

## Reflecting on the 'Miracle' of Canary Wharf and Appreciating the Immensity of Disparities and Economic Inequality in the UK

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On a recent visit to London, I visited Canary Wharf. As many argue, if levelling up is to work across Britain, what's been achieved there in the last 40 years, many believe, provides an exemplar of what's possible with willpower and, of course, sufficient investment.

Canary Wharf, formerly the West India Docks on the Isle of Dogs, was built on the peninsula in the Thames, constructed in the late 18<sup>th</sup> century, and opened in 1802. Currently it's home to over 150 major global finance and insurance, and increasingly, tech companies as well more than three hundred smaller companies including retailers, leisure operators, cafés, bars, restaurants, fitness facilities (Canary Wharf Group, 2022).

What's been achieved in the development of Canary Wharf ensures daily employment for 120,000 people (Canary Wharf Group, *ibid*). This is important as following the implementation of 'containerisation' in the 1960s, like many other traditional industries, meant the end needing dockers to manually load and unload the many ships which sailed up the Thames from all parts of the globe (Karan, 2021).

Given its geography, that the Isle of Dogs prospered during the massive expansion in global trade created by the Industrial Revolution came as no surprise. Communities thrived in the milieu of streets consisting of rapidly built housing to accommodate the workers needed for shipping and ancillary activities.

Any visit to Canary Wharf should ideally include a visit to the free-to-enter Museum of London Docklands. This provides a fascinating exhibition of the development the docks and the way they provided employment through the network of businesses which sprung up serve the docks (<https://www.museumoflondon.org.uk/museum-london-docklands/permanent-galleries/city-and-river>).

What's explicitly clear from the exhibition at this museum is that containerisation of the 60s, resulting in behemoth ships built to carry them which docked further down the river at Tilbury, proved devastating to Isle of Dogs community. Noted for their reputation of hard work and resoluteness, this community, which only a couple of decades previously had borne the wrath of Hitler's Luftwaffe during Second World War bombing of London, experienced rapidly increasing unemployment with corresponding impact on families.

Unsurprisingly, deprivation and poor-quality housing meant many left the area in search of new employment. Many television programmes and films of the 1960s featured the Isle of Dogs to demonstrate poverty in London only a couple of miles from the Houses of Parliament.

The Isle of Dogs, still baring wounds inflicted by aerial bombing looked like it'd been forgotten. The 1980 film *The Long Good Friday*, starring Bob Hoskins, is worthy of note in featuring the redundant docks and warehouses, and which provided a suitably grim backdrop to the gangster story (BFI, 2022).

Scriptwriter Barrie Keeffe, in basing the plot for the film on gangland boss Harold Shand's attempts to secure a partnership and funding from an American mafia boss in order to develop the area presciently predicted what actually happened (<http://londonsdocks.com/west-india-millwall-docks>).

Following final closure of the docks in 1980, the government of the time under Prime Minister Margaret Thatcher, believed that the area presented an opportunity for the sort of redevelopment that's become the exemplar for zonal improvement.

In order to facilitate this, the London Docklands Development Corporation (LDDC) was formed in 1981 and the Isle of Dogs was granted Urban Enterprise Zone status in 1982. This was essential in providing the infrastructure works that have proved so irresistible to the developers who've invested many billions in the buildings which already exist, including One Canada Square which, when built in 1991, was the tallest in the UK (it's now third).

Though One Canada Place achieved publicity as being the first of Britain's 'skyscrapers', it also achieved an unfortunate footnote in that its developer and owners, Olympia & York, went into administration in the 1992 property 'crash'. A return to better times in the late 1990s meant that the continued boom in the service sector, finance and banking created an extremely buoyant market for office space provided by Canary Wharf developers.

As a consequence, the transformation achieved in the Isle of Dogs, from derelict docks and poor-quality housing, over the last four decades, has been impressive. Critically, of course, proximity to the City of London was crucial in attracting major banks and finance companies willing to rent office space.

Equally crucial was public investment, totalling hundreds of millions of pounds, in infrastructure works. Such investment has been hugely beneficial to creation of an attractive environment conducive to private investment. Arguably even more important has been the building of roads and rail links to allow workers and visitors to get to and from Canary Wharf each day.

The Docklands Light Railway (DLR), opened in 1987, as well as connection to the London Jubilee Line in 1999 have shown the value of public investment in transport links. The new 73-mile Elizabeth Line (Crossrail), which has cost £19 billion, though four years late, will create another important connection to Canary Wharf from the east and west of the capital and beyond (Low, 2022).

Economically, as hoped when redeveloping the Isle of Dogs was first mooted in the early 1970s, Canary Wharf is a significant contributor to prosperity:

"The economic impact [of companies located in Canary Wharf] is unlike anything else in London. Gross Value Added (GVA) for tenants at Canary Wharf is £40.4 billion, £19.7 billion of which is directly attributed to Canary Wharf Ltd. The area has also generated over £1.6 billion in contracts with east London SMEs since 1997, which is 16 times the rate of other economic centres like London Heathrow and King's Cross." (Proper Local, 2019)

It's no wonder that Canary Wharf is regarded as so inspirational in what can be achieved through redevelopment and targeted investment.

What's not to like?

Well, as it happens, especially if you were part of the community which lived in the Isle of Dogs prior to the transformation that's taken place in creating the shiny new buildings and infrastructure that's become Canary Wharf, quite a lot.

As an article in the *East London Advertiser* explains, rising unemployment among dockworkers, leading to four times as many in ancillary and service industries, was a catalyst to residents forming a Joint Docklands Action group in 1973 to collaborate with the Docklands Forum of east London boroughs in order to protect working-class communities (Brooke, 2017).

However, when the London Docklands Development Corporation was created in 1981 with its unlimited powers to engage in decision-making and procurement of investment, residents lost control over what happened. Many believed that their interests were very much subservient to what were perceived to be government acquiescence to property developers and investors.

Rachel Oakes, who was coordinator of a touring exhibition of the history of the Isle of Dogs community, quoted in Brookes' piece, stresses that local accountability and concerns were largely ignored (*ibid*):

"Social housing was replaced by luxury apartments. Families felt neglected or ignored. The new jobs, it seemed, would not be jobs for them. The shiny new skyscrapers were not for them, and expensive new housing was out of their reach."

Citizens of the local community perceived they were not intended to be the primary beneficiaries of developing Canary Wharf. Indeed, as experienced in many other parts of London, new developments had a profoundly negative impact on local communities who were subject to 'social cleansing' as a consequence of 'accumulative dispossession' (Lees and White, 2020).

As Wainwright describes in his critique of the way in which development occurs across the country, but especially in 'superheated London', local communities, particularly those in social housing provided by local authorities, are forced out to make way for property which constructed explicitly to be sold to investors (2014):

"Places are becoming ever meaner and more divided, as public assets are relentlessly sold off, entire council estates flattened to make room for silos of luxury safe-deposit boxes in the sky. We are replacing homes with investment units, to be sold overseas and never inhabited, substituting community for vacancy. The more we build, the more our cities are emptied, producing dead swathes of zombie town where the lights might never even be switched on."

Many in London's Docklands cite what's referred to as the 'Wimbledon effect' in which, though financial and banking services, as well as IT companies, like the annual Tennis competition, may be located in this country, a large proportion of employees come from outside the country (Geolytix, 2021).

Any so-called 'trickling down' of wealth is purely incidental. Those in the local community, not possessing the requisite skills or access to education essential to secure high paid jobs, are considered lucky to find employment in less well-remunerated jobs in secondary/support businesses which frequently have little long-term security.

This, of course, is the prospect of many millions outside the capital city which is traditionally viewed as affluent.

*Guardian* economics editor, Larry Elliott, examines a recent report produced by researchers from Sheffield Hallam University's Centre for Regional Economic and Social Research (2022). In 'The real level of unemployment 2022: the myth of full employment across Britain' (Beatty, Fothergill, Gore and Leather, 2022), using analysis of data, the researchers demonstrate that the notion that an historically low current unemployment rate masks what's known as 'hidden unemployment'.

Hidden unemployment consists of those in receipt of incapacity benefits who'd be working if there was genuine full employment. It's estimated those in this position account for an additional one million on top of the official total of 1.34 million unemployed. Significantly, as Elliot explains, hidden unemployment is overwhelmingly highest "in areas affected by the deindustrialisation of the 1980s

and 1990s” such as Wales, which is highest, followed by Scotland, and the north-west and north-east of England (*ibid*, 2022).

Areas in which there’s a high level of hidden unemployment, tend to be characterised by a harmful ‘cocktail’ of attendant social problems which includes debt, poverty, homelessness, poor health, crime and lower than national levels of educational achievement and career aspiration and advancement.

Levelling up, the “mission to challenge, and change, [...] unfairness [and which] means giving everyone the opportunity to flourish” (HM Government, 2022), is explicitly promised to address typical long-term inequality and hopelessness in areas of high hidden unemployment identified by the Sheffield Hallam researchers in their report.

The challenge, of course, is how possible is this?

Even before the current economic problems caused by supply-side issues following the pandemic and the war in Ukraine which has resulted in an extremely worrying rapid rise in inflation, there were many questioning whether there was ever likely to be enough money available to achieve such a worthy ambition (Jessel, 2022).

Though Tanner (2022) draws attention to the fact that because parish and town councils will receive a “much greater share of the gains from local development”, such empowerment is likely to be the key to levelling up, there remains considerable scepticism as to the value of levelling up as proposed by Secretary of State for Housing, Communities and Local Government of the United Kingdom Michael Gove in early February.

As Enenkel in her blog for the Centre for Cities argues, the real cost of levelling up is likely to be comparable to public investment dedicated by the German government on reunification between the east and west following the fall of the Berlin Wall (2022). Between 1990 and 2014 approximately €2 trillion (£1.74bn) was spent, equivalent to some £70 billion, which, importantly, has allowed the former East Germany to now enjoy a GDP per capita which exceeds many parts of Northern England and Wales as well as “great progress” being made in terms of employment and wage growth (*ibid*).

The £4.8bn Levelling Up Fund and £3.2bn Towns Fund, announced by Gove as part of the levelling-up strategy, is a long way off the sort of money spent by Germany. Indeed, the government was criticised by a number of organisations, including the National Audit Office in a report which contends any money spent will be wasted as projects are far too small to have the sort of significant required (Merrick, 2022).

Clearly, areas most desperately in need of levelling-up do have the advantage of being in the right place or at the right time as was the case of the Isle of Dogs in the 1980s. Whilst Margaret Thatcher vigorously pursued policies which undermined employment in manufacturing in the north of England, she simultaneously, and energetically supported ‘big bang’ (deregulation) as part of the City of London’s financial expansion.

Elliott asserts that current economic circumstances mean that levelling up will become even harder. Moreover, he adds, areas in which there are already structural employment problems, are likely to be “hit hardest” (*ibid*).

Rather, Elliott believes, for levelling up to have any chance of success, there’s a need for a sufficiently funded combination of macro (regional aid, public investment, state aid, procurement)

and micro (tailored support to re-engage those on incapacity benefits with the world of work) interventions.

As many stressed with regards to public funding when the levelling up strategy was published, and continues to be the case, this seems highly unlikely.

Unfortunately, as far as the citizens of the areas of greatest need of the investment and regeneration are concerned, the consequence of lack of funding will be that long-term disparities and economic inequality will persist.

It goes without saying this means the prospects of millions in communities promised they'd be 'levelled up' will instead probably fall even further behind many of those living (and working) in areas of London such as Canary Wharf.

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