

Rachel Reeves' poverty of ambition

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Rachael Reeves turned up at Larry Elliott's farewell drinks at the Guardian last night.

I did not have the chance to talk to her, but nor did many people. She looked as frightened of the world as she normally seems to these days, mingled only with those with whom she was obviously already familiar, said her necessary few words to Larry, and moved on.

I'm sure he appreciated it, but numerous other chancellors on whose work he had commented over the last 28 years had also recorded video messages of goodwill on his retirement. As a result, he could not quite resist one last little dig at Reeves in the comments he made.

Meanwhile, I was pondering what I would have said if I had had the opportunity to do so. Discussing the whole 'taxpayers' money' error would have been too big of a task. I might, in that case, have talked about the poverty of her ambition.

Take this as an example. The [FT reports this morning](#) that Reeves wants to consolidate the 90 or so local authority pension funds in the UK into eight mega-funds and that she would wish that at least five per cent of their funds be invested locally in the UK.

Five per cent? What is that about?

In the [Taxing Wealth Report 2024](#), I suggest that a quarter of all new pension contributions should be invested in new projects in the UK that deliver for the climate transition and create new employment opportunities in the UK. In other words, our savings should be used to create not just the future prosperity of those on whom we will have to rely to support us in our old age but also to make sure that there is a planet for us and our children to live on. This should be a condition of the £70 billion or so pension tax relief that is provided each year. It seems like the lowest level of bargain that might be expected in exchange for such generous subsidy for those already wealthy enough that they can save.

But Rachel Reeves wants five per cent, maybe.

Why is that? I offer three reasons.

First, like all neoliberal politicians, she cannot believe that the state sector has any good use to make money. That is a problem for us all.

Second, she does not trust pensions to invest locally. Consolidating these funds is the surest indication of that, taking them out of local control as a result and undermining yet another part of local government as a consequence.

Third, what she really wants to do is deliver these megafunds to the City (and its megafund managers) to keep them happy. Blackstone must be rubbing their hands in glee.

The reality is that Rachel Reeves is, yet again, making people more remote from their savings by putting barriers between them and what they could do for us. She is also, quite deliberately, enhancing the voice of those fund managers who make demands on the government that undermine its position and which simultaneously undermine the well-being, choices and prospects of those on whose behalf they claim to invest.

Reeves is, as a result, making the accountability of finance ever harder to achieve. Instead of funds being raised locally by locally identifiable people that might be used for locally identifiable purposes, she is separating funds from those for whom they are supposedly invested. They will be delivered to those who act in their own interests and not those of the people who supposedly save with them. And those funds will then be used to, for example, threaten the government if it dares to do what the City does not want, even if that is good for the country and all who live in it.

I would call that an act of reckless irresponsibility on Rachel Reeves's part, but I did not have the chance to tell her. I hope someone is reading this in the Treasury.