At the UK level, the primary policy challenge is to break out of an economic structural Hobson's choice. This is defined by *asocialdemocraticfuture* as the housing double bind: either stagnant or sluggish household income growth based on insecure but flexible labour markets, or, a recovery based on housing-based debt and resurgent house price boom, but one that sooner or later will implode into another future bust, with its attendant long term adverse economic and social consequences, or a mixture of both.

It has developed in step with, and in response to, manifold changes to the overall and wider UK polity, including its socio-economic structure, the sectoral composition of its economy, the government's macro-economic policy framework, the operation of its political system along with the outlook and behaviour of the main political parties within it (the impact political methodology and practice is considered *here*), as well as its housing system.

Although many of these changes have been spread over many post war decades, a key overarching theme and driver explaining the bind's strength, was the developing ascendancy of neo-liberalism from the mid-seventies onwards, not only as a political economy paradigm, but also as the foundation and driver of public policy change. This is explored in more depth in ..\INTRODUCTION2017.pdf

After three decades of general, if not complete, neo-liberal hegemony, the pendulum has swung back in favour of more social democratic precepts, as it swung away when stagflation took hold during the seventies,

To a large part, this tilting-back is the product of the actual empirical experience of the Great Financial Crash (GFC). Consumer confidence and demand collapsed in its aftermath, as did credit availability. Business investment plummeted as 'animal spirits' dried up as the previous mood of over-exuberance was replaced by one of gloom and fear, if not panic. Aggregate demand and taxation revenues dived, causing unemployment and the public deficit to balloon. Across the housing market, bust replaced boom, pushing home buyers, who had purchased close at the cyclical peak, into negative equity.

The static (one-off) impact in the UK was deep enough: the cumulative actual total loss of national output during 2007-2009 exceeded seven per cent. But its dynamic supply side impact on continuing and future performance, resulting from the denudation of the long term productive capacity of the macro-economy and its related ability to generate and sustain well paid secure jobs, has proved even more destructive.

UK total output only regained its peak 2007 level in late 2014. It rose, on average, barely one per cent a year between 2010 and 2014. This was during a period when the recovered growth-rate should have exceeded, and not fallen well short, of the historical UK 1950-2010 average annual rise of a tad under 2.25per cent. Actual GDP growth per capita remains stagnant or muted, while the manufacturing and construction sectors continues to decline in output and employment terms. The ultimate impact of the GFC on the future UK growth rate – and thus the cumulative loss of potential GDP - is unknown, but the overall detrimental impact will be massive. Its impact is reflected in muted or falling real incomes, compounded most recently by the effect of Brexit uncertainty, with a falling pound causing consumer price inflation to outpace wage growth again.

The empirical experience of the GFC and its aftermath showed that some key markets, most particularly financial ones, possess an inherent tendency to instability that can lead to crisis and disaster: quite contrary to the prevailing neo-liberal economic assumptions and theory, previously held and practised by global economic policy makers.

At an international elite level, an overlapping technical and political consensus, encompassing mainstream economists and commentators across the political spectrum, including the Bank of England, the World Bank, and the IMF, recognised that the globalisation of capital and financial flows, where unchecked and unmanaged, far from being an unalloyed public good, offered a poisoned chalice, and that neo-liberalism had promised more than it delivered, save that liberalised trade of goods - in contrast to speculative capital flows - had contributed to a significant reduction in world poverty.

That consensus extends, also, in varying degrees, to the need to:

- reduce inequalities of market incomes and of wealth, addressing the post-1980 secular trend in favour of the concentration of wealth and income in favour of the top decile, and the top centile in particular;
- reform the global and national financial systems in order to address its financial fragility in a way that will best prevent or lessen the likelihood of future asset-based bubbles;
- avoid forcing new owner occupiers to take on higher levels of debt in order to purchase, as that heightens the future risk of default and fragility within the wider global and domestic financial system;
- reduce the overall developed dependence of the advanced economies on debt–assisted expenditure, as well as on asset bubbles, to underpin levels of consumer expenditure, consistent with politically desired levels of output, employment;
  Linked to:
- A growing disquiet regarding the post- GFC dependent use of alternative extraordinary monetary policy measures, namely, variant forms of Quantitative Easing, in order to avoid deflation and/or a slip back to recession, or even prolonged and systemic depression; and the related recognition of the:
- failure of such extraordinary monetary policy measures to engineer a sustainable recovery, in contrast to preventing a slip back into depression,

related to the relative utility of public credit expansion in preference to private (bank) created money to fill the demand vacuum left in the real economy, by the suppression of debt-assisted and asset-based booms,

- possible relative desirability (and even necessity) of the partial monetisation of public deficits, and the provision of electronically-created 'free helicopter money in order to secure sustainable growth, given its anticipated distributional and macro-economic advantages comparative to QE;
- heightened utility of productive public-led infrastructural investment as a component of such sustainable growth.

On the home front the GFC demonstrated that relying on rising house price and household debt to drive the long term health of advanced economies, including that of the UK, is intrinsically and ultimately self- defeating.

The notion that high levels of pay and bonuses provides a just reward for hard work and for a socially useful scarce skill, has been largely replaced by a realisation that such inequalities often provide incentives for boards and managers to secure short term private gain by activities or practices that are inimical to long term social utility maximisation for the community, and that they tend to entrench inequalities across communities and generations, with that realisation percolating within the wider population.

In that light, Theresa May, repeatedly called the housing market 'broken' during 2017, while mainstream commentators highlight that the shareholders and the senior managers of major housebuilders have received multi-million windfalls in effect for limiting new supply while demand has been underpinned by Help-to-Buy. .

The intellectual, and to even the future political line of travel, in many, and quite possibly in very significant ways, is, at least potentially social democratic in direction. That provides a political opportunity to be harnessed for feasible, for practical, and for lasting social democratic ends. The consequences of missing that opportunity could well prove calamitous.

The housing double bind must be unwound. That requires integrated change to the macro-economic and housing policy frameworks. A sustainable and balanced economy requires a general shift from debt-financed consumption to investment and production.

Housing policy reform must play a key and leading part in securing that shift. Increased investment in housing supply supported by direct measures to deflate the cost of land and to improve access to, and the distribution of, affordable housing, is essential. The outlines of such an integrated reform package is set out by *asocial democratic future* in Widerhousingends.pdf