application for advertised jobs (Jowell and Prescott-Clarke 1970). These studies indicate that significantly fewer minorities obtained job offers than matched British applicants. (But see also the dissenting view from Heckman 1998 on the value of audit studies.)

The political response to this evidence of discrimination and prejudice was two fold. On the one hand, there was a determination to outlaw discrimination against the ethnic minorities now resident in Britain with major Acts making discrimination in employment and housing illegal. First came the 1965 Race Relations Act, although this act excluded employment

and housing and simply made discrimination in public places (such as pubs, restaurants and cinemas) unlawful. This was superseded by the 1968 Race Relations Act that made it unlawful to “discriminate on grounds of colour, race, or ethnic or national origins in recruitment, training, promotion, dismissals, and terms and conditions of employment” (Layton-Henry 1985). These first two acts were then replaced by the 1976 Race Relations Act which extended the definition of discrimination to include indirect discrimination. Indirect discrimination can be thought of as any case where, even in the absence of a deliberate intention to discriminate, practices and procedures applying to everyone have the effect of putting a particular minority group at a disadvantage. Now “any unjustifiable practices and procedures that have the effect of putting people of a particular racial group at a disadvantage” were outlawed (Layton-Henry, 1985). The Act also established a new monitoring authority, the Commission for Racial Equality (CRE). Perhaps the most important of the CRE’s roles is that of supporting people who claim racial discrimination at industrial tribunals. These Acts were backed up with some official encouragement of a multi-cultural Britain (such as the Swann Report on the education of ethnic minority children).

On the other hand, there was a much more restrictive policy towards immigration with a succession of measures designed to curb the numbers of migrants from the new Commonwealth coming into Britain, particularly those without skills. The initial post-war legislation had been very liberal: the 1948 British Nationality Act created the concepts of citizenship of the United Kingdom and Colonies and of Citizens of Independent Commonwealth Countries. Individuals falling into these two main categories were allowed to enter the UK freely and to secure employment. The Act thus gave an unrestricted right to settle and work in Britain to 800,000,000 people (Hansen, 2000).

However, as immigration from the new Commonwealth increased, the legislation became more restrictive. There were a number of reasons for this move towards restriction; there were concerns about unemployment and about racial tensions. There was also widespread public backing for restrictions, possibly because of prejudice in the white population. (For a detailed account see Hansen 2000.) The 1962 Commonwealth Immigration Act attempted to control immigration and established a voucher system for intending immigrants. This seems to have had little effect on numbers

entering as vouchers seemed to have been issued rather liberally (Layton-Henry 1985). The 1962 Act also allowed British passport-holders (where those passports had been issued under the authority of London rather than that of colonial governments) to continue to enter freely. These British passport holders included East African Asians and Hong Kong Chinese and their continuing right to enter led to subsequent legislative problems (Hansen 2000).

The 1962 Act was followed by the 1965 Immigration Act which restricted the number of vouchers to 8,500 per year. The voucher-holders, however, retained the right to bring their partner and children as well. It was followed by a further Act in 1968, which was designed to counter the dramatic influx of Asian immigrants who were being driven out from the Africanizing Commonwealth countries, notably Kenya at this time (Spencer 1997). This Act for the first time limited the right of UK passport-holders to enter Britain. The 1968 Act required all citizens of the UK and colonies with no substantial connection to the UK (through birth or descent) to obtain an entry voucher before arriving.

The Immigration Act of 1971 followed this up with the introduction of the concept of patriality: broadly speaking to establish a right of abode it was necessary to have at least one parent or grandparent born in Britain. The concept of patriality was removed by the 1981 British Nationality Act, which finally introduced the notion of British citizenship (as opposed to the citizenship of the United Kingdom and Colonies which had existed ever since 1948). In practice the Act gave British citizenship to all those who had previously held a right of abode through patriality. The Act also created the concepts of British Dependent Territories Citizenship and British Overseas Citizenship, but neither of these categories of citizenship gave a right to enter the United Kingdom (Hansen 2000). In effect the Act therefore brought the citizenship legislation into line with the immigration legislation. However, we should remember that none of this legislation affected the rights of citizens of the Republic of Ireland to enter Britain and more recently there has also been freedom of movement with the European Union.

Broadly speaking, then, successive British governments have become increasingly restrictive towards immigration but have coupled this with increasingly serious efforts to secure fair treatment for minorities in Britain.

These two trends may well have had some consequences for the experiences of ethnic minorities within the British labour market. On the one hand, the increasingly restrictive immigration legislation will have influenced not only the numbers but also the characteristics of migrants entering Britain. On the whole we might expect that more recent migrants would be rather better-endowed with human capital than were the earlier migrants. On the other hand, we would expect to find that the increasingly tough anti-discrimination legislation would have improved the fortunes of all those ethnic minorities in Britain, both earlier and later entrants and both human-capital rich and poor.

It is therefore appropriate to ask how much has changed over the last decades of the twentieth century. Some studies (Fielding 1995, Robinson 1990) have shown that many of the early migrants subsequently achieved considerable upwards mobility in the course of their working careers. A plausible explanation for this is that, lacking knowledge about the British labour market and how to find jobs, new arrivals had to take a drop in occupational level but then gradually acquired 'knowhow' and began to catch up. Economists have called this process assimilation, but sociologists would tend to regard it as acculturation. The tougher anti-discrimination measures may also have played a role in this catching-up process.

Robinson (1990) and Iganski and Payne (1996) have also shown that by the 1980s and 1990s, the occupational profile of ethnic minorities was much closer to that of white British workers than it had been in the 1960s. In this respect, they have been able to draw a very encouraging picture of ethnic minority progress and declining ethnic disadvantage. However, there are some difficulties with this use of aggregate statistics. It could for example be that, because of the changing migration legislation that we have described, more recent migrants to Britain may have been much better qualified than the earlier ones (see Bell 1997). We are not therefore really comparing like with like when we compare the occupational profile of ethnic minorities in the 1990s with that from the 1960s. It could also be the case that the later statistics include large proportions of second-generation ethnic minorities who have been brought up and educated in Britain, have acquired British qualifications and fluency in the English language.

The undoubted economic progress made by ethnic minorities in Britain over the last thirty years does not, therefore, in itself mean that ethnic minorities

are now competing on a more level playing field than used to be the case. Rather, it may be that their progress has been due to their own investments in human capital, but that the disadvantages they suffer in competing for jobs with white applicants have remained unchanged.

Sociologists have used the term ‘ethnic penalties’ to refer to these disadvantages. By ethnic penalty they refer to any remaining disparity that persists in ethnic minorities’ chances of securing employment or higher-level jobs, or income, after taking account of their measured personal characteristics such as their qualifications, human capital and the like. “We use the term ‘ethnic penalty’ to refer to all the sources of disadvantage that might lead an ethnic group to fare less well in the labour market than do similarly qualified Whites. In other words it is a broader concept than that of discrimination, although discrimination is likely to be a major component of the ethnic penalty” (Heath and McMahon 1997: 91. See also Berthoud 2000, Carmichael and Woods 2000.)

Our focus in this paper is on a comparison between the experiences of the ‘second generation’, born and educated in Britain, with those of their parents’ generation, the ‘first generation’ who migrated to Britain in the 1960s and 1970s. There are many reasons for hoping that the experience of the second generation would be a great deal more favourable than that of the first. The lack of human capital – skills, language fluency, and qualifications – that hampered the first generation should have much reduced impact on the second generation. The second generation will have acquired British qualifications and knowhow about the operation of the British labour market. The legislation and efforts of the CRE might have been expected to have reduced direct discrimination, and prejudice among the white population may have declined, particularly among younger generations of British-born whites who have themselves been brought up in a multicultural Britain. Our key question therefore is whether the ethnic penalties have remained unchanged for the second generation, and, if so, why.

Our focus then is on a comparison between the fortunes of the first and second generation. More specifically, we compare the ethnic minorities born overseas between the years 1940 and 1959 (the first generation) with the members of these ethnic groups born in Britain between the years 1960 and 1979 (the second generation). (We include people who arrived in

Britain under the age of 5 in the second generation since they will have received all their education in British schools and colleges) The members of the first generation typically arrived in Britain in early adulthood (the peak age for migration), that is during the 1960s and 1970s. In many cases they would have been the parents of our second generation, although there will be no one-to-one correspondence (some migrants not having children, some parents having migrated earlier, and so on). This comparison also makes good sense in that there were very few members of the second generation who were born before 1960, while the changed entry rules mean that relatively few migrants were born after 1960.

Direct comparison of the labour-market fortunes between the first and second generations will not be sensible, since conditions in the labour market have changed substantially since the 1960s and 1970s. Unemployment, to which less-skilled workers were particularly vulnerable, rose dramatically after the OPEC oil shock of 1974, while at the other end of the labour market vacancies for professional and managerial workers expanded greatly. Britain has thus seen a growing polarization in the labour market. Direct comparison, therefore, would be inappropriate. Instead, what we must do is to look at the situation of the ethnic minorities *relative* to that of British-born whites from the same birth cohorts. In other words, we need to compare the fortunes of our first generation who were born between 1940 and 1959 with the fortunes of British-born whites of the same age; and we need to compare the fortunes of our second generation who were born between 1960 and 1979 with the British-born whites born in the same years. Essentially, then, our key question is whether the gap between the British-born whites and the ethnic minorities has closed over time and between generations.

The measurement of ethnicity

Ethnicity is a cultural not a biological concept. Ethnic groups are ones which share a common identity based on shared descent (real or imagined). Ethnicity is often assumed to be an 'ascribed' characteristic but ethnic identities are not fixed; they will be in flux as the groups interact with each other and with the host society. In Britain the term ethnic minority is often used to apply solely to the visible ethnic minorities such as Black-Caribbeans, Indians, Pakistanis, Bangladeshis and Chinese. But there are of

course many other less visible ethnic minorities in Britain, of whom the Irish are the largest group. While there are data on the experiences of the first-generation Irish, and while there is some indication that they too suffered disadvantages in the labour market, only limited data are available on the second generation Irish since the relevant surveys have not included measures of Irish ethnicity. (But see Heath and Ridge 1983, Heath and McMahon 1997, Heath and McMahon forthcoming for comparisons between the Irish and other ethnic groups.) We understand that this will be remedied after the 2001 Census. For the present, however, we have to rely primarily on the categories used in the 1991 Census (which have become the standard for much government survey research).

The 1991 Census distinguished the following ethnic groups:

- White
- Black-Caribbean
- Black-African
- Black-other
- Indian
- Pakistani
- Bangladeshi
- Chinese
- Any other ethnic group

This classification is by no means satisfactory. In the first place, 'white' is not in itself an ethnic group, and as we have already observed it renders invisible the large ethnic minority of Irish, who are simply conflated with the other whites. In our analysis we concentrate on British-born whites, thus excluding first-generation migrants from Ireland, North America, Europe and so on, but even among the British-born there will be many second-generation members of white ethnic minorities, particularly the Irish. Unfortunately, we cannot distinguish this group in the main surveys used in this chapter to study the second generation.

A second problem, which is inherent in the nature of ethnicity, is that the meaning of the categories may change over time and more importantly may differ between generations. It is the respondent who decides where to place himself or herself in the Census list, and since ethnic identity is not fixed but is subject to change and redefinition in the course of interaction between the white majority and the ethnic minority, there is a fluidity about the

categories that is inevitable. This is not simply a measurement problem: it reflects the real processes that are occurring in contemporary Britain.

This seems to be particularly important in the case of people of Black Caribbean descent. In the first generation it appears that such people predominantly choose the Black-Caribbean identity; however, in the second generation many define themselves as Black British and therefore choose the Black-Other category from the Census list. To complicate matters, in the first generation, it appears that the Black-Other category is primarily used by people not of Caribbean descent but, for example, by Black Americans. What we do therefore in our analysis is to combine, in the second generation only, the Black Caribbean and Black Other categories.

A third problem is that the Census categories ignore many important distinctions within the broad categories. For example, among Indians we ought really to distinguish between the East African Indians who migrated to Britain as refugees after being expelled from Kenya and Uganda and those who migrated directly from the subcontinent, often as economic migrants. Among the latter group we should also distinguish between Sikhs, Muslims and Hindus (Brown 2000). We should remember that there are as many Muslims in India as there are in Pakistan and simply to equate Pakistan with Muslims and India with Hindus is a gross oversimplification. India itself is a multi-ethnic society.

Finally, because of the small numbers in our surveys, in the case of the second generation we have to restrict ourselves simply to the Black-Caribbean/Black-Other, the Indian and the Pakistani groups. While some of the other minorities such as the Chinese and Bangladeshis are of great interest, we cannot say much that is reliable about them given the existing samples available.

The labour market situation of ethnic minorities in the 1970s and 1990s.

We begin by looking at the general pattern of labour market advantage and disadvantage among our British-born whites and ethnic minorities. Tables 1a and 1b report experience of unemployment in the 1970s and in the 1990s. As we noted earlier, there were major changes in the risks of unemployment between these two periods. In the 1950s and 1960s unemployment in

Britain had been very low (which was of course one of the reasons why Britain had encouraged immigration in the 1950s). It remained low in the early 1970s although it began to rise after the OPEC oil shock of 1974 and unemployment rates were around 5% during the late 1970s. It then rose steeply in the 1980s going well over 10% for a time before falling back at the end of the decade. The 1990s saw the unemployment rate rise to nearly 10% again before once again falling back (Economic Trends 1999).

Risks of unemployment also vary over the life cycle, with younger people tending to have higher risks. In order to control for life-cycle processes, we compare, in columns one and three of tables 1a and 1b, the experience of the two generations at similar stages of their careers; that is we compare the experience of the first generation in the 1970s, when most of them would have been in their twenties and thirties, with that of the second generation in the 1990s, when they would have been of similar age. We also show, in column two, how the first generation were faring twenty years on.

Table 1a Percentage of economically-active men from different ethnic origins who were unemployed at the time of the survey

Ethnic origins	First generation, born 1940-59, surveyed 1970s	First generation, born 1940-59, surveyed 1990s	Second generation, born 1960-79, surveyed 1990s
White British-born	4.3 (24872)	7.5 (101463)	12.2 (90863)
Black Caribbean	8.3 (157)	19.0 (599)	29.6 (1051)
Indian	4.7 (214)	9.6 (1716)	16.1 (871)
Pakistani	5.4 (130)	20.7 (628)	30.7 (462)

Table 1b Percentage of economically-active women from different ethnic origins who were unemployed at the time of the survey

Ethnic origins	First generation, born 1940-59, surveyed 1970s	First generation, born 1940-59, surveyed 1990s	Second generation, born 1960-79, surveyed 1990s
White British-born	4.4 (16693)	4.9 (87696)	8.3 (78022)
Black Caribbean	9.4 (203)	11.0 (771)	21.2 (1052)
Indian	4.5 (134)	8.6 (1254)	12.3 (737)
Pakistani	-	19.9 (161)	21.9 (288)

Sources: column 1 - cumulated General Household Surveys 1973-79; columns 2 and 3 – cumulated Labour Force Surveys 1991-97.

Notes: in the GHS data ethnic origins has been identified on the basis of country of birth and colour. Figures in brackets give the base Ns.

Tables 1a and 1b clearly show both period and life-cycle processes at work. Thus, comparing columns one and three, we see period effects with unemployment rates for younger people being higher in the 1990s than they had been in the 1970s. Thus in the 1970s, the unemployment rate for British-born whites in their twenties and thirties was just over four percent, whereas in the 1990s the unemployment rate for British-born whites of the same age had risen to twelve percent. We can also see, comparing columns two and three, that young people are more vulnerable to unemployment than are older people. Thus, in the 1990s, the British-born whites from the 1940-59 birth cohort (many of whom would have been forty or older at the time) had an unemployment rate of around seven percent, five points below that of the 1960-79 birth cohort. These period and life-cycle processes affect the ethnic minorities much as they do the British-born whites.

Turning next to the crucial comparisons between the ethnic minorities and the British-born white population, we find the familiar picture of ethnic disadvantage. In the 1970s all our first-generation ethnic minorities suffered higher rates of unemployment than the British-born whites of the same age, the most disadvantaged group in the first generation being the Black Caribbean while the Indians came close to the British-born white figures. The Black Caribbean rate was around twice that of the white British figure.

In the second generation in the 1990s, there is no sign that matters had improved: indeed we find that the white British/ethnic minority differentials have in all three cases increased. In the case of the second generation Black Caribbeans and Pakistanis the unemployment rates were over twice those of the white British men of the same age.

In tables 2a and 2b we then turn to the occupational attainments of those people who were lucky enough to be in work. We focus on their chances of access to the salariat – which we can define as professional and managerial jobs. These are relatively secure and privileged positions with favourable employment conditions. To be sure, the salariat is quite a broad grouping

and there may well be important differences in access to various levels within the salariat. For example, ethnic minorities might be able to secure access to the lower levels of the salariat but fail to win promotion to the most senior levels. On the other hand, relative to manual work or routine nonmanual work, even the lower levels of the salariat are relatively privileged (and on a practical note the sample sizes in the available datasets are not sufficient to allow for a more refined analysis).

Again we should note that, as with unemployment, there are both period and life-cycle effects at work in gaining access to the salariat. Processes such as promotion mean that the chances of entering the salariat increase as one ages. This is particularly true for managerial positions. In addition there has also been an expansion over time in the number of salaried positions and this has benefited younger people too (compare the results for young people in the 1970s and 1990s).

Table 2a Percentage of men from different ethnic origins who had jobs in the salariat at the time of the survey

Ethnic origins	First generation, born 1940-59, surveyed 1970s	First generation, born 1940-59, surveyed 1990s	Second generation, born 1960-79, surveyed 1990s
White British-born	22.7 (24668)	45.5 (88025)	33.0 (76069)
Black Caribbean	11.3 (160)	27.3 (359)	28.6 (702)
Indian	17.5 (228)	35.9 (1475)	42.5 (706)
Pakistani	5.8 (138)	21.5 (478)	22.8 (303)

Table 2b Percentage of women from different ethnic origins who had jobs in the salariat at the time of the survey

Ethnic origins	First generation, born 1940-59, surveyed 1970s	First generation, born 1940-59, surveyed 1990s	Second generation, born 1960-79, surveyed 1990s
White British-born	16.5 (26384)	37.8 (78916)	35.4 (70246)
Black Caribbean	26.2 (256)	45.0 (560)	38.1 (810)
Indian	11.2 (187)	25.3 (1081)	38.3 (614)
Pakistani	-	43.0 (107)	32.3 (217)

Sources: cumulated General Household Surveys 1973-79, cumulated Labour Force Surveys 1991-97.

Note: Figures in brackets give the base Ns.

Turning to the white British/ethnic minority differentials, we see in the case of first-generation men that there is the familiar picture of ethnic minority disadvantage, all three ethnic minorities having a lower proportion of their members in the professional and managerial positions of the salariat than was the case among the British-born whites. It is also important to note that this disadvantage persisted over the life cycle. Comparing the fortunes of the first generation in the 1970s with their fortunes twenty years later in the 1990s, we can see that the ethnic minority men, although they have benefited from promotion and increased their chances of being in the salariat, have largely failed to close the gap on the British-born whites. For example, in the 1970s around eleven percent of Black Caribbean men from the 1940-59 birth cohort were in the salariat compared with twenty-one percent of white British of the same cohort. Twenty years later, the white British figure for this birth cohort had increased to 45 percent while the figure for the first generation Black Caribbean men had increased but only to 27 percent. This is clearly an example of persisting handicaps that have followed people over the life cycle. (We must remember, however, that unlike the work of Fielding 1995 and Robinson 1990 this is not a panel study with repeat measures on the same individuals. While this is unlikely to be a major problem with the white British, it could be an issue with the ethnic minorities since there may well have been some new migrants in the 1980s and 1990s in addition to the migrants who had come to Britain by the time of the 1970s surveys.)

The one exception to this general picture of ethnic minority disadvantage in the first generation is the experience of Black Caribbean women, who actually had higher proportions in the salariat than did British-born white women at this time. This reflects the fact that there were deliberate attempts to recruit Black nurses into the NHS in the 1950s.

There are some major changes in differentials when we turn to the second generation, however. In the second generation the Indians from the 1960-79 birth cohort have actually overtaken the British-born whites in this cohort while the Black Caribbeans and Pakistanis appear to have narrowed the gap

substantially. Thus twenty-eight percent of Black Caribbean men and twenty-three percent of Pakistani men in this birth cohort had gained positions in the salariat compared with thirty-three percent of white British men. These differentials are clearly much smaller than those that we saw for the first generation, both in the 1970s and in the 1990s. At least with respect to access to the salariat, the second generation do seem to have closed or indeed reversed the gap that the first generation experienced.

The story is, then, rather a complex one. Overall, before taking account of human capital or other explanatory factors, it appears that the second generation have closed the gap on the white British with respect to occupational attainment but not with respect to unemployment. As Model (1999) has argued “Native birth brings occupational improvement but does little to mitigate unemployment”.

How are we to explain the very different processes that seem to be affecting the second generation’s experience of unemployment and their experience in gaining access to the salariat? We focus on two main factors – investment in human capital and prejudice and discrimination on the part of the white population.

Human capital

First, we need to explore the human capital of the two generations. In particular, educational qualifications, especially British ones, and fluency in English are closely associated both with the avoidance of unemployment and even more so with access to the salariat. We must begin by checking therefore whether the story told by tables 1 and 2 can be understood in terms of the differing levels of human capital that the first and second generations brought with them to the labour market. For example, the lower levels of human capital on the part of the first generation could explain both their initial and their continuing disadvantages in gaining access to the salariat, whereas greater investment in human capital by the second generation might explain their narrowing of the gap with British-born whites.

Tables 3a and 3b show the highest qualifications of men and women in our two birth cohorts. As expected, quite a high proportion of the first-generation migrants had foreign qualifications with nearly a quarter of Indian men having a foreign qualification. Moreover, these figures are almost certainly an underestimate, since it appears that the GHS

interviewers may have coded some recognizable qualifications, such as degrees, into the standard categories and will have used the category ‘foreign’ largely for qualifications that they did not recognize and that did not fit into the standard British headings of Degree, A level and so on.

Table 3a Highest qualification by ethnic group: men

First generation, born 1940-59,
surveyed 1970s (row percentages)

	None	Foreign	Low er	A level	Prof	Degree
White British-born (N=20229)	41	0	28	14	9	8
Black Caribbean (N=115)	59	6	17	10	7	2
Indian (N=185)	47	23	10	7	6	8
Pakistani (N=105)	71	11	9	4	1	5

Second generation, born 1960-79,
surveyed 1990s (row percentages)

	None	Foreign	O level etc	A level	Prof	Degree
White British-born (N=80548)	13	0	48	17	8	14
Black Caribbean (N=987)	15	0	54	16	8	7
Indian (N=830)	8	0	32	25	9	27
Pakistani (N=387)	19	0	39	20	6	16

Source: panel one - cumulated GHS 1973-79; panel 2 - cumulated LFS 1991-97.

Note: respondents aged 21 and over.

Table 3b Highest qualification by ethnic group: Women

First generation, born 1940-59,
surveyed 1970s (row percentages)

	None	Foreign	Lower	A level	Prof	Degree
White British-born (N=22168)	52	0	32	5	8	3
Black Caribbean (N=212)	54	4	22	2	18	0
Indian (N=199)	61	22	11	2	3	3
Pakistani (N=59)	75	14	12	0	0	0

Second generation, born 1960-79,
surveyed 1990s (row percentages)

	None	Foreign	O level etc	A level	Prof	Degree
White British-born (N=87222)	15	0	51	14	9	12
Black Caribbean (N=1254)	11	0	51	19	10	9
Indian (N=760)	9	0	38	21	9	23
Pakistani (N=392)	26	0	38	17	6	13

*Source: panel one - cumulated GHS 1973-79; panel 2 - cumulated LFS 1991-97.
Note: respondents aged 21 and over.*

The first point to notice from tables 3a and 3b is that the first generation members of the ethnic minorities had substantially poorer qualifications than did the British-born whites in the same birth cohorts. The difference was smallest in the case of the Indians and largest in the case of the Pakistanis. It is also important to notice that, among both Indians and Pakistanis, there were substantial gender inequalities among the first

generation, as there were indeed among British-born whites at this time. In contrast, we find that among the first generation Black-Caribbeans it was the women who were better-qualified than the men, with particularly high proportions having professional qualifications. As we noted above, Britain made deliberate efforts in the 1950s to recruit qualified nurses from the Caribbean and this pattern of qualifications almost certainly reflects British government policy in recruitment.

Turning next to the second generation, we see a picture of remarkable progress. The ethnic minorities who were born in Britain have substantially caught up with the British-born whites, and in the case of the Indian men and women have clearly overtaken them. It is also possible that some of the remaining ethnic disadvantages in education can be explained by social class origins. Ethnic minorities, like the white British, are internally stratified by social class and social class is a major factor in accounting for differences in educational attainment. Moreover Black Caribbeans tend to have more disadvantaged class origins than do the white British on average (reflecting the lower occupational attainments of their father's generation shown in the first column of table 2a). Once we take account of class origins, little ethnic disadvantage in education remains (Rothon 2001, Demack et al 2000).

Tables 4a and 4b show a similar striking increase in English-language fluency between the generations. Not perhaps surprisingly, virtually all members of the second generation have become fluent in English while in the first generation the Indians and Pakistanis, especially the women, clearly had much less familiarity with the English language.

Table 4a Percentage fluent in English among men from different ethnic origins

Ethnic origins	First generation, born 1940-59	Second generation, born 1960-79
White British-born	Na	Na
Black Caribbean	91.1 (135)	96.6 (324)
Indian	63.1 (388)	93.2 (280)
Pakistani	33.3 (126)	92.3 (142)

Table 4b Percentage fluent in English among women from different ethnic origins

Ethnic origins	First generation, born 1940-59	Second generation, born 1960-79
White British-born	Na	Na
Black Caribbean	96.8 (222)	98.3 (412)
Indian	45.3 (338)	96.1 (306)
Pakistani	10.6 (113)	84.2 (133)

Source: 4th National Survey

Note: second generation includes respondents who arrived in Britain before age five.

Figures in brackets give the base Ns.

Lack of human capital in the form of educational qualifications and lack of fluency in English look therefore as though they could be promising explanations for the disadvantages suffered by the first generation in the labour market. The substantial progress over time in the acquisition of human capital could also be a plausible explanation for the improved chances of the second generation ethnic minorities, relative to British-born whites, in gaining access to the salariat. However, it is unlikely that lack of human capital can explain the failure of the gaps to narrow with respect to unemployment. Indeed, once we take account of the acquisition of human capital, it is likely that the gaps have in some senses got worse.

To explore this more rigorously, we use multivariate analysis. We use the technique of logistic regression to explore how far ethnic disadvantages persist among people of the same age and qualifications. In tables 5a, 5b, 6a and 6b the parameter estimates associated with the three ethnic minorities can be thought of as estimates of the sizes of the ethnic penalties (in the case of negative parameter estimates) or ethnic bonuses (in the case of positive estimates) experienced by these groups in the first and second generations respectively. We begin in tables 5a and 5b with the avoidance of unemployment.

Table 5a Multivariate analysis of avoidance of unemployment: men

Parameter estimates

Ethnic origins	First generation, born 1940-59 (surveyed in 1970s)	Second generation, born 1960-79 (surveyed in 1990s)
White British-born	0	0
Black	-0.53 (.37)	-1.17 (.08)
Indian	-0.15 (.37)	-0.45 (.11)
Pakistani	0.74 (.59)	-0.88 (.13)
Degree	1.37 (.20)	1.88 (.05)
Prof	2.42 (.31)	2.03 (.07)
A level	1.59 (.17)	1.61 (.04)
O level etc	1.00 (.17)	1.17 (.04)
Foreign	0.57 (.62)	-
Age	0.06 (.008)	0.08 (.003)
Model chi2	356	4040
N	20141	76983

Table 5b Multivariate analysis of avoidance of unemployment: women

Parameter estimates

Ethnic origins	First generation, born 1940-59 (surveyed in 1970s)	Second generation, born 1960-79 (surveyed in 1990s)
White British-born	0	0
Black	-0.96 (.28)	-1.14 (.09)
Indian	-0.06 (.48)	-0.45 (.15)
Pakistani	-0.59 (1.08)	-1.10 (.18)
Degree	0.26 (.23)	1.66 (.06)
Prof	0.96 (.21)	1.86 (.08)
A level	0.71 (.23)	1.42 (.06)
O level etc	0.49 (.10)	1.02 (.05)
Foreign	0.49 (.60)	-
Age	0.06 (.010)	0.05 (.004)
Model chi2	78	1652
N	13151	65387

Sources: column one - cumulated GHS 1973-79, column two - cumulated LFS 1992-97.

Respondents aged 21 and over.

Figures in brackets give the standard errors.

Tables 5a and 5b show that, in both generations, qualifications and older age tend to protect one from unemployment. Other research has shown that this tends to be true for ethnic minorities in much the same way as for the white British (Heath et al 2000, Berthoud 2000). We should note that increasing age brings less protection to women, although this may well be because women's careers are more often interrupted by childcare duties than are men's, and hence they have smaller increases in paid work experience as they get older. Unfortunately, these data sources do not allow us to directly measure paid work experience.

However, the crucial point from tables 5a and 5b is that the ethnic penalties with respect to unemployment have if anything increased in the second generation. In the first generation, none of the male ethnic penalties were significantly different from zero; in the second generation, they all are. It is also important to note that minorities such as the Indians, who are often regarded as 'successful', also suffer significant ethnic penalties in unemployment. Their penalties may not be quite as large as those experienced by the Black Caribbeans and Pakistanis, but they are still highly significant. Moreover, they apply equally to women as to men.

Other research using more elaborate controls, for example controlling for economic environment and family structure as well as for age and education, tells much the same story (Leslie et al 1998, Berthoud 2000, Carmichael and Woods 2000). Moreover, the comparison between the generations may be even more gloomy than appears from tables 5a and 5b since our multivariate analysis of the first generation fails to include fluency in the English language. In the first generation, fluency in the English language was almost certainly an important factor in helping to explain the avoidance of unemployment; the major sources used here such as the GHS and LFS do not include any measures of fluency, but this information is available in the 1994 Fourth National Survey of Ethnic Minorities, on which tables 4a and 4b were based. Analysis of the FNSEM suggests that lack of fluency can indeed explain some of the variation in the disadvantages suffered by the first-generation ethnic minorities (Dustmann and Fabbri 2000). However, lack of fluency cannot explain Black-Caribbean disadvantages in the first generation, or that of any of the minorities in the second generation, in trying to secure paid employment.

Another possibility is that ethnic minorities, particularly the less qualified ones who are most at risk of unemployment, are less motivated and have less desire to secure paid employment than do the white British. Various writers in North America have suggested that social processes within the ghetto may lead to the development of an 'oppositional culture' or 'resigned adaptation'. This kind of explanation has been particularly popular among proponents of the underclass thesis who have advanced the notion of a culture of poverty.

Now it is always possible for critics to postulate unmeasured variables of this sort to explain away any ethnic disadvantage that persists after controlling for all the usual measurable characteristics that are generally included in analysis of the labour-market fortunes of the white British. On theoretical grounds, however, these arguments about lack of motivation would appear to be more appropriate in explaining lack of educational success than in explaining lack of occupational success relative to whites with the same education. As we have noted above, the second generation ethnic minorities have made great strides in the educational field and this hard evidence is rather difficult to reconcile with unproven allegations of lack of motivation.

Moreover, what little evidence as there is on ethnic minority attitudes to work suggests that ethnic minorities in Britain are if anything more motivated to find jobs than their white counterparts rather than the reverse. Thus evidence from the National Survey of Incomes In and Out of Work shows that negative attitudes to work cannot explain the persistently higher unemployment rate of nonwhites in the UK (Thomas 1998) while evidence from the Youth Cohort Study shows that the educational and career expectations of Blacks, Indians and Bangladeshis are if anything higher than those of whites (Rothon 2001). The case for theories of oppositional culture or resigned adaptation is therefore at best unproven.

We are left then with a major puzzle about lack of ethnic minority success, particularly in the second generation, in securing employment. However, for those lucky enough to secure employment, tables 2a and 2b suggested that the second generation had substantially closed the gap with whites. We can again use multivariate analysis to check whether, after taking account of their human capital, any ethnic penalties remain in the second generation

with respect to occupational attainment. We therefore proceed as before with statistical models that control for age and qualifications.

Table 6a Multivariate analysis of access to the salariat: men

Ethnic origins	First generation, born 1940-59 (surveyed in 1970s)	Second generation, born 1960-79 (surveyed in 1990s)
White British-born	0	0
Black	-0.56 (.31)	-0.16 (.10)
Indian	-0.72 (.25)	0.20 (.10)
Pakistani	-1.40 (.48)	-0.49 (.18)
Degree	4.70 (.09)	4.09 (.05)
Prof	3.03 (.07)	2.90 (.05)
A level	2.02 (.06)	2.04 (.05)
O level etc	1.24 (.05)	1.17 (.05)
Foreign	1.93 (.29)	-
Age	0.08 (.004)	0.06 (.002)
Model chi2	6093	19695
N	19788	65542

Table 6b Multivariate analysis of access to the salariat: women

Ethnic origins	First generation, born 1940-59 (surveyed in 1970s)	Second generation, born 1960-79 (surveyed in 1990s)
White British-born	0	0
Black	0.72 (.20)	-0.04 (.09)
Indian	-0.55 (.34)	-0.18 (.11)
Pakistani	-	-0.12 (.20)
Degree	4.31 (.11)	3.68 (.05)
Prof	4.46 (.08)	3.13 (.05)
A level	2.24 (.07)	1.79 (.05)
O level etc	0.76 (.05)	1.16 (.05)
Foreign	1.45 (.49)	-
Age	0.02 (.005)	0.04 (.002)
Model chi2	6783	15564
N	22030	59,583

*Source: column one cumulated GHS 1973-79, column two cumulated LFS 1992-97.
Respondents aged 21 and over.
Figures in brackets give the standard errors.*

Tables 6a and 6b show that educational qualifications have a powerful influence on access to the salariat – much more so than on the avoidance of unemployment. We can also see that, in the first generation, there were significant ethnic penalties, for all three ethnic minorities, even after controlling for age and education. In the second generation, on the other hand, these ethnic penalties are sharply reduced and, in the case of Black Caribbeans and Indians, are no longer statistically significant. Moreover, it is quite possible that part of the ethnic penalties in the first generation can be explained by lack of fluency in the English language or by lack of British qualifications. Evidence from the FNSEM shows that not a single ethnic minority respondent who lacked fluency in English gained access to the salariat. It is also possible that the GHS's measurement of foreign qualifications understates the extent to which ethnic minorities held non-British degrees. This might further account for some of the apparent ethnic penalty experienced in the first generation.

In the case of access to the salariat, then, we have a very different picture from avoidance of unemployment. In the second generation there are no longer significant penalties for ethnic minority women or for Black Caribbean or Indian men in access to the salariat. This contrasts with unemployment where all three minorities, and both men and women, continue to suffer significant ethnic penalties which are if anything greater than those experienced by the first generation twenty years earlier.

Prejudice and discrimination

As we explained earlier, the existence of an ethnic penalty is not in itself direct evidence of discrimination. Nevertheless, it is likely that discrimination is, at least in part, a major contributing factor towards the ethnic penalties that we observed in the previous section. There is little doubt that the first generation were confronted by very substantial discrimination of a rather direct and blatant kind when they arrived in Britain. More recently the focus has shifted towards indirect discrimination. The latter is a rather elusive concept, but we take it to refer to routine

institutional practices that disadvantage ethnic minorities even without any conscious intent on the part of the individual implementing those practices. An investigation of indirect discrimination would require case studies of particular organizations, although ethnic monitoring could go some way towards checking on its presence.

However, what we can look at in the present paper is the more direct forms of discrimination and prejudice. There are several different sorts of evidence that we can use. Firstly, there have been what we might term 'field experiments' testing the extent of racial discrimination. Secondly, there are the ethnic minority members' own reports of the racial discrimination that they have experienced, and thirdly there are the reports of the white British about their level of prejudice against ethnic minorities. We shall look at each of these in turn.

The field experiments are perhaps the most convincing demonstrations of the existence of racial discrimination, although as we shall see there are some difficulties in making comparisons over time. The earliest experiments were carried out by PEP (which later became PSI) in conjunction with the 1966/7 survey of ethnic minority disadvantage. In the field experiments a team of three actors was used: a 'coloured immigrant' (presumably a Caribbean, Indian or Pakistani), a Hungarian, and a white tester (Daniel 1968). The three testers were furnished with broadly comparable biographies and made personal applications to estate agents, landlords and employers (spread across six towns). The employers were not a random sample but were selected on the basis of the survey respondents' own reports of firms that had discriminated against them. The jobs for which the testers applied were a range of manual and junior white-collar jobs in the private sector.

Similar field experiments were carried out in association with the second survey of ethnic minorities in 1973 (McIntosh and Smith 1977) and in association with the third survey in 1984/5 (Brown and Gay 1985). Basically the same procedure was used, although in 1973/4 Black Caribbean, Indian, Pakistani and Greek testers were used (in addition to white testers) and in 1984/5 white, Asian and Black Caribbean testers were used. In 1973/4 the personal applications were supplemented by applications by letter (a technique pioneered by Jowell and Prescott-Clarke 1970), and in 1984/5 all the tests were either by letter or by telephone.

In these field experiments (or situation tests as the PEP researchers termed them, or audit tests in the American terminology), the criterion was the treatment that the tester received on making an application rather than whether or not they actually received a job offer. For example, it was counted as discrimination if the black tester was told that the job vacancy had already been filled whereas the Hungarian or white testers were invited to return for an interview. Such tests have a high level of validity, since they are based on what actually happened when applications were made to real employers for real job vacancies. However, in the case of the personal applications there must always be some anxiety that the actors may have behaved in somewhat different ways when approaching employers. The correspondence tests, where the application is made by letter, are therefore perhaps the most convincing source of evidence.

Because of the rather different methods used by the studies, it is difficult to make exact comparisons in the levels of discrimination against different ethnic minorities. Broadly speaking however, all the studies agree in finding that there are similar levels of discrimination against Black Caribbean and Indian job applicants, and substantially lower discrimination against Hungarian applicants (in 1967) and against Greek applicants (in 1973/4). For example, the 1973/4 study found that there was net discrimination of 27% against West Indians, 28% against Indians, 23% against Pakistanis, but only 11% against Greeks (McIntosh and Smith, 1977: 18).

Table 7 Discrimination in employment

Ethnic origins	1973/4 PEP study	1984/5 PSI study
No discrimination	58	54
Discrimination against black applicant	36	38
Discrimination against white applicant	6	8
Number of vacancies covered	234	267

by tests

Source: Brown and Gay (1985), table 8.

Table 7 presents some summary statistics from the 1974/5 and 1984/5 studies, which are reasonably comparable to each other. They also have the advantage that the former preceded the 1976 Race Discrimination Act whereas the later followed it. However, both studies show very similar patterns: in 36-38% of applications the black applicant received less favourable treatment than the white applicant, while in 6-8% of applications the reverse was the case. Net discrimination was therefore around 30% in both years.

Unfortunately there have been no exactly comparable field experiments in more recent years. However, we can use the reports of survey respondents to update the trends. The 1966/7 study in essence used the field experiments to validate respondents' reports of discriminatory behaviour that they had suffered from firms. The evidence suggested that these reports did indeed have a high degree of validity, and it is therefore not unreasonable to use such reports to measure trends over time. One question that has been used with more or less identical wording across the four national surveys of ethnic minorities asked: "Do you believe that there are any employers in Britain who would refuse a person a job just because of his race or colour, rather than for some other reasons?" (Daniel 1968). Table 8 shows the trends from 1966 to 1994.

Table 8 % reporting that they believed employers discriminate

Ethnic origins	1966	1974	1982	1994
Black Caribbean men	87	74	77	91
Black Caribbean women		72	77	92
Asian men	63	47	48	68
Asian women		31	29	57

Sources: Daniel 1968, Smith 1977, Brown 1984, 4th National Survey

Table 8 suggests that there was some reduction in discrimination between 1966 and 1974 (spanning the period when the 1968 Race Relations Act came into force) but that there was no change between 1974 and 1984, while in 1994 the figures were the worst of all four surveys.

From 1974 onwards respondents were also asked “Have you personally ever been refused a job for reasons of race or colour” (Smith 1977). This direct question on personal experience of discrimination is perhaps more convincing than the previous general question. As we can see from table 9, the absolute level of the figures for personal experience are a great deal lower than those for general beliefs, but in other respects the patterns are the same. Thus Black Caribbeans are more likely to report experience of discrimination than are Asians, while the trend since 1974 has been upward not downward. It is also interesting to note that the figures from table 9 from the field experiments are rather higher than the self-reports. (Of course the figures are based on rather different sorts of calculation and are not strictly comparable. Thus in the case of the field experiments the percentages are of applications, whereas in the surveys the percentages are of respondents.)

Table 9 % reporting that they had been refused a job for reasons to do with race or religion

Ethnic origins	1974	1982	1994
Black Caribbean men	16	26	34
Black Caribbean women	15	23	25
Asian men	14	10	22
Asian women	3	8	9

Sources: Smith 1977, Brown 1984, 4th National Survey.

The last two national surveys also asked a question about promotion: “Have you ever been treated unfairly at work with regard to promotion or a move to a better position, for reasons which you think were to do with race or colour?” (Brown 1984, 35b).

Table 10 % reporting that they had been treated unfairly at work with regard to promotion for reasons to do with race or religion

Ethnic origins	1982	1994
Black Caribbean men	11	17
Black Caribbean women	5	16
Asian men	8	13
Asian women	3	8

Sources: Smith 1977, Brown 1984, 4th National Survey.

Again we get the same trends over time, the same picture of Black Caribbeans reporting higher levels of discrimination than the Asians, but rather lower levels of discrimination than were found for employment.

In general, then, the self-reports and the field experiments show similar patterns, and provide no encouragement for the hypothesis that the 1976 Act, or more generally an improving climate of ethnic relations, has led to any diminution of discrimination. We should also note that there is one important discrepancy between the two sets of results: the field experiments suggested that Asians suffered much the same discrimination as did Black Caribbeans, whereas the self-report studies suggest that Asians experience less discrimination. One possible answer to this conundrum is that Asians may be more likely to seek jobs within the ethnic enclave (either as self-employed workers or as employees of co-ethnic entrepreneurs)) whereas Black Caribbeans may be forced to apply for jobs within white society. The self-report figures may thus tell us about differences in exposure to discrimination whereas the field experiments tell us about similarity of treatment when similar applications are made.

Another possible answer is that Asians, particularly Indians, may be more likely to seek white-collar jobs where more formal selection procedures are used than are Black Caribbeans, who may be more likely to be competing for manual jobs where informal methods of recruitment are more prevalent. It is possible that there are greater levels of discrimination where informal methods are used. American research has shown that black/white

differentials in success are greater when informal methods of job search are used (Holzer 1987) than they are in more formal applications.

A third approach is to turn to studies of the white population and to see how levels of prejudice have varied over time and across different groups of potential employers. We have more or less comparable data from the British Election Surveys of 1974, 1979, 1987, 1992 and 1997. These all included a question on whether ‘attempts to give equal opportunities to black people and Asians in Britain’ had gone too far. This is probably a more useful way to investigate prejudice than a direct question, which is likely to be subject to a ‘social acceptability’ bias.

If we are concerned to explain success in the labour market, what we need to consider is not the prejudice in the population as a whole but that on the part of the people who undertake the hiring and firing, in particular of employers, managers and those in supervisory positions. In table 11 we therefore look at the attitudes of managers, professionals, employers and foremen as well as at the average for the population as a whole.

Table 11 % who feel that ‘attempts to give equal opportunities to black people and Asians in Britain’ have gone too far

Social class	1974	1979	1987	1992	1997
Managers in large organizations	24	30	32	20	22
Professionals	24	25	26	12	11
Managers in small organizations	28	36	34	22	33
Employers in small firms	29	42	34	34	27
Manual foremen	31	27	28	30	33
All	26	28	29	24	28

Source: British Election Surveys 1974-1997.

The wording of this question is not ideal as there have been some changes in the attempts to give equal opportunities to black people and Asians, notably the 1976 Race Relations Act. The subsequent efforts of the CRE to

secure equal opportunities have sometimes been well-publicized too, and this means that our survey respondents are judging a moving target. We must therefore be cautious in our interpretation of the trends.

As it happens, table 11 shows no consistent pattern of change over time, and the safest conclusion is that there has been no decline in prejudice over time. On the other hand, it is also worth noting that less than one third of the population feel that attempts to provide equal opportunities have gone too far. In this respect, then, the public is relatively liberal. They are much less liberal on questions of immigration.

Table 11 also shows a consistent pattern of greater prejudice among managers and employers in small businesses than among professionals or managers in large organizations. This is consistent with the hypothesis that there is greater discrimination in the lower levels of the labour market than in the higher ones of the salariat. In turn, this could serve to explain why we find continuing ethnic penalties in unemployment but not in access to the salariat.

The evidence from the audit studies, the ethnic minorities' reports of discrimination they have experienced, and the reports of their British population about their own attitudes all point in the same direction, namely that there has been no real improvement over the last quarter-century in the treatment that ethnic minorities can expect in the labour market. And this of course is consistent with the continuing ethnic penalties in unemployment that we have seen in this chapter. Other research has suggested that there were large gains following the 1968 Act in the treatment ethnic minorities received in the housing market (McIntosh and Smith 1974), but the 1976 Act does not appear to have made much impact.

Assimilation and intragroup processes

However, discrimination does not look as though it can be the whole story, even within the manual labour market. As we saw in tables 5a and 5b, the ethnic penalties with respect to unemployment are rather smaller for Indians than they are for Black Caribbeans or Pakistanis. Other research has suggested that the ethnic penalties are even larger for Bangladeshis and even smaller for the Chinese (Leslie et al 1997). However, the field

experiments suggested that discrimination against Black and South Asian ethnic groups was rather similar. There are likely, then, to be some factors over and above discrimination that account for the differing sizes of the ethnic penalties suffered by different ethnic minorities.

One set of explanations for these variations in the size of the ethnic penalties has focussed on 'assimilation', or rather on its lack, and on the emergence of ethnically-homogeneous neighbourhoods. Leslie and his colleagues have argued that groups such as Bangladeshis and Pakistanis have low levels of assimilation, as indexed by the fact that they tend to live in relatively homogeneous ethnic neighbourhoods, and they have suggested that this may account for their low levels of success in the British labour market. "It is possible, but unlikely, that the Pakistani group is more discriminated against than Indians. This illustrates the complexities of Britain's ethnic minorities. For a variety of reasons, such as a lack of language skills, later arrival at a time of economic stagnation, and a taste for isolation resulting from stricter religious observance, the Pakistani group is much less assimilated and considerable unemployment differences would still remain in the absence of discrimination" (Leslie et al 1997:33).

It is certainly true that Bangladeshis and Pakistanis have higher levels of geographical segregation than do Black Caribbeans or Indians (see Peach 1996), but the concept of assimilation is a highly contentious one, and Leslie and his colleagues do not spell out either what they mean by 'assimilation' or why lack of assimilation might lead to lack of success in the labour market. Assimilation has historically been the key concept used by American sociologists studying ethnicity. Park and Burgess provided an early classic statement, defining assimilation as "a process of interpenetration and fusion in which persons and groups acquire the memories, sentiments, and attitudes of other persons and groups and, by sharing their experience and history, are incorporated with them in a common cultural life" ([1921] 1969:735).

More recent treatments of assimilation have treated it as a multidimensional concept (Gordon 1964). For our purposes the key dimensions are those of acculturation, 'structural' assimilation, and identificational assimilation. **Acculturation** includes the acquisition of the English language and the

adoption of the cultural patterns of the host society. It would also include the acquisition of know-how about the workings of the host society referred to by Friedman above. Lack of acculturation may well be important in understanding the lack of success of the first generation, many of whom as we noted earlier, lacked fluency in the English language, but it is unlikely to be a major factor for the second generation.

A second dimension of assimilation is that of **identificational assimilation**, which Gordon saw as “the development of a sense of peoplehood based exclusively on the host society”. This is an academic version of Norman Tebbit’s ‘cricket test’ – which side do you cheer for in international competition? Contemporary treatments of identificational assimilation would emphasize the development of hyphenated identities such as Black-British, which has become the identification of choice of many second-generation people of Caribbean descent, rather than on the exclusive conception that Gordon had. However, it is far from clear why lack of identificational assimilation should affect people’s job chances in the absence of discrimination.

Perhaps more relevant to the study of the labour market is a third major dimension of assimilation which Gordon termed **structural assimilation**. By this he meant “the entry of the minority group into the social cliques, clubs and institutions of the core society at the primary group level”. Essentially this means the development of social networks linking the minority with the host society. The notion of structural assimilation has parallels with contemporary usages of the term social capital. (For a recent review of theory and research on social capital see Portes 1998, 2000.) Here it is useful to adopt Putnam’s distinction between ‘**bridging**’ and ‘**bonding**’ social capital (Putnam 2000). Essentially bridging social capital consists of networks that link the members of a given social group with the wider society, whereas bonding social capital links members of the social group with each other. Gordon’s notion of structural assimilation corresponds with the development of bridging social capital.

The distinction between bridging and bonding social capital may be important in understanding the labour market fortunes of ethnic minorities. Bridging social capital is likely to be of considerable importance in the job search, particularly for jobs where recruitment is by word of mouth. (On the role of social networks in job search generally see Granovetter 1973, 1974;

on its role in explaining ethnic disadvantage in securing employment see Petersen et al 2000). A minority that is socially isolated will, almost by definition, lack this bridging social capital and will therefore lack access to some employment opportunities. It is quite possible therefore that lack of these bridging social networks will limit the chances of obtaining work with white employers.

On the other hand, geographically-concentrated ethnic minorities such as the Pakistanis and Bangladeshis may develop higher levels of bonding social capital. This in turn may provide a basis for a successful local economy within the ethnic enclave and may lead to economic success via that route (Light 1984, Light and Bonacich 1988.) The members of these minorities may thus gain opportunities with co-ethnic employers that they lack with white employers, and there is clear evidence that ethnic entrepreneurship is relatively high among Pakistanis. Bonding social capital may thus compensate, wholly or in part, for lack of bridging social capital.

The balance of the argument from social isolation and geographical concentration is not, therefore, clear. Moreover, while lack of bridging social capital might perhaps help to explain the large ethnic penalties for Pakistanis and Bangladeshis, it is not clear how it can explain the fact that ethnic penalties are also quite large for Black Caribbeans, who are socially perhaps the most integrated of all the visible ethnic minorities (as indexed for example by their rates of intermarriage with white people). (Chinese success is also quite hard to explain by this kind of argument.)

Table 12 Social and Geographical isolation

	Black Caribbean	Indian	Pakistani	Bangladeshi	Chinese
Index of dissimilarity from the white population	54	56	66	77	52
Percentage of men with white partner	40	7	6	4	16
Percentage of women with	21	4	2	0	22

Source: row one - Peach (1996), table V; rows two and three - Berrington (1996)
Notes: the Index of dissimilarity is that calculated at enumeration district level for Greater London. The percentages with white partners are of respondents aged 16-34.

Another, perhaps more promising, explanatory idea is the notion which economists have cumbersomely termed 'human capital externalities'. In essence the idea here is that people are influenced not only by their own individual human capital, acquired through their own education and work experience, but also by that of their coethnic associates (Borjas 1992, 1995). We can think of the coethnics' stock of human capital as constituting a collective resource for the ethnic community as a whole.

Processes of this sort have been well-established in the case of educational attainment. A number of studies have demonstrated that pupils' attainment depends not only on their own characteristics but also on that of their peers (Goldstein ***, Smith and Tomlinson ***). It is possible that similar kinds of process might operate within the labour market, and in principle this could explain the pattern of the ethnic penalties. Thus the ethnic penalties are smallest for the Chinese and Indians, who are the groups with the largest collective stocks of human capital. And the ethnic penalties are the largest for the Pakistanis and the Bangladeshis, who are the groups with the smallest collective stocks of human capital.

The detailed evidence to support this hypothesis is not yet available, and there are a number of complex technical factors involved (see for example Holdsworth 1998, 1999). We should also note that there is a crucial assumption in the argument: the argument assumes that coethnics provide a major resource for each other, but the evidence we have previously reviewed suggests that this may vary from one ethnic group to another. In the case of groups like the Pakistanis and Bangladeshis who have high levels of within-group interaction coethnic human capital may be rather important. But in the case of groups like the Black Caribbeans, where there is more social interaction with white British, it may not be the coethnic

human capital that is important but that of the white working-class in which they are embedded.

Conclusions

The first generation were clearly disadvantaged by their lack of the human capital – British qualifications and language skills – needed in the British labour market. But even those with fluency in English and British qualifications suffered high rates of unemployment and lower chances of access to the salariat than did similarly-qualified British-born whites of the same age.

The second generation have invested greatly in human capital and have greatly narrowed, or even eliminated, the disadvantages suffered by the first generation. This has increased their overall chances of gaining access to privileged positions. But relative to whites, the inequalities in unemployment have not been reduced in the way that they have been in access to the salariat.

But continued prejudice and discrimination must be the most likely causes of the persistence of ethnic disadvantage, especially with respect to unemployment. There is the evidence of continued negative attitudes towards ethnic minorities on the part of the white electorate. There is also the rather striking evidence that the fortunes of the first generation, relative to the British-born whites, has not improved over time. If there were ‘period’ effects, such as a general decline in prejudice and discrimination, then we would expect to see the first generation benefiting from that over time. However, it is clear that, among the first generation, their relative disadvantage has persisted as they have aged. As we saw from tables 2 and 3 the crucial changes look to be generational ones, not period ones. This strongly suggests that the improvements may be due more to the efforts of the ethnic minorities than to that of the host society.

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