

'Mind the Gap'

Inequality between London and the rest of the UK. Notes from
<https://www.youtube.com/watch?v=NjM1o9mfJk8>

London pulling away from the rest of the country economically

- London generates 1/5 of UK economic growth.
- The best careers are in London – It attracts lots of talent.
 - Boris Johnson: London is a 'respiratory machine' – It sucks in talent and then benefits the rest of the country.
 - However, national polls have discovered 24% think London damages the economy.

Agglomeration economics in London – People working next to each other are more productive

- London promotes productivity – 44.3% more work done in London.
- Technology industry – Entrepreneurs have gathered together to create ideas. This has attracted capital and government support, but it was not government planned.
 - Face to face contact is valued in the tech industry and location matters. Creativity is a group activity.

Consumer economy

- The consumer economy is built on top of London's quaternary economy. Good dining and shopping exist as there are customers.
- There is a huge amount of choice which leads to competition which leads to high standards.

Foreign investment

- London attracts foreign investment due to its historical importance and its modernity.
- Battersea power station is being developed into housing by Malaysian investors.
- However, foreign investment has led to housing being pitched to foreigners, driving up house prices.
- Many flats are being demolished to make way for new development. The companies pay the owners of the flats for them, but then they often cannot afford to buy a new property in the same area.
- It could be argued that Londoners are being pushed out of their own city as a result of FDI.

Transport

- The population of London is growing faster than the rest of Britain. London is vulnerable to overcrowding.
- Much national investment goes into London. For example, Cross-rail is using £5 billion of national tax. However, there will be 10 million people living in London by 2031. If London is not invested in, it could damage the economy.

