

Wealth is always harmed by inflation. That is why neoli...

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The FT has an article today that is headlined as follows:



In those five words we have the reason for the neoliberal obsession with inflation: it eats away at wealth.

The [article itself](#) begins by saying:

A million dollars ain't what it used to be. With inflation biting into the pockets — and trust funds — of even the very rich, few people can ignore the effects of rising prices.

Then it notes:

Of course, the pain is very unevenly shared, with poorer people bearing the brunt. But, even at the top of the wealth pile, the impact is clear.

What is really interesting is how wrong that claim could be.

It is true that for those on low fixed incomes, inflation is a major issue. Most of them are elderly, Reform of old age benefits could address that issue.

If wages were not just allowed but encouraged to rise in line with inflation, then most of the rest of the claim that poorer people suffer the brunt would fall away.

As it stands, the poorest only suffer the most because interest rate rises are designed to punish them, pay rises are inadequate, and so too are some benefit increases.

Inflation punishes poorer people by design.

Who does the design? Wealthier people do.

Why do they design things as they are? To make sure that wealth disparities are maintained despite inflation. That, I suggest, is why.

But what is true is that wealth is always harmed by inflation. That is the only reason it is an economic priority when seriously disruptive inflation is a virtually unknown economic problem.

It really is time we recalibrated our economic priorities. The world would be a much better place if we did.