

## Evan Davis is very annoying

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I watched some of Evan Davis' programme on BBC2 last night and yelled almost constantly at the crass stupidity of his understanding of economics.

His hypothesis is that because we as a nation don't save enough we don't have the manufacturing we need.

It's hard to describe how staggeringly wrong this is. It is as if none of the economic understanding of the last 75 years had happened.

Davis lives in a terribly simple world. He seems to genuinely believe that if people do not put money in banks than banks cannot lend. It seems he's never heard of fractional reserve banking [or the fact that banks can literally make money out of thin air.](#)

And worse, he thinks all the money we put into pensions then goes on to create productive capacity in the economy. That's so naive it's just ridiculous. But for the record:

a) A significant slug of all pension contributions is raked off by the City. How do you think they get so fat when pensions have shown no real return for a decade or more?

b) About 60% of all pension fund cash is still in equities (although the number moves a bit over time. Since almost no new equities are issued this simply means that this money is used to buy second hand bits of paper - called shares already in issue. That's why the stock market is valued as it is now - quite irrationally. We face Euro meltdown and the markets at 5,700 or more - because day in day out clueless pension fund managers buy shares that are kept in short supply because no new ones are issued - and so it will go on until the next big crash when they'll lose vast amounts - and then start putting money back in the market all over again.

c) They also buy second hand land and buildings.

d) They buy some bonds - and yes I agree - this tiny proportion of their activity might result in job creation.

But nothing else pensions do creates jobs - or manufacturing or anything else. Credit does that - and Davis shows himself to be economically ignorant (sorry to be so blunt - but it seems like a statement of truth to me) to argue otherwise.

No wonder we have no manufacturing then - we're clueless about how to fund it, and repeat that cluelessness on television to ensure that people remain in ignorance.

The BBC should hang its head in shame at broadcasting such nonsense.