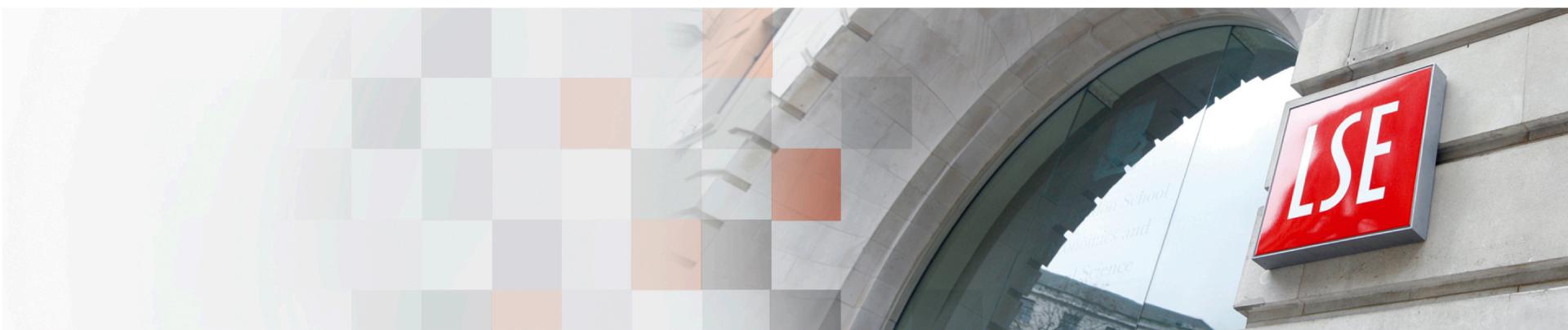


Gendered income inequalities and ethnic group differences

Presentation for EHRC, 17th February 2015

Lucinda Platt, LSE

Joint work with Eleni Karagiannaki (LSE) and Alita Nandi (Essex)



Builds on ...



Work carried out for the GEO with Alita Nandi on women's individual income inequalities

- Nandi, Alita, and Lucinda Platt. 2010. *Ethnic Minority Women's Poverty and Economic Well Being* London: Government Equalities Office.

And a paper on inequality commissioned by the JRF:

- Platt, L. (2011) Inequality within ethnic groups. York: Joseph Rowntree Foundation.

And in the context of updating the National Equality Panel (NEP)'s work to reflect the post recession context

Issues raised by previous presentation on

- intersectionality
- trying to separate out experience of partners in a couple

Background is :

Work on gendered economic inequalities has typically

- focused on pay gaps
- on the centre of the distribution (mean or median)
- on all women / majority women

But

- not all women are in work
 - e.g. in April to June 2013, 76% of men and 67% of women of working age were in employment (ONS 2013)
 - and big differences by ethnic group
- pay gaps may only give a partial / misleading picture of gender inequalities particularly for those who are out of the labour market
- but household incomes may not be equally shared.
 - Household income may be more informative about economic welfare, but individual incomes more about economic control or independence.
- inequalities among women greater than average inequalities between women and men
- women's incomes differ substantially by ethnic group

Hence



For an analysis that is comprehensive, need a measure of income that

- a) covers all women
- b) is sufficiently individualised

And an approach that allows for consideration of diversity

- a) between different groups of women
- b) within groups

Looking at individual incomes (GEO report) showed that



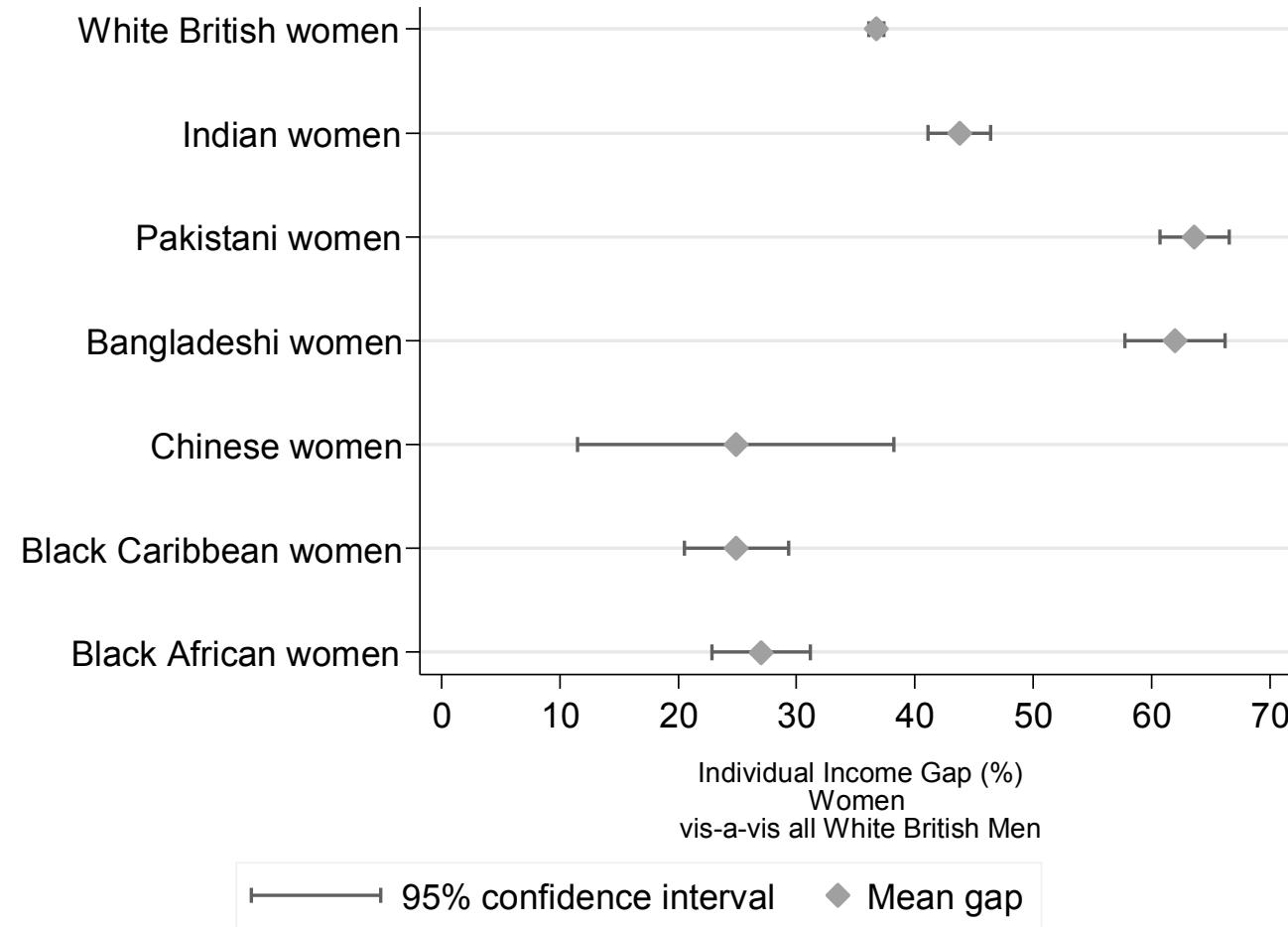
Men's individual incomes are higher than their adjusted household incomes; and the opposite is true for women (though there are some exceptions by ethnic group: Black Caribbean men and women; Chinese men).

Women face a substantial individual average income gap, much larger than their average full-time pay gap

There is substantial dispersion in women's incomes for all groups, but differences across ethnic group

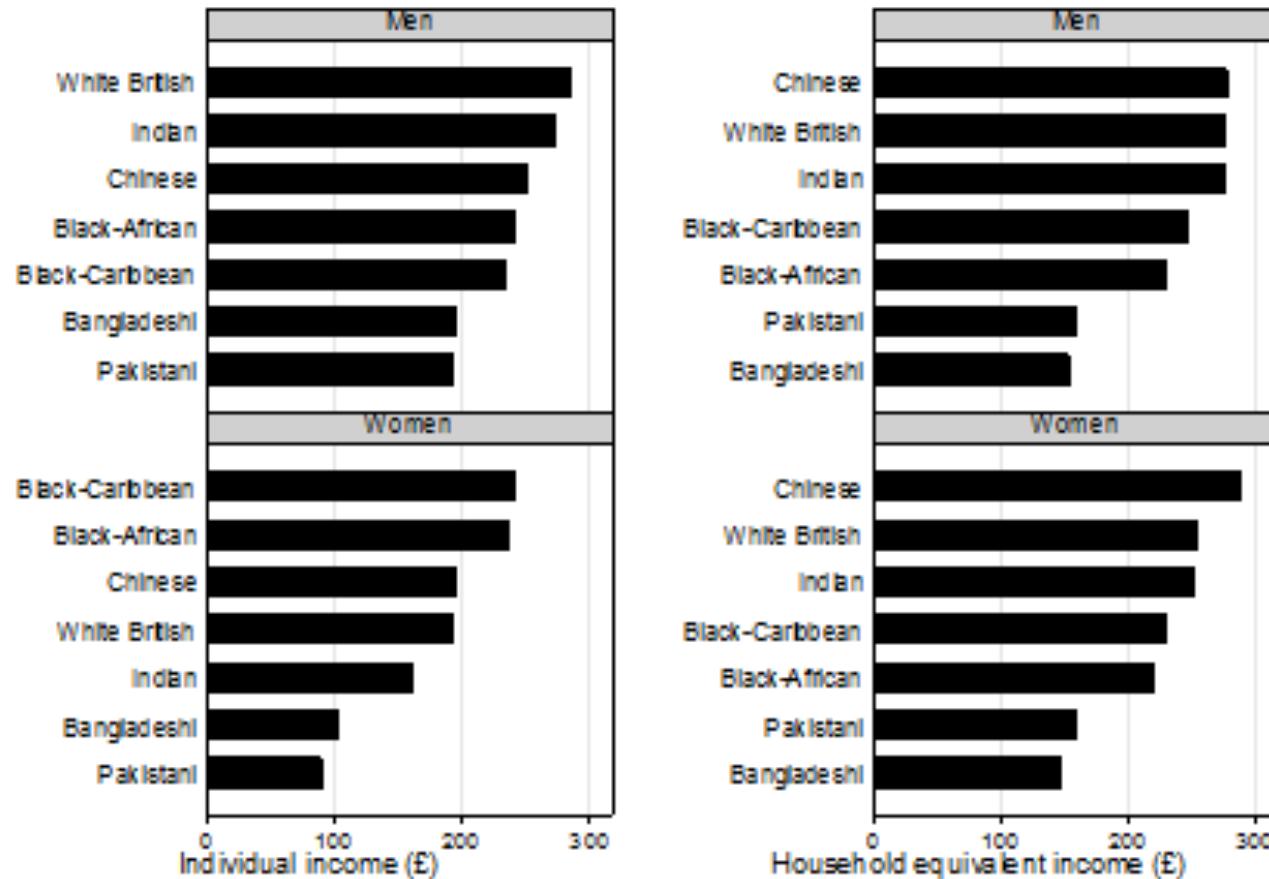
Composition of women's individual incomes differs substantially in both relative and absolute terms – different implications for, and impacts, of policy.

Income gaps for women, by ethnic group



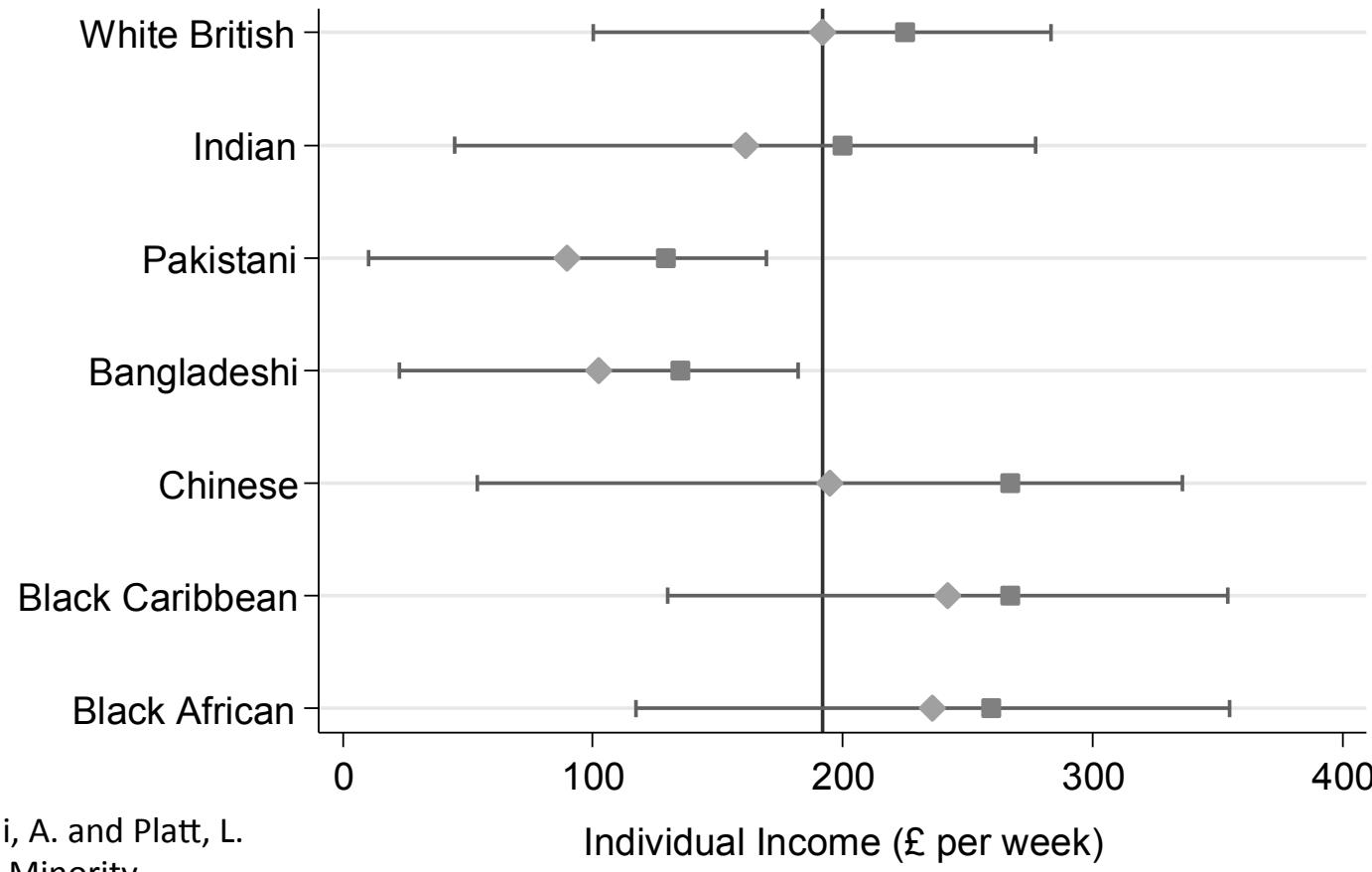
- All income gaps are negative and significantly different from zero

Individual incomes, gender and ethnicity, 2003/4-7/8



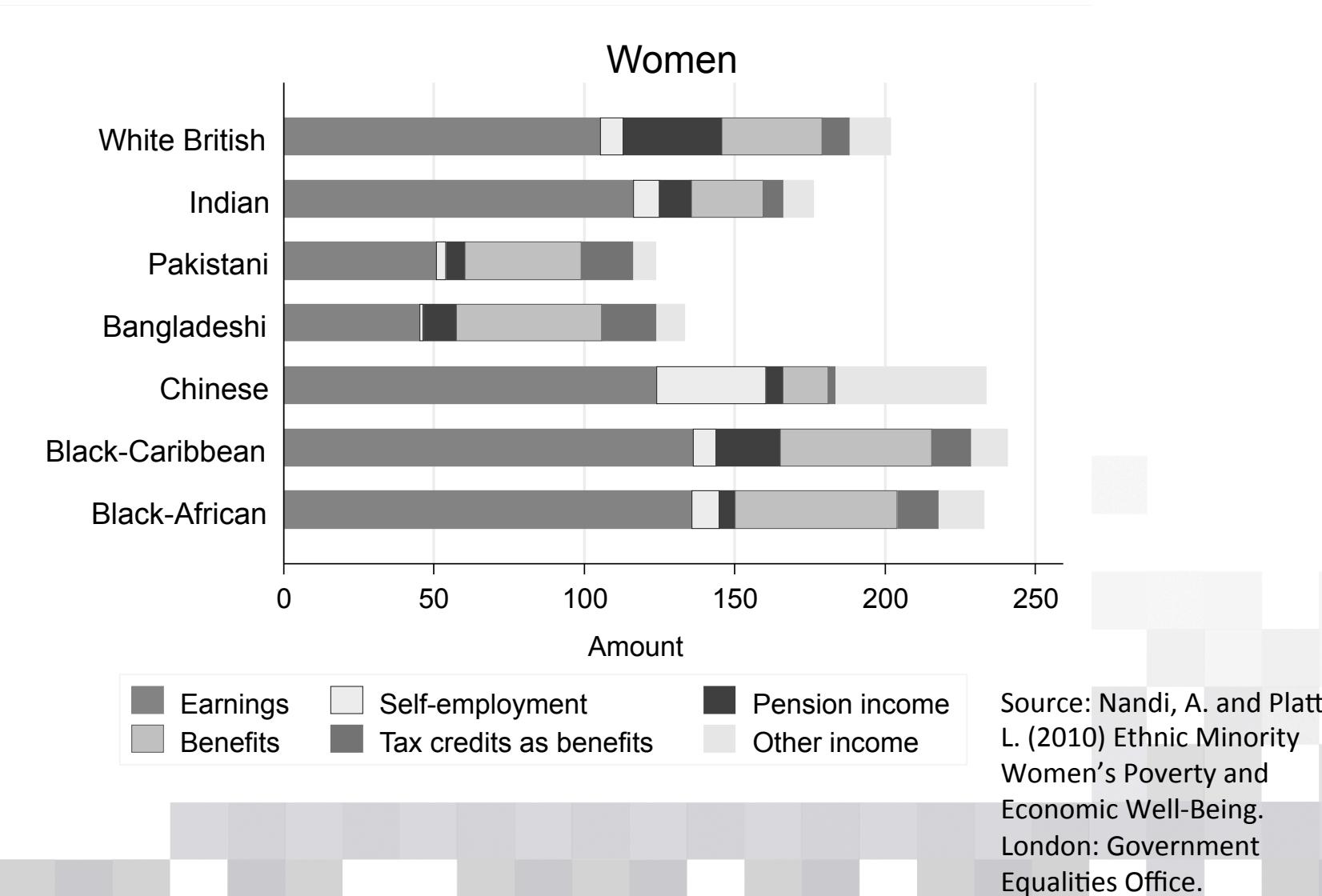
Source: Nandi, A. and Platt, L. (2010) Ethnic Minority Women's Poverty and Economic Well-Being. London: Government Equalities Office.

Dispersion of women's incomes by ethnic group



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

Women's individual income composition by ethnic group: amounts



Today's focus

Key issues:

- Individual incomes can provide some insight into the relative position of men and women of different groups post-recession.
- Research has suggested that women have been *relatively* protected in employment / income terms compared to men.
- But do we see this across ethnic groups?
 - Focus on four ethnic groups where previous patterns were quite distinct
- And do we see it across the distribution – i.e. have the gains been at the bottom (among those in couples) and therefore potentially compensatory?
- Or is the picture more complicated?

NB

1. Inequality rather than poverty focus
2. Temporal change (approx pre- and post- recession), rather than austerity impacts

Data: Family Resources Survey



Annual (continuous) cross-sectional survey of approximately 25,000 households in the UK (started in 1996/97, NI added in 2001/02)

No over-sample of ethnic minority groups and so we pool years of data for sufficient sample sizes

Compare before and during the Great recession and so we pool data for these two periods

- 2004/05 – 2007/08 (period 1)
- 2008/09 – 2011/12 (period 2)

Measures



Individual income measure sums all sources of income, attributable to each individual. Inherently shared sources of income, such as housing benefit are allocated to the 'household head' defined in terms of responsibility for housing costs.

- not perfect measure of individual command over resources, but best we have.

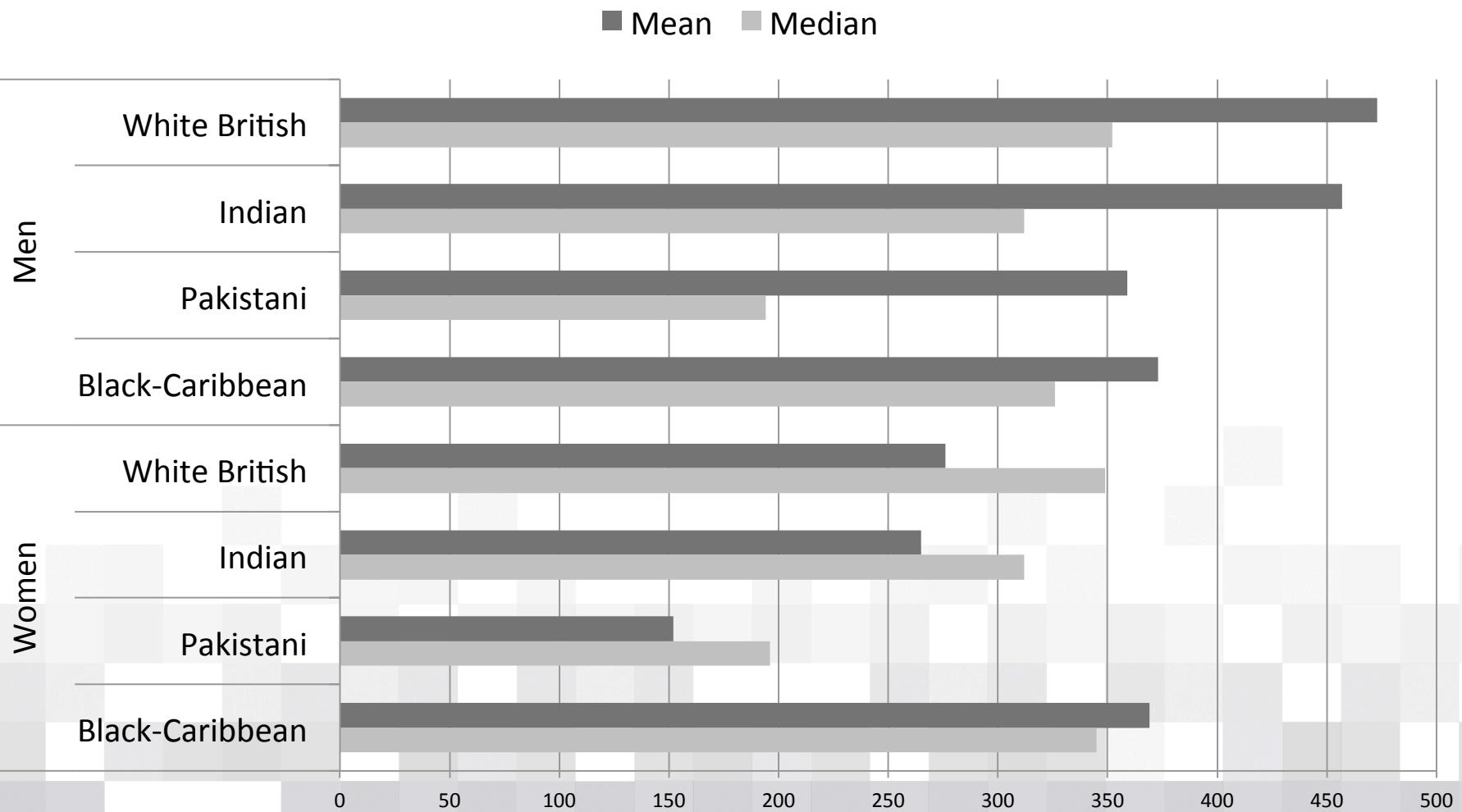
Gross and net versions. Here we use net.

Incomes were deflated to 2013 prices using the CPI.

We explore the experience of

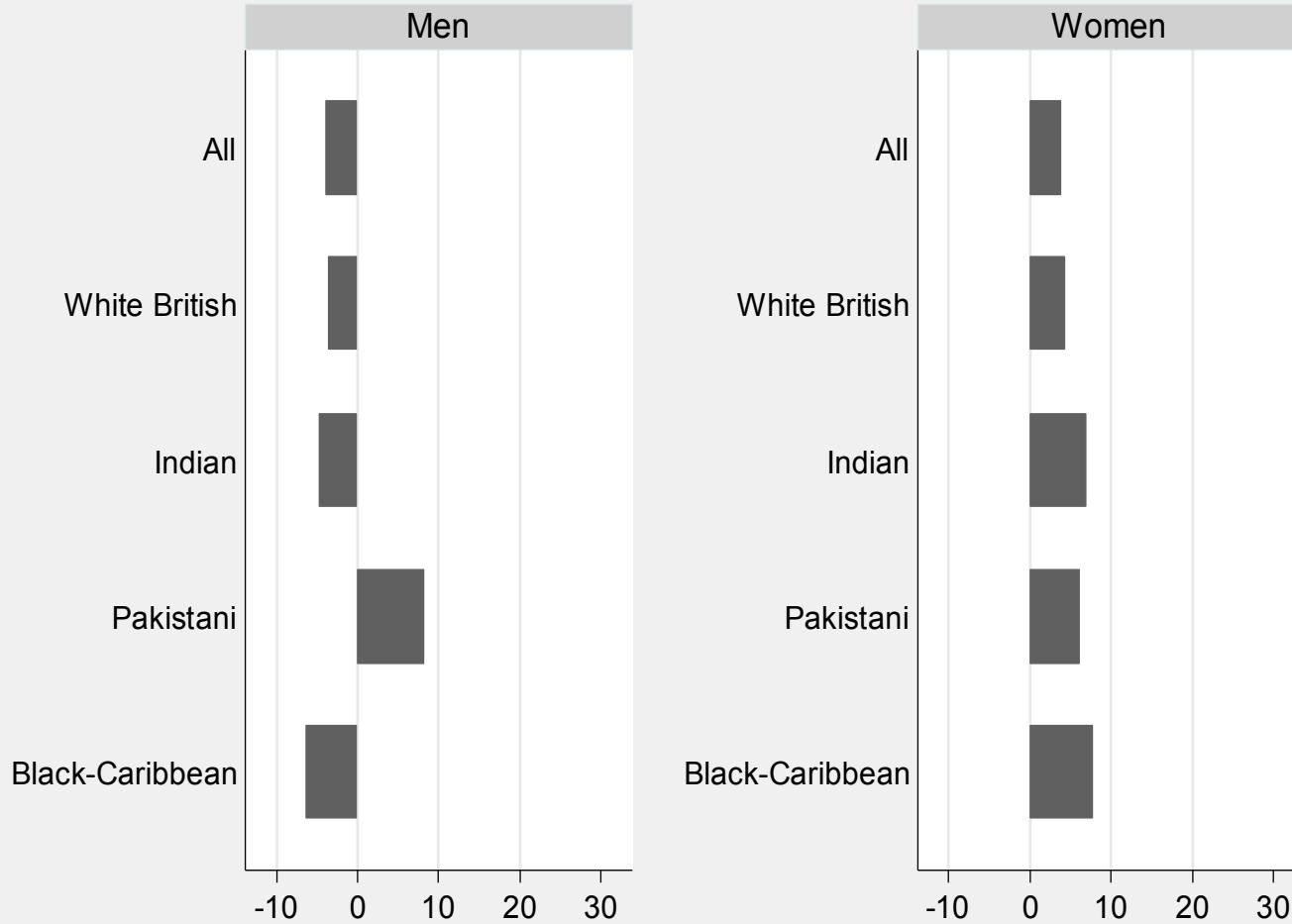
1. all adult men and women
2. those living in couples only (with or without children). Includes some living with other adults who are not considered in the analysis.

Men's and women's individual incomes 2008-12



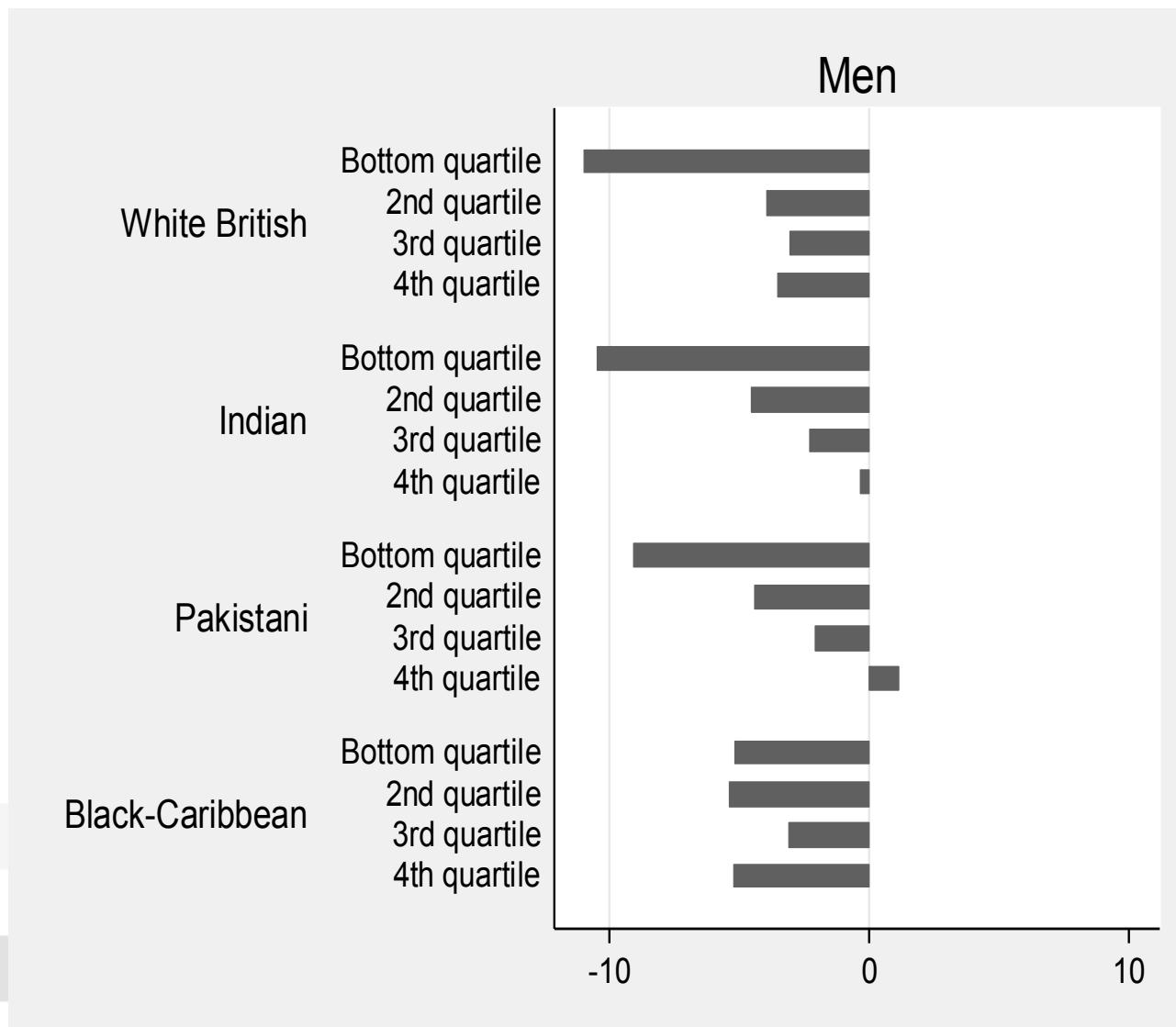
Percent change in individual incomes 2004/5-7/8 to 2008/9-11/12 (all)

% change in individual income by sex and ethnic group

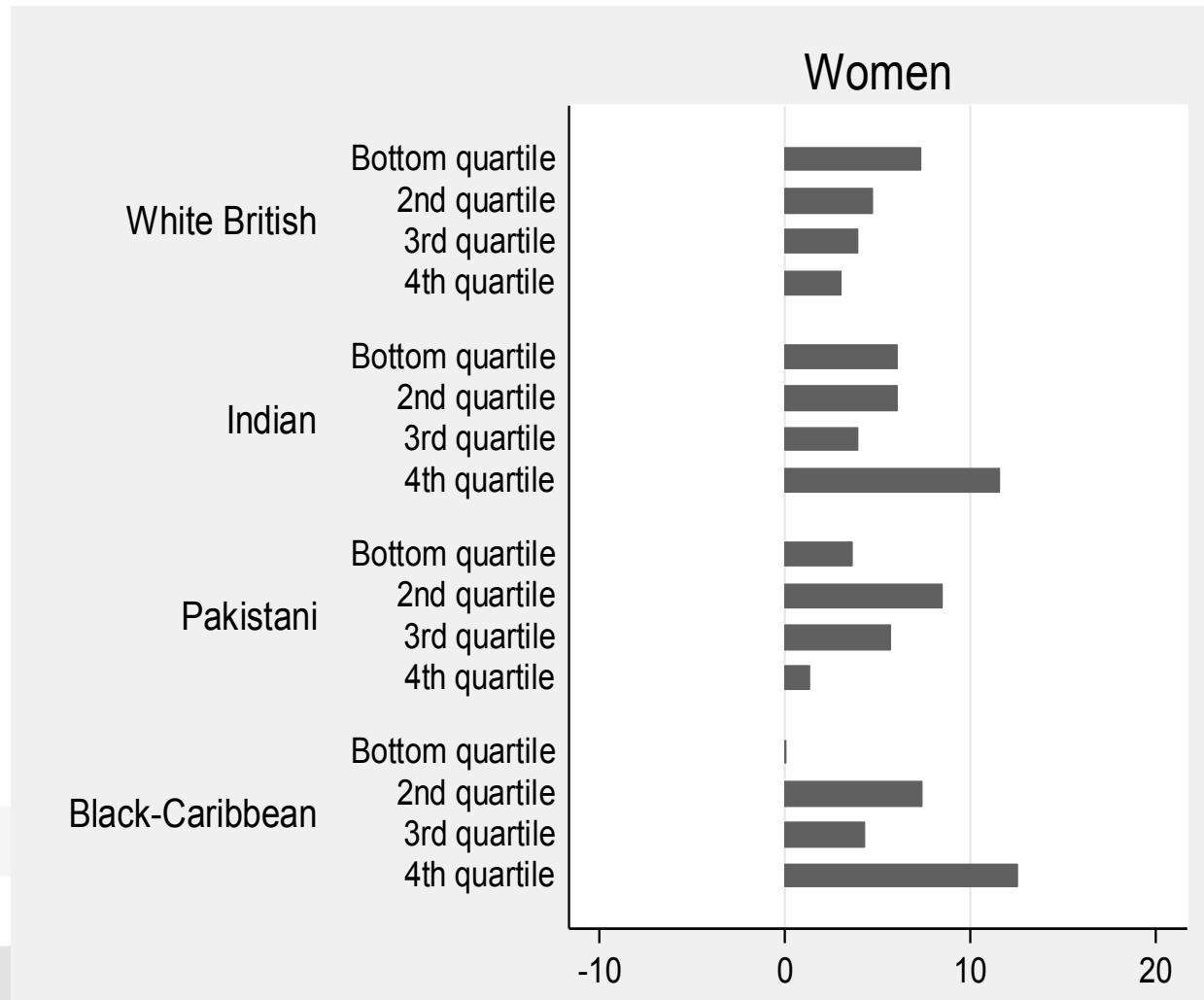


NB though from different bases . Pakistani men's incomes after increase were still less than Black Caribbean men's after decrease

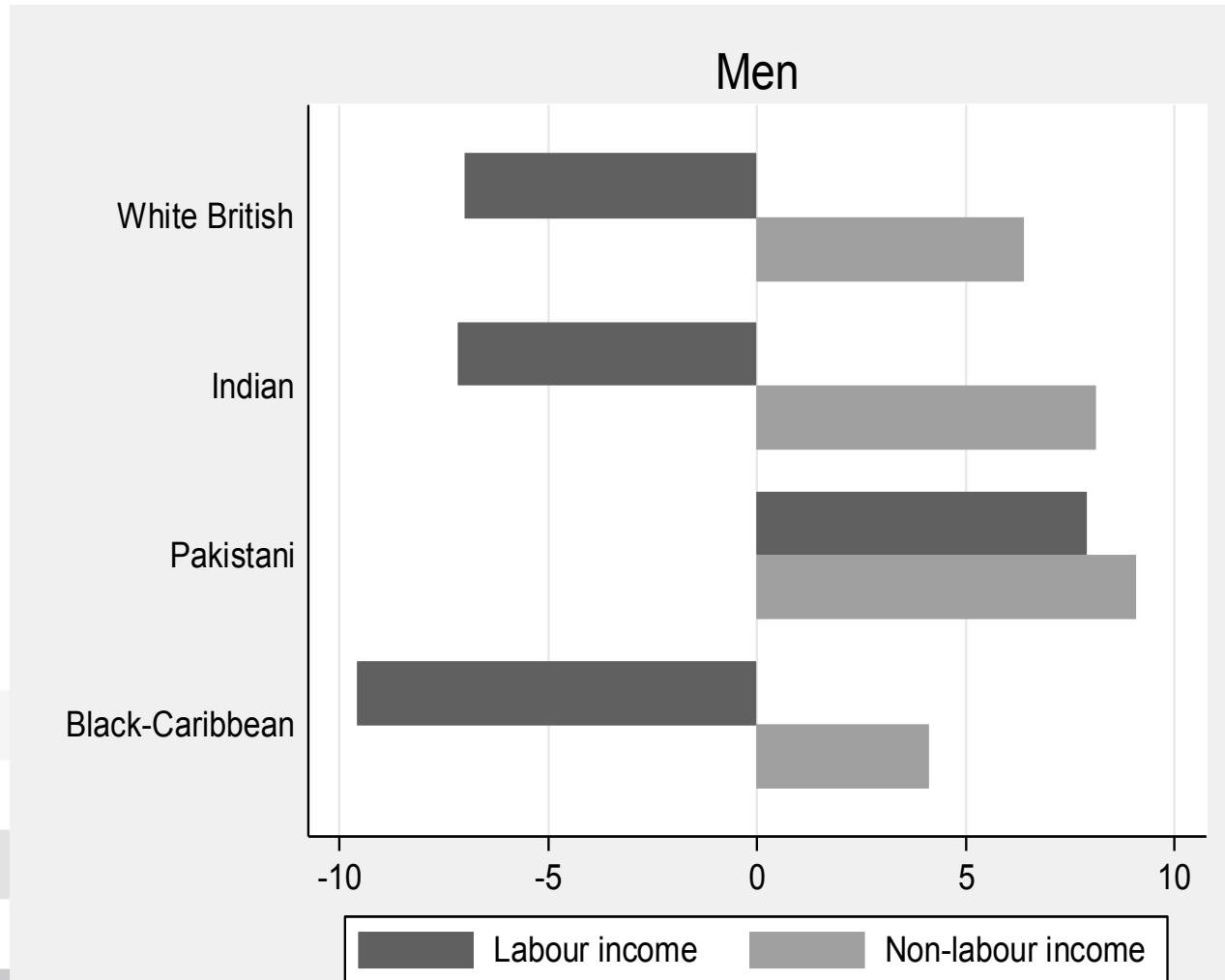
Across the distribution: men



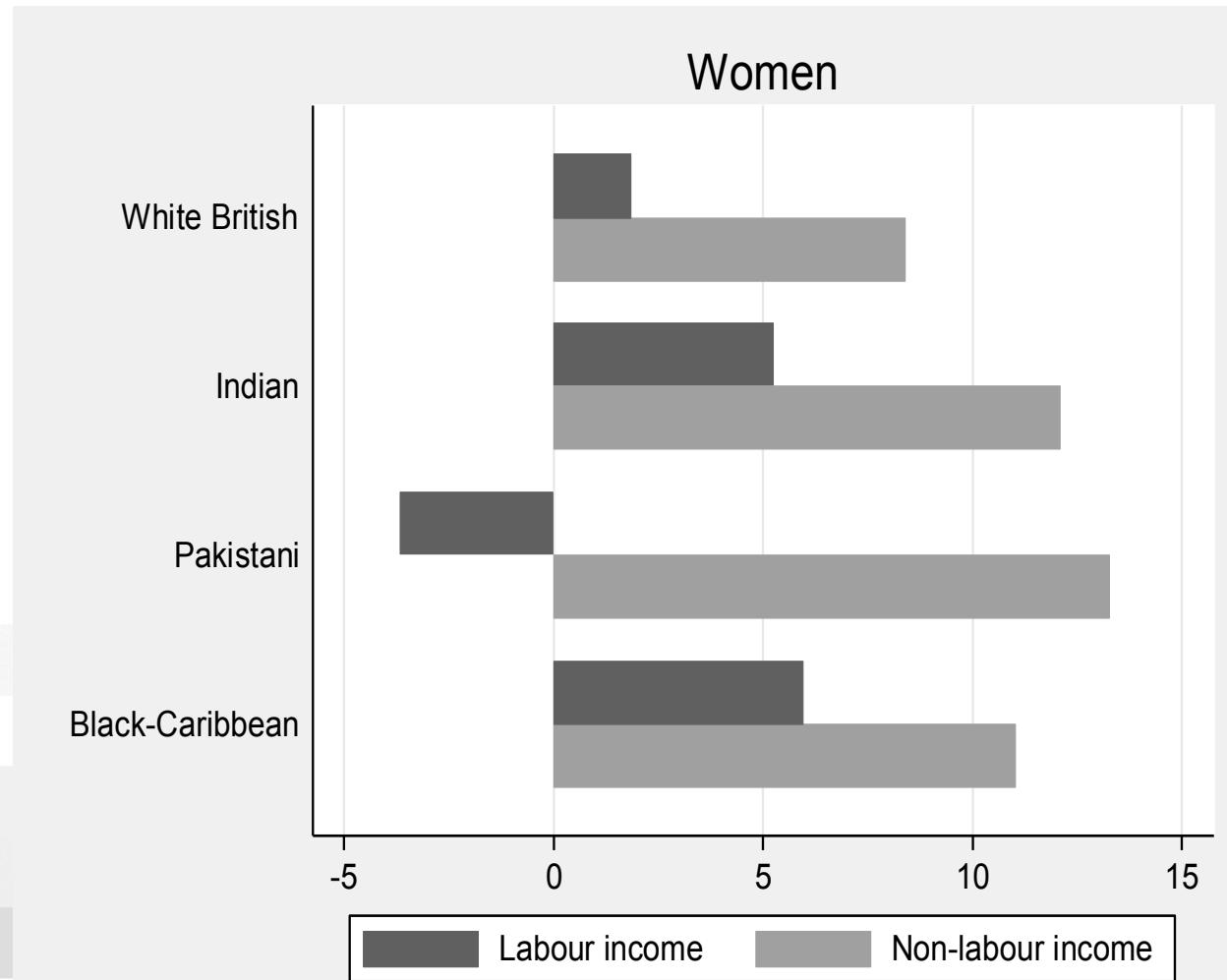
And across the distribution, women



What is driving these changes – changes in labour income or other? (NB % change not value)



What is driving these changes – changes in labour income or other?



Couples

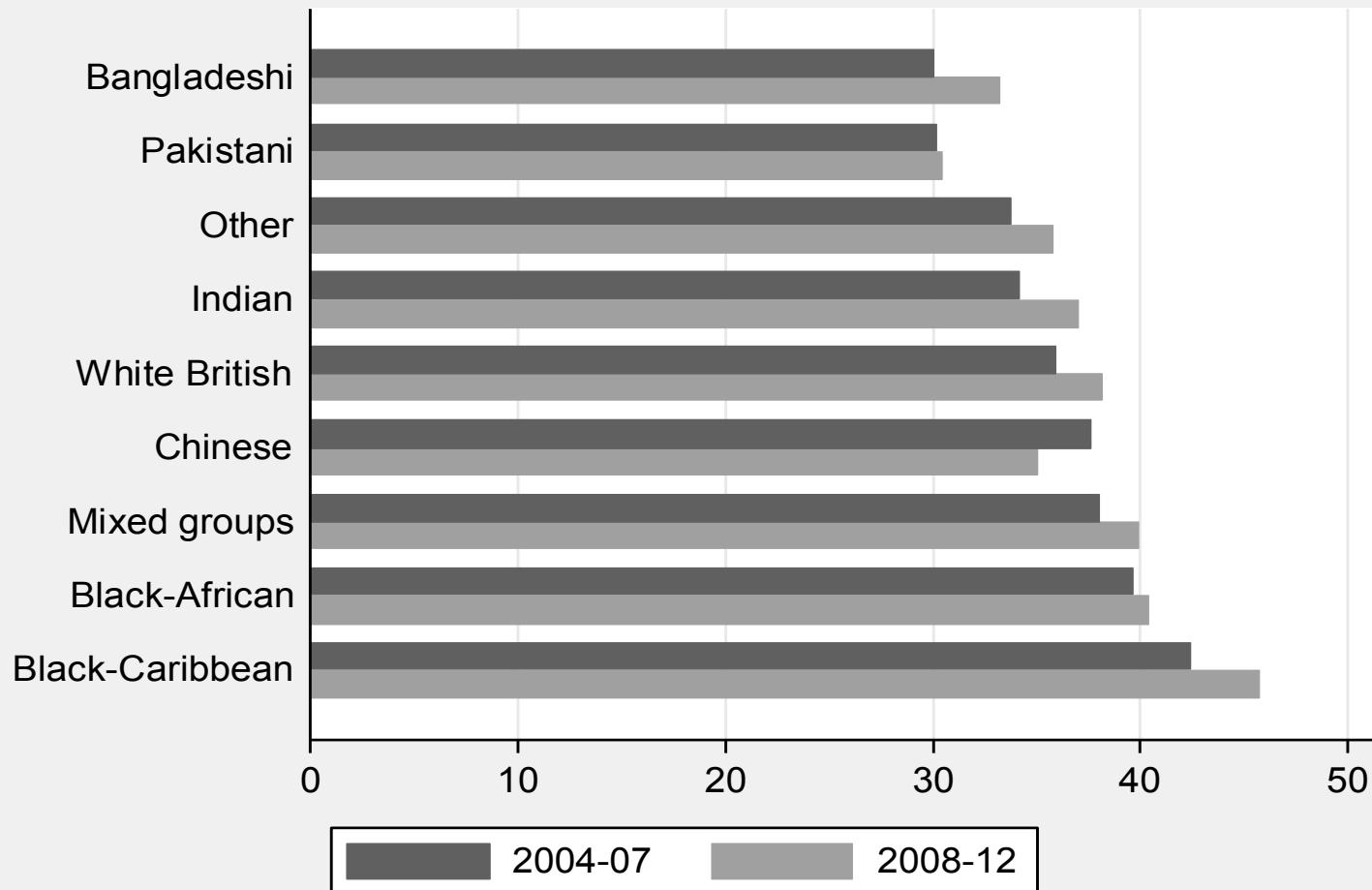


To get a better grasp on whether these changes represent reallocation within couples, we now turn just to those living in couples.

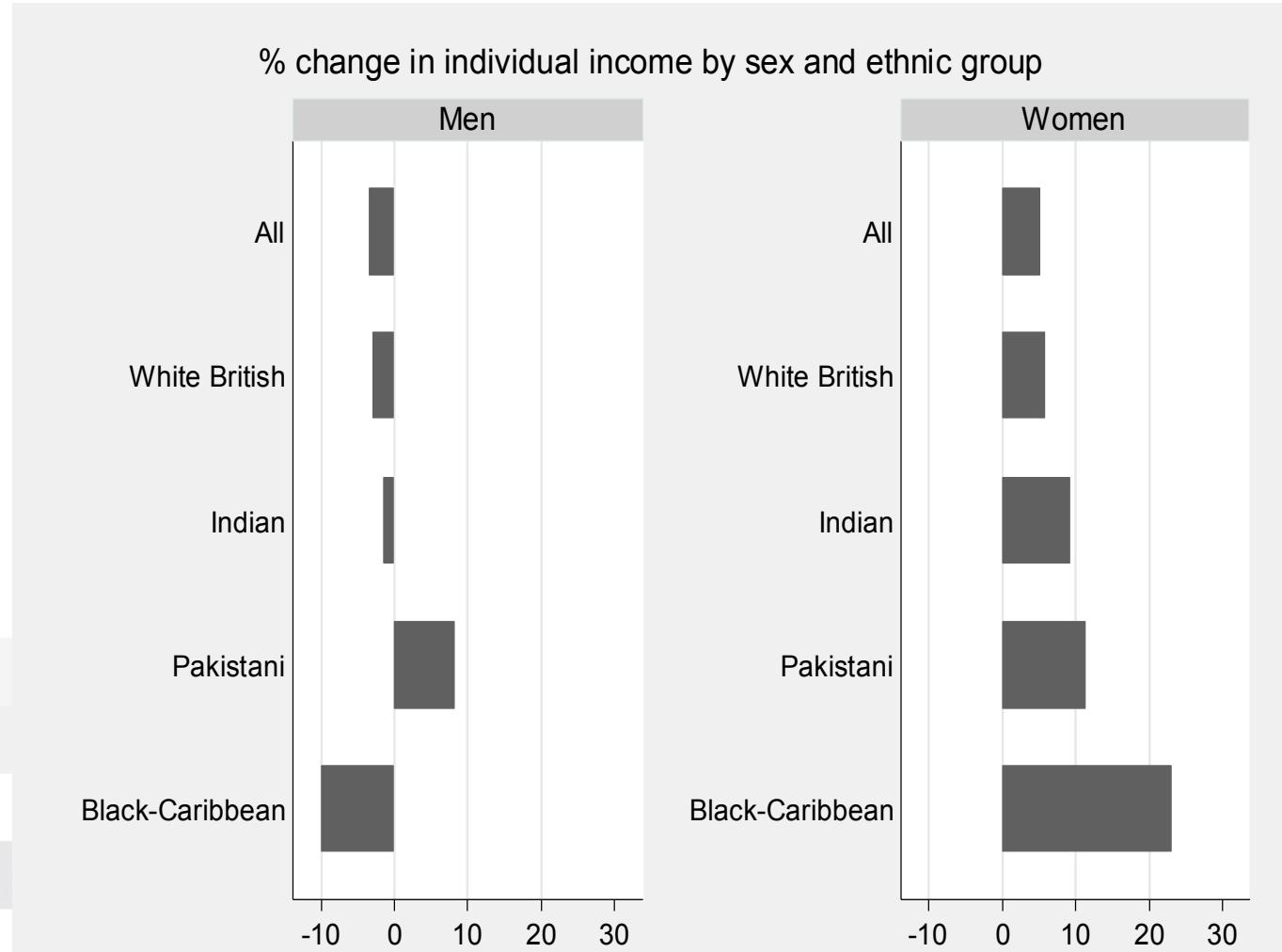


Change in women's average share of combined income in couples

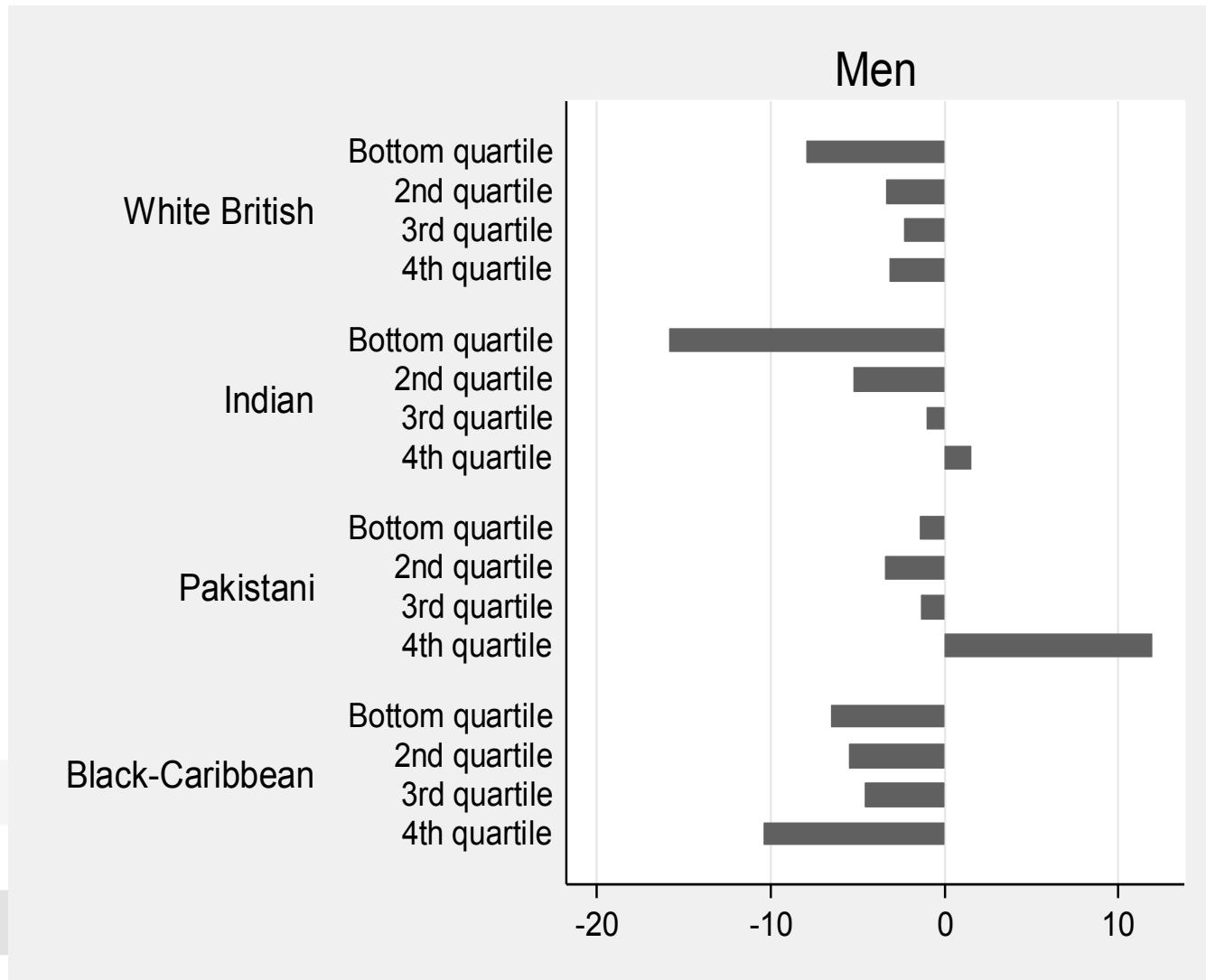
Women's individual income share in 2004-07 and 2008-12 by ethnic group



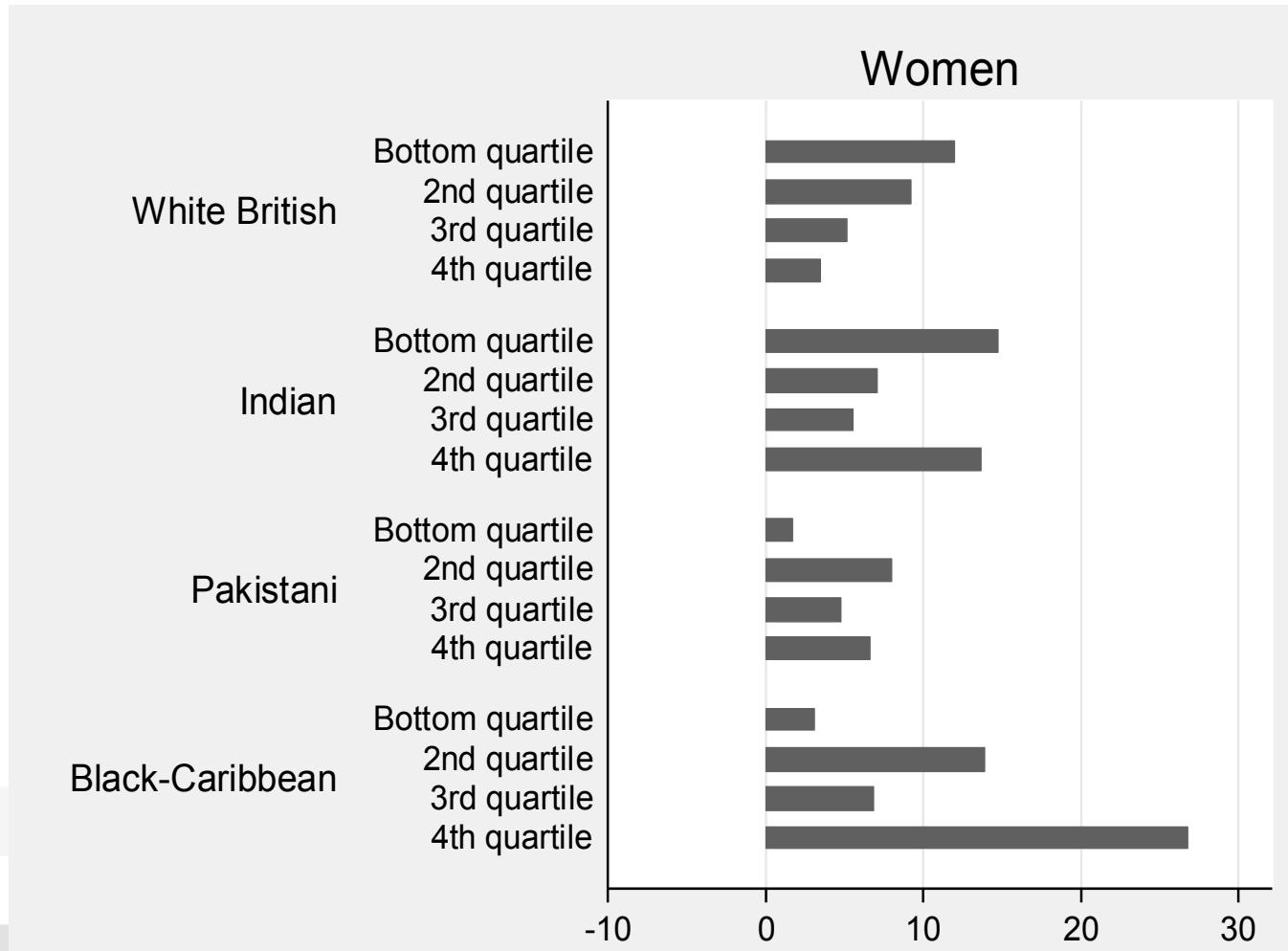
Income change among men and women living in couples



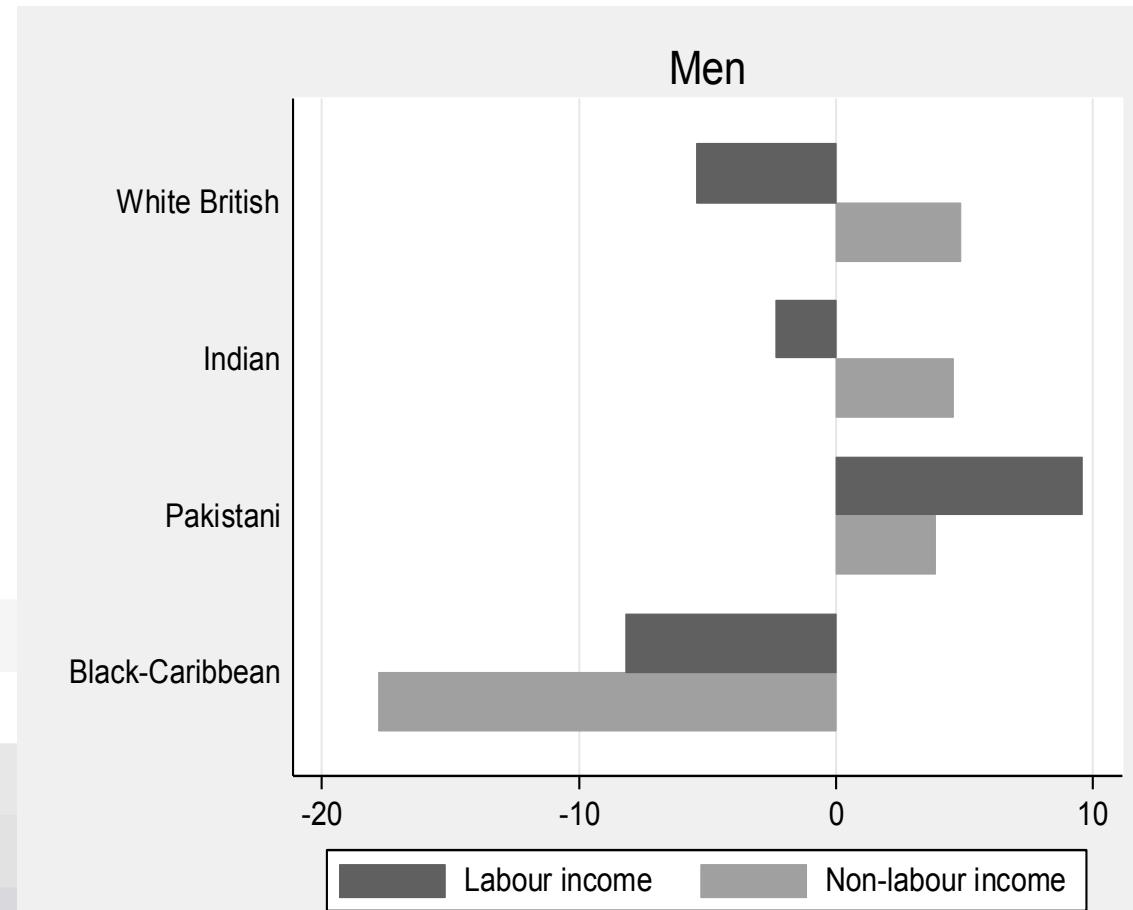
And across the distribution



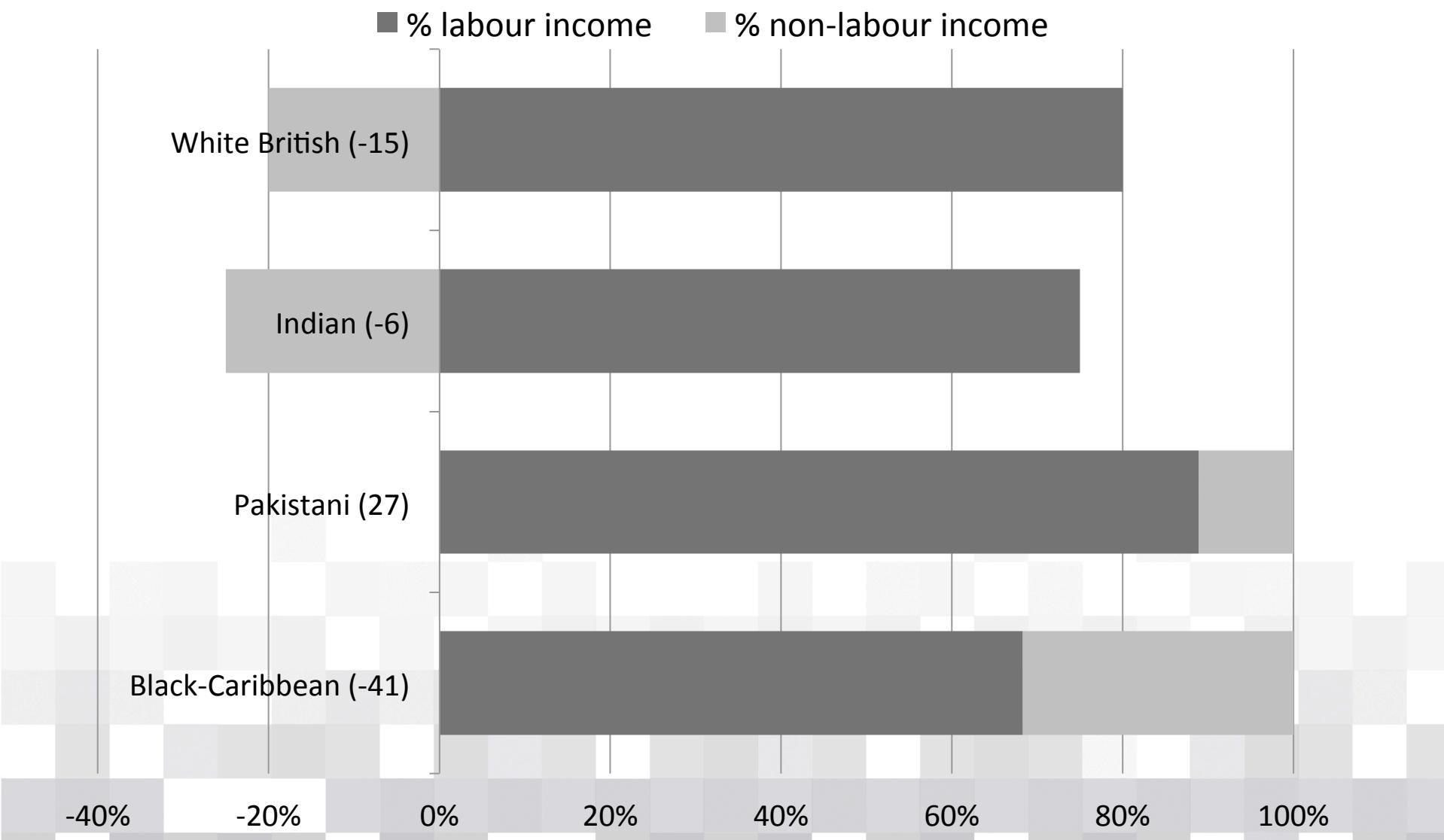
Across the distribution, women



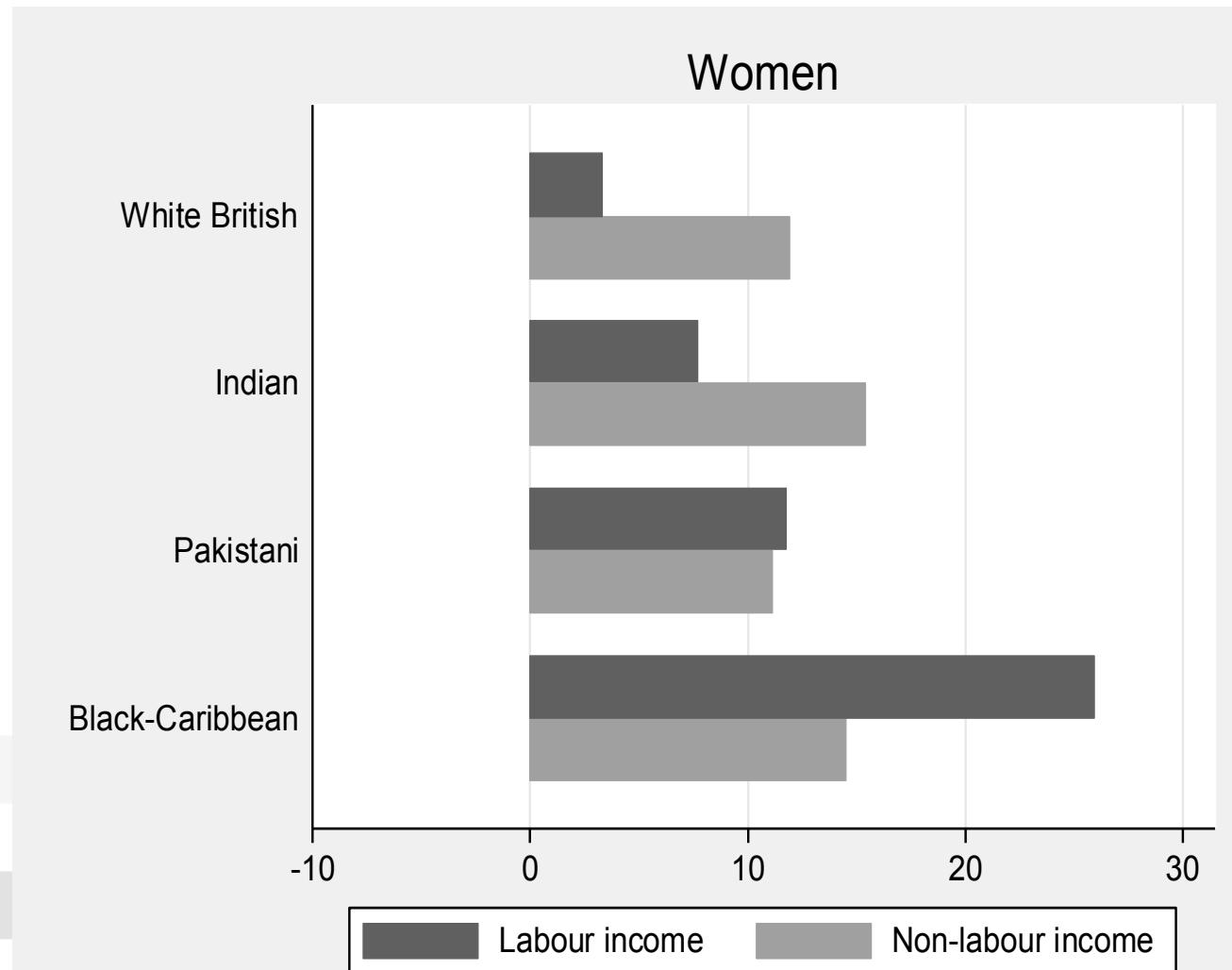
And what is driving the loss for White British, Indian and Caribbean men, and the gain for Pakistani men? (NB % change not value)



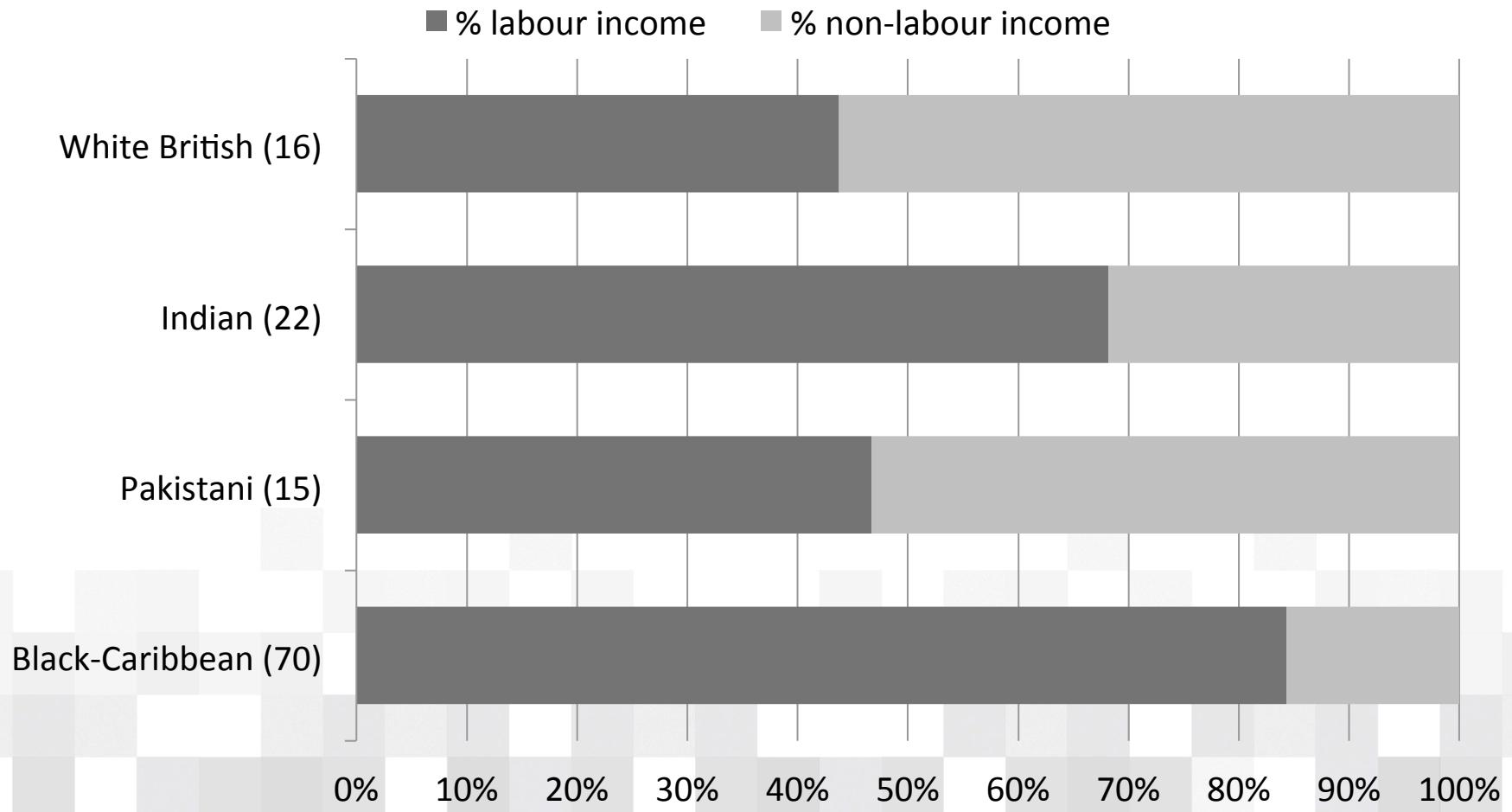
And share of value



And what is driving the gain for women? (NB % change not value)



And as shares of value change



Implications for inequality



	Men	Wom en	Over all	Within sex part	Between sex part		Men	Wom en	Over all	Within sex part	Between sex part
All	0.340	0.523	0.479	0.431	0.047		0.374	0.508	0.476	0.441	0.035
White											
British	0.318	0.465	0.439	0.391	0.048		0.347	0.435	0.426	0.390	0.036
Indian	0.401	0.945	0.721	0.670	0.051		0.536	0.987	0.795	0.759	0.036
Pakistani	0.486	1.090	0.877	0.782	0.095		0.526	1.177	0.943	0.854	0.089
Black- Caribbean	0.466	0.428	0.462	0.449	0.013		0.485	0.521	0.502	0.502	0.000

	2004-07				2008-12			
	Total inequality	Within	Between		Total inequality	Within	Between	
All	0.479	0.477	0.002		0.476	0.475	0.001	
Women	0.523	0.519	0.003		0.508	0.505	0.003	
Men	0.340	0.339	0.002		0.374	0.373	0.001	

And what is driving women's changing inequality?



		Labour income	Non-labour income
		% contribution to inequality	
White British	2004-07	0.938	0.062
	2008-12	0.932	0.068
Indian	2004-07	0.967	0.033
	2008-12	0.889	0.111
Pakistani	2004-07	0.806	0.194
	2008-12	0.782	0.218
Black Caribbean	2004-07	1.004	-0.004
	2008-12	0.825	0.175

Preliminary conclusions and next steps



Men's incomes have fallen and women's have slightly risen across the period considered. This is true across ethnic groups, except for Pakistani men, and across the distribution, but is more pronounced at the bottom of the distribution for White and Indian men and White British women and towards the top of the distribution for Caribbean women and men and Indian women.

The result is that income inequality among men has increased and while it has decreased among women as a whole, this is only the case for White British women, when broken down by ethnic group.

At the same time, the share of inequality attributable to between sex differences has decreased, and the share attributable to between ethnic group differences has decreased or stayed constant.

Among couples, women's individual income now makes up a larger share of total couple income (though it is still well under half).

The changes have been driven largely by changes in labour income, but non-labour income also plays a significant role.

A mixed picture, therefore: increasing inequality, inequality accompanies gains among women, except for White British women, which is also the group where some "compensation" for men's losses may be apparent.

Next steps

Add in additional sweep of data – make analysis and provisional conclusions more clearcut

Consider whether changes in labour income are driven by hours or earnings

Assess potential contribution in minor changes in characteristics over time

Restrict to working age only, to clarify story

Thank you and questions / discussion!

L.Platt@lse.ac.uk



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■