

Hasn't the time come to end the belief that speculation...

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The Bank of England has [this morning announced](#) a new £10 billion per day facility that will be available indefinitely to ensure that pension funds remain solvent.

I just posted this on Twitter in response:



Richard Murphy @RichardJMurphy · 13s ...
Imagine something so badly managed by the City of London that it might need £10bn of state support a day to keep it going. That could be your pension fund that I am talking about. How do you feel about privately managed pensions now? Shouldn't the state manage pensions instead?

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I have long argued that [pensions need reform](#). It's always been my belief that private pension management was for the benefit of the City, not pensioners, and that reforms under Thatcher were always intended to fleece ordinary people by sending wealth upwards through financial institutions at long-term cost to pension returns.

I feel vindicated. If they had invested as I suggested almost twenty years ago this would not have happened and we would now have a Green New Deal.

Hasn't the time come to end the belief that speculation in financial markets is the basis for providing for old age? [As I argued in 2010](#):

[There is a] fundamental pension contract that should exist within any society. This is that one generation, the older one, will through its own efforts create capital assets and infrastructure in both the state and private sectors which the following younger generation can use in the course of their work. In exchange for their subsequent use of these assets for their own benefit that succeeding younger generation will, in effect, meet the income needs of the older generation when they are in retirement. Unless this fundamental compact that underpins all pensions is honoured any pension system will fail.

As I also argued then:

This compact is ignored in the existing pension system that does not even recognise that it exists. Our state subsidised saving for pensions makes no link between that activity and the necessary investment in new capital goods, infrastructure, job creation and skills that we need as a country. As a result state subsidy is being given with no return to the state appearing to arise as a consequence, precisely because this is a subsidy for saving which does not generate any new wealth. This is the fundamental economic problem and malaise in our current pension arrangement.

I did a video on this here:

<https://www.youtube.com/watch?v=KlkSat2ue-M&feature=oembed>

Might we move on, please, for all our sakes?