

The Bank of England's monetary policy committee slashed its key rate by an unprecedented 1.5 percentage points to 3%, the lowest since 1955, emphasising its growing concern over a contracting economy. The ECB cut rates by half a point to 3.25%. But after allowing for inflation, interest rates are already negative and that is before tax. How much lower does anyone imagine they need to go to have any effect? Since it is land prices and rentals that are the real problem any effect of cutting interest rates will be next to nothing. Inflation (=theft of people's savings) will help by reducing real land prices by depreciating the currency. But the underlying problem is that land prices are sticky downwards because we do not have land value taxation.

Why is everyone doing just about anything apart from dealing with the real problem? And the silence from the two opposition parties is deafening.