

Youth Unemployment and Ethnicity

TUC report

1 Introduction

We hear the shocking statistics every day: 'over one million 16-24 year olds are unemployed'. Youth unemployment is at a record high, and although this is a result of the recession youth unemployment was rising before the current downturn started.

Recent research by the TUC¹ has demonstrated the scarring impacts that long periods of unemployment can have on young people's future lives. The experience of unemployment is particularly damaging for young people, as the evidence shows that those who experience prolonged worklessness when they are young are likely to suffer lifelong effects on both their earnings and employment prospects.

In previous recessions vulnerable and disadvantaged groups have been hit disproportionately hard in the labour market. But has this been the case with the recent recession? This report aims to find out.

This TUC analysis of the Labour Force Survey looks at the impact of the 2008 recession on young people from ethnic minority groups. The analysis looks at:

- youth unemployment rates;
- the proportion of young people who are unemployed;
- the proportion of young people who are unemployed or economically inactive and not in education.

The unemployment rate is commonly used to measure the level of youth unemployment; the measurement is not favoured by all as this does not reflect the number of young people who are classified as 'economically inactive' as they are in education. The government therefore prefers to use the proportion of the total age group who are unemployed (rather than just the proportion of those who are economically active), as they see this as a more accurate assessment of the problem. The TUC think in addition to the proportion of the age group who are unemployed we need to look at the numbers of young people not in unemployment and not in education as it is this group we should be most worried about.

Using these different measuring methods for youth unemployment enables us to develop a better understanding of what is happening in the labour market than would be the case if we simply looked at unemployment rates alone, particularly as over the last twenty years young people have become more likely to participate in full – time education.

The analysis looks at the labour market over the last decade, considering data from the years 2002, 2008, 2010 and 2012. The first quarter of the Labour Force Survey Jan-March is used for each comparison.²

¹ Generation Lost: Youth unemployment and the youth labour market
<http://www.tuc.org.uk/economy/tuc-20703-f0.cfm?themeaa=touchstone&theme=touchstone>

² In 2012 there was a change in classifications of ethnic groups; however it is still possible to make broad comparisons.

Before analysing the data on labour market prospects for different ethnic minority groups, it is also useful to look at the unemployment data for all young people and for the population as a whole. These trends are set out below.

Table 1: All 16-24 year olds by gender compared to the overall 16+ rate - 2012

All ethnicity	16-24	16-24	16-24
	Male	Female	All
Unemployment Rate	25%	18%	22%
Proportion	16%	11%	13%
Worklessness	12%	15%	14%
All age (16 +), ethnicity, sex	All		
Unemployment Rate	8.2%		
Proportion	5.2%		
Worklessness (n/a)	(n/a)		

Whichever methodology you use the difference between the youth rate and the 16+ rate is striking, and this sums up the scale of the youth unemployment crisis. While the average unemployment rate for the entire adult population is 8.2 per cent, for young people as a whole the rate is close to three times as high, at 22 per cent.

Table 2 compares 16+ rates with the youth rates and clearly illustrates that even before our analysis of youth ethnic unemployment, Asian and Black ethnic minority groups are at disadvantage in the labour market, as the 16 + data for unemployment and proportion rates are higher for Black and Asian ethnic minorities.

This disadvantage then increases sharply if you are young and from an Asian or Black ethnic minority background. The disadvantage remains for both young women and young men, but young men fare worse than young women across (although not between) ethnic minority groups.

Table 2: 16 + data for unemployment and proportion

2012		16+ rate	Difference-between 16+ and youth rate.
Unemployment Rate	White	8%	12%
	Indian + Pakistani +Bangladeshi	13%	16%
	Black/African/Caribbean/Black British	18%	27%
Proportion	White	5%	8%
	Indian + Pakistani +Bangladeshi	8%	7%
	Black/African/Caribbean/Black British	12%	9%

Table 3: Youth unemployment, proportion and worklessness rate - ethnicity and gender

(2012)		Male	Female	All
Unemployment Rate	White	24%	17%	20%
	Indian + Pakistani +Bangladeshi	30%	28%	29%
	Black/African/Caribbean/Black British	50%	40%	45%
Proportion	White	16%	10%	13%
	Indian + Pakistani +Bangladeshi	16%	13%	15%
	Black/African/Caribbean/Black British	26%	17%	21%
Worklessness	White	16%	17%	17%
	Indian + Pakistani +Bangladeshi	13%	17%	15%
	Black/African/Caribbean/Black British	22%	19%	21%

Table 3 provides a summary of the data for 16-24 year olds by ethnicity and gender for the same period (Q1 2012). The reason for selecting these particular ethnic groups is that they are the only main groups with a sample size large enough for this kind of analysis.

The analysis shows that among ethnic minority groups, White young people have the lowest unemployment rates (20%), while Black groups have a rate that is more than twice as high (45%). When we look at the unemployment proportion (the proportion of all young people who are unemployed rather than just the proportion of young people who are economically active) White groups still do better than others, although the difference narrows (an unemployment proportion of 13% for White young people compared to 21% for Black young people). It is only on worklessness (the proportion of all young people who are not in education or employment) where White groups do not do best: 17% of young White people are in this position, compared to 15% of young people from Indian, Pakistani and Bangladeshi backgrounds. However, Black groups still do the worst, with 21% finding themselves out of both work and education.

2 Unemployment Rates

Analysis of youth unemployment rates by ethnicity gives some pretty shocking results. The unemployment rate for Indian, Pakistani/ Bangladeshi groups is around 10 percentage points higher than for White groups, and Black/African/Caribbean groups are more than twice as likely to be unemployed than their White counterparts. The unemployment rate for these groups is more than double the national youth rate.

Table 4: Youth Unemployment rates by ethnic group and gender

2012 Unemployment Rate	16-24		
	Male	Female	All
All ethnicity	25%	18%	22%
White	24%	17%	20%
Indian	28%	27%	28%
Pakistani +Bangladeshi	31%	28%	30%
Black/African/Caribbean/Black British	50%	40%	45%

The male youth unemployment rate is higher than the female rate in every ethnic minority group, but ethnic minority young women consistently have higher unemployment rates than their White counterparts. This is also the case for young men, and among young Black men 50% are unemployed, double the average male rate.

Further analysis of the Labour Force Survey data from 2002 to 2008 by ethnicity shows up some interesting findings. Unemployment rates for Asian (up by 8 percentage points) and Black (up by 9 percentage points) ethnic minority groups increased substantially before the onset of the recession, whilst for White groups they remained relatively similar.

Figure 1: Youth unemployment rates, 2002 and 2008

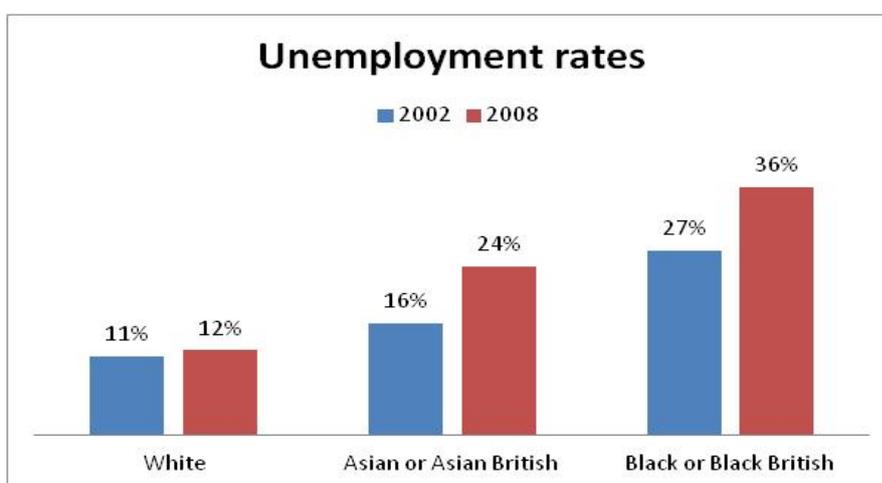
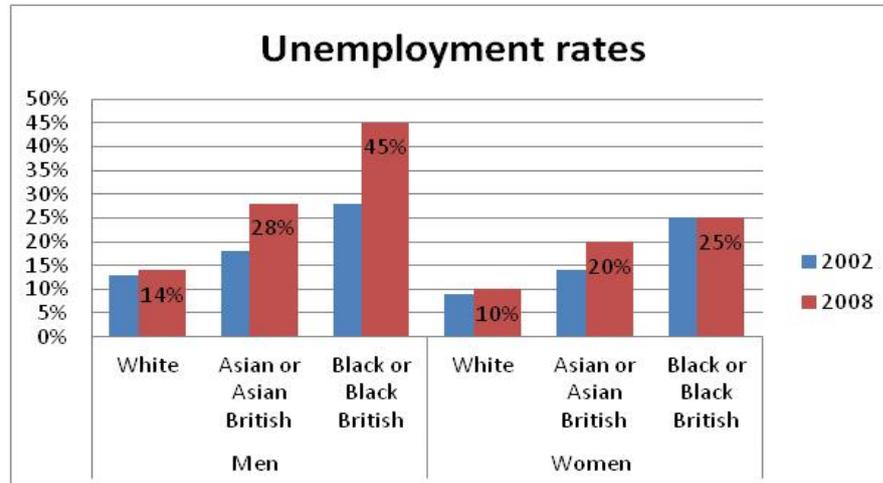


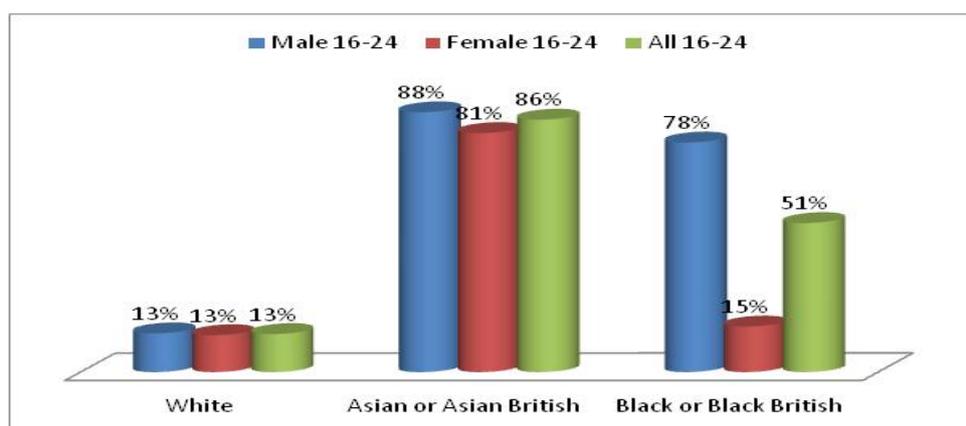
Figure 2: Youth unemployment rates by ethnicity and gender, 2002 and 2008



The rise in unemployment before the recession was more substantial for young Asian and Black Men, and for young Asian women; there was no change for young Black women.

Figure 3: Percentage increase in youth unemployment rate 2002-2008

The percentage increases in youth unemployment rates before the recession were therefore striking for young Asian and Black ethnic minority groups. Rates increased by 86% for young Asians and 51% for young Black people, with this increase being much higher for young Black men at 78%. The percentage increases for White young people were far smaller.



During the recession youth unemployment accelerated for all groups, with rates for Asian and Black ethnic minority groups remaining higher overall. However, during the downturn they were not affected disproportionately.

Table 5: Youth Unemployment 2002- 2012

16-24	2002	2008	2010	2012
White	11%	12%	18%	20%
Asian or Asian British	16%	24%	29%	29%
Black or Black British	27%	36%	39%	45%

3 Unemployment proportions

Data on the proportion of young people unemployed vary from youth unemployment rates, but the pattern remains similar in that youth unemployment increased for Black and Asian men, and for Asian women, before the recession hit.

Table 6: Proportion of young people unemployed, 2002-2012

		2002	2008	2010	2012
All	White	8%	8%	12%	13%
	Asian or Asian British	8%	12%	13%	15%
	Black or Black British	13%	16%	19%	21%
Men	White	10%	10%	15%	16%
	Asian or Asian British	10%	16%	15%	16%
	Black or Black British	14%	22%	21%	26%
Female	White	6%	7%	9%	10%
	Asian or Asian British	6%	9%	11%	13%
	Black or Black British	11%	10%	16%	17%

Worklessness

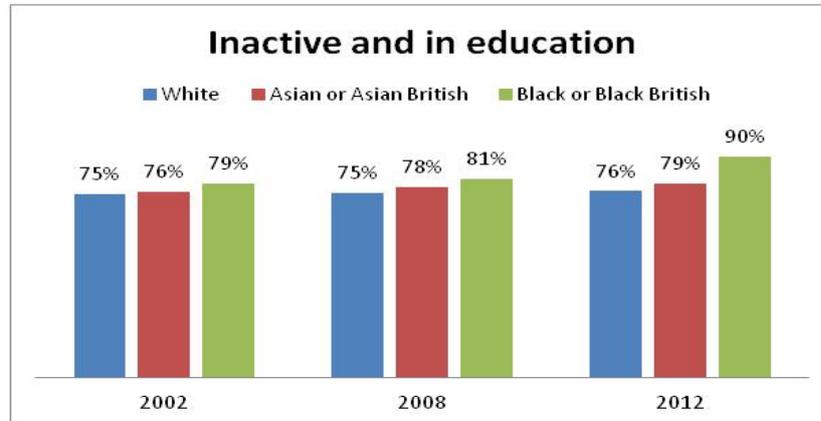
Worklessness rates provide slightly more positive news for young people from ethnic minority groups as the unemployment gaps that are seen in comparisons with young White unemployed groups are substantially reduced.

Table 7: Not in employment and not in education by ethnicity and gender

		2002	2008	2010			2012
All	White	13%	14%	16%	All	White	17%
	Asian or Asian British	17%	17%	16%		Indian	9%
						Pakistani + Bangladeshi	21%
	Black or Black British	17%	19%	15%		Black/African/Caribbean /Black British	21%
Men							
Men	White	12%	12%	16%	Men	White	16%
	Asian or Asian British	13%	13%	12%		Indian	9%
						Pakistani + Bangladeshi	18%
	Black or Black British	15%	19%	15%		Black/African/Caribbean /Black British	22%
Women							
Women	White	15%	15%	17%	Women	White	17%
	Asian or Asian British	22%	21%	22%		Indian	10%
						Pakistani + Bangladeshi	23%
	Black or Black British	20%	19%	16%		Black/African/Caribbean /Black British	19%

This analysis suggests that this is partly a result of higher and increasing educational participation rates among young Black and Asian groups. The chart below illustrates this clearly. The participation rate increased for young Black ethnic minority groups from 79% in 2008 to 90% in 2010, in comparison with White groups who only saw a small increase from 75% to 76%.

Figure 4: 16-24 inactive and in education by ethnicity



While this is good news, there are still some very worrying trends for young Black people and young people from other ethnic minority groups.

Table 7 shows that from 2010 to 2012 there was a substantial increase in the worklessness rate for young Black groups. This can be partially explained by a technical change in the classification of ethnic minority groups in the Labour Force Survey (from 2010-2012), however it is still possible to make broad comparisons with the current and previous categories as they are very similar. The 6 per cent increase there has been for young Black people over this period is substantial (and even greater, at 7 per cent, for young Black men). Over 1 in 5 young black men are currently not in education and not in employment.

In 2012, the data for Asian/ Asian British was changed to single Indian, Pakistani and Bangladeshi categories. While this makes it more difficult to see the changes for these groups over time, it does highlight that there are important differences between the different Asian groups of young people which until now it has not been possible to discern. The outcomes of Pakistani and Bangladeshi groups are similar to those for Black ethnic minority groups in the 2012 data.³

³ Due to a smaller sample size it is not possible for us to come up with conclusions that we would feel confident about for the Indian worklessness rates.

Conclusion

This analysis shows that across three different measures of unemployment (the unemployment rate, the proportion of young people unemployed and the worklessness rate), young Black and Asian ethnic minority groups are consistently disadvantaged in the labour market. This conclusion is arrived at not only by looking at recent data but also by considering data over the last decade.

As we saw by looking at unemployment rates, White young people have the lowest unemployment rates (20%), while Black groups have a rate that is more than twice as high (45%). When we look at the unemployment proportion, Black young people still do worse with 21% of all young Black people unemployed compared to 13% of White young people. It is only on the worklessness rate where White young people are not in the best position with 17% of young White people not in education or employment, while the worklessness rate for Indian, Pakistani and Bangladeshi groups is 15%. Young Black groups they still fare the worst on this measure, however there is some slightly more positive news as the gap compared to other groups is less than for the unemployment rates. This analysis suggests that this is partly a result of higher and increasing educational participation rates among young Black and Asian groups.

How were the groups affected by the recession? A sharp rise in youth unemployment occurred for Black and Asian ethnic groups *before* the onset of the recession, whereas White young people experienced a rise in unemployment as a result of the recession. Although the recession increased unemployment amongst young Black and Asian ethnic minorities, it would be fair to say that the rise was not disproportionate – whereas before the downturn their prospects deteriorated far more than those of White groups. The experiences of young Black women were however slightly different and similar to those of young White people as they did not experience a rise in unemployment prior to the recession, only as a result of it.

The 2012 data continues to show higher unemployment numbers amongst young Black and Asian ethnic minority groups. The experience of young Black men is particularly worrying, as the 2012 figures show an unemployment rate of 50%; with 1 in 5 young Black men currently not in employment or education.