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# Morgan Stanley issues full US recession alert

By Ambrose Evans-Pritchard, International Business Editor

Last Updated: 12:32am GMT 22/12/2007

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Morgan Stanley has issued a full recession alert for the US economy, warning of a sharp slowdown in business investment and a "perfect storm" for consumers as the housing slump spreads.

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- [Comment: Banks have \\$100bn, but no magic wand](#)

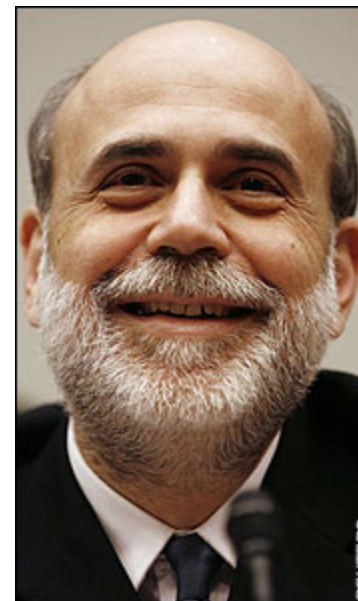
In a report "Recession Coming" released today, the bank's US team said the credit crunch had started to inflict serious damage on US companies.

"Slipping sales and tightening credit are pushing companies into liquidation mode, especially in motor vehicles," it said.

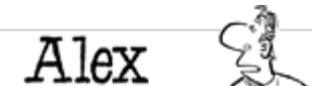
"Three-month dollar Libor spreads have jumped by 60 to 80 basis points over the last month. High yield spreads have widened even more significantly. The absolute cost of borrowing is higher than in June."

"As delinquencies and defaults soar, lenders are tightening credit for commercial, credit card and auto lending, as well as for all mortgage borrowers," said the report, written by the bank's chief US economist Dick Berner. He said the foreclosure rate on residential mortgages had reached a 19-year high of 5.59pc in the third quarter while the glut of unsold properties would lead to a 40pc crash in housing construction.

"We think overall housing starts will run below one million units in each of the next two years



Fed chairman Ben Bernanke will be hoping he can keep the US economy from recession



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-- a level not seen in the history of the modern data since 1959," he said.

Although the US job market has apparently held up well, an average monthly fall of 138,000 in the number of self-employed workers over the last quarter suggests it may now be buckling. "Consumers face what could be a perfect storm," said Mr Berner.

The partial freeze on subprime mortgage rates announced last week by US treasury secretary Hank Paulson may help cushion the blow for some banks, but it could equally backfire by adding a "risk premium" that drives even more lenders out of the mortgage market.

Like Goldman Sachs, and Lehman Brothers, the bank no longer believes Asia and Europe will come to the rescue as America slows.

It has slashed its 2008 growth forecast for Japan from 1.9pc to 0.9pc, and warned that credit stress will weigh heavily on the eurozone.

Mr Berner said US demand is likely to contract by 1pc each quarter for the first nine months of 2008, but the picture could be far worse if the Federal Reserve fails to slash rates fast enough. It is betting on a quarter point cut this week, with three more cuts by the middle of next year. "We expect the Fed to insure against the worst outcome," he said.

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**BoA closes fund**

BANK of America, the second-largest US bank, has closed a \$12bn (£5.8bn) money fund for institutional investors after major clients pulled out amid losses on holdings that included debt sold by structured investment vehicles. The Columbia Strategic Cash Portfolio offered higher yields than a traditional money-market fund.

Morgan Stanley is the first major Wall Street bank to warn that it is may now be too late to stop a recession, though most have shifted to an ultra-cautious stance in recent weeks.

- [Sovereign funds scoop up crisis victims](#)
- [America faces day of reckoning](#)

The bank at first treated the August crunch as a "mid-cycle correction", much like the financial storm after Russia's default in 1998. But the collapse of the US commercial paper market has now continued for seventeen weeks, suggesting a "fundamental deleveraging of the banking system."

Mr Berner - known at Morgan Stanley as the "resident bull"- is one of the most closely watched analysts on Wall Street. While he began to turn bearish last April as the credit markets turned nasty, the latest report is written in tones that may be rattle the fast-

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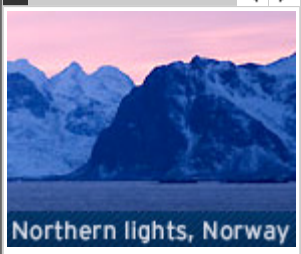


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#### Comments

So ~ How's that tax cut for the rich working out? I don't know, maybe they're not rich enough yet for this trickle down economics thing to work. Feels more like trickled-on economics to the middle class.

**Posted by rsk on December 19, 2007 8:00 PM**

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First of all... Why is everyone talking about Ron Paul in regards to a story on economic trends? This story is on the potential recession/depression that the US and the Europe will face in the next 5 years. Why are we not discussing the root of the problem? Flawed economic policies since the US went off the gold standard? Printing money without any sort of recourse is a disaster. Loaning money to those who are unqualified and don't have the means to pay it back... Another disaster. Morgan Stanley and Alan Greenspan deserves your flaming not Ron Paul, who actually has a proven moral compass, and a plan to fix the issues. Times are going to get rough, America needs to get it together and vote in someone who will make a change.

**Posted by n8 on December 18, 2007 7:47 PM**

[Report this comment](#)

Republicans and Democrats are to blame. They have been in bed with each for over a hundred years! Lincoln said you he couldn't tell the difference. Please ladies and gentlemen open your eyes. I notice a number communist writing comments gloating over the demise of captialism. It wasn't captialism that failed it was governments allowing the very thing Thomas Jefferson feared...monopoly! Every aspect of life is being funneled into a centralized government or corporation. I want FREEDOM not monopolies, Marxism, Big Government or BIG BROTHER! You enlightened leftist think you'll escape tyranny,hah! Neuro scientists have developed a way to scan your brain and see what you are thinking. In the name of humanity they'll be given the power to do so. Look at the UK its going Fascist at the speed of life. Decentralize government! If Ron Paul is elected and fails to fight the centralization of government than I am all for a bloody revolt.

**Posted by Clayton Jones on December 18, 2007 12:42 PM**

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All you people touting Ron Paul are missing some very important facts:  
Ron Paul still holds to the official 9/11 story.  
Ron Paul was a great admirer of Pope John Paul.  
Ronald Regan was Ron Pauls Mentor.

Regan was the President who reestablished Diplomatic ties with the Vatican, ties which were broken after the Jesuits Assassinated President Linclon (thats been a while and their was a reason for it).

Regan was also the first and only President to take the oath of office facing the Egyptian Obelisk instead of the capitol denoting his loyalty to the Pope and the Masons and all who are at the root of forming a one world Gov,Religion.

Ron Paul will continue in this agenda while putting the American people back to sleep with talk of doing away with the Fed and the IRS and going back to the gold standard but none of these things will come to pass. You have to be intelligent enough to know that we have not had a say in selecting a President for over 50 years yet we still buy the lie because we can't really face the facts the WE have asked for all of this chaos and will have to either stay asleep and let it roll over us or accept the fact that we dropped the ball and wake up and take it back. Voting in a rigged election and thinking we had a say is no answer. THAT is what has got us where we find ourselves today.

Isn't that the definition of insanity  
continuing to do the same thing but expecting a different outcome.

Time to Wake up America and actually get out of bed and suit up for the game.

**Posted by Joe Crippen on December 17, 2007 7:19 PM**

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Please, let's stop the blame game (blaming Gordon Brown, Bank of England, Greenspan or whoever for the coming downturn). Where does the "blame" lie? Human nature! Booms are always followed by bust, feasts by famine just as winter will always comes after summer. It always has been and always will be thus. We all want simple explanations to complex problems but to think that any one person or organisation could have prevented this bubble is naive in the extreme. Human nature is quite something though; like global warming, this economic problem is hurtling towards us at a frightening pace, but the masses will continue to ignore or deny it until the day it hits. Oh well...

**Posted by Big Picture on December 17, 2007 12:34 PM**

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I grew up in USA East-Coast, My mother was a die-hard Communist Party member and all ( chased and taped by Feds), She shuttled me to Australia ( I wonder how we will fair the recession). Mum always says, WAIT JUST WAIT, IT WON'T BE LONG NOW.

Viva, La Revoluzion

**Posted by Jessica on December 16, 2007 8:33 PM**

[Report this comment](#)

The world economy can no longer sustain 6 billion people/consumers....its the end of an era despite the efforts of governments to wallpaper the cracks. In the end it was the great American debt bubble (in sub-prime mortgages) that undermined the whole international banking structure.....the full casualty list is still not known. German regional banks will be the first to go.

**Posted by musgrave on December 16, 2007 8:37 AM**

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Nothing better than reading an article predicting doom and gloom from a company who is partially responsible for the irresponsibility of lending money to people who couldn't afford it.

It's like setting the fire and yelling "FIRE".

What a bunch of losers!

**Posted by Eric L. Davis on December 15, 2007 7:57 PM**

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What of the Federal plan to auction 100bn to banks?

**Posted by Margaret Young on December 15, 2007 7:51 PM**

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Ron Paul has no clear policy to change the money system. In fact he has no clear policies on anything.

He mutters vaguely about returning to the gold standard - a move that would play into the hands of the bankers and ruin Americans - and closing down the FED. However, he never mentions how the FED came into being, how President Andrew Jackson took on the bankers and won in 1836, or who owns the FED. Never.

The fact that Wall Street is not throwing money at Paul in the way that they are throwing money at all the top candidates does not mean that he is for real.

**Posted by Alan Heaton on December 15, 2007 7:42 PM**

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IT'S NOT JUST THE HOUSING MARKET

For years Countries who wanted to buy Oil needed to trade goods for Dollars, which America printed up with paper and ink, with nothing backing the value of the Dollar up other than the confidence

that others would accept them, well you can only print up so many bits of paper until people come to see a Dollar for what it is..a piece of paper

**Posted by jose on December 15, 2007 5:32 PM**

[Report this comment](#)

Don't take a pill, always DO what you think is best.We'll all be fine.

**Posted by Carl Brown on December 15, 2007 4:24 PM**

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I think the concept of the USA coming recession and the devalued dollar is nothing more than a global conspiracy with those investing (the worldwide rich and govt. bureaucrats) in the USA ultimately coming out ahead. America has been at a disadvantage with its overpaid workforce putting America at a great disadvantage competitively with opposing countries. So the devalued dollar makes for a more competitive playing field, which in turns directly devalues the dollars and reduces the true national debt. The world economic markets are all essentially writing off the USA debts by accepting to the terms of such rate cuts. Granted for opposing world economies to accept such rate reductions and debt write-offs they must perceive America to be wounded economically and the media centers of the world are playing this theme elegantly. This is nothing more than a ruse being played out and a time when the rich are simply getting richer. It isn't so much that America is playing the world for suckers but more the elite rich and the Federal Reserve System.

**Posted by Sam Guldin on December 15, 2007 4:03 PM**

[Report this comment](#)

You know we Americans are in trouble. Look around...the price of chicken wings has doubled over last year, hardly any homes have Christmas lights shining brightly as in past years. Its the ant/grasshopper fable and those grasshoppers are going to be freezing this winter. The worst part is that very few Americans are even aware of how poor we are doing as they merrily consume themselves into oblivion. World...I apologize to you on behalf of my fellow Americans. But in the end we will be "victims" as we lack the testicular fortitude to admit personal responsibility. It will take a major financial catastrophe to wake us up. God Bless.

**Posted by Dennis Harper...USA on December 15, 2007 4:39 AM**

[Report this comment](#)

Well I don't know about those blaming the Knights Templars. I havn't seen many of them around. You'd need about 20 million of them to be involved in a conspiracy this big. They would need to speak a distinct language and be dispersed all over the world and throughout the management levels of most organisations public and private. They would need to be openly visible and therefore would need some kind of smokescreen to deflect them from criticism and silence those wised up and vocal. Now I've been looking for a long time for them. And I think I might be close. Give me another few years and I'll work it out for you.

**Posted by Jake McCrann on December 14, 2007 2:59 PM**

[Report this comment](#)

It seems that alot of the problems is the high price of oil. Well get rid of the high price of oil and then you will see a revitalized US economy. How is this going to happen? Just look it up.... Nanodetonator is on the way! Hydrogen fusion will save the day! ;)

**Posted by Hydro on December 14, 2007 10:57 AM**

[Report this comment](#)

I doubt that anyone with 4 million(or more) in cash etc has got anything to worry about... Inflation/depression affects mostly the working class. That's capitalism for ye!

**Posted by SXC-Bottom on December 14, 2007 8:43 AM**

[Report this comment](#)

The radical Neoconservative Republican crowd screwed up the economy... big time.

What average American, the Bush Administration, Fed and Wall Street can't see coming is the American Economy, which purchases over 30% of all goods manufactured in the world, has been "debased."

Under both Regan and the Bush's Neoconservative Republican leaderships, who's creed was "Greed and Supply-side Economics' ", the administrations legislated tax breaks for corporations and the Elitist top1% of Americans at the expense of the other 99%. Couple this with a collapse of the mortgage banking industry & housing prices, a liquidity crisis and pending student loan catastrophe. Then add in years of Union busting, NAFTA, CAFTA, Vietnamese, Central America and other Trade agreements, hundreds of thousands of H1-B & L-1 work visas, years of outsourcing jobs to 3rd world countries and open borders all which help eliminate the higher paying jobs, pensions and benefits for a majority of Americans.

The huge amount of spendable income and benefits these high paying jobs formerly supplied

America and the World Economy has disappeared... gone forever. Resulting in a gigantic transfer of wealth from average Americans to the world's Elitist top 1% and coffers of Corporate America.

As HBO's lead character in John From Cincinnati once said... "The end is near".

**Posted by G. on December 14, 2007 5:04 AM**

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The global ruling class have printed money ahead of productivity for the past 20 years... now productivity and consumption can not generate sufficient capital to make debt service on the excess money creation...

The party had to end sometime...

Now, as a result of excess money creation, there is a massive unserviceable debt in the global financial system.

Result,, expect a long and nasty depression.

Stock market up for 20 years, stock market down for 20 years.

Or as the man says everything returns to the mean...

**Posted by ra balke on December 14, 2007 3:05 AM**

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WOW!

No one ever goes back far enough.

It's all planned/Orchestrated by those who have controlled it all for soo many years.

Watch the future collapse become a new currency controlled by the same perpetrators and labeled a new to help us all. As it always has been and always will be.

There can be no forgiveness for the ignorant this time around.

Your really not ignorant all, are you?

Just cowards to the reality you turned your back on and an ends that has NO ENDS {the future will be our suffering}

I suppose I should thank you all!

PS: my children too!

**Posted by Troy Dodge on December 14, 2007 2:23 AM**

[Report this comment](#)

A classic tragedy looming. The manuscript has been written. The story is about greed, criminal government policies (international meddling, massive vote buying welfare) bringing this on a scale likely never seen before. Brought about by departure from Constitutional Gov.

The stage is set, props are ready, curtain call for act 1. Time to begin your exit and find a safe haven. P.S. All set to elect another slate of "cookie cutter" politicians?

**Posted by Clyde Johnson on December 13, 2007 10:18 PM**

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RON PAUL FOR MESSIAH 2008!

**Posted by BOB SAGGET on December 13, 2007 8:31 PM**

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PTSD MEANS POST TRAUMATIC SUBPRIME DISASTER !!

**Posted by Bonny Sisson Stilwell on December 13, 2007 6:00 PM**

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a recipe for revolution in making!

rise, oh common man!

**Posted by kaush on December 13, 2007 3:27 PM**

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Colin McSporrان on December 12, 2007 2:06 AM.

Your smug assertion that Scotland will fare better than England in the event of a major economic downturn is fundamentally flawed.

You forget to consider how the wonderful socialist utopia you live in is bankrolled by the English. If the English suffer then obviously there will be less tax revenues for the Treasury. Less tax revenues means less money to subsidise Scotland. Therefore, Scotland suffers too.

There's a cold and long winter ahead for all of us -- well, all of us apart from those globally controlling interests who will profit massively from the coming economic slaughter. Still feeling so self satisfied, Colin?

**Posted by Michael Anthony on December 13, 2007 1:13 PM**

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During the past 200 yrs history gives many examples of countries, dictators, and pundits who have written off The US as washed up or finished. Most have learned difficult lessons betting against the US. Its inevitable for economies to run through up and down cycles and this down turn will be no different.

I am a bit disappointed with those who have commented with great joy because the US is having a rocky time now. We will now learn who are true friends and the others will lose betting against the US as usual. The long knives are out.

**Posted by George on December 13, 2007 7:45 AM**

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Oh, and... Lest we all forget, the Bush clan has a long and sordid association with international banking, why is ANYBODY surprised at the actions of this President? [including his 900,000 acre ranch in Paraguay?] After all, he was involved in the 1980s S&L scandal back when he was still wet behind the ears. And Grandpa Prescott was Fritz Thyssen's money launderer. Why are you surprised?

**Posted by JenH on December 13, 2007 7:08 AM**

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I've been foretelling this one since about five years ago, and with increasing urgency since this spring. I also have been removing myself from the credit cycle, planting a vegetable

garden, raising chickens, and generally "hunkering down". I strongly suspect many of my neighbors will not fare as well. And yes, it's the damn Fed and their manipulations- they are making a bid to- as The Brain would put it- Take Over the World!- but they always fail to account for the human element, and they'll do it again now. Hopefully this time we'll erase the morons from the planet and get on with our lives.

**Posted by Jen on December 13, 2007 7:03 AM**

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You can thank all this mess on President Bush and his totally greedy 'anything but conservative republicans', and of course the Iraq war. His administration will go down in history as a catastrophe. Besides the economic crimes of his cronies, he has given license to the ultra conservative 'American Taliban' who would turn America into just another version of Talibanic Afghanistan, or Saudi Arabia. His presidency is based on religious hatred of gay people fostered by the Catholic Church, and lots of the evangelical Christians for whom only absolute power (and absolute corruption) are their goals.

So in the end, Bin Laden could win. America becomes just like her enemies, and falls into the trap of provoking a WWII based on religious hatred.

If you Brits are proud of yourself, you would do everything you can to disassociate yourself with what is happening here across the pond.

**Posted by SteveMD2 on December 13, 2007 6:25 AM**

[Report this comment](#)

So how large were the losses Morgan Stanley wrote off this year? \$3.7 billion? What they heck do they know!

**Posted by S Neil Vineberg on December 13, 2007 5:24 AM**

[Report this comment](#)

Central banks have told us for the past 20 years that paper money issued at whim is king and that Gold is dead.

The bottom line is, if you are not in Gold today, you are dead.

If only mankind appreciated his frailties and placed greater score in the history of the past 5000 years, the world and it's finances would be in a better position.

**Posted by Terry Strachan on December 13, 2007 5:04 AM**

[Report this comment](#)

Many Americans deserve a recession. Maybe they'll be forced to finally elect honest and ethical leaders who will reduce the size of our corrupt government, bring our all of our troops home, secure our borders and imprison and/or expel the criminals who have brought our country to the brink of destruction.

**Posted by Tim on December 13, 2007 3:38 AM**

[Report this comment](#)

We are and have been for awhile in a recession. Any time your weekly salary doesn't cover a months rent/mortgage, you have a problem. Compensation is stagnant. We all know many of us made more actual dollars (not to mention inflation) than in the 1960's and 1970's. Everything else has gone up. What's different? Besides unbridled greed and the rearranging of labor laws to benefit employers, it is the disconnected attitude of many citizens. The

politicians and big business have forced us to work longer hours for less wages to the point mummy, daddy, and baby junior all need to work full time to make it. How can most of our young people pay attention to political abuses when they are literally worn to a frazzle just to have a lower standard than their (formerly) middle class parents?

**Posted by Lois Shuck on December 13, 2007 3:19 AM**

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**Posted by Lois Shuck on December 13, 2007 3:17 AM**

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Its not the government (crooks) its the people (55% work for the government) who are also crooks. The people of the usa are the skunks - look at the sub prime mess it proves the stupidity of the average USA jerk.

**Posted by John McNamara on December 13, 2007 2:02 AM**

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Google Ron Paul 2008 this Texas Congressman has deeply based beleifs and convictions that have not DO NOT change. He is a modern day founding father. teaparty07.com

**Posted by Clif Alan on December 13, 2007 1:46 AM**

[Report this comment](#)

Google Ron Paul read his economic plan, his take on the Federal Reserve the cause of this false value system, he writes and speaks of the correct action to return us to economic solitude. ronpaul2008.com

**Posted by clifhenrichsen on December 13, 2007 1:34 AM**

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Barking Up the Wrong Tree Department:

Roth()childs and Rockefellers are Over; David Rockefeller couldn't even run his own bank right and while he was supposedly Running the World C. Wright Wriston of First National City was running rings around Chase Manhattan; eventually David was forced to retire and eventually kicked off his board. America from the Thirties to they earlyb Eighties was a country run by its labor movement who through control of the Democrat party effectively decided pulbic policy; companies were allowed to profit only to the extent that they could pay union "benefits". Eventually this scheme collapsed under Jimmy Carter.

What is going on now--would it be termed "structural"?--is due to the way Collateralized Debt Obligations work, or more properly, don't work. Each "debt instument" is like a load of fruit with maybe one or two bad pieces in it; one suspect bit kills the sale of the entire lot. Suddenly no one will touch such debt; the purchase money stops flowing; the Result:

Northern Rock. Next no one wants to lend on anything. Solve the Collateralized Debt Obligation and there's your solution to the credit crunch. Better though to go back to traditional debt instead of this Collateralized Tripe. By the way, I wonder which CDO holds my mortgage? I may pay them off early in a year which would damage their cash flow assumptions. Worse, someone else may suddenly deem me non-credit-worthy and call. That Problem: calling perfectly good loans and causing businesses to fail; that sort of thing is what made the Great Depression the Great Depression. Predictably, those who Keep Their Heads (and Their Cool) look to do pretty well; some Good Stuff is going to be sold Cheap.

**Posted by Nathan Redshield on December 13, 2007 1:27 AM**

[Report this comment](#)

If only more knew that Ron Paul could begin the process of repairing our economy and showing the world what freedom and liberty can do. [link](#)

**Posted by hoppe on December 13, 2007 12:56 AM**

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I have been reading the commentary about this article from the vantage point of Australia. Here in Australia, until the 80's, many ordinary Australians, and most media pundits, were consumed by an intense dislike of all things English (in the same way that New Zealanders are consumed by an intense dislike of all things Australian.) It seems to be the case that the people of one community will always harbour a degree of animosity towards the people of another community which is similar but bigger, more prosperous and exercises a greater leadership. Most of the comments here are motivated by this form of animosity and jealousy. Most of the writers relish the thought of an American humiliation, even if it will also bring suffering to themselves. And as well as this common animosity, which even well informed people can harbour, there is an exceptionally large amount of ignorant, crackpot, doomsaying, end-of-the-world ranting. The DT has as large a proportion of weirdos amongst its readership as the Guardian has.

**Posted by Warwick Wakefield on December 12, 2007 11:37 PM**

[Report this comment](#)

I call shenanigans!

Subprime is contained!

It's always a good time to buy!

Buy now or be priced out forever!

Inflation won't affect consumers!

The government and media would not lie about such important things.

**Posted by I'm no FB! on December 12, 2007 11:21 PM**

[Report this comment](#)

I wonder how much of this is due to 911, the extra security measures and invasion of

Afghansitan and Iraq. We could not afford all of these at the same time. Add this to everyone living on credit from Joe poor to the president and you have the perfect storm!! Bin Laden is laughing somewhere...

**Posted by Francis Dube on December 12, 2007 10:55 PM**

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It's shocking that even with a warning people refuse to believe it, with central banks coordinating around the globe. Believe me, I won't feel pity when those stubborn people think this is merely media driven. The reason GDP is not down is due strictly to inflation. Inflation adjusted, we're already in a recession.

People weren't homeless on November 1, 1929 either. It takes time, but the pain will come.

**Posted by Fazsha on December 12, 2007 10:46 PM**

[Report this comment](#)

This information about a potential recession is absolutely blanked out of U.S. media sources. No coverage whatsoever. Found out about it on the leftist blogs, where it is front page news, that linked here. Nothing about it in our newspapers and TV, that should tell you how great our freedom here has become under recession Neo-Cons. Funny thing is, even just 7 years ago it would have been on the front page everywhere.

**Posted by heckuvajob on December 12, 2007 10:27 PM**

[Report this comment](#)

This is a crazy world that is changing by the minute.....see my website to see what is happening in the canada sky.....exclusive pictures.

Stay positive and in the Light

Dieter

**Posted by Indian in the machine on December 12, 2007 10:16 PM**

[Report this comment](#)

Perhaps, when the dust finally settles, people may come to realise that government interference in the economy based on the manipulation of fiat money is doomed to failure. It is, in contrast to this, a historically verifiable fact that monetary systems which are pegged to a gold standard have been the periods of greatest stability and growth. Wouldn't the lenders be more willing to lend to each other if they could have mutual assurances that their loans would be repaid at a later date and still carry the same purchasing power? Only the pegging of a currency to a gold standard has hitherto been able to achieve that in a predictable fashion.

The current move by some the Fed, ECB, Central Banks to ease the credit crunch by pumping \$24B dollars into the system is yet another tactic which will profit only the manipulators of the money market in the short term (since they get to use the money before it wreaks it's havoc on prices) whilst devaluing the currency for the man on the street--thus leading to higher prices. The Fed et. al are effectively creating the inflation they purport to control thus robbing people on the street.

**Posted by Bob Kelly on December 12, 2007 9:45 PM**

[Report this comment](#)

ya gotta luvit - the whole time uncle fedster was raising rates they kept saying "we got to get the rates up so we can cut them for the next recession... AS IF raising rates so aggressively would have nothing to do with the onset of the next recession! stoopid is as stoopid does

**Posted by F Gump on December 12, 2007 9:09 PM**

[Report this comment](#)

We need Lord Vader to bring order to the Universe.  
Praise be unto the Skywalker Family.

**Posted by Jabbe De Hutte on December 12, 2007 8:46 PM**

[Report this comment](#)

""It's my hope that once this greatest/boomer creation dies"" -shadedmagus

Oh please, quit that old "boomer generation's fault" canard and read some books. The Federal reserve was created in 1913, hardly a 'Boomer' creation.

Anybody pointing fingers at the great "evil" of the US should realize that the US govr is only a TOOL, like all other govr which counts your own. A TOOL used by Bankers/world-rulers. Now in light of this, is it not stupid to hold accountable a whole country and its citizens because of the crimes perpetuated by the few, who are also in control of your own country?

We were all born into the same system that arose from the medieval banking powers of the Knights Templars. We are all indebted to the same bankers.

Anybody searching for a different culprit than these, is either animated by an irrational hate towards those targeted (boomers...), or has an agenda to fulfill.

**Posted by Jonathan Benjamin - Montreal on December 12, 2007 8:33 PM**

[Report this comment](#)

As greedy and money hungry as my country may be, please remember that there are innocents in all places who only want to make their bread and eat their potatoes.

I am so scared.

**Posted by Laura Nye on December 12, 2007 8:32 PM**

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This is great news for all the anti-establishment folks. I hope I can have a front row seat watching the USA sink into it's own shit hole. Maybe we can rebuild this country to the way it should be.

**Posted by shawn on December 12, 2007 8:28 PM**

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No Republican or Democrat can help the mess consumers themselves get into. Consumers are the ones who don't save, who overspend and overuse credit. Who live from paycheck to paycheck and sometimes not even that. No, this is a free market society who has managed itself so poorly that it is

now self destructing. Government is in no position to do anything about this.

**Posted by John S on December 12, 2007 8:12 PM**

[Report this comment](#)

Why does the Central bank charge (so much) interest on money that is created out of thin air? Isn't that fundamentally inflationary and therefore a direct contradiction to the FED's stated but failed mission to control inflation?

Greenspasm managed to induce a recession in order to stop wages from rising, even though it's not the FED's job to set wages and besides, productivity had been zooming for years.

This violated a basic social contract of implied fairness - but further, left the middle class now in a bind. Had wages risen 20-30% in the booming 90's like they should have, working class people would be much better positioned to weather the economic shocks of energy-related price induced inflation and rising mortgage costs. People talk about the "free-market". Where is this "free-market" when the un-federal federal reserve private banksters can and do basically engineer both booms and busts?

Jubilee - just might be - the answer for - the economy!

**Posted by rsk on December 12, 2007 7:45 PM**

[Report this comment](#)

The perfect storm created by Mr Magoo and reeled in by Mr Maheu. Set up all the fiat paper players and suckered them in knowing that greed would prevail. Set the trap pull the hammer and caught the fed crooks red handed. Took a few years to pull off. Many players in the background. All is well...

**Posted by Albert on December 12, 2007 7:39 PM**

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Yes, all the signs point towards a conspiracy by the International Bankers!!! They want to introduce an international currency omg omg omg!!! And that would be bad because then we'd be trading with foreigners from outside American countries!!! and that would be all different and scary!!! omg omg!!!! All the dirty Arab ZOG Communists would like come over and like start pillaging all the natural resources that our economy is based on!!!!!! Without potatoes and natural gas, how will we build our engineers and computer scientists? Help us American Jesus!!!!!! Help us!!!

**Posted by anon on December 12, 2007 7:38 PM**

[Report this comment](#)

@Jack

Only seeing the housing market collapsing in florida? Been to michigan lately? Every other house in my home town and the surrounding towns are up for sale, and every time I come home from school the price of these homes is slashed lower and lower, because they just can't sell them (especially not at the inflated cost of housing). Over the last year I've watched premier condominium housing in an upscale neighbor hood drop from well over \$200k to around \$129k, and they still won't sell

**Posted by Josh on December 12, 2007 7:37 PM**

[Report this comment](#)

Ron Paul is the only man who has the answers to this mess! VOTE FOR RON PAUL!

**Posted by sierrahpbt on December 12, 2007 7:36 PM**

[Report this comment](#)

Good luck America.

**Posted by john on December 12, 2007 7:01 PM**

[Report this comment](#)

Warren is correct. The elitists need the establishment of global governance and the installation of the anti-christ as it's head. The earth will become a feudal feifdom. Certain road blocks remain in the way, significantly from Russia's Putin, who is promoting sovereignty.

**Posted by Ginger Dougleas on December 12, 2007 6:35 PM**

[Report this comment](#)

Don't worry!!! The BIRD FLU will take care of it!!!!

**Posted by qcman on December 12, 2007 6:22 PM**

[Report this comment](#)

The likeness of those who take other patrons than Allah(God), is the likeness of a spider who builds a house; but truly, the frailest of all houses is the spider's house; IF THEY ONLY KNEW.

- The Holy Qur'an

A very similar paraphrase can be found in Christ's New Testament and also in the Torah.

**Posted by Ozymandias1979 on December 12, 2007 6:01 PM**

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US stocks plunge on Federal Reserve rate cut announcement

By Barry Grey

12 December 2007

US stocks plummeted Tuesday after the Federal Reserve Board announced a quarter-point cut in short-term interest rates and indicated in an accompanying statement that it remained concerned over the potential for an inflationary surge.

The sharply negative reaction on Wall Street, which was looking for a half-point cut in interest rates and a statement clearly giving primacy to the risks of recession and a meltdown on financial markets above inflation concerns, is a measure of the near-panic gripping big investors and some of the largest banks in the US and Europe over the

implosion of the US housing market and resulting crisis on credit markets.

Immediately after the Federal Reserve Board's Federal Open Market Committee announced its decision, at 2:15 PM Eastern Standard Time, all of the major New York stock indexes began to plunge. By the end of trading, the Dow Jones Industrial Average had fallen 294.26 points, a drop of 2.1 percent. The Nasdaq Composite Index declined by 66.60 points, down 2.5 percent, and the Standard & Poor's 500 Index fell 38.31 points, a 2.5 percent decline.

The sharp fall on the markets came despite the fact that Tuesday's rate cuts marked the third consecutive reduction in interest rates by the Fed since the credit crisis erupted last August. Since then, the US central bank has slashed rates by a full point, the greatest easing of borrowing costs since the recession of 2001.

The Fed cut its target federal funds rate, the overnight rate at which banks lend money to one another, from 4.5 percent to 4.25 percent. At the same time, it reduced the so-called discount rate, at which the Fed directly lends money to banks, from 4.75 percent to 4.5 percent.

These moves are aimed at cheapening the cost of loans and pumping liquidity into the credit markets. They come at a time when major banks and investment houses in both the US and Europe are reeling from massive losses resulting from the collapse of assets linked to US subprime home loans.

The depression in US home sales and prices and soaring mortgage delinquencies and foreclosures of homes purchased with high-interest subprime loans have undermined the stability of banking giants that leveraged such loans into a multi-trillion-dollar edifice of highly profitable securities that were sold to banks and other investors around the world.

According to an article in Monday's Wall Street Journal, "Over the past decade, Wall Street built a market for more than \$2 trillion in securities sold globally and backed by loans to US homeowners." That market has come crashing down—as it was destined to do, since it was built on the most speculative and unstable of foundations.

Facing huge losses from the collapse of these investments, and unable to determine the real value of exotic securities derived from dividing up, bundling, repackaging and reselling loans—many to subprime borrowers with shaky credit, to other investors and financial institutions—the banks have sharply cut back their lending to consumers and businesses. Lending is down, its cost is rising and the result is a credit crunch that is driving the US economy into recession, with dire consequences for the global economy.

This crisis is an expression of the increasingly parasitic and speculative character of American and world capitalism. Its effects are rapidly spreading throughout the US economy, with job growth slowing, consumer spending falling off, US corporate profits tending downward and rising delinquencies on all forms of consumer credit—from home loans to auto loans and credit card payments.

**Posted by John on December 12, 2007 5:57 PM**

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The greedy, money-hungry beast the US economy has become is now dying because it's had to feed on itself for the last 2 decades.

It's my hope that once this greatest/boomer creation dies, a more compassionate, responsible, SUSTAINABLE financial system can be created and restore credibility to this once-great nation.

**Posted by shadedmagus on December 12, 2007 5:53 PM**

[Report this comment](#)

Vote for Ron Paul who supports lean government, and no reserve bank to hamper things

**Posted by nick A on December 12, 2007 5:36 PM**

[Report this comment](#)

In the U.S. housing prices are NOT plunging to a slower 'growth rate' Housing prices are down to around what they were in 2004. And the foreclosure momentum is still gaining traction.

**Posted by A. Jenkins on December 12, 2007 5:10 PM**

[Report this comment](#)

The global elite have a plan, a one world monetary system. First the EU, now the North American Union (U.S.,Canada,Mexico)etc. They control the media. The media hyped up real estate prices in the U.S. and now a short time later it's doom and gloom. Don't put your faith in man but in God.

**Posted by J. Warren on December 12, 2007 4:49 PM**

[Report this comment](#)

The winter of our discontent.

**Posted by Horace Powers on December 12, 2007 3:56 PM**

[Report this comment](#)

Although living in Holland I read a lot about 'the credit society U.S.A.'. What goes up goes down and vice versa going down is usually in a faster way also within the West-E.U.: consuming credit is the slogan.

**Posted by henk korbee on December 12, 2007 3:33 PM**

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Based upon the "current" statistical measurements and formulas that the Fed uses to calculate a recession, by the time we reach "their" recession, we shall already be entrenched in an inflationary depression.

China and Europe (including Russia) will fare better than the U.S. as they will turn their economies inward and rely less upon exports to generate income.

These are the facts; and WE, as Americans, had best prepare to reap what we have so long sown.

**Posted by Brain on December 12, 2007 3:24 PM**

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**Posted by Brain on December 12, 2007 3:22 PM**

[Report this comment](#)

Really people as a American of lower class there is no resicion coming the media has been saying this as soon as a republican was elected into office.

for those of you happy to hear this you surely are retarded "if" the American economy crashes this would ensue the entire worlds economy to crash as well, i dont think this bodes well with anyone, also why do you dislike Amercia so badly?

**Posted by Joseph on December 12, 2007 2:57 PM**

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the economic woes we are feeling today are the direct result of failed government. the government has been wed to massive corporations for far too long. they have ruined the US economy and destroyed this nation's foundation on the rule of law. the fed is nothing more than the biggest private bank in the world lending money at interest to the US fed government. the only way for the balance to be maintained is by over taxing the people. then bush cuts taxes for the rich thinking it will spur economic growth. these problems can be resolved with the election of a president who will return the rule of law and constitutional governing to the forefront of the governments priority list instead of invasions and occupations of 3rd world nations.

I do not agree with all of Rep Ron Paul's philosophies but I see prosperity in liberty and further turmoil with the continuation of the Federal reserve, income tax, and illegal wars of aggression.

**Posted by tom for liberty on December 12, 2007 2:37 PM**

[Report this comment](#)

Should I play a G. Soros and make a cool billion drawing conclusions from this article? Naa... 'Tis just typical Morgan-Stanley bullshit..

**Posted by Alan on December 12, 2007 2:19 PM**

[Report this comment](#)

1. define recession 2. why is it bad? 3. china will pay for everything (they are not smart inuf to know the decent wage as in www.champori.com) 4. who? me? worry?

**Posted by millicent on December 12, 2007 2:15 PM**

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The US has been like a kid with a credit card for quite a while now, and the bills are now starting to come due. The time has come to trim back our operations. People are starting to wake up to the fact that we cannot continue to maintain our unmaintainable empire.

oh yeah, Ron Paul 2008!

**Posted by John Q. Public on December 12, 2007 1:59 PM**

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I bet that almost every decent person on earth, including Mr. Ahmadinejad, are so disgusted with the the obscenity and criminality of the US, they are hoping and in some cases taking the opportunity to bring the US down - however and where ever it will fall, even by implosion.

The real skill in this procedure is to bring it down justly by not inflicting more damage than it deserves. Even so, the US will take at least a few centuries to recompense its obnoxious behavior.

**Posted by [Marijonas Vilkelis](#) on December 12, 2007 1:32 PM**

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"V" for Vendetta, a vernable awakening is acutally visavis to our visual senses, a media truth is a vixen determined to cover the truth with lies. Control! Ladies and Gentlemen, ask yourself this question: "To whom do we owe this "Perfect Storm?" May I suggest we turn our attention to the alleged venerable Rothchilds and their US counterpart Rockefellers. Are they trembling and wringing their hands at the on coming storm? I think not! They will profit! Free enterprise is at stake and they are the architects of it's demise. Chastice these varmits for they a the monopolist of destruction. They are the evil behind the scarecrows of doom and gloom. Behind the scarecrow is a marching army of sorrow. You may not be able to subdue the storm, but each of you can fight to subdue tyranny. Begin now to restore your freedoms. Do you hear Briton?! Lead the way Brits while you may. Prosperity will return to a free people only. Speak the truth openingly and with confidence. Good day ladies and gentlemen.

**Posted by [Jerry Daniele](#) on December 12, 2007 1:28 PM**

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Maybe we need reality to sweep the country. As somebody who has recently been informed that my credit score has been negatively affected due to the fact that I've never borrowed any cash and don't have a history of paying back money I never needed. I quickly realised that the financial sector is based on a self propelling credit snowball thats about to drop off the edge.

Banks/ Trusts/Pension companies appear to be Pyramid selling and recycling credit.

**Posted by [Morty](#) on December 12, 2007 11:22 AM**

[Report this comment](#)

read it

**Posted by [ralph\\_lu](#) on December 12, 2007 10:29 AM**

[Report this comment](#)

George Bush will go down in history as the President who did the least to grow the American economy. It's hard to understand why he has done this to his own country?

**Posted by Bob Gaul on December 12, 2007 10:27 AM**

[Report this comment](#)

To Finance Guy ....

"Mr Berner said US demand is likely to contract by 1pc each quarter for the first nine months of 2008"

**Posted by Neil on December 12, 2007 10:05 AM**

[Report this comment](#)

If you plan on selling a home in the UK in the next 5-8 years, do it now. A global depression is right around the corner.

**Posted by Frank on December 12, 2007 9:42 AM**

[Report this comment](#)

When you read the grammatical errors in this article it makes you wonder which school HE went to !

**Posted by peter ex pat on December 12, 2007 8:29 AM**

[Report this comment](#)

Ben "The Bear" Bernanke can send out any message he wants, the US's goose is cooked.

It is stupefying and irksome to realize that it never had to happen. A real conservative [ahaha] fiscal policy would have kept the federal debt in check and prepared a workable plan for the coming tide of pensioners.

None of this is a secret, we know that people will retire, we know how big the federal debt is, we know that spending has to be cut [Donald Rumsfeld has said that the Pentagon cannot account for 2.3 Trillion dollars. How about some good old-fashioned accountability for a change? ].

All of a sudden the light shineth bright that when you sell somebody a loan they cannot possibly pay back, they're going to default on it. Oops, there go the financial markets? Who are these people?

A modicum of fiscal responsibility, some restraint on the part of the consumer and none of this had to happen.

The only good thing that will come of this is that, since the average working man in America isn't making a decent paycheck anymore, it's not the

average American whose going to be losing the most money.

**Posted by jack on December 12, 2007 7:27 AM**

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I travel pretty extensively around the US. Aside from Florida, I haven't seen the alleged 'collapse' in the housing market. Yes it seems to have slowed in parts of the country, notably California and Florida. But the southeast and Texas don't seem to be impacted at all. Quite the opposite. I mean, unemployment, productivity, manufacturing, transport company orders, exports: the fundamentals all seem to be in place for continued moderate growth. I have yet to see this end of days scenario that is supposedly playing out as we speak. The Fed doesn't seem terribly worried either since they only took a 1/4 point today.

**Posted by chris on December 12, 2007 7:22 AM**

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Ok, im a Yank, and I read this page because your news is far less edited than our own, and I enjoy your articles, they are very well informed.

The reason your economy will get hit so badly is 2 fold, Firstly, Eurodollars(not the euro) and Secondly, CMO's (collateralized morgage obligations). Your country is waist deep in them, and they are baised on the belief that sub prime barrowers(americans with credit ratings below 620) will pay back mortgages with rediculously high rates.'

Just go to wikipedia or any other dictionary, look up "Eurodollars"( which tie your economy to the united states) and "CMO's" and you will understand everything.

**Posted by Klaudius on December 12, 2007 6:00 AM**

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RON PAUL -THE ONLY HOPE FOR PRESIDENT IN THE USA.

GOOGLE "AMERICA'S WAR AGAINST CENTRAL BANKS" BY MIKE HEWITT

**Posted by SCHNOZZO on December 12, 2007 5:21 AM**

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"This [Federal Reserve Act] establishes the most gigantic trust on earth.

When the President [Wilson} signs this bill, the invisible government of the monetary power will be legalized....the worst legislative crime of the ages is perpetrated by this banking and currency bill."

-- Charles A. Lindbergh, Sr. , 1913

"From now on, depressions [and booms] will be scientifically created."

-- Congressman Charles A. Lindbergh Sr. , 1913)

Here we go again.

**Posted by Edward Ulysses Cate on December 12, 2007 4:34 AM**

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We should all move to third world countries.

**Posted by sylvia on December 12, 2007 3:29 AM**

[Report this comment](#)

In economic term, recession refers to two consecutive negative growth. GDP can be positive

but its growth takes a downturn.

**Posted by [cruch team](#) on December 12, 2007 2:53 AM**

[Report this comment](#)

Fortunately, compared with our English neighbours, in Scotland we have much lower home ownership, more council housing, and generally better provision from the Scottish Government. So we will be fine, whilst the English will not be so fortunate.

**Posted by [Colin McSparran](#) on December 12, 2007 2:06 AM**

[Report this comment](#)

It seems the accolades which the press and the economists handed Mr. Magoo (Alan Greenspan) when he was crowned a brilliant financial genius and dubbed, "The Maestro" for his handling of the US economy, are looking a little threadbare these days. Of course, like all Washington Hacks, and there are plenty of them, he is denying any of this mess is his fault.

**Posted by [Mike S](#) on December 12, 2007 1:56 AM**

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(another Yank)

Hubris is not a new phenomena, and neither is fiat money. I can't help but think that if we (and you too) had specie money backed by something tangible, we would not be facing a disaster of the magnitude now in front of us. Yes, there would be business cycles, but I don't think the highs and lows would be as extreme as we have seen, and are about to live through.

**Posted by [Jeff Cauhape](#) on December 12, 2007 1:56 AM**

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Has Mr. Berner, or even Morgan Stanley, ever correctly forecast a recession before?

**Posted by [Owen B.](#) on December 12, 2007 1:00 AM**

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Galfont,

Thanks for the laugh. That guy Kudlow is a riot.

"The GOP, on the other hand, has a positive supply-side message of limited government, lower spending..."

"Meanwhile, oil prices have retreated to \$88..."

Yep, the good ol' fiscally responsible GOP along with oil at a mere 2-3 times what it was in '04... I already feel better.

**Posted by [Jon](#) on December 12, 2007 12:16 AM**

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I too am fed up with sensationalist housing journalism. Hard to tell whether journalists can distinguish between a change in price levels and a change in the rate of price growth in the house market. Sure, they are linked, but one is very different from the other, the second

being tolerable while positive but the first very alarming (for some) if it declines. Let's not exaggerate things! If the rate of growth slows from 10% to 5%, that's not any kind of disaster except for a few bonus-remunerated individuals. If the price levels fall (negative growth), that's another thing. So far we have not seen the second.

**Posted by colin on December 11, 2007 11:24 PM**

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As a member of the NDNMNW brigade I expect to ride out the storm, currently being forecast for the World of Finance and Commerce, in reasonable fashion.

The NDNMNW brigade are the no Debt, no Mortgage, no Worries people.

**Posted by ed corbett on December 11, 2007 11:14 PM**

[Report this comment](#)

There is a SOLUTION. I stumbled about it some months ago. We only have to give up our interest rates. Period.

Google for Freigeld and Silvio Gesell (wonder of Worgl) as well as Helmut Creutz and Klaus Popp.

Act know if your convinced and spread the word as fast as light..

**Posted by hp on December 11, 2007 11:13 PM**

[Report this comment](#)

re: Finance Guy - go check the US Treasury's real inflation metrics. They say 12% already this year. Real growth is nowhere near that. We have been in an economic contraction for months - years if you exclude war spending.

Instead of investing in infrastructure for a sustainable future, people on the "right" insist on undending wars and people on the "left" insist on encouraging people who can't even take care of themselves to have more babies. Both are to blame.

Worldwide grain and fish production have both been down year over year for over a decade despite ever increasing spending and grossly expanded use of oil products to prop them up. In fact, the EU has already stopped fallowing fields which while boosting production in the short term will only accelerate soil depletion in the long run.

**Posted by Ugly American on December 11, 2007 10:09 PM**

[Report this comment](#)

This got my full attention, a good article.

**Posted by Tony Landis on December 11, 2007 8:25 PM**

[Report this comment](#)

Just read the Link provided by David Goldsby re Japan.

With all that cheap product - plus the fact that they don't appear to be spending their money anyway (house sales stagnant) surely it follows that Mr Joe Japanese is rolling in money?

It certainly explains why the only tourists here in the Lake District are Japanese - by the planeload.

There sure aren't any Yanks around!

**Posted by rhubarb on December 11, 2007 7:45 PM**

[Report this comment](#)

Very informative article. I enjoyed it.

Keep up the good work

**Posted by psychic readings on December 11, 2007 6:47 PM**

[Report this comment](#)

To John:

House prices have historically been sustainable at 3x annual income or 120x monthly rent. The situation both in the US and the UK has far outstripped that metric, and it creates an issue of how the rest of the economy (e.g. services, retail, food) can sustain itself. The only way for people to spend the same amounts on retail goods and services and pay more on housing is loose credit. That is, loose credit on houses, on credit cards, on everything than can be put on credit.

All we're seeing now is the chickens coming home to roost. Someone has to cash in on that debt, and all of this foolishness of multi-generational loans and tens of thousands in credit card bills will quickly and thankfully end. The only other alternative would be to greatly increase salaries, which would cause the inflation rate to explode. That, in turn, would cause central banks to raise the base interest rate to prevent runaway inflation, and everyone's credit would implode the other way - through unsustainable interest payments.

I can guarantee you that anyone with basic macroeconomic knowledge could see this coming, and the media has nothing to do with it. When the world loses its best customer, rest assured there will be pain.

**Posted by Michael on December 11, 2007 6:47 PM**

[Report this comment](#)

Interesting to have a full US recession alert when no negative GDP has been forecasted.

Very interesting

**Posted by Finance Guy on December 11, 2007 5:48 PM**

[Report this comment](#)

I agree with Sunny Meadow at 11.56 am, things will come unravelled long before nine months.

Today's Fed meeting must be one of the most momentous in history. They have the world in the palm of their hands. Flunk it with just 0.25% and disaster looms. They need at least 1% or we are doomed. The US housing market is the very source of world demand and US property prices the basis of world collateral for credit.

If this really gets rolling all types of property price will crash in a world re-run of Japan's deflation, which is still ongoing 16 years after it crashed - [link](#)

**Posted by David Goldsby on December 11, 2007 4:18 PM**

[Report this comment](#)

We've all known this has been a decade built on credit growth. We have politicians both

sides of the Atlantic getting us in deeper and deeper in the full knowledge the bubble would burst. Migrant labour is transient. As will be the demand for housing. When house builder tell you they're stopping phase 2 projects because there aren't enough buy-to-letters you have to worry. The borrowing of the west to pay the East is coming to an end and it's going to be ugly.

**Posted by Jim Henderson on December 11, 2007 4:03 PM**

[Report this comment](#)

I too turned my head to the headline 'house prices plunge' and couldn't believe it when I read the small print... simply a slower rate of growth in the property market. This is a perfect example of how to make the average consumer unnecessarily anxious!

**Posted by Al on December 11, 2007 4:00 PM**

[Report this comment](#)

The bank of england should not be slashing rates to prevent a recession - their remit is to control inflation.

The Government took credit for the economic 'debt-propelled' boom so it can take responsibility for the 'debt-propelled' crash.

**Posted by John on December 11, 2007 3:36 PM**

[Report this comment](#)

Can a yank comment here? Actually, not your ordinary yank here. Nope. This yank believes the USA is in total failure mode - since the 1980s - and today the USA borrows what? over 1 \$billion/day to support its false economy? Didn't the USA 'totally fail' in the past? about 1930ish. Wasn't it nice to have virtually free oil for 60 years, nice to have major corps go around the world and bring home \$trillions while developing and raiding natural resources. Yep, brilliant move it was to create a world economy that needs quadrillions of bbls of oil but there is only trillions and you have to kill people to take, uh, I mean get, that. Oh yeah, the meltdown cometh.

**Posted by Patrick Goodhall on December 11, 2007 2:29 PM**

[Report this comment](#)

The renowned Lawrence Kudlow has a convincing and far different take on the American economy (The Bush Boom) and it's outlook.

[link](#)

**Posted by Galfont Charchester on December 11, 2007 1:55 PM**

[Report this comment](#)

I think they are being optimistic. It won't take nine months for the global economy to come unraveled.

**Posted by Sunny Meadow on December 11, 2007 11:56 AM**

[Report this comment](#)

There is no material reason why house prices should fall in the UK. The foundation is stable, there is more demand than supply and the economy is still gorwing, albeit at a slower rate.

The problem is totally irresponsible media outlets trying to lead the news rather than report

it, by reproducing endless tales of an imminent housing crash simply to induce a more exciting news cycle.

An example of this is a tabloid last week which published on its front page how house prices had "plunged", and then went on in the small print to report how they had simply stopped growing in price at such a fast rate - yet still were growing.

So if there's a housing crash in the UK, which will be followed by a massive recession and millions more unemployed for years just remember - the media is at least partly responsible for causing the panic and the rush to cut prices and sell houses (particularly BTLs). Idiots.

**Posted by John on December 11, 2007 11:53 AM**

[Report this comment](#)

#### OUR EXPOSURE?

For 60 years the USA has been the predominant force for global stability, militarily & economically.

A full blown U.S. recession has to send warning signals to free & democratic countries everywhere.

I also worry about our own prospects.

Never in our history have we been so vulnerable to a catastrophic recession.

Our near total dependence on revenue generated from sources threatened by any exposure to recession makes for very worrying times ahead.

Also, government tax revenues are susceptible to 'Domino effect' drops, as the full implications of Labour's deeply flawed economic & fiscal policies show their weaknesses.

The lucky ones like me who've seen this coming have placed ourselves well to ride out the three to four year storm. Though I'll admit to wrongly predicting the correct date of our fall into economic bad times. If it hadn't been for the government encouraged availability of huge amounts of cheap finance driving a suicidal high street spending frenzy, these times would have happened 18 months ago.

For me, the one big bonus to come from our economic woes should be the removal of this corrupt and incompetent EU/LABOUR regime.

I worry though, has too much political, economic and social damage been done?

Are we now finished as a Sovereign and respected nation?

**Posted by Phil Kean on December 11, 2007 9:58 AM**

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If we go into a big recession next year what is the policy with all the millions of immigrants coming into England.

**Posted by Stewart Fisher on December 11, 2007 9:34 AM**

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Superb article. The perfect storm is coming and no one has any protection against it. Governments, banks and consumers are all over indebted.

It is going to be one hell of a blood bath, with the slashing of interest rates, the dramatic rise in inflation leading at best to stagflation, rising unemployment, collapsing housing market

and company foreclosures. Welcome to the aftermath of the greatest credit binge in history. Well done Gordon Brown, Greenspin et al!

**Posted by D Rumsfeld on December 11, 2007 5:53 AM**

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