

## After the Rock

Nine days after we published our Crash issue (L&L 1219) the Northern Rock story broke.

The experts are coming off the fence. Criticising ex-Fed Chairman, Alan Greenspan, Nobel economist Joseph Stiglitz told Bloomberg there was now a 50 percent chance of a us recession. Kevin Gaynor RBS head of economics agrees and sees "a 60 percent risk of recession in the first or second quarter next year".

"The forces driving the boom are clearly global in nature," Stiglitz said. He believes the era of releasing property equity for leisure spending is over. "House prices are going down. The impact of that is going to be a very major slowdown, maybe recession."

*Houston Chronicle* reports Wells Fargo President John Stumpf saying current conditions are the worst of his 30-year career. "We have not seen a nationwide decline in housing like this since the Great Depression,"

Frederik I Pedersen, economist with Arbejderbevægelsens Erhvervsråd, says in the Danish daily *Berlingske Tidende* "You could easily imagine a poisonous cocktail where, say, the dollar hits a downfall with negative effects on Danish growth and employment, while simultaneously house prices begin to drop".

It seems the market is preparing for the crash. Roland Leuschel, a German 'crash prophet' who foresaw the stock market collapse in 1987 says another crash is on its way. The DAX and Dow Jones indices are going to be halved. He says the DAX index is following the same pattern it did before 'Black Monday' 20 years ago: "I do not base my prediction on what people say on the road or at parties but on how they act," he told *Die Welt*.

Shares of Freddie Mac are down almost 30 percent and Fannie Mae 25 percent, both at their lowest for 20 years, which was just before the last housing crisis.

## Scottish affordable housing heads for meltdown?

The Scottish government says rising land and house values run contrary to the needs of good governance.

*Firm Foundations*, the government's latest housing discussion paper, was published in October. It states high land values are "incompatible with our commitment to getting better value for all public expenditure".

The paper discusses the problem of increasing dependence on subsidy for new homes. "Housing Association Grant meets an average 67% of the cost of each new house built by Registered Social Landlords" the paper states. "Over the three years 2005-08, most of the Government's £1.2 billion expenditure on affordable housing will be spent on HAG subsidies".

## Buying a good education



The housing market – key influencer of educational success?

PHOTO BY BENWICKY/ISTOCK/CCO 2.0

Almost half of parents would relocate to get their children into a good school. A new survey of schooling choice commissioned by The Children's Society brings the phenomenon into sharp relief. The 'postcode lottery' problem in the UK is being recognised as endemic.

*The Herald* investigated Jordanhill Academy, considered Scotland's "best state alternative to private schooling." It reports Angela Wright of estate agents Slater Hogg & Howison: "Without a shadow of a doubt property prices in Jordanhill are higher because the school is so good".

Bob Reitemeier of The Children's Society, was reported saying the situation risked creating an education system increasingly based on ability to pay. "For many parents the costly exercise of moving house to get their child into a good school is simply not an option. The current system is in danger of embedding inequality by making a child's social class the key influencer in their educational success".

By moving to areas like Jordanhill and enjoying privileged value gains on their homes, many parents can take personal advantage of local public spending decisions.

Postcode profiling is now routinely used by companies to identify potential customers.

The paper highlights where the problem lies – and it's not in the houses themselves. "While the proportion of building costs per house covered by HAG has remained broadly constant", the paper says, "the amount of HAG per house has risen – from £52,000 in 2002-03, to £79,000 in 2006-07, an increase of 35% in real terms over four years".

The paper blames "the price of land" – but, contradicting itself, blames also "inflation in the construction industry". "But whatever the cause", the government says, "continuing to increase the amount of subsidy per house is unsustainable".

Government policy may be on shaky ground, even in the short-term. Success will ride on the future vagaries of the housing market. A fall

## HGF report

Following the successes of the Henry George Foundation's autumn season of Library Group Meetings at 11 Mandeville Place in London, attention is now being given to the development of an exciting new spring programme of events. There is no shortage of ideas.

The Foundation is likely to continue with the proven Friday format: lunch followed by an afternoon meeting – talks, debates, or films being presented on alternate weeks. Some speakers from the autumn programme are expected to return. Recent guests have included Fred Harrison, Dave Wetzel, Tony Vickers, Roy Douglas, David Triggs, Phil Anderson and Tommas Graves. Speakers will be invited from other socially concerned organisations less familiar with the Foundation's areas of interest.

Spring will see the Foundation seeking to build on the success of its new eleven-week course on 'The Science of Political Economy'. The course is being presented by Executive Chairman David Triggs at the School of Economic Science. Based on Henry George's book of the same name and the web course prepared by Lindy Davis of the Henry George Institute in New York, the course explores how modern events are shaped by the economic system. Some forty attended the autumn classes. The signs are good for a healthy enrolment in January for a follow up course exploring the implications of the 'science'. The book and course have also proved a major discovery for some existing supporters who had little prior familiarity with George's seminal work.

These activities, together with the established HGF library, highlight the mutual benefits of cooperation with friends in sympathetic organisations.

would take out some part of that unaffordable land value.

Launching the document, Deputy First Minister Nicola Sturgeon MSP said "our wellbeing, as individuals and families and as a society, depends heavily on our ability to find a decent house that we can afford in a place where we want to live. Our proposals are ambitious and radical".

But it seems the proposals are anything but. There is no recognition of the fiscal dimension of the problem, nor even anything to deal with this "unsustainable" land problem which the government identifies as a barrier to "good value" in the public sector. So perhaps no 'firm foundation' for the future after all.

# our throw-a

There are many despairing high profile cases of globalisation lost around the world. Here L&L presents to you five case studies backwards for the sake of a better appreciation of our



Ancient ruins – like these, possibly of Babylon's Hanging Gardens – destroyed

## Babylon

Babylon – the four and a half thousand year old capital city of ancient civilisation, site of the Tower of Babel and the Hanging Gardens of Babylon, one of the seven wonders of the ancient world – suffered "widespread damage" and "severe contamination" at the hands of the us-led invasion force in Iraq. Lord Redesdale, head of the all-party parliamentary archaeological group, lamented the American forces who were "actually damaging the cultural heritage of the whole world." But, as Alan Greenspan says in his new book – "it is politically inconvenient to acknowledge what everyone knows. The Iraq war is largely about oil." Ancient Babylon has been broken in the global resource war to alienate people from their birthright.

## Christiania

Founded in 1971 the Freetown of Christiania occupies an abandoned military barracks in the centre of Copenhagen. From the beginning Christiania has been considered a 'social experiment' by the Danish government who has tolerated the widespread use and sales of certain drugs and the prevailing 'inventive' building methods, on the condition that the 850 residents enforce a strict self-policed line of action that excludes hard drugs, weapons and the violent biker gangs that have plagued Denmark.

In 2004, however, the parliament passed an act to initiate a 'normalisation' process of the area. Intensive policing efforts have ensued (only to drive away the hash sales to covert locations in the rest of Copenhagen) and the

Palaces and Properties complete stop on all but the properties in Christiania. Both courses of action are political ventures to disempower Christians from state since the Christianites sale of property in the hundreds of hectares is expected to end with an attractive plan

## The Twin

9/11 was a day of barbarism, also, and deliberately so. The Twin Trade Center were a political and cultural mega-icor. As they went to their deaths the Al-Qaeda conspirator Laden's violent 1998 fatwas ears - "For more than 100 years States has been occupying the holiest of places, plundering its riches." the global battle for land

The World Trade Center, victim of a global battle



## Coney Island

Coney Island is a twin icon. It was once the utopia of romance and romance. But one day it was closing down. This in the nation's collective memory may not endure far into the future.