

London and the World

SEPTEMBER 30 2014



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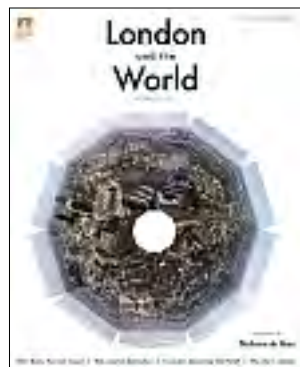
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Columns

04

JOHN McDERMOTT

Maybe it's because they are Londoners – but what sets the capital's citizens apart?

54

GARY SILVERMAN

Why London and New York are divided by a common luncheon

57

SHAPPI KHORSANDI

The comedian asks what really makes the city laugh

58

JANAN GANESH

There is an open-and-shut case for London as the unofficial capital of globalisation

Online

MORE ON FT.COM

For videos and further London and the World content go to www.ft.com/london-world

Features

06

POLITICS

Boris Johnson will step down as mayor in 2016. Who are the runners and riders to replace him?

12

INVERSION

London is turning inside-out, with new life breathed into the centre while the suburbs come under greater pressure

16

EDUCATION

A mix of innovative policy initiatives has produced a dramatic improvement at once-maligned state secondary schools

18

MIGRATION

Where new Londoners are settling – and what some recent arrivals make of their adopted home

22

THAMES CROSSINGS

The centre and west of the city have many river crossings while the east has hardly any. But pressure for change is building

26

AIRPORTS

Have decades of delay over new capacity undermined the capital's position as the world's leading hub?

28

PHOTO ESSAY COMPETITION

The FT asked photojournalism students to focus on the magazine's theme of London and the World

32

DEVOLUTION

The capital is stepping up its fight for more political and financial autonomy. Plus: the view from the north

38

PROPERTY

A flood of foreign capital into London has contributed to a property boom. But what points might prick the bubble?

42

FUTURE OF THE CITY

The past 30 years transformed the City. What will the next 30 bring? Plus Lord Glasman on its remarkable history

46

RETAIL

The shopping scene has grown increasingly polarised between discount chains and designer brand 'experiences'

50

FILM

From murder and horror to financial intrigue, London's dark side has been a recurring theme on the big screen



John McDermott

The capital's citizens often see themselves as Londoners first – but what does that mean?

We love our city and belong to it. Neither of us are English; we're Londoners, you see," wrote Hanif Kureishi in his screenplay for *Sammy and Rosie Get Laid*. The film touches on a theme that has become even more powerful since its 1987 release – the idea that to be a Londoner is to transcend nationhood and, in particular, Englishness. Economically and financially, London has diverged from the rest of the country. Culturally and politically, there are signs that its 7.8m inhabitants are doing the same.

As the old tale goes, to be a true Londoner (a "cockney") one has to be born within earshot of the church bells of St Mary Le Bow in Cheapside. This criterion matches the conception of a Londoner through the popular media in the 20th century – white, working-class and from the east of the city. This is the London of *EastEnders*, the BBC soap opera, and of songs such as "Maybe it's because I'm a Londoner".

Consider, though, whether that piece of popular wisdom is actually rather inclusive. Before cars, the chiming could be heard for miles around. The bells ask nothing of one's parentage or ethnicity. They do not call on people to hold any specific points of view. One presumably does not even have to enter the church itself to be a Londoner.

"In other cities, many years must pass before a foreigner is accepted; in London it takes many months," writes Peter Ackroyd in his magnificent *London: A Biography*. The capital has been a city of immigrants for centuries, from Romans to Russians. William Wordsworth wrote about how it has "every character of form and face". Today, less than half of London's population is what demographers call White British. Few cities in history have consistently changed with so little violence and turmoil.

This does not mean that London is a multicultural cosmopolitan utopia. Inequality and segregation exist as well as community. But the flows of people over the centuries, which have accelerated in the 21st, indicate that

for many around the world London is the future. Not just their future but in a very real sense, that of humanity, an ever more bustling urban creed. Ackroyd quotes from *Windrush*, a history of the Caribbean migrations to London after the second world war. Its authors, Mike and Trevor Phillips, argue that people were not migrating to England but to London, since it was the best way "to engage with the broad currents of modernity". So it remains.

Today, to be a Londoner is to be part of this mix of modernity, migrants and money. It is to be at the vanguard of globalisation with all the opportunity and risk that entails. Its people are on average more liberal than elsewhere in the country. While it triumphed in other parts of England, the UK Independence party polled poorly in the capital.

A majority of Londoners believe immigration is a good thing compared with only 25 per cent elsewhere in Britain, according to the British Social Attitudes Survey. They are more likely to believe that the EU is a positive institution. Londoners are also more tolerant of mixed ethnicity and same-sex relationships.

It is easy to fall in to the trap of thinking that this relative tolerance is an abstract quality

that the city passes on to its citizenry. It might be. But it is more likely that the people who go to London (or are brought up there) are more liberal. They self-select.

In *The Big Sort*, Bill Bishop and Robert Cushing argue that in the US, like-minded people are increasingly clustering together. Something of the same might be happening this side of the Atlantic, suggests Neil O'Brien, the former head of the Policy Exchange think-tank and an adviser to George Osborne, the chancellor. Britons with degrees, for example, are increasingly concentrated in London.

For people in London, identifying as English is choosing the rind of postcolonial Britain rather than the zest

In an essay for *The Spectator* magazine, O'Brien argued for the existence of "Planet London" orbiting the rest of the UK.

This is a slight exaggeration. Londoners, like people everywhere, have multiple identities. Urban and national identities can sit side-by-side. But it is revealing that when it comes to these national identities, Londoners, especially ethnic minorities tend to see themselves as British rather than English, according to the BSA. They associate Britishness with openness and Englishness with intolerance: to them, identifying as English is choosing the rind of postcolonial Britain rather than the zest.

Questions of identity loom large over British politics. There was the Scottish referendum on independence. A Conservative victory in next year's general election would kickstart the possible exit of the UK from the EU. The UK Independence party is aiming to win parliamentary seats for the first time. If England turns inwards, Londoners, who face outwards, will feel ever more unusual. **L**



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After Boris

Mayor Johnson has announced that
he intends to return to Parliament.
Who are the likely runners and riders
in the race to succeed him in 2016?
By GEORGE PARKER

On his way:
Boris Johnson will
not stand for a
third term as mayor



Only two people have held the post of elected London mayor since it was created in 2000, each with egos to match a capital city bulking up on globalisation and rapidly expanding towards a population of 10m.

Between 2000 and 2008, the post was held by Labour's Ken Livingstone, the self-styled voice of London's underdogs, charging bankers a congestion charge to drive their Range Rovers into the City in order to fund updates to the Tube and buses.

Then came Tory Boris Johnson, winning over a traditionally Labour city with his eccentric style and embrace of London as a cosmopolitan, skyscraping,

around the starting line, with the early frontrunner seen as Dame Tessa Jowell, the popular former Olympics minister who helped deliver the project in 2012. As with most of the other possible Labour candidates, Jowell says she is focused solely on helping her party win the 2015 general election. She says she has a "big decision to make" but that she is "devoted to London" and believes the city's mayor will have an important role to play in giving the capital the infrastructure it needs to keep pace with its growing population.

Jowell points out that housing has become so expensive that half of London's police officers live outside the capital; she believes 200,000 homes could be built on brownfield sites. "Boris will be remembered



money-making machine; he also became the public face of a joyous Olympic Games. But Johnson says he will not seek a third term as London mayor in 2016 and is plotting a return to national politics (see overleaf). The capital will soon be looking for a new leader to guide what is arguably the ultimate global city into a new era from 2016.

The post of London mayor has relatively limited formal powers, but both Livingstone and Johnson have shown that a big character can turn it into a big job.

The main focus is on who Labour will field as its candidate, with a widespread expectation that the capital will return to type and swing to the left after its dalliance with the Old Etonian Johnson. Local elections in London in May saw Labour win 1,052 council seats, compared with 612 for the Tories and 118 for the Liberal Democrats. The mayoralty is Labour's to lose.

The party's potential candidates are already milling

for capturing the zeitgeist of the Olympic period, but he won't be remembered as someone who delivered the essential infrastructure that safeguards London as the world's leading capital city," she says.

Whoever emerges as Labour's candidate, a common prospectus is already emerging based on the need to promote new housing, new rail systems and greater investment in buses across the sprawling metropolis.

While Jowell was regarded as a touchy-feely minister who built consensus across party lines, other Labour candidates are more at the abrasive Livingstone end of the scale.

Diane Abbott was the first black woman to be elected to the House of Commons in 1987 and is seen as a strong potential rival, with a strident left-wing appeal to the Labour activists and registered supporters who will choose Labour's candidate in a "closed primary". Independent-minded and outside the

1.
Ken Livingstone

2.
Diane Abbott

3.
Andrew Adonis

4.
Tessa Jowell

5.
Margaret Hodge

Whoever eventually contests the 2016 City Hall election, Londoners will

Labour mainstream (like Livingstone), Abbott said last year: “Londoners don’t want a party hack. Big cities never want a party hack – they want someone who is independent and who will stand up for them.”

The other leading candidate of Labour’s soft left is Sadiq Khan, MP for Tooting, who ran the campaign of Ed Miliband for Labour leader and is now the party’s spokesman on the capital. His London brief gives Khan the luxury of being able to promote his ideas while simultaneously criticising other potential mayoral candidates for taking part in a “beauty parade” when they should be focusing on the 2015 general election.

Khan has defended Labour’s plans for a “mansion tax” on properties worth more than £2m, although

gold medallist and former Tory MP, who worked with Jowell in delivering the 2012 London Games.

The Tories are also scouring the world of business and celebrity. Nick Ferrari, the populist presenter of the morning show on LBC radio, is talked about as a possible contender, as is businesswoman and television star Karren Brady. Brady, vice-chairwoman of West Ham United football club and star of *The Apprentice* television show, has supported the Tories since she was 18 and was picked to introduce chancellor George Osborne at last year’s Tory conference.

If the Tories hold out little hope of retaining the mayoralty in 2016, the Liberal Democrats’ position is far worse. The third party suffered heavy defeats in the



6.



7.



8.



9.



10.

the capital’s inflated property market means that even apartments in some parts of the city can cost that much.

Margaret Hodge, the tough chairwoman of the House of Commons public accounts committee, is also thought to be weighing a mayoral bid, as are Andrew Adonis, the peer and former transport minister. David Lammy, MP for Tottenham, said earlier this month that he intended to stand.

While Labour has a surfeit of potential candidates, the widely held view in Tory circles is that retaining the mayoralty in a Labour-inclined city after Johnson leaves will be a huge – perhaps hopeless – task.

David Cameron, the prime minister, has sounded out various possible runners, in the hope that he can find “another Boris” – a candidate with a personality so big that he or she can transcend party boundaries. Approaches were made, so far without success, by Cameron and Johnson to Sebastian Coe, the Olympic

capital in May, including losing a flagship council in Kingston.

Meanwhile, the cosmopolitan, outward-looking voters of London seem to be unimpressed by the insurgent UK Independence Party, which advanced across Britain in the May elections but made little headway in the capital. In an embarrassing admission, Ukip deputy chairman Suzanne Evans admitted her party was relatively weak in the capital because Londoners were “cultural, educated and young”.

Whoever eventually contests the 2016 City Hall election, Londoners will expect their new mayor to deliver on new housing, trains, buses and lower crime, where necessary taking the fight to central government.

In a city of global swagger and occasional self-doubt, with extreme wealth adjacent to crushing poverty, the job of London mayor will never be easy, but it seems there will be no shortage of people willing to try. ①

- 6.
Sadiq Khan
- 7.
David Lammy
- 8.
Karren Brady
- 9.
Sebastian Coe
- 10.
Nick Ferrari

PHOTO: GETTY; REUTERS; CHARLIE BIBBY; AFP/GETTY

expect their new mayor to deliver on housing, trains, buses and lower crime

Blond ambition: first stop Uxbridge on the return to Westminster



Alexander Boris de Pfeffel Johnson's second term as London mayor does not expire until 2016, but already he is plotting his re-entry to national politics and perhaps his route to 10 Downing Street.

Johnson finally confirmed last month he would seek to return to Westminster as an MP at the 2015 general election, resuming a parliamentary career interrupted in 2008 when he became mayor.

David Cameron, the prime minister, welcomed Johnson's planned return, declaring: "I've always wanted my star players on the pitch." But Cameron knows his greatest rival for the Tory leadership will soon be sitting feet from him in the House of Commons.

The ebullient London mayor is ranked alongside Theresa May, the no-frills home secretary, as favourite to succeed Cameron as Tory leader and – Johnson hopes – prime minister. The contrast could not be greater.

Nobody doubts Johnson's ambition, in spite of his typically disarming suggestion that he might only have "a crack" at being prime minister "if the ball came loose from the back of the scrum". His two terms at City Hall have transformed him from an unfocused and ineffective Tory MP into a vote-winning phenomenon, capable of delivering victory over Labour.

Johnson said in 2012 he had delivered 90 per cent of his promises in his first term, with a record that included falling crime, Tube investment rising and the introduction of so-called "Boris bikes". Labour retorts

Aiming for the top:
Boris Johnson's popularity with
the public has made him a
favourite among Tory activists

his record in helping London's poorest, including his failure to deliver the homes the capital needs for its swelling population, is far from impressive.

But Johnson's appeal as a potential leader lies less in his record of delivery in London than the elan with which he has captured the mood of the city – including embodying the optimism around the 2012 Olympics.

Some Londoners may feel Johnson is letting them down by seeking a dual mandate for a year from 2015 to 2016, when he hopes to serve both as an MP and as mayor. Just 37 per cent of voters in a YouGov poll thought it was "reasonable". In fact, Johnson already juggles several apparently demanding roles: apart from his day job as London mayor he is a Daily Telegraph columnist and is writing a book on Sir Winston Churchill.

Finding a safe Tory seat to fight will not be a problem. Johnson is adored by Conservative activists and a number of ageing MPs in the London area have hinted they could stand aside next year to give him a clear run back to parliament. Last month, the mayor announced he would apply to become the candidate for the safe seat of Uxbridge and South Ruislip.

If Cameron loses the next election, he would be expected to stand down. Johnson would be likely to stand in the subsequent leadership contest, but one friend admits: "He wouldn't be very good as an opposition leader. It's five years of hard toil."

If Cameron wins in 2015, there would be a different kind of risk for Johnson. Cameron might hand him a tough ministerial brief as soon as his mayoral term ended – a poisoned chalice that Johnson might feel duty-bound to accept.

While Cameron and Johnson say their public rivalry belies a cordial private relationship, the mayor knows the prime minister would rather the Tory succession passed to chancellor George Osborne. That is why some Johnson allies suggested Johnson should stay clear of potential bear traps at Westminster, perhaps spending a year or two writing and making money after his mayoral term and then return to the Commons.

But Johnson recognised the problem with that scenario: the longer he stays away from Westminster, the more time his rivals have to prepare their leadership campaigns. He was not prepared to take that risk.

George Parker

Two terms at City Hall have transformed Boris Johnson from an unfocused and ineffective Tory MP into a vote-winning phenomenon

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A city turning inside out

As global companies locate amid the buzz of inner London, well-paid staff have moved closer to work. But the exodus of the less well-paid to the suburbs has serious economic, political and social implications. By JOHN McDERMOTT





The Parisian arriving in London by train alights at a resplendent station. St Pancras, and the adjacent King's Cross, make Gare du Nord look like a provincial hub. The surrounding area, once a ramshackle collection of properties, is gleaming with new hotels, offices and prime accommodation. It is a clear sign of how London's economic geography has changed in the 21st century. The inner city has developed rapidly. Poverty is moving to the outskirts of the capital. As its core grows faster than its periphery, London is becoming more like Paris.

The UK capital is administratively divided into boroughs: 19 outer and 13 inner, plus the idiosyncratic City of London. Five million people live in the outer boroughs, from Hillingdon in the west to Havering, Bexley and Bromley in the east and south. These areas encircle 3m Londoners in boroughs such as Hackney and Kensington and Chelsea. Although the poverty rate in inner London remains higher than that in the outer boroughs, the gap between the two is narrowing.

In the years 1999-2002, for example, child poverty in inner London was about 53 per cent.

By 2009-2012, however, it had fallen to 42 per cent, according to figures from London's Poverty Profile, 2013. Over the same period the rate in outer London rose slightly. Poverty among working-age people increased faster in outer London over the period, while the number of pensioners in poverty dropped much faster in London's core than its periphery.

The highest level of unemployment in London used to be found in the borough of Tower Hamlets, the area between the City and Canary Wharf, according to the New Policy Institute, a research organisation. Today, it is in the outer eastern areas of Barking and Dagenham and Newham. A similar pattern can be seen on the

western side of the capital: Hillingdon has a higher unemployment rate than Wandsworth, for example. The six boroughs that had the biggest increase in unemployment since the recession were all in outer London, the NPI says.

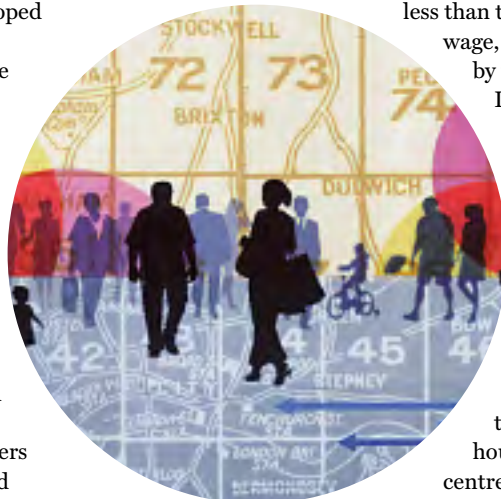
Where there is work, in the outer boroughs it is more likely to be low-paid. Approximately one-fifth of jobs in the outer boroughs are low-paid (defined as less than the £8.50 an hour London living wage, a needs-based amount calculated by the Greater London Authority).

In inner London about one in 10 jobs are low-paid – jobs that increasingly are done by people who live further out; one-third of low-paid jobs in inner London are done by outer Londoners.

London has been undergoing its own version of what scholars of US cities have termed "the Great Inversion": the return of people, swish housing and high-paid jobs to city centres, that were once thought of as places defined by high levels of deprivation and blight.

By 1981, London's population had reached its 20th-century nadir. A city of nearly 9m people on the eve of the second world war had shrunk to less than 7m. The dwindling of the capital happened at the same time as the growth of suburbia. Suburban expansion was in turn both a cause and consequence of economic development on the outskirts of London. Large employers established themselves in cheaper satellite towns where their workforce wanted to live.

Or so the theory went. Starting in the early 1980s, London became perhaps the prime example of what Ed Glaeser, an economist at Harvard University, calls the "central paradox of the modern metropolis": just as technology makes it easier for companies and workers to set up anywhere, they are becoming concentrated in large conurbations. The expansion of London's financial and creative sectors, encouraged by globalisation, is emblematic of



In inner London there may soon be only two types of people left: those wealthy or



this trend. By the turn of the 21st century, London's population had increased to about 7m, with growth spread evenly across outer and inner London.

Over the past decade, this balanced growth has been replaced by an asymmetric pattern. The total number of jobs in outer London is essentially no higher today than it was in 2000; over the same period the number of jobs in the 13 central boroughs has grown 15 per cent. The new generation of large global companies is rejecting the suburban office park for the buzz of the inner city – Google and Facebook are among companies moving to new buildings in or near King's Cross.

Inner London's economy has a gravitational pull on people. Its population grew at a faster rate than outer London's between 2001 and 2011.

Immigration from around the world is part of this story, but so too is the influx of younger people of childbearing age, attracted to the lifestyles of gentrified inner areas such as Hackney and Lambeth and their improving schools (see overleaf). There has been a new, diverse baby boom in the capital. And unusually, the past 10 years have seen more people arrive in inner London from the

rest of England and Wales than leave. The opposite is happening in outer London.

These employment and population shifts have pushed up house prices and rents in inner London, making it too expensive for many people on average incomes or below.

According to a report by Shelter, a housing charity, "the majority of London boroughs have median rents that cost more than 50 per cent of median local full-time earnings". In inner London, where the private rental sector accounts for about one-third of housing, this means there may soon be only two types of people left: those wealthy or willing enough to meet its rapidly rising costs (for example, by squeezing into less space) and those who are in some form of social housing.

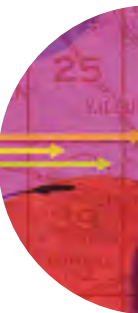
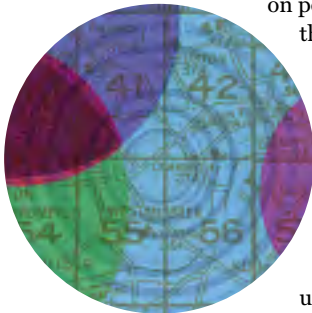
Inner Londoners in the social housing sector are being disproportionately affected by the UK coalition government's changes to social security benefits, a central part of its broader cuts to public spending. About one-quarter of Londoners receive housing benefit, a rent subsidy given to low- or no-income households. Given the high cost of London housing, the changes have led some Londoners to move house, often to outer boroughs. Structural factors are the main cause of London poverty's migration, but public policy has a role too.

There are three potential implications of London's internal shift. The first is economic. Inner London's growth was in part fostered by the ability of creative people from various fields to cluster together and share ideas. The "agglomeration" effect is what economists typically use to explain city growth. If inner London is too expensive, though, these workers will go elsewhere. Its service industry depends on workers who commute from poorer parts of the capital. If poverty is dispersed, these people will find it harder to get to work.

The second is political. Boris Johnson, the current mayor and possible future Conservative leadership candidate, won election and re-election thanks in part to his "doughnut strategy": winning the support of suburban London while his labour rival won a majority in the inner core. Yet as outer London becomes relatively poorer and inner London becomes richer, this presents a challenge to political strategists of all parties ahead of the mayoral election in 2016.

The third implication from London's changing geography is less tangible. It concerns the character of the city. Far more than in, say, New York or Paris, poor and rich Londoners have lived cheek by jowl.

Mixed communities have been a reality in most inner London boroughs for decades; social housing is found on the same street as multimillion-pound mansions. If poverty in the capital were to become a preserve of the outskirts, this would change how its citizens saw each other – literally and figuratively. ①



willing enough to meet its rapidly rising costs and those who are in social housing

Magic numbers

Innovative education policies have led to outstanding results

In January, Tatler magazine published an article about the best schools in London. No surprise there, perhaps.

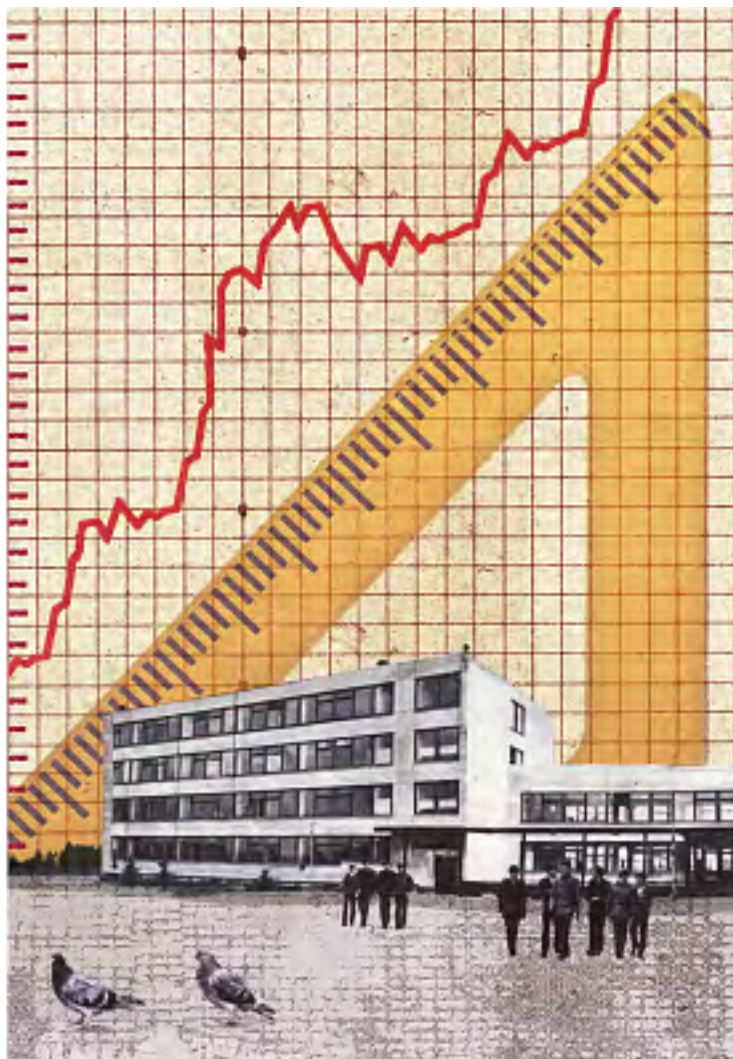
The glossy magazine for the hoity-toity has often run pieces on the relative merits of Eton or Harrow or another independent school. But this time it highlighted London's state secondary schools, which over the past decade have established themselves as the best in the country.

The idea that the capital's state schools should be considered alongside vastly more expensive establishments would have been fanciful in the late 1990s. Then, areas such as Islington and Hackney were rife with failing schools. But from about 2002 onwards there has been a radical improvement.

London pupils have better average GCSE results than pupils anywhere else in England. Attainment by the poorest children is higher than that of deprived young people in other parts of the country. Consequently, the capital is increasingly seen as a successful model by reformers across the world.

What are the secrets of London's transformation?

One theory is that it has little to do with what happened to the teaching in London schools and everything to do with the types of pupils that go to them. According to this argument, gentrification and immigration brought better off or at least more highly motivated parents into inner London, thereby improving the stock of bright young things. In June, the Institute for Fiscal Studies, a think-tank, published analysis that suggested the improvements at secondary school



level in London could be traced back to better results at primary school, lending support to the idea that external factors may have had a role.

However, other analysts argue that secondary schools do deserve credit. Some commentators suggest that when one looks at results in harder GCSE subjects such as maths and English, the impact of secondary schools appears stronger. Something impressive has happened.

The Centre for London agrees that the London effect is not primarily due to gentrification or immigration. In a report published in June, the think-tank says that pupils of all social and ethnic backgrounds did better over

the past decade, not simply the richest or those from ethnic minorities. It concludes that: "the improvement [in the city's secondary schools] cannot be explained in terms of 'contextual' advantages that London has over the rest of England".

Part of the answer must be found in what the schools actually did. Their funding increased but little more than elsewhere in England. The money mainly went to paying teachers a wage premium to cover the relatively high costs of living in London. (One suggestion is that high-quality teachers stay in London because their partners have jobs that cannot be done outside the capital.) A more important change, says the Centre for London, was the mix of innovative policy initiatives that emerged over the course of the decade.

The think-tank highlights four policies. First, a programme that saw the worst schools taken over by independent providers and turned into "academies". Second, Teach First, a scheme to place top graduates in poor-performing schools for at least two years. Third, new incentives offered by local governments to improve schools. Fourth, the London Challenge programme that fostered collaboration and best practice among London's teachers.

Together, these ingredients created a magic brew of school improvement.

The capital is increasingly seen as a successful model by reformers across the world

They ensured that London's schools adhered to the international evidence about what seems to improve educational performance: school autonomy and accountability, challenging curriculums, strong data-driven leadership and highly qualified and well-motivated teachers. As in many other areas, in education, the capital is increasingly a world apart from the rest of the country.

John McDermott

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London has long been shaped
by immigration. This map
highlights communities of the
more recent arrivals, while
newcomers talk to
FEARGUS O'SULLIVAN.
Graphic by **MARTIN STABE**

New in town

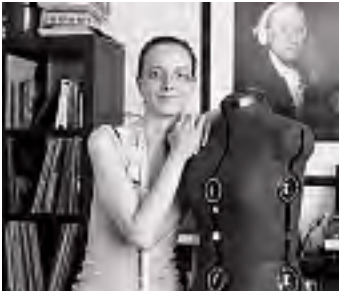
The map shows the areas of London in which the eight largest foreign-born nationalities in the capital are most prevalent, according to the 2011 Census. Census output areas are shaded according to the most prevalent country of birth other than the UK.* The 20 biggest first-generation communities are from (in order of size): India, Poland, Ireland, Nigeria, Pakistan, Bangladesh, Jamaica, Sri Lanka, France, Somalia, Kenya, United States, Ghana, Italy, Turkey, South Africa, Germany, Australia, Romania and the Philippines.



Key: country of birth

- India
- Poland
- Ireland
- Nigeria
- Pakistan
- Bangladesh
- Jamaica
- Sri Lanka
- Other

*Shaded districts are built-up areas excluding roads, parks and bodies of water but including non-residential buildings.
Source: Office for National Statistics, Ordnance Survey, FT research



Szilvia Vitanyi (33)
Domestic cleaner
Originally from Hungary

When I lived in Hungary, I worked as a dressmaker. I always had plenty of work there, but the money I got just wasn't enough to live on. When I arrived three years ago, my English didn't go further than "yes" and "no", and working as a hotel chambermaid was hard after what I did in Hungary. Now I'm still cleaning toilets, but things are much better. I don't feel like a lesser person than I did back home, because through work I have got to know all different kinds of people. I like them a lot and I think they like me, so I'm actually very happy now.

Sometimes I feel London is like a prostitute: everybody's coming here to get what they want, then they go back home. I feel sorry for London when I think that. I often think differently though – that this city can really be a home for anybody, a place where you can be anything if you try. If you're ready to work for a goal, I feel that here you can make it. Right now, I can make a better life here than in Hungary. I miss my country so much, but I am glad I came.



James Morgan (46)
Restaurateur
Originally from Australia

I came to London 14 years ago to look at paintings. I'd just finished a fine art degree and, as you do as an artist, I got a job in a restaurant. I just kept at it, right until I opened the Hackney Pearl four-and-a-half years ago. The main difficulty is finding skilled staff I can afford, especially chefs. Training isn't as good here as in some places and the supply of chefs hasn't kept pace with the past decade's restaurant boom. There's a huge amount of wealth here, but it's concentrated in a small number of hands and the average Londoner can struggle to get by.

But London also offers opportunity. Restaurant standards and people's awareness have improved enormously. There's more confidence in eating out. There's still a lot of room for growth here.

I miss Australia, but I find London's diversity wonderful. It's possibly the greatest city in the world, and is full of joy as well as difficulties. Generally, the English are very tolerant, warm and welcoming, so it's a good place to be. >

migrants

Ece Ozdemiroglu (44) >

Managing director, Efec
Originally from Turkey

I moved here from Istanbul in 1991 to do a masters, because the UK was famous for the quality of its postgraduate study. I was struck by how I was treated as an equal, different from Turkey, where you call your teachers "Sir". I couldn't get a job afterwards, so I founded an environmental economics consultancy. London is the ideal place for it, partly because there is a big tradition of governments getting advice from experts. The demand here made me stay, but it's the city's international character that made me thrive. It's merit-based, more about what than who you know. I found few problems in the workplace as a foreign female and have never had my foreignness thrown back at me.

When you provide a successful service from London you have a good reputation across Europe and the world. Our 15 employees and 20 associates are very international, and they're attracted to London for similar reasons. It can be difficult at times, of course. This city is non-stop, and I have to be at the top of my game at all times.

Zeeshan Tayyeb (38) >

Finance director, Iris Software
Originally from Pakistan

I came to London because the chemical company I worked for offered me an 18-month secondment here. I made a conscious decision to remain. My next employer offered me a job in the Netherlands, but London's diversity and social and cultural opportunities are unique.

London is as open as you want it to be, whereas in Rome, Paris or Amsterdam you have to fit in. I came intending to integrate into London's life, so I had no issues, though I've had colleagues who have found this tougher. London has two major challenges for me: it's not always easy to mix with real Londoners born and bred, and there's much less space here, both at home and work. That was a major adjustment – I'd never expected that the Underground would be so crowded or to hear of three-hour commutes.

I still feel very positive. London is performance-driven, though not materialistic compared with places like Dubai. If you put in effort, you will get the reward. And although people work long hours, the work-life balance here is better than in the Far and Middle East.

Alaina Wong (31) >

Digital deputy editor, Cedar
Communications; lifestyle blogger
Originally from Hong Kong

When I came to London in 2004, the pull was that, going to a British school in Hong Kong, I was exposed to British culture from an early age. I was grasping for somewhere with lots of history, and London for me meant the huge cultural riches that were then lacking in Hong Kong. While I pretty much fell in love instantly, there was a period when I almost



hated London. I got tired of the daily grind, the city's hardness.

Now, however, I've turned 180 degrees and feel very excited about London, its buzz and energy. I love the humour, which I had to get used to because I didn't grow up with daily irony and sarcasm. My partner and I were considering moving to the US, but things like the health system are so much better here, as is getting about without a car. Talking to international friends, they agree that there's a key four-to-six-year mark for new Londoners. After that, you actually start to enjoy London's grittiness.

< Baylen Leonard (41)

Radio presenter, BBC London
Originally from the US

Seventeen years ago, I was on a dancefloor in New York, where I was a jobbing actor/waiter, and it just came into my head: I'm moving to London. I'd never been before and it's not like I loved tea or the royal family. I moved with my then partner two years later, and it was a shock at first. I'd expected London to be like New York, so moving to Bermondsey, I found myself wondering: "Where's the traffic, the 24-hour stores, the taxis, the screaming?"

I made a decision to stop comparing the cities and as I started understanding London more deeply – things like pub culture or the big Asian influence – it started falling into place and I fell in undying love. There are none so keen as the converted, and I endeavoured so much to get to know the place that I sometimes feel more London-ish than born Londoners. I couldn't have been prouder when the Olympics came to town – I was cheering the home team. Everything I have ever built up is here in this city. London is mine and I am London's.

< Robson Rizzi (42)

Cultural event organizer
Originally from Brazil

When I first came to London in 2005 it was the mix of historic heritage and extreme modernity that struck me hardest: tiny beautiful old streets next to huge glass buildings. The diversity was also amazing – even now I am impressed to hear five languages being spoken in a single Tube carriage.

Coming from a country like Brazil to a wealthy one like the UK wasn't exactly what I expected. I was shocked to see things like dirty, shabby buses or people eating fried chicken with their fingers, which didn't fit in at all with my preconceptions. I also still struggle with the language. Day-to-day business is no problem, but I get frustrated when I can't express myself as articulately as I want to. On the positive side, London may have a reputation for being expensive, but when you take normal wages into account, it feels more affordable than my hometown of São Paulo. As a gay man, I also feel I can have a freer, fuller life here than in my home country. Above all, there are real opportunities here. It's taken time, but with the cultural events I am organising, I am now pursuing the things I really love.



While London's French community famously pivots around South Kensington, home to the respected Lycée Français Charles de Gaulles, the most recent wave of French newcomers to London have landed further east. With lower rents, a good nightlife and technology industry links, London's East End is often young French arrivals' first port of call – there is even a Parisian-run bistro in the area's curry stronghold, Brick Lane. There is symmetry to this move: the streets nearby were first built as homes for some of London's first French migrants, Huguenot weavers escaping persecution by Louis XIV.

Feergus O'Sullivan

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Mind the gap

While west and central London have an abundance
of bridges over the Thames, east of Tower Bridge
there is only the Dartford Crossing.
Why have attempts to redress the balance always
failed – and will that ever change?
By JAMES PICKFORD



London's landscape is undergoing a phase of rapid change. Towers are sprouting on the banks of the Thames and in the City, and hundreds more are planned. Big infrastructure projects are transforming the capital's capacity to house and transport people. Vast subterranean structures are taking shape unseen by the populace, while above ground, cranes march across the skyline.

Much of this development is focused on east London, where former industrial areas are providing space for a rapidly growing population. But in one respect, east London's development has more or less stood still since the 1960s: its bridges.

London is distinctly lopsided in its provision of road bridges. East of Tower Bridge, the world's most famous example of the "bascul" bridge whose Gothic style was designed to be in keeping with the Tower of London, there is only one for 20 miles: the Dartford Crossing. (There are also road tunnels at Rotherhithe and Blackwall, and a car ferry at Woolwich.) To the west, the river is festooned with 17 road crossings in the shorter distance to Richmond Bridge.

Lord Adonis, former transport secretary, describes the eastern stretches of the Thames as a "virtually unbridgeable chasm" that puts its residents and businesses at a serious disadvantage compared with their better-served counterparts upriver. "Because of this grossly inadequate transport infrastructure, east Londoners are far more isolated and divided in their communities than central and west Londoners."

Business is unhappy about delays and congestion caused by traffic bottlenecks in the east, as well as stifled growth. David Leam, infrastructure director at business lobby group London First, says: "There's an absence of connectivity, which reduces the efficiency with which people can be matched to jobs on either side of the Thames and leads to higher costs for businesses through longer and unreliable journeys."

Plans to rectify the problem have been extraordinarily long in the making. Sir Patrick Abercrombie, the planner who reshaped London in the postwar years, first proposed a new bridge in the east in the 1940s. Detailed plans for a bridge from Thamesmead to Beckton were put

forward in 1979. Redesigned after an inquiry, it got the green light in 1991, but was cancelled in 1993. Proposed once again in 2002, it was put through a public enquiry in 2005, then cancelled again in 2008, in one of the first acts of the new mayor, Boris Johnson.

Transport for London (TfL), the body that runs the city's transport systems, recently consulted on four alternative crossings, including one at Gallions Reach and an alternative, further downstream, at Belvedere. It is also proposing a tunnel at Silvertown to ease the traffic blackspot of the existing Blackwall Tunnel.

Sam Sims, a policy analyst at the Centre for London think-tank, which is leading a commission under the chairmanship of Lord Adonis for a new eastern crossing, says the stymied plans are an exemplar of planning paralysis. "This project dates back further than proposals for a third big London airport – which is a pretty good benchmark for infrastructure delay," he says.

Part of the reason for the historical lack of bridges over the eastern Thames is a prosaic one: technical engineering challenges increase downriver, as crossings demand a wider span at greater depth. Another is that until the collapse of the docks industry in the 1970s, the Thames was still the main route for river traffic. "Any bridge would have had to have been incredibly tall to allow large vessels up the river," says Georgina Young, senior curator at the Museum of London.

For nearly 700 years, Old London Bridge, the location selected by the Romans as their favoured crossing point, was the only way of traversing the Thames without climbing into a boat. Its 20 heavy piles, protected by pontoons, were so large and numerous that they impeded the flow of the Thames, making it more sluggish and allowing it to freeze over completely – which it did on at least 23 occasions between 1309 and 1814, giving rise to the famous Frost Fairs, a carnival-cum-street market that briefly united north and south Londoners in the festivities.

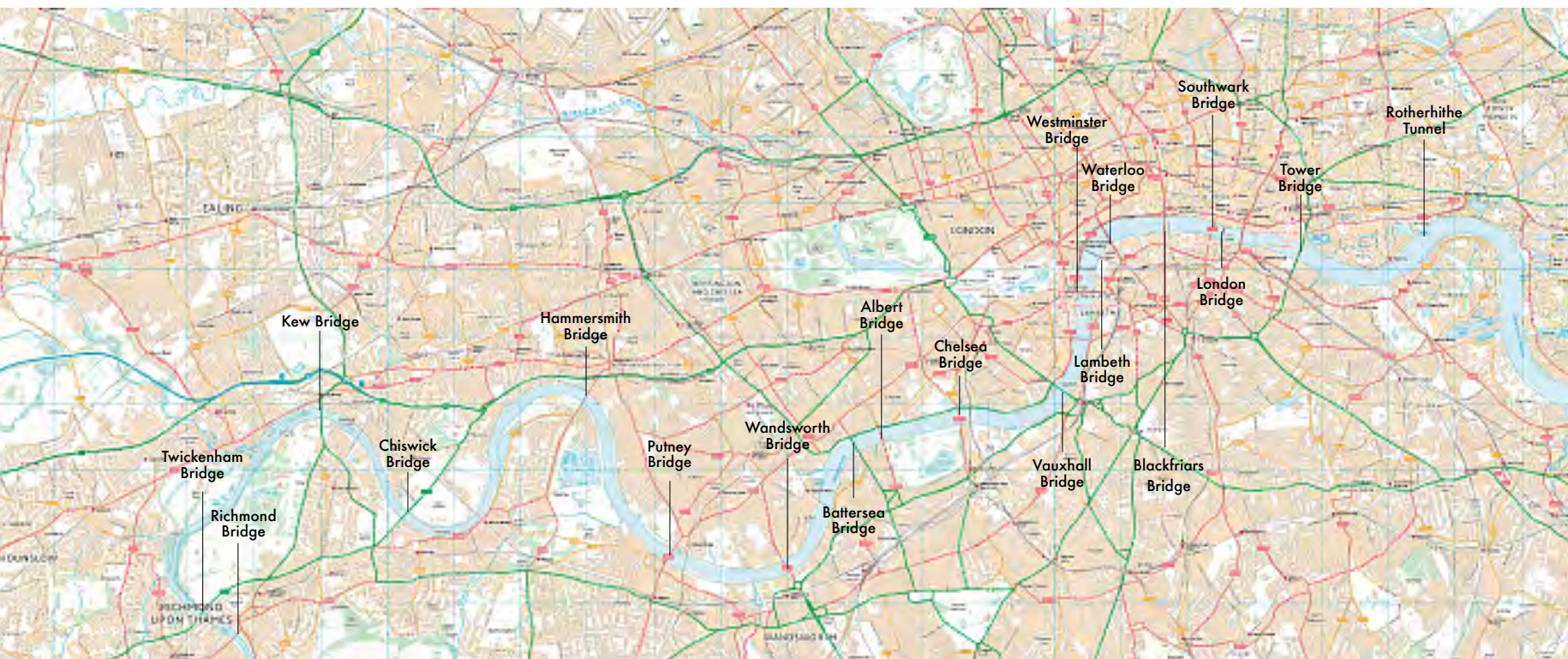
But in the 18th century, the pressures of a growing population – just as now – brought demands for a new phase of bridge-building. Three crossings – Vauxhall, Waterloo and Southwark – were built in the early 1800s as Londoners complained of bottlenecks and damage to



INVASIVE FORCES

The Thames estuary could be the London region's future motor, but it has often proved its most vulnerable quarter. In 1667, the Dutch navy (above), caught the English unawares and sailed almost up to London's gates, ransacking Sheerness and plundering the meagre riches of Canvey Island. Centuries later, in 1953, the same area was submerged during violent storms, prompting the construction of storm surge channels and eventually the Thames Barrier. The area may be ripe for new uses, but developments here will be taking place on embattled, soggy ground.

Feergus O'Sullivan



Funding crossings by tolls might spark complaints, as east Londoners realise they have to pay for something their western neighbours enjoy for free

business. "Population growth was a significant part of the argument in the 19th century, when London's population had exceeded 1m and there was a great deal of congestion on the roads," says Young.

Then as now, though, there was also strong opposition to bridge-building. The Thames watermen who had ferried generations of Londoners across the strong currents demanded – and won from Parliament – compensation for loss of business.

Today, opponents worry that far from easing congestion, new bridges will attract it. Jenny Bates, a campaigner for Friends of the Earth, the environmental group, says it is now widely accepted that new roads create more traffic. "Business doesn't realise why it should oppose this."

She points to traffic modelling by TfL that shows an easing of congestion in some areas but a build-up elsewhere, and argues the public has not been asked whether it would prefer public transport options – such as a combination of rail and foot or cycle bridges – as an alternative to road bridges.

Pollution is an increasing part of the opposition argument in a city which is already in breach of EU limits on harmful emissions. Henry Dalton, director of Tottenham and Bennett, the structural engineers, works

across London. He is concerned about the impact of pollution, noting that one employee had been forced to take time off sick because of problems relating to asthma. "There are 4,000 early deaths a year in London because of air pollution problems," he says. "Reductions are required to save lives and meet EU requirements."

TfL has indicated that tolls are likely to be needed to help pay for any crossing. This may spark a different kind of complaint, as east Londoners realise they are being asked to pay for something their western neighbours enjoy for free.

Boris Johnson, who cancelled the so-called Gallions Reach project in 2008, has now come round to the idea of more Thames crossings in the east, including them in his London Infrastructure Plan 2050. But the Conservative mayor is unlikely to be around to drive the plans through, with his self-declared final term ending in 2016.

For Leam of London First, it is a "sorry history of stop-go" that points to problems with local politics, a neglect of east London in the long term, and poor planning and leadership. "The same or similar proposals keep re-emerging because the fundamentals haven't radically changed. They all point to the need for new crossings in the east." ¹

1.

A composite image showing Tower Bridge being built in the late 19th century, and today. (From the exhibition Bridge, at the Museum of London Docklands until November 2, www.museumoflondon.org.uk/docklands)

2.

Consulting engineer Arup's Bridge East London concept for a crossing at Gallions Reach



PHOTOS: RIJKSMUSEUM; HOK/ARUP; MUSEUM OF LONDON DOCKLANDS/PA
MAP: CROWN COPYRIGHT 2014 ORDNANCE SURVEY MEDIA 079/14



Holding pattern

Have decades of delay over airport expansion undermined London as a hub? By JANE WILD

Britain faces a tough decision. More people are flying and airports are edging towards capacity. The UK needs extra runway capacity in the southeast, but where? Politicians arrive at a solution: to set up a commission to identify a location.

But this is not the commission set up by the government in 2012 and led by Sir Howard Davies, the economist. This was 1968, when the Roskill Commission was charged with recommending a site for a four-runway airport in the southeast.

The Roskill panel selected Maplin Sands in Essex, legislation was passed and then... nothing happened. Six years later, the plan was dropped, grounded by its £1bn price tag.

The story of the Roskill report is a stark reminder of the formidable challenge the UK faces in trying to expand its aviation capacity. Whatever the recommendations of Davies' Airports Commission in its final report next year, the certainty is vociferous opposition from dissenters.

But the aviation industry and businesses have demanded that, this

time, action must be taken, warning that the cost of delay would be grave.

"We need politicians to stop dithering," says Gavin Hayes, director of the Let Britain Fly campaign, set up by business lobby group London First. "Britain is already quickly falling behind and given that it's going to take

'The consensus is we are losing out, and if we can't get new capacity, we are going to lose out further'

at least 10 years to get new runway capacity online, we need politicians to make a decision urgently."

The lobby group says International connectivity is vital to the UK retaining its status as a leading global hub, arguing that it is crucial the UK establishes air links to emerging markets. It highlights that 26 destinations in emerging economies, including Brasília, Lima and Bogotá, are served by daily flights from some European cities but not London.

It is a point Heathrow airport emphasises, warning that it cannot keep up with rivals in providing flights to China. "If we're going to win the race for growth, we've got to be better connected and have more direct flights to those markets than the French and the Germans," says John Holland-Kaye, Heathrow chief executive. "We cannot do that if we have no new capacity."

Paris has 63 weekly flights to mainland China, Frankfurt about 60 and Heathrow 44, Holland-Kaye says. The west London airport, which has been shortlisted by the Airports Commission to build a third runway, is almost at capacity, with more than 73m passengers in the year to the end of July.

Heathrow has built its case for expansion on the argument that the UK needs more flights out of a hub airport, where passengers can transfer to flights to a wide range of destinations. But it has faced strong opposition – its flight paths are above areas of residential London and more flights and noise are a serious concern.

Heathrow briefly lost its status as the world's busiest hub for international passengers this year, when Dubai took the top spot with 18.4m travellers in the first quarter. Dubai's numbers dipped again during building work, but it has announced plans to increase capacity to 200m passengers annually. Dubai and other Gulf airports such as Doha and Abu Dhabi have expanded to meet demand, and many see them as the hubs of the future. Turkey is set to be another, with a six-runway airport being built at Istanbul projected to be able to handle 150m travellers a year.

"It will be a whole new global ball game," says David Bentley, chief airports analyst at CAPA Centre for Aviation, a consultancy. "The consensus is we are losing out, and if we can't get new capacity, we are going to lose out further."

Stewart Wingate, chief executive of Gatwick airport, says: "The question isn't how important Heathrow is. The question has to be: are we [in the UK] going to get the long-haul destinations and the European services we require?"

The future of flying will be shorter point-to-point routes, he argues, dominated by low-cost carriers and opened up by the advent of smaller, lighter, more fuel-efficient aircraft.

Gatwick too is on the Airports Commission shortlist for another runway, the estimated cost of which is up to £9bn. Heathrow's third runway is estimated at up to £18bn.

Another option of a new hub airport in the Thames estuary, pushed by London mayor Boris Johnson, did not make the shortlist and was finally ruled out by the commission this month. Studies found immense environmental challenges and costs from transport links would push its price tag to well over £100bn.

The commission will give its final report after the UK general election next year. Whoever is in power then will find themselves in much the same position as politicians did almost half a century earlier, facing a weighty decision and a still-greater sense that time is running out. **L**

Back to the future: Heathrow in 1968, with model Twiggy and her partner and manager Justin de Villeneuve boarding a BEA aircraft



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Shared spaces

The FT asked students in photojournalism and documentary photography to shoot a photo essay on the theme of London and the World. The winning entry from José Sarmiento Matos is published here and overleaf, along with a selection of the best images from other students at the London College of Communication





1. and 2.

Chasing London, by José Sarmiento Matos

People from around the world come to London looking for a better life, a job and a safe place to live. However, London is not always an easy place to make a living and some families struggle with high rents, the cost of living and low wages. Isabel, who was born in Ecuador, moved to London in January this year with a European passport. She arrived from Spain, where she had raised her teenage children, Miguel and Korema. After her marriage broke down and she was the victim of crime, she fled with her children to start a new life. Isabel says her arrival in London was "one of the most difficult times of my life". She struggled to find an affordable home for her family, but landlords would not accept her with two children. "I cry almost every day, desperate as I do not find a flat," she told me when I first met her in south London earlier this year.

Continued overleaf



1.
Chasing London (continued). Isabel and her children have moved from flat to flat, hosted by Latin Americans who offered to house the family for a while. Their hosts live in small homes and do not have the space to accommodate guests for long. Since January, Isabel and her children have stayed in six flats.

2.
Isabel is now studying English and earns money cleaning and sewing. However, the family is still in a two-room flat shared with three other people.



‘Their hosts live in small homes and do not have space to accommodate guests for long. Since January, the family has stayed in six flats’



1.
Stephanie Khiara's image taken in a supermarket is from a series about British queuing. "Visitors won't be surprised by the queues themselves but perhaps by the stiff response for not following the rules and falling into line," she says.

2.
Oliver Tucker's project The Serps explores a quirky aspect of London life – the year-round swimming club at the Serpentine lake in Hyde Park.

3.
Martin Alan Smith's series focuses on how foreign investors' money has fuelled construction in the city and contributed to driving up prices. "Wealth from all around the world is attracted to London, but it is not always benefiting the citizens of the nation's capital," he says.



4.
Francesco Ragazzi arrived from Italy in January to study. Monday Morning, his series of images of commuters, was inspired in part by people drawn to London in search of job opportunities in the wake of the financial crisis. "Britain and London are the mirage for us, the young and older citizens of European crises."



An aerial photograph of the London skyline, including the Shard and other skyscrapers, viewed from a high altitude. The city is partially obscured by a thick, white layer of clouds that fills the lower two-thirds of the frame. The sky above is a pale, hazy blue.

Independence

London is stepping up its fight to gain the level of political and financial autonomy



thinking

enjoyed by other parts of the UK and leading global cities, writes BRIAN GROOM

Politicians and business leaders in London could be forgiven for feeling frustrated. The capital is overwhelmingly the most powerful part of the UK economy, yet, far from turning into the independent “city state” that some advocate, it is struggling to win its case for even a modest devolution of financial powers.

Barely 7 per cent of all tax paid by London’s residents and businesses is retained by its mayor and boroughs, compared with 50 per cent in New York. Almost three-quarters of its local government income is derived from a central block grant, compared with 31 per cent in New York, 25 per cent in Berlin and 17 per cent in Paris.

The London Finance Commission set up by the mayor, Boris Johnson, last year recommended that property taxes, including council tax, stamp duty land tax, business rates and capital gains tax on property disposals, be devolved to the capital, matched by a cut in government grants. It called also for freedom to create smaller levies, such as a tourism tax, and borrow more easily on capital markets to fund infrastructure and housing – an important issue in a city projected to grow from 8.4m people today to 10m in 2030.

The UK government has shown little appetite for such a move, yet it is planning to give extra powers to Scotland and Wales. (This magazine went to press before the result of the Scottish referendum.) Under the plans, Scotland would gain control over stamp duty land tax from 2015 and set a Scottish rate of income tax from 2016; it has also been promised further devolution by the main parties. More concessions were offered as polls showed the rival campaigns neck-and-neck in the run-up to the referendum. Wales is getting legislation to devolve stamp duty land tax and landfill tax and provide for a referendum on devolving an element of income tax.

“London’s economy is double the size of Scotland’s and Wales’s combined; our population is equivalent to that of the two nations together. Yet the powers devolved to them dwarf the powers of London local government,” says Colin Stanbridge, chief executive of London Chamber of Commerce and Industry.

The Scottish parliament and Welsh assembly have had greater power than London’s mayor and assembly, including expenditure such as health and education. The Greater London Authority, headed by Johnson,

Continued overleaf

Balanced view:
Mike Emmerich at
Salford Quays



Powerhouse politics: the view from the north

When 16-year-old Mancunian Mike Emmerich met his careers teacher in 1983, he received advice unchanged for decades. "He told me to go to one of the dozens of big factories near the school. Within a couple of years most of them had closed," he says.

When the Catholic schoolboy had finished his A-levels two years later, he had discovered John Maynard Keynes and opted to study economics instead.

Emmerich, chief executive of New Economy, a think-tank in Manchester, says the scarring experience of mass unemployment as industrial jobs moved to the developing world infused a generation of Mancunians with almost a "religious desire" to raise the city back to its feet. Greater Manchester, with a population of 2.6m, is now talked about as a possible northern "mini-London", able to attract and retain talent to mitigate the economic overreliance on the capital and its financial services industry.

Vince Cable, the business secretary, said last year: "London is becoming a kind of giant suction machine draining the life out of the rest of the country, and I think more balance in that respect would be helpful."

The question of how to create that balance without draining London is exercising politicians and economists.

Emmerich, who has advised Boris Johnson, the London mayor, as well as Manchester, says: "The idea of doing London down to improve Manchester or anywhere else is crazy. Would Britain be a richer country if London didn't exist? No."

He believes, however, that moves to steer science and transport spending from the southeast northwards could go faster. He cites the public sector research institutes in places such as Weybridge in Surrey. They could be moved to the north and Midlands, freeing valuable land for housing and allowing scientists a better standard of living. "That's good for both London and the north," says Emmerich. It would echo a move by the BBC, which moved almost 2,000 jobs from London to Salford in 2011.

Most developed countries, such as Spain and Germany, have a number of cities – Barcelona and Frankfurt, for example – outside the capital that are magnets for talent. Politicians from all parties have now backed the idea of a "northern powerhouse" to replicate that effect.

George Osborne, the chancellor, coined the term and in August launched a report drawn up by northern councils calling for £15bn of transport investment between Liverpool and Newcastle, including new rail links between Manchester, Leeds and Sheffield. Together the conurbations have a population of 9m, a £154bn economy and almost 3m jobs.

"I'm ready to commit new money, new infrastructure, new transport and new science. And real new civic power too," Osborne said. However, no specific sums have as yet been allocated.

The aim is to create a larger labour market that would allow companies to recruit from across the region. It could also help the region retain more graduates from its universities – more than half those graduating in Yorkshire and the Humber leave, many for the southeast.

Transport has become the main focus: rail and many road journey times between provincial cities are twice as long as those around London. The proposed high-speed rail line from London to Manchester and Leeds via Birmingham could highlight the disparity for cities not included, so in October Sir David Higgins, chairman of HS2, will recommend how to plug others into the line, including initial options for a cross-Pennine fast rail link.

IPPR North, a left-leaning think-tank, has calculated that public spending on skills, transport, research and development, and economic development per head is more than £1,000 a year in London but just £542 in the West Midlands and £642 in Yorkshire and the Humber.

London's contribution to UK gross domestic product has grown from 20.7 per cent before the 2008 recession to more than 22 per cent, while the gap in gross value added per head between north and south has grown from 34 percentage points to 35. "You cannot fly on one engine," says Professor Michael Parkinson, of the University of Liverpool, who led the research.

Henry Overman, professor of economic geography at the London School of Economics, is doubtful that London can be replicated, because of its sheer size. To copy London's impact would require focusing on one city – say Manchester – diverting spending from others. He also questions Osborne's observation that the distance from Leeds to Manchester, about 50 miles, is the length of London's Central underground line. "Nobody commutes from one end of the Central Line to the other. They go to the middle," says Prof Overman. He argues it is better to invest scarce public money where it will generate the greatest economic return.

Others, including some council leaders, believe the proposal is empty rhetoric to shore up Conservative support in the north ahead of the general election next year. Alan Harding, director of the Heseltine Institute for Public Policy & Practice at the University of Liverpool, says: "We have heard all this before." Nevertheless, he believes the financial crisis may convince politicians they have no choice but to give cities more powers to fend for themselves.

One thing has changed: rivals such as Leeds and Manchester are collaborating on spending plans. And most back further powers for London, realising they are unlikely to receive more devolution than the capital.

A northern powerhouse would change Prof Harding's own 21st-century careers advice to students. With only "a little irony", he says: "I ask them, 'Do you have friends or relatives in London with a floor you can sleep on?'"

Andrew Bounds

PHOTO: JON SUPER

'The idea of doing London down to improve Manchester or anywhere else is crazy. Would Britain be a richer country if London didn't exist? No'



View from below: should London have more control over how it spends the money it makes?

of funding to enable investment, jobs and growth”.

The Commons communities and local government committee has called for a “framework for devolution”, under which groups of local authorities would gradually gain power over business rates, stamp duty, council tax and smaller taxes and charges.

“If the citizens of New York, Frankfurt and Tokyo can be trusted with tax-raising powers, why not the people of London,

controls transport, policing, economic development and planning, and has a role in housing strategy.

London’s political problem is that since the financial crisis, Britain has fretted about its dependence on the capital, whose output measured by gross value added per head grew from 157 per cent of the UK average in 1997 to nearly 175 per cent in 2012.

Official policy is to “rebalance” the economy by fostering growth outside the capital. While no serious politician wants to hold back London as in the 1960s, when new office development in the city was banned briefly, granting extra powers to the capital alone would risk being seen to fuel its economic dominance.

David Cameron, the prime minister, told the CBI employers’ group last year that Britain needed a “fundamentally different economic model... a more balanced economy. We want to be not so reliant on the southeast of England, not to be so reliant on finance.”

The capital’s best chance may be to make common cause with other cities. Last autumn Johnson joined forces with the Core Cities group of England’s largest cities outside the capital – Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield – to call for cities to gain control of property taxes. Johnson said it would “end stop-start finance settlements and instead provide a reliable stream

Greater Manchester or the northeast?” says Clive Betts, committee chairman. Among the obstacles is the Treasury’s wariness of seeing its revenue base fragment. David Gauke, Treasury minister, said in March 2013 that devolving powers over stamp duty to the mayor would have “legal, economic and constitutional implications”.

It was an important source of government revenue to provide essential services on a national basis, Gauke said. He added: “Different tax rates in different parts of the country are likely to create a distortive effect around borders, with negative effects on the property markets either side of the borders.”

Most of the government’s regional growth initiatives are aimed at the provinces, but London benefits from some, such as the Royal Docks enterprise zone. London has also been promised £236m over six years for items such as skills and housing from the government’s £2bn-a-year local growth fund in England – less, however, than has been pledged to Leeds, Manchester and Birmingham. Labour leader Ed Miliband called for the fund to be trebled to £6bn and for councils to have full control of business rate revenue if they combined authorities, but he made no commitment to devolving stamp duty.

Winning more fiscal powers for London looks like being an uphill battle, not only for Johnson but for whoever succeeds him in 2016. **L**

PHOTO: ALAN KNOX

‘If citizens of New York, Frankfurt and Tokyo can be trusted with tax-raising powers, why not the people of London, Manchester or the northeast?’

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Safe as houses?

Foreign investors have driven a boom in London's domestic and commercial property market – but how long can it last?

KATE ALLEN considers five potential tipping points

London's property market has boomed since the global financial crisis receded, but many in the real estate sector are wondering how long the flood of investment cash can last.

The city's popularity among investors is the product of a confluence of factors, several of which have arisen from the aftermath of the financial crisis itself.

Low base rates around the world have driven investors to seek returns in alternative asset classes, while the rise of the global middle class has created a savings glut, triggering the growth of institutional investors that compete for opportunities. Political instability from Russia to the Middle East has also sent wealthy foreigners on a search for safe havens to stash their cash.

The fall in the value of sterling over the past half-decade has made London property look cheap in international terms. Meanwhile, the political environment in the UK has also been stable, with broad cross-party consensus and a transparent legal system giving investors confidence that their assets will be safe and free from political interference.

On top of all that, the presence of buyers and sellers in the market has attracted more participants, making it more liquid – a positive feedback loop.

London has not simply accepted this inflowing tide passively – Boris Johnson, the mayor, has actively set out to court it in his six years at City Hall. Last autumn he made his latest trip to Asia, where he has put particular effort into wooing the Chinese. >



1

WHAT?

Ultra-low interest rates

HOW?

Many countries' interest rates are at historic lows. As a result, mainstream investment classes are generating low yields. Fund managers who need to deliver certain levels of performance to their investors are searching desperately for assets that will produce higher returns. With London property averaging yields of 5-6 per cent, the sector looks very attractive. As a result, cash is pouring into property assets. But this trend is not expected to continue indefinitely. As countries begin to consider raising interest rates in the coming years, other investments are likely to start looking more attractive again.

HOW QUICKLY COULD IT CHANGE?

Years to decades.



2

WHAT?

Currency effects

HOW?

After the global financial crisis, the pound became relatively cheap compared with property buyers' domestic currencies. Between 2008 and 2013, sterling fell by nearly a quarter against the dollar and by 11 per cent against the euro. As a result, London property prices that looked eye-watering to locals seemed perfectly affordable to foreign buyers. But this trend has already begun to wane. The pound is appreciating once more, up 5 per cent against the dollar over the past 18 months and 8 per cent against the euro. This has taken some heat out of the London property market. For example, in March 2013 a £1m London home cost 1.86m Singapore dollars; today that is S\$2m. If this trend continues, investors whose assets are denominated in other currencies could

switch to other property markets.

HOW QUICKLY COULD IT CHANGE?

Weeks to months.



3

WHAT?

Geopolitics

HOW?

London is often seen as a safe haven by wealthy investors when they want to move money out of their home markets.

Property in the capital is a popular choice as a store of value because its ownership structures are relatively opaque, making it harder for assets' ultimate ownership to be traced. Property owners who hold their homes through a company structure need only to register the name of the company with the Land Registry, not the name of the beneficial owner. Short of the outbreak of world peace, it is hard to see how this trend will change. Given the various Middle Eastern conflicts and rising tensions between Russia and the west, safe-haven effects are likely to continue for the foreseeable future.

HOW QUICKLY COULD IT CHANGE?

It is hard to say.



4

WHAT?

Domestic politics

HOW?

The UK has seen little political turbulence in recent years, making it feel safe and reliable to international investors. But with the Scottish referendum, next year's general election and a possible European referendum, political uncertainty has been rising. The increasing political rhetoric in the run-up to the 2015 election could have a particularly strong impact, investors and their advisers say.

For example, the clampdown on foreign property owners who own assets through a company structure has already had a negative impact on building new homes for rent. It has also been blamed for signs of cooling in London's high-end luxury housing market.

But some property owners regard the new rules as a fee for privacy, which they are willing to pay.

HOW QUICKLY COULD IT CHANGE?

Months to years.



5

WHAT?

The global savings glut

HOW?

International investors from developed countries with high savings rates, such as Taiwan and South Korea, are finding that their domestic property markets are saturated with cash seeking a home. As a result, they are increasingly looking for investment opportunities abroad. Investors can find yields in London of 5-6 per cent, while in their home markets these can be as low as 2 or 3 per cent. But with yields already near pre-crisis lows for prime property and investors increasingly focusing on secondary assets, rising prices and falling yields could reduce the attractions of property in London.

HOW QUICKLY COULD IT CHANGE?

Months to years.

“Boris Johnson has been a massive champion for the city, a great global ambassador,” says Jace Tyrrell, executive director of City and Westminster Property Associations, which lobby on behalf of the industry.

Chinese companies are some of the biggest buyers in the capital. Chinese developer Advanced Business Park has partnered with Stanhope, the British developer, to create a £1bn financial district in London’s rundown Royal Docks, to attract Asian businesses into Europe. China Life, the insurer, recently took a majority stake in Canary Wharf skyscraper, 10 Upper Bank Street, while Chinese state-owned developer Greenland Group bought the historic Ram Brewery site in Wandsworth, south London, at the start of this year.


Companies from countries other than China have also made high-profile acquisitions. Indian developer Lodha bought the former Canadian High Commission building on Grosvenor Square, Mayfair, in November 2013. Oxford Properties Group, the property arm of Canadian pension fund Omers, has backed construction of the City’s newest high-rise, the Leadenhall Building (known as the “Cheesegrater”). And big US private equity firms such as Blackstone and Lone Star have also been very active.

The latest entrant to the market is Taiwan. Taiwanese life funds have long been expected by London property advisers, and Cathay Life’s August purchase of Woolgate Exchange in the City was the first step. Analysts at JPMorgan Cazenove hailed the deal as “the first of what is expected to be a stream of Taiwanese investors into London’s commercial property market”, after Taiwan’s regulators ruled last year that insurers could invest in foreign real estate. The move was an attempt to limit rapidly rising property prices in their home market.

“Now we see capital coming into London from a more diverse range of locations than ever before,” says Toby Courtauld, chief executive of Great Portland Estates, one of the West End’s biggest landlords. “If you’re coming from a lot of Asian, Middle Eastern or former USSR economies, the absolute rule of law is massively important. Also the central timezone is very important, because you can trade with Asia and the US in one day.”

These long-running factors are unlikely to change quickly, but other aspects behind the London boom could go into reverse very quickly. With campaigning for the 2015 UK general election getting into full swing this autumn, all it would take is one misplaced policy announcement to send jitters across the property world, say analysts. “The key risk is political uncertainty, in particular with regard to the tax regime, appealing to overseas capital and the immigration rules,” says Tyrrell.

Courtauld singles out the prospect of a referendum on Britain’s membership of the EU – something the Conservative party has promised to deliver if it wins in May next year – as an additional political risk. “It would introduce huge uncertainty, and investors don’t like uncertainty,” he says.

It is not yet clear exactly what will be the tipping point that ends London property’s moment in the sun as the world’s asset class of choice. But it seems likely, whether this year or in a decade, that point will come. Old hands in the London market can remember not so long ago when they were out of favour – and they know that will happen again, Courtauld says. “It would be an error to assume this time it’s different. It isn’t – it is still a cycle.” 



EASY STREET

Those worried about the inaffordability of London housing are perhaps better off avoiding Kensington Palace Gardens.

The city’s most expensive street, this mansion row behind Kensington Palace made headlines in 2004 when steel magnate Lakshmi Mittal bought a house here for a record-breaking £57m. Last December, the average price here was estimated at £36m. The street’s florid Italianate houses are only part of the picture, however. Beneath its lawns, space-hungry owners have excavated large basements containing car parks, cinemas and swimming pools, creating the world’s most luxurious catacomb.

Feergus O’Sullivan

1.
Mae Architects’ design for a PegasusLife project for elderly people in Westminster

PHOTO: GETTY



EDWIN HEATHCOTE on older populations and new thinking

The doubling of the average western lifespan in the 20th century was a direct result of modernity. The technologies, medicines and machinery that emerged caused an unprecedented shift in demographics – that doubling was accompanied by a halving of the birth rate – which has radically altered the way we perceive society, the future and its funding. But, perhaps surprisingly, our cities have changed very little.

London's skyline might be undergoing radical change, yet the majority of us still live in old homes and the UK capital's are among the oldest and most dilapidated in Europe. With the exception of electronics and the expanding fruits of the digital revolution (many of which have passed older people by), the landscape of the everyday would be recognisable to a visitor from a century ago.

The question, then, is whether London's landscape should look different now that it needs to accommodate many more older people, and how might it change? The question, of course, is impossible to answer because the ageing population is so diverse. It spans fit 65-year-olds, the wheelchair-bound and dementia sufferers. The modern metropolis must be capable of embracing the widest possible range of needs. There is no "average" 75-year-old. So who are architects and planners designing for?

When we think of design for ageing populations we tend to think of accessibility: level surfaces, ramps, automatic doors, disabled toilets, the institutional landscape of the hospital or the residential home is now part of the required planning repertoire. It might look like an unappealing urban future, but in fact this could be a huge misinterpretation. If everything is easy, level and accessible with minimum effort, how can cities play their part in keeping ageing populations fit? It now seems that the suburbs and the malls – the places made possible by a low-cost fossil-fuel economy that allowed people to step into a car in their garage and directly out into a lift at their destination – have been a disaster, not only for the sense of community (the lack of which particularly affects older people) and of public space but also in terms of fitness. They have led to lazy, overweight populations – a potential healthcare apocalypse.

In 2007, the World Health Organisation launched an ambitious programme of "age-friendly cities", which its manifesto says, encourages "active ageing by optimising opportunities for health, participation and security in order to enhance quality of life as people age". The point is to build cities that facilitate and promote walking, that have public spaces from generous pavements to parks and squares, that combine the opportunity to walk, jog, run, swim, cycle, perhaps even to ski or skateboard (why not?) with a place that can accommodate the less physically able. It also means making places that encourage social interaction, which our suburban and exurban developments have failed to do.

For many years, the London model was that younger people would live in the city but move to the suburbs for better houses and schools when they had families. The elderly might then move from suburb to seaside, house to bungalow. Yet for both physical and mental health, this is the worst choice. Moving away from friends and family causes loneliness, a problem destined to be one of the scourges of increasingly elderly populations.

What we might be seeing now is a tendency for older people to move back to the city. With more money and time they may be able to enjoy the city in a way they couldn't when they were younger and busier. Currently, only 1 per cent of UK retirees live in retirement accommodation; in the US and Australia the figure is 17-22 per cent.

We are already seeing a new sector emerging catering to the well-off elderly with considered, elegant, architecturally designed houses and apartments that come with the facilities for care. Unlike the institutional housing we are used to, this will be luxurious and urbane, following patterns set in Belgium and the Netherlands. British developer PegasusLife is commissioning young architecture practices to design retirement housing at sites in Westminster and Hampstead. These are top-end apartments in prestigious locations, with nothing to indicate that they are retirement homes except the discreet provision of on-site nursing.

A very successful built example is Saxon Court and Roseberry Mansions at King's Cross. This elegant, brick-clad apartment tower (designed by Maccreanor Lavington) includes a wing for older residents, with on-site care. Social rented, private and older people's accommodation are contained within one development, removing stigma while ensuring a generational and social mix.


The ideal for the contemporary city is to allow independence for as long as possible – what is known as "ageing in place". There is not just a social but also a financial imperative for keeping older people in the city as increasingly active participants in the economic life of the city. London traditionally has done this less well than other European cities – think of the Mediterranean idyll of the old folk sitting in squares or outside their houses, chatting, keeping an eye on the streets. London was never really like that. It is partly climate, partly temperament. There is no reason it cannot change.

Spaces for ageing need to be designed for encounter and conversation, not merely movement, transaction and investment. Public places need areas to sit without the obligation to consume. The city needs vitality and beauty, places to walk and places to rest, central shops and public transport that is accessible and integrated. It needs streets that are easy and places that are more challenging. Does that sound good? The whole point of the transgenerational city is that it works for everyone.

Edwin Heathcote is the FT's architecture critic

Suburbs and malls have been a disaster, not only for a sense of community and of public space but also in terms of fitness

The view ahead

The image features a blurred background of a city skyline, likely San Francisco, with prominent buildings like the Transamerica Pyramid. In the foreground, a detailed model of the same skyline is visible, showing various building shapes and heights. The model is made of light-colored material, possibly wood or plastic, and is placed on a surface that reflects some light.

The past three decades have transformed how the City works.
What big challenges will shape the next 30 years? By HARRIET AGNEW

It is the eve of the Big Bang and on the floor of the London Stock Exchange gentlemen stockbrokers from firms such as Seligman Harris, Phillips & Drew, Capel Cure Myers and Quilter & Co give orders to jobbers who make the trades. The jobbers – many of them East End boys employed by Akroyd & Smithers, Wedd Durlacher, Pinchin Denny, Smith Brothers, Bisgood Bishop and Charles Pulley – record each transaction by hand in their books.

To today's young stockbroker, the description of the trading floor in the early 1980s seems like an account from a very distant past. The company names are consigned to the history books. The term "jobber" has been replaced with that of "market maker", much of whose role is now done electronically. And, most importantly, the Big Bang in 1986 removed the separation between the stockbroking and market-making functions. Combined with the abolition of exchange controls and corporation tax cuts by Margaret Thatcher's government, it paved the way for London to become a truly international centre again.

"The past 30 years have been the most concentrated period of change the City of London has ever seen," says James Fleming, chief executive of Arbuthnot Latham, a private bank. As the City looks ahead to the next 30 years, it is worth keeping this in mind.

The near-term future of the City is inextricably linked with politics. The rise of the UK Independence Party and continental European nationalist parties in this year's European elections have played into the hands of eurosceptics, who argue that Britain would be better off outside the EU. A referendum on Britain's EU membership looks likely.

Beyond this there has also been concern that London's political influence was waning in Europe after the retirement of key allies such as Liberal Democrat MEP Sharon Bowles, who chaired the economics and financial committee, the main forum for negotiating City regulation and holding the European Central Bank

to account. The appointment earlier this month of Lord Hill to oversee the financial sector in the EU has, however, been well received in the City.

London's future as a financial centre is intrinsically linked to whether it stays in the EU, says Phillip Souta, head of UK public policy at Clifford Chance, one of the "magic circle" of big UK law firms. "If we are still a member of the EU, the City will be in the most advantageous position it could possibly occupy. If we're not in the EU, it would become a very different proposition," he says.

Then it would depend on what "out" looked like, says Souta – whether Britain clinched deals similar to those won by Switzerland, Norway or Turkey.

Much financial market activity in the EU is concentrated in the UK. London is not only the UK's financial centre – it is Europe's too.

"Foreign direct investment comes to the UK not just for its benign trading environment but because it has full access to the EU markets through its passporting system," Souta adds. "In 30 years' time there could be no passports and a single, highly liquid European capital market. If the UK is outside that, it risks turning into a large offshore centre. London would have to go through a *Doctor Who*-like regeneration."

A change in London's accommodating stance on foreign direct investment or immigration could pose a threat to its competitiveness, says Chris Cummings, chief executive of TheCityUK, a lobby group for the financial services sector. "We have a very open market for foreign direct investment that gives us a good bargaining chip in other parts of the world. London has built a reputation of being open to immigration at different levels," he says.

Meanwhile, Nigel Farage, leader of Ukip, has advocated a five-year ban on immigrants settling in the UK and wants the UK to leave the EU. Then in May, Labour's shadow business secretary Chuka Umunna threatened to block the proposed £63bn takeover of

Continued overleaf

New horizons: a model
at London's Building Design Centre
shows recent City buildings
and those with planning permission

pharmaceuticals group AstraZeneca by its US rival Pfizer, if the party wins the general election. The deal subsequently fell through.

The City is in the midst of a raft of new regulation, from curbs on bankers' bonuses to structural changes such as the ring-fencing of retail and investment banking operations. On the one hand, banks are facing stricter capital requirements. On the other, they are being urged to lend more to small and medium-sized businesses, the lifeblood of the UK economy.

The business of equity research is undergoing a big structural change after the Financial Conduct Authority endorsed European proposals to stop banks charging investors for research out of sharedealing commissions.

All of these could lessen London's competitiveness.

"Asia is looking at London and New York quizzically: the moment you regulate the golden goose out of there, they'll be there to pick up the pieces," says David Buik, a market commentator at stockbroker Panmure Gordon.

Once other emerging economies, such as countries in Africa, start complying with universal corporate governance and business culture, they could also pose a threat, Buik adds.

Xavier Rolet, chief executive of the London Stock Exchange, believes that in 30 years there will be greater global regulatory harmony: "Prudential and financial conduct regulations will substantially harmonise and lead to a gradual globalisation and integration of standards and of the financial supervision process across various key North American, European and Asian markets."


This will play into the development and further automation of processes, says Rolet: "The next 30 years will be about the automation of financial information disclosure as well as the primary capital-raising process."

Developments are also taking place in working practices, following scientific progress and a series of deaths among finance workers that has raised questions about stress levels and the way employees are treated. Thirty years ago it was unheard of to visit the gym in the middle of the working day, but now the merits of physical exercise are undisputed and it has become ubiquitous.

Beyond physical exercise, some in the traditionally conservative City are turning to meditation, which has gained some legitimacy. Many believe the practice can bring greater clarity and improve performance.

An increasing number of City institutions – such as KPMG, Goldman Sachs and the Bank of England – have presented "mindfulness" to staff in seminars.

Might City offices one day be equipped with dedicated meditation pods and areas? Tara Swart, a neuroscientist and business coach, predicts still more surprising developments. "Cognitive enhancement – both from natural and less conventional sources – is gaining more attention, as people realise the role that sleep, exercise and diet, plus supplementation, play in memory and concentration," she says.

"It is only a matter of time before pharmaceutical companies come up with legal performance-enhancing drugs for the workplace." 



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PHOTO: HULTON ARCHIVE/GETTY

'Asia is looking at London and New York quizzically: the moment you regulate the golden goose out of there, they'll be there to pick up the pieces'



Royal approval:
King John signs
the Magna Carta
in 1215

A long and strange history of power but little accountability

The City of London is known for its invisible earnings, as a hub of financial services such as insurance, commodities trading and investment. What is less well known is that the City of London Corporation is the oldest continuous democratic commune in the world. Two thousand years of self-government is quite an achievement. For no one to really notice is perhaps the greatest achievement of all. Invisible earnings, invisible power.

The law and practice of the Romans, the City's founders, became the basis of London's institutions and political language. The status of "citizen" has been retained ever since. The City also adopted through its democratic ward system and court hustings many aspects of Saxon civic practice. The "folk-moot", for example, was a regular meeting of all citizens at St Paul's Cross, called by the ringing of the bells, where matters of concern would be discussed and voted upon. This formed the basis of the Corporation of London and founded its position in the Ancient Constitution.

While laying waste to the rest of the country, William the Conqueror "came friendly" to London, recognised the liberties of its citizens, pledged to defend their freedoms and fortified the City against barbarian attack. London's special status within the constitution was upheld by a stream of charters and privileges that protected the City of London from external interference.

In Magna Carta, the 1215 charter of rights between King John and the barons, not only are the rights of the "whole body" of citizens respected but the mayor of London was designated as one of two guarantors charged with ensuring that the Crown kept its side of the bargain.

The Corporation of London, which announced itself as a "commune" in 1191, was recognised as one of the great institutions of the Ancient Constitution, with a place only one step below the sovereign. The combination of wealth, functioning democratic and legal institutions and an effective system of civic militias meant the Crown could never subordinate the City of London to its rule. London taxed itself, judged itself and governed itself.

In this way the most cosmopolitan city in England, carved out of a forest by the Romans, became the custodian of the ancient liberties of the English people and the champion of common law against state encroachment.

From the 1580s, London became home to 10,000 internal refugees a year, most displaced by enclosure in the north and Midlands. By 1625 it had 400,000 inhabitants – 20 times more than any other English city.

In 1632 the crown asked the Corporation to extend its privileges and institutions to the new areas of London, but the Corporation refused. Instead of expanding and extending its democratic practices and legal protections to the new inhabitants living without civic status in the suburbs of Westminster, Clerkenwell, Whitechapel and Southwark, the City of London turned its back on London as a city. The "great refusal" of 1637 defined the modern history of London. Instead of seeking to integrate the new arrivals, the Corporation put large resources into transferring its unwanted excess population to the Ulster Plantation and the Corporation of Londonderry, which were established for that purpose. The bowler hats

and umbrellas of the Orange Orders derive from their sponsorship by the Corporation of London.

The Stuarts made two serious attempts at London reform. One led to the execution of the king, the other – an attempt by Charles II to establish that the monarchy was the source of the Corporation's authority – led to the Stuarts' replacement by William and Mary, whose Second Charter in 1690 leaves no doubt as to who were the greatest beneficiaries of the Glorious Revolution. It declared: "That the mayor, commonalty and citizens of London shall for ever hereafter remain, continue and be, and prescribe to be, a body politic, in re, facto, et nomine... and shall have and enjoy all their rights, gifts, charters, grants, liberties, privileges, franchises, customs, usages, constitutions, prescriptions, immunities, markets, duties, tolls, lands, tenements, estates and hereditaments whatsoever."

The 18th century was a glorious epoch for the City and its Corporation. Conflict, however, remained between the Corporation and the Crown, and two different concepts of state and empire developed, one based on "free trade" and championed by the Corporation, the other based on prerogative rule and the sovereignty of the Crown. The City of London supported George Washington and provided funds and men for the cause. The citizens of London reminded the king, to the point of treason, that it was they and not he who had won the civil war.

Even as Parliament displaced the Crown as the fundamental unit of sovereignty and democracy displaced the Divine Right of Kings as the principle of legitimacy, the state still refused to subordinate the Corporation of London to national laws and practices. Its assets and its ancient privileges remained untouched.

The City survived each wave of Victorian municipal reform. The Corporation's assets, its property inventory and financial portfolio remain unpublished.

London as a whole was not to have city status. The County Council was ruled from County Hall. The same could be said for today's Greater London Authority. New Labour may have given the Bank of England its independence, but its zeal for modernisation did not extend to the City of London.

In September 2008, we glimpsed for a moment the consequences of having a financial sector, prone to volatility and vice, as the driver of our national economy. Some £1.6tn was transferred to the banks so that the economy could continue to function. The City of London, our most ancient democratic city, had become a lobbyist for globalised capital and there was no accountability. Or rather, we learnt that accountability was too important to be left to accountants.

The moral of the story is that what we learnt in politics is true for the economy: that unless the executive was held to account there would be vice, abuse and unconstrained self-interest. The City of London needs to be held to account by the citizens of London and its inheritance made available for the good of the city. Maybe it is time, after 2,000 years, for all of London to become a city, for the Guildhall to be its parliament and for there to be one mayor of a united city who lives in Mansion House.

Maurice Glasman, Labour peer and academic



PHOTO: ALAN KNOX

Streets apart



As London's retail scene becomes ever more polarised, customers bustle for bargains at discount chains while luxury stores push the boundaries of the shopping experience. By ANDREA FELSTED

n London's Oxford Street, close to the junction with Tottenham Court Road, Primark is teeming with customers. Cash-strapped shoppers hunting for a bargain mingle with wealthy tourists, both enticed by Primark's famous cheap chic. The discount store, which opened in September 2012, has proved so successful that Primark is already extending it.

A few minutes stroll away in Regent Street, a former cinema has been transformed into Burberry's flagship London store, its ornate ceilings and curving staircases signalling its position at the luxury end of the market.

Welcome to London's polarised retail scene, from cut-price fashion to the full luxury experience.

"In retail terms, [London] is the fashion capital of the world," says Richard Hyman, the independent analyst who runs the Richard Talks Retail website. "We are not talking about couture – we're talking about fashion retailing."

But he adds that retailing is in a state of flux. Price-driven Primark at one end and British brand Burberry at the other encapsulate the new reality in a sector attracting interest from around the world, whether to shop or invest.

At the top end, Hyman says, "it's about an experience, about a buzz – it's about engaging the customer and selling an idea". At the other end, it is all about price.

Indeed, Christine Cross, an independent retail adviser, notes that Oxford Street has almost become a "cut-price heaven, literally bookended by Primark – one at Marble Arch and the other at Tottenham Court Road".

On the other hand, Burberry's Regent Street store, which also opened in September 2012, is about more than simply selling products. It is the physical embodiment of the brand, in a world where the physical and the digital are becoming inextricably entwined. When a customer tries on an item, for example, interactive changing room "mirrors" might show images of the garment on the catwalk.

"London is very much an experience-based centre," says Neil Saunders, managing director of Conlumino, the retail research group. With an immersive experience, retailers have a better chance of getting customers through the door. "The truth is, you have to lure people in, tourists included. You have to pull out all the stops to do that," he says.

This immersive approach can also help stores stand up to ferocious online competition.

Oxford Street and Regent Street are among London's best-established retail areas, but new communities of retailers have sprung up over the past five years.

Mount Street, a short walk from upmarket Bond Street, has emerged as a desirable luxury destination, aided by the arrival in 2007 of fashion designer Marc >

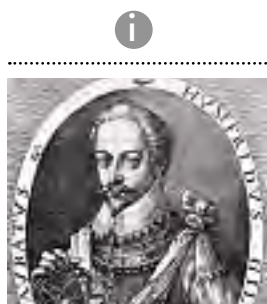
1.

Primark on Oxford Street, near
Tottenham Court Road

2.

Burberry's flagship Regent Street store

‘Some of the newer brands don’t want to be seen as being associated with the older retail scene. They want to be associated with newer areas’



RUFF AND SMOOTH

As in many cities, shopping has been so central to London’s development that even its street names reflect the making of past retail fortunes. Piccadilly was home to a manufacturer made wealthy by the sale of piccadills, the broad, lacy collars that took over from ruffs as the fashionable 17th-century gentleman’s trademark. While the fashion soon faded, the Piccadilly area remains a centre for fancy shirt-making, – its parallel neighbour Jermyn Street is home to bespoke tailors who stitch handmade shirts for the likes of Prince Charles.

Fergus O’Sullivan

Jacobs. Regent Street itself has become the go-to location for the big US brands, as well as French luxury group Longchamp, which opened its biggest European store there last September.

Covent Garden has had a makeover, attracting Burberry’s first dedicated beauty store and Chanel’s pop-up beauty boutique.

Chiltern Street in Marylebone, a few minutes north of Oxford Street, is reinventing itself as a destination for niche lifestyle and luxury retailers.

Redchurch Street, a once derelict cut-through in Shoreditch, is emerging as the Bond Street of east London, attracting tenants such as APC, the French retailer known for its utilitarian chic, and Hostem, the upmarket menswear boutique.

Sunspel, the Nottingham-based clothing and underwear company, has opened stores on both Chiltern Street and Redchurch Street. Nicholas Brooke, co-owner and chief executive, says the retailer, which began making polo shirts in the 1950s and introduced boxer shorts to Britain in 1947, looks for slightly “off-prime” locations with plenty of character and a neighbourhood feel.

“That is a very London thing. If you look at London, it’s a collection of neighbourhoods,” Brooke says. Part of the appeal of Chiltern Street, he adds, is its eclectic mix of independent shops, which range from a whisky shop to a hardware store and purveyors of musical instruments.

New communities often arise when rents in more established locations soar. But retail experts say there are other factors at play.

“Some of the newer brands don’t want to be seen as being associated with the older retail scene. They want to be associated with newer areas,” says Conlumino’s Neil Saunders.

The whole of London retail, however, might benefit if the visa system for Chinese visitors is reformed, as luxury retailers hope. They estimate that 25 per cent more Chinese visit Paris than London because Chinese visitors to the UK and Europe are obliged to apply for two visas: one to visit 26 countries in Europe – known as a Schengen visa – and a second, separate visa for UK entry. A pilot scheme, launched last year, allows Chinese tour operators to complete one application for the Schengen visa and the UK visa at the same time, for their travellers.

From this autumn, Chinese visitors will be able to use an Irish visitor visa to travel to Britain, without the need for a separate UK visa, and vice versa. Talks are also continuing with European partners about further streamlining visa processes with Schengen arrangements to make trips to the UK easier for Chinese visitors. At the same time, a simpler, more user-friendly form for independent travellers is being introduced.

The UK China Visa Alliance, which is lobbying for reform, says it is encouraged by the initiatives, while Saunders adds: “London will really benefit from [visa reform]. It will boost the luxury sector, the West End and elsewhere quite significantly.”





The big names on the (upmarket) high street

Burberry's flagship store on Regent Street, which has brought physical and digital experiences of the brand together, was the brainchild of former chief executive Angela Ahrendts.

Now that she has moved on to set the direction of Apple's stores, the helm at Burberry has been taken by Christopher Bailey, creative director since 2001, who succeeded Ahrendts in May.

Bailey will be an "unconventional" chief executive, predict those in the know. But he will continue to have creative control over areas of the business such as new stores. And he will uphold Ahrendts' mantra that Burberry must embrace the digital world.

Selfridges is another London retail landmark. The driving force is Alannah Weston, daughter of department store magnate Galen Weston, who owns the department store. She has been Selfridges' creative director since the Westons acquired the store in 2004, and earlier this year was promoted to deputy chairman. Given her family's ownership of the store, her initial appointment was greeted with scepticism in some quarters.

However, she is credited with reinvigorating Selfridges and elevating the store's events. In the year to January 2012, sales exceeded £1bn for the first time. Christine Cross, an independent retail adviser, says: "Weston has driven the current ethos at the store, from the flamboyant windows to the focus on events and exhibitions."

Selfridges plans to spend £300m on an architectural revamp of its flagship site, which it describes as "the

biggest ever investment for a single project by a department store anywhere in the world".

Across town, at Harrods, Michael Ward, managing director, has also helped to lift sales at the department store, which was acquired by Qatar Holding from Mohamed Al Fayed four years ago for £1.5bn.

Ward's trajectory to his place as a pillar of London's luxury establishment was unusual. Trained as an accountant, he was finance director of Liquorice Allsorts maker Bassett Foods and then cider business HP Bulmer before entering the retail industry in 1994 as managing director of Lloyds Chemists. He switched to the private equity world, working at Apax as the retail partner, but after two years left in 2005 to join Harrods.

Sales at Harrods topped £1bn for the first time in the year to January 2011, and last year the chain paid a £100m dividend to its Qatari owners. Ward has "transformed Harrods from a 'look, don't touch' glitzy icon, to a fascinating shopping experience", says Cross.

They will soon be joined by a new London retail personality. Stacey Cartwright, the highly regarded former finance director of Burberry, has been named chief executive of luxury department store chain Harvey Nichols. According to Moira Benigson, managing partner at MBS Group, the headhunter that placed Cartwright with Harvey Nichols, the store group's new chief understands finance, consumers and luxury. "She is potentially a FTSE 100 chief executive," says Benigson.

Andrea Felsted

1.
Angela Ahrendts has left
Burberry for Apple

2.
Christopher Bailey, predicted to
be 'unconventional' at Burberry

3.
Alannah Weston, the creative
force behind Selfridges' revamp

4.
Michael Ward, bringing wide
experience to Harrods

PHOTOS: CORBIS; BLOOMBERG; CHARLIE BIBBY; GETTY



Tales from the dark side

Horror, crime, murder, poverty, financial intrigue, corruption...
London on film is the capital of noir.
By NIGEL ANDREWS

1.
Dangerous times:
Don Sharp's
The Thirty Nine Steps (1978)



1.



2.

You would have to present it as a time-lapse evolution saga: something dark, stirring and momentous, possibly set to Wagner. Both on screen and in history London has had the same story. Out of the dark and fog grows something sprawling and illimitable. Slowly the city leaves the murky Thames and Thameside – the town's first “landmark” and early filmdom's favourite haunt – and spreads outward, gathering light, detail, humanity.

Like early creatures leaving the sea on their way to becoming *homo sapiens*, London rises up as well as spreading wide. Each new pinnacle added to the old ones – Nelson's Column, Big Ben – is the triumph of aspiration over murk and mire. Today's Londoners can barely get through a year, as city marches to sky, without a new tower asserting the new phallocracy: Lloyd's, the Gherkin, the Shard...

Evolution nice or evolution nasty? How have London and its story been celebrated – or demonised – on the big screen?

Celebrants have liked to push the idea of a city built on history, pageantry, nobility. Costume pictures; London-set romances or romantic comedies; biopics of the great or famous. From Queen Elizabeth I (*The Virgin Queen*, *Elizabeth*) to Queen Victoria (*Sixty Glorious Years*), from King George VI (*The King's Speech*) to Queen Elizabeth II (*The Queen*), the cinema of Heritage London – born between two world wars as a rallying call to patriotism and still going strong today – has made handsome the middlebrow of movie history.

The lower brow has been lovable knockabout comedy – from Ealing arts to *Carry Ons* – and lightweight capers and thrillers. Even some heavier-weight action movies. Neglect at your peril London's popularity as a stop-off point for blockbuster franchises. *Mission: Impossible* breezed colourfully through the British capital before climaxing in the Channel Tunnel. Star Tom Cruise (who lately rebooted London's screen cred with *Edge of Tomorrow*) promises to return in *Mission: Impossible 5*. More recently *Thor: The Dark World* created mayhem in the skies above Greenwich.

For the highbrow, though – for a cinema that goes a little beyond fun and knockabout (or grace and heritage) – it is best to return to our beginning. That picture we opened with. London as the home of film noir. London as that mysterious, macabre urban mass positioned – with such choice and perilous allure – between continental Europe and America. London as a black hole in the space between continental giants; between Europe's old-world culture and America's demotic brashness. Stray near the event horizon of this city, with its mass of gravity fed from the outfall of rival stars, and you will probably be sucked in for ever.

It has been a home to horror, crime, murder, poverty, financial intrigue and corruption. That's on a good day. “Lovely!” we hear the “noirists” breathe – in the fruity, mischief-loving drawl of Alfred Hitchcock. He made his home town legendary from his first toddling steps in a toddling early cinema. *The Lodger* (1927), full of fog, darkness and Jack the Ripper; *Blackmail* (1929); *Sabotage* (1936), from Joseph Conrad's London-eerie *The Secret Agent*. Hitch's 1934 version of *The Man Who Knew Too Much* was also set in the city. It incorporated a fictive riff on a famous headline event, the siege of Sidney Street, a drawn-out, murderous standoff between police and anarchists that defined the tinder volatility of between-wars Britain.

And think of David Lean. The London of his first Dickens movie, *Great Expectations* (1946), may not be unduly dystopian – a big, bustling place where a young chap makes his fortune – but everyone remembers the London of his second film. In *Oliver Twist* (1948) the city is a nightmare in black and white. A twisty maze, a cauldron of intrigue, iniquity and inequality and where a request for more soup is nearly a hanging offence; where Bill Sikes murders his Nancy amid the grisly Victorian hovels. Heritage England with a difference.

Black hole movies can even have colour and costumes. Laurence Olivier's *Richard III* (1955), spurning or turning topsy-turvy the picture-book pageantry of his *Henry V*, is a designer maelstrom of evil. London is a whirling universe governed by kingly

1.
Shadows, fog and
Jack the Ripper:
Alfred Hitchcock's
The Lodger

2.
A cauldron of intrigue,
iniquity and inequality:
David Lean's
Oliver Twist



AN EAST END EDUCATION
Leytonstone High Road's workaday newsagents and chicken shops seem miles from the glamour of Hollywood, but it was here that director Alfred Hitchcock grew up and found his first influences. It was apparently a local constable, locking him briefly in a cell for naughtiness at his father's request, who created the director's lifelong fear of policemen and fascination with false accusation. Despite Hitchcock's move to the US, his reputation has left behind traces in the form of Topaz Court and Marnie Court, two blocks of flats named after his films.
Feargus O'Sullivan

London is a black hole in the space between continental giants; between Europe's old-world culture and America's demotic brashness

The city is so big, with so many nooks and crannies, shadows and alleys, that the place is treacherous even in broad daylight

maleficence. Everything and everyone is sucked by turn towards the black heart of Olivier's demon monarch.

In a black hole no one can hear you scream. No one can even quite see what you are doing.

London is so big, with so many nooks and crannies, shadows and alleys, that the place is treacherous even in broad daylight. In the late 1960s and early 1970s, a tax-incentivised heyday for overseas filmmakers, Hitchcock came to Britain from his adoptive Hollywood to make *Frenzy* (1972) and Michelangelo Antonioni came from Italy to make *Blow-Up* (1966). Both films feature murder or mortality in plain sight: a death in a London park, a body floating on the Thames. Both films say of London: it is not just a city but a virtual country in miniature. So vast; so labyrinthine; so miraged with waterways and parklands which offer mendacious oases in the big, dense, noisy urban desert.

Of course, some movies about the British capital, in every decade, have been defiant: upbeat and up-tempo. "Swinging London", in nearly the same epoch as *Frenzy* and *Blow-Up*, danced around town to the tunes of *Darling*, *The Knack... and How to Get It* and *Georgy Girl*. Sometimes a monster city is a fun place to get lost in – or to lose one's inhibitions in.

But the glossiness of the Swinging Sixties did not stick. Or perhaps it did and became the wrong kind of gloss: meretricious, materialistic, money-mad... On either side of the 2007 financial crisis, London's identity as a business hub has added Mammon to the mix of malignities. In *Rogue Trader* (1999), based on the Nick Leeson story, a famous London bank, unable to avoid its own mutation into a black hole, fields bulletins from a Briton bankrupting it in Singapore. In Woody Allen's *Match Point* (2005), a callow English go-getter (Jonathan Rhys Myers) moves up the storeys of ambition and perfidy. The former Swiss Re building – or Gherkin – gets its best screen workout to date. A monster glass

torpedo, teeming with greed and self-interest, pointing straight towards hell and Planet Hubris.

In *Wall Street: Money Never Sleeps* (2010) Hollywood too went to London. In the rocky wake of the banking crisis it sought, for fugitive Gordon Gekko (Michael Douglas), a home from home among the gleaming high-rises.

You cannot get away from the new megaliths in the new metropolis. They are modern man's version of the mystery slab in Stanley Kubrick's *2001: A Space Odyssey*. They beckon us towards an unknown, thrilling, perilous future. They say, "Come on, dare! Touch, explore, climb." If it all began with Big Ben – that 150-year-old gothic clock tower that may have been in more movies than any phallic symbol in the world (*Gorgo*, *The 39 Steps*, *Mars Attacks!*, *The Avengers...*) – it is having its mayhem consummation today. Blame Lords Rogers, Foster and co. Or blame the society that isn't content with horizontal spread but wants, over and over, the thrill of the vertical.

Is there any fiercer sight in the architectural world than the Shard, London's tallest building? The tower is new, its screen history to date humble. Mainly a 2013 *Doctor Who* episode in which the time-travelling Doc soars in an anti-gravity car up the side of the giant glass dagger. Yet the Shard, like all its kind, can expect a big future as a multi-tasking movie location. The name alone is irresistible. Shard. Shard of glass. But also short for *Schadenfreude*? Delight in darkness and doom? Horror, anxiety, foreboding as pleasure sources?

Back to that black hole, voluptuous with the unknown, rich with the accreted and secreted. The British capital's days as a great singularity continue unbound and unbounded. Be careful where you park your space/time ship. If it's on the edge of this sombre turbulence that calls itself London, you may not see it again, nor yourself if you were in it. ①

1.
About town:
Silvio Narizzano's
Georgy Girl

2.
Storeys of ambition:
Woody Allen's *Match Point*

3.
Heritage London: J Stuart
Blackton's *The Virgin Queen*



A decade ago, GARY SILVERMAN found that London and his native New York were two cities divided by a common snack. But times are changing

Life and the pursuit of lunch



When I moved to London a decade ago, I would take a break for lunch and think of Thomas Jefferson. He was a founding father of the country of my birth, and he wrote something that would come to mind as I considered my culinary options at midday.

It was called the Declaration of Independence. Issued in 1776, it proclaimed to the world that the 13 “united States of America” – the “u” was lower case then – were dissolving their ties to Great Britain because its king, George III, had failed respect their rights as men.

“We hold these truths to be self-evident,” it explained, “that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, [and] that among these are Life, Liberty and the pursuit of Happiness.”

I would often reflect upon that third specified right (and isn’t it interesting that the founding fathers allowed for more?) when I ventured into one of those ubiquitous Pret A Manger shops in London, where freshly made sandwiches packaged securely in cardboard and plastic could be found cooling off in refrigerated shelf displays.

They were an impressive product. The people at Pret obviously worked hard on the crafty combinations of ingredients in their fare. As a keyboard pounder myself, I could also appreciate the effort expended on the earnest verbiage found on the wrapping materials, attesting to the good intentions and high-mindedness of the unseen sandwich makers.

But there was something about the Pret experience that gnawed at me as an American – and particularly the kind who grew up in the New York metropolitan area of the 1960s and 1970s. As silly as this might sound to some of you, I felt my unalienable right to pursue my happiness slipping away as I stared silently at those mute sandwiches.

Where I came from, a sandwich obtained at a shop was more than a quick meal. It was a group improvisation – in the spirit of the great American musical form, jazz.

There was no place for a passive consumer in the process. Ordering a New York sandwich required a culinary sensibility, a familiarity with the available ingredients and the grace under pressure to specify the desired bread, fillings and condiments with the speed and precision demanded by the dervish behind the counter.

Just as the rat-a-tat conversation was being concluded, the culinary show would begin as the sandwich maker whirled around before one’s eyes in the manner of Gene Krupa moving from tom-toms to snare and cymbals and back again on a swing-era bandstand.

New American mores and folkways were forged in the process. Jewish delis, for example, moved beyond the dietary laws of the Torah to create something known

Cutting both ways:
US delis serving made-
to-order mountains
(right) are facing
competition from the
humble British invader
(opposite)

as “kosher style”. As a result, it became acceptable to melt a slice of Swiss cheese on the beef of a Reuben sandwich in contravention of the biblical prohibition on cooking a kid (as in a young goat) in its mother’s milk.

But it was never appropriate to wash down a meat sandwich of that sort with an actual glass of milk. Properly educated New Yorkers knew the Lord had created Dr Brown’s Cel-Ray soda for that purpose (said beverage is a sweetened carbonated drink flavoured with celery seed, which, for reasons that are probably apparent, never achieved great popularity in many places outside the Big Apple).

Standing in a Pret, I had to say goodbye to all that and accept whatever was dished out by those darling people who expressed all those lovely sentiments on the packages of those icy sandwiches – as if there had never been a Thomas Jefferson or a Gene Krupa or a Reuben or a Dr Brown.

I began to grumble about it in the local style, in pubs and in print, even writing an FT column about my troubled pursuit of sandwich happiness, which prompted one angry English colleague to stop me in the street a few days later to suggest a possible change of address, or something like that.

Yet when I returned to New York a couple of years later, in 2006 – for editorial rather than security reasons, I would add – a funny thing happened. I continued eating sandwiches at Pret (as well as the soups, which are pretty good, if overpriced, considering the portions).

The sandwich culture of my youth, it became clear, was fading away. The legendary Stage Deli on Seventh Avenue closed. The revered 2nd Ave Deli, which, as one might expect, was located on Second Avenue, beat a retreat of sorts to 33rd Street.

With rents as high as they have become in Manhattan and the boroughs across the bridges and tunnels, it no longer makes much commercial sense to employ teams of experienced sandwich mavens to stand and wait for the orders of an idiosyncratic clientele.

Nor do I usually have as much time for the traditional to-ing and fro-ing at the deli counter. Texts and emails interrupt me even during those brief moments when I ponder the sandwich possibilities at Pret.

When I grab lunch nowadays, I am reminded that Jefferson was more than a writer. He was a fighter. Securing our inalienable rights – whether one is in New York or London and pursuing happiness between slices of bread or elsewhere – will always require some measure of struggle. **L**

It no longer makes sense to employ experienced sandwich mavens to wait for the orders of an idiosyncratic clientele



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Shappi Khorsandi

The comedian asks what really makes Londoners laugh

Most nights of the week, rooms above pubs across London burst with stand-up comedy. But can the city be said to have its own distinct brand of humour?

This cluster of villages – some quiet and quaint, others rambunctious and bejewelled with electronic ankle tags – proves elusive when it comes to pinning down a sense of humour.

More than 8m people bring the capital to life every day, and while it would be an exaggeration to say humour oils the wheels, it is deep in the frantic mix and certainly does not hurt. When it is particularly good, it is relayed well beyond the M25 orbital motorway.

Fifteen years ago, Sacha Baron Cohen took Ali G and a growing London patter to the world. Refrains such as “aaiiiy” and “booyashaka” were never as funny to the yooof at the back of the bus who pioneered them as they were to the middle classes who don’t speak like *dat*. *Seen?*

Twenty years earlier, David Jason’s wideboy Del was imprinted on to the nation’s psyche, by the writer John Sullivan, in *Only Fools And Horses*. “Lovely jubbly” Del Boy, with his south London accent and nods to rhyming slang, personified the “Jack the Lad attitude” that comedian Arthur Smith tells me “typifies London humour”.

Implicit in this, says Smith – the self-appointed “Mayor of Balham” – is an “unspoken declaration that ‘I’m from the big city and you all drive tractors’”.

Londoners, it seems, regard themselves as foreigners to a degree. And then there are the foreigners themselves. If my dad said “Mind Your Language” when I was a child, it was to call my brother and me to watch the sitcom, set in an English-language school in the late-1970s.

“Squeeze me please, lady, I am coming here for to be learning the English,” the Pakistani student tells the head of the school.

“You’re early,” she says.

“I am Ali,” he corrects her, with a head-waggle.



Shappi Khorsandi’s family moved from Tehran to London when she was a girl. Her show “Because I’m Shappi” is now on tour.

Much to my parents’ dismay, it was cancelled in 1979. Racism was a big part of London humour back in the day but political correctness has largely decapitated it and a more intelligent and risqué humour has taken its place.

Stand-up comedian Jeff Innocent, whose unassuming “East End geezer” persona packs killer punches, refers to his wife as “inappropriately too young” in one of his sets.

“She’s from Sierra Leone,” he says,

Fellow comic Arthur Smith notes an implicit declaration that ‘I’m from the big city and you all drive tractors’

“and the fact that she’s black has never been an issue but it’s turned out to be an added bonus – because I now know when we walk the streets no one’s ever gonna think she’s my daughter.”

He describes sending his son to a “ghetto nursery” in Newham that is so multicultural it “makes Sesame Street seem like a meeting of the Aryan Brotherhood”.

Funny Faces:
Sacha Baron Cohen
as Ali G and David
Jason as Del Boy



Perhaps it is in exploring otherness that London’s humour excels – both the city’s sense of being separate from the rest of England and in absorbing cultures from far-off climes.

And let’s face it, foreigners can be funny. On the Hanger Lane gyratory in west London there is a restaurant called Golden Empire that advertises “Chinese and Polish” cuisine. A Polish flag adorns its doorway and the word “halal” appears large in Arabic on its window. A minicab driver tells me it is owned by an Afghan.

Back in 1873, the Shah of Persia had Victorian London in rapture when he visited at the invitation of Prime Minister Gladstone. The Shah was a vision of bling, draped with elaborate jewels, and press reports and cartoons of his outlandish dress and humour caught the imagination of the masses. He became a favourite topic in the music halls. In his 2003 book, *Victorian Sensation*, Michael Diamond quotes the Queen’s private secretary Henry Ponsonby, who noted in his diary that the Shah’s “total inability to make himself understood and his undisguised admiration for childish pleasures all fitted in with pre-conceived notions people had of Oriental potentates”.

All a tad paternalistic but this was the height of the British Empire and he did ask for a whole lamb every night he stayed at the Palace.

“Have you seen the Shah?” became a catchphrase and then a song that was sung at a West End burlesque. “Have you seen the Shah, boys, have you seen the Shah? / With five pound notes he lines his coats, it’s so peculiah / From head to waist with Paris paste he twinkles like a stah.”

I can almost hear Del Boy singing it. It’s also hard as I write this not to imagine his “bruv” Rodney pointing out that Ali G wasn’t a Londoner anyway: “He’s part of the West Staines Massif.”

“I know that you plonker,” Del Boy would say. “What would Staines be without London, anyway? Eh? It would be Pontypridd, bang in the middle of Wales. Sheep and all. What keeps it from that? London.”



Janan Ganesh

The open and shut case for London as the unofficial capital of globalisation

In the epigrammatic style he has mastered, Tony Blair, former UK prime minister, says that the ideological axis in the modern world is not left versus right but “open versus closed”. Nowhere has pushed openness to such extremes as London in recent decades.

At the turn of the 1980s, it was depopulating, hidebound and still nursing the bruises of post-imperial decline. By the turn of the millennium, it was the entrepôt of globalisation, teeming with migrants and profiting from international capital flows.

Its restaurants, its skyline, its football clubs, its way of earning a living – almost every aspect of London life has been shaken up by outsiders. New York is an American city with a global dimension. London is a global city that happens to be appended to Britain.

It is an unusual revolution that does not provoke a reactionary movement against it and, sure enough, there are incipient challenges to London’s openness. National restrictions on non-European immigration limit the capital’s access to globetrotting talent.

A thicket of financial regulation is tying up the City. There is a nebulous but insistent feeling that openness has curdled into nihilism, that London has become too hospitable to foreign (especially Russian) money, too tolerant of various strains of extremism, too indifferent to British citizens priced out of their own capital city. The rise of the populist UK Independence party, which does well across the country but not in London, is ultimately a reaction against everything the city embodies.

Politicians would be foolish to indulge this backlash and revert to the closed way. London is not just Britain’s money-making machine, its wealth skimmed and funnelled to less productive corners of the country. It is also the last trump card that Britain has to play with in the world. The nation’s armed forces are diminishing, as is its relative economic weight. Its permanent membership of the UN Security Council might turn out to be



decidedly impermanent. The field of middle-ranking powers is becoming congested, with countries such as Turkey and Brazil competing for strategic influence in the world.

The one distinctive and globally coveted asset Britain has left is this city, a place that simultaneously hosts, encompasses and fascinates the world. Foreigners who are not interested in Britain are smitten with London. Investors who might prefer French infrastructure or German productivity end up plumping for the ease of doing international business in London.

This openness carries costs, of course, in economic and social disruption. But if the country resents the presence of a cosmopolis that sucks in the world’s money, people and ideas, it should remember what it was like not having these things.

Nostalgia is a kind of amnesia: the romanticisation of old London forgets how shabby and short of opportunity it was, entire neighbourhoods languishing in dilapidation, industries declining and being replaced by nothing in particular.

Where Canary Wharf and City Airport now sit were, as recently

as the 1980s, toxic marshes and squalid housing estates. In King’s Cross, where the Eurostar zooms in and out from Paris and a new urban village is taking shape, there was desolation and homelessness. This was closed London, when skyscrapers were forbidden and the business culture was a kind of organised slouch that was yet to be blown apart by the Big Bang. It is bizarre to remember all this and

Nostalgia is a kind of amnesia: the romanticisation of old London forgets how shabby and short of opportunity it was

conclude that more has been lost than has been gained.

If London abdicates as the unofficial capital of globalisation, other cities to its east are primed to take advantage. Singapore, Hong Kong, Shanghai, Mumbai, Dubai – one of these could emerge as the nexus of international trade as Asia becomes the piston of the world economy.

If London has an advantage over all of them, it is not policy (you can find much lower taxes elsewhere) or even geography (somewhere along the Pacific Rim might come to be seen as the real centre of the world in this century) but that culture of boundless openness.

This is a city that makes no demands on newcomers beyond observance of the law. There is almost nothing you can do here, nothing you can wear or say, no obscure code of etiquette you can violate, that will mark you as an outsider. It is, in the grating modern argot, a non-judgmental city.

This kind of culture cannot be replicated overnight by another metropolis. It is a strange brew of ancient British tolerance and hyper-modern liberalism. As the reaction against it builds, we should rally to its defence. **L**

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