COMPENDIUM #48

A FAIR PENSION IS AFFORDABLE IN THE UNITED KINGDOM

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> *An Examination of National Wealth, Political Priorities, and the Moral Imperative of Dignity in Retirement.*

The argument that the United Kingdom cannot afford a better State Pension is often presented as fact. Yet when examined closely, it becomes clear that cost is not the real issue. The United Kingdom is one of the largest economies in the world. It possesses vast financial resources, raises hundreds of billions of pounds in taxation every year, and spends enormous sums across many areas of government. The real question is not whether Britain can afford a fairer pension. The real question is whether politicians choose to make it a priority.

Many people worked for forty or fifty years in factories, shops, offices, hospitals, warehouses, schools, farms and countless other occupations. Their wages were often modest. They paid taxes throughout their working lives. They contributed to society and helped build the country that exists today. Yet many now face retirement with little more than the State Pension.

The traditional answer from politicians has been that workers should have built private pensions of their own. This argument might sound reasonable if everyone had high wages and secure employment. In reality, millions did not. A worker struggling to pay rent, feed a family, heat a home and meet everyday bills often had nothing left to invest into a private pension scheme. [4]

“For many low-paid workers, the choice was never between saving and spending. The choice was between survival and hardship. Expecting such people to build substantial private pensions was ridiculous.”

A system based heavily on private pensions therefore rewards those who had income to spare while leaving lower paid workers dependent on the State Pension alone. [5]

The United Kingdom already spends less of its national wealth on state pensions than many countries. The House of Commons Library notes that the UK puts a smaller share of its economic output to state pensions and pensioner benefits than MOST advanced economies, and that the UK State Pension is low compared with earnings. [1] [2]

This fact alone demonstrates that Britain has a choice. Other countries, some with smaller economies than the UK, have chosen to devote a greater share of national income to supporting pensions. [3] They did not discover a secret source of money. They made different political choices.

A useful comparison can be made with household spending. A family earning £50,000 a year might spend more on housing and less on holidays. Another family earning the same amount might spend less on housing and more on holidays. The issue is priorities. The same principle applies to governments.

The United Kingdom spends money on many things. It funds government departments, public administration, infrastructure projects, debt interest, defence, subsidies and numerous other

commitments. Every year choices are made about where limited resources should go. A larger pension is therefore not impossible. It simply competes with other spending priorities.

Critics of higher pensions often point out that the population is ageing. This is true. More people are living longer. Yet an ageing population does not prove that better pensions are unaffordable. It means governments must decide how much importance they attach to supporting older citizens.

The Fundamental Constitutional & Moral Axiom

“A society reveals its VALUES through its budget.”

Most people would agree that an elderly woman should not have to choose between heating and eating after working for decades. [4] Most people would agree that an elderly man should not spend retirement in want because his working life never provided enough income to build private wealth. If principles are accepted, the next step is deciding how much public money should be directed towards preventing such outcomes.

Supporters of pension reform also argue that higher pensions can create economic benefits. Pensioners spend most of their income locally. They visit local shops, cafes, tradespeople and service providers. Money received through pensions is rarely hidden away in offshore accounts or speculative investments. It tends to circulate within local communities, supporting jobs and businesses.

There is also a moral argument which many people consider more important. The purpose of a State Pension is not merely to prevent starvation. [6] It is to provide security and dignity after a lifetime of contribution. A pension should allow older citizens to live without constant fear of poverty. It should recognise decades of work, taxation and participation in society.

When a wealthy nation provides pensions that leave significant numbers of elderly citizens struggling, many people naturally question whether the distribution of national resources reflects society's claimed values.

Nobody argues that public money is unlimited. Every government faces financial constraints. However, it does not follow from this fact that low pensions are inevitable. Countries make choices. Budgets reflect those choices. If the United Kingdom chose to devote a larger share of national income to those who depend on the State Pension, it could do so, just as many other developed countries have chosen to prioritise higher levels of state support. [1] [2]

The Social Contract Reaffirmed

“A fair pension should not be viewed as charity. It should be a return on a lifetime of contribution.”

“The question is not whether the country can afford dignity for its pensioners. The question is whether it considers dignity important enough to fund.”

Millions of workers reached retirement without substantial private pensions not because they were irresponsible, but because low wages often left little capacity to save. In a wealthy country, all pensioners deserve greater support than they currently receive. If the United Kingdom can choose where to allocate vast national resources, it can also choose to ensure that elderly people who lack private means are not left behind.

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