

# The London 2062 Symposium: The Future of the London Economy

#L2062



## London economy in 2062 – starting points, end points

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**London: infrastructure for the realisation of surplus value created elsewhere - in agriculture and shipping - under slavery, under capitalism, under authoritarian regimes**

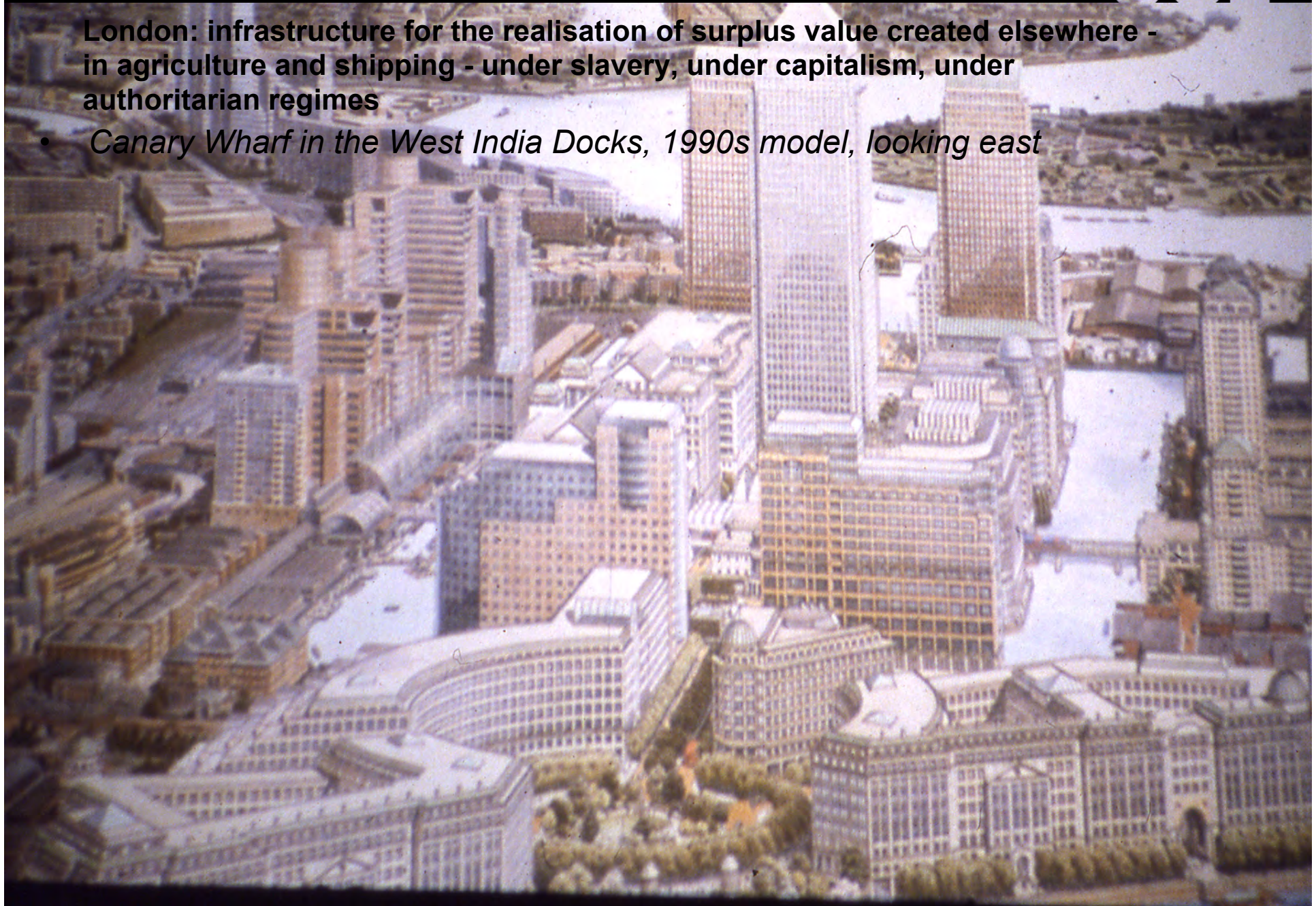
- *Canary Wharf in the West India Docks, 1815, looking west*





**London: infrastructure for the realisation of surplus value created elsewhere - in agriculture and shipping - under slavery, under capitalism, under authoritarian regimes**

- *Canary Wharf in the West India Docks, 1990s model, looking east*



## Scope

- **Overview of today's situation:**
  - the hegemonic view / standard story
  - alternative views
- **Where might we want to get to in 50 years?**
  - 1. Concepts of value: what are we after?
  - 2. Changing the social relations of rent
  - 3. Spatial structure of London
- [part of developing alternatives – c.f. 16 April Aditya Chakraborty in Guardian and subsequent letters.  
[http://www.guardian.co.uk/commentisfree/2012/apr/16/economics-has-failed-us-alternative-voices?](http://www.guardian.co.uk/commentisfree/2012/apr/16/economics-has-failed-us-alternative-voices?INTCMP=SRCH)  
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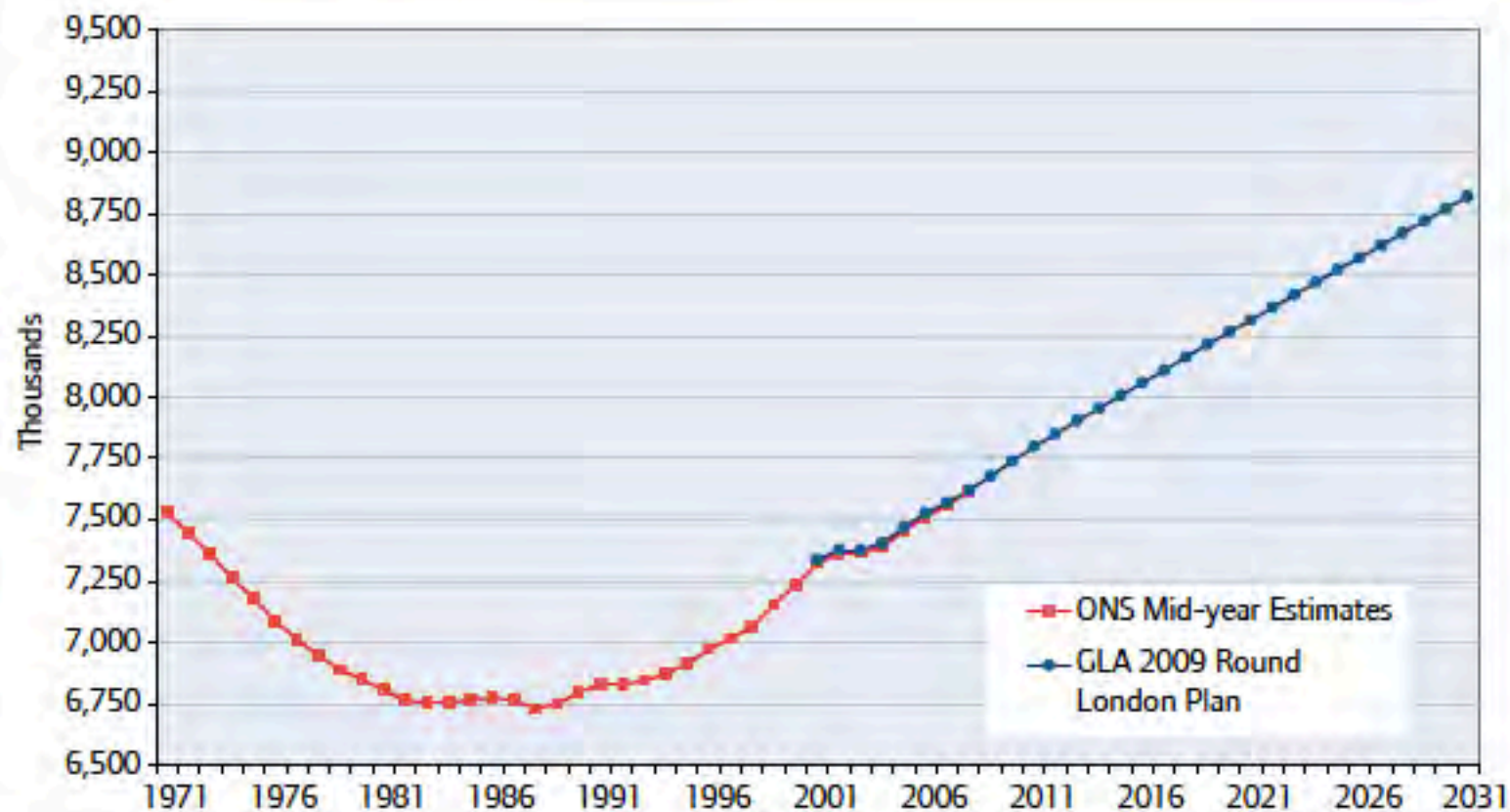
## The old view...

- “London scores highly on most city indexes, but faces pressure not just from established cities like New York, but increasingly from emerging cities in the East. London's great strengths of openness, diversity and connectivity are threatened by its weaknesses in areas like housing, cost of living and airport capacity. How do city and national governments tackle this, in an era of austerity and competition?” (Demos)
- (and I could have added any number of similar versions)
- Embodied in London Plan 2011...

# London Plan 2011 :

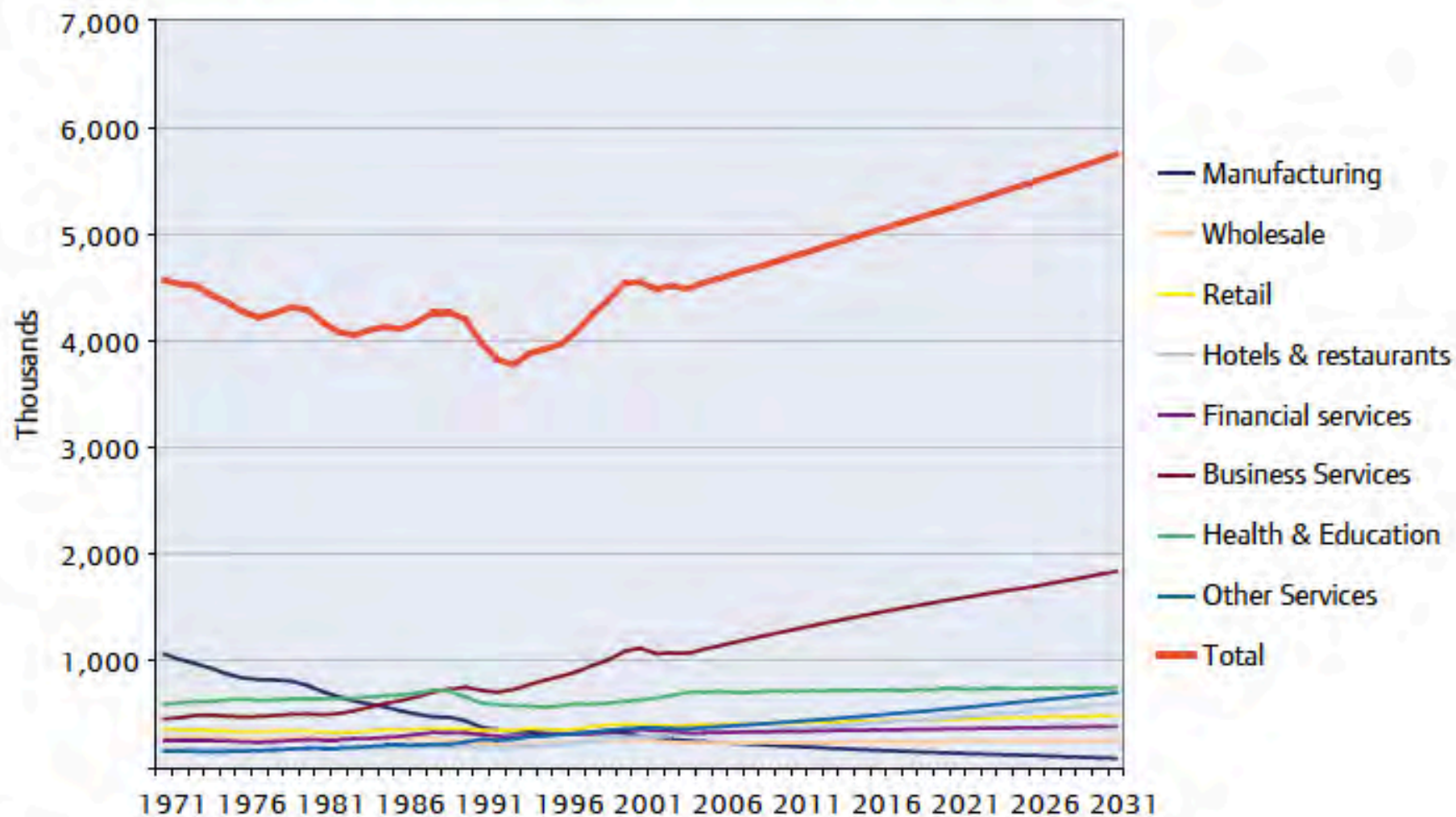
- **to 2031:**
  - population grows by 1.3 mll
  - households increase by 0.8 mll,
  - and
  - employment by 0.7 mll,
  - with household expenditure almost doubling to £160 bll.
  - And perhaps:
  - 4 million more trips per day by 2023,
  - and
  - a 15% increase in CO2 output if we do nothing to address it.
- **Possible need for:**
  - 40,000 more hotel rooms,
  - 1.3 – 2.2 mll sq m of comparison goods retail floorspace,
  - 2.25 sq m of office space in central London alone, and
  - 33,000 more homes p.a. across London
  - *(GLA Andrew Barry-Purcell)*

Figure 1.2 London's population 1971-2031



Source: Greater London Authority DMAG

Figure 1.5 Employment projections 2008-31 and historic data 1971-2007



Source: GLA Economics



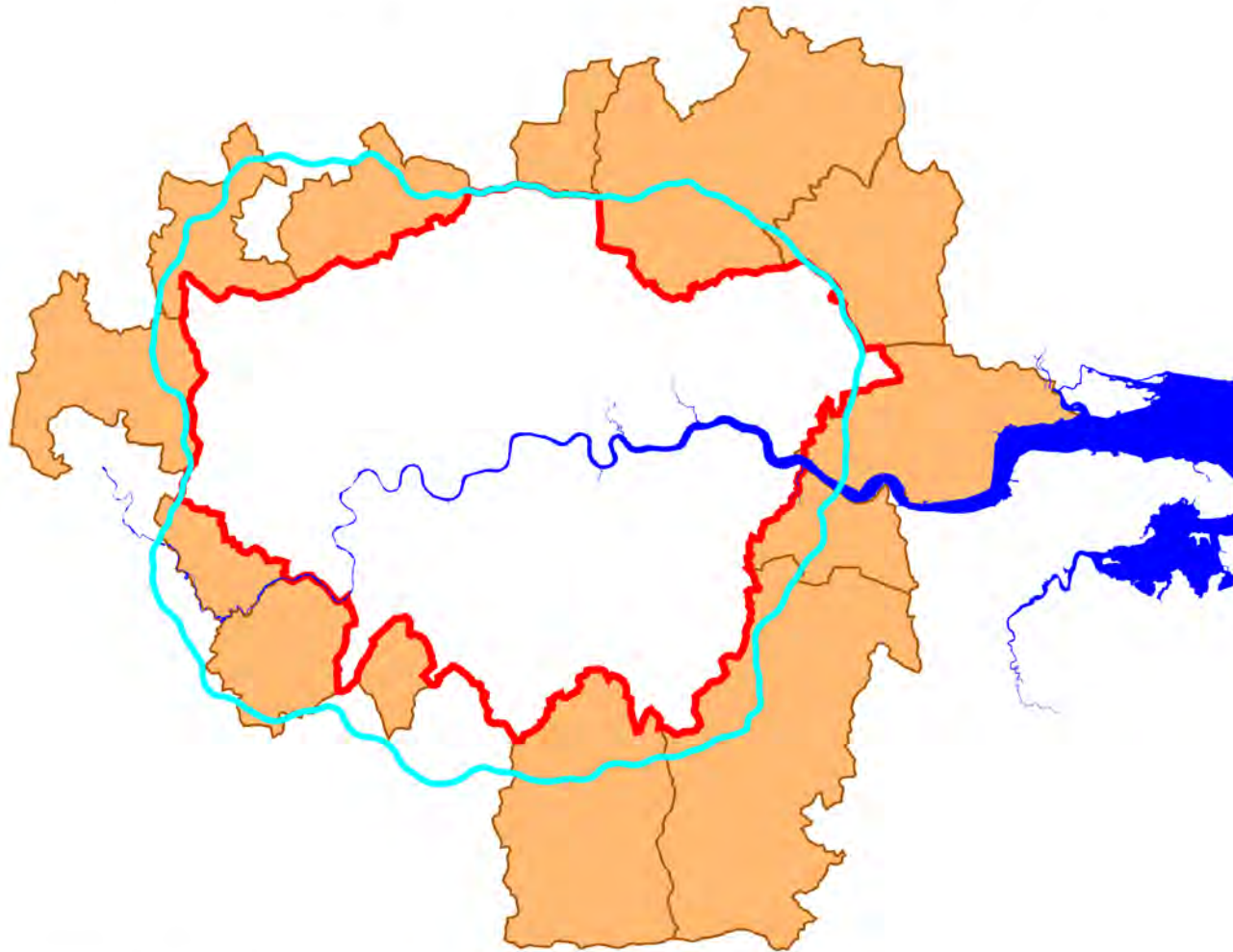
**Other perspectives on the economy of London? –  
(i) valuable correctives, mainly from Ian Gordon**

- GLA area too small for analysis / understanding
- Economy is not as ‘global’ as you might think – most serves London region and UK
- Must split finance from business services where most of the jobs and growth lie, e.g....
- Dangers of ignoring exclusion from labour market and the mechanisms which discriminate against minimally-qualified people and many ethnic groups at all levels of qualification

**Other perspectives on the economy of London? –  
(ii) serious failings**

- Much of apparent growth is simply all of us paying more for ‘positional goods’ (Hirsch), scarce space
- London housing system is a poverty machine as well as a wealth machine, and now getting rapidly worse
- While London may perform OK in transport energy for internal movement, it is profligate in international transport (people and goods) and in car-dependence at regional level
- London’s centralisation benefits property owners but the ‘agglomeration’ benefits are largely unproven
- Much of the “investment” in London has simply been chasing asset values upwards

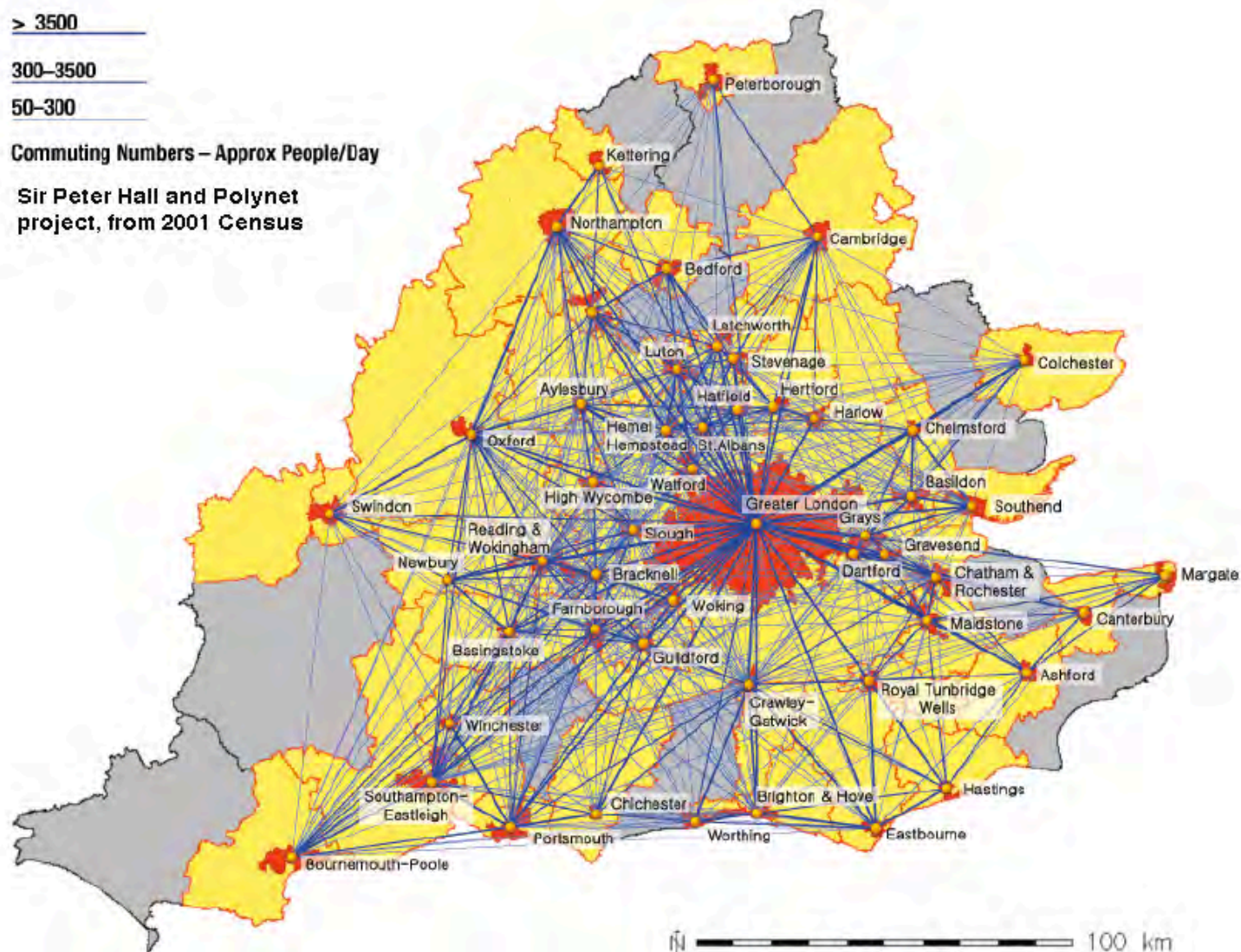
## **Districts where more than 25% of people in employment work in London**



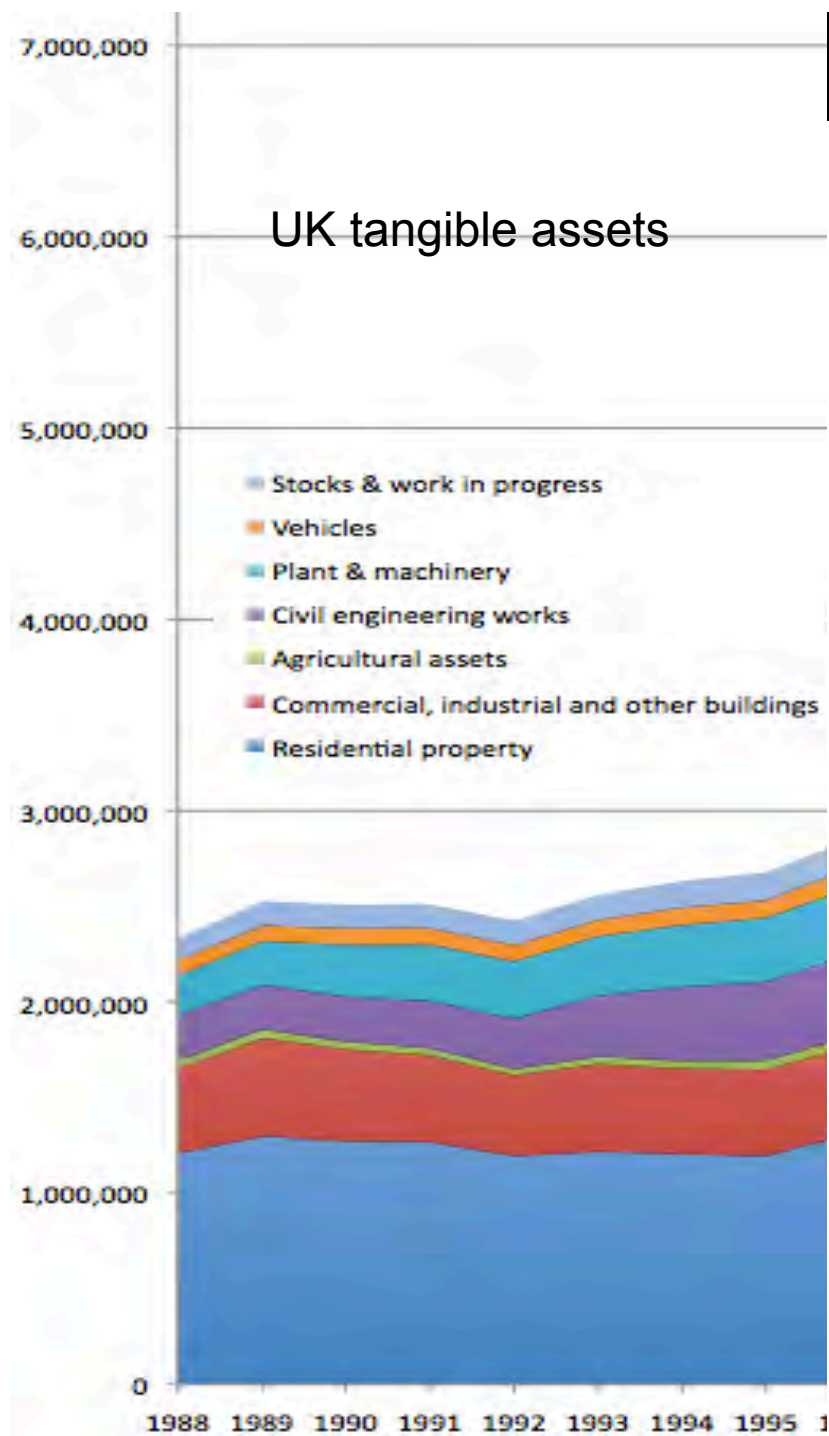
Source: Labour Force Survey, 2001-02, © Crown Copyright  
Map prepared by GLA DMAG, boundaries based on OS © Crown Copyright (GLA)(LA100032379)(2004)



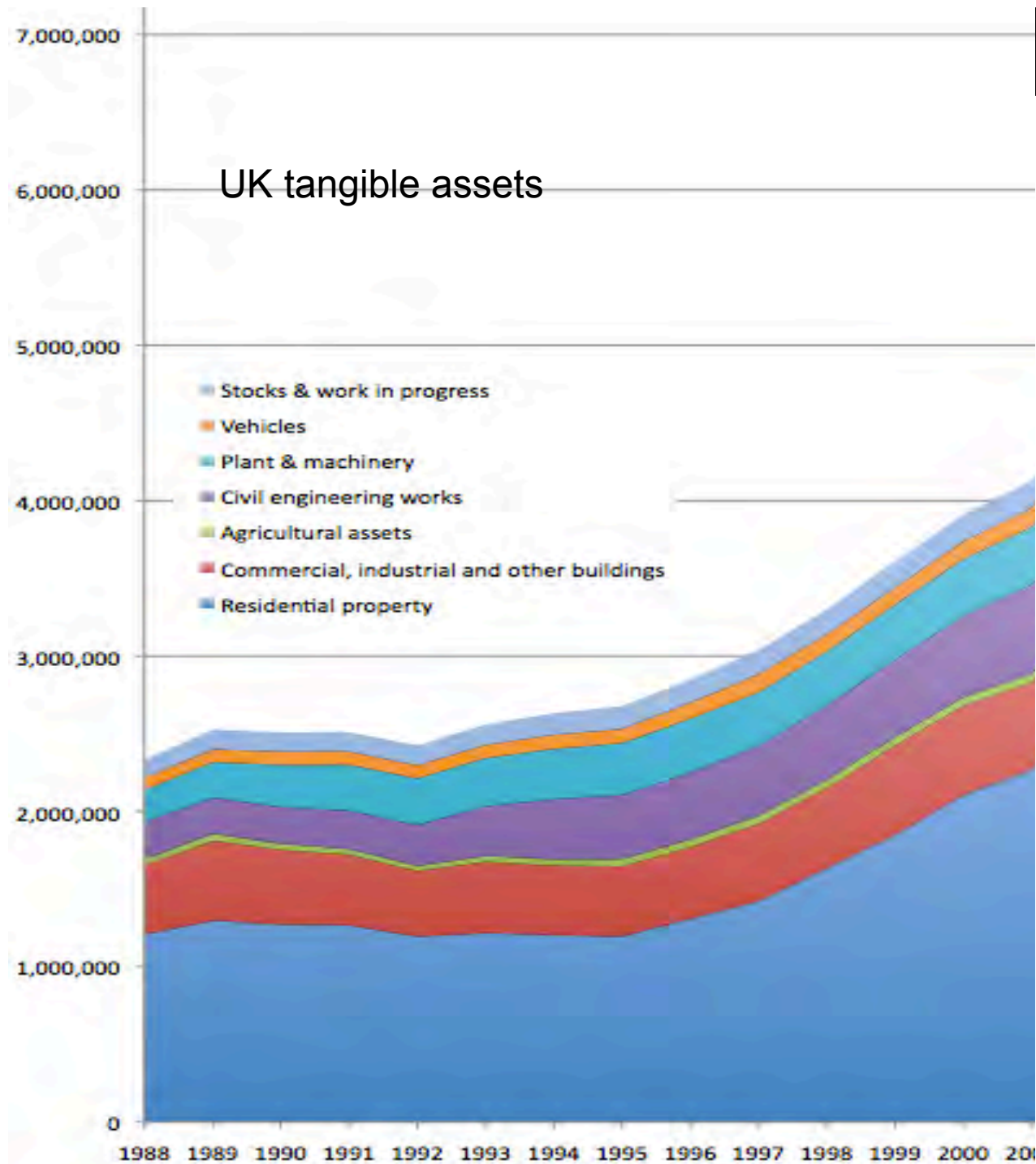
## Polynet – the mega city region (Hall and Pain)



## UK tangible assets

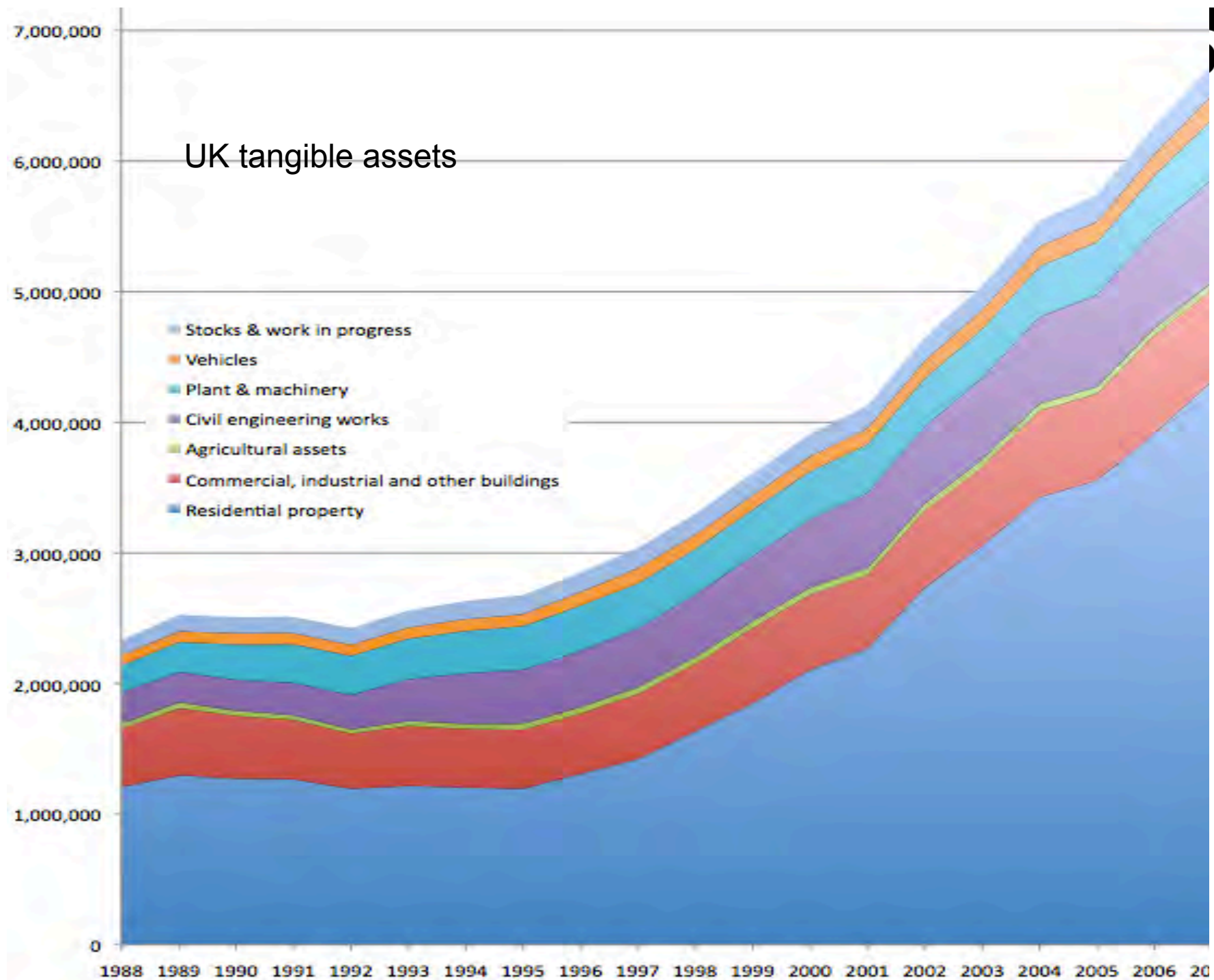


## UK tangible assets

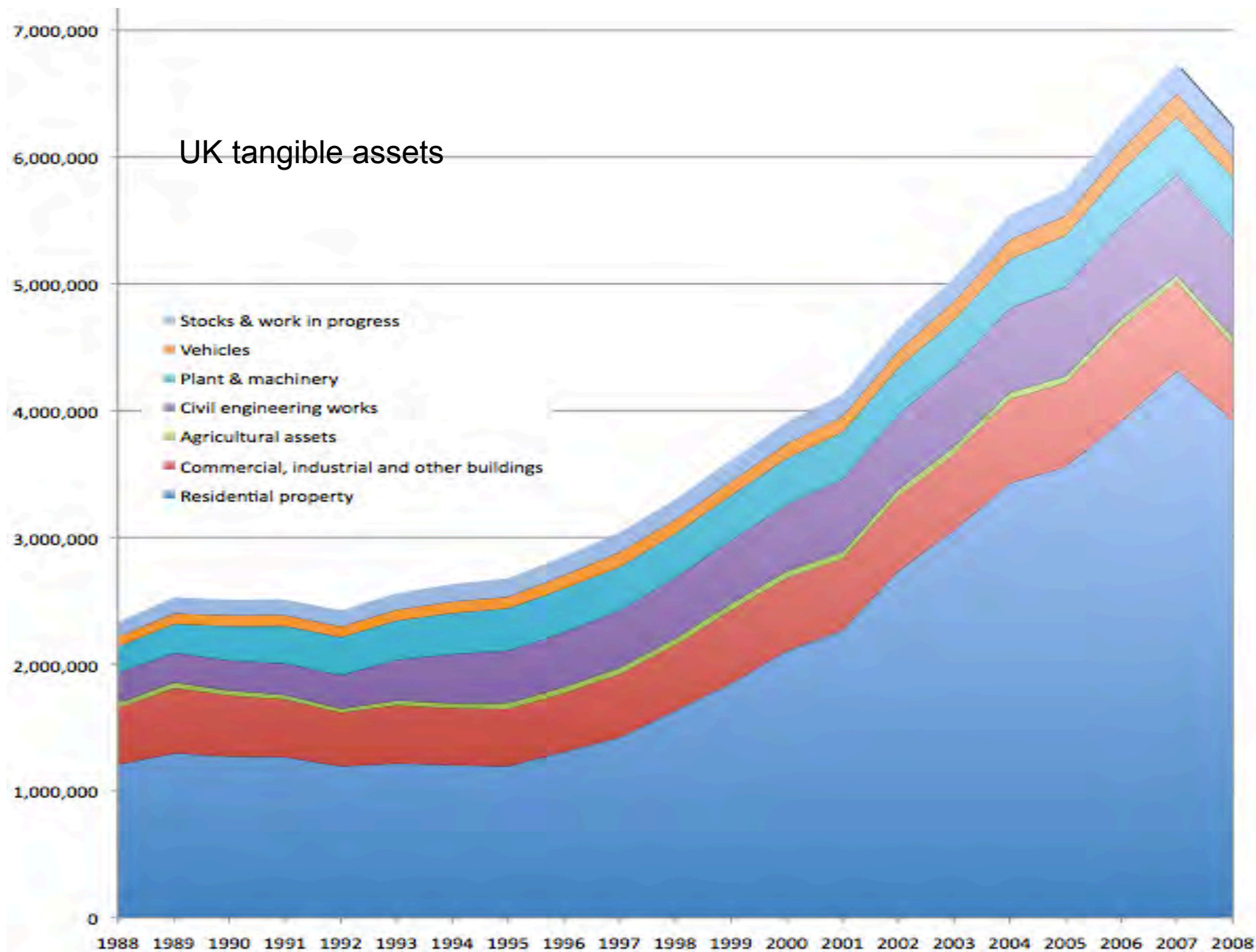


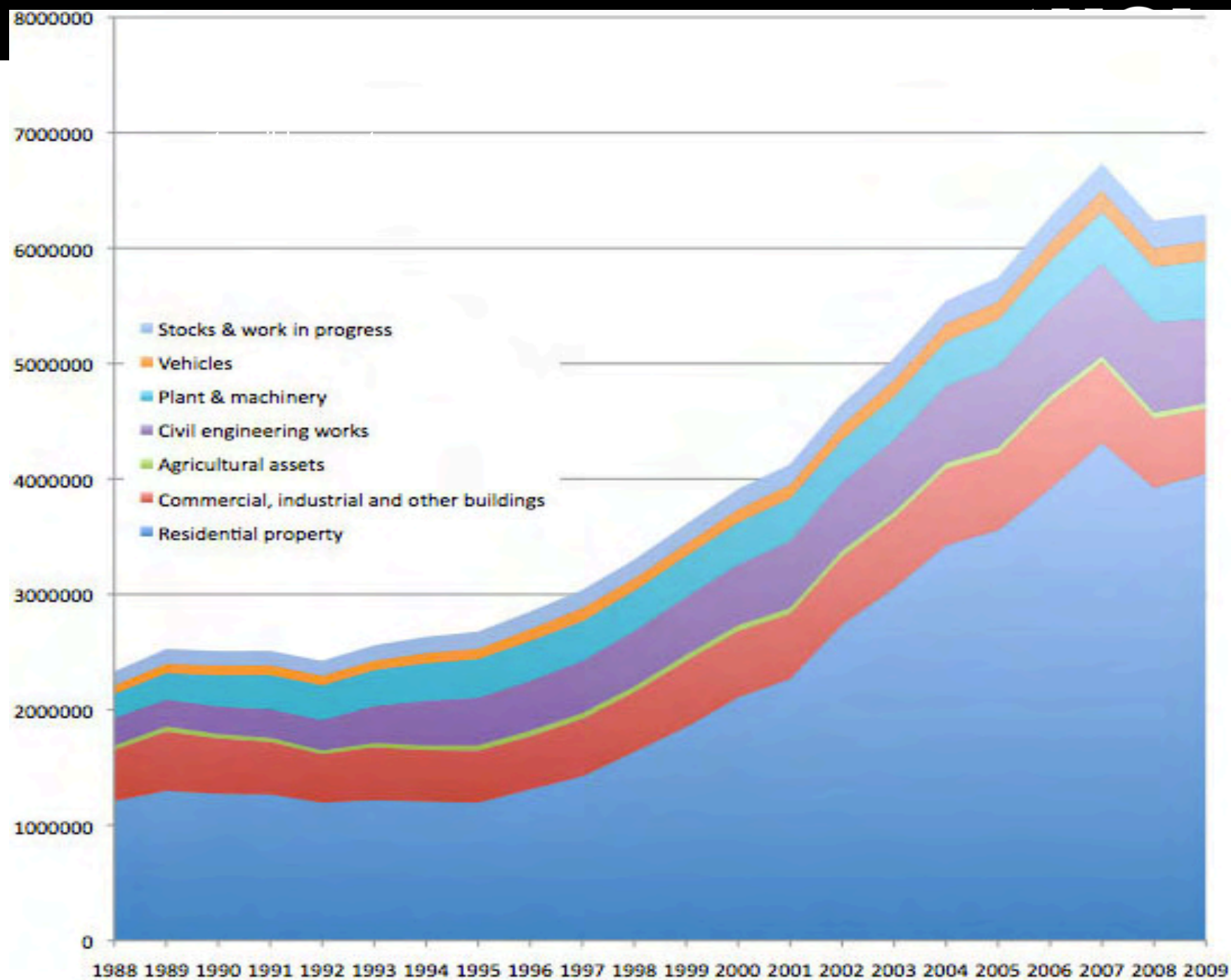


## UK tangible assets



## UK tangible assets







# UK house-building

Price escalation

Static outputs

Poor value for money  
(m<sup>2</sup> per £)

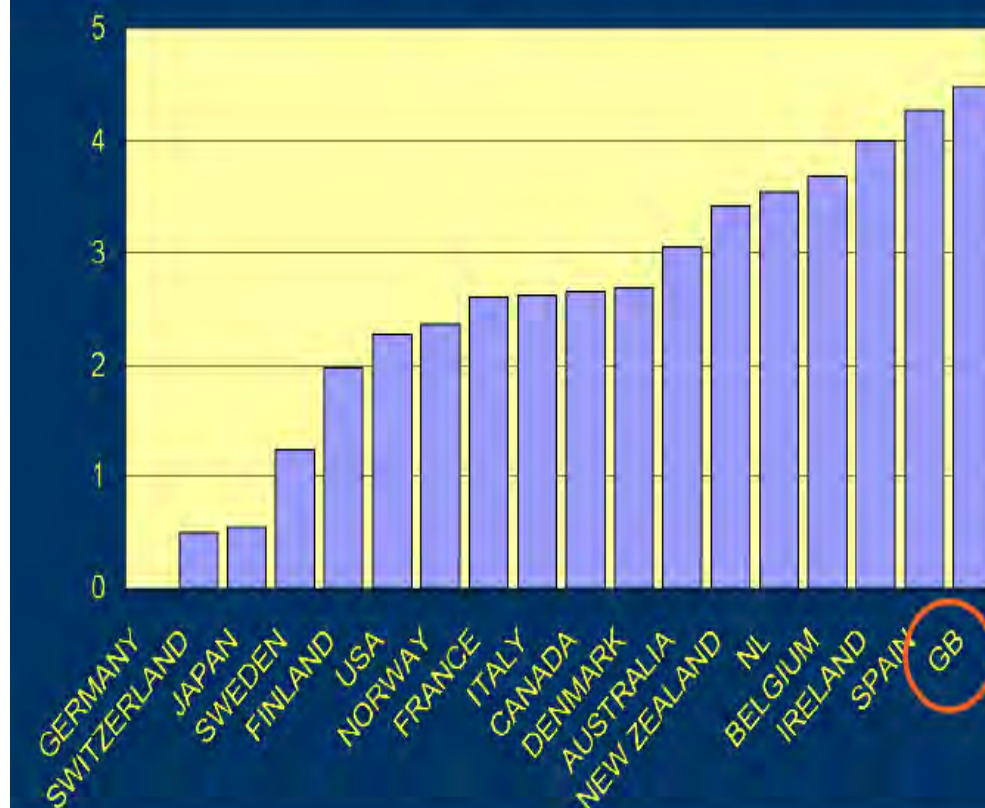
Falling affordability

Volatility of prices

Wealth escalator effects

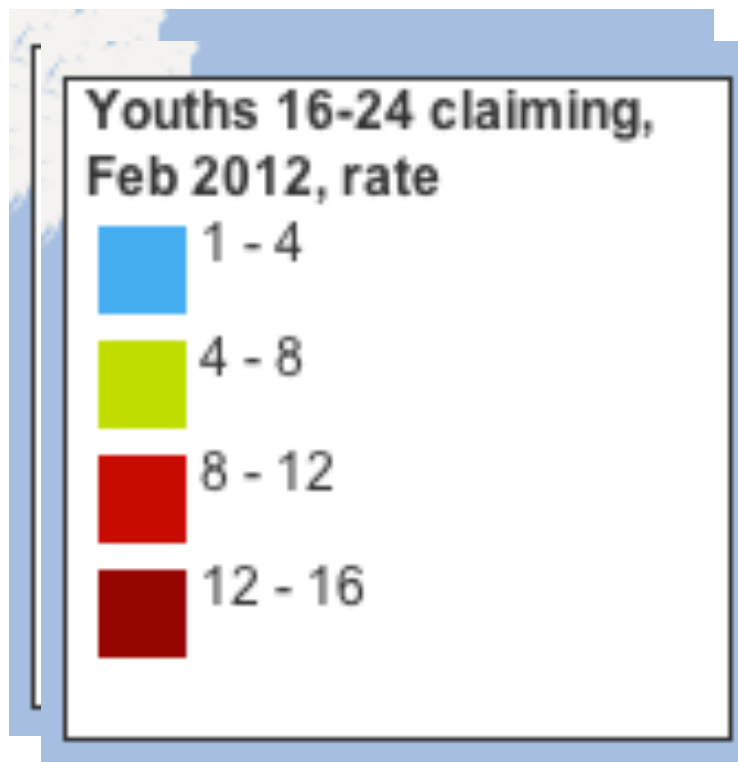
Working hours effects

Real house price growth, av. 70–06 (BIS)



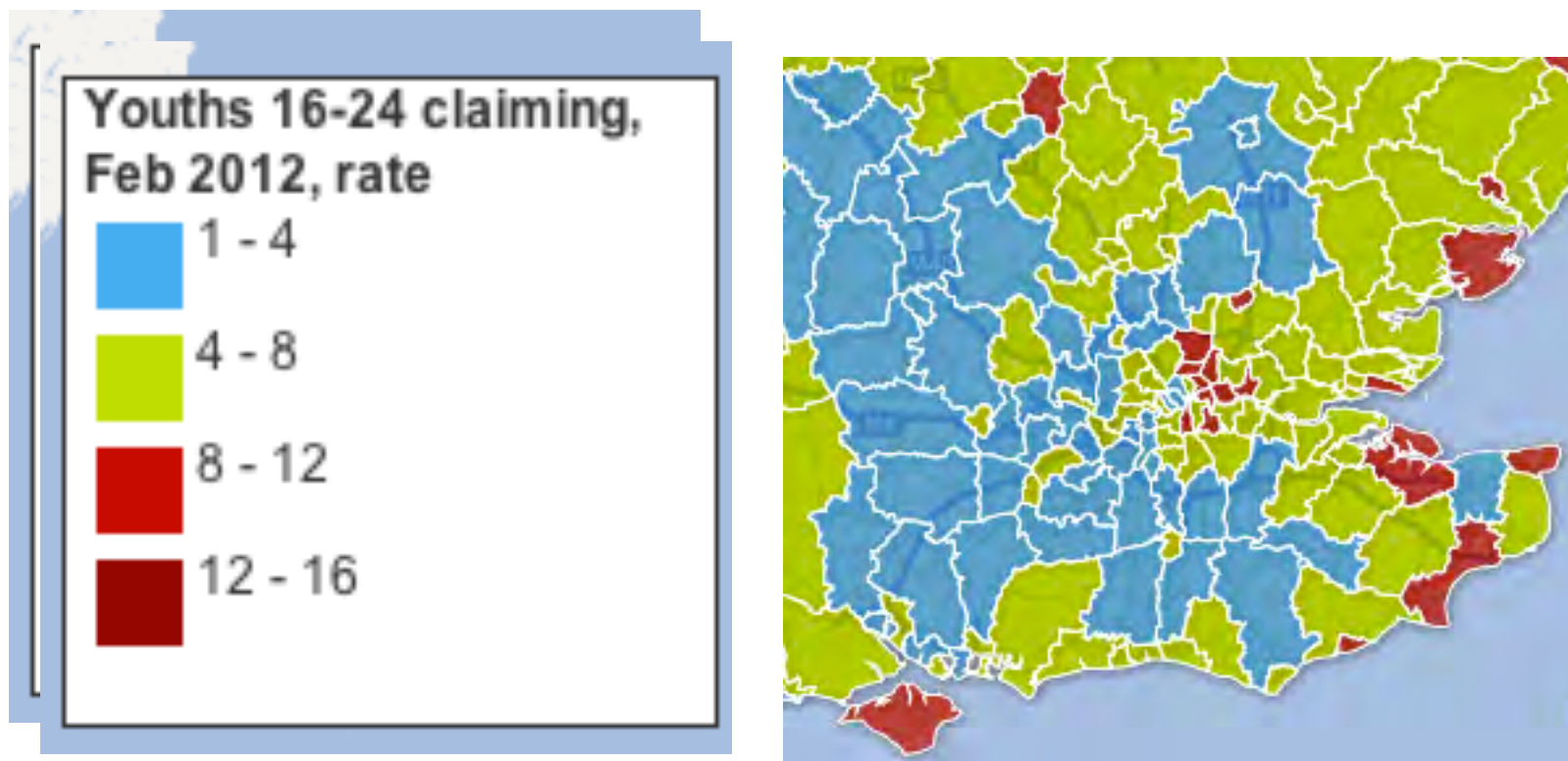
Used by Christine Whitehead 2011, attributed to Hilber and Vermeulen 2010. Permission being sought to reproduce.

# Unemployment – youth



<http://www.guardian.co.uk/news/datablog/interactive/2011/nov/16/youth-unemployment-map?INTCMP=SRCH>

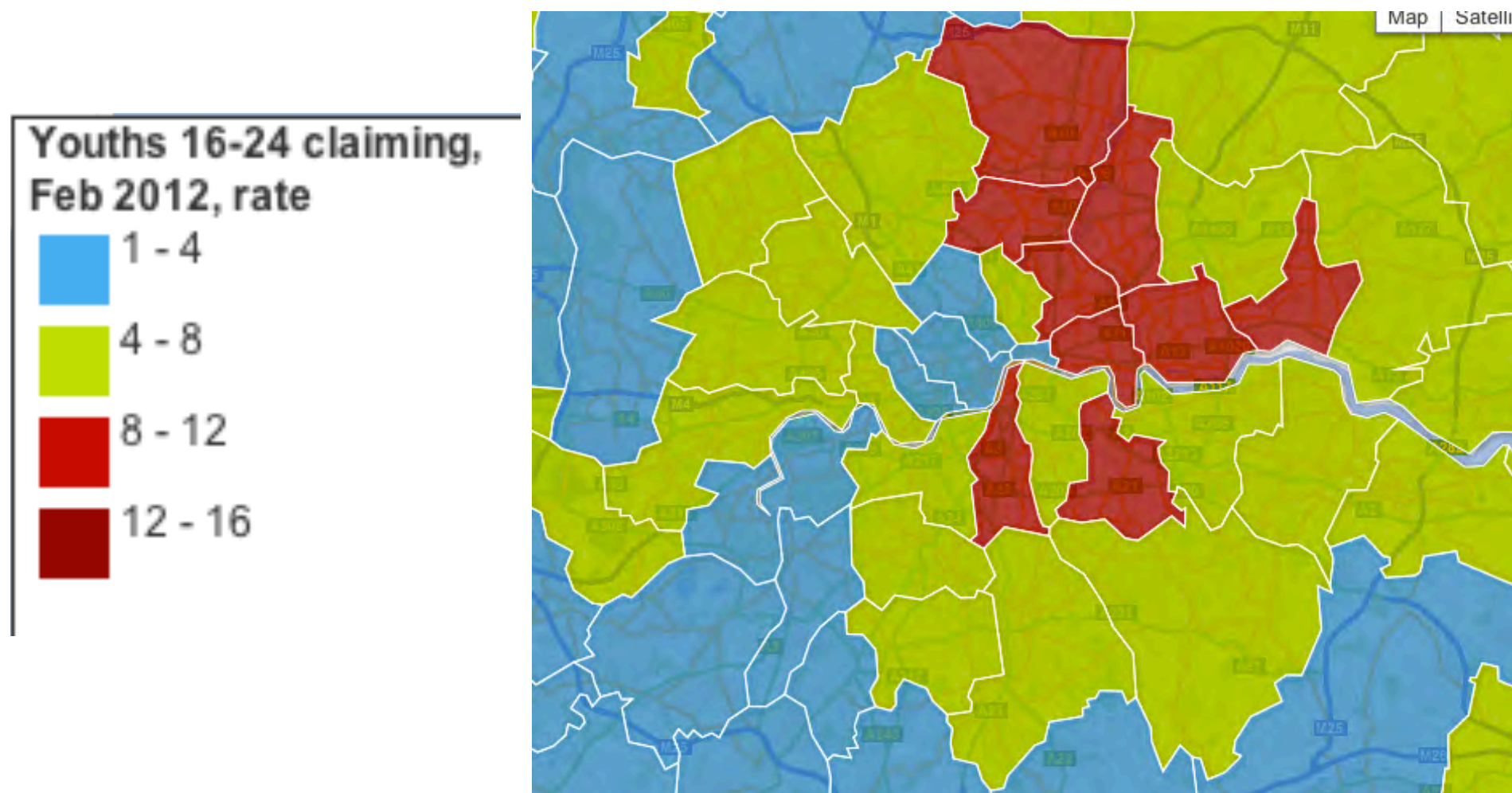
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# 2062

GDP / GVA is replaced

- variables distorted by accounting conventions (positional goods, market valuation of output)
- externalities (environment etc)
- unpaid labour (volunteers, domestic work, family)
- 'black' economy

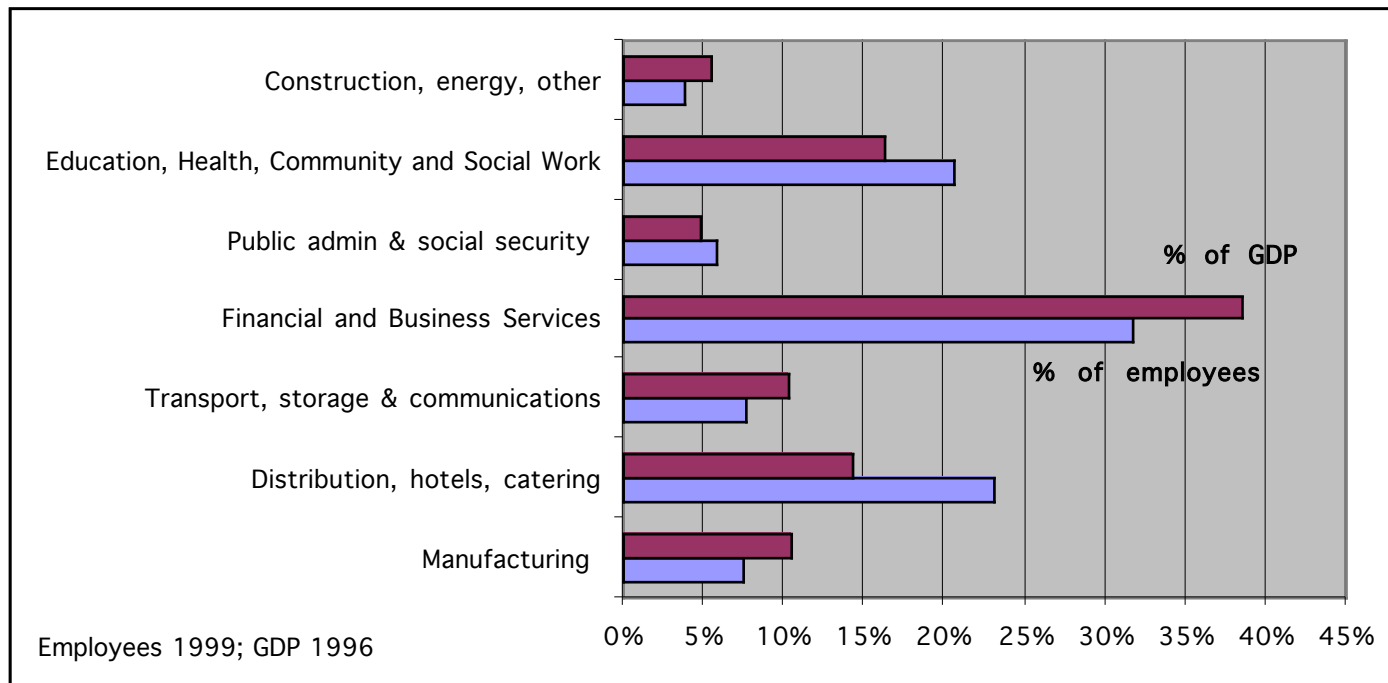
We need to ask “What is the economy for?”

(Doreen Massey, The Neoliberal crisis, 2012 Soundings e-book

[http://www.lwbooks.co.uk/ebooks/The\\_Neoliberal\\_crisis.pdf](http://www.lwbooks.co.uk/ebooks/The_Neoliberal_crisis.pdf)

Growth in incomes of the low-paid is more valuable than growth among the high-paid, or boosting size of high-pay sectors

## Contribution of industry groups to employment and to GDP



GDP at factor cost, 1996, from ONS/GoL/LRC 2000 table 5.7

Employees by Industry from LDA 2001 26

Diagram by Michael Edwards

## **Rent / property markets (1)**

- Importance of making ‘rent-seeking’ behaviour by investors unattractive
- Make sure investment goes into the real production / upgrade of housing, infrastructure and services
- This could shift shares of national income in favour of salaries at the expense of rents
- (remember that our building stock has been paid for many times over)



## Rent / property markets (2)

- Differential rents will always remain (Park 2011\*)
  - payments for the differences between locations
  - thus a priority is to reduce these differentials
    - best / worst environments
    - best / worst accessibility
    - best / worst schools
- Absolute (scarcity) rents could be eliminated or socialised
  - by tackling regional disparities
  - by taxation and incentives
  - by new and old forms of collective ownership
  - by building more and the rich consuming less space

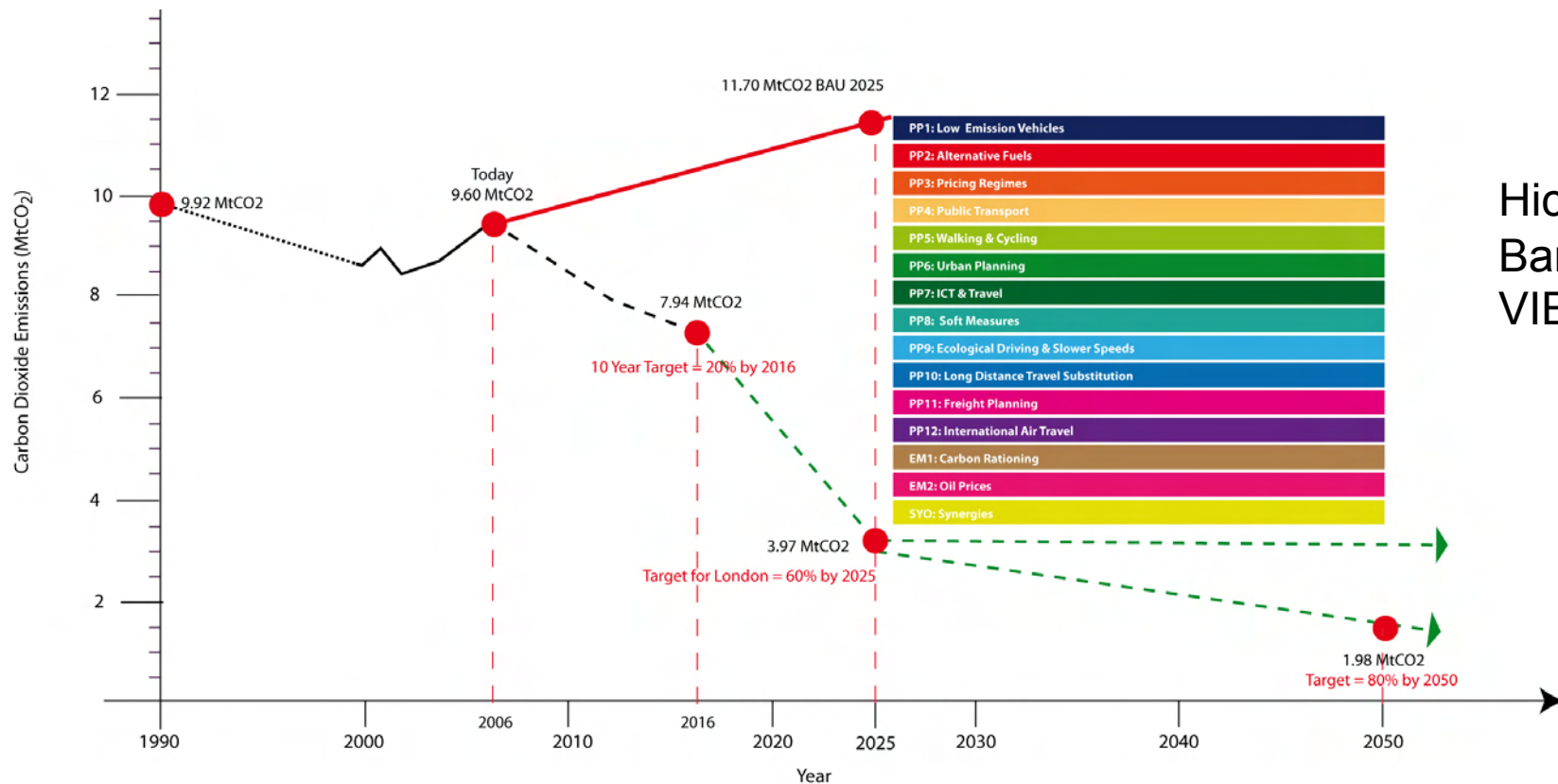
\*Joon Park **Spatial analysis of housing markets with land rent theory of political economy: the cases of London, Seoul and Los Angeles**, PhD thesis, UCL 2011

## A more polycentric london?

- “Lifetime neighbourhoods”
- Working at / near home
  - libraries
  - distributed offices (Regus/ Strelitz)
- Improve interconnection between suburbs
  - change investment priorities
    - buses, car-pools, cycling
  - change season ticket pricing

# Where next?

- Benefits of some utopian thought
- Connect with the present through “backcasting”



Hickman and  
Banister  
VIBAT / UCL

Things to read on the economy:

My 3 favourite futures books:

William Morris (1891)) *News from Nowhere: a dream of John Ball*

Marge Piercy (1983) *Woman on the Edge of Time*, Ballantine Books

Hugh Stretton (1976) *Capitalism, Socialism and the Environment*,  
Cambridge: CUP

Buck, N, I Gordon, P Hall, M Harloe, *et al* (2002) *Working Capital: life and labour in contemporary London* London, Routledge; and commentaries in *City* **10**(2): 197 and work of Ian Gordon (LSE web site downloads)

Doreen Massey (2007) *World City*, Cambridge: Polity Press and articles in *Soundings* and *City*

David Harvey (2010) *The enigma of capital and the crises of capitalism*, London: Profile

UCL/Just Space <http://ucljustspace.wordpress.com> (on London Plan)

UCL Urban Lab <http://www.ucl.ac.uk/urbanlab>

Michael Edwards blog and publications <http://michaeledwards.org.uk>