

Stop saving!

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A few weeks ago I [wrote a blog](#) suggesting that what I most wanted from the Autumn statement was an end to the tax subsidies for the savings of the better off and outright wealthy in the UK. I suggested that maybe £80 billion is spent by the government in this way each year. And, as I argued, when the world is suffering from a glut of savings that firstly, and inevitably, creates government deficits (because if the corporate, consumer and overseas sector do between them decide to save in the UK the government has to be their borrower to balance the books); secondly creates pressure for austerity; and thirdly, of course, guarantees continuation of that pressure for a reduction in government services because the cost of servicing tax subsidies to savers grows during a period of austerity as people spend less for fear of an even rainier day.

I am pleased to note Phillip Inman [has written](#) a similarly themed piece in the Observer this morning. He also notes the tax theme but starts elsewhere, arguing first of all that this is not the limit to the subsidy. To keep savers happy the government has first of all sold swathes of public assets to some of the public who get an exceptional and unjustified return from the increased cost in government spending, subsidised by borrowing, that results. PFI achieved the same goal, of course.

Then he argues government spends more protecting the value of savings: low interest and conventional QE were designed to do that with house, stock market, bond and other asset prices. The cost of bank deposit protection schemes is minimal in comparison.

Last then there is tax. As he puts it:

Why pay tax, voters asked themselves, when you can keep the money and earn a return by lending it to the government (or fleecing the government by investing in a private contractor with a state contract)?

Phillip Inman suggests we should think of wealth taxes now and I agree: [start with this blog](#). But let's next start talking about getting rid of the subsidies. And after that begin to change the culture of saving which is crushing well-being under a mountain of

financial wealth.