

Household finance and community resilience in London's East End

Jane Pollard*

Kavita Datta**, Al James**, Quman Akli***

*Centre for Urban and Regional Development Studies, Newcastle University

** School of Geography, Queen Mary University of London

*** quman.akli@gmail.com



Overview

1: The UK context:

- crisis and austerity
- the search for more 'socially responsible' forms of finance

2: Charitable financial flows in London's East End

3: Re-thinking resilience: 3 critiques

The UK context: £81 bn (\$128bn) of cuts over 4 years

- A banking crisis has been translated into a public sector debt crisis
- Equivalent to 4.5 % of projected 2014-15 GDP.
Similar cuts in the US would be ~ \$650bn (equal to the projected cost of Medicare in 2015).
- The UK deficit is ~ 10% of 2010-11 GDP.
The US deficit was \$1,294bn, or 8.9 per cent of GDP in the 2010 fiscal year.
- 490,000 public-sector job cuts by 2014-15.

Islamic Banking and Finance: Bucking the Trend of the 2007-8 Recession



Philanthropy, Charity and Islam

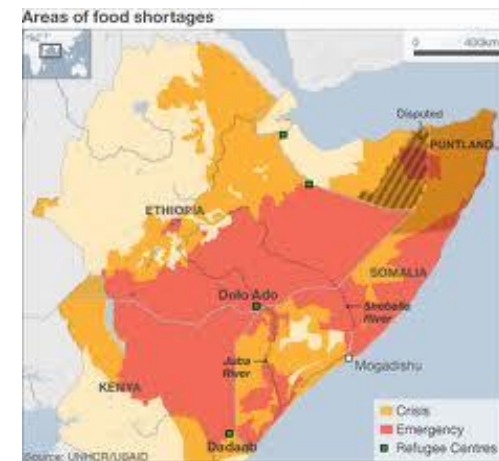
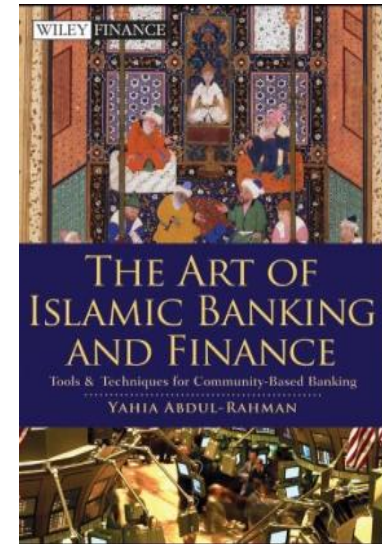
The promises and limits of Islamic Banking and Finance:



- Islam's moral economy places a strong emphasis on charity to support socio-economic justice and eradication of poverty (Chopra 1985).
- Focus thus far limited to formal banking system and Islamic Global Funds (e.g. Dow Jones Islamic Market Index 1999; elite commercial property deals in London)
- Little evidence to suggest Islamic banking is helping 'poorest of the poor' (Dar 2004; Pollard and Samers 2007).
- What about non-elite Islamic financial networks?

Research Aims

- To explore everyday practices, sources, and motivations amongst individuals and households that underpin charitable giving and mutual support
- Case study amongst East London's Somali community in the aftermath of the financial crisis



Methodology

- Database of Islamic charities in London
- Face-to-face survey of 60 Somali households asking them - as (potentially) both givers and receivers of charity – to describe their charitable networks, motivations and practices (May to July 2012)
- in-depth interviews with 20 Somali households in East London (specifically Mile End, Bethnal Green and Whitechapel – all located in Tower Hamlets, identified as ‘the mother of the Somali community in London’ (East London Alliance 2010))
- Collaborative research partnerships with The East London Mosque



(i) Islamic Charities

- 146 charities in total (as of February 2011)
- Financial reporting is sketchy
 - 2009: 59 charities filed reports, reporting income of £132.8 million and disbursements of £110.1 million.
- Muslim Aid and Islamic Relief dwarf the sector, accounting for £90m (81.7%) of spend.
- Voluntary donor income ↑ since the financial crisis:
- Islamic Relief; £28.9 million (2007) - £68 million in 2012
- Muslim Aid £24 million (2008) - £24.7m in 2012

Size distribution of Islamic Charities, 2009

?

Table 1: Size distribution of Islamic charities income and disbursement, 2009.

?

2009 (N=59)	Number of charities	
	Income	Disbursement
Under £1000	4	5
£1001-5000	3	4
£5001-50000	18	19
£50001-100K	6	7
£100k+-500K	12	9
£500K+- 1million	6	4
£1m+?1.0m	8	9
>£10million	2	2
Total	£133,958,210	£111,139,528
Average	£2,270,478	£1,883,720
	?	
Median	£95,157	£65,144

?

Source: Authors database derived from Charity Commission and Ijarapages.com.

Some examples

Charity	Declared Charitable Activities	Income (£2010)	Spaces of operation
Association of Senior Muslim Citizens	Relief of poverty and improving quality of life of the elderly residents by: home and hospital visits; hospital family liaison; seminars, talks and social get togethers.	£5922	Harrow
Bow Muslim Community Centre	Providing help and assistance to the local Muslim community to overcome their disadvantages and improve their condition of life.	£78731	Bow, East London
Hefazoth Islam UK	To advance Islamic religion, education and training; to relieve poverty, suffering and distress; to protect and promote public health.	£257362	Tower Hamlets and Bangladesh

The Somali Community in London

- The Somali community in London and UK is ‘super diverse’ in terms of age, educational attainment, migration trajectory, immigration status (asylum seekers, refugees, economic migrants, irregular migrants, permanent residents, British and EU nationals).
- >1m Somalis living outside of the country (Sheikh and Healy 2009)
- UK has one of the largest/longest established Somali populations (between 95-250,000) in Europe (Hammond 2013).
- 89% of UK Somalis live in London
- Somalis are one of the most deprived migrant communities in the UK: Hammond (2013) describes a Somali ‘community in crisis’

(ii) The survey sample

98% of our research participant sample (N=60) were first generation Somali migrants, with the majority (73%) living in the UK for over 10 years.

57% of participants were unemployed

63% lived in benefit recipient households

48% of households contained dependent children under the age of 16.

Those employed predominantly worked in low paid jobs: cleaning, care, community activists.

>50% lived in rented social housing let by the local council (34 participants).

Some findings

- 100% of our Somali research participants had supported charitable causes in the previous 12 months.
- Just under half of the participants surveyed had supported charitable causes targeting Muslims specifically
- 25% of participants also supported charitable causes targeting non-Muslims
- 50% of survey participants reported that the economic downturn had resulted in no change to their charitable donations,
- 98% of survey participants cited their Islamic faith as shaping their donations.

Characteristics of donations

- Typically < £100 per month
 - 50% of survey participants fund donations from welfare benefits
 - informal trading of government-provided food vouchers in exchange for cash with other Somalis in supermarkets.
- ‘Charitable giving isn’t just money. It feels more rewarding when it is in the form of cash, but it could be your time, helping someone. Charity is anything that you give’ (Somali female, moved to UK 1990, 18-30 yrs old).

Islamic Charitable Practices

Practice	Description/Qur'anic foundation	Survey prevalence	
		n	%
Zakat	Obligatory alms giving, one of the five pillars incumbent on all believing Muslims who have the financial means to give.	36	60
Sadaqa	A voluntary act of giving by those who want to contribute more than the obligatory Zakat.	59	98
Waqf	Islamic charitable perpetuities/benevolent funds	12	20
Qadhanna/Baho	Refer to Somali community fund-raising for charitable purposes. Often done on a clan basis, but recipients do not necessarily belong to the same clan.	45	75

Resilience: some definitions

- ‘Resilience’: how ‘communities and individuals harnessing local resources and expertise to help themselves in an emergency’ (Cabinet Office 2011: 4).

More broadly: The responsive capacities of places, communities and economies to anticipate, prepare for, respond to and recover from a system-wide disturbance, disruption or crisis (e.g. Foster 2007; Lang 2010; MacKinnon and Derickson 2012)

These analyses move away from a focus on the innate characteristics of individuals, towards a focus on the spatial settings they inhabit (Batty and Cole 2010).

Re-thinking Resilience: 3 critiques

1: The neglect of civic actors

2: The 'internalist' conception of the city or region

3: From where do we generate our ideas about resilience?

The neglect of civic actors

- Most analyses highlight particular actors/institutions that enable or constrain resilience:
universities, regional development agencies, firms, workers, policy actors and political leaders.
- The importance of civic actors in the East End of London: low income migrants and charities are funding health, education, building new mosques, supporting poverty alleviation
- The UK government highlight charity and philanthropy as integral to the 'Big Society Agenda' for renewal and community investment (Cabinet Office, May 2010; Pharaoh 2011), yet there is little research on these actors.

The Internalist conception of the region

- Many analyses of resilience locate the sources of resilience as lying *within* the boundaries of the locality or region in question (MacKinnon and Derickson 2012; Simmie and Martin 2010; Martin 2011).
- charitable giving and mutual support are simultaneously rooted/routed through Global North and South
- Giving is path dependent from migrants' previous lived experiences of conflict, famine, familial separation...
- London's East End is a porous place: extra-local institutions, knowledges and practices that help it (and elsewhere in the UK and beyond) adapt to economic crisis

From where do we source our ideas about resilience?

- Largely from ‘analyses mostly in the USA, of how regions, localities, public bodies and organisations have responded, adapted and demonstrated resilience in the face of extraordinary events and shocks, ranging from 9/11 to Hurricane Katrina and even military base closures’ (Dawley *et al.* 2010: 650; see also Foster 2007; Hill *et al.* 2008).
- What can we learn from ‘alternative’ coping practices in the Global South?
 - households have long endured reduced public spending as a function of Structural Adjustment Programmes (SAPs);
 - Other models of finance, charity, support...

Conclusions

- The importance of civic actors in the East End of London:
 - a range of ‘development’ activities in London and the UK through faith-based giving: health, education, building new mosques, maintenance of existing buildings for worship, poverty alleviation
- The importance of trans-national resources:
 - These charitable practices represent an accumulation of *multiple* prior experiences of charity in different places, which are then rearticulated in the UK
- Learning from a wider range of places, sites, experiments