

A Courageous State would deliver a pension fund worthy ...

Published: January 13, 2026, 2:46 pm

John Harris, [writing in the Guardian](#), has reviewed George Osborne's infrastructure plan for the UK and found it wanting.

He did find an alternative. As he wrote:

This week I spoke to [Richard Murphy](#), the economist and tax expert, whose new book has the self-explanatory title [The Courageous State](#) and brims with imaginative thinking. Using pension funds for national investment, he told me, could be done much more efficiently than the Osborne plan. In exchange for the vast sums granted in pension tax relief — £38bn at the last count — we could be compelling funds to put money into the very infrastructure projects the government is so keen on — and with no need for a mouthwatering rate of return to draw them in. The same logic, he says, applies to credit easing, the roundabout method Osborne is using to persuade banks to supply businesses with money. Again, were we to insist on a quid pro quo for pension tax relief we could channel funds into a national investment bank and send credit directly to those businesses. But that's all surely too ambitious for Whitehall, and far too dirigiste for the free-marketeers at the top of government. In its present state, Britain needs big push after big push; their approach remains limited to [nudge economics](#).

When private sector financial services have so obviously failed and when the private sector is sitting on tens, if not, hundreds of billions of cash it has not a clue what to do with it is very obvious that paying the private sector to manage the projects we need to fund our economy, to allocate the investments that small business needs and to set long term economic priorities, on which subject they have no expertise or experience since all have been reduced to the decision making ability of the market trader, would be economic madness.

That's why I argue we need to ensure that some of the wall of money sent into pension funds each year - just a quarter of it - be diverted instead into making real investment for the benefit of the future of this country so that those for whom those funds are supposedly invested have the prospect of a job until retirement. Second, they need to see that they've invested in something that their children can use and therefore pay

them for - because that's the basis for the fundamental economic contract which almost all private sector pension fund arrangements now quite explicitly ignore.

There is at the core of our economy a void right now. It's a void because there is no demand. It's a void because there are no new jobs. It's a void because there's no real investment. And there's a void because there's no real thinking on how to solve all three problems at once without breaking the bank.

Well, that's what I'm offering. A simple, effective and obvious solution to all those problems, at once, that can work, is allowed in EU law, will deliver and still lets pension fund managers waste three quarters of all money paid to them in exchange for the exorbitant fees they charge, as has, unfortunately been their habit for far too long.

And it's all in [The Courageous State](#).