

Re: Henry George mentioned in Wash Post op-ed

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From: sinister (*sinister_at_nospam.invalid*)

Date: 02/28/05

Date: Mon, 28 Feb 2005 12:16:27 GMT

<royls@telus.net> wrote in message news:422234e7.15827204@news.telus.net...

> On Sun, 27 Feb 2005 15:52:34 GMT, "sinister" <sinister@nospam.invalid>

> wrote:

>

>> Excerpted from "Bye-Bye, Housing Boom," By Michael Kinsley,

>

> Has he been fired yet?

I assume you've heard of him before. Pretty clever. Now he's the editorial page editor of the LA Times. So to be fired he'd have to be fired by someone pretty high up.

>> *The Washington*

>> *Post*, Sunday, February 27, 2005. URL:

>> <http://www.washingtonpost.com/wp-dyn/articles/A54743-2005Feb25.html>

>> (registration required):

>>

>> -----begin excerpt-----

>> *Let's step back a moment. All the housing in the United States is worth*

>> *about \$14 trillion.*

>

> ?? *Or with 120M housing units, about \$115K per dwelling? Don't*

> *_think_ so. How many of the houses and condos in your local listings*

> *are selling for that much? How many are selling for double or _more_*

> *that much? Wouldn't _\$20T_ be a more realistic estimate?*

Maybe. We should give him points for trying.

>> *If the value of existing housing (not counting new*

>> *construction) goes up 7 percent this year, which is the recent national*

>> *average, homeowners will seem to be about a trillion dollars richer. But*

>> *will the nation be a trillion dollars richer? No. These are the same*

>> *houses,*

>> *in the same place. That trillion dollars comes partly from non-homeowners,*

>> *who must pay more to buy in. And it is partly illusory. If many current*

>> *homeowners tried to cash in, the drop in prices would quickly wipe out*

>> *that*

>>trillion.

>>

>>*When the price of something goes up, two things happen: the economy starts*

>>*to produce more of it, and existing units are worth more. For most of what*

>>*we buy, the first effect overwhelms the second and constrains it. A rise*

>>*in*

>>*the price of a can of tuna fish does not produce many self-satisfied*

>>*anecdotes from people who have a third of their net worth in Chicken of*

>>*the*

>>*Sea. But real estate is different, mainly because it requires land. As the*

>>*cliché goes, they're not making any more of it.*

>>

>>*Perusing the real estate ads like pornography and imagining what our*

>>*houses*

>>*are worth is the great American pastime.*

>

>*Just as it was the Japanese pastime in the 1980s. Americans are not*

>*intelligent enough to learn from Japan's mistakes.*

>

> -- Roy L