Welfare for the wealthy

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I posted this video on YouTube this morning:

https://youtu.be/Pqwd0DDV-Aw?si=qGDcPcooT9_D0YuE

The transcript is:

I am deeply offended by welfare for wealthy people.

Now I don't particularly like the term welfare because I think that ‘social security’ or ‘benefits’ are much better terms than welfare, but it happens to work quite nicely in the context of making payments to the wealthy that they don't deserve.

What payments am I talking about? Well, since 2021, the Bank of England has increased its base rate of interest from 0.1 per cent to 5.25 per cent. And as a consequence, as we all know, vast amounts of extra interest has been charged in the UK on those who have had to borrow.

Mortgage holders are paying more.

People who pay rent pay more because their landlords, by and large, have mortgages.

And we're also paying more for many products that have interest implicit within them. Car loans, for example.

On the other side of the equation - and there is always another side of the equation in economics - somebody is benefiting hands down. Who's benefiting? Well, the owners of the wealth on which interest is paid are benefiting.

The interest rate went up from 0.1 per cent to 5. 25 per cent. It's unusual for anybody to have earned 5.25 per cent on their deposits, of course, over that period. But real interest rates have risen from well under 1 percent in 2021 to over 4 percent still if you *search around. In other words, the wealthy have benefited enormously from the welfare that has been provided to them by the Bank of England's benevolence, which is biased in their favour.*

That means they have vastly more income available to them at present, whilst those who have had to borrow to live and those on lower income - those who are younger by and large - have had much less. This has had a serious economic impact. The wealthy are, in effect, of course, able to spend more right now and have still been fueling inflation, despite the Bank of England's efforts to increase interest rates to suppress inflation.

Counterintuitively, they have, in fact, even more cash to spend and, therefore, have the most impact upon inflation - the consequence being that inflation has not gone away as fast as was anticipated.

It's bizarre. We have literally created a system where inflation control doesn't work, interest rates don't achieve the desired outcome, but the rich get richer.

What a great surprise. And what a news story that is. A news story that's not being said on any of the mass media, which is why I thought I'd mention it here.