

Too busy having a good time to notice the crisis

From Mr Roy de Vos.

Sir, In search of some clarification on the global financial mess I eagerly read through last weekend's FT only to end up more confused than ever.

Although some 30,000 Brits have lost their jobs in two weeks Mrs Money Penny still manages to have sumptuous dinners with the very well-heeled while watchmakers, not content with mere £100,000 wristwatches are now offering pocket watches at close to £250,000.

Hong Kong developers cut their flagship hotel from 93 to 55 floors, a Polish businessman, Leszek Czarnecki, mothballs a skyscraper for lack of

funds yet Louis Vuitton shows a satin dress for a little under £10,000 which could be worn with a pair of Jimmy Choo's at £825; only to be sent to Oxfam after Christmas as being too *outré* and *passé*.

Natasha is losing confidence in the Secret Agent's abilities to weather the property crisis, but in derelict Battersea everything is sold out.

Iceland goes broke while Australia spends £87m on a movie and another £42m on the hype. Restaurants are no longer getting the expansive business lunch trade, but Stefan Stern (or his employer) doesn't mind paying £86.63 for a rather basic meal.

Fawaz Gruosi thinks nothing of inviting 500 friends to his birthday bash at the Billionaire Club and as for Tyler Brülé's weekly business class airline fares to Japan and hotel bills...

So in reply to Scot Young (Letters, November 22/23) and Her Majesty's question about the causes of the global financial crisis and why no one saw it coming, I can only say that they were all far too busy spending and having a good time to notice or to care.

Roy de Vos,
Cape Town, South Africa

A loyal subject advocates close reading of the FT

From Mr Paul Hodges.

Sir, Scot Young requests those "who saw it coming" to explain how they tried to warn the Queen, and her subjects, that financial crisis loomed (Letters, November 22/23). "In the FT", is my answer.

Two years ago, you published my letter advising readers to "Beware lending institutions bearing gifts" (November 3 2006). You then published my letter asking central bankers for "Action, not words, to end the liquidity party" (March 23 2007). And finally, you carried my warning of the coming collapse, "Every mania is based on an illusion" (September 4 2007).

Mr Young also adds that those "who saw it coming" should try to "clear as many people as you can from danger and destruction". I work in the chemical industry, one of those most affected by the downturn, and I did just that in my 'ICIS Chemicals and the Economy' blog. ICIS (part of Reed Elsevier), has recently published a special article titled "The Crystal Blog", making clear that its readers "were well forewarned about the full-blown financial crisis".

One is naturally very hesitant to offer advice to Her Majesty. But in response to her question, perhaps she might want to suggest to her advisers, and ministers, that they read the Financial Times a little more carefully in future? "No FT, no economy" might be a suitable way to make the point to her.

Paul Hodges,
Chairman,
International eChem

Why not a knighthood for Fred...

From Mr Charles Bazlinton.

Sir, Anyone who has followed economist Fred Harrison's work over the past 25 years will have been prepared for the current crisis. His book: *Boom Bust: House Prices, Banking and the Depression of 2010* warned of it with painstaking and very readable clarity.

Moreover his published research has been building up since *The Power in the Land* appeared in 1983. I quoted that work and his examination of the 18-year house-price cycle in my own book *The Free Lunch* which, six years ahead, pointed to around 2008 as the next peak.

Samuel Brittan reviewed *Boom Bust* for the FT in 2005, but the mainline media generally have been devoid of Harrison-inspired "warnings... in stark terms" (Scot Young, Letters,



Harrison: is recognition in the offing?

November 22/23). Perhaps a knighthood is now due for Fred Harrison, if you please Ma'am?

Charles Bazlinton,
Alresford, Hants, UK

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... or a bottle of bubbly at least?

From Mr Fred Harrison.

Sir, Scot Young deserves responses to his challenge - who predicted the current crisis, where, when, how? In *The Chaos Makers* (1997) I predicted that UK house prices would peak in 2007, pushing the economy into a trough in 2010. In *Boom Bust* (2005) I reviewed global property markets and narrowed the UK price peak to the winter of 2007-08 (prices began to stall in October 2007). For evidence of the dates of my submissions to Gordon Brown, beginning in 1997, see my documentary "Gordon Brown's Cover-up" on the www.renegadeeconomist.com YouTube channel.

In *Boom Bust*, I forecast a depression (the consensus view now is resigned to something worse than a technical recession). I rang alarm bells

about America's toxic mortgages.

In *The Power in the Land* (1983), I explained that 18-year business cycles led by land price rises meant that, since the previous recession was in 1974, the next one would be in 1992 (which it was). It doesn't take a mathematical genius to work out that the following trough would be in 2010.

For an assessment of my 18-year theory, see Samuel Brittan's comment that I do "make a case for the existence of an 18-year business cycle, which he links to speculation in the property market" ("A tax idea that cannot be buried", April 15 2005).

From whom do I collect my bottle of champagne? Or does another forecaster beat my record?

Fred Harrison,
Twickenham, Middx, UK