

Why politicians won't fix affordability

<https://www.taxresearch.org.uk/Blog/2026/01/07/why-politicians-wont-fix-affordability/>

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Across the UK and beyond, politicians talk endlessly about affordability — yet nothing improves.

Why?

Because they are blaming inflation when the real issue is structural income extraction. Rent, mortgage interest, utilities, subscriptions, fees, and financial add-ons are permanently draining household income, leaving people with no real choice over how they live.

In this video, I explain how weakened regulation, captured competition policy, and financialisation created a system designed to extract income, and why mainstream politics refuses to confront it.

Affordability is collapsing by design. That is why politicians won't talk honestly about it.

<https://www.youtube.com/watch?v=rmnr6nS9G5s&si=7Xrfr8KuxGYOMAIS>

This is the audio version:

This is the transcript:

https://www.podbean.com/player-v2/?i=w9baf-1a0edb7-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

Affordability has become one of the most powerful political issues of our time.

Keir Starmer is talking about it here in the UK.

Zohran Mamdani is talking about it in New York and is forcing Donald Trump to talk about it in his rallies, and everywhere it is shaping how people understand their own lives and futures.

It is influencing elections and political alignments, but the way affordability is being discussed is fundamentally wrong, and that misunderstanding is what this video is all about.

The dominant narrative on affordability comes down to inflation as far as most of these political commentators are concerned. They're talking about affordability as if it is a problem of rising prices, and food, energy, transport, and housing costs are usually blamed. But alongside that, there's also inflation in global supply chains that is said to be the cause, and that is terribly convenient for the politicians in question because they can point to causes outside their borders and therefore say, "Don't blame me."

They're saying instead that consumers must shop around and cut back, and all of this framing is misleading, and there's a good reason for that.

Inflation has, in fact, eased in many places. It is in the UK, and yet affordability has not returned. People still feel financially trapped. This tells us that prices are not the real driver of the affordability crisis that is going on; something deeper is happening.

In this real affordability crisis, it is not pricing that is the issue. The reality is that it is the extraction of income that is the issue. People are actually losing most of their net income after tax before they can choose how to live, because imposed costs on so many households are so high that those households are effectively losing control over their finances. That is the centre of the affordability crisis.

Income extraction happens in all sorts of ways.

Excessive rent drains income immediately. Mortgage interest that is locking households into long-term payments over which they have literally no control are another aspect of this, whilst interest costs are also embedded in many everyday prices and fees, and charges are unavoidable, whilst essential services are demanding payments which are increasing very often at rates above inflation, regardless of a person's income.

This is not ordinary inflation, then, because inflation is usually temporary. That is one of the ways in which we identify it. There's a period when prices rise excessively, and then they drop back to normal, and we can say, we understand as a consequence that inflation is a phenomenon that passes, as history proves.

But what is going on now is a form of permanent extraction, which is why living

standards are not rising. Charges rise, but very rarely fall. Payments have become unavoidable for many things that are essential, or as we see them are essential in life, and people cannot opt out.

All of this is the consequence of policy choice. Remember, the economic policy has shifted power towards capital inside our society and capital is owned by wealthy people. Income is, as a consequence, flowing upwards through rents and interest.

Fees and subscriptions are also proliferating. Once upon a time, you bought your software, and it was yours for life; now you rent it.

Once upon a time, you paid a television licence fee for a year, and that was it. Now you have to pay multiple fees to multiple companies to get access to channels because that is the way the market's been divided, and we pay a great deal more as a result.

These outcomes were chosen; they're not accidental.

Housing is a clear example of this; housing costs dominate many household budgets. Rent is moving upwards; it is something that many people obviously have no choice about. You must have a roof over your head, and mortgage interest is an approximator to rent, of course, and interest transfers are moving wealth from those who have to borrow to buy a home to those who are lending. That provides the banks with power, and it also provides those who deposit with banks and who get interest as a result with power.

Supply, at the same time, is being constrained by design; in other words, there aren't enough houses in the marketplace, and this is deliberate, and we can see it because we know that so many builders have so many plots of land they can build on, but won't, and housing reveals, as a consequence, the true structure of extraction from people by design.

Housing is not unique. Our phones are subject to this lack of competition as well. There are only a few players in the market, and prices are remarkably similar. You can play around a bit at the edges, but fundamentally, we pay a great deal for something that used to be rather ordinary.

And our utility companies operate as if they are regulated monopolies precisely because, well, that is exactly what they are. They are regulated monopolies, and what is more, the regulation is designed to make sure that prices are maximised and not minimised, whilst banking fees are difficult to avoid, and everywhere we go when we buy new products and services, we find we're either having to rent the facility that we want to use, or we are offered add-ons that are effectively ways of extracting more income from us. The warranty, or insurance, or whatever else it might be: all of those are services designed to extract profit from us.

This is not about protecting us. Competition doesn't do that. In fact, it's doing the exact opposite. Regulation is making it harder, rather than easier, in many cases, to switch providers, and that is often costly or impossible because even if the regulator says we should be able to move, our contracts don't. We sign up for 24 months or something like that to get the best offer, and as a result, we can't get out, and we are penalised for exiting.

Market power is concentrated as a result by limiting the alternatives, and genuine competition disappears as a consequence. Consumers are being kept captive by contract, which avoids regulation, and as a result, prices are rising without justification.

Firms raise prices because they can, not because costs have increased, and market power is enabling this, weak regulation is allowing it, and consumers are bearing the burden.

As I've already mentioned, this is happening with increased financialisation. I particularly dislike this aspect of this part of the market. Products are bundled with financial add-ons; you might not see them in that way, but that's exactly what they are. Warranties and insurance are just financial services products. They are there supposedly to sell you protection, but they're packaged with fear. These products are rarely used and are highly profitable. In fact, they are most of the way in which people who sell phones, cars, white goods, software, and other subscriptions make their money. It is really quite extraordinary how much money is taken from us in this way, and it is, I stress, deliberate; it's by design: these things are embedded in the business models of the companies that sell them.

They are trying to maximise their revenue per customer exactly as economics says they should. This is what people are taught to do at business school, at universities, doing economics courses, and everything else, but they rely on behavioural pressure on us as consumers, and they extract value continuously.

Consumers have no counterpower against this situation. Inflation shocks may pass, but rent and profit extraction continue.

That is the true nature of the affordability crisis we face.

That is why it is not an inflation crisis.

This is what politicians aren't talking about.

They aren't saying that charges, these impositions upon us, are becoming permanent, and household budgets are becoming perpetually squeezed.

Affordability is collapsing structurally, and this is a political failure, which is why our politicians aren't referring to it.

Governments allowed this structure to develop. Regulation was weakened or captured to ensure that it happened. Oversight for investors was prioritised over consumer protection, and public interest was sidelined.

The result is that competition policy has fallen away, but once upon a time, we had it, we had competition policy in the UK.

We had price regulation, and it worked.

We had public utilities that were owned by the state to protect us from harm, and essential services were affordable by design as a consequence.

These were the conscious policy choices that existed when I was growing up and for a long time afterwards, all of which were abandoned from the 1990s onwards.

The fact that we have an affordability crisis is entirely predictable. It is what antisocial neoliberalism was designed to deliver. And we've got it as a consequence.

We could change policy now.

We could make affordability a policy objective again.

We could control rents.

We could bring down interest rates.

All of those things are within the power of government, and market power can be challenged.

In particular, regulation should be used to do that, and the place to start is with power because power - literally, in this case, electricity and gas - are price-regulated by the government, and the prices that they permit are the maximum to ensure that companies are profitable rather than the minimum to guarantee supply for the benefit of consumers. Power must then be rebalanced.

This isn't really radical. It's just about going back to a world that already existed, using tools that have been proven to work and which are technically feasible.

It's all about talking about economic soundness and rejecting the radicalism, which is the refusal to act to deal with this problem.

We could deliver affordability.

We could prevent the profit extraction that is going on.

We could restructure power within our society and deliver it to people.

The solutions are well known. What is missing is the political will.

Zohran Mamdani might understand this, but does Keir Starmer? I doubt it.

Does Donald Trump? I doubt it.

Do most of our politicians? I doubt it.

Do the Greens? Maybe.

Do the SNP? Probably.

Do Plaid Cymru? I suspect so.

We've got to look elsewhere for answers to this because the mainstream is failing us. Until the power of capital is addressed, affordability will not return. We're in crisis, but it's a crisis of choice, of choice by politicians who want us to be in crisis and who have no answers to the problems we face.

This is the crisis of 2026. Affordability is going to be a major issue this year, but it's one that we can change, but not when we have people like Keir Starmer in charge.

What do you think? There's a poll down below.

Poll

[poll id="283"]

Tickets are now on sale for the **Funding the Future live event in Cambridge** on 28 February. [Tickets and details are available here](#).

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