

We can't afford the wealthy

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Every day we're told that Britain can't afford the poor and that there isn't enough money for care, housing or wages. But the truth is the opposite: it's the poor who can't afford the rich.

In this video, I explain how wealth extraction through interest, rent, and monopoly profit acts like three hidden taxes on us all. These "taxes of rentier capitalism" drain our pay, inflate our bills, and keep poverty in place.

What this makes clear is that scarcity is a political choice, not an economic fact. Fiscal rules, low taxes on capital and privatisation all serve the wealthy, not society. Ending these subsidies could release the capacity for the investment we need in care, housing, and decent wages.

If we stop affording the rich, we can afford everyone else.

<https://www.youtube.com/watch?v=SzTi95kUBKo?si=O7rnlUTF046iCAle>

This is the audio version:

https://www.podbean.com/player-v2/?i=79dyv-19bd74b-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Who can we really afford? According to the wealthy, we can't afford the poor. But every day it's the poorest who pay for the richest in our society.

The real question isn't whether we can afford care, housing, or wages for those who are on low incomes in this country; it's whether we can afford the wealth extraction by a few that leaves those people in poverty. That's the question that we now really need to answer in our politics.

The question, 'Can we afford the poor?', which is implicit in the announcements from Rachel Reeves, Kemi Badenoch, Nigel Farage, and others, implies that there is scarcity: in other words, that the public support for those in poverty or pensions, and even the wages of those who are working so hard that they need two jobs to make ends meet, are somehow unaffordable.

All of that hides the truth: this scarcity that they talk about is, in fact, created by the rich through fiscal rules that they promote, and, of course, through the political control of the democratic system that their money buys. What is more, their wealth isn't a reward for production or creativity or flair; it's just a claim on everyone else's income.

There are, in fact, three taxes that are claimed by the wealthy.

One of those is interest payments on loans, because these, of course, enrich the people who lend money at cost to those who have to borrow it to make ends meet. That should be seen as a tax.

The second is the rents that enrich landlords whilst hollowing out the wage packets of those who have to live in that rented accommodation, often extracting 50% of their after-tax income to make payments for inadequate housing in which people have to live because they have no other choice. Society has denied them any other option.

And the last such tax that we all pay is through excessive prices, which are then turned into profits, which are celebrated in the media, but which are in fact extracted from us and paid to reward the rich and not reinvested, because we can see the consequence: we live in a society where we are told continually that there is no increase in productivity, there is no real growth, and there is no rate of return to capital, and that's precisely because the money has been misdirected by those who are already wealthy for their benefit and not for the benefit of society at large.

These then are the three taxes of rentier capitalism. Every household is paying these in some way or other.

They might be paying housing rent.

They might be paying rent inside the prices that they pay to companies who reward their wealthy directors excessively, but pass on that cost to the consumer.

They might be paying this tax through debt interest, whether on personal loans, or mortgages, or car loans, or anything else.

And, of course, there is always the monopoly profit extraction by things like the utility companies, whether that be electricity, gas, water, or whatever.

At the same time, public services also pay tribute to these people, and I use the word tribute deliberately in the way that it was understood in Roman times, as if it were a fee or tax. That's because the public services now pay private contractors inflated fees for services that should always have been delivered by the state.

Meanwhile, the government pays excessive interest on its so-called borrowing to keep the wealthy happy. There is no reason why we have a 4% interest rate at the moment that we are recording this video in this country. Even Rachel Reeves has said it is too high and a burden. But it's paid nonetheless because the Bank of England keep it in place. And the reason why they do so is to keep the wealthy happy.

For all these reasons, the poor are subsidising the rich and not the other way around.

The rich say welfare and wages must be restrained and that people must learn to live within their means. But the fact is that the inflated means of the wealthy depend on everyone else living below the limits of their means, and in fact, beyond the reasonable boundaries of possibility.

People are in poverty as a consequence of the demands of the wealthy. Fiscal rules, low taxes on capital, and privatisation have all entrenched this hierarchy of power that is weighted against most people in the UK and in many other countries as well. Responsibility has been redefined to protect the interests of wealth, and that is unacceptable.

There is, in fact, a moral inversion going on. Poverty is presented as a personal failure because that is the way it is constructed within neoliberal economics, which, of course, is only promoted by the wealthy. And wealth is seen as a moral virtue inside that same system of thinking, which is replicated in the ideas of Christian evangelical people preaching their stories of how, if only we believe in God, we will be rewarded with virtue here, represented by dollars, pounds, euros, yen, or whatever else.

And the fact is, none of that is true because who really depends on whom? The wealthy actually depend on public infrastructure and law, and cheap labour, and the power of the state to create money for them to use. And all of these are supplied collectively. They are, in fact, the biggest beneficiaries of the state they claim to resent.

There is this affordability myth as a consequence. If in practice we stopped subsidising rent, and we stopped subsidising profit, and we stopped interest extraction, public funds would, of course, multiply. We would have the cash available for households to

make ends meet and to spend on those things that they need to have a good life.

If we just ended the tax subsidies to the wealthy, which I estimate could be as high as £170 billion a year, although we could never recover that sum by changing the tax system at present, but which I have shown to be possible to collect to the tune of £90 billion a year, then we could, in fact, totally reorientate the economy and create the investment that we need.

The argument that we can't afford the poor is an accounting lie built to protect the extractions of the wealthy. What we've got to do is reclaim what's affordable, because what's truly unaffordable is a system that pays more to wealth owners than to work, and that's what we've got.

What's affordable is a caring, sustainable economy once rentier claims are curbed, and that's the condition for an affordable economy.

The question then isn't a fiscal one, but a moral one. Whose futures are we choosing to afford? At the present point of time, our economy is structured to afford the wealthy, but the answer should be that we should choose to afford everyone, all people, and not a few.

We can, in fact, no longer afford the wealthy, as is now evident. What we must choose to do is to afford the rest of us.

So we have to change the policy. We need to equalise the actual taxation of earned and unearned income, something that I talked about in my [Taxing Wealth Report](#), and there will be a link to that down below in this video.

Then we must cap land and monopoly rents, and either do that through public ownership of things like more social housing or through price controls in more industries, if that is necessary. We know it's possible. We now have to ask where it's necessary.

And maybe we should also look at democratising credit creation, because at the moment, that's denied to most of us. We can't get access to the resource that the wealthy have, which is money itself. So maybe the state has to rethink its role as a banker, and I believe it should, and it's something that is vital if we are to build that 'Courageous State' that I keep on talking about.

The rich ask, "Can we afford the poor?" The answer is, "We've been affording the rich for far too long." If we want an economy that works, we must be able to afford to care for each other and not the wealthy. Ending wealth extraction would make life possible for everyone else.

What do you think? Do you think, if actually, we cut the amount that the wealthy extract from our pay in the form of rents, in the form of excess pricing, in the form of

profit extraction and so on, you'd then be able to make ends meet better? Do you think you'd have a better life? Do you think you'd be able to afford to care? Do you think you could look after your children better? Do you think you could look after your elderly relatives better? Do you think you'd have more family time? Do you think you would have better relationships?

I obviously can't put all those questions in a poll, but there is one down below. Let us know and tell us what you think in the comments as well. We do look at what you have to say. Thank you.

Poll

[poll id="246"]

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