Funding the Future

Pensions minister not quite on the ball

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Consider this parliamentary question and answer:

Alan Simpson: To ask the Secretary of State for Work and Pensions what consideration was given to the potential effect of additional funds to be invested in financial markets during the production of the regulatory impact assessment for the Pensions Bill. [130774]

James Purnell: The Pensions Bill does not introduce measures which will directly lead to additional funds being invested in the financial markets. Because of this the Pensions Bill regulatory impact assessment does not specifically consider the effect of increased investment.

The Government will publish a further regulatory impact assessment looking at personal accounts when the second Pensions Bill is published.

I know what Alan Simpson's concern is. He believes that if you throw more money at en equities market that has a limited supply of securities available (and that's a fact) then the result is price inflation, but that's no indication of long term returns.

That's a valid concern.

The minister does not seem to understand it. Worse, he says that the Pensions Bill will not lead to more money being invested in the financial markets. But as it will create more personal savings accounts managed by pension companies what the heck else does he expect? Either the Bill is a waste of time or he's not quite on the ball.

Alan's question needs an answer. I hope the government consider it or this latest pensions initiative will see more money poured into the City, to be lost.