

## Time for People's Pensions

Published: January 14, 2026, 2:01 am

---

The [Observer editorial](#) today says there is :

*need for drastic changes, not just to the way we structure pensions but to the way we think about working life and our relationship with the financial system.*

*The government should turn its part-ownership of the banking sector to that end. It could, for example, create a national bank for economic reconstruction dedicated to financing infrastructure, renewable energy, social housing. It would issue bonds that would make an attractive and safe investment vehicle for ordinary savers - citizens lending their money to help fix a broken economy and getting it back with interest on retirement.*

*But there is no sign that Labour has sufficient will or imagination for such a scheme. It also looks unlikely even to address openly the pension problem.*

*But recovery will not be hastened by pretending we can go back to the old way, spending on anything to keep the economy afloat. Confidence must be built on stronger foundations than that. It relies on a government that plans for the long term and offers its citizens a sense of shared investment in the future.*

The thinking is based, in no small part, on the Green New Deal, which is in turn based on work Colin Hines, Alan Simpson MP and I put forward in a New Economics Foundation publication called "[People's Pensions](#)" back in 2003.

The argument we presented then was pretty much dismissed at the time, but I remain sure that the essence of our case was absolutely sound, and its time has come. Pension reform is part of any Green New Deal: indeed any New Deal whether Green or not.

What we said was that never again should we allow people to so recklessly invest the savings of our potential pensioners in hopeless speculation in the meaningless shares issued by major corporations whose life expectancy is, we all know, more limited in most cases than the people on whose behalf the funds are invested.

We must instead invest to reflect the inter-generational contract that pensions really represent: that one generation will generate the capital that the next will need in exchange for using which the next will give up current resources to support the needs of the old.

The reality is that this exchange of capital built up during a working life for the foregone consumption of the succeeding generation required to support a person in old age is a simple equation — and yet it is almost wholly misunderstood. If we had understood it we would ensure that our pension funds were used to fund investments — that is productive assets that permit the things we require, whether within the private or public sectors (and we do of course need both). But instead we have allowed our pensions to be saved instead — saved by purchasing the second hand shares of companies that are already in issue, as a result of the purchase of which not a single new penny of real income or benefit is generated.

This is what bonds of the type we described six years ago could deliver. This is what The Observer refers to. This is what the Sustainable Development Commission [referred to](#).

This is what we need.

Who will rise to the challenge?