

The return of Dickensian London

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The last two decades have witnessed an enormous rise of inequality in London. The gap between rich and poor has reached unprecedented dimensions. While those with money live a life of fabulous luxury and efforts are made to attract more and more international multimillionaires and billionaires to the capital, hundreds of thousands of people live in indescribable poverty.

The social divide is more visible in areas that contain both rich and poor, as living in poverty in close vicinity to rich environs intensifies the difficulties faced by families because it drives up prices of goods and services including food, housing and childcare.

Middle class layers in the city are also being affected, as an increasing number of people are losing their jobs and privileges. The growth of insecurity about jobs is intensified by fears about the future of pensions, health services, education, transport, terrorist attacks and environmental problems. But it is London's inner areas that are suffering the most oppressive impact of the social degeneration.

London has the highest rate of child poverty of any region in the UK. Forty-four percent of children live in households where income, after housing costs, is half the national average, compared with 25 percent in the southeast and 34 percent in the UK as a whole.

More than one in four London children live in a household where no one works, compared with 18 percent in the whole of the UK. More than a third (38 percent) of children living in London are poor—some 700,000 children. In Outer London, the level of child poverty is close to the national average at 30 percent, but in Inner London, the child poverty rate is an astonishing 54 percent. [1] This compares with a national rate of 29 percent. [2] One in three children in Inner London lives in a lone-parent family, compared to 22 percent nationally.

Recent government and independent reports show disturbing trends in the living conditions of Londoners. According to a recent report by the Economic and Social Research Council (ESRC) comparing inequality between different countries, the UK is the least equal society in the European Union. Within the UK, London has the widest gulf between rich and poor. [3]

In the capital, which is responsible for generating a fifth of the UK's GDP, the social divide outlined in the report's findings is especially stark. Contrary to the widespread notion that prospects for citizens are brighter in the country's economic powerhouse, the capital actually has the lowest employment rate of any part of Britain. Unemployment in Inner London is almost twice the national average.

According to Employment Minister Margaret Hodge, "London is the only area where unemployment is higher now than in 1979." Official data shows that employment difficulties disproportionately affect ethnic minorities. The stated unemployment rate of white Londoners is 5.3 percent, while among non-whites it is 11.7 percent. The problem is most extreme in areas like Tower Hamlets, where 7.6 percent of whites are out of work compared with 23.6 percent of non-whites. In the East End as a whole, 80 percent of Bangladeshi women

are unemployed.

While it is increasingly difficult to find work in the city, the nature of the work available has also markedly changed in recent years, tending to be low-skilled with little prospect for opportunities to develop a career. According to a report by the Office of National Statistics detailing labour market trends, in the previous eight years the number of teleworkers has more than doubled, accounting for 8 percent of all workers and 10 percent of workers in London.

According to the Institute for Employment Research, trends show that between 2002 and 2012 there will be 21 percent more professionals but 48 percent more people working in customer services, whilst the middle ground continues to shrink. [4] This is in large measure the consequence of massive job losses in manufacturing. Virtually all the growth in full-time employment in London between 1992 and 2000 was accounted for by managerial and professional jobs. [5]

The cost of housing, rising by more than 250 percent in the last decade, is putting further economic strain on millions of working people living in the capital. The average cost of a house in London is now £250,000. Adam Sampson, the director of Shelter, said, "In a country increasingly obsessed by house prices, the growing inequality in housing is marginalising a whole section of society." Children born this century would be "more financially unequal than at any time since the Victorian era," he added. [6]

The Joseph Rowntree Foundation made a report in October outlining the inability of many people to find an affordable home. Three out of five young working households cannot afford to buy even at the lowest quartile of house prices. [7] Under conditions where the average cost of a house in the capital at the end of 2003 was 53 percent higher than the national average, it is perhaps unsurprising that 116,000 people left the city last year in the largest outflow of people within the country. [8]

According to another government report on living standards, the number of people living in temporary accommodation has more than doubled since the mid-1990s when Labour came to office, from 41,250 at the end of March 1997 to 95,000 at the end of December 2003. Five and a half times more households were in temporary accommodation in 2003 than 1986. [9]

Thirty-six percent of pensioners in Inner London live in poverty, compared to 25 percent nationally and 21 percent in Outer London. But perhaps the most disturbing picture of all is the effect that such inequalities have on the children living in the capital, especially those from ethnic minorities. The number of children in homeless temporary accommodation in London has more than doubled in the last decade. A recent report prepared by the Mayor of London noted that more than one in four children in the capital live in a household where no one works. One in five couple households with children in London, and more than half of lone-parent households, cannot afford to put

aside £10 a month in savings.

Although child poverty is most acute in the capital, it is part of a much wider problem affecting the nation as a whole. Poor children born today have less chance of escaping poverty as they grow older. According to a study of social mobility by the London School of Economics, poor children born in the 1970s were 30 percent less likely to improve their position in society than those born in the 1950s.

Sir Peter Lampl, chairman of the Sutton Trust, said: “These findings are truly shocking. The results show that social mobility in Britain is much lower than in other advanced countries and is declining—those from less privileged backgrounds are more likely to continue facing disadvantage into adulthood, and the affluent continue to benefit disproportionately from educational opportunities.” [10]

Other ominous indicators of a yawning social divide are the rise in the prison population (mostly due to more draconian sentencing rather than to an increase in crime) and growing health gaps. Drawing on 2001 census findings, the *British Medical Journal* found that while health in general had worsened nationally, the widest health gaps between social classes were in Scotland and London. [12] Women generally had poorer health than men, and London has the highest rates of formal admissions to both NHS and private hospitals under the Mental Health Act 1983 when compared with all other English regions. [13]

Another government report on social participation in the city showed Londoners to have the lowest levels of friendship and relatives networks in the UK. According to the survey, fewer than 40 percent had relatives and 60 percent had friendships. Those described as having a satisfactory friendship or relatives network were those people who saw or spoke to friends or relatives at least once a week and had at least one close friend or relative who lived nearby. [14]

According to the Institute for Employment Research, jobs at the top and bottom will keep on growing as social polarisation worsens: there will be 21 percent more professionals by 2012 than there were in 2002 and 48 percent more people working in customer services. The middle ground will carry on shrinking: there will be 24 percent fewer secretaries and 31 percent fewer skilled metalworkers.

Taken collectively, the evidence accumulated by the broad range of reports from expert institutions shows the social life of London to be in a serious state of decay. From worsening employment opportunities, to health gaps, to child poverty, the legacy of Labour’s right-wing policies is laid bare for all to see.

The Labour government has created a kind of protectorate for the super-rich through a combination of property and stock market speculation and the impoverishment of the working class.

In contrast with the emerging dim picture of the inner districts, London counts as one of the cities with the most multimillionaires. A March 7 article in the *New Statesman* pointed out, “London is said to have 40 billionaires, 13 of whom are foreign.” Indian-born Lakshmi Mittal, named by *Forbes* magazine as one of the richest people in the world, worth an estimated £14.8 billion, was recently reported as having bought a 12-bedroom mansion in London’s Kensington district from Formula One car racing boss Bernie Ecclestone, for the price of \$128 million.

London is also a magnet for those with new money: Norwegians with their shipping lines, Japanese with their gadgets and Saudis with their oil. Since the collapse of the Soviet Union, an increasing number of Russian new billionaires are settling in the richest parts of the city.

Income Data Services released its yearly survey of the salaries of the

executives in London, showing that total pay, including bonuses and perks, for directors of Britain’s 350 largest public companies rose by an average of 18.1 percent in the year. Nearly half of all senior executives made more than £1 million, with eight directors on packages of £5 million-plus. In the same period, the wages of their employees rose by about 3 percent.

The immense gap between the rich and the poor is behind the ongoing attacks on democratic rights by the Labour government and the massive armed police presence in the capital. It is impossible to maintain such an increasing level of inequality with the previous methods of parliamentary democracy. More-repressive measures will be necessary to control rising discontent.

Notes:

- [1] <http://business.guardian.co.uk/story/0c,,ccccc1602302,00.html>
- [2] <http://www.egovmonitor.com/node/2987>
- [3] <http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/facts/index51.aspx>
- [4] <http://www.ippr.org.uk/articles/archive.asp?id=1723&fID=55>
- [5] <http://www.ecpc.org.uk/keyfacts.asp> (From “End Child Poverty Once and For All” by the Association of London Government. See downloadable pdf from their web site.)
- [6] http://lgnnet.co.uk:8080/LGN_Portal/Members/asharvey/LGN20021011093028/LGN_20041012121628/LGN_20050803121742
- [7] From “Affordability and the intermediate housing market” in Joseph Rowntree Foundation report, Oct. 2005.
- [8] <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2005/09/30/ncost30.xml>
- [9] From “Living Standards” Focus on Social Inequalities report.
- [10] http://www.lse.ac.uk/collections/pressAndInformationOffice/newsAndEvents/archives/2005/LSE_SuttonTrust_report.htm
- [11] <http://www.howardleague.org/studycentre/fact2.htm>
- [12] <http://bmj.bmjournals.com/cgi/content/full/328/7447/0-b>
- [13] From London key facts 2002/03 Association of London Government.
- [14] From “Participation” Focus on Social Inequalities report.



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