

## Is this fair?

By Harry Pontikis

I often wonder why the entire financial burden of our society has been allocated to only a chosen third of our society - those with home or business debt. In other words, the middle class - first home owners, mums and dads with kids at school, the older generation which is still trying to pay off their home but overall, those in the 'daily grind' of life.

Those without mortgages (the rich and the poor) will have to deal with the rising costs of living solely. Even more unfairly, the poor get slammed disproportionately because there's nothing they can do except wear a greater share of the inequity of society as the cost of living rises whilst their income does not. (According to the experts, this is a necessary evil so the poor don't trigger a 'wage-price' spiral). Please note that I reject the notion of not protecting our most vulnerable citizens for the interest of the rest of us.

The ones that seem to benefit are the rich and the huge corporations which benefitted from the massive government stimulus, government guarantees and public money pumped into the system in the last few years, whilst they cut costs and leveraged their assets to buy even more assets, raking in billions of dollars of profit. Many in the middle class also benefited as they were able to utilise the excess funds via very cheap loans to buy their first homes, trade up to a second home or even buy a holiday home.

Today's economic strategy seems to be facilitating the re-distribution of assets in society as the middle-class struggle under the weight of skyrocketing interest rate rises and high costs of living and are seriously considering selling their only real asset, whilst cashed-up buyers are waiting on the wings to purchase at discounted prices.

The government and RBA are not capable of explaining why the rocketing interest rates are not having the intended effect of reducing inflation, or to increase unemployment or to slow the economy but the government seems dead set on continuing this strategy with the hope that at some stage, it will work. Whilst those who lose their businesses and homes will take decades to recover.

The reasons given as to the supposed causes of inflation have all fallen by the wayside but the massive flood of money injected into the economy trying to purchase a fixed and scarce supply of goods, services and assets is rarely mentioned as a reason. The carnage that this policy may have on society seems to be non-consequential to the government which is supposedly there to represent all our interests. Other fairer options to slow the economy, like temporarily increasing GST, increasing superannuation contributions, significantly slowing government spending or other more equitable strategies like looking to increase the productivity of the economy, are not even being discussed unfortunately.

All I can suggest is that mortgage and business owners need to be proactive to ride through the current environment and not to fall victim to the economic times. There are options still available to reduce home and business cashflow pressures but even these options are diminishing with each interest rate rise. e.g. consolidating debt, interest only repayments, fixing rates, longer loan terms, etc.

Contact Chocolate Money to discuss what options are available to you and how you can ride through the current economic challenges; we need to also remember that this is merely a blip in the scheme of our lives and our health and happiness will always trump the curves and bumps in the road.