

**Rien ne va Plus**

Texts on the economic crisis and its intricate relation to architecture / Edited by Powerhouse Company

NAiM / Bureau Europa + A10

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**RIEN**

**NE VA**

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**CRISIS**

**RELATION**



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# RIEN NE VA PLUS

## Rien ne va Plus

Nanne de Ru, Charles Bessard and Rieke Vos

The current global economic crisis, raging fully since September 2008, is already recognized as the biggest in the past 60 years and is expected to deepen even further. The social, economic and environmental impact of the crisis is unveiling a shocking truth regarding the effects of globalization, deregulation and the market economy that, at the same time, has been the basis of Western economic growth in the past few decades. During this time, the concept of business cycles, with an aggravated boom-bust sequence, has been described as the “natural” auto-regulation of the market economy. This also implies that every bust carries the undiscovered basis for a new boom. However, the extent of this particular crisis, as well as the signs that a continuation of business as usual could prove fatal for our environment, indicates that a more profound position on the current crisis is needed. The eroded morality that allowed the flourishing greed of the last decade prompted the depth of the malaise. Not only has our global economic system of a free market economy been proven to be flawed, we seem to have lost moral guidelines for dealing with the excessive results of the free market economy.

The impact of the financial crash on architecture was unforeseen and unprecedented. Architectural projects were about the first investments to be put on hold, and architects, along with bankers, were the first who suffered collective layoffs. The question, ‘what’s wrong with our financial system?’, could be followed by the question, ‘what’s wrong with our architecture?’. This crisis is particularly relevant to architecture for two reasons. First, because this last boom was caused by the financial structures of real estate loans and speculation; Architecture was a means of wealth rather than well-being, with the result that houses were being built to be resold rather than inhabited. It became a speculation feeder and obtained a doubtful role as marketeer. Second, because of the evolution of the ethics of architecture as well as its position towards and engagement with the society that produces it. From the socially committed origins of modernism, to postmodernism, to fashion and icon

architecture – what is left of the moral authority that the modern movement had given to architecture? And if architecture is no longer socially committed, how can it provide for much-needed sustainable solutions? How can we create architecture that is based on long-term qualities rather than on short-term profits?

Rien ne va Plus started as a research project based on the assumption that we are today witnessing three crises. First, an economic crisis caused by excessive speculation on housing, secondly, an environmental crisis giving rise to unprecedented climate changes and thirdly, a generational crisis caused by the retirement of the biggest generation ever. While reading numerous magazines and newspapers over the last year, we grew to feel that these three crises were linked. In this reader, we have compiled key texts about these three crises, without making a clear distinction which text belongs to which crisis. This is not only because these texts were not written with this assumption in mind, but also because in the end they all point towards the same intricate problem: how to grasp the complexity of these current crises and how to create an outline for the future. Within this project our aim was to try to compose the interrelation of these crises by compiling key articles on each field. The articles by George Soros and Paul Krugman point at the economic aspects of the financial crisis. The article by Wouter van Dieren and Arnold Heertje reveals the shocking link between sustainability and the current economic crisis, as they claim that the rebuilding of the current economy will be disastrous. Economist Mark Thornton has written an extensive article, shortened for this reader, on the complex relation between high-rises and economic bubbles. Bart Lootsma points at the politics of populism and its relation to real estate and architecture, whereas Martin Pawley describes the mechanism of individual housing speculation. Sociologist Louis Chauvel has written an extensive study on the consequences of the Baby Boomers and the generational rift that is now growing. Bruno Latour asks the crucial questions we are facing, namely, how to be critical in postmodern times. The reader ends with a number of articles on the position of the architect in light of these crises. Jay Merrick questions the importance of architectural icons. Saša Randić asks how the bubble burst affects the position of architects, whereas Zvi Hecker points at the moral void left by architects and the spectacular buildings they have created over the last decade. In our final article we attempt to describe the current deadlock of architecture in terms of deregulation, speculation and the shifted morals of Baby Boomers.

In conclusion, we would like to point out that this research was never intended to create a conclusion on how to make a better practice, or how to do things better from now on. At least not immediately. The term Rien ne va Plus comes from the roulette table. It refers to the moment when all bets have been made, the moment of suspense before the outcome of chance is revealed. It is the announcement of the end of the game, with its still uncertain outcome. Literally, Rien ne va Plus is the moment where nothing goes anymore.

This compilation of texts doesn’t try to predict the outcome of the bets that were taken in our global casino economy. We don’t attempt to formulate the answer. Not only does the profound impact and interrelatedness of the various crises make it difficult to formulate immediate solutions, but most of all we feel that we need to make a shift in our overall mindset. That is why this document is an opening to a conversation with you, the reader. In the coming year we will be creating a series of events throughout Europe concerning this book, to initiate a dialogue about the possible solutions to these crises. We hope you will engage; articulate your position, formulate suggestions, share your thoughts and perhaps in a year from now our conversations will have led to the point where we can start to reveal possible outcomes.

*Comments and remarks can be emailed to:  
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*George Soros is an American businessman, economist and philanthropist. He earned a fortune with stock market speculation and is currently listed on the 29th position on the Forbes World's Richest People list. However he is valued for his insightful analyses on economics. This article was previously published on January 23, 2008 in The Financial Times.*

# THE WORST MARKET CRISIS IN 60 YEARS

## The Worst Market Crisis in 60 Years

George Soros

The Financial Times, January 23, 2008

The current financial crisis was precipitated by a bubble in the US housing market. In some ways it resembles other crises that have occurred since the end of the Second World war at intervals ranging from four to ten years.

However, there is a profound difference: the current crisis marks the end of an era of credit expansion based on the dollar as the international reserve currency. The periodic crises were part of a larger boom-bust process. The current crisis is the culmination of a super-boom that has lasted for more than 60 years. Boom-bust processes usually revolve around credit and always involve a bias or misconception. This is usually a failure to recognise a reflexive, circular connection between the willingness to lend and the value of the collateral. Ease of credit generates demand that pushes up the value of property, which in turn increases the amount of credit available. A bubble starts when people buy houses in the expectation that they can refinance their mortgages at a profit. The recent US housing boom is a case in point. The 60-year super-boom is a more complicated case.

Every time the credit expansion ran into trouble the financial authorities intervened, injecting liquidity and finding other ways to stimulate the economy. That created a system of asymmetric

incentives also known as moral hazard, which encouraged ever-greater credit expansion. The system was so successful that people came to believe in what former US president Ronald Reagan called the magic of the marketplace and what I call market fundamentalism. Fundamentalists believe that markets tend towards equilibrium and the common interest is best served by allowing participants to pursue their self-interest. It is an obvious misconception, because it was the intervention of the authorities that prevented financial markets from breaking down, not the markets themselves. Nevertheless, market fundamentalism emerged as the dominant ideology in the 1980s, when financial markets started to become globalised and the US started to run a current account deficit.

Globalisation allowed the US to suck up the savings of the rest of the world and consume more than it produced. The US current account deficit reached 6.2 per cent of gross national product in 2006. The financial markets encouraged consumers to borrow by introducing ever more sophisticated instruments and more generous terms. The authorities aided and abetted the process by intervening whenever the global financial system was at risk. Since 1980, regulations have been progressively relaxed until they have practically disappeared.

The super-boom got out of hand when the new products became so complicated that the authorities could no longer calculate the risks and started relying on the risk management methods of the banks themselves. Similarly, the rating agencies relied on the information provided by the originators of synthetic products. It was a shocking abdication of responsibility.

Everything that could go wrong did. What started with sub prime mortgages spread to all collateralised debt obligations, endangered municipal and mortgage insurance and reinsurance companies and threatened to unravel the multi-trillion-dollar credit default swap market. Investment banks' commitments to leveraged buyouts became liabilities. Market-neutral hedge funds turned out not to be market-neutral and had to be unwound. The asset-backed commercial paper market came to a standstill and the special investment vehicles set up by banks to get mortgages off their balance sheets could no longer get outside financing. The final blow came when inter-bank lending, which is at the heart of the financial system, was disrupted because banks had to husband their resources and could not trust their counterparties. The central banks had to inject an unprecedented amount of money and extend credit on an unprecedented range of securities to a broader range of institutions than ever before. That made the crisis more severe than any since the Second World War.

Credit expansion must now be followed by a period of contraction, because some of the new credit instruments and practices are unsound and unsustainable. The ability of the financial authorities to stimulate the economy is constrained by the unwillingness of the rest of the world to accumulate additional dollar reserves. Until recently, investors were hoping that the US Federal Reserve would do whatever it takes to avoid a recession, because that is what it did on previous occasions. Now they will have to realise that the Fed may no longer be in a position to do so. With oil, food and other commodities firm, and the renminbi appreciating somewhat faster, the Fed also has to worry about inflation. If federal funds were lowered beyond a certain point, the dollar would come under renewed pressure and long-term bonds would actually go up in yield. Where that point is, is impossible to determine. When it is reached, the ability of the Fed to stimulate the economy comes to an end. Although a recession in the developed world is now more or less inevitable, China, India and some of the oil-producing countries are in a very strong countertrend.

So, the current financial crisis is less likely to cause a global recession than a radical realignment of the global economy, with a relative decline of the US and the rise of China and other countries in the developing world.

The danger is that the resulting political tensions, including US protectionism, may disrupt the global economy and plunge the world into recession or worse.

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# OF THE OLD ECONOMY WILL BE DISASTROUS

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*Wouter van Dieren is director of the environmental consultancy committee IMSA in Amsterdam, and is additionally a member of the Club of Rome. Arnold Heertje is an economist and professor emeritus of the University of Amsterdam. This article was previously published in the opinions section of the Dutch newspaper NRC Handelsblad on March 3rd, 2009.*

## **Restoration of the Old Economy Will Be Disastrous**

Wouter van Dieren and Arnold Heertje  
NRC Handelsblad, 3 March 2009 (translated and shortened)

In less than a year, the world economy has fallen into a recession of an unprecedented nature. We prefer to call it a transition, as the characteristics of it are very different from all other recessions since the great war. Our view is that the old economic instruments do not apply and that a major shift is needed. The recipe of stimulus and budget cuts, as is recommended all over, is a wrong approach. Casino capitalism and the free market ideology have fallen flat, and we have to go beyond business-as-usual, in both our analyses as well as in our repair and cure.

That deceit of the financial market forms the basis of this current recession needs no further explanation. However there are other causes that have hardly been recognized. They are related to the overstrained behavior of present-day management, which we would like to call the 'trees-will-grow-into-heaven' illusion. Another cause is a lack of awareness amongst investors, governments, managers and economists, about natural capital, a notion that hardly even appears in economic jargon. Causes can also be ascribed to consumers whose behavior differs from the way managers and economists would want. Finally, also nature's behavior is also not conforming the old economic mantras. If we don't seize the opportunity to change these essentials, then the old instruments are deemed to fail.

A few examples. Take a look at the automobile industry. General Motors goes bankrupt because its management doesn't know the world, because they neglected the climate and energy problems and didn't understand consumers. Their 'trees-will-grow-into-heaven' is based on the belief that free trade is the only compass for their economy. It is an economy which knows no legitimacy for state interventions on saving energy and reducing CO<sub>2</sub>, in which waste is considered normal and boundaries are lacking.

A new car for every American, every three years. Regulation on emission was being contested and costly oil was bound to disappear cheaply in the whirlpool of eight cylinder engines. In Denmark high taxes are charged for new cars. Consumers maintain their cars for a decade or even longer, and as a consequence, not the sales, but the maintenance industry flourishes. In the collective prognoses of the European car industry there is little reference to the Danish model. Consumers had to co-operate: a new model every three years, and one in four Europeans owns a car, children included.

Now that the market has changed, and consumers maintain their cars a little longer, hundreds of thousands of employees are losing their jobs. Panic hits and accordingly the remedies are: demand must be stimulated and the automobile industry receives governmental support. President Sarkozy developed an outrageous plan to reclaim the production of Peugeot and Citroën from Central-Europe by subsidizing it in France. This will lead to approximately five million extra unsaleable cars. We don't even have enough parking space to store them. Should they go straight to demolition? Or should we take a look at the basis of this insanity instead? It is located in Absurdistan, a country that exists everywhere in Europe. In Absurdistan people gain brown coal via surface mining, so we see extensive landscapes of ploughed and dug up soil, kilometers long and wide, and five hundred meters deep. Hundreds of villages had to be abandoned. The brown coal is used for power plants, which produce thousands of megawatts of energy for the neighboring blast furnaces. There they produce steel, which in return is shipped to the machine factories, where the digging machines that dig up the brown coal are produced. Even though the cycle seems circular, there is no such course, since the final product or net output is a devastated landscape and a lot of CO<sub>2</sub>-emissions. It must be admitted that employment was secure here until recently. The ones that don't believe it should travel to North-Bohemia, between Teplice and Ostrava, or to Gatzweiler nearby Kleve. Another example, the aircraft-sector. Schiphol wants to grow, from its current 45 million passengers to 85 million in 2025. In England 228 million passengers took-off in 2005, in 2030 this number should rise to 490 million. The sum for the whole of Europe will be 1,2 billion passengers in 2030. Just to make a comparison: today people make 2 billion flights a year worldwide. For England the initiated growth would involve a new airport the scale of Heathrow every five years. For the

whole of Europe, this means ten to fifteen new Heathrows every five years. You would expect a red lamp to start blinking somewhere, because this simply cannot be true.

These so-called feedback loops are: events and effects that change, correct or slow down the linear prediction patterns, didn't seem to exist in the world view of airport management. Like, for example, oil-shortages and rising kerosene costs, climate assessments and flight taxes, regulation against sound pollution, logistical complexities on airports and flying corridors, and most of all aversion against flying itself. Not all English consumers spent their vacations at the destinations offered. But in the prognoses this is what is being expected. Because trees apparently refuse to grow five hundred meters high, management (and the stock exchange market) in the first place blames the trees. Following that, they file a profit warning, which means that one should explain to the shareholders that the trees don't do what they are supposed to do, or that the management didn't fully understand the trees. Everyone has been counting himself or herself rich. But the sum of these overstrained prognoses will one day translate into a recession.

It would be more realistic to conclude that the world economy will be pushed into reality with force. Only sequoia's grow over a hundred meters high.

The business plans of concern always count with a flow model: with rapid transfer of raw materials, transport, production, sale and consumption up to waste. There is considerably less attention for un-exchangeable, un-reproducible means of capital, such as nature, with which every producer somehow has to deal. The population of China is predicted to grow to 1,46 billion in 2030. In this year the average level of income will equal that of the US in 2009. This implies an equivalent of 1,1 billion cars. For this, China would need 98 million barrels of oil per day. The current world production of oil is 85 billion barrels. Even if half of the automobiles were hybrid or electrical, they probably wouldn't be able to move around very much. The asphalt needed, plus the conversion for biological diesel or ethanol, presumes two times the cultivated area of what is used for rice production today.

All over the world the natural conditions of capital are dealing with these same paradoxes. Finishing natural resources pays off, but it doesn't lead anywhere. The fact that exhausting these natural resources involves dazzling sums of money, that in return appear on the economic balance sheets as growth, is not only a mathematical anomaly, but most of all should be setting off some alarm bells. The rainforests in Southeast Asia have been demolished in this way; the plundering elites live in the richness and decadency of Singapore, where the billions from destruction are added on the accounts of casino banks – and that is what we call world economy. Now that this case is being exposed in a spectacular manner, consumers are going on strike; they block the demand. The positive effects of this are countless. People are saving again. Shorter vacations and closer to home. Fewer flights and therefore less sound pollution, less CO<sub>2</sub> and valuable energy cuts. More restrained consumption and therefore less waste. Fewer new business parks and therefore more landscape saved. Fewer housing developments and therefore less empty real estate. Count your profits, we would say, but these positive reports do not show themselves in numbers. In April Nobel Prize winner and economist Joseph Stiglitz will probably release a report, initiated by Sarkozy, that is supposed to correct these kinds of integrated flaws of the GDP. If this doesn't happen, even in times of complete exhaustion the world will continue to think that it is inevitable. Act and counteract, hence guarding the supplies, will probably be recommended.

The world economy is a systems error. The German scientists Ernst von Weizsäcker and Friedrich Schmidt Bleek developed an interesting amendment on it called resource-efficiency, for which they received the Japanese Takeda Prize, an equivalent of the Nobel Prize. Make sure that the amount of energy and nature

per GDP-unit will decrease with a factor of ten. This will result in recovering natural conditions of capital and a sustainable GDP.

A few countries have adopted resource-efficiency as a good opportunity for a new economy. In the Olivier B. Bumble-story (1), "De Bovenbazen", businessman Amos W. Steinhacker rages against these kind of proposals: "Nature is the enemy of capital! Nature works for free! And free is like a curse! Nature shouldn't produce! We should produce! We! We ourselves!" Marten Toonder wrote this passage in 1963, in a story about the credit crisis. After this recession, the world economy shouldn't be about the return to a continuously accelerating flow from raw materials to waste, it should be about restoring and creating capital in the form of permanent energy sources, stabilizing the climate, providing security against extreme weather circumstances, drought and floods, recovering nature and biodiversity and, mostly ignored, taking drastic measurements to secure agrarian production. After 2025 all phosphate will be exhausted. Without phosphate, no agriculture. End of story.

What is at stake in the real world? Energy demands will grow by 45 percent until 2030, and oil prices will grow in the coming years up to 180 dollars per barrel. Greenhouse gas emissions will increase by 45 percent until 2030, and as a result temperatures will rise with six percent. The consequences are beyond all imagination. The economic costs alone will amount to five to ten percent of the world's GDP – a multiple sum of what the credit crisis has cost so far. And four billion people will have to survive below the poverty line in 2030, mostly due to flaws in the economic system and climate change. The ones that, in the last couple of years have turned to banks or the global casino for investments in sustainable innovation have been told constantly that their plans weren't bankable, because the risk would have been too high. But the real reasons behind the refusal to invest in the future has become clear now.

The ones that amuse themselves in a pyramid game don't want to hear about the desert. If we act blind and deaf to the cry for a greener, safer and more secure world, it could result in populist escapades. If we support the banks with tax money, yet do not prevent casino capitalists from tackling these same banks with their behavior on the stock market, it will unmistakably lead to collective consumer cynicism instead of to the trust that politicians and enterprises yearn for. Pleading for the dismissal of environmental regulation because it would impede economic recovery is wrong, not only on analytical grounds, but also in an economic respect. Environmental regulation has created millions of jobs since the 1970s and has an effect increasing wealth. Dynamic leaders, projectdevelopers and politicians who say they endure inconvenience by these kinds of regulations, should re-consider. It's not the regulations, but their own incompetence that creates blockades.

This recession is different from all previous ones, and the old economic repertoire won't suffice in giving the answers. The signs that we are in an historical transition become clearer every day. We predict that both the American and the Chinese economies will be quicker in setting up this transition than the European. Indeed, the neo-liberal model may evaporate as Rhine capitalism is being restored, but Europe still has a deficit in think tanks and academic institutions within which this transition can be anchored, not to mention the enduring resonance of market ideology, the misperceptions of climate skeptics and the prevalence of yesterday's ideas which emerge as white smoke from the chimneys on our outdated government buildings.

#### Notes

(1) Olivier B. Bumble (Olivier B. Bommel in Dutch) is a fictional anthropomorphic bear and main character of an originally Dutch series of comic books written by Marten Toonder between 1946 and 1986.

*Paul Krugman is a Nobel Prize-winning economist. He has gained general fame through his weekly columns in The New York Times in which he often openly criticised the Bush administration and lately the Obama administration. A longer version of this article has previously been published as a column in The New York Times on December 19, 2008.*

### The Madoff Economy

Paul Krugman

The New York Times, December 19, 2008 (shortened)

The revelation that Bernard Madoff – brilliant investor (or so almost everyone thought), philanthropist, pillar of the community – was a phony has shocked the world, and understandably so. The scale of his alleged \$50 billion Ponzi scheme is hard to comprehend. Yet surely I'm not the only person to ask the obvious question: How different, really, is Mr. Madoff's tale from the story of the investment industry as a whole?

Consider the hypothetical example of a money manager who leverages up his clients' money with lots of debt, then invests the bulked-up total in high-yielding but risky assets, such as dubious mortgage-backed securities. For a while – say, as long as a housing bubble continues to inflate – he (it's almost always a he) will make big profits and receive big bonuses. Then, when the bubble bursts and his investments turn into toxic waste, his investors will lose big – but he'll keep those bonuses. OK, maybe my example wasn't hypothetical after all.

So, how different is what Wall Street in general did from the Madoff affair? Well, Mr. Madoff allegedly skipped a few steps, simply stealing his clients' money rather than collecting big fees while exposing investors to risks they didn't understand. And while Mr. Madoff was apparently a self-conscious fraud, many people on Wall Street believed their own hype. Still, the end result was the same (except for the house arrest): the money managers got rich; the investors saw their money disappear. We're talking about a lot of money here. In recent years the finance sector accounted for eight percent of our GDP, up from less than five percent a generation earlier. If that extra three percent was money for nothing – and it probably was – we're talking about \$400 billion a year in waste, fraud and abuse. But the costs of America's Ponzi era surely went beyond the direct waste of dollars and cents.

How much has our nation's future been damaged by the magnetic pull of quick personal wealth, which for years has drawn many of our best and brightest young people into investment banking, at the expense of science, public service and just about everything else?

Most of all, the vast riches being earned – or maybe that should be "earned" – in our bloated financial industry undermined our sense of reality and degraded our judgment. Think of the way almost everyone important missed the warning signs of an impending crisis. How was that possible?

The answer, I believe, is that there's an innate tendency on the part of even the elite to idolize men who are making a lot of money, and assume that they know what they're doing. After all, that's why so many people trusted Mr. Madoff.

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# THE MADDOFF ECONOMY

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# SKYSCRAPERS AND BUSINESS

Mark Thornton is an American economist of the Austrian School and a senior fellow at the Ludwig von Mises Institute in Alabama. Since 2004 he has done extensive research on the housing bubble. A longer version of this article was previously published in *The Quarterly Journal of Austrian Economics*, vol. 8, no.1, Spring 2005.

## Skyscrapers and Business Cycles

Mark Thornton

The Quarterly Journal of Austrian Economics vol. 8, no. 1, Spring 2005 (shortened)

The skyscraper is the great architectural contribution of modern capitalistic society, and is even one of the yardsticks for twentieth-century superheroes, but no one had ever really connected it with the quintessential feature of modern capitalistic history – the business cycle. Then, in 1999, economist Andrew Lawrence created the “skyscraper index”, which purported to show that the building of the tallest skyscrapers is coincidental with business cycles, in that he found that the building of world’s tallest building is a good proxy for dating the onset of major economic downturns. Lawrence described his index as an “unhealthy 100-year correlation”. The ability of the index to predict economic collapse is surprising. For example, the Panic of 1907 was presaged by the building of the Singer Building (completed in 1908) and the Metropolitan Life Building (completed in 1909). The skyscraper index also accurately predicted the Great Depression with the completion of 40 Wall Tower in 1929, the Chrysler Building in 1930 and the Empire State Building in 1931.

What is the nature of the relationship between skyscraper building and the business cycle? Surely, building the world’s tallest building does not cause economic collapse, but just as clearly, there are economic linkages between construction booms and financial busts. What theoretical connections can be made between skyscraper building and business cycles? Andrew Lawrence noted overinvestment, monetary expansion and speculation as possible foundations for the index, but did not explore these issues. With the destruction of the World Trade Center and the increased threat of terrorism, the skyscraper index may have already lost its usefulness for future prediction (1), but even if that were the case, the theoretical linkages between skyscraper building and business cycles may still have usefulness in improving our understanding of business cycles and the economic theory behind them.

## Do Skyscrapers Predict?

Lawrence (1999a) was apparently the first to make the claim that the construction of the world’s tallest building is correlated with impending financial crisis, although the subject of the world’s tallest skyscrapers and their relation to economic crisis is also prominent in Grant (1996). Lawrence showed that in almost all cases the initiation of construction of a new record-breaking skyscraper preceded major financial corrections and turmoil in economic institutions. Generally,

the skyscraper project is announced and construction begins during the late phase of the boom in the business cycle, when the economy is growing and unemployment is low. This is then followed by a sharp downturn in financial markets, economic recession or depression and significant increases in unemployment. The skyscraper is then completed during the early phase of the economic correction, unless that correction was revealed early enough to delay or scrap plans for construction. For example, the Chrysler Building in New York was conceived and designed in 1928 and the groundbreaking ceremony was conducted on September 19, 1928. “Black Tuesday” occurred on October 29, 1929, marking the beginning of the Great Depression. Opening ceremonies for the Chrysler Building occurred on May 28, 1930, making it the tallest building in the world.

The skyscraper index is a leading economic indicator in that the announcement of building plans predates the onset of the economic downturn. There have been four major skyscraper booms in the twentieth century, interspersed by periods of relative normality and less severe business cycles.

Figure 1 presents the history of the world’s tallest buildings and demonstrates that many major economic downturns were associated with their construction.

## Major Economic Downturns

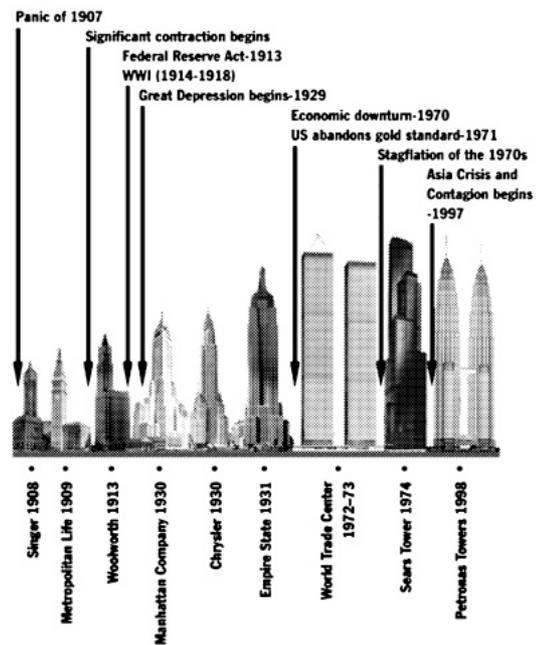


Figure 1: Skyscrapers and Economic Crises

The first skyscraper cycle occurred between 1904 and 1909 and included the Singer Building becoming the world’s tallest when completed in 1908, and the Metropolitan Life Building setting a new record in 1909. The Panic of 1907 occurred at a time when seasonal factors relating to fall harvests coincided with cyclical factors in money and credit. It was ignited into financial panic when a bank regulated under the National Banking system refused to clear funds for the Knickerbocker, an unregulated trust. The result was widespread runs on banks and one of the sharpest downturns in American economic history. This episode is particularly important and of continuing relevance because it is widely considered to be a key event in the passage of the Federal Reserve Act in 1913. The Panic is widely considered to have been caused by problems associated with the structure and regulation of the National Banking system. The solution adopted was to increase the size and regulatory power of the national government in matters of money and banking, although

in recent years some economists have questioned whether that was the proper response. Naturally members of the Free Banking School such as Lawrence White and George Selgin would be critical of such a policy response. See Rothbard (1984) for a public choice critique of the founding of the Federal Reserve. (2)

Bypassing the Woolworth Building, which at first does not seem to fit the general pattern in Lawrence's analysis, the second episode of the world's tallest buildings occurred at the onset of the Great Depression. Three record-setting skyscrapers were announced during the late 1920s, when the stock market boom was being matched by booms in residential and commercial construction. In 1929, the skyscraper at 40 Wall Street was completed at 71 stories, followed by the Chrysler Building in 1930 at 77 stories, and the Empire State Building in 1931 at 102 stories. Clearly, there was a capital-oriented boom in the construction of ever-taller buildings before the Great Depression. The third major cycle of skyscraper records occurred in the early 1970s. Once again the economy was coming off a strong and sustained boom in economic activity during the 1960s. The economic downturn of 1970 marked the beginning of more than a decade when the economy struggled with inflation and recession, as well as disrupted institutions and markets. From 1970 to 1982 the American economy suffered from stagflation, several deep recessions and from high levels of the misery index (inflation rate + unemployment rate). As the last vestiges of the gold standard were being abandoned and the Bretton Woods system was disintegrating, construction workers in New York and Chicago were busy building the next set of the world's tallest buildings. Breaking records set in the early days of the Great Depression, One World Trade Center was completed in 1972 and Two World Trade Center was completed in 1973, both at 110 stories. In Chicago, the Sears Tower was completed in 1974, which was also 110 stories but reached a height of 1,450 feet compared to the 1,368 feet of the World Trade Towers. Once again, economists failed to anticipate the downturn in the economy, failed to provide a good explanation for the economic problems, and did not provide effective remedies for the economic problems of the day. Even though high oil prices occurred after the economy began its contraction, the theory of "supply shocks" was born. The fourth cycle ushered in the East Asian economic crisis. The Pacific Rim countries such as Hong Kong, Malaysia, Singapore, Vietnam, and South Korea experienced significant economic growth during the 1980s and 1990s. With the region's leading economy, Japan, in recession and stagnation for much of the 1990s, the "Asian Tigers" were considered miracle economies because they were strong and durable despite being small and vulnerable. The Petronas Towers were completed in Kuala Lumpur, Malaysia, in 1997 setting a new record for the world's tallest building at 1,483 feet, beating the old record by 33 feet (the two towers were only 88 stories high compared with the 110-story giants built in the early 1970s). It marked the beginning of the extreme drop in Malaysia's stock market, rapid depreciation of its currency, and widespread social unrest. Financial and economic problems spread to economies throughout the region, a phenomenon known as the "Asian Contagion".

The common pattern in these four historical episodes contains the following features. First, a period of "easy money" leads to a rapid expansion of the economy and a boom in the stock market. In particular, the relatively easy availability of credit fuels a substantial increase in capital expenditures. Capital expenditures flow in the direction of new technologies, which in turn creates new industries and transforms some existing industries in terms of their structure and technology. This is when the world's tallest buildings are begun. At some point thereafter, negative information ignites panicky behavior in financial markets and there is a decline in the relative price of fixed capital goods. Finally, unemployment increases,

particularly in capital and technology-intensive industries. While this analysis concentrates on the U.S. economy, the impact of these crises was often felt outside the domestic economy. It would be very easy to dismiss the skyscraper index as a predictor of the business cycle, just as other indicators and indexes have been rightly rejected. However, the skyscraper has many of the characteristic features that play critical roles in various business cycle theories. It is these features that make skyscrapers, especially the construction of the world's tallest buildings, a salient marker of the twentieth-century's business cycle; the reoccurring pattern of entrepreneurial error that takes place in the boom phase that is later revealed during the bust phase. In the twentieth century the skyscraper has replaced the factory and railroad, just as the information and service sectors have replaced heavy industry and manufacturing as the dominant sectors of the economy. The skyscraper is the critical nexus of the administration of modern global capitalism and commerce, where decisions are made and transmitted throughout the capitalist system and where traders communicate and exchange information and goods, interconnecting with the telecommunications network. Therefore it should not be surprising that the skyscraper is an important manifestation of the twentieth-century business cycle, just as the canals, railroads, and factories were manifestations in previous times.

#### Cantillon Effects in Skyscrapers

The skyscraper is considered an art form, but its construction is essentially a business that must pay heed to incentives and constraints; and therefore skyscraper construction can be expected to closely follow even small changes in relative prices. In re-evaluating the early skyscraper artistically, Huxtable (1992, pp. 23–24) noted: "Essentially, the early skyscraper was an economic phenomenon in which business was the engine that drove innovation. The patron was the investment banker and the muse was cost-efficiency. Design was tied to the business equation, and style was secondary to the primary factors of investment and use... The priorities of the men who put up these buildings were economy, efficiency, size and speed".

Changes in the rate of interest (the relative price between consumption goods and capital goods) can have three separate Cantillon effects on skyscrapers. (3) All three effects are reinforcing and all three effects are interconnected to the transformation of the economy toward more roundabout production processes. When the rate of interest is reduced, all three effects contribute to the desire to build taller structures. The world's tallest buildings are generally built when there is a substantial and sustained divergence between the actual interest rate and the natural rate of interest, where the actual rate is below the natural rate as a result of government intervention. When the rate of interest increases, the financial effects reduce the value of existing structures and the demand to build tall structures, and when combined with depressed economic activity, the desire to build at all. The first Cantillon effect is the impact of the rate of interest on the value of land and the cost of capital. A lower rate of interest tends to increase the value of land, especially in the central business districts of major metropolitan cities. Land values rise because lower rates of interest reduce the opportunity cost or full price of owning land. Treating the rate of interest as an exogenous cause, a reduction in the interest rate will increase the demand for land and result in an increase in land prices. However, the overriding issue with land is "location, location, location", so that the interest rate will have differential effects on land prices. When the rate of interest is falling, the land best suited for the production of the longer term, more capital intensive and more roundabout methods of production will increase in price relative to land better suited for shorter term, more direct methods of production. As land prices generally rise, the yield from any

piece of land that would make ownership of it profitable also rises. Combined with a lower cost of capital brought about by a lower rate of interest, land owners will seek to build more capital-intensive structures, and at the margin this will cause land to be put to alternative uses. In the central business district this means more intensive use of land and thus higher buildings. Simplified, higher prices for land reduce the ratio of the per-floor cost of tall versus short buildings and thus create the incentive to build buildings taller to spread the land cost over a larger number of floors. Lower rates of interest also reduce the cost of capital, which facilitates the ability to build taller. Thus, higher land cost leads to taller buildings. (4)

The second Cantillon effect from lower rates of interest is the impact on the size of the firm. A lower cost of capital encourages firms to grow in size and to become more capital intensive, and to take advantages of economies of scale. Production and distribution become more specialized and take place over a larger territory. Instead of a dairy farmer raising cows and producing milk for the domestic market, larger firms raise a greater quantity of dairy cattle, ship raw milk to processing plants and ship processed dairy products back to wholesale and retail distribution sites. The production of dairy products becomes more roundabout, but also more productive. As part of this more roundabout production process, firms develop central offices or headquarters, as well as marketing offices, within their market territory. This increases the demand for office space in central business districts. This demand in turn raises rents and encourages the building of more, and still taller, office buildings within the central market district.

The third Cantillon effect is the impact on technology of constructing taller buildings. Inevitably, record-breaking skyscrapers require innovation and new, untried applications of technology. Buildings that reach new heights pose numerous engineering and technological problems relating to such issues as building a sufficiently strong foundation, ventilation, heating, cooling, lighting, transportation (elevators, stairs, parking), communication, electrical power, plumbing, wind resistance, structural integrity, fire protection and building security. There is also a host of "public" issues connected with increases in employment density brought about by tall structures, such as transportation congestion and environmental concerns. (5) Beyond the mere technology it takes to build the world's tallest building, every vertical beam, tube, or shaft in a building takes away from rentable space on each floor built, and the more floors in the structure, the greater the required capacity of each system in the building, whether it is plumbing, ventilation, or elevators. Hence, there is a tremendous desire to innovate with technology in order to conserve on the size of building systems or to increase the capacity of those systems. Therefore, as the height of construction rises, input suppliers must go back to the drawing board and reinvent themselves, their products and their production processes.

All three Cantillon effects resulting from lower rates of interest are, of course, interrelated and reinforcing. All three are generally recognized by those involved in the building of large office buildings, including architects, bankers, contractors, design specialists, engineers, entrepreneurs, finance specialists such as bond dealers, government regulators and the tenants themselves. In addition to the location and prestige of a skyscraper address, tenants place higher value on office space with better light, view, and networking opportunities. (6) Higher interest rates discourage the building of taller buildings, and of construction in general, because capital is scarcer and land is less in demand, and available at lower prices. Existing structures experience financial difficulties that relate back to Cantillon effects, such as higher borrowing costs, lower capital asset values, and a decreased demand for office space. Firms engaged in office building construction and their suppliers face a decrease in the demand for their services, the impact of which falls hardest on those firms who specialize in the production of the tallest buildings. It is not atypical for the owners of such

buildings and the builders of such elaborate construction projects to go bankrupt during economic slumps.

The interest rate is what makes the construction business, in part, such a speculative business. Home builders build "spec houses" and face the risk of finding a buyer at a profitable price. Developers build speculative office buildings, which, in contrast to many corporate headquarters, are investments that rely on an uncertain flow of rental income. Separating the winners from the losers is not as much a matter of greed as it is a matter of time. Carol Willis (1995, p.157) explained the difference between normal times and boom times: "In normal times, when costs of land, materials, and construction are predictable, developers use well-tested formulas to estimate the economics of a project. These calculations are based on the concept of the capitalization of net income. This value takes into account the net income for thirty or forty years... the conventional market formulas and the concept of economic height were widely known and followed in the industry. Most speculative building was not risky, but reserved in its calculations and highly responsive to market desires".

All of the normal calculations that help ensure profit and avoid loss are not, however, reliable during the boom phase of the business cycle. As Willis explained (1995, pp.157-58): "In booms, the so-called rational basis of land values is disregarded, and the answer to the question 'What is the value of land?' becomes 'Whatever someone is willing to pay'. Some speculators estimate value on new assumptions of higher rents; others simply plan to turn a property for a quick profit... But due to the cyclical character of the real estate industry, the timing of a project is crucial to its success, and the amount a property reaps in rents or sale depends on when in a cycle it is completed or comes onto the market".

Building the world's tallest building has been a matter of particularly bad timing by entrepreneurs, and even if they were able to successfully steal away enough tenants from the remaining pool of renters, the economic problem for society is that valuable resources are lost in the process of constructing buildings that are bad investments and under-utilized. (7) However, it is not the entrepreneur's formula that is at fault, but a system-wide failure that has occurred periodically throughout the twentieth century and before, known as the business cycle. Hoyt (1933) found the building cycle was a "motion of a definite order" lasting 18 years, on average, from peak to peak. But Willis (1995, p.159) raised the key issue as it relates to skyscrapers: "Indeed, a key question about cycles is, if their pattern is so predictable, why don't people foresee the inevitable bust? This conundrum can perhaps be answered by looking more closely at the dynamics of speculation and at a typical skyscraper development".

Hoyt suggested that the cycle is long enough for people to forget the lesson of the previous cycle and thus not be able to apply it to the next cycle. However, the building cycle is much more volatile than their 18-year average would suggest, and the construction industry is affected by other cycles of shorter duration. Together with the impact of local economic conditions and government intervention, the combination blurs any usefulness of the simple knowledge that business cycles exist. As Willis (p.164) noted: "After the collapse of an inflated market, it is easy to look back on the grave errors of judgment that preceded a crash; yet the basic indicators of the twenties economy seemed to promise unimpeded growth. Pent-up demand for office space after World War I, the expanding numbers of the white-collar workforce, and the increasing per-person average for office space all fueled the building industry. Each year, the summaries of annual construction figures reported record numbers".

Willis did correctly identify that "easy financing underlie all booms", but this does not answer her conundrum because easy financing and low interest rates are also at the heart of genuine economic growth. The entrepreneur's problem is that profit

calculations cannot show for sure whether interest rates will remain low and projects will succeed (economic growth) or rates will rise and projects will fail (business cycle). It seems that only time will tell.

The business cycle may indeed have a predictable pattern, but its timing and magnitude may be beyond rational human construction. Overbuilding by the construction industry is not a problem of the construction industry per se, but a problem of too much financing and some sort of government-caused distortion. For example, Hendershott and Kane (1992, pp. 61–69) made the following conclusions concerning the construction boom of the 1980s: “Why did our nation overbuild so much and so long? The answer lies largely in the distortion of private incentives by misguided governmental policies on both the regulatory and legislative fronts... Building requires both construction and permanent financing; overbuilding requires too much of each, financed at too low a rate... developers have traditionally used substantial debt financing and this tendency was especially strong in the U.S. during the 1980s. Highly leveraged building projects were a natural response to government-distorted incentives”.

### Buildings and Business Cycles

An office building is a capital good that is used to bring a variety of consumer goods to market in the sense that production in the office building involves the decision-making process over all aspects of the firm. Its use is ubiquitous in “big business” and is totally absent in small businesses such as family farms, hot dog stands, plumbing services, auto body repair shops, etc. As such, the office building is a critical capital good in very roundabout production processes that represent virtually all modern production and all cutting-edge goods and service production. The modern economy is inextricably linked with the large office building, or as Willis (1995, p.181) put it: “Skyscrapers are the ultimate architecture of capitalism”.

A re-examination of the evidence suggests that the skyscraper index is a better predictor than first formulated by Lawrence (1999). Obviously this does not suggest that building heights should be used as a guide to fiscal and monetary policy or that skyscraper heights should be limited to prevent economic crisis. It does, however, lend additional standing to the Austrian theory of the business cycle. (8)

Furthermore, it suggests that both the cause of skyscrapers reaching new heights and severe business cycles are related to instability in debt financing, and that the institutions that regulate debt financing should be re-evaluated, if not replaced with more efficient and stabilizing institutions.

### Notes

- (1) Glaeser and Shapiro (2001, p.15) did not find a statistically significant effect between the amount of terrorism and the numbers of skyscrapers built. They also note that the number of skyscrapers may not be market determined because of government intervention (e.g., building codes) as well as the builder’s desire for personal aggrandizement.
- (2) Naturally members of the Free Banking School such as Lawrence White and George Selgin would be critical of such a policy response. See Rothbard (1984) for a public choice critique of the founding of the Federal Reserve.
- (3) Cantillon effects are named after their discoverer, economist Richard Cantillon (1680–1734). He was the first to show that changes in the money supply and credit have important impacts on the economy: an increase in the supply of money will cause economic expansion, but this process will ultimately be self-reversing, as prices will rise and imports will increase, hence sending money back out of the economy. See Thornton’s original article pp. 58–59.
- (4) See Atack and Margo (1996). They examined the market for land in New York City during the nineteenth century. Their evidence suggests that land values tended to increase during

deflationary periods, but less so during inflationary periods. (5) Kim (2002) showed how increases in skyscraper building and, in particular, improvements in skyscraper technology, lead to increases in employment density.

(6) See for example the evidence presented by Colwell and Cannaday (1988).

(7) See for example Hendershott and Kane (1992, p.68), who estimated that there was more than \$130 billion wasted in the commercial construction boom of the 1980s. The Empire State Building was nicknamed the “Empty State Building” because of its high vacancy rates until after World War II.

(8) For a comparison of Austrian business cycle theory with many of the competing business cycle theories see Zijp (1993), Cochran and Glahe (1999), and Garrison (2001).

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### The Price of Being a Nation of Property Speculators

Martin Pawley  
The Architects' Journal, 17 February, 2005

#### Home Truths

Long ago a little-known commentator put his finger on the heart of our housing problem. If we go on like this, he wrote (in the mid-1980s, when, by 21st century standards, we barely knew what to 'go on like this' meant), houses would end up earning more money than the people living in them. At the time this was intended as a statement of the ridiculous but we now know it was a statement of the obvious to come. And now it has come: people's houses really are earning more than they do, and as a result every householder has been turned into an untaxed, self-employed developer.

In this new situation the production of new houses – which were numerous enough to act as the government's means of controlling the housing market as recently as the 1970s – has been overtaken by the tidal wave of transactions involving existing houses that nowadays outnumber new ones by a huge margin. No one should doubt that this is a momentous issue in itself, but it is yesterday's issue. We should no longer be allowed to forget that the century of owner occupation was the 20th, while we are citizens of the 21st, the century of owner speculation, and in consequence our take on the housing problem is different.

For a start we are all experts now, not amateurs.

We can no longer plead that we thought we were answering a deep call of human nature when we took out our first mortgages. Now we have to admit that we were in it for the equity and the untaxed capital gain. Deep in our subconsciouses we have erased any lingering idea that our houses are primarily private places to eat, sleep and raise families. If we still want that sort of anachronistic dwelling we will have to fight to keep ourselves out of the housing market, as did the 93,000 Birmingham council tenants who last month voted overwhelmingly against handing the running of their homes over to a new housing association – which they correctly saw as the first step towards a privatisation deal of some sort guaranteed to get them onto the street.

The true 21st-century house, trimmed for market combat, will of course resemble a 19th-century vicarage – like every other house in this country, new or old – although somewhat downsized and possibly constructed from blue kryptonite that automatically lights up at night. Nominally it will be a three-bedroom dwelling, but in practice it will operate like a small hotel, run by a single householder with an offshore bank account but minimal furniture and the constant presence of tenants who pay cash and are always changing. For their benefit, every room in the house, except bathrooms, will be kitted out with a bed, a currency dealer's workstation and an automatic teller machine. In this way, the traditionalism that disfigured so many of the chintzy houses of the owner-occupier era will give way – at least internally – to a rigorous functionality, reflecting the fact that many of these houses will remain unoccupied for long periods and may be sold three or four times every year while their value increases.

In 1978, four times as many houses were sold as houses built. By 1988, ten times. By 2008, perhaps a hundred times as many will be sold or refinanced. Nothing will stop it. Industry is finished and the oil is running out. We are a nation of speculators adjoining a continent of tenants, just as surely as the Easter Islanders were a statutory economy in the middle of the Pacific Ocean.

Better get used to it.

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# THE PRICE OF BEING A NATION OF PROPERTY SPECULATORS

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# THE PARADOXES OF CONTEMPORARY POPULISM

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## **The Paradoxes of Contemporary Populism**

Bart Lootsma

[www.architekturtheorie.eu](http://www.architekturtheorie.eu) (shortened)

The rise of populism in Europe goes hand in hand with the crisis of the welfare state and representative democracy. Therefore it is no wonder that architecture, although maybe not in the sense of exceptional architectural masterpieces, but as housing and urbanism, is one of the main issues for populist politicians. The issue is primarily about financing, ownership and shifting large flows of money from the government to the private sector. Populist arguments are largely about these issues too. They are about the possibility to own and invest in one's own house and about the freedom the owner may have to shape it to fit his or her individual needs and desires. Therefore, this issue is not so much about architectural style as it is about the freedom to live the way one wants and to design his or her own property. This is central to populist arguments. But the rhetoric of postmodernism may in some cases be helpful for populist politicians, and in the end the results of populist politics may be largely postmodern or historicised in a confused way. Populists and postmodernists may not necessarily share the same enemy, but they at least share a common symbol of an enemy, the large pre- and postwar modernist housing estates. For populists this symbol represents the state, for postmodernists it represents Modernism in its most alienated form.

Processes leading to the privatization and deregulation of the housing market are not new. They started already in the 1970s in Thatcherist England, were accelerated in the 1990s and the first years of this century under the politics of the Third Way in the Netherlands, Great Britain, Germany and Austria, and under the

pressure of budgetary conditions for European countries to participate in the Euro. In a relatively short period of time, compared to the period it took to establish systems of public housing, this has already led to considerable shifts in the financing of the built environment.

As the building industry is responsible for a large part of a nation's economy, these shifts led to shifts in power as well, and paved the way for new forms of populist politics. This is perhaps not so different from the way Silvio Berlusconi's political success was largely enabled by his control over the media industry in Italy. Real estate firms largely financed the late Dutch populist Pim Fortuyn and his political parties.

Together with health care and education, providing public housing has been at the core of the welfare state from the beginning. Over the last century, in most European countries, in order to deal with housing shortage, caused by large-scale migration from the countryside to the industrialised cities, war and the post-Second World War baby boom, and its consequences – speculation, unhygienic living conditions and an uncontrollable growth of several metropolises – different systems of housing corporations were created that develop, build and today manage enormous estates of affordable housing. These corporations are financed by rents, state-guaranteed loans and subsidies, and employ large numbers of people. Today, the housing stocks and land by themselves represent a considerable amount of capital.

After periods of great success in the 1920s, 1930s, 1950s and 1960s, from the early 1970s on there is a growing dissatisfaction with the housing these corporations provide. Particularly in the reconstruction period after the Second World War and the economic and technological growth of that period, housing production became largely industrialised and standardised to be able to cope with the massive demand – which it did extremely successfully. The monotony, anonymity and mono-functionality of these quarters became appreciated less and less. In the same period, the nineteenth-century quarters and city centres had been neglected or torn down. Housing corporations and

architects came up with new concepts of housing, which succeeded each other rapidly. However, they could not do whatever they wanted because important parts of the system are also complex laws, rules, norms and regulations that form the conditional framework for subsidies and further financing. These notably limit the amount of square metres and typologies in relation to price. Most of this legal and financial framework was developed in the 1930s and 1950s, in a period in which Western societies were still defined by class distinctions. Public housing was developed for the masses that, in a representative democracy, would serve their interests. Representative democracy and industrial production, by their nature, are both very suitable for handling issues that relate to large quantities and statistical data. Within the enclosed space of the nation-state, prognoses based on population surveys were still reliable. For example, the predictions about the growth of a city like Amsterdam from 1929, stating that the city would have between 800.000 and 1.2 million inhabitants in the year 2000, were quickly reacted upon and enabled the city to work with the famous Algemeen Uitbreidingsplan by Van Eesteren and Van Lohuizen, until recently with only minor interpretational changes.

Today, such predictions would be almost impossible as cities are globally related in such complex ways that local surveys, even in combination with comparisons to other cities, would never be enough. On top of that, from the 1960s on, a process of individualisation developed in Western welfare states. Paradoxically, individualisation is also largely a consequence of the success of the welfare states. While individualisation may have first appeared as something to fight for, today we realise more and more that is something that is forced upon us – be it by the soft seductive strategies of the media industry and politicians or by the economic and political forces that create migration. Paradoxically, the basis of individualisation is formed by both the eternal desires for the dream world of freedom and the fear of poverty, starvation and war. It is produced by prosperity and high levels of education that make people able to choose and to decide for themselves, just as much as by the economic deprivation that tears people away from their traditional bonds, families and communities. (1)  
All of this challenges the way the welfare state traditionally takes care of housing and urbanism. People, with all their individual biographies and desires, demand individual solutions for their lives.

Now, if we take populism as 'a rhetorical style that holds that the common person is oppressed by the "elite" in society, which only exists to serve its own interests, and therefore, the instruments of the State need to be grasped from this self-serving elite and instead used for the benefit and advancement of the people as a whole', and if we see populists as reaching out 'to ordinary people, talking about their economic and social concerns', appealing 'to their common sense', then it is obvious that the systems and organisations that were developed to provide public housing are ideal targets for populists from both the left and the right and any direction or route in between. (2)  
And indeed, almost all political parties are guilty of it. It has, in reaction to the success of the populists, even become normal and acceptable. Or, as the new leader of the former social democratic party in the Netherlands recently wrote in the left-wing intellectual weekly *De Groene*: 'A little bit of populism is allowed'. (3)

The most worrying, and unfortunately predominant, form of populism in Europe today is not a grassroots phenomenon. It is a specific form of what Thomas Frank calls 'Market Populism'. (4)  
Frank describes the 1990s as an era of 'many and spectacular avant-gardes, of loud and highly visible youth cultures, of emphatic multiculturalism, of extreme sports, extreme diets and extreme investing'. But even if we 'marvelled at the infinite

variety of the Internet and celebrated our ethnic diversity' we have probably hardly ever seen such an amount of intellectual consensus about the role of businesses in society. Even the leaders of the left parties accommodated themselves to free market faith and the 'New Economy'. Frank analyses how politicians throughout the political spectrum started to believe that markets are a populist system, which is more democratic than democratically elected governments.  
'With their mechanisms of supply and demand, poll and focus group, superstore and internet, markets manage to express the popular will more articulately and meaningfully than do mere elections. By their very nature markets confer democratic legitimacy, markets bring down the pompous and the snooty, markets look out for the interests of the little guy, markets give us what we want.'

'Many of the individual components of the market-populist consensus have been part of the cultural-economic wallpaper for years', Frank writes. 'Hollywood and Madison Avenue have always insisted that their job is simply to mirror the public's wishes, and that movies and ad campaigns succeed or fail depending on how accurately they conform to public tastes. Similarly, spokesmen for the New York Stock exchange have long argued that stock prices reflect popular enthusiasm, that public trading of stocks is a basic component of democracy. And ever since William Randolph Hearst, newspaper tycoons have imagined themselves defenders of the common man'. Still it remains surprising how populism, originally a rebellion against the corporate order and a political tongue reserved by definition for the non-rich and non-powerful, has now become the tongue of the wealthy.

Frank explains this by saying that the generation of '68 in the United States, the generation that is in power today, was not interested in class struggle, but in the first place despised the 'wisdom and values' of the American middle class. Therefore the Republicans could often harvest electoral gain from within the working class by appealing to these values, like patriotism and the family. This echoes what Francis Fukuyama writes in his introduction to 'The End of History and the Last Man', in which he argues that capitalist democracy is the end phase of society. (5) Fukuyama emphasises the importance of 'thymos', the feeling of self-respect, and relates it to religion, nationalism, the whole complex of ethical values and norms of a people and the way people feel united in small communities. This may not (be) true for the United States in the more radical forms we have learned to know over the last couple of years, whereby we should not forget that it was never was a welfare state. In the United States, Jeffersonian philanthropy and charity, sometimes carried out by large organisations, have always taken up large parts of the tasks of the welfare institutions that in Europe were created by self-organisation, revolution or by means of a representative democratic process. Most recently, it is the new phenomenon of the 'capitalist churches', television churches like the Houston-based Lakewood Church, that on one hand provide many welfare-like services, and on the other have an enormous effect with a populist version of Baptist religion preaching that 'everyone can be a winner'. (6)  
Taken seriously in *Forbes*, and sometimes reaching 95 percent of American households, these churches have become an influential factor in American politics. In Europe we do not see these kind of desperate and radical developments yet. We must admit that it is true, however, that in Europe the generation of '68 was also less interested in class struggle than it originally may have seemed. On the other hand, until the 1990s, the influence of left-wing parties, the fact that much poorly paid work was done by immigrants and production was being moved to countries with low wages made the middle class so dominant that the class struggle seemed over.  
Still, also in Europe we see a reflection on cultural and family values that is increasing in reaction to massive immigration in some cities, particularly after 9/11.

The real reason for the revival or rebirth of all these values, however, is not necessarily to be found in the values themselves. The reason has more to do with the way in which they are connected to the values of new successful entrepreneurs that support their populist protégés, or front men with money, that enables them to market and advertise themselves in ways other politicians could only dream about. These are the paradoxes of market populism: its critique of the presumed dominant elite of the welfare state is not in the service of the people but of a different, new elite that is the product of the successful welfare state itself, and the way this success was dealt with in Third Way politics.

In the 1990s the Netherlands, like most European welfare states, joined the international trend in which the government withdrew. The unification of Europe had an important part to play in this, because the creation of a free market without frontiers took precedence. This obliged the Dutch government to abolish, privatise or adapt many (semi-) governmental bodies, subsidy regulations and laws. For architecture and urbanism, the most important moment in this process was the abolition of subsidies for social housing in 1994. The debts of the housing corporations were remitted all at once and since then they have had to operate as independent concerns without governmental support. The corporations may have lost their subsidies, but more important seems to be that the government has lost a crucial planning instrument. With the enormous amount of residential building taking place, it had been until then a reasonably controllable and certain factor in the creation of national recommendations for town and country planning, regional plans and urbanisation plans. The government was able to make clear decisions about where residential building was allowed and where not. But the government also lost control over the architectural and urban quality of the new quarters themselves. In the Vierde Nota Ruimtelijke Ordening Extra (Fourth Recommendation Town and Country Planning – VINEX), the exact locations for residential building were still indicated, but, in anticipation of the transition to a free market system, constructors, investors and speculators began to buy up the land at these locations. They often do this in an extremely strategic way, following for example the 'zebra model', in which they buy strips of land from farmers in certain areas, leaving other strips clear. For the local authorities it turns out to be much more expensive, too expensive in most cases, to buy this land and thus they are forced to negotiate with the owners about its development. The real consequences of this situation became clear much too late. It means that the authorities, even before making real plans, have to make agreements and contracts with the parties in the market, in which many procedures and details are agreed upon. The new quarters are then developed by new ad hoc 'concerns', in which the local authorities have no more weight than one of the other parties. Often the urban plan is still developed by or commissioned by the municipality, but it is subjected to many amendments in the process. The creator of the plan is appointed as supervisor and is responsible for the quality of the project. However, he hardly gets any support from the authorities, in the sense that the authorities 'arrange' things, and if he fails it is almost impossible to penalise him. Besides, the government, as opposed to some time ago, cannot make a 'list of architects' that it would favour for their specific cultural quality, because within EEC legislation the architect is an entrepreneur like any other, competing freely with his architect-entrepreneur colleagues. As this competition is based upon economic principles, cultural qualities hardly play a role any longer, and besides, the architect's fees are steadily going down. The offices which are superior in quality give up and concentrate on specific, better paid projects and most of the house building is increasingly going to third, fourth or fifth rate offices.

Present day government follows a policy in which individual house ownership is encouraged. For this purpose, plans that are being realised at the moment have to make room for individual

parcels where individual principals can build houses of their own creation. These individuals may have a lot of money but they have, to put it mildly, very common taste. They generally build so-called 'boerderettes': houses that are vaguely reminiscent of farms, sometimes following the Dutch example, often cheered up by influences from French country houses, English cottages and Heidi-houses. Here the principals also prefer architects of a lower standard, because otherwise they are too expensive; or they do not work with any architect at all, and instead, for example, directly with contractors or firms offering catalogue houses. For the higher quality architecture offices, the creation of an individual house is an unremunerative task, except maybe for the Moebiushuis of UN-Studio or the Dutch House of OMA, which is only accepted as a friendly favour or because of the special wishes of the client.

We see that an apparently simple and innocent measure like the abolishment of subsidies for public housing in no time leads to new concentrations of money and power. There is no question that the largest part of these new concentrations is legal. But the enormous growth of these concentrations on one hand and the ideologically determined reduction of rules and control on the other also led to new forms of organized crime. It is not just the Russian mafia that launders its money by investing in real estate in cities like London and Amsterdam. Also local criminals have discovered the potential of the real estate market. This goes far beyond money laundering. Criminals blackmail real estate tycoons to move, sell and resell real estate for prices that may not exactly be their market value. This however, is very difficult to verify by the authorities, not in the least because of the complex networks of firms that is involved.

From a country that had a leading role in introducing Third Way politics in the Purple Governments in the 1990s and seemed economically and culturally exceptionally healthy to such a degree that all other European countries, and even Bill Clinton, were looking at it with great interest, in a few years' time the Netherlands again has gained a leading role, but now as an example that others certainly do not want to follow. The side effects of Third Way politics, particularly in the field of architecture and urbanism, can hardly be overlooked. Even if it is clear that welfare states and western European democracies have to change, it has become clear that populist criticism is not enough and that new perspectives soon have to be developed. The populism as introduced by Pim Fortuyn in the Netherlands that is now followed by others had a devastating effect, not just on architecture but on the Dutch state as a whole.

#### Notes

- (1) Ulrich Beck, 'Je eigen leven leiden in een op hol geslagen wereld', Archis 2, 2001
- (2) For this definition of populism see: [www.wikipedia.com](http://www.wikipedia.com)
- (3) Wouter Bos, 'Een beetje populisme mag', De Groene 8, 2005
- (4) Thomas Frank, 'The Rise of Market Populism: America's New Secular Religion', The Nation, 30 October 2000, [www.thenation.com](http://www.thenation.com)
- (5) Francis Fukuyama, 'The End of History and the Last Man', Free Press, New York/ Maxwell McMillan, Toronto, 1992
- (6) See: [www.lakewood.cc](http://www.lakewood.cc)
- (7) (9) Pim Fortuyn, 'Autobiografie van een Babyboomer', Karakter Uitgevers bv, Rotterdam / Speakers Academy Uitgeverij BV, Uithoorn, 2002
- (8) Pim Fortuyn, 'De Verweesde Samenleving', Karakter Uitgevers bv, Rotterdam / Speakers Academy Uitgeverij bv, Uithoorn, 2002
- (10) Jutta Chorus & Menno de Galan, 'Bouwwereld tilde LPF van de grond', NRC Handelsblad, Zaterdag bijvoegsel, Rotterdam, 27 July 2002, p.19
- (11) Bart Lootsma, SuperDutch, Thames & Hudson, London, 2000

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# SHOULD YOUNG PEOPLE DENOUNCE A RUPTURE OF THE GENERATION PACT?

## Should Young People Denounce a Rupture of the Generation Pact?

Louis Chauvel

“Should young people denounce a unilateral rupture of the generation pact that their own elders made in their disfavour?”

This question is somewhat abrupt. Nothing prepares today's French society to receive it. On the contrary, everything works together to exclude this question, making it a simple improbable hypothesis, without tangible content.

We do recognize that considerable efforts were made by families towards quality of education and the well being of their children: the material aids, symbolic and monetary, that are given to new generations by their parents, grandparents and sometimes even beyond. We can measure the inestimable flow of resources – numerous, inexhaustible and continuously renewed – that the elders give to their next of kin, to their fellows.

However, this discomfiting question could be asked with more acuity. It brings the elder generation back to their responsibility towards a social world they will one day leave to others, as the numerous cohorts which benefited from the 'Glorious Thirty Years' (1945–1975) are retiring and the experience of these past favourable years are vanishing behind the horizon. Since half of the French population is born after 1965, all that remains are imprecise memories of this optimistic period. A growing demand for an assessment has been formulated ever since, but it is more importantly a matter of questioning ourselves what these generations owe each other.

## The question of intergenerational justice

Since Emmanuel Kant, the question of reciprocal duty is open, and will remain so. This question is extremely complex, perhaps because we do not fully know what justice will be in the long term. However, Kant underlines the extraordinary dis-symmetry between generations, in regards to progresses of all sorts – longevity, medical progress, accumulation of literary and philosophical works, economical growth, etc. – which opens a possible source of injustice, uncertain and therefore disturbing. Being born later is sufficient to draw benefits from our near and far ancestors which we won't be able to return. “Older generations appear to carry through their toilsome labour only for the sake of the younger, to prepare them a foundation on which the latter can erect a higher edifice which is nature's goal. And yet only the youngest generation has the good fortune to inhabit the building on which a long line of their ancestors has (unintentionally) laboured without being permitted to partake of the fortune they had prepared.” (Idea for a Universal History with a Cosmopolitan Purpose, 1784) That way, the younger inherit a richer, nicer, fuller and more elaborate world, wherein the progress was produced by the work of their ancestors. It is the privilege of being born later on. This debt towards our ancestors cannot be paid, except in homage to their memory or, above all, by handing-over even more to our own children, to work as much and provide them even better.

As we cannot fully measure what we truly owe our ancestors, the risk is also to be unaware of what to leave to our successors. This ignorance creates an intellectual discomfort for the responsible. However, it could also provide an alibi for a general carelessness that needs to be considered. It is indeed necessary to raise the curtain above the collective legacy that is left to new generations.

## Seven generational fractures

The last 25 years, marked by economic deceleration and massive unemployment, have given rise to multiple generational fractures. It is a situation hard to resolve, as it is silent and denied. The following collection of seven elements will help us to understand that this rupture is a result of our historical inconsistency.

The first element concerns purchasing power's repartition: in 1975, a salaried employee aged 50 years earned an average of 15% more than a 30-year-old employee; the adult classes lived on an equal footing. Today, there is a gap of 40%: the fruits of economic growth, which has slowed down since 1975, were taken aside for employees 45 years and older. A generational reading allows us to understand that yesterday's valued young people have become today's favoured seniors, by seniority.

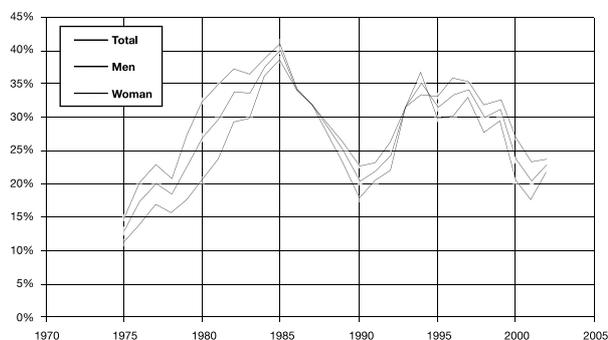
The second factor involves qualifications' progress. On average, from one year to another, the part of salaried employees carrying a responsibility or a valued expertise continues to grow, even after the “crisis”. This growth is consubstantial to our representation of social progress. However, for the 30-year-old salaried employees, the portion of these jobs is the same as it was in 1980, without any sensible progression: today, essentially, the expansion of managers is conceded by the dynamic of 50-year-olds. More precisely, throughout their career, the generations born between 1945 and 1950 stayed on the crest of a rising wave of managers, which decreases for the younger. At the beginning of the 1960s, the baby-boom's first-borns benefited from an academic explosion, and afterwards profited from the employment dynamics of the 1965 – 1975's youth: development of the EDF, nuclear industry, aerospace engineering, telecommunications, health industry, publicity, the press, etc.

The third lesson concerns a delaying effect: for a given birth group, it is the 30-year-olds' situation that will set perspectives

on all ulterior ages. For those who did not make their place, the situation tends to remain unchanged. The first victims of the 1975 slow down were the generations born after 1955. They were 20 years old when unemployment increased and still suffer from the after-effects of this slow professional start-up. It is preferable to have been 20 years old in 1968, when the unemployment rate – after receiving a degree – is at 4%, than in 1994, when this rate reached 33%. Full employment at the beginning of an adult life is an inestimable collective resource that was never transmitted.

The fourth lesson concerns the sudden change in social ascension possibilities. Being born in the period between 1910–1915 on average, the soixante-huitards' parents had a difficult fate: a quarter of them were precocious orphans, a quarter were invalid children, a youth growing up during the inter-war crisis, and the Second World War. The recovery of "The Glorious Thirty" (1945–1975) was waiting for them, but they were already 36 years old when the retirement system was created, asking them for 35 years of contribution before full retirement. To them, this was an impossible contract. For the majority, reaching an old age within a society of wealthy youngsters, was miserable. For the generation born around 1945, the social elevator worked at full speed. For their children, born around 1975, these conditions of social ascensions were often compromised, since today's youth are more of a golden generation than a sacrificed one. The psychological risk is therefore the internalization of failure, which appears personal, but is nothing less than a collective collapse.

#### Unemployment rate amongst people who finished school within 24 months or less.



Source: *Compilation Enquêtes Emploi INSEE 1975–2002*; the author's calculations.

The fifth observation is that, for the first time during a period of peace, the young generation's situation is more difficult than that of its parents. The 1997–2000 economic recovery made them believe they had reached the end of the tunnel, but within two years – following the completion of their education – the unemployment rate remained greater than 20%, hence represents a rate four times higher than what their parents experienced at the same age. Three years of recovery, entirely vanished today, could never correct 25 years of fundamental de-structuring.

The sixth point concerns the transmission of our social model to future generations. It appears that the Welfare State changes at the calendar's pace, but this conceals a generational dynamic. In 1945, when 35 annuities were required for a full retirement, we more or less excluded the ones born before 1915; these generations were marked by monstrous inequalities between the privileged strata of society and the industrial proletariat. Those born from 1920 to 1950 benefited from providentialism as well as from growing protective and redistributive social rights, favourable to the emergence of a massive middle-class. Today,

new young people leave school around their twenties, they lose a year or two to unemployment without indemnities or informal activities, and only start to contribute when they are about 23 years old. To ask for 40 years of contribution as it is today (42 years in the proposal of the Charpin au Plan report, and 46.5 according to the Medef's suggestion) is like lighting a demographic time bomb that could explode starting from 2015 when, without sufficient contributions, the candidates for retirement will multiply. Obviously, the conditions are easier for the fraction of young people who will successfully pass the Malthusian selection test of scholastic or economic excellence. But this group is in opposition more and more to the less qualified and therefore regenerating the germs of a new unequal society. For the new generations, the postwar social project established in 1970 is disintegrating little by little through the reconstitution, at the bottom of the new generations' social pyramid, of a massive social category which is forced into a choice that often looks like a threat: between exploitation and exclusion.

This case's trial is now closing on a seventh section concerning the problem of, not patrimonial, but political transmission. The instability of political representation can be measured by a clear indicator: in 1982, a union or political representative was 45 years old; in 2000, he is 59 years old. An ageing of 14 years in 18 year period corresponds to an almost perfect situation of absence of renewal: 40-year-olds of the 1980s will soon become the 60-years-olds of the twenty-first century's first decade. In the specific context of the late 1960s' political socialisation, favourable to an early entrance into politics, the socialized generation installed itself little by little to take roots in the highest functions. Now its generous, youthful ideals have given way to other world visions. In 1981, 38% of the assembly's deputies were less than 45 years old; in 2002, they were only 15%. It is not a simple question of the captain's age; otherwise the argument would not subsist that long. This fact shows that important orientations and decisions engaging the long term are taken without the participation of those who will assume the consequences. When the contributors are not asked to show up to the agapes, we ought to question ourselves; in regard to the debates concerning retirement, the absence of the young people seems obviously organised, even though they will be the ones enduring the heaviest consequences of any reforms. Even worse, the ageing of the political body, parallel to the one of research and universities, of companies, etc., is happening in conditions where nothing is prepared to insure a transmission.

We have to worry that, sooner or later, this moment of transition without transmission will occur violently, for nothing was truly done to anticipate it, and everything was put together to retain, as long as possible, the irresistible movement of time. It is possible to claim, like Alain Finkielkraut, who is close to those he denounces, that "the problem is not which world we will leave to our children, but to which kind of children we will leave our world." The purpose is to accuse youth of incompetence, and wonder where it comes from. The collective irresponsibility that prevails (Kant would have said "unintentionally") in the institutionalization of this generational fracture, and the intentional refusal to take its inventory, could be at the heart of this rupture of the generation pact, which young people are more and increasingly questioning.

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# WHY HAS CRITIQUE RUN OUT OF STEAM?

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## **From Matters of Fact to Matters of Concern**

Bruno Latour

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Wars. So many wars. Wars outside and wars inside. Cultural wars, science wars and wars against terrorists. Wars against poverty and wars against the poor. Wars against ignorance and wars out of ignorance. My question is simple: Should we be at war, too, we, the scholars, the intellectuals? Is it really our duty to add fresh ruins to fields of ruins? Is it really the task of the humanities to add deconstruction to destructions? More iconoclasm to iconoclasm? What has become of critical spirit? Has it not run out of steam?

Quite simply, my worry is that it might not be aligned to the right target. To remain in the metaphorical atmosphere of the time, military experts constantly revise their strategic doctrines, their contingency plans, the size, direction, technology of their projectiles, of their smart bombs, of their missiles: I wonder why we, we alone, would be saved from those sort of revisions. It does not seem to me that we have been as quick, in academe, to prepare ourselves for new threats, new dangers, new tasks, new targets. Are we not like those mechanical toys that endlessly continue to do the same gesture when everything else has changed around them? Would it not be rather terrible if we were still training young kids – yes, young recruits, young cadets – for wars that cannot be thought, for fighting enemies long gone, for conquering territories that no longer exist, and leaving them ill-equipped in the face of threats we have not anticipated, for which we are so thoroughly disarmed? Generals have always been accused of being on the ready one war late – especially French generals, especially these days; what would be so surprising, after all, if intellectuals were also one war late, one critique late – especially French intellectuals, especially now? It has been a long time, after all, since intellectuals have stopped being in the vanguard of things to come. Indeed, it has been a long time now since the very notion of the avant-garde – the proletariat, the artistic – has passed away, has been pushed aside by other forces, moved to the rear guard, or maybe lumped with the baggage train. (1)

We are still able to go through the motions of a critical avant-garde, but is not the spirit gone?

In these most depressing of times, these are some of the issues I want to press, not to depress the reader, but to press ahead, to redirect our meager capacities as fast as possible. To prove my point, I have not exactly facts, rather tiny cues, nagging doubts, disturbing telltale signs. What has become of critique, I wonder, when the New York Times runs the following story?

Most scientists believe that [global] warming is caused largely by manmade pollutants that require strict regulation. Mr. Luntz [a lobbyist for the Republicans] seems to acknowledge as much when he says that “the scientific debate is closing against us”. His advice, however, is to emphasize that the evidence is not complete. “Should the public come to believe that the scientific issues are settled”, he writes, “their views about global warming will change accordingly. Therefore, you need to continue to make the lack of scientific certainty a primary issue”. (2)

Fancy that? An artificially maintained scientific controversy to favor a ‘brown backlash’ as Paul Ehrlich would say. (3) Do you see why I am worried? I myself have spent some times in the past trying to show the “lack of scientific certainty” inherent in the construction of facts. I, too, made it a “primary issue”. But I did not exactly aim at fooling the public by obscuring the certainty of a closed argument – or did I? After all, I have been accused of just that sin. Still, I’d like to believe that, on the contrary, I intended to emancipate the public from a prematurely naturalized, objectified fact. Was I foolishly mistaken? Have things changed so fast?

In which case the danger would no longer be coming from an excessive confidence in ideological arguments posturing as matters of fact – as we have learned to combat so efficiently in the past – but from an excessive distrust of good matters of fact disguised as bad ideological biases! While we spent years trying to detect the real prejudices hidden behind the appearance of objective statements, do we have now to reveal the real objective and incontrovertible facts hidden behind the illusion of prejudices? And yet entire PhD programs are still running to make sure that good American kids are learning the hard way that facts are made up, that there is no such thing as natural, unmediated, unbiased access to truth, that we are always the prisoner of language, that we always speak from one standpoint, and so on, while dangerous extremists are using the very same

argument of social construction to destroy hard-won evidence that could save our lives. Was I wrong to participate in the invention of this field known as science studies? Is it enough to say that we did not really mean what we meant? Why does it burn my tongue to say that global warming is a fact whether you like it or not? Why can't I simply say that the argument is closed for good?

Should I reassure myself by simply saying that bad guys can use any weapon at hand, naturalized facts, when it suits them, and social construction when it suits them? Should we apologize for having been wrong all along? Should we rather bring the sword of criticism to criticism itself and do a bit of soul-searching here? What were we really after when we were so intent on showing the social construction of scientific facts? Nothing guarantees, after all, that we should be right all the time. There is no sure ground even for criticism. (4)  
Is this not what criticism intended to say: that there is no sure ground anyway? But what does it mean, when this lack of sure ground is taken out from us by the worst possible fellows as an argument against things we cherished?

Artificially maintained controversies are not the only worrying sign. What has critique become when a French general, no, a marshal of critique, namely, Jean Baudrillard, claims in a published book that the World Trade Center Towers destroyed themselves under their own weight, so to speak, undermined by the utter nihilism inherent in capitalism itself – as if the terrorist planes were pulled to suicide by the powerful attraction of this black hole of nothingness? (5)

What has become of critique when a book can be a best seller that claims that no plane ever crashed into the Pentagon? I am ashamed to say that the author was French, too. (6)  
Remember the good old days when revisionism arrived very late, after the facts had been thoroughly established, decades after bodies of evidence had accumulated? Now we have the benefit of what can be called instant revisionism. The smoke of the event has not yet finished settling before dozens of conspiracy theories are already revising the official account, adding even more ruins to the ruins, adding even more smoke to the smoke. What has become of critique when my neighbor in the little Bourbonnais village where I have my house looks down on me as someone hopelessly naive because I believe that the United States had been struck by terrorist attacks? Remember the good old days when university professors could look down on unsophisticated folks because those hillbillies naively believed in church, motherhood, and apple pies? Well, things have changed a lot, in my village at least. I am the one now who naively believes in some facts because I am educated, while it is the other guys now who are too unsophisticated to be gullible anymore: “Where have you been? Don't you know for sure that the Mossad and the CIA did it?” What has become of critique when someone as eminent as Stanley Fish, the “enemy of promise” as Lindsay Waters calls him, believes he defends science studies, my field, by comparing the law of physics to the rules of baseball? (7)

What has become of critique when there is a whole industry denying that the Apollo program landed on the Moon? What has become of critique when DARPA uses for its Total Information Awareness project the Baconian slogan ‘Scientia est potentia’? Have I not read that somewhere in Michel Foucault? Has Knowledge-slash-Power been co-opted of late by the National Security Agency? Has Discipline and Punish become the bedside reading of Mr. Ridge?

Let me be mean for a second: what's the real difference between conspiracists and a popularized, that is, a teachable, version of social critique inspired, for instance, by a too-quick reading of, let's say, a sociologist as eminent as Pierre Bourdieu (to be polite I will stick with the French field commanders)? In both cases, you have to learn to become suspicious of everything people say because “of course we all know” that they live in the thralls of a complete illusion on their real motives.

Then, after disbelief has struck and an explanation is requested for what is “really” going on, in both cases again, it is the same appeal to powerful agents hidden in the dark acting always consistently, continuously, relentlessly. Of course, we, in the academy, like to use more elevated causes – society, discourse, knowledge-slash-power, fields of forces, empires, capitalism – while conspiracists like to portray a miserable bunch of greedy people with dark intents, but I find something troublingly similar in the structure of the explanation, in the first movement of disbelief and, then, in the wheeling of causal explanations coming out of the deep Dark below. What if explanations resorting automatically to power, society and discourse had outlived their usefulness, deteriorated to the point of now feeding also the most gullible sort of critiques? (8)  
Maybe I am taking conspiracy theories too seriously, but I am worried to detect, in those mad mixtures of knee-jerk disbelief, punctilious demands for proofs and free use of powerful explanation from the social neverland, many of the weapons of social critique.

Of course conspiracy theories are an absurd deformation of our own arguments, but, like weapons smuggled through a fuzzy border to the wrong party, these are our weapons nonetheless. In spite of all the deformations, it is easy to recognize, still burnt in the steel, our trademark: MADE IN CRITICAL-LAND.

#### Notes

(1) On what happened to avant-garde and critique generally, see Iconoclasm: Beyond the Image Wars in Science, Religion and Art, ed. Bruno Latour and Peter Weibel (Cambridge, Mass., 2002). The present article is very much an exploration of what could happen “beyond the image wars”.

(2) This Mister Luntz seems to have been very successful; I read later in the Wall Street Journal: “There is a better way [than passing a law that restricts business], which is to keep fighting on merit. There is no scientific consensus that greenhouse gases cause the world's modest global warming trend, much less whether that warming will do more harm than good, or whether we can even do anything about it. Once Republicans concede that greenhouse gases must be controlled, it will only be a matter of time before they end up endorsing more economically damaging regulation. They could always stand on principle and attempt to educate the public instead [Wall Street Journal, 8 Apr. 2003]. And the same publication complains about the “pathological relation” of the “Arab street” with truth!

(3) See Paul R. and Anne H. Ehrlich, *Betrayal of Science and Reason: How Anti-Environmental Rhetoric Threatens Our Future* (Washington, D.C., 1997).

(4) The metaphor of shifting sand was used by neomodernists in their critique of science studies; see *A House Built on Sand: Exposing Postmodernist Myths about Science*, ed. Noretta Koertge (Oxford, 1998), but the problem is that the authors of this book looked backward to reenter the solid rock castle of modernism and not forward to what I call, for lack of a better term, nonmodernism.

(5) See Jean Baudrillard, *The Spirit of Terrorism: Requiem for the Twin Towers* (New York, 2002).

(6) See Thierry Meyssan, 11 Septembre 2001: *L'effroyable imposture*, translated as 911: *The Big Lie* (London, 2002). Conspiracy theories have always existed, what is new in instant revisionism is how much scientific proof they claim to imitate.

(7) See Lindsay Waters, *Enemy of Promises*, forthcoming.

(8) Their serious as well as their popularized versions have the defect of using society as an already existing cause instead of as a possible consequence. This was the critique that Gabriel Tarde always made against Durkheim. It is probably the whole notion of “social” and “society” which is responsible for the weakening of critique. I have tried to show that in Latour, “Gabriel Tarde and the End of the Social”, in *The Social in Question: New Bearings in the History and the Social Sciences*, ed. Patrick Joyce (London, 2002), pp.117–32.

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#### Change?

Saša Randić  
ČIP (Man and Space), January 2009

At the beginning of this year, the Indian portal Daiji World released the information that over four months the police had found more than 3000 abandoned vehicles on the parking lot of the Dubai airport, most of them with keys in the ignition. The airport administration can not simply remove the vehicles because they are properly parked and no offence has been committed. This unexpected problem is, of course, a result of the economic crisis that affects the construction branch and the real estate market. This especially applies to the workers from India and South Asia who left their new homes in a hurry, leaving family cars on the parking lot.

For the architectural world the abandoned automobiles symbolically mark the end of an era whose symbol is Dubai, of which Koolhaas asserted would be the city of the 21st century. The development of Dubai is directly connected with architecture. The wonder of the new economy has not based its development concept on local needs and available resources; by using the model of Las Vegas, the city of the 20th century, it has become a new international attraction in the middle of another desert. The credit for the fast development of Dubai does not go to the scenery and pleasant climate or gambling and vice, like with the role model. The key role here has been played by architecture: structures in the form of a wave, sails, islands in the form of the world and palms have become the principal attractors of the new city. Some of the attractions have followed the model of Vegas of the nineties with spectacular pyramids, sphinxes, pirates, and miniatures of European cities. But more than with animal and archaeological forms, the new city identified itself with contemporary iconic architecture. Virtual architecture in a virtual economy, architecture of symbols that do not symbolize anything, but architecture successful insofar as it managed to draw attention to its environment.

The idea of reducing architecture to the level of digital illustration and visual attraction became successful because it is entirely simple and communicative. In order to make it even more communicative, visual symbolism becomes even more banal.

In a world of unlimited resources and financial means, there are no boundaries: the only important thing is that a project is spectacular.

The proportions of the architectural crisis have been best delineated by Phillippe Starck with his public repentance in the interview for Die Zeit in March last year: "I was a producer of materiality and I am ashamed of this fact. Everything I designed was unnecessary".

At the same time, in the context of Starck's words, we can not demand from architects, and even designers, to retain a certain level of critical thought and ideological attitude in their work, when that is irrelevant to the contemporary society.

The economic crisis has a positive influence in this respect, because it changes social priorities. In the past, each large economic crisis caused changes in architecture; during the last one, in the past century, paper architecture emerged and became real, thanks to the Emerging Economy Countries.

As André Glucksmann said: "Postmodernism, which places itself beyond good and evil, beyond true and false, inhabits a cosmic bubble. It would be a good thing if fear of a universal crisis allowed us to burst the mental bubble of postmodernism – if it washed away the euphoria of our pious wishes and brought us once again to see straight". A society that forms its needs differently simply does not need hollow architecture any more, because it does not need the production of unnecessary things that Starck is ashamed of.

The crisis of historical proportions has simply eliminated the purpose of iconic architecture much more efficiently than all theoretic discussions. The economic reality naturally focuses attention to urgent points of contemporary society.

One of them is the concept of contemporary cities that have lately been more the object of interest for geographers, sociologists, and economists than architects. There is also the question of energy-related and environmental sustainability, less attractive to the architectural public than fire protection studies. In spite of the contrary and widespread opinion, the question of the sustainable city does not depend on concepts of energy-efficient buildings. The essence of the problem is in the structure of the city. Built environments produce more than half of greenhouse gases, of which the one with low population density are the worst, but precisely this form is on the increase. European cities have continued to occupy new territory, although the increase in the number of inhabitants is slowing down. The most conspicuous example is Madrid, whose surface area has increased by fifty per cent since 1990, while its population has grown only by five per cent. The attractiveness of the American suburban model has resulted in the expansion of the periphery and progressive growth of road infrastructure. Similar processes also happened in Croatia: infrastructure projects have first taken up the building of roads before the public transport network. High buildings were stigmatized as a remnant of socialism and mostly excised from city-planning. However, paradoxically, the grey panoramas of Eastern European cities were environmentally more efficient than their contemporary suburban versions. The need for the ecological balancing of cities actually returns the main function to the collective housing model. It is fantastic how opportunities for creating new typologies emerge from totally unexpected circumstances.

And finally, the crisis directly influences the architect's position. Massive lay-offs in leading international offices were accompanied by advices like "it is time that you turn attention to your education and return to universities", which is a solution equally effective as the evacuation of the Titanic. As in every trouble, the luckiest and the nimblest ones escape unharmed.

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### Empty Vessels: Eye-con Architecture

Jay Merrick

The Independent, October 15, 2008

Is your town a bit frayed? No problem: just commission a piece of “iconic” architecture. Is your city perceived as not quite remarkable enough? Ditto. Lord Foster’s Peace Pyramid in Kazakhstan is described as “iconic”. So, too, is the forthcoming building at Tate Modern by Herzog and De Meuron; not to mention the China Central Television building, designed by Rem Koolhaas and now approaching completion in Beijing. Three very different architects, three very different architectural icons – but iconic of what? Iconic of the commercial stampede to produce cheap thrills. Too much of the apparent concern about architecture actually reveals a profound lack of interest in any discussion that might suggest that architecture, and our relationship with it, is not only complex but is in a crucially debatable condition.

Architecture in Britain is becoming a culturally reductive retrovirus. If you imagine that you’re responding viscerally, intelligently or creatively to buildings and the places they affect, you must face the possibility that your perceptual and critical systems have been burnt out by voracious consumption of architecture. And the most obvious evidence of this is the sugar-rush appetite for architectural icons.

The architectural historian Charles Jencks coined the term ‘eye-con’ in relation to this proliferation of architecture pumped up to bursting by hype – a sub-species of the hype that first inflated, and then destroyed or maimed several of the world’s most iconic financial institutions. Icons are images or likenesses that represent something. Most of today’s so-called architectural icons represent only the iconic intentions of their designers, or commissioners. These buildings are iconic, but not actually icons in any potent sense. It doesn’t fully exist, or engage. This complexity is not merely an academic luxury; nor is it confined to the Richter-Hampstead-Shires scale of “good value” conversational grist among the chattering classes.

Architecture, from Hawksmoor to FAT (Fashion Architecture Taste, an architecture practice), exists in an age where Googlism has replaced Fordism as the paradigm of infinite growth and consumption.

Architecture blurs vaguely and irrelevantly past the window of the 7.40 clattering through East Croydon or Penge or Watford, jumbled with passing advertising hoardings and I’m-on-the-train cell phone monologues. Architecture hovers in the margins of distant wars, cloned celebrity revelations, and the latest mistaken cure for cancer. In its more grandiosely hubristic manifestations, iconic architecture seems indistinguishable from studio-lit tubes of because you’re-worth-it face cream: today’s architectural icons are usually bizarre curios, or a manifestation of penile dementia.

Iconic architecture is conceived and marketed as predigested, faintly hallucinatory new realities. Somebody else, somebody designing or commissioning buildings who has little or no interest in the sensual, emotional, physical and philosophical braids of place and ordinary daily life, is one profitable step ahead, setting architectural and urban agendas that turn out to be hollow. When confronted with a building, or group of buildings and spaces, we should occasionally feel like strangers in a strange place – a place that is worth considering because it marks a moment, an engagement of various presences: topography, architectural physique, a beating heart, an eye that momentarily notices more than it usually does, a reimagining. If we didn’t from time to time feel this connection with buildings and places, then we’re mere sat-nav existentialists. The surfeit of iconic buildings recalls Daniel Libeskind’s fascination with the “presence of absence” in architecture. Supposedly iconic buildings usually suggest the opposite: the absence of

presence. And if buildings seem absent, or in some way vacuous, perhaps we’re agreeing to be absent and vacuous, too. Architecture is popularly seen as a “designer” issue – building as box-fresh singularity, critically pre-neutered, strobed with cutaway shots, one-liners, rabidly sincere gazes and pointlessly jerky hand movements. It’s easy to forget that architecture – whether chalet-bung or art gallery – should confirm, ramify and communicate human scale, measurement, materials and places. It should be a prism through which flow spectrums of time and transformation.

You don’t have to sit in St. Paul’s to experience this: it’ll hit you, hard, in the tiny mausoleum at Soane’s Dulwich Gallery, or in the angular volumes of Lynch Architects’ Marsh View cottage in Norfolk. Iconic architecture, the village idiot of the piece, is being absorbed into a sea of ironic thought, manner and deed. “Our wretched architectural icons”, to only slightly misquote Albert Camus, “have a smell of the office clinging to them, and the blood that trickles from them is the colour of printer’s ink”. Iconic architecture now has more to do with Big Brother than with any thoughtful concentrations of rich and variable cultural presence. If we become utterly supplicant to the iconic and architectural bling, then we risk becoming desensitised to less obviously dramatic, but potentially more engaging, humane, and affecting buildings and places. Most architectural icons smooth over contradiction and difference. Are we disdained by urban master planners, or developers and their value-adding “name” architects, who are so often replaced by cost-cutting jobsworth designers after planning permission has been gained?

What is the architectural and urban planning difference between new and supposedly iconic high-rise clusters in Dubai, Shanghai and Moscow?

The contemporary expression of iconic architecture is rooted in at least two things: impossibility, and arrogance. In the 18th century, Etienne-Louis Boullée’s stunning architectural proposals, featuring utterly colossal pyramids and spheres, accentuated the idea of architecture as singular icon. Mies van der Rohe, a seminal figure in Modernism, declared in the 1920s that “building art is the spatially apprehended will of the epoch... the spatial implementation of intellectual decisions”. Today, iconic architecture is essentially the spatial implementation of corporate decisions. Signature architecture has become the boardroom’s, and the city authority’s, bitch. The phrase “architectural icon” belongs in a vitrine. It’s the cultural equivalent of Damien Hirst’s shark in a tank: a dead curiosity. Are Koolhaas and Herzog simply producing empty icons – hermetic architectural scripts in glass, steel and stone, rather than buildings that want to express more than design virtuosity? That want, in effect, to have relationships with people, streets and places. The proliferation of supposedly iconic architecture has played a central role in making us strangers in an increasingly strange place.

Perhaps we are losing our awareness of architecture as a resonant cultural force – that vital, earthy, lively agent of activity. Perhaps we must make do with the following, from the highly thought of architect Glen Howells. In describing his recently completed building at the National Film and Television School in Beaconsfield, he said: “We quite like that it’s a fuck-off building”. Howells’ remark represents the tip of a funereal iceberg that is burying the idea of architectural presence, and debate, in a blogtastic knowingness whose roots lie in the stage-managed popularisation of architectural icons.

The pursuit and worship of architectural icons is toxic proof that we are maxing out on the minimum thing.

EMPTY  
VESSELS

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### Architecture Stripped of its Ornate Garment

Zvi Hecker

Der Tagespiegel, January 2009

The continuous unfolding of the world economic crisis not only inflicts hardship on the personal well-being of individuals and societies, but will inevitably create radical shifts in our aesthetic sensibility.

Taken unguarded by the collapse of the world stock markets and the demise of financial institutions, we should not be surprised by the deepening of the moral-ethical breakdown that generated this economical crisis in the first place. The erosion of the moral-ethical standards caused by the decline of personal responsibility and institutionalized social inequality and injustice may prove to be more destructive than a military force. History's graveyards carry the names of great military powers that ran their course and disintegrated into a total breakdown of their political structures, even before their legions reached the battlefield. Rebuilding the moral-ethical foundations that have been undermined in the present crisis will be more laborious and will take longer than to arouse the appetite of the panic-stricken credit-financed consumerism. Architecture, while embracing the human dimension constitutes an integral part of the economic landscape. It therefore can't be absolved from the moral-ethical dimension of the present crisis, nor is it immune from the fallout of the economic slowdown and the appearance of a new aesthetic perception.

For more than a decade architecture sucked in cheap and abstract money that was channelled to fuel an excess of building construction, resulting in the infamous sub-prime mortgage meltdown. Abstract projects solidified into Architectural form, and, sponsored by oil and stock market wealth, were "grounded" in the most socially unjust locations and in the most environmentally wasteful ways. Real estate, disguised as Architecture, falsely credited with sustainability, turned out to become the profitable terrain-for-surplus capital, absorbing into its ever more elaborate shapes money that could not have been invested otherwise.

The more obscure and environmentally irresponsible were the financial investments, the more excessive became the Architectural form. In its most extreme version the Architecture's mere existence became its function, just as the inflated growth of the financial market became its only *raison d'être*. Architecture, like the world at large, turned a blind eye to global poverty and enduring conflicts. Equally indifferent to ethics, architecture preferred instead to glorify the zeal and the leverage of financial wizardry. Draped in layers of ornate garments, glamorous and decorative, it carefully disguised its narcissistic genesis.

Strangely enough, this self-referential Architecture of negligible conceptual depth was embraced as long overdue evidence of the multifarious talents of the Architect. Long said to be inhibited from expressing his talent, the enterprising practitioner responded eagerly to overseas requests for colonial patronage to adorn repressive regimes with warmed-over-architectural images. Obsessed solely with maximum visibility, Architecture relied on the image of the "Architect as Artist", committed only to his or her inner fantasies and desires, "Architect as Designer", engaged in designing clothes, fashion collections, ashtrays and carry bags, and "Architect as Entertainer", staging pseudo- intellectual spectacles. No longer required to follow the rules of logic, coherence and clarity of the plan, the "Architect as Architect" became rapidly irrelevant. This may explain why, in recent years, so very few

significantly innovative designs emerged in Architecture's core fields of engagement: solutions for housing, urban design, and integration of the socially deprived, subjects which were the bedrock of the Modern movement.

Denied any incentive to explore and innovate, the Architect thrived on the work of earlier generations in a kind of parasitic subsistence. Old architectural schemes and banal off-the-shelf plans were hastily recycled and wrapped within a dress of different materials, glass at the top of the list. To broaden its appeal, glass elevations were belligerently promoted as being ecologically sustainable and environmentally friendly. Heavily dependent on sophisticated high-tech for its functioning and maintenance, the environmental claims were never confronted, nor seriously contested.

However, paradoxically, this all-glass Architecture found its partner and prey in the world of banking and international business. With its claim for the virtues of transparency, glass Architecture offered respectability and supplied the best possible alibi for the murky transactions it wrapped so elegantly. In today's crisis the glass alibi might be short-lived and insufficient in restoring the vanished trust in the operations of business.

Even Berlin, not yet carried away by the hysteria of capitalist development, yielded to the pressure of historians promoting architectural nostalgia in disregard of the legacy of radical modernism that the city harbours so proudly. Berlin's pseudo aristocratic genealogy will be rightfully restored by rebuilding fake elevations of the eighteenth-century castle. Of no great architectural merit in its original version, the fake replica of the castle will become a farce. The ultimate irony is, however, that the Berlin of today is unable to distinguish between stylistic novelty and true originality, thereby excluding any possibility for a refined masterpiece to be recognized and welcomed. Essentially, every economic crisis not only breaks with the immediate past, but also provides moments of accelerated change, an opportunity to transgress the present status quo and to leave a contemporary footprint.

The crisis of the late 1920s and the Great Depression that followed was such an intense force that wiped out the ostentatious ornament of late nineteenth century classicism. White, plain and undecorated, the emerging Architecture was a clear break with the past and was total anathema to that which it replaced. The underlying roots of the two crises, though eighty years apart, stem from a soil contaminated by the level of dishonesty to which financial institutions had sunk. A moral-ethical position will be needed to put into motion creative forces that were silenced by the widespread decadence. A natural change of our aesthetic perception will follow. The inevitable slowdown of building construction and the emergence of another aesthetic reality will provide a fertile ground for the germination of new ideas. They will be conceptualized, developed and codified, like musical notes, through architectural plans, built years later when the economy picks up again.

Architectural form is a reflected image of the idea that inhabits the plan. Hierarchies of human scale are its measure, and clarity of intention its means of to beauty. It unites needs and dreams into ever-new aesthetic sensibilities. This inseparable duality is what makes Architecture such a uniquely profound profession. Centuries of creative commitment and the endowment of new ideas generated a rich architectural tradition. It is entrusted upon us on the condition that our own generation will enrich and broaden the horizons of this great heritage. In our ever-changing world, Architecture's eternal relevance lays in its degree of idealism and its responsibility to alleviate the contemporaneity of the human condition. New ideas are the sole means of its attainment.

Architecture is a human art, never humane enough.

Charles Bessard and Nanne de Ru are the founding partners of the architectural office Powerhouse Company, based in Rotterdam and Copenhagen. They are also initiators of this publication, as well as the exhibition Rien ne va Plus that opened September 12, 2009, at NAIM / Bureau Europa in Maastricht, The Netherlands.

### The End of Suspension

Charles Bessard and Nanne de Ru

*"When written in Chinese, the word 'crisis' is composed of two characters – one represents 'danger' and one represents 'opportunity'". – John. F. Kennedy, April 12th 1959*

*crisis: c.1425, from Gk. krisis "turning point in a disease" (used as such by Hippocrates and Galen), lit. "judgment", from krinein "to separate, decide, judge". – Random House dictionary 2009*

### Crisis ≠ Opportunity

One of the strange things about the persistent crisis the world has been in for the last year is that nothing is fundamentally changing. This is despite gargantuan sums of public money injected into banks and the millions of people becoming unemployed at a rate still growing. After one year of crisis it seems that the duality and instability of the moment is still unresolved: to which side will the scale tip? The myth that, when written in Chinese, the two symbols that compose the word crisis mean 'danger' and 'opportunity', seems to be omnipresent. Many architects think that after the crisis there will be a better position for architects, because the public domain will be served better. Or because sustainability is now unmissable in architecture and therefore architects could recover their progressive role and moral authority. At the same time real estate investors are becoming aware of their insane risk taking, but they keep looking forward to continuing the search for big returns once this crisis is over. Meanwhile contractors believe that after the crisis the 'design and build' model will finally take over and lubricate all the procedures by redistributing responsibilities and marginalizing further the role of independent third parties like architects. Less resistance, faster profits. Faster

profits, less risk. Less risk, the investor will agree, no more "inefficient" and "uncontrollable" architects. Power will come to them.

Opportunity. It is the buzzword. Everyone is eagerly searching for a better future, groping to find out what is around the corner of the road, despite all the signs indicating that we are marching down a dead end. There are omnipresent indications of unprecedented dangers: scarcity of natural resources, staggering climate changes, unprecedented national debts, growing income inequality, continued real estate-driven speculation, dressed-down public sector, rise of populist politics, etc., etc. According to myth-busting sources, the actual meaning of the Chinese symbols for crisis is not 'Danger' and 'Opportunity' but 'Danger' and 'Crucial point'. (1) That is exactly where we are: a point where crucial decisions must be made and short term opportunism becomes unbearable.

### From Paradox to Parody and Back Again

Using a myth about Chinese symbols to indicate a way of seeing the current malaise is in many ways an ironic indicator of our collective postmodern confusion. The same goes for our current crisis with its global character. Indeed, the enormity and the interwoven-ness of the current crisis, which ranges from the economical to the social, political and moral domain is hard to grasp and understand. The last few decades, fierce globalization and deregulation have made our world more opaque, while claiming to make it more transparent by eliminating regulations. Meanwhile postmodern relativism rendered it reactionary and even regressive to judge it. Now the paradoxes of globalization are turning into parodies. What can you make of the United States of America's biggest creditor being the world biggest authoritarian regime, China? Who would have dared to proclaim that, thirty years ago, when the United States under Jimmy Carter opened up to China? (2) Who would have imagined even ten years ago that both IBM and Hummer would be Chinese companies? Or that big corporate banks would practically be owned by the American government? And what should we think of intellectual outposts of the famed French Sorbonne University and Harvard Medical School opening universities in Gulf states that allow systematic violations of human rights? (3) How about the Louvre, the former royal palace that was opened to the

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people after the French revolution, which is now opening an extension and disseminating parts of its collections in the authoritarian state of Abu-Dhabi? (4) Now the big bubble burst, and all promises of the everlasting more-more-more seemed false. We wonder: has our quest for what we cherish the most, creative and intellectual freedom, turned into a parody while we suspended our judgment? What are our beliefs in the values of artistic freedom if we are willing to sell our artistic products to regimes that do not believe in them? What are we pursuing with globalization if not the sheer profit of a bigger market? And isn't a democracy less profitable than an authoritarian regime? What if there really is an end to our natural resources? How long can we remain naive or complacent? Is this global crisis devastating enough to reconsider the hypotheses?

### The End of Means

Similar paradoxes and questions have set off an architectural debate on ethics and morality in the profession over the last decade, reaching its highest-point at the architectural output of the 2008 Olympic Games in Beijing. The lead event itself displayed the almost unbearable nature of the current globalization paradox; on the one hand a celebration of China entering the world stage and opening up to colossal market opportunities, while at the same time perpetuating continuous crackdowns on human rights and censorship. Brought to us live on TV by the "free world's" global corporations. In this paradigm, architecture played an emblematic role in the lead-up to this event. Famed international architects were invited to design many of the new venues, with, as its prime piece, the unsurpassed design of the Beijing National Stadium by Pritzker prize laureates Herzog & De Meuron. Some critics questioned the ethical nature of these commissions, pointing not at the high quality of the architecture, but at the propagandist use of the buildings in a country violating human rights and severely limiting intellectual and creative freedom. (5) Some critics addressed the inhumane working conditions on building sites. (6)

When Ground Zero architect Daniel Libeskind claimed never to work for or in China under its current regime (7), architects like Herzog & De Meuron, as well as Rem Koolhaas, fiercely defended their position to work in China, claiming it to be "unavoidable" to offer services to China or "arrogant" (8) not to work there, and stating the belief that China would change for the better. (9) Indeed, why should an authoritarian regime be deprived of a Western-designed masterpiece? Why should Western architects turn down such opportunities to make an unprecedented architectural statement? Looking back at the opening ceremony, one can wonder who in the end made a statement, Western architecture or the current Chinese regime. Despite their justifications and noble intentions, the architects of the National Stadium were barely invited to the opening ceremony. (10) A cynic could claim that it proved architecture was just the means to an end instrumented and manipulated by an authoritarian regime. The Chinese artist Ai Wei Wei, who co-designed with Herzog & de Meuron on the stadium, and is an official dissident of the Chinese government, wasn't even invited at all. He would have refused out of principal anyway, stating that he thought the ceremony was "too far from the spirit of freedom". (11)

### Less Freedom, More Opportunities

After China revealed the power and possibilities of international design architecture, a.k.a. the Beijing effect – amplifying the alchemical Bilbao effect at Chinese scale – more countries discovered the power of architectural masterpieces and landmarks. With oil prices soaring and the interest rate of the dollar historically low, the Arabic Gulf states (described by The Economist as part of "a cartel of authoritarian regimes practised in the arts of oppression") and Central Asian countries like

Kazakhstan exploded with real estate developments. Tax-haven city-states like Dubai presented ambitious plans for new financial hubs equal to London or New York, and airports boasting more future flights than Paris' Charles de Gaulle or London's Heathrow. Similar to the nature of hedge funds, these countries hold executive power over staggering fortunes within a very small elite group, practically unaccountable by international law. (12) The enormous financial power of these countries, grown out of the fruits of global market economy, had to condense into bricks and mortar, and if not in Europe or America, where else? Western architects, like many Western corporations and institutes, were invited to join in the creation of this "inevitable" (13) new reality and were asked to design buildings and structures as never seen before. Entirely new and speculative cities or even entirely new capitals for new regimes are now the fertile ground for Western architecture to blossom... Looking back, didn't those business opportunities mark a turning point in the value of the architect's moral integrity?

### Meanwhile, Back Home

The irony of these super-large-scale projects developed in authoritarian regimes is that it is exactly those kind of projects that have become impossible to realize in Western democracies since the main post-war rebuilding finished in the early 1960s. Not only is the concentration of political, legal and executive powers necessary to realize those projects not compatible with the framework of democratic regimes, but more importantly, the ongoing liberalization of the real estate market consequently made grand, publicly financed urban schemes practically impossible. Since the late '80s the power of the public sector was eroded with an unprecedented insistence, while in the '90s the power of the market sphere hypertrophied through massive privatization and mergers. Public long-term planning was replaced by a short-term market-based approach. As the market's pendulum oscillated further between boom and busts, the political and public domain crumbled and gradually outsourced to third parties and private interest its responsibilities in securing social progress and collective interest. The European real estate market itself was also subject to deregulation and privatization, creating unprecedented real estate speculations across Europe. (14) In some countries, like the Netherlands, the real estate boom was fueled by the sell-out of scarce municipal lands and the liberalization of the government financed housing corporations that produced social housing. (15) The responsibility for managing the extensions of cities was outsourced to the market. It was believed that they would better respond to the need of the population. Soon it was possible to make more money than an average year's salary by speculating with home values. With mortgages at an all time low and developers eager to build homes with high returns on investment, building for profit became far more important than building for quality, or perhaps even necessity. This resulted in a rapid speculation on land value and in cheaper constructions and lower quality of building.

### Esthetic Consultant

At the same time, the profession of architecture, which used to be a market independent and a regulated profession itself, was subjected to deregulation. Under the pressure of the European Union's anti-trust policies the classical system of fixed fees was declared illegal. In some European countries the architect officially became a consultant or adviser. Within this free market, architects now started competing on fees rather than on quality. Furthermore, progressive generalizations by investors of 'turnkey' and 'Design & Construct' developments profoundly affected the conditions of the architect's involvement. In the most extreme cases, the position of the architect as 'building master' is debased to a mere 'esthetic consultant' in large development consortiums taking care of the conception, realization, maintenance and management of the building.

In some cases the architect is hired and paid by the contractor. In other cases he is appointed through a 'building-manager' and not directly by the client, de facto losing its an independent position. As a result, the architect nowadays rarely manages building-sites, contracts, payments and quality control, but becomes instead managed by managers and builders themselves, and subject to their partial quality control.

### Bigger is Better

As for public buildings, the European tender regulations of 2004, meant to level the playing field, forced the public sector to reset the standards for architecture offices to compete for public buildings. Capabilities of bidders are now increasingly evaluated mainly on their turnover and their stability within the free market rather than on the quality of their references. Paradoxically, the anti-trust approach to architectural services has contributed to the rise of fewer but larger offices able to enter in architectural tenders. Similar to the mechanism of a free European football player market that has led to the more or less the same sixteen football teams competing for the European Champions League every year, the European tender regulations have created a handful of big European architecture offices that win more or less all the big public tenders. Strangely enough, one can always have too small of a turnover, but never too big of one. As Dutch architecture office Kempe Thill recently pointed out, (16) in the current Dutch public tender climate, Ben van Berkel would not have been able to design the world famous Erasmus Bridge in Rotterdam, and Rem Koolhaas would have never built his exceptional masterpiece, 'De Kunsthal'; put in today's context, their then-relatively inexperienced offices would simply have had too low a turnover and too little built references.

### From Bubble Architecture to Architecture Bubble

Where the architects' fixed fee for services had implied an independent position also described in the code of ethics, in some countries the liberalization of the architectural profession meant the (partial) removal of the code of ethics. (17) The architectural avant-garde, left with an ideological vacuum after deconstructivism, declared the postmodern conditions of globalization as inevitable. (18) Architects traded their defensive, critical attitude to a projective and collaborative role, admitting the conditions as a given. Offices grew tremendously over the years, (19) some nearly doubling every year with turnovers following the rise of the stock exchange. Former 'paper architects' like Zaha Hadid and Coop Himmelb(l)au suddenly had multiple buildings on site. As 3D drafting programs reached unequalled qualities of modeling and Hollywood's powerful render programs became available for architects, artists' impressions were more real than ever, leading casual viewers of the architects' images to wonder whether the building was built or just conceived. Simultaneously this software also allowed every design, no matter how blobby, pixelated, smooth, meshed, curved, cantilevered or suspended, to look real and therefore makeable, feasible and desirable. Parallel to the fatal complexity of mortgage-based financial products supposed to finance these iconic architectural miracles, many of the buildings themselves were technically completely unresolved, energetically totally unsustainable (20) and finally, programmatically unrealistic. During this boom, just like so many other trades, architects have rarely been less critical as they have been in recent decades. Perhaps the ride was just too thrilling to ponder the consequences, perhaps there was no immediate urgency – just like everyone else, architects believed that there was no limit to growth. But as we hit a stone wall one year ago, the spectacular renderings were revealed to be as much an illusion as the economic bubble that generated them.

### Generation Bubble

Coinciding with the current economic crisis is the beginning in

the Western hemisphere of an unprecedented generational rift as the 'biggest generation ever' (1945–1960) is nearing the retirement age. In some large Western countries, such as the United States of America, France and Germany, the generational overweight was stronger than other countries, yet the pure statistical dimension of this generation created an evolutionary zeitgeist of revolutions and perpetual quests for freedom. In many ways, from economic to cultural and ethical, the past forty years have been dominated by this single generation, also known as the Baby Boomers or Boomers. From the 1968 student revolutions to the economic recessions of the '80s and the glorious age of the presumed new economy, from postmodernism to deconstructivism, from the welfare state to globalization and liberalization: all main tendencies of Western society grew along with this generation. The Boomers surfed their wave, flooding society with a majority of teenagers and students at the end of the '60s and flooding today's society with retirees. The question is what they leave in their wake. Of course the problem of generalizations (or should we say generationizations?) is that they apply to the entire group, yet to no individual in particular. But its hard to avoid the pure statistical facts that portray the Boomer generation as an extraordinary generation, that created extraordinary opportunities and gained enormous powers for themselves. (21) Boomers were extremely different in cultural, social and economic background than their parents and grandparents, who endured one or two wars and the Great Depression. Growing up in the post-war boom, it is not surprising that they evolved from a young adolescents' revolutionary attitude against the pre-war generation to a non-critical attitude towards fin de siecle post-modernity in their midlife. Through its unprecedented size and power this generation was somehow able to be continuously "experimental" and suspend judgment in order give a chance to the opportunities it held.

### To Find Criticism Within the Inevitable

The introductory text by Rem Koolhaas to the publication *AI Manakh*, (22) a survey on the Gulf states, is called 'Last Chance?', and is a short pamphlet claiming that "The Gulf is reconfiguring the world" and that therefore "it may be the final opportunity to formulate a new blueprint for urbanism". The question is if Rem Koolhaas, born in 1944 to become one of the greatest architects of these times, would have claimed the same if he had been twenty-five years old today? Or would he have called it 'First chance!' Or even 'No Chance...'? Perhaps no more than a coincidence, but the current widespread short-term thinking that contributed to the depth of the current crisis stands in sharp contrast to the long-term thinking heralded by the youth in the '60s. With more of life behind them than in front of them, many Boomers are now securing themselves with large bonuses and golden parachutes: under the pavement still lies the beach. As the Boomer wave burst through the dams of religion, restraint, boredom, morals and conservation, the following generations are left with the difficult task of defining their place within the flotsam of moral debris. The ungrateful task of cleaning up after the party. Examining the results of the current crisis, we can state that judgment has been suspended to the point where it has become almost ridiculous to claim more mere optimism. Instead has it become difficult not to fall into sheer complacency or even negativism. Fifty years after John F. Kennedy created the myth of crisis meaning both 'danger' and 'opportunity' in 1959, the moment has come to reset our critical agenda.

### Meanings Instead of Myths

Instead of seeking yet another miraculous new opportunity looming on the horizon, it is perhaps wise, as Fernando Donis recently pointed out, (23) to look for the meaning of the crisis within its own linguistic origins. The word 'crisis' originates from the Greek 'krisis', which means "turning point in a disease".

As such, it was used by Hippocrates to indicate a point in the progression of disease at which either the illness would begin to triumph and the patient would succumb to death, or the opposite would occur and natural processes would make the patient recover. (24) If we read into this meaning of the word crisis, we understand the enormous risk we are taking if we expect to be cured through a natural process. And if we do cure, what's the next bubble we run into? Sustainability and the green energy industry? (25) Interestingly enough, however, 'crisis' also means "judgment", coming from the Greek 'krinein', which means, "to separate, decide, judge". And this is exactly the difficult and complex task that needs to be done in these times: to separate, to decide and to judge. Not in order to condemn and wash away our recent architectural past or to 'kill our idols' in search of our own legitimacy. Rather to reproach our heritage with a critical standpoint towards the meaning and goals of progress for the future of the planet, globalization, free-market and democracy. We need to separate. We need to judge. To take up the Herculean task of untangling the postmodern mess of morals. We need to decide. To avoid the atrocious consequences of carrying on to consume the planet the way we are doing now. To refocus our attention on the long-term values of architecture. To gain unprecedented intelligence on managing our complex global morals. We need to face reality and acknowledge what is working and what is not. At the same time we can never reset our condition, we need to evolve it – progress it further. But we can only do that if we choose to change things, one piece at a time. Over and over again. This is political, because it affects us all. But it is also personal, because in the end our personal future is at stake.

We have no choice but to make a choice.

## Notes

- (1) Explained on the weblog of Victor H. Mair, Professor of Chinese Language and Literature, Department of East Asian Languages and Civilizations, University of Pennsylvania. See <http://www.pinyin.info/chinese/crisis.html> (retrieved on July 29, 2009)
- (2) See McRae, Hamish. "We must seize the opportunity to radically rethink our government" in: *The Independent*. June 7, 2009. <http://www.independent.co.uk/news/business/comment/hamish-mcrae/hamish-mcrae-we-must-seize-the-opportunity-to-radically-rethink-our-government-1698517.html> (retrieved on July 29, 2009)
- (3) See Harris, Paul. "Torture-tape Gulf prince accused of 25 other attacks" in: *The Guardian*. May 3, 2009. <http://www.guardian.co.uk/world/2009/may/03/uae-sheikh-accusation-assualt-tape> (retrieved on July 29, 2009). Human Rights Watch published numerous reports on the violation of human rights in the United Arab Emirates, on their website, particularly concerning the working conditions of migrant workers. See <http://www.hrw.org/en/home>.
- (4) See also "France: Abu Dhabi Louvre Must Respect Labor Rights" in: *Human Rights Watch*. July 18, 2007. <http://www.hrw.org/en/news/2007/07/18/france-abu-dhabi-louvre-must-respect-labor-rights> (retrieved on June 29, 2009)
- (5) See for example Buruma, Ian. "Don't be fooled – China is not squeaky clean" in: *The Guardian*. July, 30 2002. <http://www.guardian.co.uk/world/2002/jul/30/china.features11> (retrieved on June 14, 2009)
- (6) See also "One Year of My Blood" in: *Human Rights Watch*. March 11, 2008. <http://www.hrw.org/en/reports/2008/03/11/one-year-my-blood-0> (retrieved on August 2, 2009)
- (7) See Olcayto, Rory. "Ethics debate: Take an ethical stance, Libeskind tells his peers" in: *BD, The Architect's Website*, February 15, 2008, <http://www.bdonline.co.uk/story.asp?storycode=3106421>

- (retrieved on July 15, 2009)
- (8) See interview with Herzog and de Meuron for *Der Spiegel*: "Only an Idiot Would Have Said No" in: *Der Spiegel Online*. July 20, 2008, <http://www.spiegel.de/international/world/0,1518,569011-2,00.html> (retrieved on July 15, 2009)
- (9) Interview with Rem Koolhaas on: *NOVA College Tour 2009*. April 22, 2009. <http://www.novatv.nl/page/detail/uitzendingen/6866/NOVA+College+Tour+met+Rem+Koolhaas> (retrieved on April 23, 2009)
- (10) Herzog & de Meuron had to arrange tickets themselves, where never officially invited, see also interview with Herzog and de Meuron for *Der Spiegel*: "Only an Idiot Would Have Said No" in: *Der Spiegel Online*. July 20, 2008, <http://www.spiegel.de/international/world/0,1518,569011-2,00.html> (retrieved on July 15, 2009)
- (11) Ai Wei Wei in an interview. Zhang, Flora. "China's Olympic Crossroads: Bird's Nest Designer Ai Weiwei on Beijing's 'Pretend Smile'" in: *The New York Times*. August 4, 2008. <http://olympics.blogs.nytimes.com/2008/08/04/chinas-olympic-crossroads-birds-nest-designer-ai-weiwei-on-beijings-pretend-smile/?scp=1&sq=Ai%20wei%20wei%20august&st=cse>. (retrieved on July 14, 2009)
- (12) See also Gapper, John. "Dubai built it and the world did come", in: *The Financial Times*, November 21, 2007. <http://www.ft.com/cms/s/0/eea3210e-9854-11dc-8ca7-0000779fd2ac.html> (retrieved on July 29, 2009)
- (13) Rem Koolhaas "to find optimism in the inevitable", in Ouroussoff, Nicolai. "City on the Gulf: Koolhaas Lays Out a Grand Urban Experiment in Dubai" in: *The New York Times*. March 3, 2008. <http://www.nytimes.com/2008/03/03/arts/design/03kool.html> (retrieved on July 29, 2009)
- (14) "Caught in the downward current" in: *The Economist*. March 19, 2009. See also "Through the roof. House price gaps. 1997 – 2007 %." source: IMF.
- (15) This led to excess situations such as a Dutch housing cooperation, rooted on socialist seeds, starting to pay their director close to a million euro a year for managing the lowest cost housing stock.
- (16) See the report on European tenders in the Netherlands by Atelier Kempe Thill: *Towards a New Culture of Public Contract Procurement Procedures*. July 2008. [http://www.atelierkempethill.com/0077\\_en.pdf](http://www.atelierkempethill.com/0077_en.pdf) (retrieved on July 20, 2009)
- (17) See Wasserman, Barry, Patrick Sullivan, and Gregory Palermo. *Ethics And The Practice Of Architecture*. Chichester: John Wiley & Sons. 2000.
- (18) It is also interesting to note here that the philosophers so often referred to by deconstructivists, Deleuze, Guattari and Foucault, hardly produced any major works after 1990; this of course is not true of Baudrillard.
- (19) See for example the growth of Norman Foster's office. "World Architecture Top 100 2008" in: *Building Design Magazine*. January, 2008.
- (20) See also *In den Himmel gebaut – Wolkenkratzer de superlative a documentary* by Gabi Schlag and Benno Wenz, aired on 3sat on March 25, 2007
- (21) For facts and dates see Chauvel, Louis. "La Responsabilité des Générations" in: *Projet*. Summer 2001, n.266, pp.14–22.
- (22) Bouman, Ole, Mitra Khoubrou & AMO/Rem koolhaas. *Volume / Al Manakh*, Amsterdam: Volume, 2007.
- (23) Donis, Fernando. "Evolution in the age of crisis" in: *Conditions Magazine*. 1st issue, 2009: pp.24–27.
- (24) Also used later by Galen. After a crisis, a relapse might follow, and then another deciding crisis. According to this doctrine, crises tend to occur on critical days, which were supposed to be a fixed time after the contraction of a disease. If a crisis occurred on a day far from a critical day, a relapse might be expected.
- (25) See also our article "Copenhagen beyond the bubbles", in: *Arkitektur M*, June 2009

# RIEN NE VA

“We are certainly in a period when Lord Rogers, Lord Foster, lord-this, lord-that, socialists supposedly, are chasing power and money like everybody else, and without being cynical about it, because they have to work. That they have to get jobs is the logic of that situation. Let me say, I do think that there is great architecture that doesn't have to do this. People do turn down jobs. (James) Stirling refused work for Disney. There is architectural integrity. There is no determinism in history. There are great architects produced outside that system. So don't succumb, resist it, but know it's there”. – Charles Jencks, 2005

“My administration is the only thing between you and the pitchforks”. – Barack Obama to bankers, 2008

“Over the past decade and more it has become fashionable for aging Generation X-ers to sneer at the older Baby Boomers who preceded them in America's generational cohorts. There is a rough justice in this: No American generation was ever as hate-filled, sneering and contemptuous of their parents, nor as self-indulgent and self-righteous as they themselves aged, as the boomers have been. But like any kind of age, race or religious prejudice painted with a broad brush, the Generation X whines and sneers at their predecessors as as simplistic as the boomers' rants in their day were, and it gets old and ridiculous just as fast”. – United Press International report, 2009

“If Monaco is, in Jack Nicholson's phrase, Alcatraz for the rich, what shall we make of Dubai?” – Germain Greer, 2009

“Go back about 35 years. The end of the great Post-War Boom is usually dated to 1973. In 1973 there were no personal computers, no internet, fax machines were extremely expensive things that basically only major news organizations had. Ships were unloaded by guys toting big bags of stuff, no free containerization, no barcode scanner. Today we are a vastly richer, more productive society than we were in the early 70s and yet we are not sure where the typical family has gained anything. How is that possible? The answer of course is that there were huge, huge gains at the top of the income distribution. A few people got much, much richer and that took all or almost all of the gains. We talk about second Gilded age referring back to the era of the Robber Barons, and that is not a metaphor, its not hyperbole, its not exaggeration by the numbers the distribution of income in the United States in 2005 almost exactly matched what it was in the 1920s. So it may be not quite the age of J.P. Morgan but we are certainly fully back to levels of inequality that was not been seen since the 1920s, it's an extraordinary thing”. – Paul Krugman, 2007

“I'm the designer. My client is the autocrat”. – Robin Pogrebin, 2008

“It's very cheap and easy for architects and artists and film-makers to pull out or to make this kind of criticism. Everybody knows what happens in China. All work conditions in China are not what you'd desire. But you wear a pullover made in China. It's easy to criticise, being far away. I'm tempted almost to say the opposite... How great it was to work in China and how much I believe that doing the stadium [and] the process of opening will change radically, transform, the society.

## Quotes

Engagement is the best way of moving in the right direction. It would be arrogant not to engage, otherwise no politicians could go there, no athletes. You would just close the borders”. – Herzog and De Meuron on working in Beijing China, 2008

“I have often found Rem Koolhaas' provocatively ideological neutral stance problematic... I want to hear architects try to think that through. I want to know that they've grappled with it”. – Barry Bergdoll, 2008

“The point is, ladies and gentleman, that greed, for lack of a better word, is good. Greed is right, greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms; greed for life, for money, for love, knowledge has marked the upward surge of mankind. And greed, you mark my words, will not only save Teldar Paper, but that other malfunctioning corporation called the USA”. – Gordon Gekko, 'Wall Street' by Oliver Stone, 1987

“I think [Stararchitect] is a name that is actually degrading to the vast majority of people it is applied to. And it really is a kind of political term that for certain clients is important because they use star architects. My hope is that through the current complexity that title will exit discretely and disappear. It is not possible to live in this age if you don't have a sense of many contradictory forces, each building has to be beautiful, but cheap and fast, but it lasts forever. That is already an incredible battery of seemingly contradictory demands. So yes, I'm definitely perhaps contradictory person, but I operate in very contradictory times.” – Rem Koolhaas, 2009

“Today, outlandish architecture and design-art are placed alongside Damien Hirst's diamond skull and the Candy and Candy's apartments as symptoms of empty extravagance”. – Kevin McCullagh, 2009

“Building is the means by which the egotism of the individual is expressed in its most naked form – the Edifice Complex. Democratic regimes are just as likely to deploy architecture as an instrument of statecraft as totalitarians. Even so, just as it is as well to keep a careful eye on those leaders with a taste for writing poetry, so an enthusiasm for architecture is a characteristic that should ring alarm bells when present in a certain kind of political figure”. – Deyan Sudjic, 2005

“The personal status of these architects [Frank Gehry, Daniel Libeskind, Jean Nouvel, Rem Koolhaas, Norman Foster, Santiago Calatrava and Renzo Piano] is now so great and the demand for their presence so high – from students, the lecture circuit and competitions as well as the cities themselves – that their work is almost by necessity strongly conceptual and cannot rely on any detailed study of fine grain or culture of locality”. – Robert Adam, 2008

“I was a producer of materiality and I am ashamed of this fact. Everything I designed was unnecessary”. – Phillippe Starck, 2008

“Public housing, a staple of 20th-century Modernism, was nowhere on the agenda. Nor were schools, hospitals or public infrastructure. Serious architecture was beginning to look like a service for the rich, like private jets and spa treatments”. – Nicolai Ouroussoff, 2009

“What is new about the architecture of the gifted architects [Gehry, Hadid, Prix and others] you mention is that it is without political or social intention. The work of earlier 'free-form' architects always carried some message, usually of liberation, or even utopian reform. Today's counterparts are making pure art – it exists in a sphere entirely its own. Icons, yes, but expressing what? Certainly they are celebrations of human uniqueness – the uniqueness of genius. It is the uniqueness of an elite. I adore genius, and God knows there's not too much of it at any

time, but, today, we need more than that in architecture. Modernism pretended – or actually hoped – that architecture would be the instrument for making a better world for most people. That idea has melted away in architectural discourse”. – Lebbeus Woods, 2008

“Now the question is what can replace the housing bubble”. – Paul Krugman, 2005

“Weak belief is a problem. Iconic buildings are caused by weak belief, because clients don’t have the strong belief to say to the architect, ‘this is what the icon should be about’. Up to the Nineteenth Century, the client always imposed their taste, iconography, and meaning on the architect. Or they shared that with the architect, so they wouldn’t have to tell them, but they knew what they were about. And they did, I think they did up until the Modern period even, to a degree. Today, clients are insecure and society is completely pluralist and insecure, and doesn’t know what it wants. But they (society and clients) do know they want a landmark. Weak belief plus the desire to have a landmark, plus celebrity culture, plus globalized capitalism, plus the art market’s desire for the new – all those factors together produce iconic buildings. This is why we’re in an iconic building era, not because we want to be. People don’t want to be”. – Charles Jencks, 2005

“It has been demonstrated now that you can be very successful economically while being fairly incompetent. This means a big shift in values, because wealth used to be linked to competence”. – Richard Sennett, 2009

“[Those who oppose to] ‘icons’ are part of the reason that things are ugly, but they don’t realise it... Through history, public buildings are iconic and if we want less we have no self-esteem. We might as well go back to the caves. If you add up how many iconic buildings have been built recently, how many are there? 50? 100? It’s nothing. So people can fuck off”. – Frank Gehry, 2008

“Architecture translates the digital, recollected micro-world into a real physically perceivable macro-world. Nowhere else is one able to convert the simulated computer-screen world into reality so impressively. And this is not the least reason why sculptural architecture has become so popular”. – Hanno Rauterberg, 2008

“If we did not take action to solve this crisis, it could indeed threaten the future of human civilization. That sounds shrill. It sounds hard to accept. I believe it’s deadly accurate”. – Al Gore, 2006

“Engagement is the best way of moving in the right direction”. – Jacques Herzog, 2008

“Wall Street got drunk, it got drunk, and now it has a hangover. The question is, how long will it sober up and not try to do all these fancy financial instruments?” – George W. Bush, 2008

“What’s left after a bubble bursts? The greater city that was built by this, and every past, boom. Architecture tells a story that is always out of date, proclaiming former prosperity, symbolizing pride before it’s tarnished. At the same time, architecture also preaches resilience: What’s a downturn to a tower? Corporate America may totter, but its I-beams stand tall”. – Justin Davidson, 2009

“What is certain is that as job losses cut deeper into the creative sector, talk of the benefits of a good recession will go down as well as a banker’s bonus”. Kevin McCullagh, 2009

“Gucci-capitalism was a form of capitalism in which social and ecological justice were completely detached from the economy. There was a yawning gap between them. This form of capitalism

is so focused on gaining things, on picking the fruits of growth, that it didn’t sufficiently think about how this growth is created and divided. Particularly in the US and UK, people are more ashamed about not having the latest Gucci-bag or sunglasses than having debts”. – Noreena Hertz, 2008

“At this particular moment, I think that everyone who is honest with themselves can’t help think about 1929, which came at the end of an extraordinarily fertile period for architecture”. – Robert A. Stern, 2009

“I am convinced that the problem is a deep-seated one and we need to rebuild the whole world financial and monetary system from scratch... The idea of the absolute power of the markets that should not be constrained by any rule, by any political intervention, was a mad idea. The idea that markets are always right was a mad idea”. – Nicolas Sarkozy, 2008

“Recently, for reasons I won’t divulge, I’ve been thinking about brains. But so have a lot of Baby Boomers. Our brains are important to us. I remember Woody Allen’s character in 1973’s ‘Sleeper’ saying, ‘My Brain. It’s my second favorite organ’. Thanks to the invention of Viagra this is still true. The Big Issue: we are now worried about losing our second-favorite organs to fun afflictions like Alzheimer’s. It’s why we buy brain games”. – Chuck Nyren, 2008

“Don’t subsidize inefficiency... let these businesses go bankrupt. They gambled, they lost. That’s part of life”. – Ed Prescott, 2008

“I’ve been thinking a lot lately about Tom Brokaw’s book ‘The Greatest Generation’, that classic about our parents and their incredible sacrifices during World War II. What I’ve been thinking about actually is this: What book will our kids write about us? ‘The Greediest Generation’? ‘The Complacent Generation’? Or maybe: ‘The Subprime Generation: How My Parents Bailed Themselves Out for Their Excesses by Charging It All on My Visa Card’. Our kids should be so much more radical than they are today. I understand why they aren’t. They’re so worried about just getting a job or paying next semester’s tuition. But we must not take their quietism as license to do whatever we want with this bailout cash. They are going to have to pay this money back. And therefore, we have an incredibly weighty obligation to make sure that we not only spend every stimulus dollar wisely but also with an eye to creating new technologies”. – Thomas L. Friedman, 2008

“We don’t need anything material. It is more important to develop your own ethics, and to live according to those rules. Apart from that, we don’t need to worry about anything”. – Philippe Starck, 2008

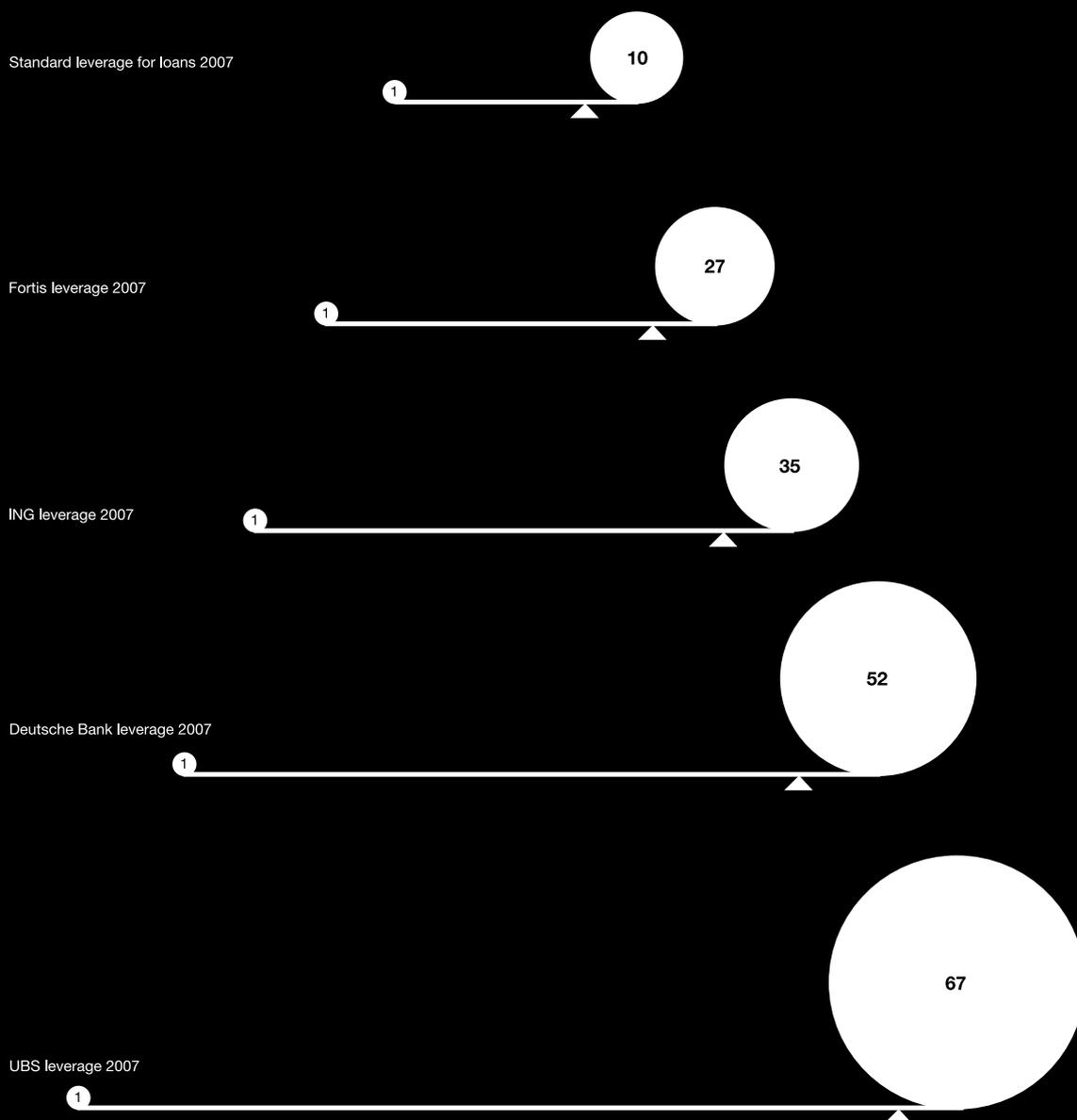
“When the music stops in terms of liquidity, things will get complicated. But as long as the music is playing, you’ve got to get up and dance. We’re still dancing”. – Chuck Prince, 2008

“I’m not attending the opening ceremony, I’m not interested in it, and I haven’t received any invitation. If I need to be more clear on why I’m not willing to be part of the ceremony, it’s that I think it’s too far from the spirit of freedom. I’ve always thought of this ceremony as a product of government bureaucracy, rather than a natural celebration and expression generated among free citizens. I feel that there are too many regrets in this ceremony, which could make me unhappy”. – Ai Wei Wei on the Olympic Games in Beijing, 2008

“[The challenge for architecture] is a rediscovery, or reinvention, of a bond between ethics and aesthetics – the relationship between the way a thing looks and what it does. This is not the quest for a new functionalism, but for a new authenticity. If architectural aesthetics is reduced to style, then living is reduced to appearances”. – Lebbeus Woods, 2008

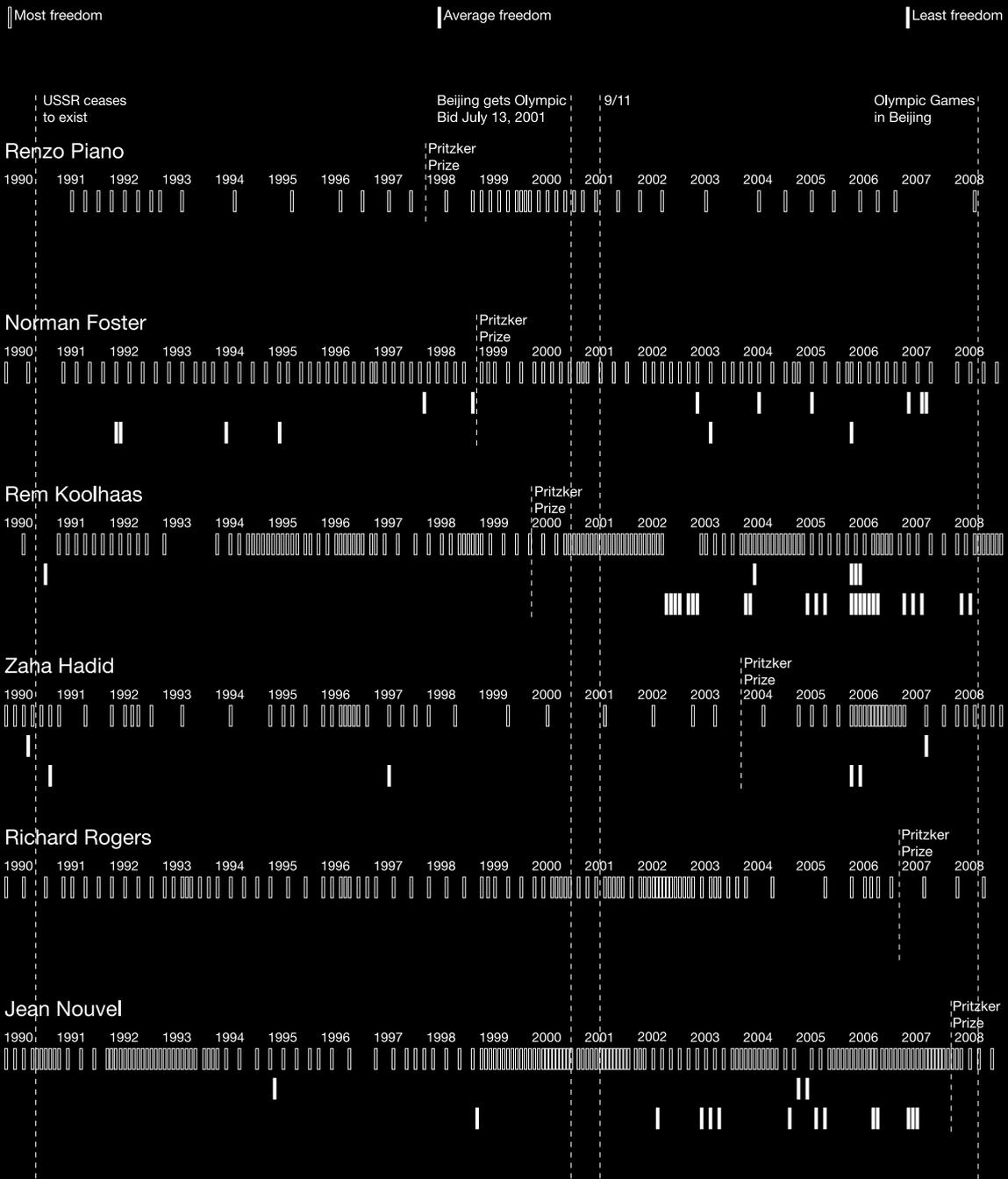
## Out of Balance

In 2007 the standard leverage that a bank would offer for a loan was factor 10, meaning it was possible to lend 10 times the asset or activa your were willing to give in return. For investment banks themselves, however, different and far more risky leverages were created, going up to a factor of 67 for the UBS bank. This number is even considered a low estimation by economists, as ingenious financial constructions may have pushed the actual factor up further. As the financial crash came, the enormous leverage collapsed, bringing banks to the edge of bankruptcy.



## Regimes and Architects

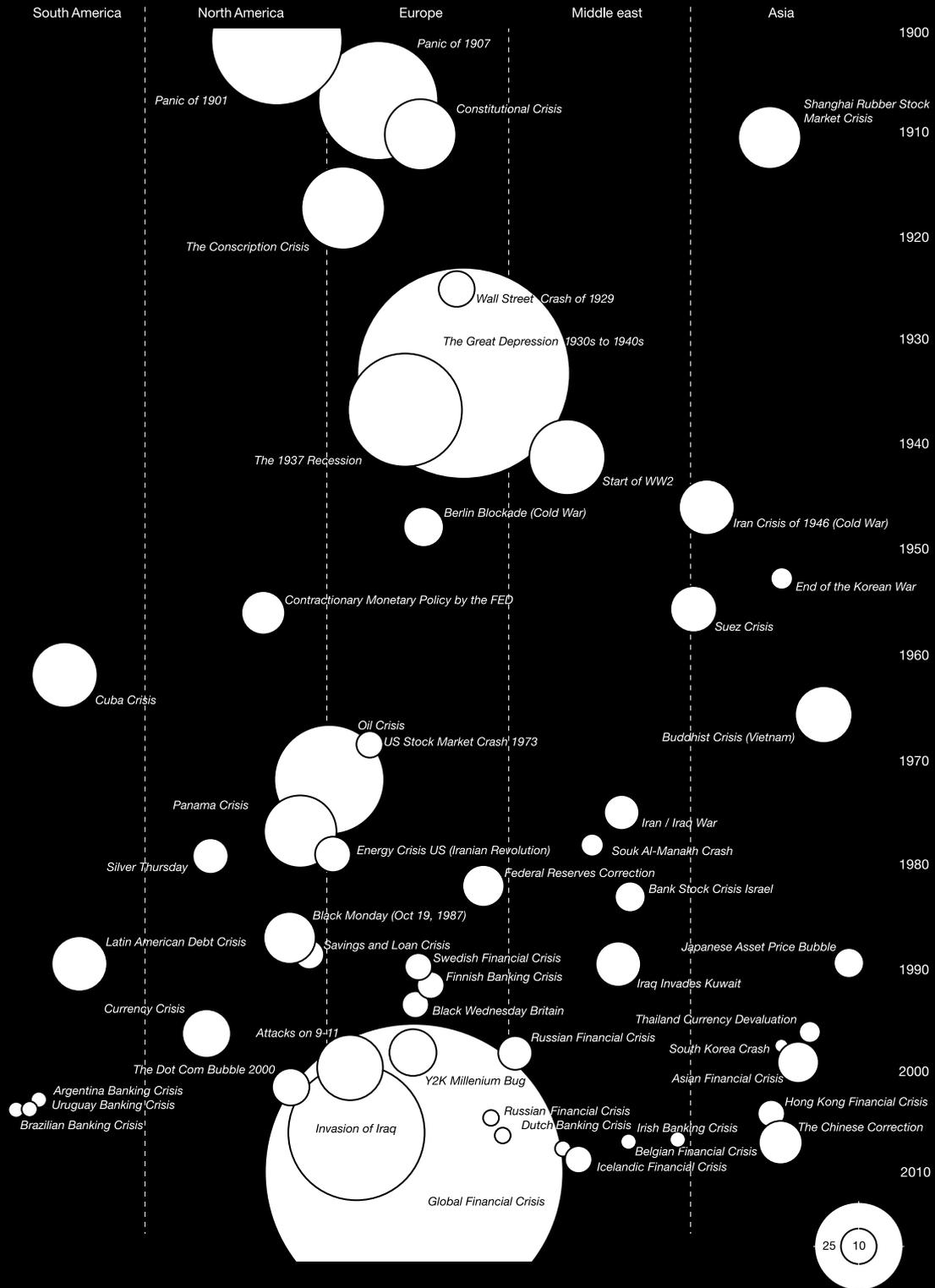
Number of projects per architect divided by the freedom status in the countries of their location, according to the World Freedom Atlas. The World Freedom Atlas judges the Freedom Status per country on several criteria: freedom of expression, artistic freedom and freedom of participation in the political process. Countries with the biggest freedom status include North America, Europe, Japan, India, Brazil and South Africa. Countries with a medium freedom status are, amongst others, Venezuela, Turkey, Libanon, Malaysia and Thailand. China, Russia, Kazakhstan, Saudi Arabia and the United Arab Emirates amongst others, are indicated as countries with least freedom. The freedom is rated on a scale of 0 - 40. Least Freedom rates from 0 - 15 points, average from 16 - 30 points and most freedom is 30 - 40 points. The diagram is based on projects published on the websites of Pritzker Prize winners since 1998. China, UAE and Russia are the countries from the last category where the selected architects have most frequently worked.



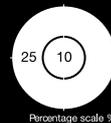
Source: [www.freedom.indiemaps.com](http://www.freedom.indiemaps.com); [www.rsh-p.com/rshp\\_home](http://www.rsh-p.com/rshp_home); [www.jeannouvel.fr](http://www.jeannouvel.fr); [www.ama.nl](http://www.ama.nl); [www.fosterandpartners.com](http://www.fosterandpartners.com); [www.rpbw.r.ui-pro.com](http://www.rpbw.r.ui-pro.com); [www.zaha-hadid.com](http://www.zaha-hadid.com)

# Bubbles

Burst bubbles in the world over the last 100 years, measured in their effect on the Dow Jones index.



Source: www.stockcharts.com; www.wikipedia.org; www.imf.org; www.useconomy.about.com



## Riding the Wave

As the Baby Boomers generation born between 1945 and 1955 got older, a zeitgeist of revolutionary events grew with them. Overlaid here are age-pyramids of the EU 12 from 1945 - 2015 and the crucial moments in economic, political and popular culture.

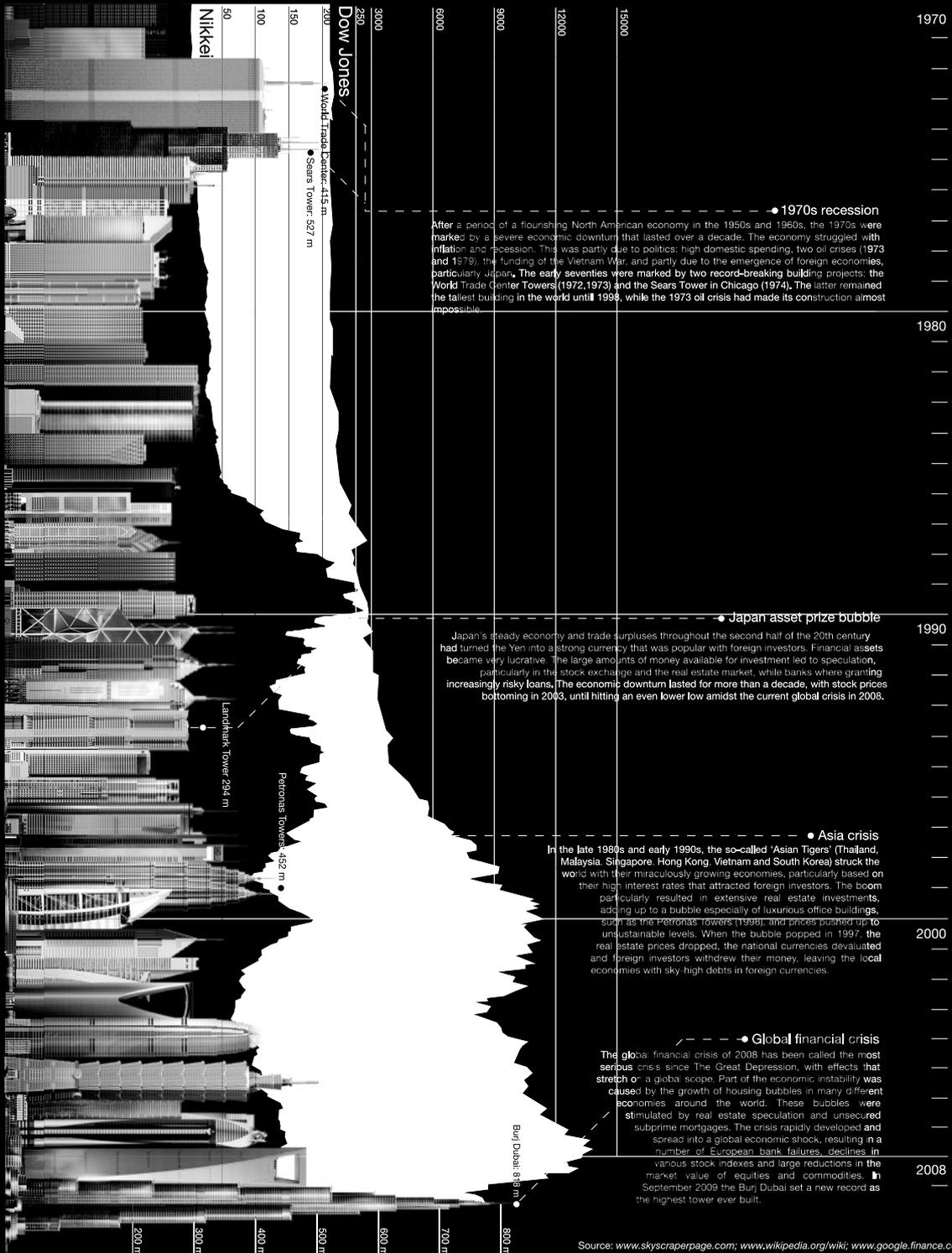
Events of the 20th Century

Baby Boom Generation



## Skyscraper Index

The relation between the movements of the Dow Jones, the Nikkei index and the highest skyscrapers built. In 1999, Andrew Lawrence developed The Skyscraper Index, which shows a relation between the height of skyscrapers and economic down-turns. His theory is rooted in the assumption that economic turns always move in cycles. Lawrence uses the height of skyscraper projects to predict an economic crisis, instead of a boom. The results of this index can be somewhat misleading, however, because due to the length of the construction period, the completion of a building is often dated after the deepest point of the cycle, just when economy is starting its recovery.



Source: [www.skyscraperpage.com](http://www.skyscraperpage.com); [www.wikipedia.org/wiki](http://www.wikipedia.org/wiki); [www.google.finance.com](http://www.google.finance.com)

SHOULD  
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#### Colophon

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**Background sources and further reading:** In our research for this publication we used a number of sources we would like to mention explicitly: 'Bankroet' by Egbert Kalse and Daan van Lent, 'The New Paradigm for Financial Markets: The Credit Crisis of 2008 and What It Means' by George Soros, 'The Shock Doctrine' by Naomi Klein, 'The Culture of New Capitalism' by Richard Sennett. We are also very grateful for the excellent articles and research done by journalists of The New York Times, NRC Handelsblad, Le Monde, The Independent, The Economist, The Financial Times, Die Zeit and Le Figaro.

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