

The Queen asks why no one saw the credit crunch coming

The Queen, whose personal fortune is estimated to have fallen £25 million in the credit crunch, has demanded to know why no one saw the financial crisis coming.

By Andrew Pierce

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During a briefing by academics at the London School of Economics on the turmoil on the international markets the Queen asked: "Why did nobody notice it?"

Professor Luis Garicano, director of research at the London School of Economics' management department, had explained the origins and effects of the credit crisis when she opened the £71 million New Academic Building.

The Queen, who studiously avoids controversy and never gives away her opinions, then described the turbulence on the markets as "awful".

Prof Garicano said: "She was asking me if these things were so large how come everyone missed it." He told the Queen: "At every stage, someone was relying on somebody else and everyone thought they were doing the right thing."

In April, Her Majesty's private wealth was estimated to be £320million by Forbes magazine, which included a personal investment portfolio valued at £100million.

But since then, London's Stock market has lost almost 25 per cent in value. The Queen's investments, largely in British blue chip companies, have broadly tracked the market, resulting in a 25 per cent fall in her portfolio's value.

"I would think she will have taken an enormous hit," said Philip Beresford, compiler of The Rich List. "Though maybe not as much as people who did racy investments in shares.

In the summer the Daily Telegraph disclosed that the Queen had been feeling the effects of the economic squeeze and had sought additional money from the government to pay for long overdue repairs to the roofs of Buckingham Palace and Windsor Castle. Some State rooms at the palace have not been redecorated since she came to the throne in 1952. Buckingham Palace requires at least £20 million to be spent on new roofs and updated heating systems.

The Royal household is also trying to secure an exemption from VAT, which applies to all government departments. Last year, the Queen returned £2.6 million in VAT receipts to the Treasury, which is refusing to grant the Royal family an opt-out. The government rejected the Queen's request for additional cash. The £15 million annual grant from the Department of Culture, Media and Sport, which is responsible for the upkeep of the buildings, has been frozen for three years.

The Royal household claims that by 2010, when it is due to be renegotiated, its value will have fallen by 70 per cent in real terms

The Queen, dressed yesterday in a speckled cream suit and cream hat, was greeted by students, tourists and cheering schoolchildren waving Union Flags outside the central London building.

It was her first visit to the LSE and the first by a British head of state since her grandfather George V laid the foundation stone of the Old Building in 1920.

The eight-storey building houses a climate change institute where experts will study how society should tackle environmental issues. The Queen, accompanied by the Duke of Edinburgh, toured the building and dropped in on a debate about Africa and climate change.

She was introduced to easyJet founder Sir Stelios Haji-loannou, who helped fund the project, who studied economics at the School.



The Queen and the Duke of Edinburgh at the opening of a new building at the London School of Economics Photo: PA

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