

If we don't recognise the need for fundamental pension ...

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A [comment was posted on the blog](#) a couple of days ago in response to my discussion on what I call [the fundamental pension contract](#). That it came from someone using the name 'OneEngland' was not encouraging. Their absurd suggestion that I hate all things to do with the private sector revealed how little they know about me, my career and thinking. But what they have to say here represents a school of thought I have come across before and so may be worth addressing:

Your point Richard seems to be rely on the state for old age provision, but not how they would be financed? Don't say clamping down on tax avoidance as you know (although you will not admit — its a chimera).

I'll ignore the last point: it's wrong as it's evasion that is the issue to really address. I'll address the first one instead.

The point is that not that we have to rely on the state. My point was that what we have to rely on is the goodwill of generations to come to provide our pensions. My argument was that it is quite literally impossible to save for a pension, because savings are ephemeral and inclined to disappear unless they represent underlying value, which I have suggested is not true of most current savings media. If in doubt, wait to see what happens when markets finally realise that oil has to stay in the ground if the planet is to survive.

What the fundamental pension contract suggests is that we have to invest for our pensions, and not save.

And we have to hope we invest wisely so that the next generation can use the real capital that we create - the infrastructure, means of production, knowledge and other resources that actually underpin the creation of real value - in the course of their lives so that they can afford to forego part of the income that they generate to maintain us in our old age, because that's what actually happens in the real world.

Savings, if linked to something useful - as I suggest [those in the Green New Deal might be](#) - would permit this, in part. But if the next generations find no use for the savings

media we have used they'll not buy them, come what may. And that will wipe the savings out. Then the state would have to intervene. And it's my suggestion that so much of our saving now represents nothing of real value or is even socially destructive that this state intervention will be required.

And what if the state did not intervene to redirect the earnings of those in younger generations to the elderly? Let's be blunt, if that does not happen the elderly may well die early, uncomfortable and distressingly.

Asking the question 'how do we finance pensions?' is, in that case, an exercise in missing the point. The reality is we have no choice but accept that the fundamental savings contract exists; that pension 'saving' must actually be about pension investment for our real future; and that if we fail and refuse to fund the elderly what we're actually saying is that we'll simply let the elderly die.

I don't think we will, and as such I think OneEngland's question is misinformed. But I have had conversations with people who have responded to the argument I have represented here with the suggestion that if the elderly cannot provide for themselves in the future then we really should just let them die. Don't doubt that a nasty and brutal alternative narrative about our future does exist, and we have to be willing to address it.