Prescriptive Land Use Regulation & The International Financial Crisis

1. Loosened lending practices in the United States

2. Demand increases as a result

3(a). PRESCRIPTIVE MARKETS
Huge increases: prices and mortgage exposures (>85%)

3(b). Overwhelming share of default losses

4(a) RESPONSIVE MARKETS
Small increases: prices and mortgage exposures (<15%)

4(b) Small share of default losses

5. Defaults lead to United States mortgage “meltdown”

6. US mortgage meltdown precipitates international financial crisis (Prescriptive land use regulation a cause or intensified)