



North East London: a case study of globalisation

1. The context

The boroughs of North East London are places where many of the changes driven by globalisation are visible in a stark form. They include very high levels of both wealth and poverty, are possibly the world's most diverse communities and are struggling with global problems ranging from the impact of climate change through to the issues raised by the area's rapidly changing population.

The area is also witnessing the development of new approaches to governance, with, on the one hand, a major move initiated by central government and supported by local government to pass powers down to very local areas. On the other hand, the European Union has a steadily increasing role in determining many of the most important policies.

The complexities that London and its residents face became apparent in the first week of July 2005. On Saturday, July 2nd an international outpouring of good intentions to 'make poverty history' focused on a concert in Hyde Park in London's centre; the following Wednesday, July 6th, London was awarded the 2012 Olympics and Para-Olympics. The bid stressed the youth, dynamism and diversity of London's eastern boroughs. The next day – Thursday, July 7th – London was shaken by bombings on its public transport system. The bombers – Muslims from northern British cities - exploded one bomb in Whitechapel in the heart of the largest Bangladeshi community outside of Bangladesh.

Migration of people

Historically, East London led an earlier era of globalisation. The docks of London were the functioning heart of the British empire in the 19th century – this was the largest empire the

world has ever seen. The wealth of London was built on trade and financial markets within the City. Along with trade came waves of migrants, from the Huguenots in the 16th century to East European Jews fleeing pogroms in the 19th century. In 1901 there were 42,000 Russians and Poles living in Stepney, a neighbourhood within Tower Hamlets.

London today absorbs over 200,000 migrants each year, both legal and illegal. It is the only city in the world forecasted to grow in population during the next two decades, with growth driven mainly by migration. There are 34 communities of foreign nationals in London with more than 10,000 members each. These include many Europeans, including 125,000 French people and an estimated 50,000 Swedes.

Newham is the most diverse local authority in England and Wales, Tower Hamlets the third and Hackney the sixth. London's six largest ethnic groups are made up of people who classify themselves as white British, white Irish, 'other' white (including Australians, South Africans and Europeans), Indian, African and Caribbean. Although different groups tend to congregate in geographical communities – a third of Tower Hamlet's population is Bangladeshi; Newham and Hackney both have large black African and Caribbean populations – in the last decade London has become less segregated by race and ethnicity.

The experience of being from a black or minority ethnic group in the UK is not uniform. Overall, a smaller proportion of people of working age from ethnic minority groups are in work compared to the white population; however, some communities now fare well. Indian men earn more on average per hour than men from any other ethnic background, including white groups. Bangladeshis and black Africans tend to experience the greatest deprivation.

People move to London for different reasons: the global super rich because of UK tax laws and because of the financial services industry; many well qualified younger people seek new experiences and job opportunities, sometimes staying for short periods of time. An unknown – but significant – number of people come with few assets in search of economic opportunities and a better life. Some arrive legally, others illegally. 326,000 people claimed asylum in the UK between 2001 and 2005 – the largest number in any European state – fleeing danger and drawn by the existence of longstanding refugee communities. Migrants from different

nationalities and backgrounds are drawn to London because of its reputation as a tolerant and multicultural city.

Strong links of mutual dependence have been built within diasporas. UK imports from India rose by 25 per cent in the last year, with imports now exceeding exports. Half of all global outsourcing is to India. The UK and USA are the two main sources of outsourced working, building links created by Indian entrepreneurs and businesses. As outsourcing moves into professional areas rather than just back office functions, examples are emerging of Indian companies in turn outsourcing to lower wage economies like China.

Globally, over £50 billion in remittances is sent to developing countries – double the value of official aid. This flow of resources is affected by globalised tensions – after 9/11, Somalia's biggest money transfer company, al-Barakat, was closed down accused of financing terror groups. Dahabshil, now Somalia's largest Hawala bank, is the biggest in East London, with a base in Mile End Road.

The East End has in the past been renowned for 'assimilating' and absorbing its migrants. But today the sheer numbers of different communities and the dynamic globalised relationships they have created have generated new challenges, placing a strain on public services – particularly schools, housing and health services. Yet this diversity also brings dynamism and economic competitiveness: east London's diversity has been key to fuelling London's economic growth.

A two-tier economy

East London includes the centre of many globalised industries – financial services congregated in Canary Wharf and design and the arts in the south of Hackney. But it also exemplifies the other side of globalisation with a large population of low paid insecure workers, many in the country illegally.

East London boroughs have some of the UK's highest unemployment rates, yet also include areas where job numbers and demand for labour are growing. London has an 'hourglass economy', with more rich and more poor than other UK cities. Over 800,000 new jobs are forecast for London in the next decade, half of these in finance and business services. But will

this benefit people in the traditionally poor East End? In Tower Hamlets, which includes the Canary Wharf financial district, average annual earnings of people working in the borough are £63,000. But few of these high earners live in the area; average wages of Tower Hamlets residents are £25,000 a year.

London has very high levels of worklessness and deprivation. Over half of inner London's children live in poverty according to UK government definitions. One in ten of East London's 16-18 year olds are not in employment, education or training. Inequality has widened in the last decade in London: the number of jobless people has grown, as have differentials between wages for white groups and people of black or minority ethnic origin. Everywhere else in the UK these trends have moved in the opposite direction.

A 2005 study of low-paid employment in London found that nine out of ten of the 341 people interviewed were migrants from 56 different countries of origin. 90 per cent earned less than the amount deemed the living wage for London by the Greater London Authority. Three fifths of them received no maternity or paternity leave. London's economic growth is underpinned by reliance on this low paid, insecure group of workers.

London is planning dramatic and far-reaching economic expansion to the east. This goes against historic trends to develop the west, where prevailing winds blow away pollutants and links to the rest of the UK are good. The Thames Gateway is Europe's largest planned urban remodelling. The energy and opportunity of the Olympics, centring on the London borough of Newham, have also accelerated regeneration plans. It is unclear whether Londoners will want to move east to the Thames Gateway, an area traditionally considered swampy and dank; but if they do, the new incoming (and probably more affluent) populations will put new strains on community relations and environmental infrastructure.

Climate change

Poverty and deprivation mean that the impact of climate change falls harshly on East London's poor communities. Londoners live in a photochemical smog which makes the average temperature two to five degrees higher than the rest of southern England.

London's 'ecological footprint' has been estimated as 49 million hectares, twice the size of the UK. London exports two thirds of its municipal waste to other parts of southern England. More than a third of waste collected by UK local authorities is now sent to China, undermining the viability of the UK recycling industry. However, China is also inspiring plans for sustainability. A new 1,000 zero carbon development has been announced in the Thames Gateway based on the Dongtan sustainable city project at the mouth of the Yangtse River.

London is threatened by the impact of the rise in sea levels. The Thames Barrier, built in the 1980s to save London from flooding, was used at most once a year in the decade it was built. In 2001 it was used 13 times, and predictions are that it will be used weekly by 2015. But while London threatens to be engulfed by water, low rainfall for the last two winters plus poor water infrastructure means that London and southern England are threatened by drought. Restrictions on water use are already in place.

City governance

Managing these tensions falls on London government. Inevitably in a city of seven million people, structures are complex. Members of the European Parliament represent the city in Brussels, and an elected Greater London Authority and London Mayor manage an increasing number of strategic functions.

East London is represented by six MPs, two members of the Greater London Authority and 168 elected local authority councillors. Two of our three local authorities also have elected Mayors. At the most local level, representation amongst elected members of different communities is strong. In Tower Hamlets, 65 per cent of councillors are Bangladeshi. In Hackney, half the councillors are from black or minority ethnic backgrounds, including Turks, Kurds and Vietnamese people.

Neighbourhood bodies are playing a stronger role in providing local services. Poplar HARCA (Housing and Regeneration Community Association) in Tower Hamlets owns and manages over 6,000 homes. Residents chair the board and are involved in providing community services, linking housing to training, jobs, education, health, sports and the arts.

The not for profit sector is strong in London, and organisations like Newham-based Community Links play an important role. There are over 3,500 voluntary and community organisations in Hackney, Newham and Tower Hamlets. In Newham, three quarters of these are led by people of black or minority ethnic origin.

2 The people

The mythology of the East Ender is strong. In the UK, it traditionally has evoked twin images of poverty, but also of resilience and self-reliance.

“The cockney is the supreme type of Englishman in his sturdy optimism, in his unwavering determination not only to make the best of things as they are, but to make them seem actually better than they are ... and in his supreme disdain of all outside influences”

Edwin Pugh, 1912

Contemporary residents of the East End portray a different picture. At one extreme is the newly arrived migrant, facing conflicts of identity and the pressures of both integrating into their national community in London and into wider social relationships in the East End.

“We have one leg here and another back home. Back home is where we have our soul and our family still lives there. We live here, we work here, we are British citizens... We have a lot of young Somali who are confused today. Our language is Arab-related, we are Muslim, we are black, we have come to the West... I live as a citizen here. I'm Somali and I'm proud to be Somali and that's what every Somali person will say to you”.

A Somali teacher working in Tower Hamlets

At the other extreme within today's East End, the indigenous white community – many experiencing profound deprivation – is struggling to make sense of the tensions.

“There are so many one parent families round here nowadays, as these are encouraged by social services... They soon learn to use the system. There is no justice any more when you've always paid your way. Youngsters leave home and claim on the state; they have babies to get a house... Older people are just not like that. East Enders are hard working and proud”.

*Tower Hamlets resident quoted in New East End
(published by the Young Foundation in 2006)*

But between these characterisations are many different experiences. People of the East End are from a mixture of incomes, social classes, cultures, races, ethnicities and religions – the majority comfortable with their multiple identities.

Belonging

New communications technologies are changing the relationship that people have with the area where they live. It is easier now than it has ever been to keep up friendships and relationships with people elsewhere, whether that is the other side of the City, of the UK or on another continent. Good communications and cheaper international air travel also mean that people can return more easily to their homelands.

“Some of my friends speak English, have kids in school, yet don't feel English. If the situation changes in the Congo I will go. When people have kids it can be difficult to go back, but if you are alone or single or unmarried you can go. African people who have been in the UK can be a good force for change ... We get experience from being in the refugee situation – we can see good ideas that can be applied in Congo”.

Congolese former civil servant

Londoners overall seem relatively happy about living in a multi-cultural city – more comfortable than people in other parts of the UK. London's diversity is celebrated through many festivals throughout the year. The Notting Hill Carnival began in January 1959 in St Pancras Town Hall as a response to the state of race relations at the time. Now it is Europe's biggest street festival, with 1.5 million people taking part each year. The annual London Mela brings together thousands to celebrate Asian culture. There are smaller local events in the East End, including the Brick Lane Festival and the Newham carnival.

Cultural events symbolise London's ease with the mixing of peoples, but this sits alongside a history of conflict and prejudice. In the 1930s, the East End was a focus of activity for Oswald Moseley's British Fascist Party, and street battles were fought in Cable Street in Tower Hamlets. In the 1970s and 1980s, a series of high profile, racially motivated murders led to the establishment of the Newham Monitoring Project and other local community defence organisations. In the 1990s, a far right British National Party (BNP) councillor was elected in Tower Hamlets, but soon lost his seat. In May 2006 in Barking and Dagenham, the London borough immediately east of Newham, the BNP won 11 of the 13 seats it contested on a vote fuelled by myths about preferential housing allocation for Africans and longstanding resentments over resource allocation.

The Young Foundation's recent book *The New East End* explores this territory, looking at relationships between old established indigenous white communities and newer immigrant communities. It documents fears and resentments, driven partly by racism, but more

fundamentally about disquiet over the perceived reduction in the entitlements of long-standing residents. London, like many similar cities, has been subject to 'white flight'. For East Enders this means moving out to Barking and Dagenham and beyond into the suburbs and into Essex. This can more accurately be seen as the flight of the affluent, with the same pattern being repeated amongst wealthier minority ethnic households, particularly from Caribbean, Indian and Chinese backgrounds.

Recently there has been debate about whether multiculturalism has gone 'too far', whether the UK is 'too diverse'. Trevor Phillips, Chair of the Government's Commission for Racial Equality, has warned that the UK is 'sleepingwalking into segregation'. Discussion was prompted by riots in 2001 in several northern British cities involving Muslim and white communities. This intensified following the London bombings in July 2006, with questions being raised about the extent to which non-white communities, particularly British Muslims, are colluding with international terrorism.

But other voices stress the benefits of diversity, it bringing dynamism, new entrepreneurs and new cultural mixes and skills, and contributing to the economy, the cultural life and the energy of local communities.

Oxford psychologist and Young Foundation Fellow Miles Hewstone has explored what happens to relationships between different groups in conflict areas. His research – in Northern Ireland, former Yugoslavia and areas of Hindu-Muslim conflict in India – has established that when people have more contact with people from other backgrounds, understanding increases and hostility reduces. This challenges the more popularly accepted (within the UK) 'threat' theory, which proposes that more diversity leads to more misunderstanding and competition and increased prejudice. Hewstone's work suggests the opposite, that so long as there is contact (which isn't always the case), diverse populations can develop greater understanding and discomfort between different groups can be reduced.

Living with diversity

Living with diversity demands skills and competencies to balance the need to share common spaces and experiences with the need to maintain separate identities. These skills are required by residents wanting to get along with neighbours or parents dealing with social relationships in

the playground. Public and private sector employees need to understand how their customers and clients live and relate collectively. Decision-makers have to develop a full understanding of local needs and how different groups may come into conflict.

Diversity in the East End has many dimensions: race, ethnicity, culture, class and faith. These overlap and interrelate. New pressures are constantly arising out of events at the local, citywide, national and global levels, including the threat of international terrorism. Skills for managing community tensions are now needed by police, local authorities and schools. These include sensitivity and careful management of relationships, both of which are difficult to achieve in the fast-moving world of modern anti-terrorist activity. Globalisation has raised the stakes when community tensions build up; the consequences of getting it wrong have never been higher.

3 Managing the impact of globalisation

Enormous effort by individual residents, community groups, voluntary organisations, faith groups and public and private services are daily put into managing the impact of globalisation and taking action to reduce its worst excesses. At three levels there are strong and energetic examples that help show the way forward.

ONE: The strategic level – the big developments

- Providing housing through the market and with state subsidy for a growing population within the Olympic and Thames Gateway developments
- Strategic initiatives like the Greater London Authority's Commission on Climate Change

TWO: The neighbourhood level

- Local authorities' improved response to local voice, and opening up of opportunities for residents to participate in running services
- How the public sector, led by the example of the police's neighbourhood policing, are engaging communities as the neighbourhood level
- Local authority action to promote behaviour change to manage resources more sustainably, including recycling

THREE: Local innovation – some examples...

- **Discover Children's Forum in Stratford** is a group of 21 four to 11 year olds who meet once a month and in their school holidays. They have been involved in public art projects and also are taking part in consultation processes about the new 73-hectare Stratford City development.
- West Ham FC's '**Asians in football**' project is supported by the English Football Association. Although football is popular amongst Asian children, ethnic minorities make up only one per cent of football audiences. In Tower Hamlets the project provides football coaching to 350 girls, mostly from local Bangladeshi communities.
- **The London Muslim Centre** is part of the East London Mosque. As well as religious and spiritual provision, the centre provides Islamic education and works with the local authority to improve attendance and attainment. There is a focus on health promotion, community cohesion and tackling unemployment.
- **Rich Mix** is a new cultural centre set up to create a bridge between the local population and the new centre of creative industries in nearby Hoxton. The aims are to open up the arts to new audiences, to create an inspiring venue for different communities to meet and to nurture the talents of disadvantaged young people.
- **East End Fair Finance** was set up by a former Grameen bank volunteer through a partnership of community organisations, banks and local housing associations. It provides loans for people in East London excluded by mainstream banks as poor credit risks, preventing people being forced into deals with doorstep loan sharks.
- **TELCO's Living Wage campaign** is an alliance of unions and faith groups, which aims to improve working conditions amongst the public sector and its contractors. Their campaign has succeeded in forcing big financial institutions and public authorities to pay at higher levels than the minimum wage.
- The '**Emerald centre**' in Green Street is a new business centre in a commercial area dominated by Asian market traders and small businesses, bringing together 80 Asian businesses under one roof.

Nicola Bacon

The Young Foundation, June 2006

The Young Foundation undertakes research to understand social needs and then develops practical initiatives and institutions to address them.

Visit www.youngfoundation.org.uk for further information.

