

Hard times, worklessness and unemployment in Britain and the USA (1972-2011)¹

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Abstract

In this paper, we examine the employment situation of disadvantaged social groups in Britain and the USA in the last forty years (1972-2011). Using data from the General Household Survey/Labour Force Survey for Britain and the Current Population Survey for the USA, we find that young people, ethnic minorities and those with low qualifications had poor chances of employment. With particular regard to minority ethnic groups, we find that Blacks always had higher unemployment rates in both countries, followed by Pakistanis-Bangladeshis in Britain and Hispanics in the USA. The disadvantages became much more pronounced at the peak of recessions. The overall disadvantages were more salient in Britain than in the USA, suggesting that the flexible labour market policies adopted by the British government failed to protect the most vulnerable groups and that the affirmative action programmes helped reduce minority ethnic disadvantages in the USA.

Key words: Economic recession, worklessness, unemployment, ethnicity, Britain, USA

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Introduction

The labour market fortunes of disadvantaged social groups, particularly minority ethnic groups, are a good indicator of social justice as well as ethnic integration. Such fortunes in the period of economic recessions are an especially telling story of societal and employer fair treatment of the vulnerable groups. There has, in the last few decades, been a great deal of scholarly research on numerous aspects of social disadvantage ranging from educational attainment, earnings, employment to class within the national context of Britain and the USA, and some research in a comparative manner between the two countries. Yet there is little comparative analysis of the patterns and trends of the employment situation by the various disadvantaged social groups, especially during the recessions, in the two countries. We aim to make a contribution to this area of research in the present analysis.

This paper is structured as follows. After a brief review of the theoretical debate and existing research focusing on the ethnic domain, we shall discuss the data and methods, followed by presentation of our findings. The paper will conclude with some discussion of the findings.

Theoretical context

Social scientists, especially in the USA, have for decades been concerned with the fortunes of socially disadvantaged groups such as women, younger people and visible minority ethnic members of the society in the labour market (Gordon, 1964; Duncan, 1968; Daniel, 1968; Jowell and Prescott-Clarke, 1970; Stewart, 1983; Telles and Murguia, 1990; Quillian, 1995; Darity and Mason, 1998; Hirschman, 2005; Berthoud, 2006; Heath and Cheung, 2007). Women used to be bound to their homes but have increasingly found themselves in the labour market in the last few decades. The rates of minority ethnic unemployment and inactivity are usually found to be higher than those of the mainstream groups, even for those usually deemed as doing fairly well in terms of education such as Indians and Chinese (Li, 2010). During economic recessions, the rates go disproportionately higher, especially for people who stand at the far end of the 'queues' and who tend to be the first to go and last to come (Model, 2005: 366). This kind of 'hyper-cyclical' unemployment, as Heath and Yu (2001) observe, is especially dampening.

We focus on minority ethnic (rather than gender, age, regional or educational) disadvantages in the labour market in this brief review. Economists and sociologists tend to explain such disadvantages in terms of personal, relational, contextual and policy characteristics. Personal characteristics associated with minority ethnic labour market disadvantage range from deficiencies in human and social capital such as poor education or lack of recognition by employers of foreign qualifications, scant knowledge of the local labour market (Becker, 1985), lack of bonding or bridging social ties that can provide useful information about job opportunities (Granovetter, 1974; Lin, 2000; Putnam, 2000), poor English proficiency (Borjas, 1987; Chiswick and Miller, 2002), to poor health, large households, cultural norms, and caring responsibilities, etc.

Changing ethnic relations can be conducive or detrimental to the labour market position of minority ethnic groups. As time goes on, minority ethnic groups and the mainstream will

have more contacts with and better understanding of each other, causing ethnic boundaries to blur (Alba, 2005). This applies not only to Whites from southern European countries in the USA but also to those of visible ethnic backgrounds (Alba, Lutz and Vesselinov, 2001). Yet, when the resources such as jobs become scarce when the economic downturns come, ethnic conflicts are likely to occur, with visible minority ethnic groups frequently bearing the brunt of unemployment. As Putnam (2007) observes, both theories may be correct, depending on the prevailing socio-economic circumstances.

The contextual account looks, in addition to personal characteristics, at the local situation. Minority ethnic groups in Britain and the USA tend to come from poor countries and, after arrival in the host countries, to live in deprived areas with depressed local economies. Where large numbers of minority ethnic people concentrate, this also offers chances for direct or indirect discrimination to employers with such a taste (Becker, 1957).

The social policy account is chiefly used in explaining the relative advantage or disadvantage of similar ethnic groups in different countries, such as Black Caribbeans in Britain and the USA. These two countries share many similarities but also harbour many differences. The most notable similarity is that they are both archetypical liberal capitalist countries with a free market and a meritocratic ideology which would, according to some scholars, promote open competition and social mobility and, in the long run, engender social equality (Bell, 1972) and ethnic integration. The two countries also have many differences, such as those rooted in the immigration histories (Heath, 2007), the diversity and composition of immigrant groups (Hirschman, 2005), the educational systems, the socio-political milieu including the civil-rights movements in the USA and the successive Race Relations Acts in Britain, the generous welfare regime in Britain, the strict law enforcement, and the affirmative action policies in the USA (Waters, 2008; Model, 2005). Such differences will no doubt impact on the ethnic fortunes in the two societies. Apart from these, cultural differences such as the 'Horatio Alger myth' in the USA (Blau and Duncan, 1967: 435) or the 'sclerosis' of class closure in Britain (Olson, 1982: 86) may also have an impact.

Among these and many other possible reasons, the more important ones for our present purposes are probably the flexible labour market in Britain and the affirmative action programme in the USA. The former refers to the relaxation of employment protection legislation whereby employers can be flexible in adopting measures which best suit their production/business cycles. The policy was adopted by the Conservative government under Thatcher and later continued by the New Labour Government under Blair. Basically, as Atkinson (1984) points out, the essence of this policy is to give employers contractual, working-hour, wages, job function and geographic freedoms in hiring, using and firing employees. Some advantages were also perceived for employees as they could be more flexible in adapting their work and family life. Some economists tend to see this as a major explanation between the high and persistent unemployment rates in Europe and the sharp contrast in the USA (Solow, 1998). This kind of policy may have been in existence in the USA much longer than in Britain with less strict employment protection legislation (OECD, 2011), but the USA has the affirmative action programme. The programme, initiated in the 1960s to 'correct the past and present wrongs' against African Americans, was aimed at preventing discrimination against employees or applicants for employment on the basis of 'color, religion, sex, or national origin'. As President Johnson says, 'We seek not just legal equity but human ability, not just equality as a right and a theory but equality as a fact and

equality as a result'. Federal contractors and subcontractors are legally required to adopt equal opportunity employment, and public institutions are required to have staff compositions representative of the population they serve. The programme will have most probably reduced minority ethnic employment disadvantages Leonard, 1990; Holzer and Neumark, 2000; Kalev and Dobbin, 2006; Kalev, Dobbin and Kelly, 2006). Although a counterfactual case would be hard to establish, a comparative study with Britain which has had no equivalent programmes would be helpful to gauge the impacts.

It is, of course, hard to disentangle the flexible labour market and the affirmative action effects. What we can hope to do, with regard to flexible labour market policy, is to see the net ethnic effects before and after the implementation of the policy, that is, between the 1970s and the later periods in Britain and, with regard to the affirmative action programme, to compare the net ethnic effects in Britain and the USA since the programme was absent in Britain and present in the USA, assuming that the flexible labour market policies had similar effects in the two countries. If the affirmative action programme did reduce minority ethnic disadvantage in labour market position, then, other things being equal, we may expect that the US minority ethnics and other vulnerable groups such as women would experience lesser disadvantage than their counterparts in Britain.

Turning to comparative research on ethnic fortunes in the two countries, one could fairly reasonably say that empirical research on British and US social structures is not a common theme in sociological analysis. There are only a few studies available. Earlier research by Erikson and Goldthorpe (1985) and by Kerckhoff, Campbell and Wingfield-Laird (1985) both focus on class mobility with no consideration of ethnicity. The few later studies which look specifically at the ethnic situation in the two countries only focus on single groups or similar groups at one time-point. For instance, Cheng (1994) studies the socio-economic situation of Chinese in the two countries but the other ethnic groups are not directly compared. Model (2005) explores the labour market situation of several groups in the two countries in the earlier 1990s, but gives no evidence on the trends. More recently, research has extended the time scale and group inclusion (Li, 2010; 2011, 2012a b) but only for a short period and with no focus on the recession effects. Thus, systematic comparative research of ethnic relations, just as in age, gender, regional and educational differences, is, as Heath, Rethon and Kilpi (2008: 224) aptly put, 'in its infancy'. Yet, from the perspective of social equality, the economic fortunes of these vulnerable groups are, as Gordon (1964: 80) states, the litmus test of whether our society is making progress. Our present analysis, focusing on age, gender, ethnic, regional and educational differences in worklessness and unemployment in Britain and the USA in the last forty years, with special regard to the recession impacts on the vulnerable groups, will hopefully enable us to make a contribution in this regard.

Summing up the previous discussion, we wish to ask the following questions in the present analysis: What is the employment situation like for the disadvantaged groups (women, young people, minority ethnics, and those in poorer regions and with poor qualifications) in the last four decades? Do these groups experience extra disadvantages during the recessions, and to a similar extent in the two countries? And does the flexible labour market protect the disadvantaged groups in Britain and does the affirmative action programme protect minority ethnic groups in the USA?

Data and methods

To address the questions outlined above, we use the pooled data from the General Household Survey (GHS: 1972-2005) and the Labour Force Survey (LFS: 1983-2011) for Britain, and the Current Population Survey (CPS: 1972-2011) for the USA, both publicly available and national representative sample surveys.² The key variables in the datasets are standardised, with those in the GHS/LFS built on Li and Heath (2007) with later years added on, and those in the CPS coded as closely as possible. With regard to the LFS from 1992 onwards where a panel (five-wave) structure is adopted, we use the wave 1 data from each season as this is the face-to-face interview with higher response rates, with the sole exception of the Spring data for 2011 which, at the time of analysis, were the latest series available and which, for sample size considerations, included all five waves. The CPS pertains to the March data every year which include ethnicity. The fact that data on respondent's, father's and mother's birthplace, and on respondent's year of immigration and nativity were only available from 1994 onwards means that we could not differentiate native from foreign born, hence, second- from first-generation minority ethnic groups (though see Cheung and Heath, 2007, and Heath and Li, 2008 for British study; and Li, 2012b for US-British comparisons on the second generation), nor could we differentiate the two Black (African American and Caribbean) groups in the CPS. Accordingly, we collapsed the two Black groups (Black African and Black Caribbean) in Britain into a single group.

The data sets have a very large number of records (over 10 million). Confining our analysis to the working-age population (men aged 16 to 64 and women aged 16 to 60) still yields a sample of 4.7 million records (2,628,131 for Britain and 4,103,886 for the USA). As this study is focused on age, ethnic, gender, geographical and educational differences in worklessness and unemployment over a 40-year period from 1972 to 2011 covering three major recessions, we coded our variables in a way that is both meaningful substantively and amenable to analysis in our present study. Thus, with regard to ethnicity, we coded White, Black, Pakistani/Bangladeshi and Other in Britain, and White, Black, Hispanic and Other in the USA. Much research in Britain (NEP, 2007) has shown the grave disadvantages in worklessness and unemployment by people of Pakistani/Bangladeshi heritages but fewer disadvantages faced by those from Indian and Chinese communities. The latter groups are thus coded as Other together with some small groups. In the USA, all Asian groups are found as doing better than Hispanic and Black groups (Li, 2010, 2012a b) although still bearing some relative disadvantages when their very high levels of educational attainment are taken into consideration. In view of this, all Asians are coded into Other together with a small proportion of people with other identities such as Pacific Islanders. As our selected samples pertain to the working-age population, worklessness (including unemployment and inactivity) will capture, at least for most of our respondents within the selected samples, economic disadvantage of one kind or another. For instance, some respondents may be 'discouraged workers' who have been so frustrated in their job search experiences that they may have stopped looking for jobs and believe, rightly or wrong, that there is 'no job for me'. The fact that a large portion of the minority ethnic groups were found inactive, especially in the recession years, may be an accurate reflection of this. Of course, some people in the inactive category may be inactive for other reasons. It is also noted here that students are included in this category as it is not possible to differentiate the student from the non-student statuses in the GHS data before 1981. This will mostly affect the youngest age group as we are going to

² The GHS/LFS data are available at <http://www.esds.ac.uk/findingData/majorStudies.asp> and the CPS data are available at <http://cps.ipums.org/cps/> (King et al., 2010).

see. It is also the case that some students may be ‘working their way through college’ to help pay fees and expenses, and some of them wishing but unable to find work may also call themselves ‘unemployed’ even though they are formally registered as full-time students. With regard to age, we differentiate four groups: 16-24, 25-35, 36-50 and 51⁺.

With respect to geography, we divided four regions in each country. For Britain, the regions roughly correspond to the level of ethnic density and socio-economic development and are, for lack of a better terminology, called the centre (Greater London), the inner ring (South West, South East and East Anglia), the outer ring (Yorkshire & Humberside, North West, East and West Midlands), and the periphery (North East, Wales and Scotland). The US regions are coded according to the Census classification on regions and divisions.³ The education variable is coded as degree (first degree or above), sub-degree (professional qualifications below degree in Britain, and college/associate degrees in the USA), higher secondary (A Level or equivalent in Britain, and higher middle school (Grade 12) in the USA), lower secondary (O Level or equivalent in Britain, and lower middle school (Grade 7-11, that is, including the Higher School drop outs) in the USA), and primary/none.

With regard to methods, we use standard techniques such as cross-tabulations for observed differences, logit regression for predicted probabilities and loglinear and log multiplicative-layer effects (also called uniform difference or UNIDIFF) models for changing patterns of inequality for the different social groupings. The models will be explained in greater detail later in the text. All the analysis reported below is based on weighted data.

Analysis

Our analysis falls into two kinds: absolute differences in worklessness and unemployment between gender, ethnic, age, geographical and educational groups in the two countries, and relative differences focusing on ethnic penalties and hard time effects. We shall look at the observed group differences first before turning to relative ones.

Absolute differences

Figure 1 shows the trends in worklessness and unemployment for men and women in the two countries. Overall, we see fairly clear signs of hard times, that is, economic recessions, more notably in Britain than in the USA, and more so in unemployment than in workless patterns. Thus, there are three ‘humps’ or fairly abrupt rises in the lines, in the early to mid 1980s, early 1990s, and starting from 2008. We refer to these as the first, second and third recessions in the discussion below. Looking at men’s unemployment, we can see that the first recession hit the two countries at roughly the same time, namely, in 1981/2 and reached a high point in 1983; it also lasted longer in Britain where the most severe effect was seen in 1985 by which

³ See http://en.wikipedia.org/wiki/United_States_Census#Regions_and_divisions. According to this we coded the four regions: Northeast (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York and Pennsylvania), Midwest (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin), South (Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Delaware, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma and Texas), and West (the other states).

time it had returned to the initial level of 1981 in the USA. The second recession peaked also at the same time in the two countries, namely, in 1992, but the impact on unemployment was much smaller in the USA than in Britain. The third recession again occurred at roughly the same time, in 2008, but the effects were much harsher in the USA as the male unemployment rates climbed much more quickly than they did in Britain.

Overall, Figure 1 shows that the two countries have a similar pattern of economic cycles. But do the various social groups share a similar fortune within and between the two countries? What are the main features of their similarity and difference? We now have a closer look. First of all, the data show a clear picture of gender convergence in worklessness. In both countries, there has been a strong tendency for women to be increasingly found in the labour market and for men to exit from it (Hughes, 2010). The gender differences declined from a marked 35 percentage point disparity in Britain in 1972 (45% of women being workless as compared with 10% for men) to around 5 points in 2011 (31% for women and 26% for men). The gender differences in the USA fell by a similar extent, that is, from a 34-point difference in 1972 (53% for women and 19% for men) to a 5-point difference (35% for women and 30% for men) in 2011. A second feature is the much more salient effect of recessions in Britain than in the USA, particularly for men. Around 10% of British men were workless in the 1970s but the figure jumped to 25% in 1986 which, after a slight drop in subsequent years, returned to that level in 1994 and never fell below 20% in the subsequent years. A large part of the convergence is due to a growing proportion of students in the populations and the increasing equality between men and women in higher levels of education in both countries. Owing to the sticky effects of the early 1990s recession on male worklessness in Britain, we find the third feature here, that is, the equalization process appears somewhat faster in Britain than in the USA: from around 1994 in the former and a continual process in the latter. Finally, the current recession seems to have given a final push to the convergence. In both countries, there was a clear, and more salient in the USA, upsurge of male worklessness from 2009 onwards. It is unwise to predict whether this 5-point difference in gender worklessness will stay after the end of the current recession but the pattern in the last two decades gives a fairly clear hint that it might well do.

(Figure 1 about here)

In neither country is there a major convergence in gender rates of unemployment, however. In both countries, 'hard times' are associated with big increases in unemployment (though much less so with respect to worklessness as seen above). In Britain, unemployment is more responsive to recessions than in America – at least in the first two recessions. In the current recession, the US men were hit harder, though, with unemployment rates reaching 10% in 2010. The particularly notable feature in the British data on unemployment is that the 1980s recession was not a 'normal' one but coincided with the commencement of a major de-industrialisation such as the collapse of textile factories and the closing of manufacturing and coal-mining industries. According to Gallie (1999), there was a loss of about one million jobs in manufacturing industries in the 1970s and a further loss of nearly three million such jobs over the 1980s. It seems that the decline in US manufacturing was not as sudden, and that the USA maintained a much higher level of manufacturing than Britain throughout the last few decades even though the decline might have started earlier. Another notable feature that manifests itself in the data is that the first two recessions started earlier, hit harder and stayed longer in Britain than in the USA. In the British case, the first two recessions had higher rates

of male unemployment than in the USA. In the current recession, male unemployment rates are higher than in the USA in Britain though.

(Figures 2&3 about here)

While the data in Figure 1 show the overall worklessness and unemployment for men and women, we would expect that lack of paid employment would differ by age, ethnicity, geography and education both between the sexes and between the two countries. The next few sets of graphs look at these relationships. Firstly, we look at the age differences.

Figure 2 shows worklessness by age groups for men and women in each country. For Britain, men in the youngest age group were, except in the few years between the first two recessions, the most likely to be found workless, from 18% in 1972 to 50% in 2011. Of course, a large and increasing proportion of them were in education. They were also most responsive to the first two recessions, with clear humps of worklessness in the early 1980s and the early 1990s. The oldest group of men were also increasingly found to be workless, with fairly clear (albeit lower as compared with the youngest group) humps during the first two recession, reaching the peak of around 39% in around 1993 and then climbing down to around 30% at the end of the period covered. A large proportion in the oldest group may have taken early retirement. Interestingly, the two middle age groups, the prime ages for employment, also became more workless during the recessions albeit to a smaller extent than the youngest and the oldest groups, reaching 10% or more from the early 1980s and maintaining that magnitude in the next three decades with a small dip in the late 1980s.

The workless picture for the US men is much different from that for British men. Here we find that the youngest group were always much more likely to be workless, at around 40% in the first three decades and reaching 56% at the end of the period covered. This reflects greater educational participation of the US population as compared with Britain (Li, 2010). The oldest group were the second most likely to be found workless. Here we find that the likelihood of worklessness increased sharply in the first 10 years or so, from 18% in 1972 to 30% in 1983, reflecting the impact of the first recession in the US economy, but then stayed in approximately that proportion for the next three decades. The lines for the two middle age groups were much flatter than those for their British counterparts except during the current recession. For all three younger age groups, the current recession hit the US men much harder than it did to the British counterparts, by around 5 percentage points.

With regard to women, we find that for the youngest group, the shapes of worklessness in each country resemble those of their male counterparts. As women's worklessness started at a much higher level than that for men, the lines are much flatter but the impacts of the first two recessions in Britain were clearly shown for women as for men. For the three older age groups, the rates of worklessness were also much higher for most of the years in Britain than in the USA but the trend of declining worklessness is similar even though the US rates were on the whole higher than those for Britain. While in the earlier period more of the women in the youngest age group in the USA were in education than their British counterparts, in the last two decades, there was little difference in worklessness between women in the youngest age groups in the two countries, or between them and their male counterparts.

Overall, there is a clear trend of declining worklessness for women in the three older age groups, a rising trend of worklessness (albeit to a smaller degree) for men in the oldest group in both countries and for young men and women in Britain, a clear pattern of responsiveness for British men to the two earlier recessions and for the US men and women to the current recessions, and a greater age difference in male worklessness in the USA than in Britain. Again as noted above, the trends for the youngest age group may well reflect the increased number staying on in education. The patterns reveal greater similarity than difference in the two countries, with education explaining the patterns for the youngest group, and women's increasing participation in and men's early retirement for the oldest group.

The data on unemployment as shown in Figure 3 give a sharper picture than worklessness with regard to the impacts of recessions. As with gender, age differences in Britain seem to be more responsive to hard times than they are in the USA, with over 20% of the young men in Britain being unemployed in the two earlier recessions. Even in the current recession, youth unemployment is higher in Britain than in the USA. The secular trend if anything is towards greater age inequalities over time – again more evident in Britain than in the USA. We can see that, apart from the peak years in the first two recessions, the gaps between the youngest group and the other three groups are bigger in the latter than in the former two decades in Britain, for men and women alike. In the USA, the opposite is true. For young people, life is getting tougher in Britain.

(Figures 4&5 about here)

We now come to ethnic differences in worklessness and unemployment. With regard to worklessness, Figure 4 shows that the secular trend of gender convergence in worklessness as noted in Figure 1 is, in both countries, largely due to White women's increasing participation in, and minority ethnic men's increasing withdrawal from, the labour market. A notable feature of the very high levels of worklessness concerns women of Pakistani/Bangladeshi heritages in Britain as much noted (NEP, 2007) which also shows signs of decline, from the high point of the early 1980s at about 90% down to 65% at the end of the period covered (the data for the 1970s are not very reliable as the sample sizes per year were rather small). The worklessness for White British women fell from 45% in 1972 to 30% in 2011. Patterns of worklessness by Black and Other women (Indians and Chinese) in Britain showed little change, at 40% in most of the years. Sharper falls in worklessness are shown for US women where ethnic differences are very small as compared with their British counterparts and the falls by the White American women went faster than for the other three groups.

By contrast, there is no sign of declining worklessness for men in the two countries. If anything, the lines are rising. The minority ethnic men in Britain were not much different from their White counterparts in much of the 1970s but as the recessions came, they, particularly those of Pakistani/Bangladeshi and, to a smaller extent, Black, origins were twice as likely to be hit as White men. Throughout the 1980s and the 1990s, the rates of worklessness for Pakistani/Bangladeshi men were around twice as high as those for White men, reflecting the fact that the former were largely recruited to work in textile factories. With the collapse of such industries, they were particularly vulnerable to the recessions in the mid 1980s and the early 1990s. In the last decade, they seemed to have adjusted themselves and increasingly turned to catering and taxi-driving (Kalra, 2000) such that from the mid

2000s onwards, there was rather little difference between them and Black men in worklessness.

The picture of worklessness for the US men is different. Here we find that there is an overall increasing rate of worklessness for all four ethnic groups but a fairly clear distinction between the Black and the other three groups. Throughout the period, Black men were the most vulnerable group in terms of worklessness in the USA and, with the exception of the two peaks of recession in the early 1980s and the 1990s, they were more likely to be found workless than their counterparts in Britain. This has to do with the history and the treatment of the Black groups in the two countries. In the USA, the majority of the Black people were descendents of involuntary immigrants who had, for hundreds of years, suffered the worst kind of discrimination in the labour market and in other spheres of social life. It is noted here that while Black men had the highest rates of worklessness throughout the period, Black women in the USA were not found as being the most workless. They actually had lower rates of worklessness than Hispanic women reflecting, perhaps, the larger family size and the recency of ‘settlement’ of the latter (some of them could not be said to have settled in the USA as many were ‘undocumented’ or seasonal workers, see Massey, 1995) and the greater social and cultural capital of the former in terms of the knowledge of the local labour market and social connections with friends or employers on access to paid work.

The overall pattern on ethnic differences in worklessness thus shows greater gender inequalities in Britain than in the USA; salient responsiveness to recessions of men in all ethnic groups, particularly of Pakistani/Bangladeshi and Black heritages, in Britain but muted effects in the USA, and the disadvantage of Black men in the USA. The very high, albeit falling, rates of Pakistani/Bangladeshi women’s worklessness in Britain almost certainly reflect Muslim norms as well as composition (or as Borjas, 1987 would call it, ‘selection’) effects: those in the USA (part of the ‘Other’ group) were much better educated than in Britain and highly educated people are more likely to find paid work which applies to Pakistani/Bangladeshi women just as it does to other groups (Lindley, Dale and Dex, 2006). Of course, our analysis here does not allow us to make a direct comparison of Pakistani/Bangladeshi groups in the two countries but much analysis (Li, 2010, 2011, 2012a b) shows clear differences between the groups in question in terms of both the educational qualifications and the labour market positions in the two countries.

Turning to ethnic differences in unemployment as shown in Figure 5, we find similar patterns to previous results, namely, that ethnic inequalities, like age and gender inequalities, are much more responsive to hard times in Britain than in the USA. Of particular note here are the very high rates of unemployment by Pakistani/Bangladeshi and Black men in Britain reaching nearly 30% in the first two recessions.⁴ Black women in Britain, and Black men and

⁴ The Black groups contain people of Black Caribbean and Black African origins in Britain and of African American and Caribbean origins in the USA. In Britain, the two groups had quite different fortunes during the first two recessions (Heath and Li, 2008: 285). In the first recession, it was the Black Caribbean men who bore the brunt, with 31% being unemployed. At that time, large numbers of Black Africans in Britain were ‘students who stayed’ (Daley, 1996) and, being well educated, they were little unaffected by the recession (12% unemployed). Yet, when the second recession arrived, with large numbers of asylum seekers and refugees coming from Africa, the composition of Black Africans changed, so did their

women in the USA were also much more vulnerable to the recessions than the other groups but were less disadvantaged than Black and Pakistani/Bangladeshi men in Britain. There is, on the other hand, little sign of any secular trend with regard to ethnic unemployment for either men or women in the two countries. If there is any trend at all, it is one of ‘hyper-cyclical’ unemployment particularly for Pakistani/Bangladeshi men in Britain and for Black groups in both countries, a feature noted by Heath and Yu (2001) for Britain and extendable to the USA in our present analysis. Overall, there is greater ethnic inequality in Britain than in the USA and that for both sexes alike. This gives a fairly strong indication that the flexible labour market policies adopted in Britain in the last few decades did not protect the minority ethnic groups against the repercussions of recessions. Perhaps they were not meant for this. Nor did the Race Relations legislation enacted in Britain seem to lend a helpful hand to the Black and Pakistani/Bangladeshi men against waves of unemployment onslaughts at the peaks of recessions in the mid 1980s and the 1990s. By contrast, at least on the face of it, our data suggests that there are some positive effects of affirmative action in reducing minority ethnic disadvantages in the USA.

(Figures 6&7 about here)

Turning now to regional differences in worklessness and unemployment as shown in Figures 6 and 7 respectively, we find again a fairly familiar picture: greater inequalities in Britain than in the US in both aspects and for both genders. This perhaps reflects the more uneven levels of socio-economic development in Britain than in the USA. At least in Britain, the inner ring (South West, South East and East Anglia) is the most prosperous area and as we find, it has the lowest worklessness and unemployment rates in most of the forty years covered. The patterns could also be a reflection of the different ethnic densities. In Britain, as compared with 2-6% of minority ethnic population in the other three regions, 25% of the population in the centre (Greater London) are comprised of minority ethnic groups (8% being Black and 3% being Pakistani/Bangladeshi).⁵ As people from minority ethnic origins are generally, and those of Black and Pakistani/Bangladeshi heritages markedly, more likely to live in big cities such as London and to fall victim to hyper-cyclical unemployment, the high levels of worklessness and unemployment found in the first two recessions would not come

rate of unemployment, with 34% being unemployed in 1992, whereas the figure for Black Caribbean men was 10 percentage points lower. The reason for the latter profile may be that by that time large numbers of Black Caribbean men, who had come in the 1950s and 1960s to Britain to fill in positions in London transport were approaching retirement (20% being inactive, see Li and Heath, 2008: 234). There is not much research on unemployment between the two Black groups in the USA. Li (2010: 279) shows that Black Caribbean and African American men’s unemployment rates were 8.3% and 9.6% in 1990, which is similar to that found in Model (2005: 376/7 although she did not provide data on native born African Americans). Of course, at the peak of the second recession in 1992, the unemployment rates of the two Black groups would increase by at least 5 percentage points as compared with 1990.

⁵ This is for the pooled data. There is a great change in the ethnic compositions over the years, especially in the capital. In 1972, 86% of Londoners were Whites but the proportion fell to 58.6% in 2011.

as a great surprise. The USA was ethnically more diversified, with two thirds in the South and the West, and around 20% in the Northeast and the Midwest, being non-White.⁶

(Figures 8&9 about here)

We now look at the educational effects on worklessness and unemployment. We would expect from the human capital theory that education will provide not only the skills but also the motivation for employment. With the upgrading of occupational structure as has occurred in advanced economies such as Britain and the USA, there is a greater need for skilled workers in the labour market. Education also creates in people the drive for self-fulfilment. We would thus expect that there will be a growing difference in employment between the highly and poorly educated in employment. This, as we see, is fairly accurately reflected in the British data on worklessness for both men and women. In the US data, this is also generally true. One peculiarity concerns men with lowest educational qualifications (primary schooling or no formal schooling). In the first two decades, there was an increasing workless pattern for this group, similar to that by those with only lower secondary education. Yet, in the last two decades, it was those with lower secondary qualifications who were increasingly found to be workless whereas the trend for those with the poorest qualifications was actually declining. The finding is unlikely due to coding, as the patterns on women's education and worklessness would demonstrate. Rather, it could most probably be due to the compositional effect. In Britain, it is those of Pakistani/Bangladeshi heritages who have the poorest qualifications (58% as compared with 37% for all) and who were also most likely to be workless (49% as compared with 22% for all). In the USA, it was the Hispanics who had the poorest qualifications (15% as against 3% for all) but Hispanic men, as we found in Figure 4, were not the most likely victim to worklessness (16%, the same as the overall figure, as compared with 26% for Black men). Another notable feature in this regard is the greater magnitude of educational differences in the USA than in Britain, for men and women alike.

Given the fairly close association between ethnicity and education, we find, in Figure 9, a picture of unemployment by education that is similar to the one on ethnicity as shown in Figure 5. The only difference is that, with the exception of British men, the educational differences in the three other panels are greater than those found in the ethnic panels on unemployment.

Relative differences

Having looked at the gender, age, ethnic, regional and educational differences in worklessness and unemployment in the absolute terms in two countries, we now proceed to the relative differences. This can be done in two ways: the overall association in each of these aspects and the relative magnitude of the socio-demographic factors on the outcomes of interest. The first concerns the overall trends of social inequality in the two countries whilst the second concerns the relative impact of the key factors when the effects of the other factors are held constant.

⁶ It is here acknowledged that the pattern on regional differences, particularly with respect to the USA, could be an artefact of the categorization, as is inevitable with any categorization, given the size and complexity of social geography in the country.

The analysis of the net association between key structural factors (age, ethnicity, region and education) and employment status is akin to that between class origin and class destination in mobility research. Take ethnicity and employment. We wish to know how different ethnic groups have one rather than another employment status, and how the associations in question are changing over time. Are employment opportunities for different ethnic groups becoming more, or less, equal over time? In which society is the ethnic fortune becoming more favourable? The crucial issue here centres on how we understand equality and fairness. An equal society is, as we would understand it, one where employment status would have nothing to do with a person's ascriptive characteristics such as gender or the colour of skin. We have seen above (Figures 4&5) that this is not what we observe in society. The question then is the direction in which the association is changing and the extent to which this inequality is manifesting itself.

Conceptually, equality refers to the competition of people from different ethnic groups for one rather than another employment status, and is expressed as odds ratios. Let us assume, for the sake of simplicity, a structure with only two ethnic groups and two employment statuses: White and non-White, and employment and unemployment. If half of the Whites and half of the non-Whites are found unemployed, we have an odds ratio of 1 or a log odds of 0. In such a case, there are equal chances of employment. In other words, there is no association between ethnicity and employment and there is perfect fairness. The closer the odds ratio is to 1, the weaker the association and the greater equality in the ethnicity-employment association while the further the odds ratio rises above 1, the stronger the association and the greater the inequality. The association can thus detect social fluidity in a society, independent of structural changes as reflected in the marginal distributions to ethnic populations and economic cycles.

Technically, two statistical models are used: loglinear and log multiplicative layer effects (or uniform difference, UNIDIFF) models (Erikson and Goldthorpe, 1992; Xie, 1992). The former is further divided into a baseline (or conditional independence) and a constant social fluidity (CnSF) model.⁷ Briefly, the baseline model assumes that the distributions of both group origins and labour market destinations vary by year but there is no association between them. In other words, all the odds ratios or relative chances defining origin and destination

⁷ The models can be written as:

1: Baseline model (conditional independence)

$$\log F_{ijk} = \mu + \lambda_i^O + \lambda_j^D + \lambda_k^Y + \lambda_{ik}^{OY} + \lambda_{jk}^{DY}$$

2: Constant social fluidity model (CnSF)

$$\log F_{ijk} = \mu + \lambda_i^O + \lambda_j^D + \lambda_k^Y + \lambda_{ik}^{OY} + \lambda_{jk}^{DY} + \lambda_{ij}^{OD}$$

3: Log multiplicative or UNIDIFF model

$$\log F_{ijk} = \mu + \lambda_i^O + \lambda_j^D + \lambda_k^Y + \lambda_{ik}^{OY} + \lambda_{jk}^{DY} + \lambda_{ij}^{OD} + \beta_k X_{ij}$$

where O stands for ethnic origin (or gender), D for labour market destination, Y for year of survey. In the UNIDIFF model, X_{ij} indicates the general pattern of the origin-destination association, and β_k the direction and the relative strength of this association specific to a year.

classes are equal at a value of one. The CnSF model allows for the latter association but not the three-way association, which would be a saturated model. The UNIDIFF model is a variant of the CnSF model which further allows for a uniform movement for the coefficient of one year to move above or below that of the other. In the present analysis, we use 1972 as the reference point. Thus the further away the coefficients for the other years rise above that of 1972, the more unequal is the society becoming, and vice versa. We present data for men and women separately with regard to age, ethnic, regional and educational differences in employment status, with solid lines for Britain and dotted lines for the USA.

(Figure 10 about here)

Figure 10 shows the data of the UNIDIFF coefficients with the 95% confidence intervals for age, ethnic, regional and educational differences in employment status (employment, unemployment and inactivity).⁸ As noted earlier, we have set 1972 as the starting point but one could imagine a reference point for any year. The main features that emerge from the data in the figure indicate that:

- There is much greater age inequality for men in the USA than in Britain, and slightly so for women. For both men and women, a trend for greater age equality is clearly visible from the late 1980s onwards. While the gap of age inequality for men is growing in the two countries in the last two decades, it is diminishing for women.
- There is much greater ethnic inequality in Britain than in the US, for men and for women alike. Whereas ethnic inequality appears to be narrowing for men in the two countries in the last decade, the gap for women remained at a similar level, with signs of rising inequality in the current recession.
- There is little fluctuation in the regional differences for men in the US while such differences were getting greater from 1990 onwards for women. By comparison, regional inequalities for both men and women were declining in Britain. The joint effects are shown in the increasing gaps from around 1988 in the two countries.
- Educational inequality is getting more pronounced for men and women over the last four decades, more so in Britain than in the USA for men. In the first two decades, education played a more salient role for men than for women in Britain but the effect was similar in the last two decades. In the USA, education was assuming an ever more important role for women than for men in the last three decades, reflecting the often-noted fact that while American men are generally entrepreneurial, American

⁸ There are different ways of conducting such models as shown in Appendix Figures (AF), such as employment versus unemployment (AF1), employment versus inactivity (AF2) and employment versus worklessness (AF3). The basic shapes of the data in Figure 10 and those in AF 2&3 are similar and the main differences are with AF1. The data on the overall gender differences are presented in AF4, which shows greater equality in the USA than in Britain with regard to employment versus unemployment (Panel 2), but greater equality in Britain than in the USA with regard to overall employment status (employment, unemployment and inactivity (Panel 1), employment versus inactivity (Panel 3) and employment versus worklessness (Panel 4). Apart from the constant gender fluidity in Panel 2 for Britain, all other lines are going downward, showing overall social progress in gender relations. There is also evidence of growing divergence in three of the panels, suggesting greater equality in Britain than in the US with regard to overall employment status, employment versus inactivity and versus worklessness. Note that educational association is not done in the AFs.

women tend to work in (semi-)professional roles in big institutions (Hout, 1988) where the bureaucratic screening of qualifications coupled with the requirement for proportional representation as contained in the affirmative action programmes may have combined to bring into sharper relief the importance of formal education for them than for their male counterparts.

Having looked at the net associations as shown in the UNIDIFF parameters in Figure 10, we now turn to the relative effects focusing on unemployment. In addition to gender, ethnicity, regional and educational effects, we also include other socio-demographic attributes that are commonly found as being highly important in affecting unemployment such as marital status and number of dependent children. The period, classified in light of the unemployment peaks as shown in the lower panel of Figure 1, is used in interaction with ethnicity.

(Table 1 about here)

The data in Table 1 shows a striking commonality in the two countries. The Black, young, and those with poor educational qualifications, non-married and with dependent children in the households are much more likely to experience unemployment. Over and above these main effects, we find that men and women of Black heritages were more likely to experience hyper-cyclical unemployment in all three recessions, so were British Pakistani/Bangladeshi and American Hispanic men and women in the first two recessions. Hispanics of both sexes continued to experience much higher rates of unemployment in the current recession. For Black men and for the young people, the effects are stronger in Britain than in the USA. A similar feature is also found in the interactions.

(Figure 11 about here)

To see the net effects more clearly, we use predicted values controlling for all the main effects in Table 1 and adding 'year'. The data (Figure 11) show age, ethnicity and education for men and women and in the two countries separately. The main features can be summarised as follows:

- Young people in both countries were always more likely than the older groups to face unemployment throughout the 40-year period covered. This is particularly so for men than for women, during the hard times than in the normal years, and in Britain than in the USA (with the exception of the current recession where in 2010 the US young men were somewhat more likely to be unemployed).
- There is very strong evidence of 'hyper-cyclical ethnic penalty', particularly for Black men and women and Pakistani/Bangladeshi men in Britain in the first two recessions. In the USA, it is the Black men and women who were always more likely to be more unemployed. The Black men in the USA were also very responsive to the recessions, although to a lesser degree than their British counterparts during the first two recessions. In Britain, Black and Pakistani/Bangladeshi men shared their misfortunes of unemployment very closely, a pattern much more accurately reflected here than found in the raw material in Figure 5.
- With regard to education, the poorly educated men in Britain were more likely to be unemployed and particularly responsive to recessions. Educational effects for British

women were not salient. In the USA, it is people with lower secondary qualifications who were more likely to be unemployed.⁹

Conclusion and discussion

We have, in this paper, compared the labour market position by different groups in Britain and the USA in the last forty years with a particular emphasis on recession effects. Using the most authoritative datasets from the two countries, namely, the pooled GHS/LFS in Britain and the CPS in the USA with harmonised variables, we have looked at the gender, age, ethnic, regional and educational differences in worklessness and unemployment in both absolute and relative terms. There are many detailed findings as discussed above but the most salient ones can be summarised as follows:

- The impacts of the three recessions (mid 1980s, early 1990s and since 2008) are clearly shown in unemployment and to a lesser degree in workless rates in the two countries, and more on men than on women. In the latter regard, a clear trend of rising male and declining female worklessness is also found in the two countries with clear gender convergence in worklessness.
- The recessions hit the youngest age group, men of Black heritages in both countries and of Pakistani/Bangladeshi heritages in Britain particularly hard, especially in the first two recessions and with respect to unemployment.
- There are many similarities between the two countries, both in patterns of inequalities and in trends over time. Yet, in spite of the similarities, the ethnic, age, regional and educational inequalities are bigger in Britain than in the USA, again more notably in unemployment. This suggests greater social inequality in Britain.
- The age, ethnic and regional inequalities widened more in the 1980s and 1990s recessions in Britain than in the USA. This may be due to the fact that in Britain the mid 1980s and the early 1990s recessions were accompanied and exacerbated by a process of deindustrialization and restructuring of the economy, and by the retrenchment of the state, which happened much more abruptly in Britain than in the USA.

Overall, we find much more severe recession effects on male unemployment in Britain than the USA from 1981 onwards until around 2008. The much-vaunted flexible labour market as espoused by the then Conservative government in Britain (1979-1997) does not seem to have solved the problem of stimulating economic activity and unleashing the human creativity. As amply shown in the analysis, the so-called flexible labour market in Britain was not actually all that good at evening out the peaks and troughs, let alone in protecting the most vulnerable social groups such as the young and the Black and Pakistani/Bangladeshi communities. The current recession has already taken its toll with nearly three million being unemployed and a

⁹ While people with lower secondary qualifications were more likely to be unemployed than those with primary or no formal qualifications in the USA, men with the poorest qualifications were actually more likely to be employed (66%) as compared with 57% for those with lower secondary qualifications. The reverse was the case for women (39% and 35% respectively). For men in the two lowest bands of education, there was little difference in terms of class position (both being 36% in white-collar work) but for women, there was a marked difference: 73% of the former versus 56% of the latter were found in white-collar employment.

similar number being inactive. Yet, the worse is still to come. As a large proportion of the disadvantaged group, particularly the Blacks, tend to find employment in the public sector if they can find a job at all, the current Coalition Government's stringency plan to cut public sector employment, which is starting to take effects at the time of analysis and writing of this paper (late 2011-early 2012), is most likely to hit the most vulnerable groups even harder. The potential adverse impact on minority ethnic, particularly Black and Pakistani/Bangladeshi, groups' employment in the public sector is already entering the public debate (Li, 2011). It is yet to be seen how severe the impact is going to be, especially as compared with the previous recessions and whether those made redundant from the public sector could be effectively and sufficiently absorbed by the private sector. Although the data limitation did not allow us to conduct analysis between the public and the private sectors in the two countries, the overall smaller social inequalities in the USA, with particular regard to gender and ethnicity, suggests that the affirmative action programme in the USA did play a positive role in protecting the vulnerable groups, in comparison with the British data.

Our analysis also sheds some light on the contact and conflict theories. The contact theory would claim reduced relative disadvantage by minority ethnic groups over time, which was evidenced, in British data, in Black and Pakistani/Bangladeshi men and women's net unemployment rates from the end of the second recession to around 2005. Such effects were, however, rather flimsy. As soon as the current recession hit in 2008, they started to lose jobs in much bigger proportions than the other groups, the mainstream in particular. Our analysis does not allow us to say much about the effects of the relative generosity of welfare regime in Britain. It seems that the regime has a two-pronged effect: a buffer-zone effect for the unemployed against sudden onslaught of economic hardship due to the loss of job and a procrastination of unemployment due to the 'generous' benefits. There seems also evidence for the former argument. For instance, the net unemployment for British Blacks climbed down at a slower pace after the second recession than that for the US counterparts. Whether this is only, or even largely, due to the differences in the generosity of welfare regimes in the two countries is nearly impossible to establish and is beyond the scope of the present paper.

Economic cycles are largely beyond the control of individuals, families and even national governments. The three recessions in the last forty years in the two archetypical liberal economies have all claimed victims by penalising the most vulnerable groups, by far the Blacks in both countries and those just entering the labour market. Our analysis suggests that the Government could indeed play a role in the economic and social policies. Such policies need to have a clear purpose, a longer-term perspective and a well-planned execution, with the overarching goal of social justice and social inclusion in mind. The British government's role has not been very helpful in this regard. The flexible labour market policy commenced at a time of large-scale de-industrialisation coupled by the retrenchment of the state was perhaps not designed for the promotion of socio-ethnic equality, and the brutal market forces left so many young and minority ethnic people in dire NEETs (not in education, employment or training) when the recessions hit. The fact that so many people were pushed even lower down the social hierarchy during recessions by losing their jobs and associated opportunities for human development shows that while few social groups could completely shield themselves from the harshness of recessions, hard times deepen social divisions much more than they can engender social harmony where 'We are all in it together'.

Many thanks for reading this. Please give me your kind suggestions and sharp criticisms.

Hard Times: Figures and Tables

Figure 1 Worklessness and unemployment by sex

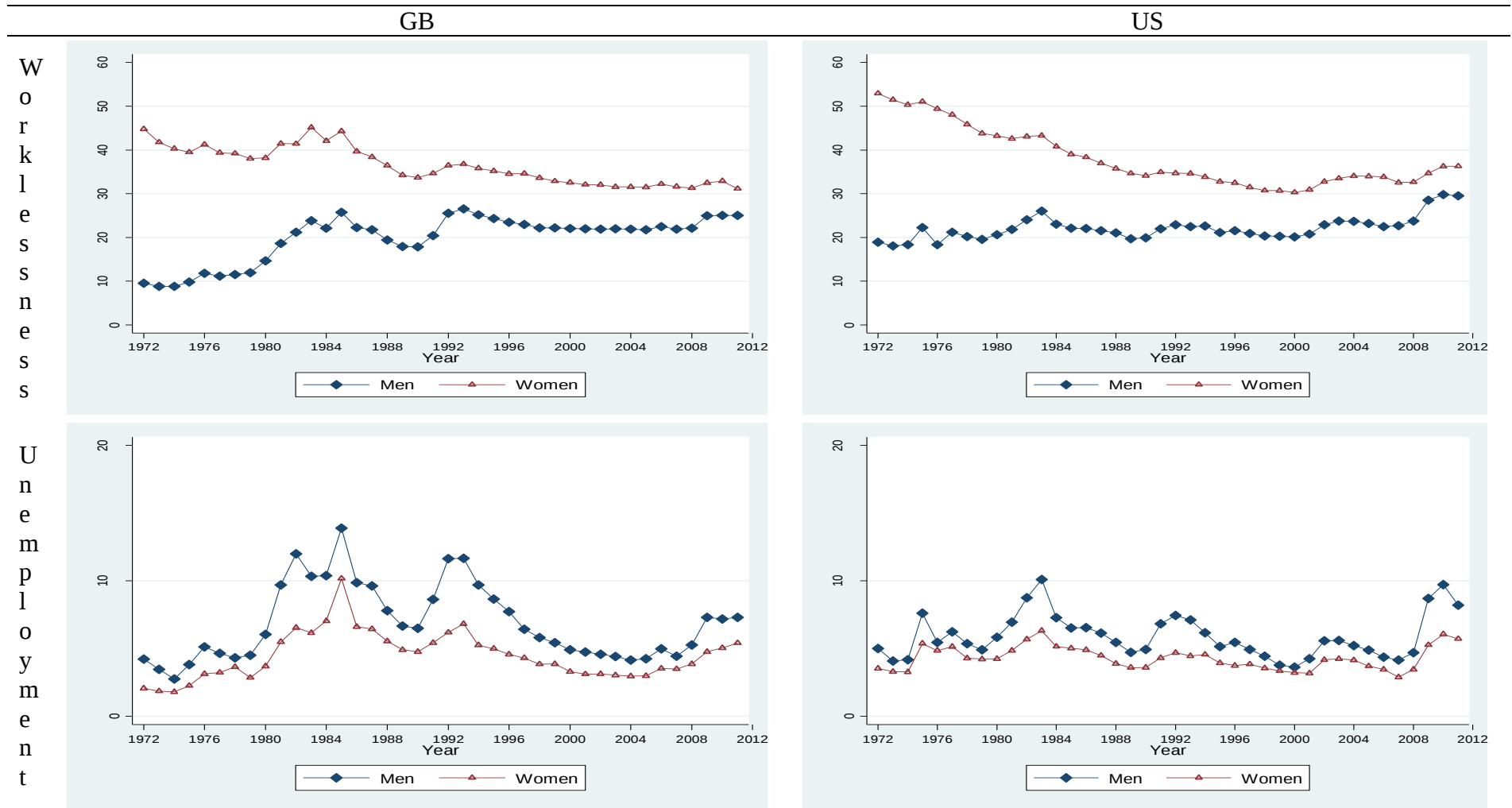


Figure 2 Worklessness by age groups and sex

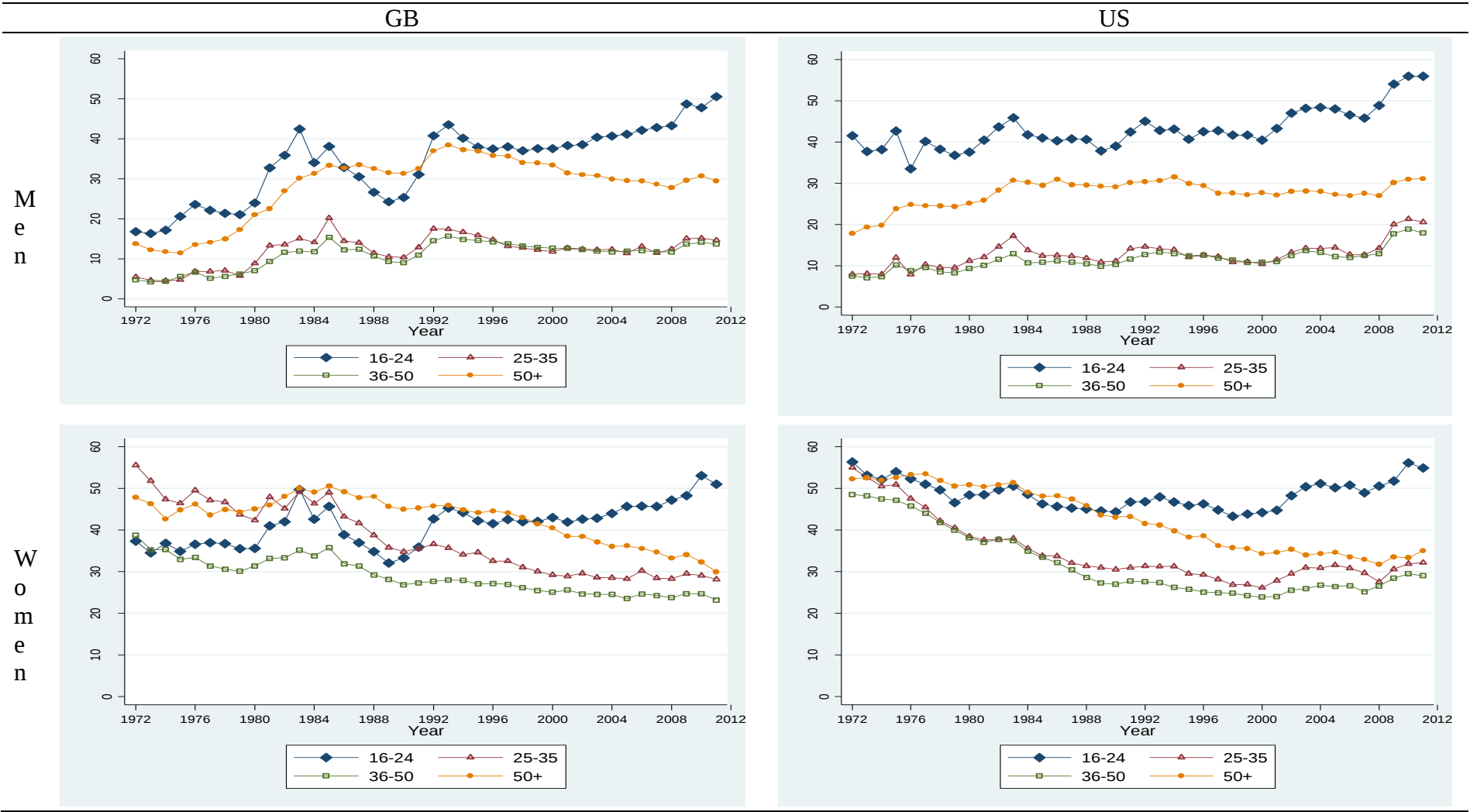


Figure 3 Unemployment by age groups and sex

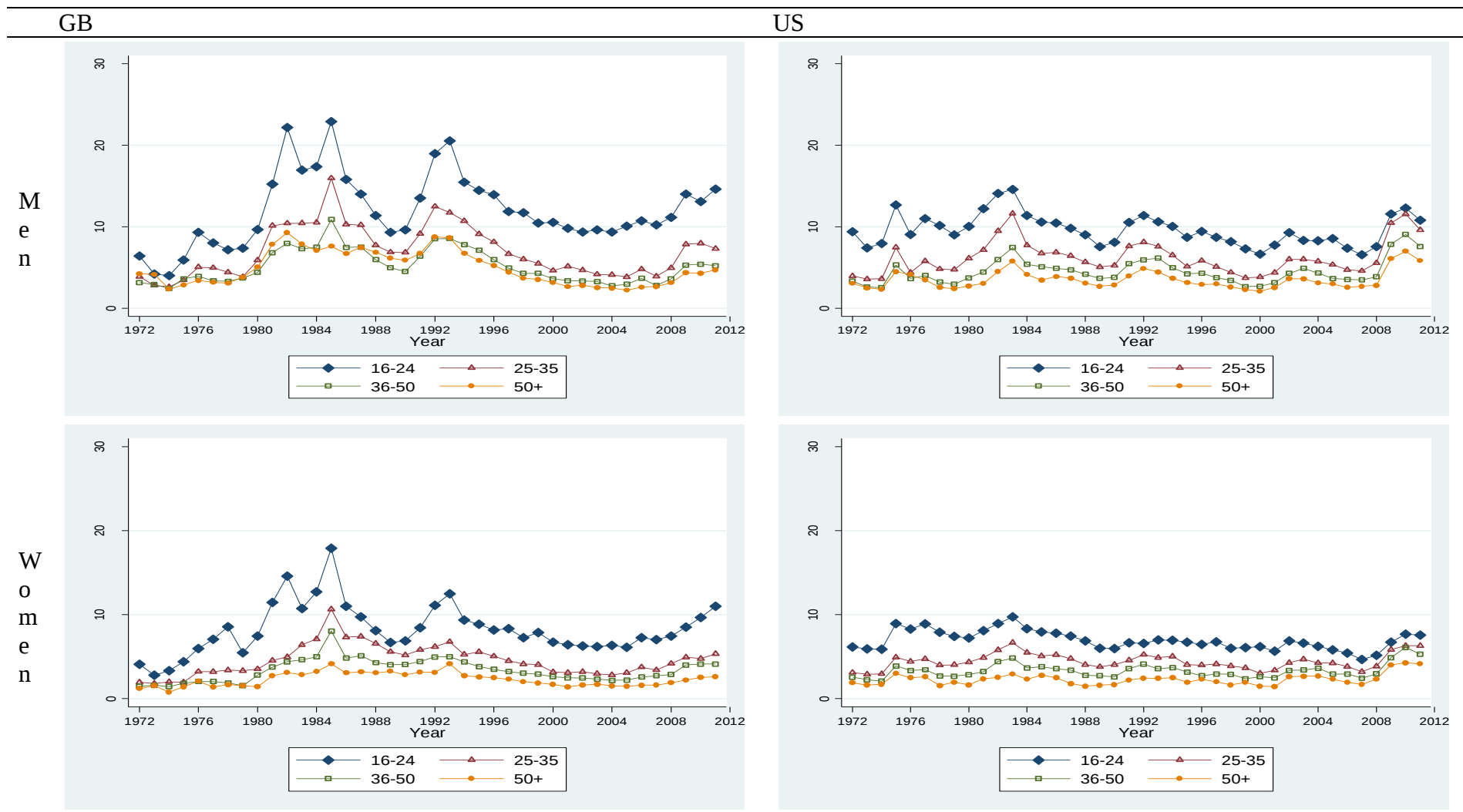


Figure 4 Worklessness by ethnicity and sex

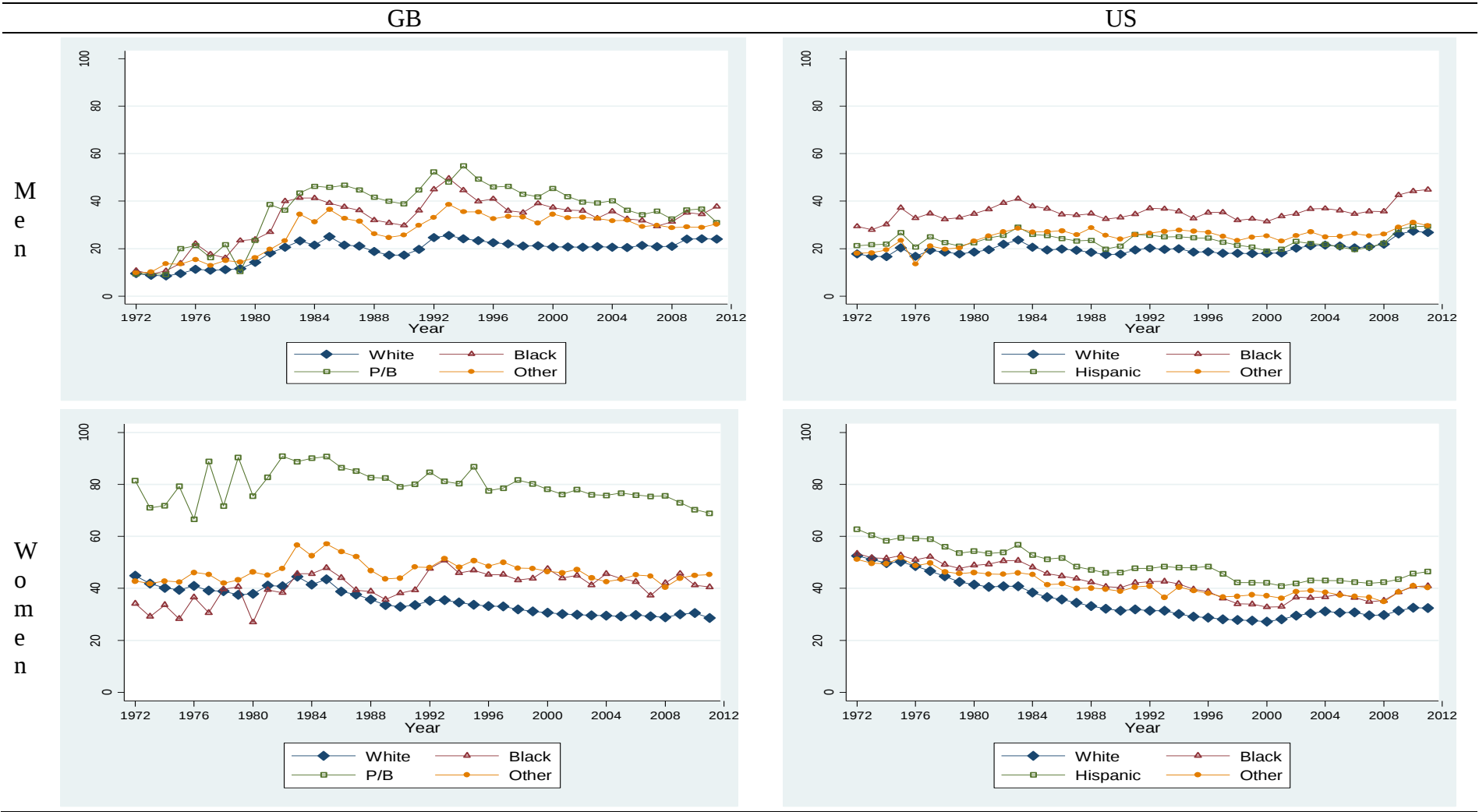


Figure 5 Unemployment by ethnicity and sex

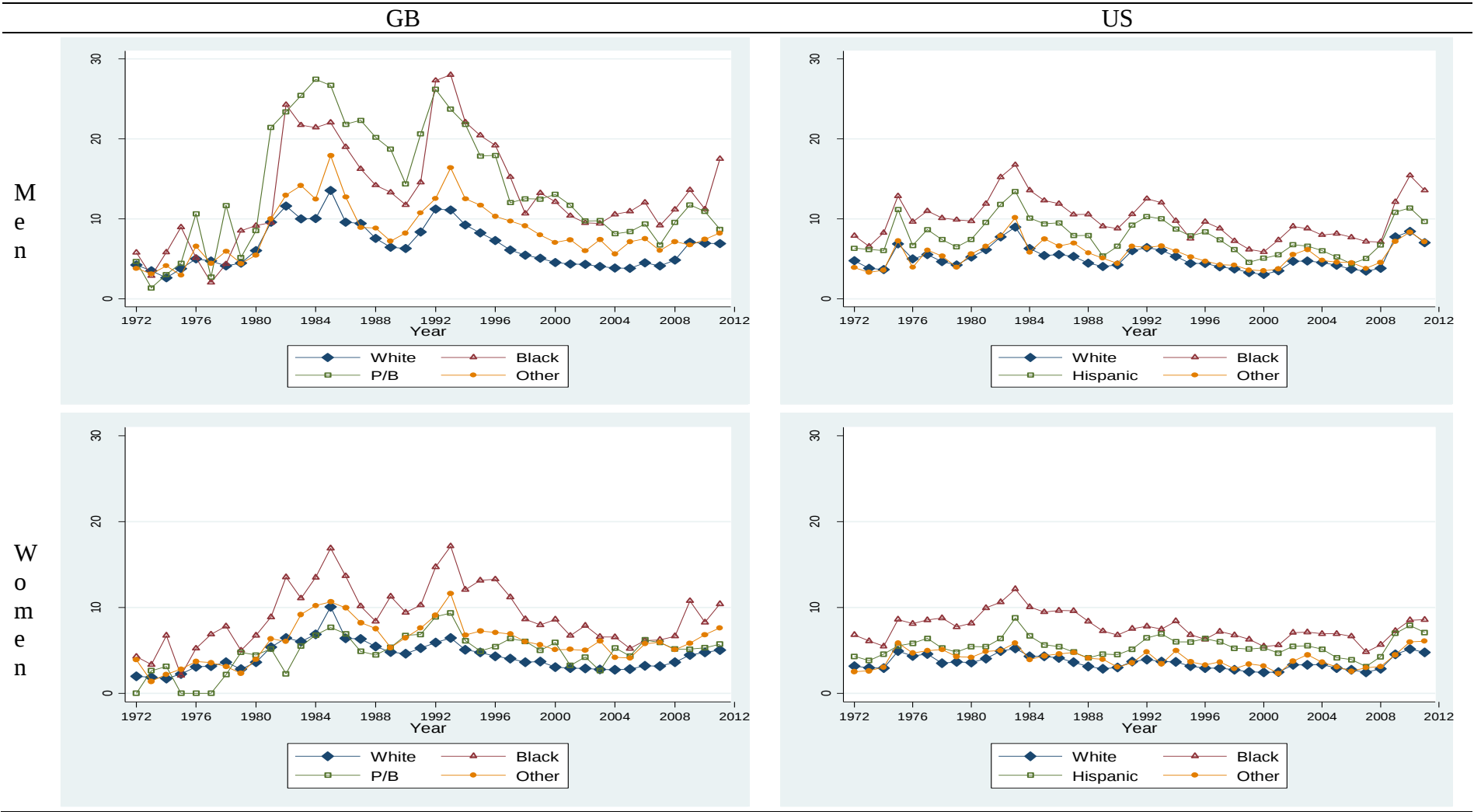


Figure 6 Worklessness by region and sex

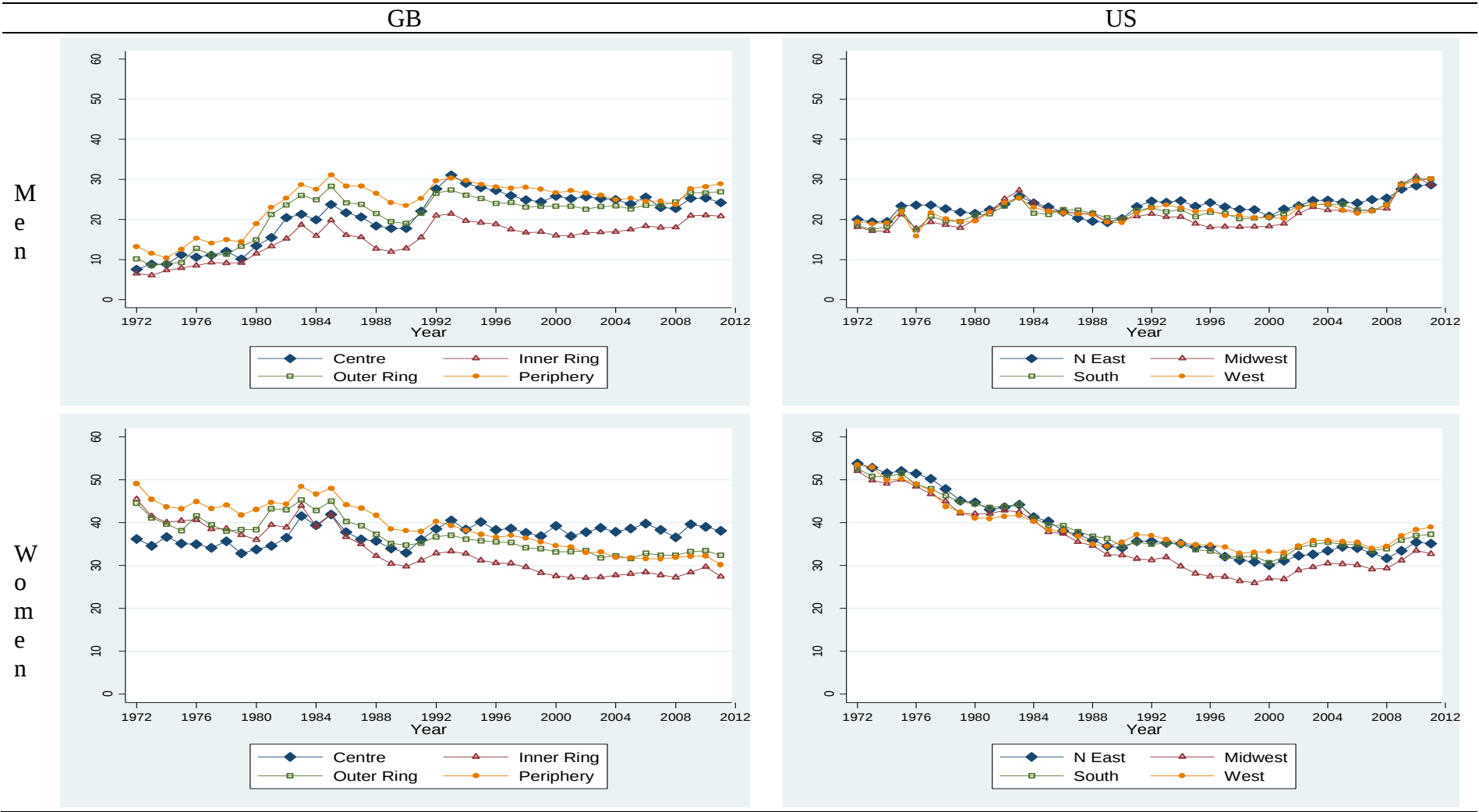


Figure 7 Unemployment by region and sex

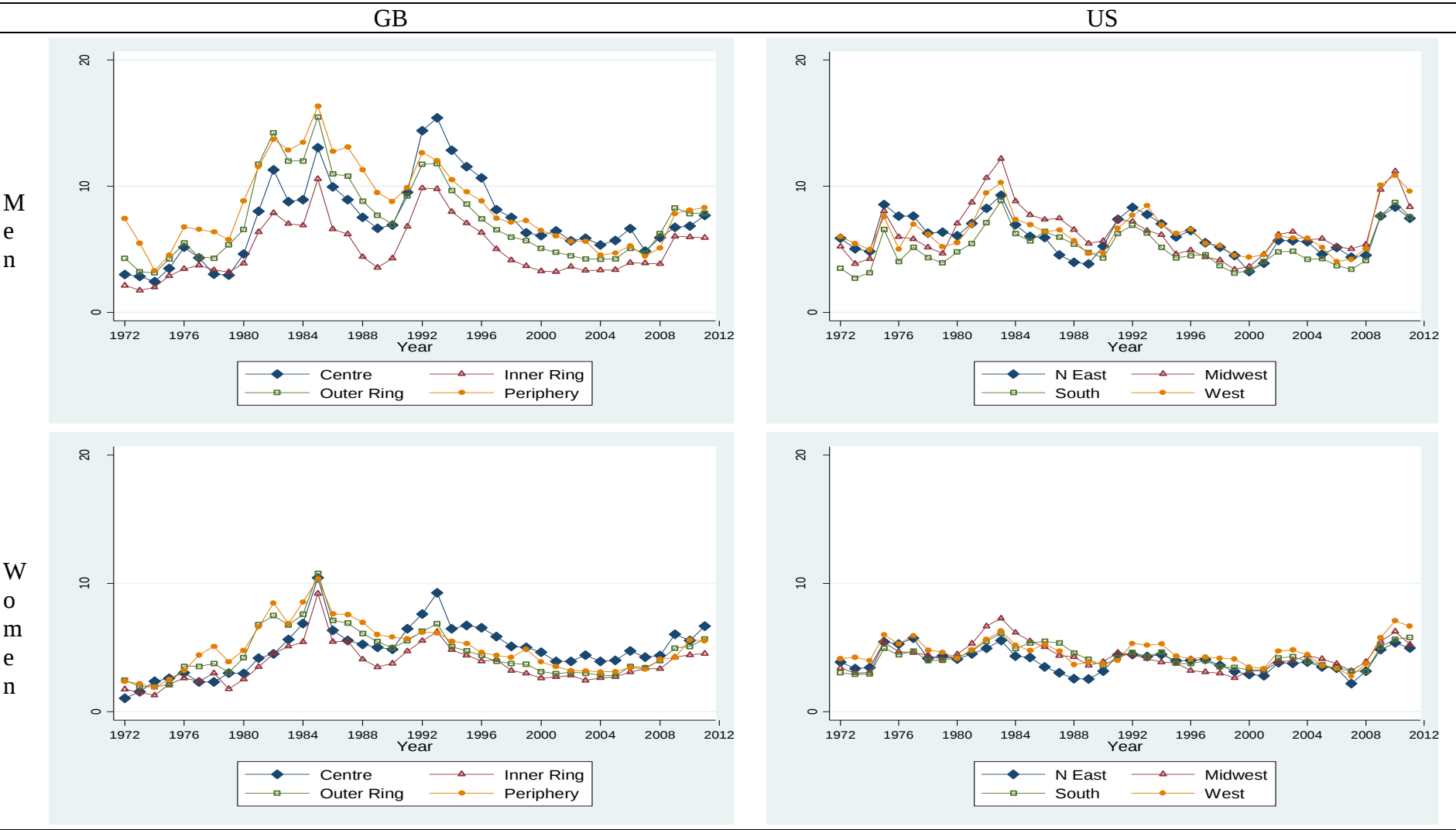


Figure 8 Worklessness by education and sex

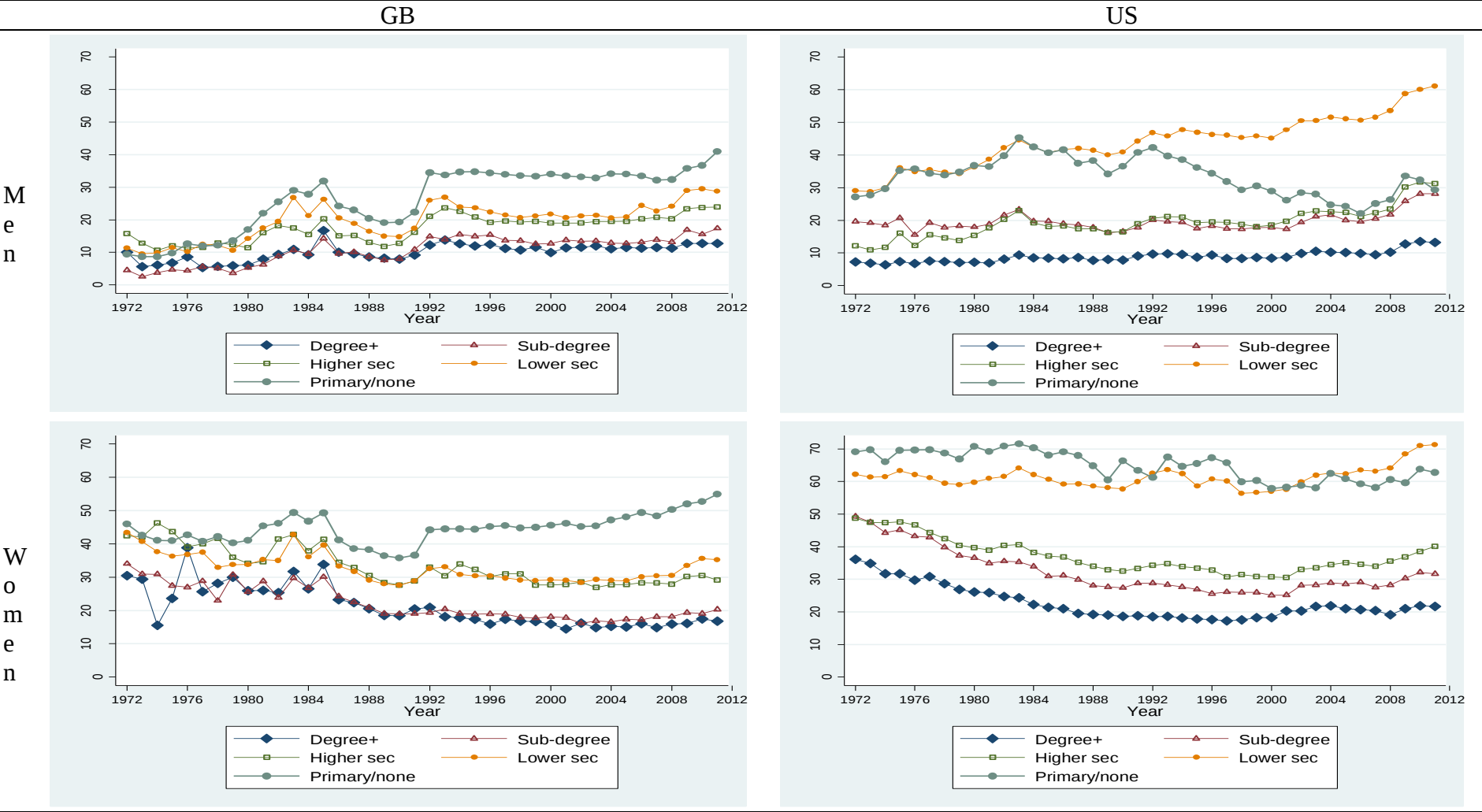


Figure 9 Unemployment by education and sex

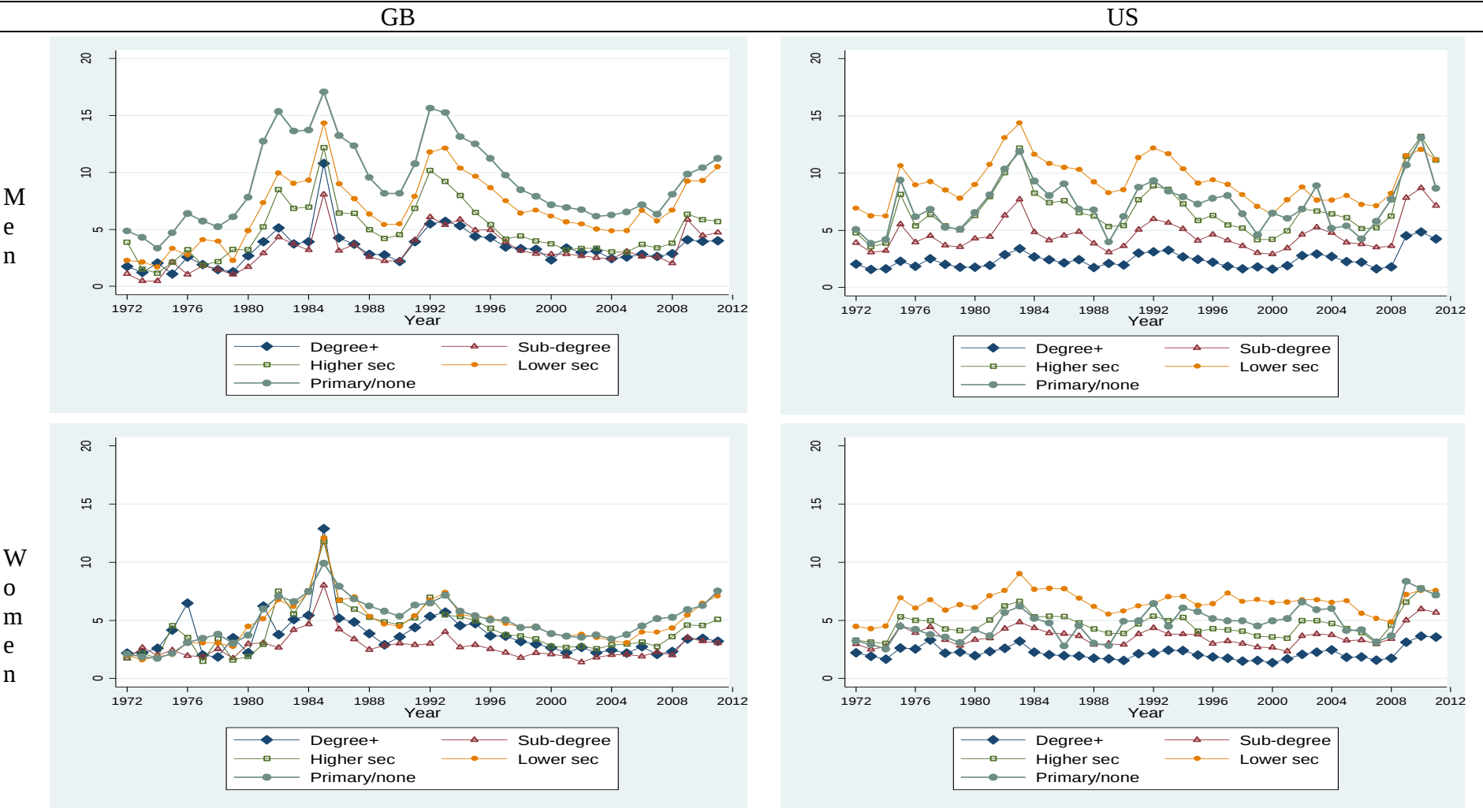


Figure 10 UNIDIFF parameters comparing Britain and the US: age, ethnic, regional and educational differences in employment status by gender

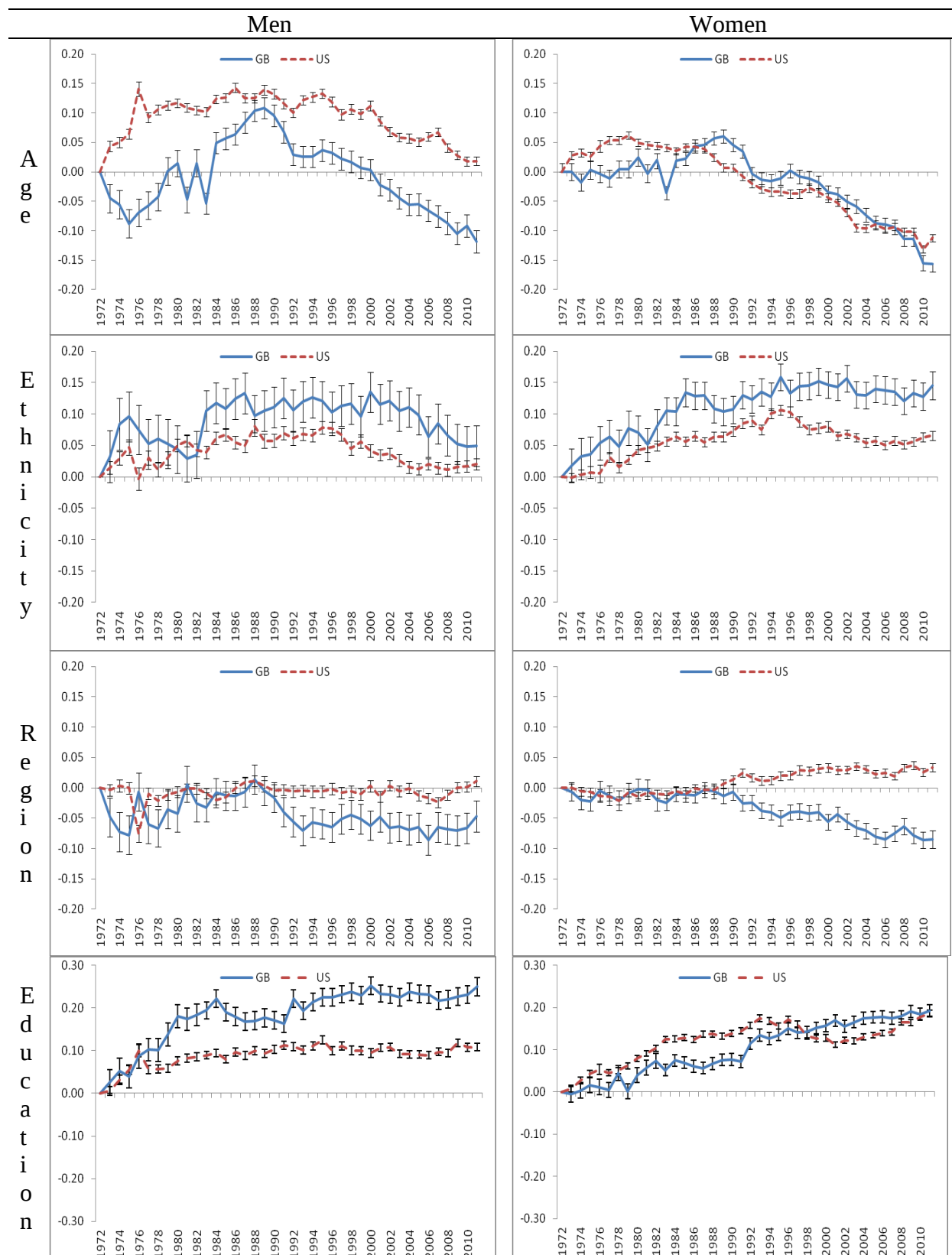
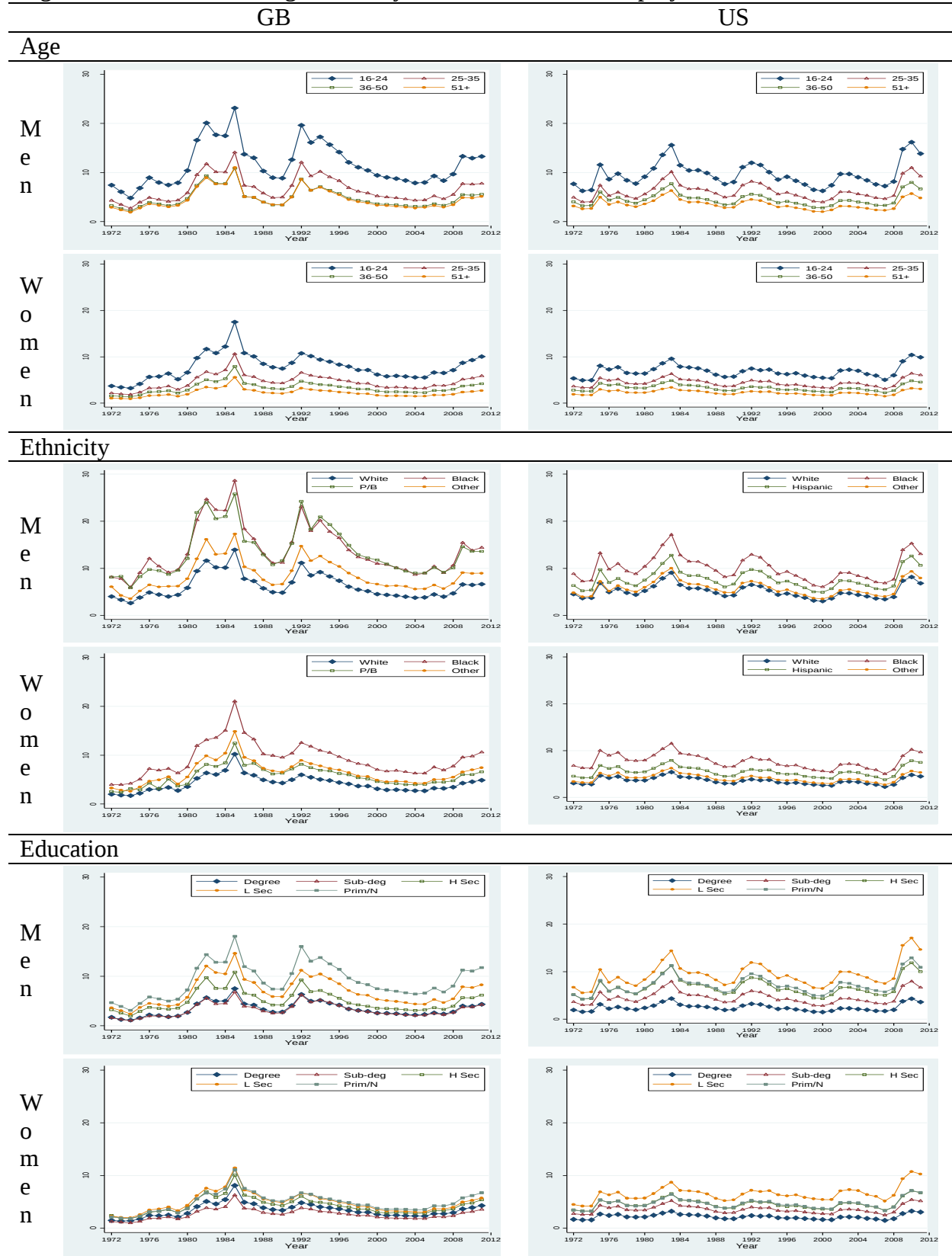


Table 1 Logit regression coefficients on unemployment in GB and the USA

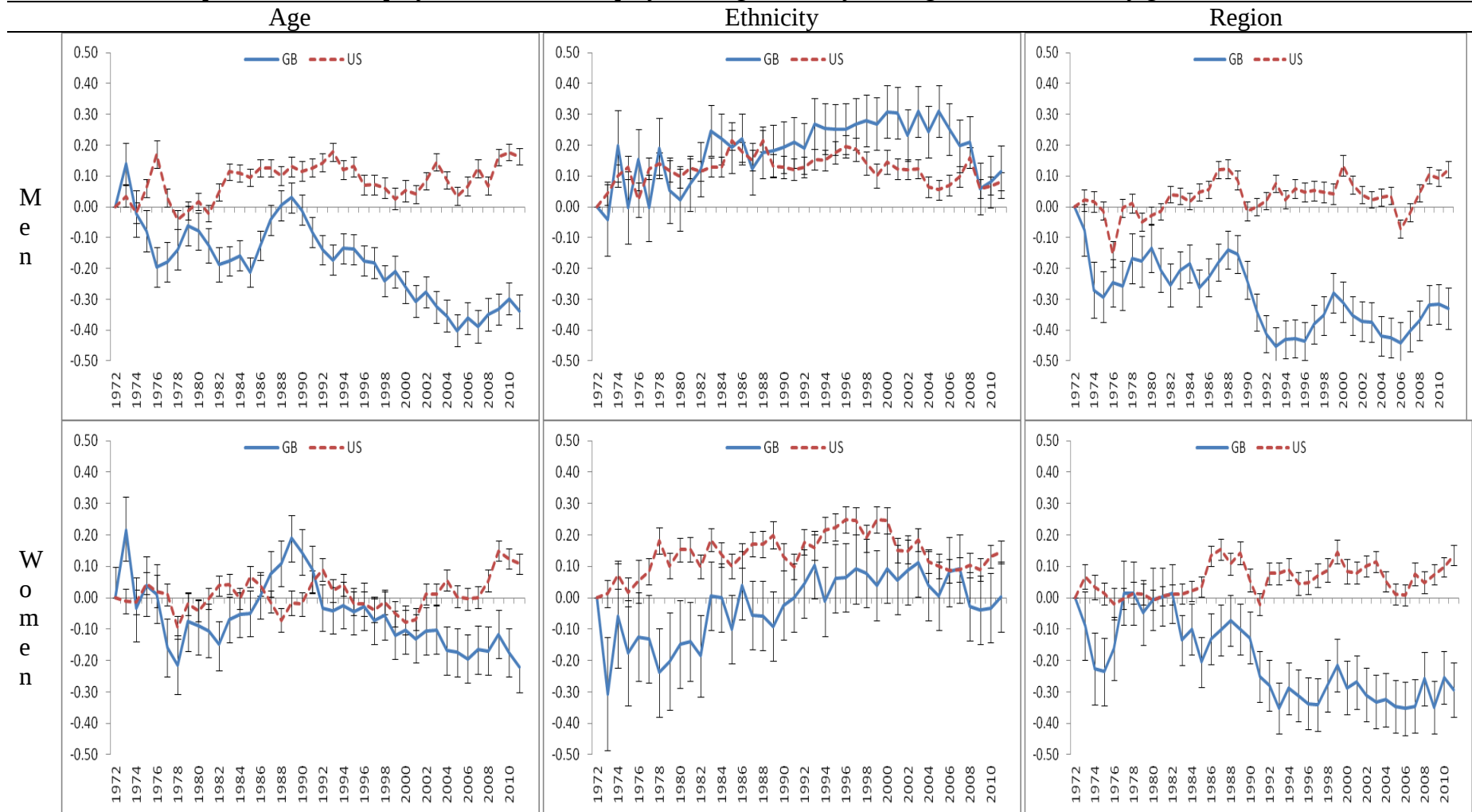
	Men		Women	
	Britain	USA	Britain	USA
Ethnicity (White=ref)				
Black	0.427***	0.391***	0.435***	0.552***
P/B(GB) or Hispanic (US)	0.213***	-0.027*	-0.102*	0.109***
Other	0.141***	0.034*	0.278***	0.056***
Age (50+=ref)				
Age 16-24	0.607***	0.599***	1.244***	0.981***
Age 25-35	0.388***	0.569***	0.862***	0.723***
Age 36-50	0.054***	0.283***	0.489***	0.405***
Region (Inner/South=ref)				
London / Northwest	0.241***	0.269***	0.104***	0.020*
Outer ring / Midwest	0.301***	0.359***	0.125***	0.131***
Periphery / West	0.498***	0.344***	0.236***	0.198***
Education (no qual=ref)				
Degree+	-1.042***	-1.058***	-0.550***	-0.687***
Sub-degree	-1.001***	-0.591***	-0.606***	-0.346***
Higher secondary	-0.753***	-0.131***	-0.504***	-0.007
Lower secondary	-0.571***	0.055***	-0.287***	0.112***
Marital status (married=ref)				
Formerly married	0.878***	0.583***	0.698***	0.557***
Never married	0.732***	0.485***	0.496***	0.298***
No. dependent children	0.122***	0.006	0.020***	0.019***
Interaction				
Black in recession 1	0.500***	0.449***	0.414***	0.328***
Black in recession 2	0.931***	0.312***	0.586***	0.049
Black in recession 3	0.311***	0.596***	0.316***	0.262***
P/B or H in recession 1	0.930***	0.546***	0.328**	0.258***
P/B or H in recession 2	0.844***	0.447***	0.353**	0.230***
P/B or H in recession 3	0.100	0.592***	0.106	0.489***
Constant	-3.100***	-3.418***	-3.883***	-3.979***
N	1,245,173	2,189,386	1,174,287	2,169,253
Pseudo R ²	0.062	0.052	0.042	0.041

Figure 11 Net effects of age, ethnicity and education on unemployment

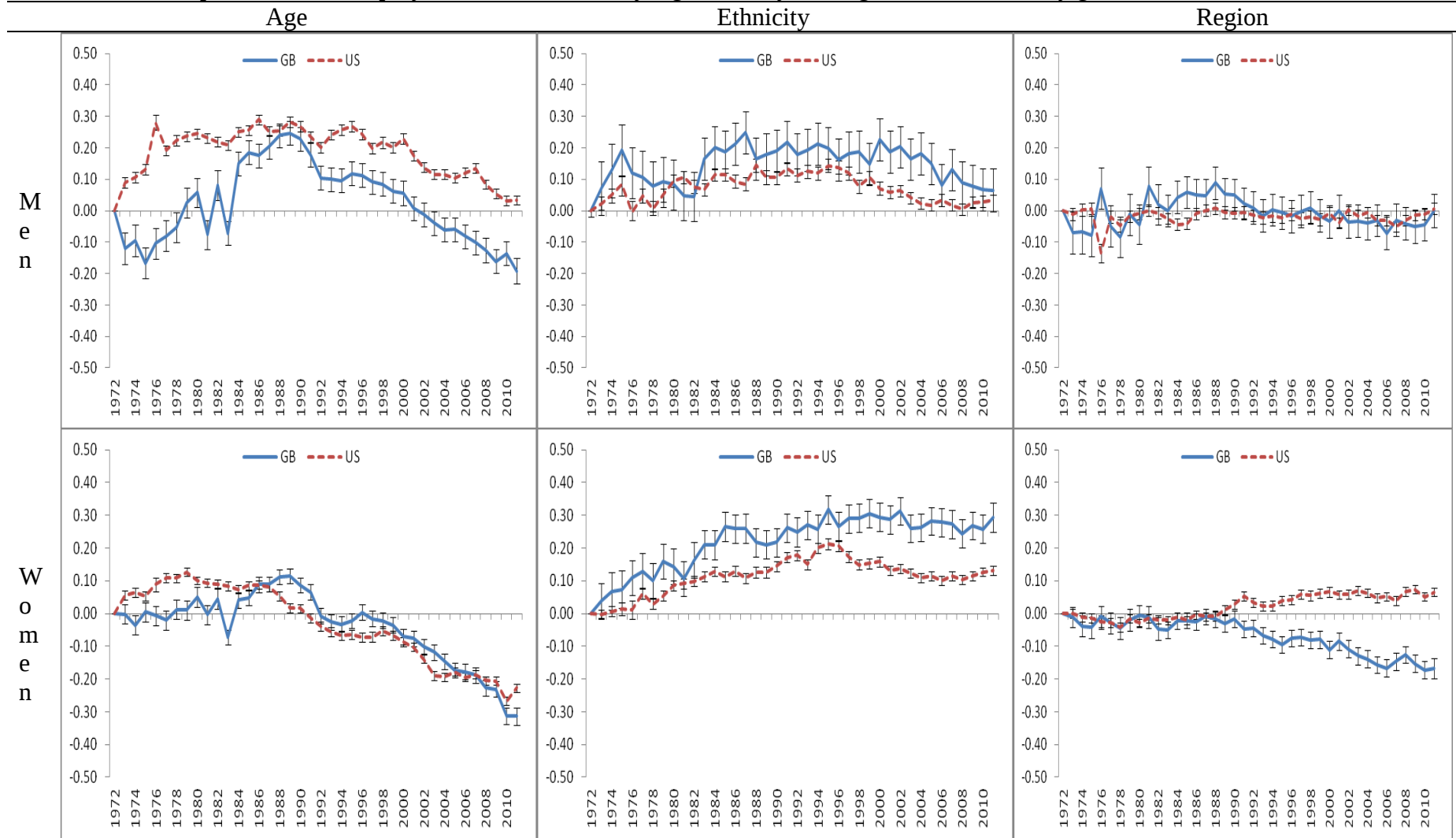


Appendix Figures

AF1 UNIDIFF parameters on employment versus unemployment: age ethnicity and regional differences by gender



AF2 UNIDIFF parameters on employment versus inactivity: age ethnicity and regional differences by gender

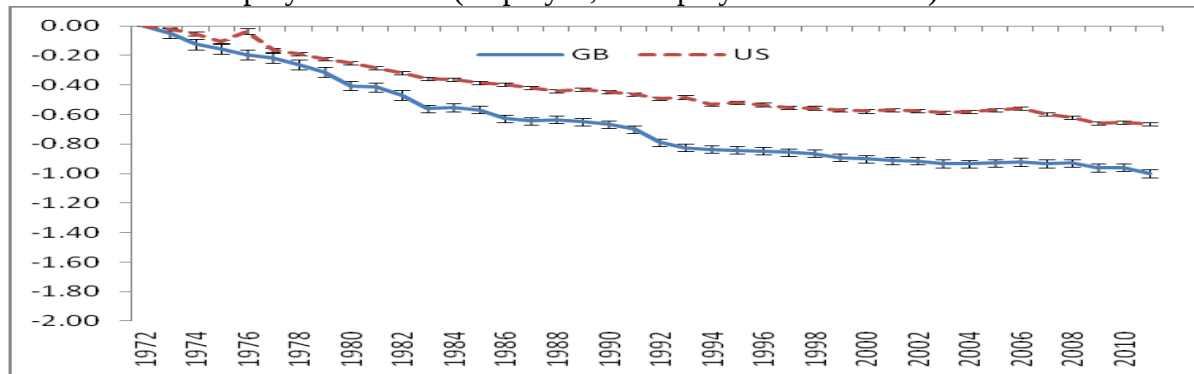


AF3 UNIDIFF parameters on employment versus worklessness: age ethnicity and regional differences by gender

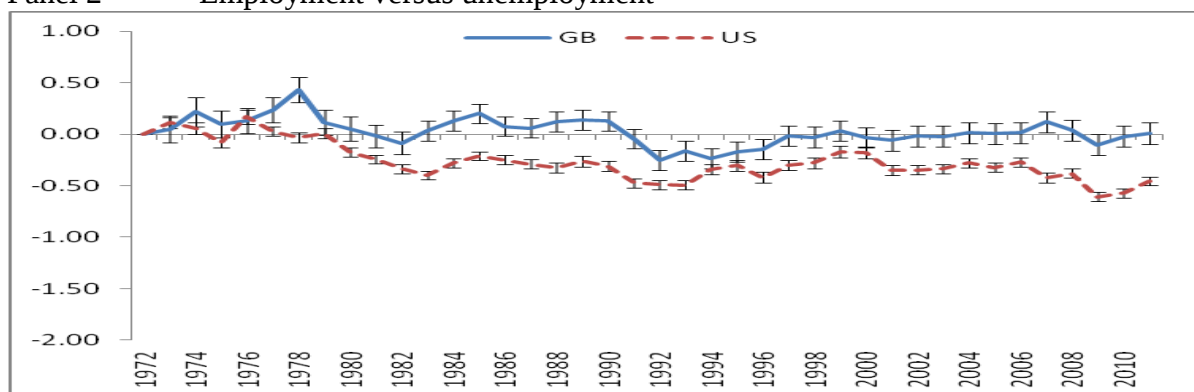


AF4 Gender differences in Britain and the US

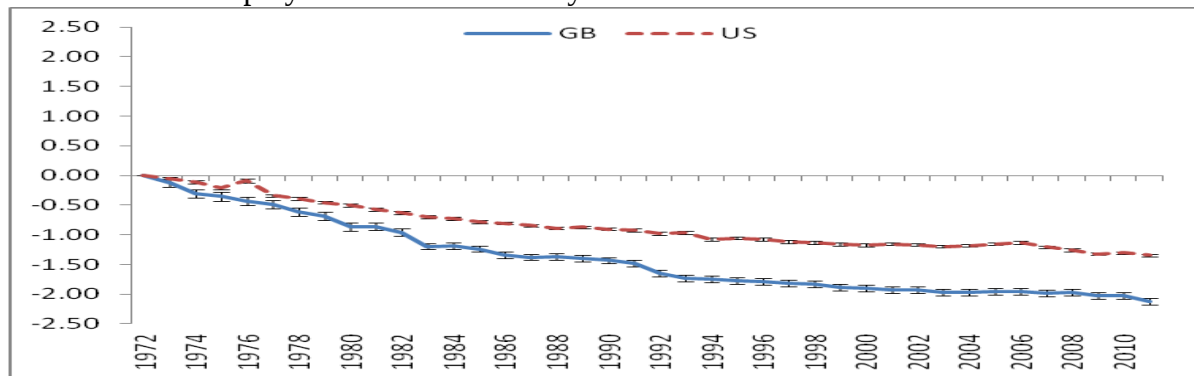
Panel 1 Employment status (employed, unemployed and inactive)



Panel 2 Employment versus unemployment



Panel 3 Employment versus inactivity



Panel 4 Employment versus worklessness

