

London's next mayor must address the capital's 'new urban crisis'

Whoever wins the mayoral election will need more devolved powers to deal with the "plutocratization" of London.



Richard Florida

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London has had only two mayors since the office was created in 2000: the Conservative, American-born Boris Johnson, and the socialist Ken Livingstone. Despite their very different ideologies and backgrounds, both helped steer the city through a remarkable rebirth. London's next mayor – whether Labour's Sadiq Khan or the Conservatives' Zac Goldsmith – will have to deal with a new set of challenges that are borne largely from the city's hard-won success.

In his book *Capitals of Capital*, the great economic historian Youssef Cassis ranks London's resurgence, coming in the context of the UK's broader deindustrialization and decline, as one of the most striking success stories of modern memory. Today, London tops even New York as the world's most powerful banking and [financial centre](#). On top of that, it has become a hotbed of [high tech](#), emerging as one of the ten leading [startup cities](#) in the world. But as stunning as London's comeback has been, it has brought with it a new set of challenges that I call "the new urban crisis".

What London is experiencing is not just gentrification – a term originally coined by Ruth Glass to describe the changes in inner London circa 1964 – but out-and-out "[plutocratization](#)", to use Simon Kuper's evocative phrase. Whole swaths of the city have been taken over by the global super-rich. For those fortunate few, London real estate functions as a place to stash and store money – a new kind of global reserve currency. More than half of London's billionaires hail from outside the United Kingdom, compared to just ten per cent of New York's. In the words of *The Economist's* Ryan Avent, London has become a "[parasitic city](#)" where greedy landlords and homeowners suck off a large share of the city's economic surplus.

“The London property market is fine if you are an international tycoon,” is how none other than Boris Johnson put it in his *Vision* for London in 2020. But “living in the capital is perhaps toughest of all for working people on modest incomes who are the backbone of the economy” – and who increasingly cannot afford to live there at all. London’s super-rich and its advantaged classes are concentrated in the centre of the city, where property values are highest. Its lower wage blue-collar and service workers have been pushed out to the far-off peripheries, where opportunities are fewest, where they can barely afford to live, and where their economic conditions continue to sink.

Worse still, London’s skyrocketing property values threaten to destroy the very vibrancy and diversity that has driven its innovative and creative economy to such heights. Even the relatively well-off members of the creative class are having trouble making ends meet. “I have seen the future and the future is a clean, dull city populated by clean, dull rich people and clean, dull old people,” is the way arts entrepreneur Alex Proud [sees it](#). “The cool, creative class has been priced out of London, which means the capital is becoming more bland and boring by the minute.”

This threatens not only the city’s artistic and creative vibe, but its innovation and economic competitiveness. Rohan Silva, a former senior advisor to Prime Minister David Cameron and a key architect of the city’s recent high-tech boom, [warns that](#): “In New York, people are decamping to L.A. and I think we’ve really got to be careful in London that people don’t pick another city and choose to go there. Because the moment a city starts to lose its artists, things can fall apart and the city might lose its edge.” Or as Jane Jacobs once told me: “When a place gets boring even the rich people leave.”

These new divides and tensions are not unique to London: they are part and parcel of the spiky, uneven, and divided reality of the world’s leading global cities, and they are nearing a political tipping point. New York City replaced its three-term billionaire Mayor with a progressive from its outer boroughs who decried the city’s rising inequalities. Paris’s new Mayor has similarly promised to make her city more equitable. In London, those tensions [already boiled over into riots](#) on the eve of the city’s much-celebrated Olympic Games. They could get much worse.

London’s third Mayor will have to address this rising new urban crisis straightaway. Whether Conservative or Labour, right or left, he (and the polls suggest it will be a he) will have to work hard to build more affordable housing, increase density, generate better jobs for low-end service work, and expand transit to make the city’s opportunity centres more accessible to the less-advantaged members of its population and create new hubs of density and economic activity outside the city’s core.

In order to do this, he will have to work closely with the national government to devolve more power to his office. The Conservative Prime Minister David Cameron and former Labour leader Ed Miliband, as well as the blue-ribbon [City Growth Commission](#), have all called for shifting more power, tax, and fiscal authority to the cities. The sooner this happens, the more

effectively London can begin to replace its winner-take-all economy with a more equitable, sustainable, and inclusive urbanism for all.

Richard Florida is the Director of the [Martin Prosperity Institute](#) at the University of Toronto's Rotman School of Management, Global Research Professor at NYU, and the co-founder and editor-at-large of *The Atlantic's* [CityLab](#). He is the author of the best-selling *The Rise of the Creative Class*. His next book, *The New Urban Crisis*, will be published by Basic Books in 2017.