Micro Cosmos: Dynamics of Long-Term Change in Inner London

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ABSTRACT

What causes long-term urban and neighbourhood change? The current government is concerned with growing inequality and segregation across British cities; yet inner London, for instance, is a place where affluence and deprivation has long a long history of geographic concentration, but also close proximity. When Booth mapped the area north of Holborn in 1898/99 middle class Hatton Garden was bordered by chronic want to the west and north, and the poor areas of Saffron Hill to the east. Yet Hatton Garden itself had been the place of destination for poorer artisans 1830s and subsequently cheap Jewish labour in the diamond and jewellery industry. While Hatton Garden prospered, Saffron Hill to the east was redeveloped repeatedly as a result of road improvements, rail network expansions, slum clearance and the Blitz. Hatton Garden is the historic centre for the diamond and jewellery industry in London, but at the beginning of the 21st century the area is facing redevelopment as historic buildings are being redeveloped into offices and residential flats for 'new economy' businesses and workers.

In this paper we analyse the long-term development of the modern day Super Output Area containing Hatton Garden and Saffron Hill. The analysis is centred on a panel data of residents (1861-1901) and a panel data of economic activity (1871-1971). We hypothesise that urban areas, generally, exhibit long periods of little or no change, and that change often occurs in discrete shocks. Agglomeration economies are recognised as an important factor in the clustering of economic activity, but, more recently, similar theories have been extended to neighbourhood effects and residential clustering as well. Externalities based models on urban change typically exhibit nonlinearities, tipping points or thresholds beyond which neighbourhood change might occur rapidly. We empirically explore the role of residential self-organisation, clustering and four types of shocks, potentially, triggering discrete shocks (exogenous, endogenous, policy intervention and technological innovation) in a London micro cosmos.

Key Words: urban change, self-organisation, neighbourhood externalities