

The impact of the global economic downturn on communities and poverty in the UK

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This report summarises research on how people on low incomes experienced the recent global economic downturn.

With global economic volatility believed to be on the rise, more understanding is needed of how globalisation impacts on poverty in the UK. This report examines what being part of the global economy means for people living in poverty, focusing on experiences of the 2009–2010 recession. It identifies areas where welfare reform is necessary to protect poorer people living in poverty from a more volatile world economy.

The report:

- examines the effects of the recession on work and local economies in deprived areas in rural Northern Ireland, East Sussex and Lancashire;
- identifies the impact of high food and fuel prices on everyday life and well-being;
- discusses forms of state and non-state support that helped people on low incomes during the recession; and
- looks at how global social and economic connections shaped people's experiences of, and responses to, the recession.

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Executive summary

Background

This report summarises research into how people living on low incomes experienced the recent global economic downturn. It aimed to contribute to an understanding of the connections between globalisation and poverty in the UK. The project is part of the JRF *Globalisation, UK poverty and communities* programme, and is linked to an Institute of Development Studies project on the social impacts of the crisis in developing countries.

Approach

The research explored how the global recession and rising costs of living affected everyday life, and was conducted in April–June 2010, at the start of the recovery and before the public sector cuts took effect. The research looked at how employment and the local economy, as well as how state support, the voluntary sector and social support shaped how people adjusted to the downturn. Three areas were selected for the case studies: Kildress in County Tyrone, rural Northern Ireland; the East Sussex coastal town of Newhaven; and selected areas and communities within the town of Oldham in Lancashire. The research approach was qualitative and exploratory, with secondary data collected to situate the case studies within the regional and national context. Community participation was an important part of the approach, and researchers drew on existing networks and partners to involve local groups in the research.

Main findings

Local businesses and employers were affected in all three areas, with major employers integrated into global and regional markets hit particularly hard. There was some evidence that businesses able to develop diverse global links were better able to cope. Work was affected differently in each area, depending on how the global downturn had hit areas and groups within them, and on how the sector was exposed to the effects of the global economic crisis. Job losses were not the only changes to work patterns: people were travelling more and feeling less secure about their jobs and, among self-employed and trades people, experiencing uncertainty around earnings. It was widely expected that the public sector cuts would mean a further hit to employment in these areas.

Changes in everyday life included adapting to the rising cost of living by economising on food and fuel, shopping and cooking more economically, and spending more time and effort on managing tighter household budgets, particularly among women. There was a mixed picture of personal debt: some people with mortgages were struggling, but many people in these areas had enjoyed less access to credit before the recession. Informal financial systems, such as credit unions in Northern Ireland and loan committees in the Pakistani community in Oldham, were seen as valuable sources of support.

People reported that they were spending less on their social lives, entertaining at home and having more modest weddings and festival celebrations. Yet social support mattered greatly at this time of economic stress, particularly informal sources of support from family, friends and neighbours; organised groups and institutions were less evident sources of support. The research uncovered no evidence that social cohesion had been adversely affected by the recession.

State support and public services mattered a great deal in the downturn, evident from the sharp rise in the numbers of people receiving out-of-work benefits in these areas during this time. Tax credits were singled out as particularly important in protecting working people against low-paid and insecure forms of work. There were concerns that the impending public sector cuts would worsen the situation in already poorly served rural Northern Ireland, and about the stigma and conditionality increasingly associated with receiving welfare benefits.

Global connections featured in experiences of, and responses to, the recession through travel, the internet, social connections and awareness of the global origins of the recession. Surprisingly, the area where global connections were weaker than we had expected was Oldham, with its pivotal role in global manufacturing history and its large ethnic minority population. Although many research participants recognised that the downturn had global origins, being part of a global economy was not widely seen as a threat. Some participants had ideas about where responsibility for the financial crisis lay but, generally, little interest in the institutions responsible for global governance.

Implications for policy and practice

The findings of this research suggest the need to rethink what poverty means and consider responses to poverty in the UK in light of the changing global economic risk context.

Welfare state responsiveness in the changing risk context

The research concluded that the welfare state had protected people during the downturn, but that there remained a significant – and probably growing – need for more responsiveness to the changing risk context. The approach we took to the research means that it cannot comment on how groups excluded from state benefits fared, yet no evidence was uncovered to suggest that the recession had resulted in absolute destitution or in a breakdown of social cohesion. Tax credits were particularly valued by people living in poverty, but there were no signs that benefits were generous enough to afford a comfortable lifestyle choice.

The research findings also suggest ways in which welfare provision may need to be reoriented to respond to the fast-changing demands of the global economic context. An example is the need to be more alert to how international commodity price volatility is affecting the cost of living for people on low incomes. From April 2011, benefits and tax credits will be updated on the basis of the Consumer Prices Index (CPI), often assumed to be a more accurate reflection of inflation because it takes into account spending adjustments. However, this research has shown that people on low incomes may not be able to adjust their spending without harming their well-being. Coping with the rising cost of living has meant less choice, and more time and effort has gone into the everyday work of feeding families on low incomes; for some it has also meant worse diets, colder homes, and less physical mobility. A welfare system that was geared to protecting people against global economic risk would be alert to how the global rise in the cost of living is affecting people who spend a higher proportion of their incomes on basic goods.

Welfare reforms also need to be oriented towards protecting people in the context of increasingly flexible employment in a competitive and volatile global economy. This implies the need for a stronger emphasis on flexibility and responsiveness, and providing greater security to protect against the risks of increasing flexibility in welfare provision. Specifically, the recession has reinforced the importance of ensuring security through tax credits that enable people to accept the low-paid, flexible jobs that are available to them, by making it less complex and risky for people on benefits to accept such work. Real-time adjustments in benefits are also critical, so that accepting flexible low-paid work can be a rational choice: even an adjustment lag of a week or two may deter people from accepting such work in the present highly insecure and competitive job market.

Implications for welfare reform include the need to avoid weakening the safety net effect at a time when global economic volatility is on the rise. A more tightly targeted and less generous safety net may result in high longer-term social and economic costs under several likely scenarios: people who are not currently experiencing poverty, but who may be vulnerable to downturns, may not be protected; more people may experience episodes of poverty that are either irreversible or from which it is costly to recover; and tighter targeting may undermine social cohesion. The research also suggests that the timing of welfare reform may need reconsidering: incentives to enter work may be particularly weak in a sluggish post-recession job market, and more so in more deprived areas. Overall, the research suggests that initiatives to simplify and clarify the system are likely to be of particular benefit in a context of increased casualisation and job uncertainty.

Support from non-state actors

Local institutions and non-state actors made important contributions to strengthening individual and collective resilience to the downturn in the research areas. However, the research findings were that non-state actors were not a simple solution to protecting people against the downturn, for a number of reasons. Protection provided through such non-state actors tends to be uneven and mediated through community gatekeepers, so that some people may be excluded. The more important sources of non-state support were informal – moral and material support from family, friends and neighbours – rather than programmatic or organised civil society activities.

Points of entry for policy and practice to strengthen this informal non-state action may include supporting the unpaid or voluntary provision of care for children or older people; sport or cultural groups that contribute to social cohesion at times of economic uncertainty; or informal local credit institutions, which enable people to smooth their incomes or offer capital flows for small businesses. Such sources of support are not always visible to policy-makers in fundable organisational forms. This makes it harder to direct resources in responsible ways to the institutions that appear to be most helpful to people on low incomes at times of crisis. Support to local voluntary organisations also runs risks of creating divisiveness and competition between groups, and the use of the voluntary sector as a service provider can breed mistrust among local people. In these research areas, several local organisations receiving public and EU funding had oriented their activities towards particular policy agendas; over time, local civil activism had declined. This suggests that greater care and attention to local concerns and issues in the design of state support to local civic groups is needed, to avoid jeopardising the very qualities it seeks to capitalise on: mutual trust, co-operation and local initiative.

The experience of poverty in a global economy

The recession has served as a reminder that poverty in the UK is, at least in part, shaped by global economic integration. The research suggests a number of ways in which understandings of poverty need to take this into account. This includes the idea of ‘resilience’ to risks. The research found that in the face of global economic shocks, resilience is not a resource that can be freely replenished: it involves aspects that are typically hidden from economic assessments of the impacts of recession. One such aspect of the recent recession has been the effect on time: for people (often women) juggling part-time jobs with care of dependants, as well as coping with higher food or transport costs or further travel for work, can be a significant additional burden that conceals the true cost of poverty, and is a further – hidden – deterrent to accepting low-paid work. Recognising and compensating for unpaid care work can help to ease these pressures.

A second neglected aspect has been how the rising cost of living has increased the struggle to eat nutritiously, with potentially significant, longer-term impacts on health. More generally, income-based measures of poverty are important but, in isolation, fail to capture the subjective and non-income dimensions of poverty at a time of rising job insecurity and volatility: these include stress, time poverty and

risk aversion. This reinforces the need for more participatory and people-centred understandings of what poverty and well-being mean in everyday life.

The disconnect from globalisation

Many people in the research areas gave the impression of being disconnected from the processes of globalisation, and there are reasons to believe that they are not alone in lacking a sense of agency with respect to global and regional policy issues that directly affect their lives. From the three case studies considered here, it seemed that this sense of disconnect and lack of agency may be particularly acute in Northern Ireland, where an additional layer of regional government is seen to lack the financial power to act on behalf of its citizens. By contrast, people did appear to hold more localised authorities – councils, and to some extent national government – responsible for action in the downturn. As people become increasingly aware of the global aspects of our economic lives – there was, for instance, widespread awareness that the recession originated in a global financial crisis – this lack of agency with respect to global governance and decision-making processes should raise concerns about political participation and citizen engagement.

Among the issues highlighted by this research is the need for greater transparency and public engagement in global governance processes such as the G20. Anti-poverty campaigners and civil society organisations can do more to raise public awareness of these institutions, and to claim spaces in which the concerns of people living in poverty in the UK can be heard. A policy agenda focused on localism, which fails to take into account how global forces shape local realities, may deepen the disconnect and the sense of impotence at the local level. Public education about global citizenship may also help to overcome this disconnect.

The research on which this report is based is part of a larger Joseph Rowntree Foundation programme of work exploring the effects of globalisation on communities and poverty in the UK.¹ It also links to a larger programme of research into the social impacts of the global economic crises in low- and middle-income countries in 2009 and 2010 at the Institute of Development Studies.² This unusual connection between explorations of poverty in the UK and in developing countries underlines the overall purpose of this research: to explore some of the global dimensions of poverty, including the experience of living in poverty within a global economy.

The aims of the project

This report summarises research into how communities and people living in poverty in the UK have been affected by recent global economic shocks. The research aimed to explore what the downturn has meant for everyday lives and well-being, looking into how local economies were faring, at how everyday life had changed, and at the state and non-state support that people found helped them to cope. The research took place in early- to mid-2010, in three relatively deprived areas – Kildress in rural County Tyrone, Northern Ireland, Newhaven in East Sussex and Oldham in Lancashire – at a moment when the recession was officially over, but before public sector cuts had been fully felt.

The research had a second aim: to contribute to understanding what being part of a global economy means for people living in poverty in the UK. Globalisation – increasing global economic integration and more and more rapid movement of people, goods and technology around the world – raises new challenges for thinking about poverty, inequality and social justice (Cramme and Diamond, 2009). Thus far we have relatively little knowledge of how being part of a global economy affects lives and well-being in the UK – the ways in which work and work-life patterns, and sources of income and support are shaped by the global context (Rowlands, 2002; Perrons, 2004). With the recession as a sharp reminder that UK citizens are part of a global economy, the research tried to explore how global connections shaped experiences of the downturn. The research asked people about how their social connections beyond the UK affected their capacities to cope, and asked their views on the recession as a world event, and on global and national responsibilities for the downturn.

Key themes

This research shares concerns with other research into the human impact of the recession in the UK. The first is the need to build understanding of the poverty impact of the recession. Evidence of how people and communities have fared has been slower to emerge than data on the impacts on macro-economic conditions or businesses (Audit Commission, 2009; Batty and Cole, 2010; Brewer, *et al.*, 2009; Oxfam, 2009). A second concern is to contribute to understanding more about resilience,³ or the capacities of people and communities to manage and recover from shocks without lasting damage. This research has approached the issue by trying to understand how people adapt to hard times, and the costs of those efforts to adapt (Hossain, *et al.*, 2010). It has also explored how places shape people's capacities to cope, and the opportunities, constraints and support systems available in different places. Disadvantaged areas may not generally be more sensitive to downturn than prosperous areas (Berthoud, 2010), but enduring

patterns of deprivation are likely to be reinforced in the current downturn. For example, neighbourhoods in which unemployment and benefit claimant levels have been highest in both boom and bust periods also saw the greatest rise in unemployment since 2008–9 (Tunstall and Fenton, 2009). In some places, the recession followed a period of declining employment and rising benefit claimant levels even during the boom, and so may not have been felt as an economic ‘shock’. However, public sector cuts are likely to hit communities more dependent on public sector employment and benefits harder than wealthier areas; so the most severe recession effects may yet be felt in areas where poverty is more concentrated (Day, 2009; Batty and Cole, 2010). Gender, ethnicity, and age or generation shape experiences of the downturn, with older and younger, white and ethnic minority individuals affected differently by different aspects at different stages of the recession (Hogarth, *et al.*, 2009; Stafford and Duffy, 2009; TUC, 2010; MacInnes, *et al.*, 2009).

The present research differs from other UK research on the recession in its explicit focus on the global nature of recent economic shocks. The high degree of global economic integration, the country’s prominence in global governance and its global social connections through colonial history, migration, trade and war all influence poverty and how it is experienced in the UK. Global economic crises are moments at which these influences become more visible: new global opportunities, sources of support and risks become more evident as people adapt to a downturn the origins and effects of which are so obviously international.

The emphasis on the global nature of recent economic turbulence also points us in the direction of commodity – food and fuel – price volatility. Research in developing countries suggests that the food and fuel crisis of 2007–8 had earlier and more direct impacts on poverty than the financial crisis that followed. While we would not expect food and fuel price inflation to have had the severity of effect here that was found in Kenya or Bangladesh, for example, the cost of living in the UK has increased rapidly since 2008. The rise has been felt most by people on lower incomes, who spend proportionately more on food and domestic fuel than higher-income groups (Davis, *et al.*, 2010; Palmer, *et al.*, 2008; Hirsch, *et al.*, 2009).

National context

The full impact of the recession on poverty and communities in the UK is not yet known, nor is it likely to have fully unfolded. There remained considerable concern about the strength of the recovery into mid-2010: while economic growth was 1.1 per cent in the second quarter of 2010 (up from 0.3 per cent in the first quarter), evidence emerged to show that the economic downturn was deeper than previously thought, at 6.4 per cent from peak to trough, making it the ‘worst recession in post-war British history’ (Giles and Pimlott, 2010; ONS, 2010b).

The impact of the recession on employment levels so far appears to have been less severe than initially expected, compared with previous recessions.⁴ Nevertheless, the overall outlook for poverty and inequality in the UK was described as ‘bleak’ in 2009 (Brewer, *et al.*, 2009). The downturn in unemployment in 2009 had been sharp: of the 6 per cent of the working age population who were unemployed by mid-2009, 5 per cent had been unemployed for less than a year (MacInnes, *et al.*, 2009), and declines in employment may last beyond the period of the recession itself. In some previous recessions, high unemployment levels have endured years after the recovery has started (Stafford and Duffy, 2009). However, the recession has not been the ‘tipping point’ with respect to unemployment. For some groups, notably young people, unemployment was rising from as early as the mid-2000s; progress on poverty and average income growth had also slowed from that time (Brewer, *et al.*, 2009; MacInnes, *et al.*, 2009). This means that recession-induced declines in employment are likely to exacerbate a situation that was already becoming more unequal: not all communities and sections of society experienced the preceding ‘boom’ in employment terms, but they were all feeling the effects of the bust, even before the public sector cuts began to bite.⁵

Overall employment rates for men have been affected more than those for women: the men’s employment rate has dropped by 3.6 per cent since the second quarter of 2008, compared with 1.2 per

cent for women (TUC, 2010). This pattern is similar to that of other recessions in the 1980s and 1990s (Stafford and Duffy, 2009). Women's employment has been relatively protected to date, but the UK public sector cuts are widely forecast to have worse effects on the employment and poverty of women than men (Hogarth, *et al.*, 2009; UK Women's Budget Group, 2010). Compared with previous recessions, the overall drop in employment has been lower for both men and women, and the difference between them appears to have narrowed in this recession. Job losses have been partly offset by increases in part-time employment for both men and women, and changes in women's preferences for paid work also suggest that differences between men and women in the workforce have narrowed during the recession.⁶

Research approach

The research aimed for a rounded picture of the lived experience of recent global economic shocks; this included the rising cost of living associated with the global commodity price spike of 2008 and the downturn that followed the financial crisis of 2008–9. In designing the research, one consideration was that research at the local level is always limited in the extent to which it can definitively attribute local outcomes to larger processes such as a recession. However, with the focus on what it means to be part of a global economy at (or slightly after) its moment of crisis, the research aimed less to prove causality or impact than to provide evidence of how the unfolding events were experienced and given meaning in people's lives.

Many of the findings about the experiences of the downturn or of poverty presented here may not necessarily be 'caused' by the global recession in any strict sense. In its focus on global economic shocks more broadly, rather than merely the UK recession, the approach sought to situate the local and national experience within its global context. Not all economic activity or social life in these areas was directly affected by their place in the global economy, but the research also identifies many secondary or indirect effects of the recession on places and people. The focus on the larger set of global shocks meant the research was able to show that in addition to the recession, people living in poverty in the UK had experienced hardship as a result of food and fuel price rises (at least partly due to international commodity market volatility). This broader approach to global economic shocks was motivated by earlier research into the so-called Triple F (food, fuel and financial crisis) in developing countries, which found that food and fuel price rises were a greater concern for people living in poverty than the financial crisis-induced global recession (Hossain, *et al.*, 2009).

The overall research approach was qualitative, as the most appropriate means of exploring people's experiences of the downturn and their global connections. The analysis of the findings involved collection of a considerable amount of quantitative data to support our own understanding of how the recession had affected the different areas; some of this is provided in the report. However, the report emphasises the qualitative evidence, partly because the authors felt it was important to give more space to the voices and experiences of the research participants, and partly because some of the issues identified tend not to be captured in quantitative evidence. More detail is available in the full length case study reports, and summaries of the case studies are provided in the appendix.

Three areas were selected for the case studies: the village of Kildress in County Tyrone, rural Northern Ireland, the East Sussex coastal town of Newhaven, and selected areas and communities within the town of Oldham in Lancashire. The areas are of different sizes and at differing administrative levels, and the cases are not intended to be comparative case studies. To a significant degree, the research in each area focused on the issues that arose as of most significance there.

Resource and timing considerations meant the research was conducted rapidly, but community participation was also an objective. To optimise the resources and strengthen participation, areas and research partners were selected in part on the basis of pre-existing knowledge of and connections in the area. In the case of Kildress, the research partner (the Rural Community Network) issued an expression of interest to relevant communities and community groups. In the cases of Newhaven and Oldham, the research partners (the University of Sussex, for Newhaven, and a community activist and a researcher

from the University of Manchester, for Oldham) had research and other professional experience there, as well as connections with local leaders and community members. Local advisors were recruited to guide the research and help communicate its findings, either informally, or through a formal local advisory group in the case of Kildress. Because the intention was for the findings to be of use to local groups, the decision was taken not to anonymise case study locations. This meant therefore that information that could help to identify informants and interviewees had to be excluded from the report.

The research drew on Perrons' (2004) framework for analysing how globalisation leads to social change, focusing on how 'social reproduction' – the everyday work that goes into provisioning and caring – had been affected by the downturn. This entailed a central focus on how individuals and households have experienced the downturn, and recognition of the unpaid 'domestic' work, mainly done by women, which is central to social reproduction. The research approach situated these changes within those taking place within the local economy. It also took into account responses from social institutions and the state, and explored international social and economic connections, and perceptions of the global economic crisis.

The research partners developed research tools tailored to the specific groups and conditions in each area, drawing on this common research framework. Research activities included focus group discussions, semi-structured interviews, key informant interviews, transect walks and drives, secondary literature and data review. Efforts were made to ensure the views of a cross-section of community members by age, gender and ethnicity were heard. This meant that more focus groups were undertaken in Oldham, to ensure that men and women from white, Bangladeshi-origin and Pakistani-origin backgrounds could all participate.

The research areas

Kildress is in mid-Ulster, 17 miles from Omagh. Kildress parish corresponds to the electoral wards of Dunnamore and Oaklands. The research focused on Dunnamore ward, an area of open countryside and farmland, with the large Davagh forest and the sparsely populated townland⁷ of Broughderg at the top end of Dunnamore. Many new houses were built here in the last 15–20 years, reflecting the rising population and relatively buoyant Northern Ireland economy since 1998. There are some services, but no primary health care provision in the immediate area: most people go to a GP in Cookstown, eight miles away, while the nearest Accident and Emergency Service (15 miles away in Magherafelt) was scheduled to close in May 2010. Agriculture is important, but most farmers supplement small farm activity with off-farm work. Construction and local firms connected to construction (joinery works, building suppliers and quarries producing aggregates) have been major sources of employment for several generations.

Around 94 per cent of the Dunnamore ward residents are from a Catholic background. Kildress is a close-knit community, with several generations of a family living within the area. Small numbers of people have moved to the area, including a few Eastern European migrant workers, but most people who settle here have married into the community. There is a rich tradition of local voluntary activity. The Kildress Wolfe Tones Gaelic Athletic Club (formed in 1952) in many ways acts as a hub for the community, including acting as the local research partner for the present research. Like many rural communities within Northern Ireland, relationships with the Unionist community in neighbouring Oakland ward are not strong, although a small part of the area is more mixed.

Newhaven is a small coastal town in East Sussex with a population of around 12,000. Situated eight miles from historic Lewes, between Brighton and Eastbourne, and at the foot of the South Downs National Park, Newhaven is surrounded by affluence and natural beauty. The town is at the mouth of the River Ouse, which is wide enough to accommodate a cross-channel car ferry providing a daily service to Dieppe in France. Historically, Newhaven has had a thriving fishing fleet and was an important port, linked directly to London by rail. Yet Newhaven has striking indicators of social deprivation, particularly when compared with the rest of the county, but also compared with the national average. The recession affected the manufacturing sector, which had been an important employer, and is likely to compound a situation of significant long-term unemployment. The current recession hit hard, but after a longer period of economic

decline. Less tangible factors are also at work: for many Newhaven people, their sense of place arises from an awareness of its social distinctiveness, compared with the neighbouring areas.

Socially, Newhaven is changing fast. A stable population with strong intergenerational links has historically worked mainly for large employers such as the port or the Parker Pen factory (which relocated to France during the recession). A smaller proportion of the population has been from the managerial or professional classes than in the region as whole, although recent development activity, particularly of housing and a marina by the waterfront, has meant settlement by a more affluent group. Newhaven has an active and diverse voluntary sector, which reflects its strong sense of community. Organisations and groups within the voluntary sector range from a large network of some 60 Newhaven organisations which employs more than 50 people and has 150 volunteers, to smaller groups and clubs. In its social and economic profile, Newhaven is often viewed as closer to areas of Northern England previously dominated by large manufacturing employers, than to other towns in Sussex.

The third research area was Oldham, a town of 217,000 residents within the Greater Manchester region in the North West of England. To ensure the research made contact with people from a broadly representative range of backgrounds, the research was conducted in six of Oldham's 20 wards, including those with the most deprived social indicators. Oldham has historical connections with globalisation, having developed during the industrial revolution of the nineteenth century, on the back of the cotton industry. This was a truly globalised industry, manufacturing a raw product which was supplied from and to locations across the world. As a rapidly growing factory town in the 1950s and 1960s, Oldham attracted workers from around the world, including former colonies, and now has a high proportion of first and second generation migrants from Pakistan and Bangladesh. According to the 2001 census, 11.9 per cent of the Oldham population were of Asian origin (6.3 per cent of Pakistani, and 4.5 per cent of Bangladeshi origin), compared with 4.6 per cent in England and 3.4 per cent in the North West. The different ethnic groups tend to live in residentially concentrated areas, so that white people were the majority in all but two wards in the 2001 census. Rural areas tend to have a higher concentration of white residents, while the areas with the greatest concentration of ethnic minority groups are in urban areas, and are accompanied by higher levels of economic deprivation.

The 2001 disturbances gave Oldham a reputation for racial tension. Oldham's social segregation (particularly in housing and education) became a focus in subsequent debates. A 2006 report remarked on the extent to which 'continuing entrenched divisions' were 'as much in the minds of people as in neighbourhood structures' (Cantle, *et al.*, 2006). While this study did not focus on these issues, it is important to note that ethnicity is an important feature structuring experience in Oldham.

Oldham suffered a relatively rapid decline in the 1960s as textile production spread to other parts of the world. The last mill closed in 1998. Other industries related to textiles, such as mechanical engineering, also declined, particularly in the 1980s and early 1990s. Oldham is now a largely residential town with service sector employment, dependent on the jobs market in Manchester or other nearby cities, with a large number of small businesses and high rates of self-employment. Employment in manufacturing, construction, transport and communications sectors has continued to decline, whereas employment in public administration, education, health and other service sectors has become more significant.

Oldham has had higher rates of unemployment and out-of-work benefits than national and regional levels, but the impact of the recession did not take the form of large, headline-grabbing factory closures. Nor have unemployment rates in Oldham necessarily moved in the same direction as those in the region or the UK as a whole. While employment fell in Oldham in 2008, it did so less than the national and regional trends. When unemployment rose in 2009, Oldham saw the second lowest increase of all Greater Manchester authorities, lower than the increases in the North West and the UK as a whole. However, by 2010, the annual increase in unemployment in Oldham exceeded national and regional trends at 3.8 per cent. Unemployment is unevenly distributed, with the highest rates in more central and deprived areas, and among minority ethnic groups. Nearly a quarter (23 per cent) of residents live in income-deprived households according to the Index of Deprivation 2007, compared with less than one-fifth (18 per cent) in 2004 (see Oldham Council 2010a; 2010b).

1 Local economies

Before the recession

Local economies experienced the downturn differently, depending on how they entered the recession. In the rural County Tyrone community of Kildress, industries related to construction had grown with the booming Irish economy. While economic integration with Ireland had great potential locally, these same links later exposed people in Kildress to the direct effects of the global downturn. Older people in Kildress were stoical, having seen the cycle of boom and bust before. Many people there began the recession after a period of relative prosperity, and with the resources to cope. In the second half of the 2000s, Dunnamore (the ward in which Kildress is located) improved its ranking on a number of key indicators of deprivation, rising from 90th (out of 582 wards) on the Multiple Deprivation Measure score in 2005 to 151st in 2010.⁸ Overall, the recession hit Kildress at a time of relative prosperity.

In Newhaven and Oldham, the recession was not experienced as interrupting a period of relative prosperity. Vacant shops on the High Streets of Newhaven and Oldham are visible signs of recession, but also reflect a more enduring pattern of economic decline. People in Newhaven are unlikely to have felt they were becoming better off before the recession. Newhaven and East Sussex became relatively more deprived during the 2000s, both lower down the rankings in the most recent (2007) multiple deprivation indicators than in the previous index (2004) (OCSI, 2008; ESCC, 2009). Around one-fifth of business premises in the central High Street area of Newhaven were vacant in 2010; more were expected to close in the near future.

Oldham's story of economic decline is part of the wider ongoing process of de-industrialisation. Between 2007 and 2008 employment in manufacturing in Oldham declined by 1.4 per cent, compared with 0.7 per cent regionally, and 0.4 per cent nationally (Oldham Council, 2010a). As in Newhaven, people in Oldham were less likely to have entered the recession from a position of relative strength than in Kildress. Even before the recession, levels of deprivation in Oldham appeared to have worsened, compared with the rest of the country. Oldham was the only Greater Manchester district to have deteriorated in its relative position on an average of scores between the 2004 and 2007 measures of multiple deprivation (Oldham Partnership, 2009).⁹ A common theme in Oldham was that the recession had not affected people because they had never had prosperity. In one focus group of men of Bangladeshi origin, the idea of the recession was treated almost as media hype: "Have we not been in economic recession since I can remember? It's only when big factories like car factories close down that we hear about it."

Businesses and employers in the recession

Important employers went out of business as a result of the recession in Kildress and Newhaven, and most businesses had adapted in some way to more austere conditions, even when the direct impacts had not been particularly severe to date (see Table 1 on page 15). The most direct impacts included the loss of up to 180 jobs in 2009 with the closure of the Parker Pen factory in Newhaven. Some smaller businesses had been affected less, particularly in Oldham, where the public sector is a larger part of the economy. In between these extremes, businesses experienced the recession as a downturn in trade, increased input

Table 1: Impacts of the global downturn on large local businesses

Business	Nature of impact	Source of impact	Situation as of May 2010
<p>Parker Pen factory, Newhaven</p> <p>In operation (under different owners) since 1920s.</p> <p>At its peak, employed 2,500 people.</p>	<p>Closed in mid-2009, with estimated loss of up to 180 jobs.</p>	<p>Profits of parent company Newell Rubbermaid were hit by downturn and commodity price volatility in 2008–9. The Newhaven factory was one of 20 units worldwide closed to reduce manufacturing costs.</p>	<p>Work that used to be done in the Newhaven factory is to be shifted to Nantes, France.</p>
<p>Meteor Electrical, Ltd, Kildress, Co. Tyrone</p> <p>Local firm in operation for 35 years. At its peak, the largest independent electrical wholesaler in the island of Ireland.</p>	<p>Went into administration in June 2009, with 80 employees. At its peak in April 2008, Meteor employed 194 people.</p>	<p>Exchange rate volatility was the trigger, but the firm had been under pressure from the construction downturn in Ireland. Meteor had bought sterling to help stabilise the cost of inputs; when sterling hit parity with the euro, they faced losses of £8,000 daily on their hedged currency position.</p>	<p>Re-started with ten employees.</p>
<p>Cash Bases, Newhaven</p> <p>Manufactures cash drawers and point of sale systems.</p> <p>One of Newhaven's largest employers, with around 130–140 employed in the factory and a further 60–70 in support roles.</p>	<p>Made redundancies and cut working hours in May 2009.</p>	<p>General downturn in demand.</p> <p>Recent currency movements have been favourable, as a high proportion of invoicing is in euros.</p>	<p>Cash Bases appeared to be in recovery at the time of the research, and was now recruiting again.</p>

Sources: Newell Rubbermaid Annual Report 2009; Carol Walton's history of Parker Pen in Newhaven on www.ournewhaven.org.uk; interviews with staff and owner of Meteor Electrical, 2010; interviews and focus group discussions with business owners in Newhaven and Kildress, 2010

Table 2: Business births and deaths 2008–9, UK and local areas

Area	Business births	Business deaths
UK average	11.6	9.4
Northern Ireland	9.5	7.3
Cookstown district*	8.5	6.6
South East England	10.9	9
Lewes district**	9.8	9.7
North West England	12.2	9.9
Oldham	11.7	10.1

* Kildress is in Cookstown district

** Newhaven is in Lewes district, East Sussex

Source: ONS Business Demography: Enterprise Births & Deaths 2008 up to May 2009; figure for Cookstown from Department of Enterprise, Trade and Investment in Northern Ireland, also based on Business Demography: Enterprise Births & Deaths 2008

prices and exchange rate volatility. With business births and deaths as a barometer, the local economy in all three of our areas had felt the effects of the downturn (see Table 2 above).

Not all recent changes were induced by the recession, as small business owners also reported facing shifting social and cultural practices and technological change. In all three areas, local businesses had responded to new challenges and the recession by diversifying products or seeking new markets, often abroad; by cost-cutting, including trimming overheads, sourcing cheaper inputs, keeping business services (e.g. book-keeping) in-house; and by laying off staff and reducing working hours.

In Kildress, business owners reported having to tighten up on credit to customers, a cause of considerable embarrassment in a close-knit community. Kildress had been hit hard by the downturn in construction, including across the border in the Republic of Ireland. In addition to Meteor Electrical, other trades and jobs connected to construction had played an important part in the economy of Kildress. Local men were employed directly as skilled tradesmen or labourers, and would have travelled extensively throughout the island of Ireland for construction projects.¹⁰ Small local businesses directly related to construction included builders' merchants, fitted kitchen manufacturers, furniture manufacturers, joinery works and plumbing suppliers. A local publican had felt the knock-on effects of the downturn in construction, noting that with most of his clientele connected to the building trade, a 'fear factor' about the recession getting worse had meant people were holding on to their money. Many Kildress families had at least one member directly or indirectly employed in construction, and the widespread attitude had been that they needed to 'get up and follow the work'. While a round trip of 100 miles a day was considered normal to Kildress people employed in construction-related trades, the recession meant longer distances became more common. More people were commuting within the region or even abroad; in contrast to previous rounds of migration, cheaper airfares meant it was possible to commute to Europe or the USA for weeks or months at a time.

In Newhaven, business owners and managers felt that the businesses that had been most resilient were those that had diversified beyond the town, including expanding to international markets. Cash Bases,

now one of Newhaven's largest employers, is a good local example of successful adaptation to global competition (see Table 1 on page 15). Its success combined an emphasis on employee loyalty to keep staff turnover rates low, with a mix of specialisation, diversification and maintaining global links. The recession had meant some redundancies were made and working hours reduced in May 2009, but the company had since been experiencing an upturn.

By contrast with Newhaven, a survey of 20 small businesses in the research locations in Oldham found that few had direct global or international connections.¹¹ These local businesses were mainly retail and service-providing outlets, and none were involved in manufacturing or other more globalised sectors. Yet given its historical role within the global economy and its large migrant population, it is surprising that even among retailers targeting Asian markets, suppliers and wholesalers were all local. Among these small businesses, the recession was mainly felt through lower demand, although a few retailers were benefiting from 'austerity' shopping habits: sales of Asian dress fabrics were up, said one retailer, because people were having clothes made up by a tailor rather than buying more expensive readymade clothes. Most of these small business owners reported higher stock prices and transportation costs in the last few years, but wage costs had not risen, and employees had had no or small pay rises. Employees had not been laid off, but employment was being affected: some drivers had left a taxi firm because income was down, while a solicitors' firm said trainees had left when they were unable to secure contracts. Most of these business people were pessimistic, and believed the recovery would be slow. The recession had affected business planning, capital investment and the range of services. One-quarter of these businesses felt that the recession had prevented them from investing in their business. Despite a strong sense of caution, several were attempting to diversify products, suppliers or markets including, in one case, by entering the international market by developing online sales.

Work and worklessness

Job losses were more commonly reported in Kildress and Newhaven than among the people with whom the research was conducted in Oldham, reflecting differences in how local employers were integrated within the regional or world economy or exposed to the financial crisis. Businesses hit hardest by the recession in Kildress and Newhaven had more global and regional links than were found in Oldham, where the people with whom we worked were already more likely to be workless. The economic sectors in the Oldham areas also seemed to involve more self-employment and casualised forms of work, suggesting they may have been affected less directly by the downturn but be more exposed to the public sector cuts to follow. Job losses were not the only changes to work patterns: people were travelling more, feeling less secure about their jobs and among self-employed and trades people, experiencing uncertainty around earnings.

In Kildress, a number of people pinpointed the moment when they began to feel the recession bite as January 2009, when the post-Christmas credit card bills started to arrive. This perception matches the period in which there were rapid rises in the numbers of people claiming Jobseeker's Allowance across the UK. Impending public sector cuts were of concern in Kildress both for those employed directly in the public sector and in terms of the potential loss of investment in infrastructure that would impact on the private sector, particularly construction. Job insecurity seemed to be widespread, and competition for jobs fierce. People generally felt that the numbers of migrant workers in the area had decreased in the past two years. Most migrant workers would have worked locally, some in Meteor or other small businesses in Kildress. A small number of migrant workers – mostly Latvians – remained, of whom it was thought that they might have stayed on because the Latvian economy had been hit harder by the global recession so that they were better off in Northern Ireland.

The legacy of the conflict directed attention to whether personal safety factored in people's labour market decisions.¹² No one we spoke to in Kildress identified any significant problem with labour mobility,

and it was widely agreed that people from Kildress involved in construction had worked across all parts of Belfast at the height of the Troubles. But there was always a little caution:

People are willing to work anywhere but you ... are careful. If you're working in an area you perceive as hostile you keep your head down and you make sure you're not wearing a GAA [Gaelic Athletic Association] top.¹³

We know a man up the road who was Albert for a long time when he was on a job in Lisburn, but there's not many Alberts in this part of Kildress.¹⁴

For young people it was not so much where as what the jobs were that was the source of the separation. One young man had found the Jobcentre in Cookstown unhelpful because "it's only Army jobs that are there." Of the Police Service of Northern Ireland (PSNI) as an option, the view was that it would 'definitely be frowned upon in Kildress'. This indicates that young people (who would have been in primary school at the time of the 1998 Good Friday Peace Agreement) were aware that joining the police would lead to their ostracism. This is significant, as the endorsement of the PSNI by Sinn Fein and their membership of the Northern Ireland Policing Board suggests that attitudes towards policing may have softened in nationalist and republican communities. That, even at a time of recession, young people from a nationalist community would not consider the police suggests that attitudes may not have been transformed by recent policy shifts.

In Newhaven, the recession came on top of chronic unemployment. Several key informants from the voluntary sector identified patterns of unemployment with cycles of deprivation transmitted across the generations.¹⁵ Compared with Lewes and national averages, Newhaven people are less likely to be in managerial, professional and technical occupations, and more likely to be working in skilled trades, as factory operatives, or in 'elementary occupations'.¹⁶

Several of our informants had been directly or indirectly affected by the recession, including redundancy, as well as reduced working hours, wages or earnings. A builder explained how his earnings had been hit:

I used to get like £2.40/m² for every bit of plasterboard I put up, and now it's like £1.90/m². I was even getting £3.00/m² before, but now it's £1.90/m². So, yeah it's pretty harsh, sort of having to work twice as hard, longer hours, and weekends to try and build it up.

Low and uncertain earnings from work meant being in work did not necessarily mean being materially better-off than being out of work. Those who were struggling the most in Newhaven included those in work but on low wages, particularly those in privately rented accommodation or with mortgages. One man in the building trade was consistently temporarily laid off for short periods when work was drying up. Out of loyalty, he felt unable to leave the company altogether, but keeping up with the rent became increasingly difficult, as his partner explained:

He normally does bricklaying during the day – but was a time when he didn't have work at all. Over Christmas we missed three weeks' worth, so were obviously £450 behind on the rent, constantly trying to catch [up], and if it gets another day when there's no work, that's another day's wages to find.

Another woman found redundancy particularly difficult because of the steep decline in income. She and her partner had been on a comfortable joint income of £59,000, both working for a mortgage company. When she was made redundant her partner also took a pay cut, and their joint income was reduced to a

Table 3: DWP benefit claimants (May 2010, % of working age population)

	Alexandra	Coldhurst	Oldham	Great Britain
Total claimants	31.3	30.9	19.7	14.7
Job seekers	8.0	9.1	4.7	3.5
ESA and incapacity benefits	13.4	13.5	9.1	6.7
Lone parents	4.6	3.1	2.4	1.7
Carers	2.7	2.5	1.4	1.1
Others on income-related benefits	0.7	1.1	0.6	0.5
Disabled	1.6	1.2	1.2	1.0
Bereaved	0.4	0.4	0.3	0.2
Key out-of-work benefits [†]	26.6	26.7	16.8	12.4

[†]Key out-of-work benefits consist of the groups: job seekers, Incapacity Benefit claimants, lone parents and others on income-related benefits

Source: Nomis (www.nomisweb.co.uk). DWP benefit claimants data – working-age clients for small areas

third of its previous levels. Yet it took till the end of the financial year the following April before their tax credit entitlement was adjusted, a time she described as ‘really hard’.

Oldham generally has higher unemployment and out-of-work benefit claimant rates than the national or regional level (see Table 3 above), and may feel the effects of the recession most directly through public sector job losses and the knock-on effects on the private sector locally. Recent trends suggest the recovery is in process: unemployment in Oldham decreased by 2.5 per cent in the month to April 2010, compared with 2.2 per cent in the North West and 2.9 per cent across the UK. Nevertheless, at 5.4 per cent in spring 2010, unemployment in Oldham remained high by regional and national standards. And unemployment and worklessness are concentrated within some areas and among ethnic minority groups (Oldham Council, 2010b; see Table 3 above).¹⁷ For instance, more than a quarter of the population in Alexandra and Coldhurst, two wards included in this research, were on out-of-work benefits at the end of 2009, compared with nearly 13 per cent in Britain as a whole.¹⁸

In the Oldham focus groups and interviews, we met nobody who had directly lost a job. Instead, the emphasis was on how much harder it had become to get work. This emphasis makes sense in an area with low levels of employment and a relatively casualised and informal job market. Men of both Asian and white English backgrounds reported finding it hard to find casual work, and across the focus group discussions, a sense of rising job insecurity emerged. However, for men of Bangladeshi and Pakistani origin, work was often highly casualised so that they had little experience of job security or employment rights. In a focus group with men of Pakistani origin, losing your job was not necessarily a serious issue. One man said that “if you work in a restaurant and you lose your job, you just have to travel further to get work.” Similar views

were expressed of the job market for men of Bangladeshi origin: one woman explained that when her husband, a cook, wanted a holiday, he had to give up his job as he was not entitled to paid holiday. Even so, this was not a problem, she said, as he was always able to find another job on his return.

2 Changes in everyday life

The cost of living

The recession had come at a time when the cost of living had been rising sharply. In all three areas people identified the higher cost of everyday life as a concern (see also Batty and Cole, 2010). Consumer inflation in recent years affected people on low incomes most: UK consumer prices rose by 20 per cent for the poorest fifth of pensioner households between 2004 and 2008, but by only 6 per cent for non-pensioner households on average incomes (Palmer, *et al.*, 2008). In the three research areas, people had adjusted, but in some cases were left worse off in terms of choice, quality, quantity and time. This means that people on low incomes had already undergone a period of belt-tightening before the recession hit, which is likely to have left them less able to cope with the downturn than might have been hoped.

People's efforts to economise may help explain the local downturn in demand for goods and services, as strategies for economising included shopping differently. In all three locations, a common response to higher living costs was to shop more in bigger supermarkets and less in more expensive local shops. In Kildress, some people were said to be buying cheaper meat from a factory shop at a chicken and meat processing plant, and eating less takeaway food. In Oldham, women of Bangladeshi and Pakistani origin had switched to cheaper brands of rice and flour, were eating less red meat and switching to cheaper 'English' foods such as pasta and baked potatoes. In the last couple of years, new informal businesses had sprung up with fruit and vegetable sellers selling produce from the back of the van. For some, this was a welcome and cost-saving convenience; others questioned the value and quality of the stock.

Strategies for economising typically involve more time and effort, particularly by women. Women in Oldham talked of shopping around to find cheaper prices, while in Newhaven, people talked about how much time had to go into shopping to make it affordable, because of the need to travel or shop around for bargains. One woman in Newhaven explained how the loss of time and flexibility to shop around for bargains eroded the income advantages of being in work. An Oldham woman had successfully shopped around online for bargains, managing to get her household bills reduced when she changed suppliers.¹⁹

From all three areas came reports that people were eating more fast food as a result of food price rises. Yet other people in the same places were preparing more meals from scratch, using cheaper basic ingredients. One woman in Newhaven explained that:

... things like potatoes have gone up so much now that I'll go in and buy two potatoes for dinner that night, I won't buy a bag of potatoes because I think, god, I can't spend £3 on a bag of potatoes because I haven't got £3, something like that ... because everything's coming in weekly or something, I can't take all that lot out, I think oh I'll buy another potato in a couple of days.

Several Newhaven women said their partners 'eat a lot', or 'need their food', and that this made economising difficult. Some women were struggling to ensure there was enough food, as in this account:

He never stops eating ... before I always used to have lots of things in for him to eat ... He eats food all the time, bulk. He's a fireman as well ... And he works all day doing bricklaying. So he's really active, always eating, always on the go ... it's sometimes cheaper to send him down the chip shop with £2 or something ... rather than him being in the kitchen all night, picking at all the food that I need for the

week for the kids, so it's not healthy for him either. Whereas before I used to do him like big shepherd's pies, all the time, when he come in from work there was always a meal for him, whereas now, there isn't.

Rising fuel costs were a concern for all, but of particular importance in rural Kildress. Fuel prices rose sharply across the UK in recent years, with domestic gas prices rising on average 31–37 per cent and electricity by 21–25 per cent in real terms from 2005 to 2007 (Palmer, *et al.*, 2009). A House of Commons report on fuel poverty stated that approximately four million households were experiencing fuel poverty in 2007, up from around two million in 2004, including 3.25 million vulnerable households (House of Commons, 2010). It should be noted that these estimates relate to the period before the global fuel price spike in 2008. UK fuel prices continued to rise in 2010.

Fuel poverty²⁰ is a particular concern in Northern Ireland, where fuel prices are generally higher, incomes are lower, and choice more restricted because of access in rural areas than in England or the South. While no estimates are available for the levels of fuel poverty in Northern Ireland since the global commodity price spike in 2008, the situation was already serious. In 2004, some 23 per cent of Northern Irish homes experienced fuel poverty, compared with 6 or 7 per cent in England (Palmer, *et al.*, 2009). Analysis of the 2006 House Condition Survey found that the proportion of Northern Ireland households in fuel poverty rose from 27 per cent in 2001 to 34 per cent in 2006. Earlier declines in fuel poverty between 2001 and 2004 from energy efficiency investments were reversed by escalating fuel price rises after 2004 (HECA, 2008).²¹

The importance of fuel prices in Kildress can be seen in its deprivation on the proximity to services domain, on which Kildress was the 5th most deprived ward in Northern Ireland. This provides a sense of the distance to amenities of all kinds. Several people reported cutting down on leisure driving and making sacrifices to keep their cars on the road. One older man said: "I'm now putting £40 of diesel in the car instead of £20 a few years ago and I'm cutting down on journeys that aren't essential." Some Kildress residents were installing wood-burning stoves and returning to solid fuel heating in response to the increase in the cost of domestic home heating oil.²²

Many more people were cutting or buying turf or logs to fuel wood-burning stoves. While pound for pound oil was cheaper and more efficient, many people found it easier in terms of cashflow to buy a bag of solid fuel than to fill a tank with home heating oil. Some people spoke of turning their central heating off, just turning it on for a couple of hours to take the chill from the house, and of wearing more layers in the winter. Concerns were also expressed by a minority of people about the environmental impact of cutting turf, and whether a widespread return to burning turf as a fuel could be sustainable in the long term.

High fuel costs were also a concern in Oldham and Newhaven. Younger white people in Oldham explained that higher petrol prices and bus fares limited their mobility and social lives. One Pakistani woman said: "I shiver rather than put the heating on" and that she walked more, as "walking is good for the pocket". Another woman who worked in Manchester noted that her weekly petrol costs had recently risen from £25 to £40.²³ After the very cold winter of 2009/10, many Newhaven people had found energy price rises difficult to manage, particularly when on metered services. Some people adjusted by using less energy, but most people there preferred to adjust expenditure on other things rather than get cold; to dip into savings or go into debt to cover their heating bills. One older woman told us that: "I don't go cold, because we had some periods of being very, very, very cold, during the war, so no, I don't go cold."

Personal finances

While debt was a concern in all three areas, in each there were groups who believed that their poverty had to some extent insulated them against the credit crunch. There were also generational differences in the perceived impacts. In Oldham and Kildress, some felt that younger people were more likely to have mortgages and to be affected by negative equity, having bought at the height of the property boom. Additional pressures to get mortgages, identified in Kildress, included the lack of social housing in the area, the tradition of one-off housing, and the construction boom. Men of Bangladeshi origin in Oldham said that their parents

had dealt more in cash and depended more on community credit systems, and so were less affected by the recession. People there knew of families who had lost homes or were otherwise being squeezed by the housing credit squeeze. For white Oldham residents, an important factor was that rents had gone up, because, in one respondent's view, landlords "think people will not be buying houses!" Some of the focus group participants were living in social housing, where rents had also risen. In this group, rent was thought to be particularly difficult to manage for people without children, as having children entitled them to extra benefits that helped with rent.

In Newhaven, debt was a concern, and the Lewes Citizens' Advice Bureau reported rising numbers of visitors with debt problems. However, some Newhaven people said they would not go to an organisation for help. One resident said: "If anyone's going to help me it's going to be family or friends, nobody else. The government don't help ... and I wouldn't take help from charities that other people need more than me."

Personal insolvencies rose sharply in 2008 across the UK, but at nearly 34 per 10,000 of the population in 2009, were higher in Lewes than the South East regional average (29 per 10,000).²⁴ As with both white and ethnic minority groups in Oldham, there were some groups in Newhaven for whom credit had never been an option. But where people were users of credit, the recession could make it easy for debt to pile up. In one Newhaven family, a woman was on maternity leave when her husband's working hours were cut during the recession. She explained how she started to put day-to-day expenditures such as petrol for the car (needed to get to work) on her credit card:

Yeah, a reasonable wage, and then losing a week here or there you just don't ever catch up so you put the odd bill on your credit card and then you can't pay your credit card bill the next month so you never catch up and it just all adds up.

In both Oldham and Kildress, alternative credit providers helped people cope with the downturn. Founded in 1970, the Kildress Credit Union was identified as a key source of support for local people, described by the parish priest as 'the backbone of the community'. The former manager of the Credit Union noted that towards the end of 2009, fewer people were coming into the office to change pay cheques and arrears in loan repayments had risen. By April 2010 the numbers of loans taken out had decreased by 6 per cent on the previous year, following a 3 per cent drop the year before; members' savings had increased 8 per cent in the past year, following a 21 per cent in the year 2008/09, after the collapse in confidence in banking following the bail-out in Britain and Ireland in 2008.

In Oldham, people of Bangladeshi and Pakistani origin felt their communities might be protected from the recession because of cultural and religious inhibitions to do with credit, and the financial (and emotional support) provided by extended families. Many perceived their own communities to have stronger financial support and security than the white community. One man explained that "we live together in close knit communities and help each other out", while another said: "you are not as on your own". The financial help was not even necessarily in the form of loans: "people don't ask, it's forgiven". Women of Bangladeshi origin agreed that because of reluctance to be involved in credit systems that charge interest,²⁵ people were more comfortable borrowing from family, even large sums (for instance, to buy property). This was presented as an easy option, but it also emerged that borrowing could cause tensions within families: "you feel low in yourself asking them. They've always got power over you". Others noted the limits to how much extended families can support each other financially, particularly during a recession, when most people are less well off.

Men of Bangladeshi origin stressed that their cultural values emphasising assets without debt had helped protect them against the credit crisis. Pakistani men and women had additional support in the form of 'committees' or rotating savings and credit associations,²⁶ which were seen as a crucial communal mechanism for saving money. Many men were part of at least one committee and in some cases, of several, such as a death committee (to cover funeral expenses) and another general one. Some of the women from the Pakistani community were also in committees. However, in both groups it was noted that membership

of a committee depended on having a regular income so that you could commit to the payments. The only man of Pakistani origin that we met not to be a member of a committee was a student; similarly, a single mother of Pakistani origin explained that she could not afford to join a committee. By contrast, while men and women from the Bangladeshi community were aware of these committees, only a couple of men who had been introduced to them through work colleagues from the Pakistani community had joined them. In general, committees were seen by Bangladeshis as ‘not in our culture’.²⁷

Changes and strains in everyday life

In all three areas there were concerns that mental and physical health was being damaged by the downturn and accompanying uncertainty. In Kildress, there were concerns about the pressure on people to maintain a house, car and ‘successful’ lifestyle, and about the mental health and well-being of younger people without job prospects. In both Kildress and Oldham, business people identified personal health impacts of the recession, such as sleeplessness, longer hours, stress, and being unable to take time off. A Kildress publican commented: “The last year has been very stressful with lots of extra work and I had said to my partner I was going to close the business because of stress and the health effects.”

One Oldham business owner said he was smoking more as a result of increased stress. For others, stress was an inevitable part of running a small business and therefore there was less change. On a positive note, none of the Oldham respondents felt there had been a significant rise in crime in the area of their businesses, although some noted a rise in unruly night-time behaviour in the centre of town.

In Newhaven, too, there were signs of raised stress levels. Summerhayes, which offers an ‘advice hub’ for people affected by mental health issues, had seen a steady rise in use over the previous two years, partly associated with job losses and unemployment. Between April 2009 and March 2010 some 11,000 visits were made to the centre, up from around 3,000 in the same period before the recession struck (April 2007– March 2008).²⁸ Yet many stress-related problems remain private. As one woman described it, “you sit there and worry, and just think, ‘Oh my God ...’”

People identified ways in which physical health was likely to be affected, including through the rising cost of living. In Kildress it was said that local people were trading down to cheaper cuts of meat, while in Newhaven, many people emphasised that food price rises and the squeeze on household budgets had increased the importance of home cooking. One woman felt that her family’s diet had improved:

I think it’s better, because we cook a lot more from scratch than we ever used to now. Especially with the growing [vegetables in her garden] because I don’t want to waste anything that I’ve grown myself. And we’re a lot better at saving stuff, like we were very wasteful before.

In Kildress, too, women spoke of cutting down on food waste and bulking out meals with vegetables. But changing shopping habits had not improved diets for everyone, and several Newhaven women were buying more frozen food than in the past. One mother of small children in Newhaven felt the poorer quality of food she was buying had affected her children’s health:

Whereas before they would always have like grapes, strawberries – they’re so expensive ... Ellie’s not going to have that as a treat, she’s going to have crisps and a biscuit, things like that. It’s terrible when you say it out loud actually, it really is awful. But that’s exactly what I used to do with Jason before, when we had money, was his treat would be fresh fruit, because he loved it, with a pile of yoghurt or something on top, he loved it. But I can’t even buy yoghurts really these days, they’ve gone through the roof.

This mother saw a difference between the robust health of her four year old when he was a baby, and her eight month old daughter:

She's always a bit run-down. She hasn't been too bad for the last couple of months actually, but, before that she seemed to be ill from the day she was born, nothing too serious but always a constant cold or cough, or things like that. And I'd say that was her diet.

In Kildress and Newhaven, there were signs the recession had affected domestic arrangements so that gender roles had changed. From Newhaven there was some evidence that economic change had brought about gender differences in choices about going out or (as was seen above) in access to food. In Kildress, many people felt that childcare arrangements had shifted. As well as fathers becoming more involved in caring for children due to redundancy or short time working, more (and cheaper) childcare was being provided by extended families, particularly grandparents, or neighbours. A teacher noticed a striking change in the numbers of fathers who were now picking up their children from school – “There’s a lot more dads in the yard than there would be mothers” – a direct result of the numbers of local men employed in construction that had either been laid off or were working less frequently. A man who had lost his job when Meteor closed described his experience:

I did spend a bit more time with the children and got involved with them at Cub Tyrone GAA [Gaelic Athletic Association] coaching days during the summer which I had never had time to do before. I'm doing a lot more flexible hours in my job now and so I'm more available to be involved with the children and have kept up my involvement with the GAA. I have to admit that has been more due to circumstances of the new job rather than a conscious choice but I am happy to be more flexible now and I feel fortunate the way things have worked out.

While some Kildress people saw greater father involvement in children’s education as an ‘upside’ to the recession, this was balanced by the concern that the impacts on men’s traditional role as bread winner could be negative for the mental health and self-esteem of men in the community.

Changes in social life and informal support

People in all three areas noted similar types of changes in their social lives, in most cases involving less public socialising and scaling down big celebrations (weddings, Christmas, Eid) in efforts to keep costs down. Informal family and neighbourly help were widely considered to be important sources of support. By contrast, there was no clear pattern of change with respect to social and civic participation, for example in community groups or organisations.

The research approach adopted here – in particular, the choice of working with ‘communities’ – means that there is an in-built bias towards people and places with social capital, and against researching the experiences of more isolated individuals and excluded groups within these areas. This means that research findings about the relative importance of informal sources of support are likely to be more relevant to areas with similar endowments of community ties and social assets. However, it should also be noted that instead of formal or organised civil society organisations (such as community-based organisations in Newhaven or mosques in Oldham), people tended to emphasise the importance of more low-key and informal sources of support, through families, neighbours and social groups. This does not mean that more organised forms of civil society do not matter, but it does suggest that social support is derived from a relatively wide range of sources, not all which are as obvious or measurable as organisations.

In Kildress, people had cut down on their socialising. There were fewer people in pubs and restaurants, and with the large supermarkets selling cheap alcohol, people were cutting costs by drinking at home, a trend that predates but has been reinforced by the recession. Local publicans spoke of large declines in turnover in the past year, in one case up to 50 per cent. While house parties had become more common, some Kildress people felt the trend towards drinking at home could lead to more isolation and higher consumption. Young people said that their socialising had been cut back as a result of the recession, and that it had become “more acceptable not to go out now”.

In Newhaven a new resident, originally from Egypt, explained that unemployment has made him reluctant to go out:

If you are unhappy with your place in work, you are under a lot of pressure ... struggling out to make the rest of your life work, this will be affecting your attitude and your sociality. So if you are alright you visit friends, otherwise you are scared if you go out you spend some money so you sit back and live indoors. So a recession will affect your social life.

Younger couples with children in Newhaven rarely went out and had cut back. Pubs were seen as prohibitively expensive, yet cheaper venues for socialising, in particular the various clubs, were an important part of the social fabric for people who felt they were 'real Newhaveners'. In Oldham, members of both the white and the minority ethnic communities reported going out less. For white people, increased taxi and bus fares had made going out even more prohibitive, particularly for younger people. Members of the white community in Oldham were aware of local pubs closing, although they saw competition from cheap supermarket alcohol more than the recession as responsible. Pubs were seen as essential to community life and they felt a sense of community had been lost.

In all three areas people said that weddings and other ceremonies had become less elaborate than before the recession. A Newhaven woman described how she had been up till one o'clock in the morning cooking the night before the wedding: "then we had one night in the Premier Lodge, which is just down the road, and then we were back there at 7.30 in the morning cleaning up! But it was amazing."

Women from the Asian communities in Oldham said wedding spending had been curtailed, with more haggling over the price of clothes, transport and venues. Immediate family were still expected to provide at least one 'set' of gold jewellery; cash and other gifts had become more common because of the high price of gold. The parish priest in Kildress said that while first communion and confirmation ceremonies retained a high standard of dress and a sense of family occasion, celebrations were less costly and more likely to be at home than before.

In all three areas, people noted the importance of their extended family and community support systems. People from the Asian communities in Oldham felt that their extended family provided a safety net that protected them against the downturn, but which also brought obligations. A young Pakistani woman explained:

I live in an extended family system, which basically means if hardships would happen, then family would 'chip in' to assist anyone in a financial mess. We also help family in Pakistan. I send my aunt money every month in Pakistan. Her health care costs have gone up really rapidly. They all say health care in Pakistan is really expensive ... which does affect us in Britain, as we can sometimes ending paying for it. Our family's zakat²⁹ goes to a hospital in Pakistan.

Focus group participants felt that financial ties with family in Bangladesh and Pakistan were weakening through the generations, and second-generation migrants felt less obliged than their parents to send remittances back to family in South Asia. There was some resistance to demands for financial support: one man described contact with Bangladesh as "by phone and cheque book", while another said "I refuse to send money other than to close [family]". Yet another man, who had only ever been to Bangladesh twice in his life, still sent money, even though his parents had passed away. The sums sent were generally small amounts of money (by British standards) and sometimes clothes.³⁰ It was not clear that the global downturn had affected either the level of remittances or the demand for support from UK-based branches of extended families. Bangladeshi women said that family in Bangladesh had asked them about the recession in the UK, probably because they had "seen it on the TV".

In Newhaven and Kildress, too, extended family was important. The recession appeared to have meant some increased reliance on grandparents in Newhaven, which is a town with considerable intergenerational continuity. Many of our informants had parents, children and other family members living

nearby. Several told us about the importance of being able to draw on these for support – in terms of childcare, but also with practical things like loans to cover immediate financial needs. In Kildress, extended family networks and contact between neighbours was identified as an important source of support for older people.

For the owner of Meteor Electrical, which went into receivership as a result of the recession, local support was important to helping him get through that difficult time:

We had lots of support from well-wishers locally and across the region; we were completely inundated with personal messages of support. These made a big difference. Too many people underestimate the importance of messages of support. We also had great support from local people in Kildress parish.

In terms of where people access support in relation to redundancy, unemployment and other issues, the importance of local networks of extended family and neighbours was emphasised as being particularly important. For people in difficulty, the first port of call was extended family, then neighbours or friends, then local people with specialist knowledge of benefits or other state systems (such as government agency or council employees living locally), then local councillors, and finally people access the formal systems provided by the state.

Social participation and social cohesion

The Catholic Church remained an important social outlet in Kildress. The parish priest said that Mass attendances remained high, with a cross-section of people attending, including many young people. In his three years in Kildress parish, the weekly church collection had held up well through the recession. Several people spoke of their perception of Kildress as a thriving rural community, and there appears to be a wide range of community organisations and activities on offer, and a strong community spirit. The parochial hall across the road from Kildress Catholic Church is booked most nights of the week with social activities. The Kildress Wolfe Tones Gaelic Athletic Club³¹ fields 16 teams for all sections of the community, and during the season regularly has 250 people a week playing. They have found raising funds more difficult as a result of the recession and are particularly conscious that the vast majority of their running costs comes from local fund-raising and now ask more often for smaller amounts of money instead of having big fund-raising events. Club officers with whom we spoke had noticed an upsurge in demand for children's activities, and believed this to be connected to the recession, as children's activities are free. This posed challenges as costs were rising, but the club lottery and Sports Council funding had helped them cope with the increasing numbers of children and young people. Other local organisations that had seen recession-related increases in demand included Kildress Cares, a local group that works with older people. Their average attendance figures had doubled in the past 18 months. Funds are raised locally, and the scheme depends on members getting lifts from children, in-laws, neighbours and volunteers.

In Newhaven, there was little evidence that voluntary or community work had changed as a result of the recession. Newhaven also has a thriving set of community organisations, with the Newhaven Community Development Association (NCDA) the largest and most prominent of these. NCDA has more than 50 full- and part-time employees, as well as sessional staff and around 150 volunteers.³² Of its many activities, NCDA's work through the Newhaven Community Employment Partnership (NewCEP), the advice hub provided at Summerhayes, and support to young people and to families are the most significant for people feeling the effects of the economic crisis. NCDA has more than 60 affiliated organisations, and community institutions include the Hillcrest Community Partnership with its café, arts centre and nursery, and the Breakout Centre, founded by a church-based partnership. Social clubs such as the Newhaven Social Club, the Railway Club and the Conservative Club (recently destroyed by fire) also play a role in Newhaven's civil life.

Although Newhaven features some entrenched forms of poverty across generations, its strong community spirit is in contrast to the idea of a 'culture of poverty'. Yet what looks to the outsider or the policy-maker as local civil society may be experienced by Newhaven people as 'outsider' or externally stimulated

organisations. People who access supportive services speak highly of them. Of the Age Concern day club, one woman said: "I'm so grateful for this place. This is my lifeline." People also speak warmly about the Breakout Centre, because of its non-judgemental and welcoming open door policy. Nevertheless, a significant group of Newhaven residents believe 'there's nothing for me', and feel more at home in the longer-standing social clubs. While Kildress lacks an organisational umbrella for its various community and civic activities, there are also high levels of social capital within the community, which have made a difference to how well people have coped with the recession.

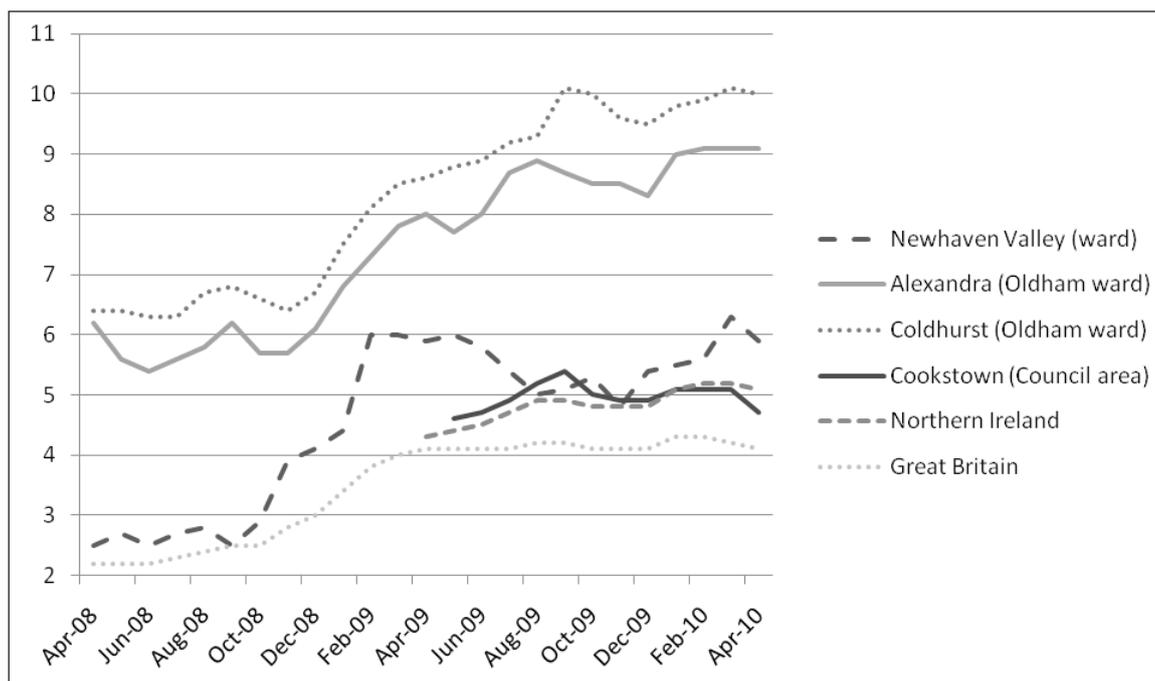
3 State support and public services in the downturn

State support triggered by the recession

In all three areas, state support is important for a significant proportion of the population, with out-of-work benefit claims above the regional and national averages. While 15.8 per cent of the working age population in Britain were claiming out-of-work benefits in November 2009, the proportions were 20.3 per cent in Newhaven Valley, and more than twice the national average, 32.6 per cent, in Alexandra in Oldham. State support and public services have also protected many who were already on low incomes against the worst of the downturn. The relatively sharp increases in Jobseeker's Allowance (JSA) claimants in the research areas in the autumn of 2009 suggests that people in these areas were more vulnerable than average to job losses due to the downturn (see Figure 1 below).

In Kildress, imminent public sector cuts were a source of anxiety in a community whose remote location in any case cuts it off from many vital public services. There were worries that promised and needed new schools in the area would not be built, affecting both students and the local construction trade. The closure of the nearest Accident and Emergency facility in Magherafelt was a major concern, and local opinion was that 'it was only a matter of time' before there were preventable deaths. The view in the community was that while the population in mid-Ulster has risen, health provision has been scaled back, with the loss of acute care over the past ten years at South Tyrone hospital in Dungannon, the Tyrone County hospital in Omagh and now the mid-Ulster hospital in Magherafelt.

Figure 1: JSA claimant count, selected wards in research areas



Sources: Northern Ireland Statistics and Research Agency and Office for National Statistics claimant count

People found it difficult to identify official – local, regional, national or EU – responses to the global recession that had made a real difference in Kildress. However, several points emerged in the Kildress focus groups. It was widely recognised that social security benefits triggered by job or income loss were crucial in helping people through uncertain times. Working Tax Credit was singled out as particularly important to low-income working families. Some business people identified the cut in VAT as having made a difference, but there were fears that the VAT rate could rise to 20 per cent in the near future, wiping out any benefits gained from the cut to 15 per cent that ended in December 2009. Another retailer pointed out that many fiscal stimulus schemes were aimed at manufacturers, with little to help retailers. While support to the banking sector was unpopular, it was acknowledged by some people as necessary. Yet government efforts to inject cash into the economy and encourage lending to small business had not improved business–bank relations in Kildress. A publican described banks as “100 per cent unsupportive to business people”, citing unreasonable banking and overdraft charges as “particularly annoying”.

In Newhaven, a combination of purposive recession-focused interventions, regular state support (such as unemployment benefits and tax credits), and regeneration and related initiatives featured in the way people experienced the state. A common theme that emerged from these discussions was the difficulty of coping with gaps between people’s immediate needs and the inevitable delays or inflexibility in public sector response. An example was the difficulty in meeting council rent demands when moving from benefits to low-paid work, and experiencing a drop in disposable income as a result. In another example, a couple who had been high earners were unable to get Child Tax Credit when they needed, as the assessment was made on the basis of their previous year’s income. One woman had married the previous year, but her Jamaican husband was not allowed to work in the UK. Nevertheless, her married status changed her tax credit status, resulting in a steep reduction in her entitlement. For some Newhaven people, the stigma of unemployment was compounded by experiences of the jobcentre as irrelevant or as a difficult and demeaning experience. One woman said: “They just don’t treat you very nicely at the Jobcentre. You feel like scum and I’m not scum ... She spoke to me like I was absolutely nothing.” Another spoke to a woman who was “very, very rude to me”.

4 Membership of the global economy

This section discusses findings about what it meant to people in these relatively deprived UK communities to be part of a global economy. One finding was that global (mainly European) connections featured more strongly than we had expected in how people experienced and responded to the recession. In addition, travel, the internet, social connections and recent economic shocks were all increasing awareness of global issues. Paradoxically, the community where global economic connections appeared to be weaker than we had expected was Oldham, with its pivotal role in global manufacturing history and its large ethnic minority population. In both Kildress and Newhaven, regional and to some extent global connections shaped the recession experience, and the responses to it. While large-scale redundancies were understood to have been linked to the influence of non-UK businesses, global economic integration was not always seen as a threat. However, when known foreign economic actors were involved, such as the French company that owns Newhaven Port, the sense of threat was palpable, and concretely and plainly articulated.

Overall, few of our respondents appeared to have drawn connections between the substantially global nature of their own economic lives on the one hand, and the weakness of political mechanisms or global governance for protecting them against economic shocks. While it is not surprising that people have not drawn such apparently abstract connections, it is important to note that there remains a gap in people's knowledge of, and power to influence, the global institutions that so directly shape their lives.

The global nature of the recession

In Kildress, the collapse of the local firm Meteor, driven in part by the downturn in construction in the Republic of Ireland, served as a sharp reminder that the global economy has threats, as well as opportunities. Yet for many people in Kildress and across the island of Ireland, the tradition of emigration has meant a relatively high pre-existing awareness of global economic conditions. People expressed concern that the global nature of the recession meant there was not much work anywhere at present. One interviewee had strong views on globalisation and saw it as a doctrine pursued by Western governments:

Up until now Western countries controlled what was happening in the world. Globalisation was the developed countries' plan to control global trade; for example, South America was to be a major beef producer, England a financial centre, Germany a car producer. But globalisation hasn't worked as the developed world intended. If the workers in Poland will work for a tenth of the wages that the Irish workers will work for then it's understandable that the Dell factory moves from Limerick to Poland.

Another respondent noted how recent events had brought home the fact of world economic interdependence:

If the world economy isn't right we're not going to be right because everywhere is so interdependent. If Greece collapses that might impact the euro and if the euro is impacted then that will affect the South and the North as we export into Europe.

Nevertheless, while many people talked about the importance of global links and recognised the impact of the global recession, as many could articulate little or no connection with the global economy, and viewed it as something 'out there' that did not affect them.

In Newhaven, some informants spoke knowledgeably of the global dimensions of the economic crisis, pointing to differential labour costs in different parts of the world, and suggesting that instability is caused by the nature of the international financial system. The Parker Pen factory closure appeared to have stimulated some local thinking on the issue, as the popular local MP directly linked Newhaven's economic decline to globalisation in a House of Commons statement:

The decision to close the factory, taken by the American parent company, Newell Rubbermaid, will result in the loss of 180 jobs. This will have a terrible effect on the population of Newhaven, which is already suffering far more from the effects of the recession than other nearby towns such as Lewes ... There is a suspicion that the factory is being closed because the much stricter French employment laws make it more difficult to close the factory in Nantes, to which the jobs are being transferred. In other words, the employment laws in this country, which are supposed to encourage employment, will have the opposite effect on this occasion.

Baker, 2010

More generally, although Newhaven people had knowledge and experience beyond the town, few had considered their global economic connections in any depth.

Most people had social connections abroad, particularly family and friends living in other countries, and experience of work and travel overseas. In Kildress, emigration or at least long-term travel abroad were options being considered by young people as strategies for avoiding unemployment during the recession. The intention was to draw on networks of family and friends who had migrated earlier, particularly in the USA or Australia.

In Oldham, remittances to Bangladesh and Pakistan do not appear to have been onerous, nor do demands for support from 'home' countries appear to have increased significantly during the recession.³³ Connections to extended family in Bangladesh and Pakistan remain close and significant, although for second generation or British-born people, such ties are weaker and less warm. However, there are newer forms of global connection emerging among second generation Oldham residents. More recent patterns of migration are one source of new global connections. One Oldham woman had a brother in Dubai, who had lost his job, and noted that people were leaving recession-hit Dubai. New forms of charity were also creating new global links. Oldham people spoke of supporting organisations based in Bangladesh and Pakistan, as well as international organisations working in the developing world (such as Muslim Aid), often through regular payments of *Zakat* and *Qurban*³⁴ but also in response to recent crises like the Haiti earthquake or the war in Gaza. White Oldham residents also spoke of donating to charity, although they felt that economic pressures had reduced their abilities to do this. They also endorsed the ethos of ideas such as Fair Trade as mechanisms to address global sharing of wealth, but had had to abandon Fair Trade for cheaper goods in order to reduce costs.

In Newhaven, the relationship with France is one aspect of its global links. This is widely seen in a negative light, most recently because of the specific issue of the beach closure by the French owners of the port, and an associated recent threat to 'pull out' of the town. Comments included:

In France they're interested in themselves, not us. That is France owned, that North Quay ... and the people that are doing it are German, but the whole thing is it's all French and they're not really helping Joe Public ... Not only that, they own our electricity, they own our water.

...see this incinerator, that's owned, it's being built by the French, it's owned by the French, it's gonna be run by the French. All the profits will go back to France, not to here. What benefits Newhaven is gonna get, to me will be nil. But we're gonna have the problems.

Yet the picture is arguably less simple than this: ferry links to Dieppe mean that over many years, people from Newhaven have developed connections with their French neighbours. People used to travel to France a great deal, on day trips and because so many worked on the ferry. In turn, French fishermen would come to Newhaven. The EU was also seen as a threat in Newhaven, particularly by people connected to the fishing industry. By contrast, Kildress farmers and construction industry workers saw the EU as a positive example of how global (or regional) connections were impacting on their lives. For farmers, this was through the EU Single Farm Payment subsidy.

Explaining the global downturn

While few people appeared to have thought much about the global nature of the recession, three groups were seen as meriting blame for the global downturn: bankers, national government, and society – or rather social values – for fostering a culture of consumerism and indebtedness. These findings suggest there is a significant way to go to create wider public awareness of how the global economy operates, why it matters to people in the UK, and of the institutions that are supposed to regulate it in the global public interest. One respondent in Newhaven illustrated how the explanation of recent global economic shocks had been reduced to ‘bankers’ bonuses’ in public discourse:

I really, I dunno, I suppose I blame the bankers really. Everyone else seems to. Like with all their big bonuses and that. And all like the government haven't helped, to be honest. But other than that, I mean ... that seems to be the main cause that everyone else seems to be saying, so I'll just stick with that. I dunno, I haven't really thought about it to be honest.

Views of this kind were reasonably common across the communities. In addition to the bankers, however, national governments (the British and the Irish) were also seen as culpable, for having bailed out the banks, permitted them to pay themselves bonuses, and for wider failures of financial sector regulation. In a number of interviews, the high cost of the wars in Afghanistan and Iraq were also pointed out as having contributed to the deficit. In Kildress, there were particular concerns that the Northern Ireland Assembly lacked the power to take much action, one interviewee commenting: “The Assembly hasn’t been innovative enough but the reality is they have no tax raising powers. Welfare benefits are also out of their control so that’s two key levers that they don’t have.”

5 Conclusions and considerations for policy and practice

This research concludes that the recession has highlighted the need to rethink what poverty now means in the UK and, therefore, responses to poverty. In its present form, globalisation is likely to bring with it an acceleration of global economic volatility (Evans, *et al.*, 2010). There is evidence that globalisation has exacerbated income inequalities, deepening the differences between 'lovely and lousy' jobs in Europe, for example. Less attention has been paid to the implications for UK poverty of global economic shocks, including commodity price volatility (Liddle, 2009). This section works through the implications of this conclusion in the current policy environment.

The welfare state in the changing risk context

The evidence from the research areas suggests that the welfare state provided a reasonably effective safety net during the recession: no evidence was found to suggest that the recession had resulted in absolute destitution on a significant scale, or that social cohesion had broken down with the increased strain on social resources. This is in sharp contrast to the steep descent into extreme poverty and social fragmentation found in developing countries, which have (at best) more targeted and reactive social protection systems, and which lack universal education and health provision (Hossain, *et al.*, 2010). An important exception to note is that the research did not actively seek to research the effects on groups unprotected by the welfare state in the UK, such as people subject to immigration controls, and so we have no firm knowledge of how people who fall out of the safety net coped.

The safety net was operational for people both in and out of work, and tax credits were singled out as particularly valuable. This was important at a time when work had become more casualised and insecure, and wages and earnings had fallen (in small businesses and construction). However, the welfare system needs to become more responsive to how work has changed in a highly competitive and volatile global economy. Proposed reforms to improve the responsiveness of benefits to rapid changes in work status and earnings should be designed with this context in mind. Findings from this research support other evidence that casualisation, increased part-time working and other forms of flexibility at the lower end of the wage scale have increased during the recession. Economic crises are also known to push people into insecure and typically low-paid forms of informal work (Katungi, Neale and Barbour, 2006).

The character of low-paid work has direct implications for the welfare reform agenda. First, it reinforces the importance of tax credits in enabling people to accept work in a context in which the available jobs are typically low-paid, flexible and/or casual in nature. Second, it affirms the need to clarify the system, so that calculating the welfare gains and losses of accepting flexible types of work becomes less complex and risky. Third, it supports the need for greater agility in the system, so that benefit adjustments can be made in 'real time', in response to increasingly rapid changes in work status and earnings. Even a lag of a week or two is likely to deter people, particularly in the present context of highly insecure employment and competitive job markets.

While benefits protected against steep declines into absolute poverty, they were not generous enough to afford a comfortable 'lifestyle choice'. The evidence from these areas affirms what a large body of credible research has found: that people on benefits struggle to get by. This is one reason to believe that a more patchy and less generous safety net will be associated with higher social and economic costs, as

more people fall out of the safety net during economic shocks. There is a role here for poverty research, anti-poverty campaigners and the Department for Work and Pensions to estimate the longer-term financial and social costs of weakening a safety net that has, in general, assured a basic level of social protection during the most severe economic downturn in decades. As economic volatility is likely to be a permanent feature of the global economy, these longer-term costs and needs must be weighed against any short-term gains in public welfare cuts. Protection of low-wage workers through the tax credit system is an area of particular priority amidst increased economic volatility.

Other implications for welfare reform include the fact that efforts to tighten up on benefit fraud and to target benefits to the most deprived run the risk of removing the safety net from the large section of the population who, while not currently 'experiencing poverty', are vulnerable to downturn. The present research did not find a strong sense of increased racism or anti-immigrant feeling within the local areas, but tighter targeting of benefits also seems likely to undermine social cohesion, particularly in areas where this is already fragile. And the timing of welfare reforms may be problematic: the incentives to enter work are likely to be undermined by the current sluggish and uncertain post-recession job market, particularly in more deprived areas.³⁵ For frontline state workers, the increased workload associated with the downturn may help to explain why claimants in some contexts felt that their interactions with staff were increasingly dissatisfactory. For some potential claimants, the stigma and conditionality associated with receiving benefits had added to the burden of poverty. Finally, initiatives to simplify and clarify the system may be of particular benefit in a context of increased casualisation and job uncertainty.

Welfare provision also needs to be more responsive to the fast-changing demands of the global economy in the area of the cost of living. Increased commodity price volatility on global markets has had direct impacts on the cost of living in the UK; this includes particularly harsh effects for people on low incomes who spend a higher proportion of their incomes on the goods and services most affected (Hirsch, *et al.*, 2009). On food, international experts agree that prices look set to continue to rise through 2010, and that volatility looks set to continue (FAO/GIEWS, 2010). In this context, the shift to inflation uprating of benefits and tax credits using the Consumer Prices Index (CPI) as opposed to the Retail Prices (RPI) or Rossi indices, to be introduced from April 2011, will have profound adverse consequences for people on low incomes. The CPI gives a lower level of inflation than the RPI because of what it includes and its method of calculation. The Institute for Fiscal Studies argues that the CPI is a more accurate measure of the increase in the cost of living than the RPI to the extent that it takes into account that people can shift to cheaper goods (Browne and Levell, 2010).³⁶ Nevertheless, it has become increasingly clear that the pattern of inflation over the 2000s has hit people on low incomes hardest. Recent research into minimum income standards found that because of sharp rises in the costs of food, council tax and public transport in the 2000s, the cost of a 'minimum budget'³⁷ had increased by 38 per cent, compared with a 23 per cent rise in the CPI and 31 per cent rise in the RPI. This means that a single person who in 2000 could afford a minimum budget, and whose income had been uprated by the CPI measure of inflation, would by 2010 have been short by some £20 per week – or more than 10 per cent of their minimum budget (Davis, *et al.*, 2010).

The findings of the present research with respect to food illustrate how people on low incomes have managed with this drop in real incomes. Strategies for adjusting to the rising cost of living included eating less nutritious food, by substituting cheaper fast, junk or frozen food; eating less than they would prefer to; and shopping around more for bargains, with implications for time and effort, particularly for women. The increased intake of less nutritious foods is inconsistent with a public health emphasis on tackling obesity, and the additional effort and time that goes into feeding families on an inadequate income squeezes (mainly women's) time for paid work and childcare, as well as adding to the stress involved in balancing work and family life. The research did not only find bad news, however: in some more positive cases, people were growing their own fruit and vegetables, and eating better than before. But this was a strategy that involved considerably more time and effort, as well as needing space and know-how, and so does not provide an easy answer. Concerns about people's capacities to substitute also relate to fuel poverty, particularly in rural Northern Ireland, where the cost of fuel has pushed people towards cutting turf to heat their homes, giving

rise in addition to concerns about environmental sustainability. High fuel and public transport costs also contribute to isolation and lack of mobility, with particularly direct effects for job hunting and social inclusion.

A key policy implication of these findings is that uprating benefits and tax credits by the CPI is very likely to increase hardship. The system needs to be more responsive to the effects of global commodity price volatility if it is to avoid additional and significant real cuts in incomes. Nor should it be assumed that people can adjust in cost-free ways. People are substituting – often very creatively – cheaper goods, but these are not welfare-neutral.

The role of non-state actors

The research found that non-state actors and institutions played a significant part in protecting people against shocks and helping them cope with them. A number of local-level organisations and more informal sources of support contributed to strengthening individual and collective resilience to the downturn. The implications for a policy emphasis on the Big Society and localism include highlighting areas where there is scope for strengthening non-state support, as well as ways in which reliance on non-state actors may lead to limited gains or be counter-productive. It should be noted that the research design adopted here meant that the areas studied were likely to be well-endowed with organised community groups of various kinds, and may not apply to areas with weaker social capital.

First, the protection provided by non-state actors and institutions is uneven, so that some groups and individuals are likely to be excluded from non-state support. From the case study areas in this research, it emerged that efforts to work through formal civil society groups or organisations often require working through community gatekeepers. This means that the views and interests of some groups who are seen as not part of ‘the community’ can effectively be excluded. Reliance on a ‘community’ model of social support may work well within homogenous, close-knit societies with a strong sense of social cohesion and mutual dependence. While this is available in some places, and featured in at least one of the case studies here, such high levels of social capital are unlikely to be present in highly complex and socially differentiated urban settings. In such contexts, to depend on community-based support is likely to exclude those who, for a range of reasons, may be seen as outside of ‘the community’. Efforts to support local initiatives must be careful to ensure their representativeness, to avoid deepening social exclusion.

Second, the most important sources of non-state support that emerged from this research were highly informal, personalised or diffuse in nature – the kinds of moral and material support from family and friends, neighbourhoods and communities that are not provided through organised civil society groups. There are some points of entry for policy and practice to strengthen the kinds of moral and material support that such informal non-state institutions provide. A range of examples from this research includes supporting the unpaid or voluntary provision of care for children or older people, sport or cultural groups that serve a broader function in increasing social cohesion and providing moral support at a time of economic uncertainty, or informal credit institutions that enable people to smooth their incomes or offer capital flows for small businesses. Yet such sources of support are not always visible to policy-makers in fundable organisational forms; this can make it harder to direct resources in responsible ways to the kinds of non-state actors and institutions that people on low incomes found to be most helpful at their time of crisis.

Third, state support to local voluntary organisations has at times had unintended effects on local voluntary action in the research areas. The research here found that when the voluntary sector is used as a provider it can create divisiveness and competition between non-state and community groups, and that compulsion and strong conditionality linked to using the voluntary sector as a provider can create mistrust among local people. In the areas in which the study worked, local organisations that had received state and EU funding had been oriented towards particular national and regional policy agendas. There was some sense that organisations and groups geared towards more local agendas had weakened over time, and community activism had declined in favour of a more professionalised approach to local civil society action. At the same time more recent shifts in the policy agenda – for example, shifts from funding local groups to

tackling peace and security issues – had weakened what had once been strong local organisations. All of these local experiences suggest that efforts to promote the local voluntary sector need to be designed to take these risks into account, to ensure that state support catalyses the qualities it seeks to capitalise on: mutual trust and co-operation and local initiative around local concerns.

The experience of poverty in a global economy

The nature and experience of poverty are different when viewed in the context of a volatile global economy. The need for people as well as economies to be ‘resilient’ has become increasingly plain in the last two years. However, this research finds that ‘resilience’ in the face of global economic shocks is not a bottomless resource that can be freely replenished without cost; it involves a set of activities that are typically hidden and therefore excluded from the quantitative assessments of the impacts of recession. Coping with the overlapping economic downturn and rise in the cost of living has absorbed a lot of time among people interviewed for this research. For time-poor people, often women, who may be juggling several part-time jobs with care of children or older relatives, coping with higher costs of food or rising fuel or transport costs, or having to travel further for work can be a significant additional burden that conceals the true cost of poverty (see Lister, 2004). For workless people on low incomes, the effort involved in travelling to look for work or to shop for affordable food, or the increased pressure to provide unpaid care for grandchildren or other relatives, may be an additional – but hidden – deterrent to accepting low-paid work.

The policy implications of these increased pressures on the time of people on low incomes include the need to take into account how people’s capacities to seek and secure work have been affected by the increased pressures on their time: in a real sense, the costs of paid work are likely to have increased with these new pressures. Recognising and compensating for unpaid care work can help to ease these pressures (Oxfam, 2010). Public sector cuts, wage freezes that affect low-paid workers and reduced flexibility in working arrangements are likely to exacerbate pressures on time. For campaigners concerned about the gendered impacts of public sector cuts, the pressures on women’s time of the rising cost of living need to be taken into account as a further dimension of the impacts of the recession.

In addition to increased pressures on time, it is clear that the rising cost of living has already increased the strain of eating nutritiously. It should be emphasised that in addition to clear negative impacts on the quality of food that people reported being able to afford, there were also households in which there was a struggle to provide food in adequate quantities. The medium- and longer-term effects of the rising cost of living will mean that poverty is more likely to be associated with obesity and other nutrition-related conditions than before. In the case of infants, the impacts of poor diet in the first two years of life are irreversible. Anti-poverty campaigners and activists could highlight how nutritious diets are becoming further out of reach of people on low incomes, and emphasise that the choice of cheaper fast food is a response to the rising cost of living and, decreasingly, a matter of choice.

A more general point to reiterate is that while quantitative and income-based measures of poverty remain valuable, they fail to capture the subjective and non-material dimensions of poverty in an era of increased insecurity and volatility, in particular of high levels of stress, of time poverty and risk aversion. This reinforces the need for more participatory and people-centred understandings of what poverty and well-being mean in everyday life.

Poverty and the disconnect from globalisation

This research found that many people living in poverty felt disconnected from the opportunities associated with globalisation. This was even true of people with strong international social links, such as people of Asian origin. Many people felt that the period of the boom up to 2008 had happened to other people, in other areas. Not surprisingly, most also felt uninformed about and disconnected from the spaces and processes through which decisions about global issues are being made. While there was widespread

recognition that the recession was global in origin, there was little knowledge that the rising cost of living they were experiencing was at least partly the result of responses to climate change, economic growth in middle income countries, and speculation on global commodities markets. There are good reasons to believe that people living in poverty in the UK – and perhaps not only those in poverty – have little sense of agency with respect to global and regional policy issues that directly affect their lives. From the three case studies researched here, the sense of disconnect and lack of agency seemed to be particularly acute in Northern Ireland, where an additional layer of provincial government is seen to lack the financial power to act on behalf of its citizens. By contrast, people did appear to hold more localised authorities – councils, and to some extent the national government – responsible for action in the downturn.

This disconnect from the immense global forces that increasingly shape local lives has several implications. A general point is that such a disconnect is likely to further detach people from engagement in politics, and to further reduce trust in politics and politicians. More specifically, it points to the need for greater transparency and engagement in global and regional governance processes. As institutions of global governance such as the G20 are still relatively new, there are opportunities for anti-poverty campaigners and civil society organisations both to raise public awareness of these institutions, and to claim spaces in which the concerns of people living in poverty in the UK can be heard in these forums. Public education about global citizenship may also help to overcome this disconnect.

A second implication is that a policy agenda focused on ‘localism’ that fails to take into account how global forces shape local realities looks set to deepen the disconnect. At worst, it may deepen the sense of impotence at the local level. There are clear limits to the real powers of local authorities and councils when major employers can outsource to places where labour is cheaper, or where public sector cuts generated by a global financial crisis curtail the decision-making power of citizens in local areas. Without clear recognition of the limits to localism in a global economy and of pathways for participating in the spaces where higher order decisions are made, an otherwise welcome focus on increasing local accountability may result in a frustrating recognition of the limits to local power.

Notes

Introduction

1. For more information, go to www.jrf.org.uk/work/workarea/globalisation.
2. The *Social Impacts of Crisis* research project was funded by the UK Department for International Development in 2009–10. More details are available at www.ids.ac.uk. (See also Hossain, *et al.*, 2009; 2010).
3. On resilience to the recession in the UK, see Batty and Cole, 2010. On resilience to the recession in developing countries, see Green, *et al.*, 2010; Hossain, *et al.*, 2010.
4. At 8 per cent, unemployment in 2010 is lower than at equivalent periods following the recessions of 1980–81 (10.2 per cent) or 1990–91 (9.8 per cent) (ONS, 2010a).
5. Both the IFS (Brewer, *et al.*, 2009) and the Monitoring Poverty and Social Exclusion (MacInnes, *et al.*, 2009) reports date from before the public sector cuts, and so effectively capture the impact of the recession in the strict sense of successive periods of economic contraction.
6. Fewer women described themselves as economically inactive because of looking after a home or family during the recession, and 1.2 million women who were not in paid work said they would have liked to be. The TUC argues that ‘unmet demand for more flexible working opportunities and quality affordable childcare’ are behind this frustrated female workforce (TUC, 2010: 22).
7. A townland is a small geographical division of land which has been used in Ireland for centuries. Townland names are still widely used in rural communities.

Chapter 1: Local economies

8. On health-related and services indicators, Dunnamore’s ranking worsened, however. It is now the fifth most deprived ward in Northern Ireland in terms of proximity to services, according to Northern Ireland Multiple Deprivation Measure 2010; 2005 rankings from Dunnamore ward profile (NISRA, 2010).
9. The data for the Index of Multiple Deprivation (IMD) 2007 are mainly from 2004–5, while the IMD 2004 is mainly based on 2001 data.
10. According to the 2001 census, the single largest occupation group in Dunnamore Ward was skilled trades occupations (34 per cent), followed by ‘elementary occupations’ (including mine-related work, 12 per cent) and process, plant or machinery operatives (12 per cent) (NISRA, 2001).
11. Numbers of employees ranged from 2 to 18, and averaged six per business. The range of years of operation was 1 to 12, with five years the average time the business had been in operation.
12. A 2006 survey of people in interface communities in Belfast found high levels of labour market segregation (Shirlow and Murtagh, 2006).

13. The Gaelic Athletic Association is associated with the Catholic community.
14. Albert is not commonly thought of as a Catholic name; the suggestion is that he has been hiding his identity.
15. Recent figures support this perception of enduring patterns of unemployment. In July 2010, people in the Newhaven Valley ward were considerably more likely to have been claiming Jobseeker's Allowance (23 per cent) for over 12 months than in Lewes or Britain as a whole (both 18 per cent) (ward labour market profile for Newhaven Valley, generated from Nomis [2010]).
16. From 2001 census data (ward labour market profile for Newhaven Valley, generated from Nomis [2010]).
17. Increases in unemployment over the past year were disproportionately high in St Mary's (15.1%), Coldhurst (14.1%), Failsworth West (13.9%) and Alexandra (12.7%), compared with the Oldham average rate of increase (3.8%). Unemployment rates dropped over the same period in several Oldham areas, including Saddleworth South (declined by 30.7%), Saddleworth West and Lees (declined by 19.9%) and Saddleworth North (declined by 13.9%). The highest unemployment rates (as a percentage of the working age population) are in Alexandra (10.5%), Coldhurst (9.8%) and St Mary's (8.7%), all significantly above the Oldham average (5.4%). More than one and a half times the proportion of people of working age belonging to 'non-white' minority ethnic groups in Oldham are claiming Jobseeker's Allowance (7.3%, compared with 4.6% of the white population). The disparity is particularly high for Bangladeshi-heritage people (8.5%) and Pakistani-heritage (6.5%) and both groups have higher levels of claimant rates than in other parts of the UK (Oldham Council, 2010b).
18. Ward labour market profile for Alexandra and Coldhurst, generated from Nomis (2010).

Chapter 2: Changes in everyday life

19. On the trade-offs between time and poverty, see Burchardt (2008).
20. Defined as spending more than ten per cent of household income on home heating.
21. Between 2007 and 2008, HECA documented the following energy price rises in Northern Ireland: a) solid fuel (coal): 25%; b) Phoenix Natural Gas: 28% by May 2008, and a further 19.2% by October; c) oil: 87%; d) electricity: 14% by July 2008, plus 33.3% by October 2008; e) Firmus Gas: 0% (capped until end of 2008) (HECA, 2008).
22. In 2006, only 2.3 per cent of the population of Cookstown District, where Kildress is located, had either gas or electric central heating, while 86 per cent were using a central heating fuel oil or dual system. From the 2006 Northern Ireland House Condition Survey (NISRA, 2010).
23. At 6.4 per cent, Oldham's fuel poverty levels are above the England average of 5.5 per cent, but the problem is concentrated in some areas more than others. Parts of Coldhurst and St Mary's/Alexandra are estimated to have more than 17.6 per cent of households in fuel poverty (Oldham Council, 2009).
24. Insolvency Service, and Population Estimates Unit, Total Personal Insolvencies in England and Wales, 2000–09.

25. Usury is generally viewed as 'un-Islamic'. Islamic banking systems tend to overcome this problem with the use of service charges instead of interest.
26. A group of around ten people commit to saving a certain amount on a regular basis, for example, £100 a month. Each month one of the members will be given the total for that month (£1000).
27. Although Bangladesh is known globally for its micro-finance institutions.
28. It should be noted that these figures include visits by 'practitioners', i.e. professionals using the centre for one reason or another.
29. Zakat is an annual tax required by Islam and forms a percentage of an individual's possessions or surplus wealth that should be given to charities, primarily for poorer people.
30. According to the Fourth National Survey of Ethnic Minorities in 1994, around 30 per cent of Pakistani and 22 per cent of Bangladeshi households remit money. Households with first-generation migrants were considerably more likely to send money than those where adults had been born in Britain (20 per cent, compared with 4 per cent among South Asian households). Most people reported sending less than £100 per month (Blackwell and Seddon, 2004).
31. <http://www.kildresswolfetones.com/>
32. NCDA is funded from a range of sources, the largest of which is the South East England Development Agency. Since 2009, NCDA has expanded its work beyond the town, having won a contract delivering services for East Sussex County Council and the Sussex Downs and Weald PCT. See www.ncda.org.uk for more details.

Chapter 4: Membership of the global economy

33. This possibly reflects the relatively lighter impact of the recession on Bangladesh and Pakistan, and awareness that the UK has been among the worst-hit countries.
34. Qurbani is the religious sacrifice of animals, which includes distribution to people experiencing poverty. It can also be translated into money paid to charities to conduct the sacrifice on your behalf.

Chapter 5: Conclusions and considerations for policy and practice

35. Based on research in April–May 2009, Nunn, *et al.* (2010) note the need to revise down welfare-to-work targets, suggesting that it may be unrealistic to expect that disadvantaged groups will gain employment in the short term, given competition for jobs during the downturn.
36. Although Browne and Levell disagree with the government's claims that the CPI better reflects the 'inflation experience' of households that receive benefits (2010: p. 22).
37. A 'minimum budget' or Minimum Income Standard refers to the level of income needed to allow a minimum acceptable standard of living in the UK today. It is based on an ongoing programme of research funded by JRF and conducted by teams at the universities of Loughborough and York.

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Appendix

Case studies

Kildress area

Study area background

Kildress is situated in mid-Ulster, approximately eight miles from Cookstown and 17 miles from Omagh. Dunamore ward, where the research was focused, is largely open countryside with detached houses built on farms clustered with farm buildings. Two Catholic maintained primary schools are located in the area with older children travelling out of the area for post-primary education. There are no primary health care providers based in the area. Most people access GP services in Cookstown. The nearest acute hospital for Kildress residents is Antrim Area Hospital (approximately 35 miles away). Agriculture remains important in Kildress, although the majority of farmers work part time with relatively small farms, supplemented by income earned from off-farm work. Much of the farmland falls under the Less Favoured Area designation. Kildress has strong networks, with several generations of a family living within the area. A small number of migrant workers remain, mostly Eastern Europeans, although numbers have declined since the onset of the recession. Relationships with the Unionist community in the neighbouring Oaklands ward are not strong. This reflects the segregation across Northern Ireland between Unionist and Nationalist communities.

Methodology

The Rural Community Network (RCN) worked in partnership with Kildress Wolfe Tones Gaelic Athletic Club to carry out six focus group discussions ensuring community buy in to the research. We also carried out 15 one-to-one interviews with key informants and community leaders guided by our local research advisory group.

The nature of the recession in Kildress

Construction trades and work connected to construction have played an important part in the economy of Kildress for years. The downturn in construction across the island of Ireland has had a detrimental effect on local people directly employed in construction, as well as those employed in construction-related businesses such as builders' merchants, joinery works and plumbing suppliers. Impending cuts were a cause of concern both for those employed directly in the public sector but also in terms of the potential loss of investment in infrastructure that would impact on the private sector, particularly in construction. At focus groups many people in the 25–50 age group spoke about the fear of losing their job.

Meteor case study

Meteor Electrical, a local firm, had been in existence for 35 years. It had grown to become the largest independent supplier of electrical components in Ireland and at its peak in April 2008 employed 194 people. Meteor hedged its currency by buying sterling within a certain range against the euro. This gave it a stabilised currency position for up to six months with which to trade in the Far East and Eurozone, and reduced the risk of depending on a fluctuating exchange rate. When sterling hit parity with the euro in April 2008 it meant that the company was losing £8,000 per day on its hedged currency position. John Conway, former managing director of the firm, said:

We cut back on the numbers of staff to keep the business profitable with the slowdown in the market ... we couldn't ride out the storm and take a £3 million hit on currency at the same time when the banks want their money back in the same year. We would undoubtedly have been badly hit with the slump in the construction market but I believe Meteor could have survived it only for the currency losses.

Specific impacts on people

In terms of impact, people in the 25–50 age group were identified as the group who have suffered most. Many of these households had substantial mortgages and could be badly affected by this recession with negative equity and redundancies. Older people spoke in general terms about rising costs, especially food and fuel costs. However, older people were more concerned with the impact of the global recession on younger people in the 20–50 age group. Young people we spoke to were aware of the recession and its impact on the community but didn't appear unduly worried about their own prospects. The cost of third level education and the impact of student loans and fees were seen as a deterrent for young people contemplating entry to third level education. Although young people were keen to travel, they all expressed a preference to return and settle in Kildress. This was contradicted by the fact that some had older siblings who are currently working in the USA or Britain and who, they thought, were unlikely to come home soon. This demonstrates the complex interaction of economic and social forces at work in people's decisions around emigration.

The price of housing had dropped significantly, and that was potentially a good thing for first-time buyers, but concerns were reiterated that there were probably a significant number of people in Kildress with high mortgage costs. Concerns were also expressed about the impact of the recession on people's mental and emotional health. The pressure to maintain a 'successful' lifestyle was still there as people considered it was still 'early days' in the recession. People were budgeting much more when they shopped for food. No-one we spoke to indicated serious cutbacks in the quality of their diet, but this was unlikely to be the case in focus group discussions in a small close knit community like Kildress where people know each other well. People also said they were buying less takeaway food.

Due to the big increase in fuel prices in the past few years, leisure driving was being cut back and people were making sacrifices elsewhere so they could keep their cars on the road. Most people considered that an annual family holiday was slipping down the list of essentials in many households. As well as fathers becoming more involved in caring for children due to redundancy or short-time working, care provided by extended families was becoming more important. Socialising had definitely reduced, with both local publicans we spoke to talking about a big drop in turnover in the past year. People did indicate that they were drinking more at home and that house parties had become more widespread, but some questioned whether this could lead to more isolation and higher consumption levels, with a consequent impact on health. Many people in Kildress identified January 2009 as a key date in the recession. This was when the realisation that things had become significantly worse as a result of the recession hit home.

Resilience through the recession

No one we spoke to in Kildress identified any significant problem with labour mobility. Most people stated that they were happy to work anywhere and said that people from Kildress involved in construction had worked across all parts of Belfast at the height of the Troubles. Substantial staff reductions were reported by all manufacturers and retailers we spoke to, as well as a reduction in hours for existing staff. They also reported looking at costs in an attempt to reduce overheads. Credit is now much more difficult to get, and as businesses were being refused credit by suppliers, they were now in the position of having to be much stricter in terms of credit to their own customers. Being forced to refuse credit to people they interacted

with on a daily basis was obviously much more awkward, and could have a negative impact on local relationships in a tight-knit rural community.

Emigration has been a recurring experience for Kildress people for generations, and connections with extended family or neighbours facilitates this migration, making it a less daunting experience. In the past few years emigration has returned, but is seen as less permanent with the ease of modern travel and cheaper air fares. The Catholic Church is still strong in Kildress and a source of support for people. Mass attendances remain high and a wide cross-section of people attend, including many young people. For people in difficulty the first port of call was their extended family, then neighbours or friends, then local people who may have specialist knowledge of benefits or other state systems (as department or council employees living locally), then local councillors. Finally, people access the formal systems provided by the state.

Conclusions

In most cases people felt that interventions by the government at Westminster had made little difference in Kildress and most considered that the Northern Ireland Assembly was relatively powerless to act in the face of a global recession. There was also general criticism of the failure of the Assembly to make an impact on the recession. Working Tax Credit was singled out in one focus group as being particularly important to low-income working families, and concerns were expressed that the Coalition Government would cut the level of tax credits.

While banks, and the government's failure to control them, were the primary focus of blame for the recession, a lot of people also identified individual greed, the rise of consumerism and people's naivety to think the boom would last. Investment by the Northern Ireland Assembly in the development of physical infrastructure was identified as one major action local politicians could take that could make a big difference to people in Kildress who work in construction. However, concerns were expressed over the forthcoming public sector cuts and how these would impact on the Assembly's spending plans.

Informal networks and connections within extended families and between neighbours are very important and have been a source of support for people. This 'social capital' is evident across the community, despite the fact that there is no umbrella community group based in Kildress in the traditional sense. Instead, a range of community and voluntary sector groups have emerged from the interests and needs of the community and are potentially more likely to be sustainable in the long term because of their organic nature.

Newhaven

The research was carried out by Elizabeth Harrison of the University of Sussex, with assistance from Newhaven residents Polly Pomfrey and Gill Hart.

Study area background

Newhaven is a coastal town in Sussex with a population of around 12,000 people. Although surrounded by relative affluence, Newhaven has some striking indicators of social deprivation and has apparently suffered particularly badly in the recent recession. However, the current problems facing the town and its residents need to be placed in historical perspective: current indicators of economic and social crisis follow a lengthy entropic process. The current problems can be attributed partly to recent global economic factors, but other contributors must also be taken into account, including the long-term erosion of the town's economic bases in manufacturing, the port and fishing. This is compounded by a tendency for Newhaven to be stigmatised, particularly by 'outsiders'. However, in response, alongside narratives of decline are those of pride, resilience and affection for the town among many Newhaven residents.

Methodology

Research design was qualitative, involving observation, interviews and focus group discussions. We spoke with Newhaven residents who have struggled in the recent economic downturn; with businesses, both large and small; and with key informants from the voluntary and state sectors. Questions focused on everyday lives: how people get by and the challenges they face; how economic change affects the ways in which they get involved in social or voluntary work; how they perceive what is on offer to help them; and where they place blame for the difficulties they are experiencing. We explored how these things differ for men and women, for younger and older people, and for those with families. Among key informants, we discussed the ways in which the voluntary and state sectors can work together and the different ways in which people come to speak for the 'community'.

Research findings

Business success and failure

Many Newhaven businesses have been badly affected by the economic crisis. The town's largest single employer, the Parker Pen Company, closed down in 2010 when production was re-located to France. Another obvious manifestation of recession is the high incidence of shop vacancies in the town centre. But the 'death of the town centre' is, for many, a process that predates the recent economic crisis, attributed to planning policies of thirty years ago. For those businesses that have survived the recession, or even thrived during it, both global links and strong roots in the town appear to be particularly important, as is a willingness to be flexible and to diversify both products and services.

Experiencing the global: questions of blame

Global links are important for Newhaven, both historically and more recently. Several of the people we spoke with had personal experience of living and working outside the UK, and the relationship with France is something that many spoke eloquently (and usually, but not exclusively, negatively) about. However, when we explored how people understood such global links, and where they placed blame for the problems facing the town or in their own lives, these did not play a particularly prominent role. For many people, a general response in terms of 'bankers bonuses' sits alongside a much more specific placing of responsibility with local policy actors, in which 'the council' is used interchangeably to describe the various tiers of local government.

Everyday lives – individuals and households

For many individuals, the recent economic crisis is experienced as 'more of the same' rather than as an isolated 'shock'. The obvious exceptions to this are those people who have lost their jobs, for whom the sudden loss of income can have dramatic effects. More commonly, reduction in income because of reduced working hours, compounded by rising prices, is a problem. For some, however, unemployment has clear benefits; for example by freeing up time to shop for cheaper basic items in charity shops or markets.

Despite the emphasis on continuity, many of our informants were able to pinpoint significant changes in their everyday lives, often linked to rising prices – particularly of food. These changes included alterations to shopping and cooking practices, greater reliance on help from friends and family, and reductions in socialising and social participation. There are clear stresses and strains engendered by economic crisis and these appear to be felt most acutely by families with young children and, congruently, by the women within these families.

Many of the people with whom we spoke demonstrate 'resilience' – an ability to get by or bounce back in the face of economic crisis. This was especially marked among older people, for whom this is a particular matter of pride. However, there are indications that such resilience may come at a cost; that over time it is eroded by many small shocks that make withstanding the next one more difficult.

For teenagers still at school, rather than reflect on economic crisis as such, discussion focused very much on the nature of Newhaven as a place, and particularly on the perception that there is ‘nothing to do’. Stereotypes of youth underachievement in the town need to be contrasted with the high aspirations – and willingness to organise themselves – of several young people, including some from less privileged backgrounds. On the other hand, it is the case that youth unemployment is a significant and growing problem in the town.

Interventions and assistance

In relation to support and services, an important finding is that many people have difficulty in coping with gaps between their immediate needs and inflexibilities or delays in public sector responses. This occurred both in relation to social ‘safety nets’ such as the benefits system, and in demands placed on the town’s residents, e.g. rent for local authority housing.

There is a highly active voluntary sector in the town, with a great many organisations providing help in a range of different areas. We found variation in how people respond to different aspects of the voluntary sector; in particular, for some, a distinction between locally originating and outsider-stimulated organisations is significant. This may be partially influenced by the extent to which organisations are working with or are funded by the state, with some suspicion or resentment about those ‘with the money’. The relationship between the state and voluntary sector may thus be relevant in understanding the meaning of ‘community’, which is seen as central to initiatives focused on local control and decision making.

Oldham

The research was conducted by Pasha Associates and Dr Bridget Byrne of the University of Manchester.

An introduction to Oldham: economic and demographic overview

Oldham has had long experience of participating in processes of globalisation. The town was built on the cotton industry in the nineteenth century, a motor of the Industrial Revolution and a truly globalised industry. Oldham also drew in labour from around the world, particularly from former colonial countries in the 1950s and 1960s, and thus has a high numbers of residents who are first- and second-generation migrants, particularly those originating from Pakistan and Bangladesh. From the 1960s onwards, Oldham underwent a process of de-industrialisation, with the last mill closing in 1998. As a result, Oldham is now a largely residential town with service sector employment, dependent on the jobs market in Manchester or other nearby cities. It has a large number of small businesses and high rates of self-employment. Oldham generally has higher rates of unemployment and out-of-work benefits than national and regional rates.

Poverty is a serious problem in Oldham. Nearly one quarter (23 per cent) of Oldham residents lived in income-deprived households, according to the Index of Deprivation 2007, compared with less than one-fifth (18 per cent) in 2004. Rates of income deprivation vary across Oldham, and are as high as 60 per cent in one ward, according to the Oldham Partnership’s *Anti-poverty Strategy* (2010). In Oldham, health is generally worse than the national average, including life expectancy. Health indicators are particularly bad for children and older people, as detailed in Oldham Council’s *Health Profile* (2010c).

Description of the study

The study of Oldham has been complicated by the question of how to capture adequately the different experiences of the major ethnic groups there – without assuming that they never have experiences in common. In some cases we attempted to cover a range of experiences (for instance, in our survey

of businesses and in our survey of individuals). However, in others, we have chosen to focus in on the experience of a particular community, for example, in the focus groups. In addition, given the particular gendered dynamics within the Pakistani- and Bangladeshi-heritage communities, we felt it was most appropriate to have separate focus groups for men and women in order to ensure that women's voices were heard effectively.

Summary of findings

It is clear that across Oldham people feel vulnerable to global shocks, in that they are aware of the impact on: the price of food and fuel in particular; the housing and employment market; and on the economy of Oldham in general. Yet it also appears to be the case that, beyond this vulnerability to global economic trends, few people in Oldham personally feel deeply embedded in a notion of the global at an economic level. While those of Pakistani and Bangladeshi heritage do maintain contacts with family and friends in South Asia, these contacts are largely informal and do not involve serious economic ties.

While unemployment has been affected in Oldham, we did not meet people who felt that they had lost jobs directly as a result of the economic crisis during our research. However, in different ways, many felt that their employment was threatened by the recession. Small business owners felt the impact in reduction in demand for their services and employees worried about the stability of their jobs. Students in particular were worried about their employment prospects in the future. While the council and other agencies have been active in attempting to mitigate the impact of the recession, there was little awareness of these potential sources of support. Nevertheless, collective action was present, in terms of the credit 'committees', practised mostly by people of Pakistani heritage and also in the co-operative practices of solicitors in sharing resources such as office space to cope with the recession. Business owners were also grateful for the reduction in VAT, albeit temporary, offered by the national government.

In terms of apportioning blame for the recession, a range of opinions was offered. For some, it was a global crisis for which there was no specific cause or agent to blame. For others, the banking system was clearly a culprit for making risky investments and offering unrealistic credit to individuals. Some held governments responsible, because they failed to control the activities of bankers. Finally, some also held culpable those who took out the kind of loans that they were very unlikely to be able to pay back. Few people were confident in offering solutions, apart from increased regulation of banking practices.

The impact of food and fuel price rises had caused changes in behaviour. For some, it meant a reduction in car use; for many, it meant changing patterns of consumption, particularly around food. Less meat was being bought, people were changing from branded goods to cheaper non-branded goods and shopping was becoming more time-consuming with more price-based shopping around. Several people felt that the quality of their diets, in terms of enjoyment, and importantly, healthy eating, had been reduced. Cheap takeaway food was mentioned as an alternative, but less healthy, source of food. The recession had also had an impact on health by increasing stress for many, with some mentioning increased smoking as a response to the stress. Social activities were affected, with people having to think more carefully about when they went out for entertainment and also how much they entertained at home.

While the vast majority of those we spoke to – in individual interviews, focus groups or surveys – saw the impact of the recession, it remains the case that many did not feel that the recession had had a profound effect on Oldham. For many, the sense that 'we have always been poor and have always struggled' meant that the impact of the recession was mitigated. However, it is important to note that this might be a temporal effect. The unfolding impact of the credit crisis, in terms of a reduction in public spending, as well as the reduction in private finance initiatives in sectors such as housing, is likely to have a profound effect on many people in Oldham. Given the large role that public sector employment plays in Oldham, funding cuts are likely to have an impact on employment. In addition, many of those we spoke to

were dependent on welfare benefits to differing extents, and cuts in these will also have an effect. Further research would be needed to assess the impact of these changes on the people of Oldham, particularly those in the most deprived areas.

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