Give us more gilts – the UK pension industry want...

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From the FT this lunchtime:

Demand may improve if gilt yields approach 5 per cent. And traditional buyers — such as pension funds, banks and insurers — are expected to remain loyal to the market. "There will be gilt buyers at the right levels," Gartside added. "To my mind, 5 per cent is a pretty good return. The current level of 3.9 per cent is low given that inflation is 2.9 per cent."

Pension funds, in particular, are keen to see gilt yields rise as the QE programme has increased their liabilities. "We hope that the suspension of QE will raise yields, and so reduce scheme deficits," said Joanne Segars, chief executive of the National Association of Pension Funds. "We want the government to play its part in supporting pension funds and help stem the tide of scheme closures by issuing more long-dated and index-linked gilts. This will help bring the stability that schemes need."

Ignore all the nay-sayers, all the brokers, all the wide boys and all Conservative politicians: here's the real opinion worth having on government debt. Relax the interest rate a little — or drop the AAA status (the effect is the same in broad terms as the increase in risk is reflected in an increased interest rate) and you'll please the biggest market for UK government gilts (that's debt in plain terms) - the UK pension fund market.

Put it another way: the demand for UK government debt is real, strong and will be continuing because UK government debt is the one savings product the increasing number of baby-boomer pensioners can rely upon to pay them into old age.

Which proves just how wrong George Osborne and all his sycophants in the right wing media are. The reality is UK government borrowing is good news for our pension sector. The simple message is we can spend our way out of recession — as we need to, and benefit in the long run. Hoe about that for a double whammy (oh, and we can afford the extra interest tooâ€šÃ„¶.)