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It is time for more gimmicks from our beloved Chancellor of the Exchequer this morning. According to a Downing Street press release issued today:

Working people and businesses are set to benefit from new rules that will give more flexibility over how occupational defined benefit pension schemes are managed, as the government continues to remove blockages that are inhibiting its growth agenda that will improve lives of working people across the UK.

Hosting a meeting with leaders of Britain's biggest businesses in the City of London today .... the PM and Chancellor will outline how restrictions will be lifted on how well-funded, occupational defined benefit pension funds that are performing well will be able to invest their surplus funds.

They added:

The Prime Minister and Chancellor will tell CEOs from some of the UK's most successful companies that that the government is seeking to create the best possible conditions for the private sector to thrive. They will promise to work in partnership with businesses, to deliver high-quality jobs across the country, and the economic growth that will fund the schools, hospitals and roads that we all rely on.

The nearest that they get to detail is when saying this:

Where trustees agree to share a portion of scheme surplus with a sponsoring employer, the employer may choose to invest these funds in their core business, for example to purchase equipment or supplies, and/or provide additional benefits to members of the pension scheme.

Approximately 75% of schemes are currently in surplus, worth £160 billion, but restrictions have meant that businesses have struggled to invest them.

There is, however, a massive problem inherent in this idea that needs to be pointed out. That is that these schemes are only in surplus because interest rates are so high. This means that the supposed future cost of servicing pension obligations to scheme employees has fallen because it is assumed that more investment returns might be generated between now and the time when pension obligations might need to be met. If the interest rate falls, and the biggest bond broker in the UK - Pimco - suggested this week that they really should fall to between two and three per cent (with which I would agree, leaving a net zero per cent interest rate once inflation has been taken into account, which is what the economy needs), then these surpluses disappear, but the investments remain in place.

This is not the basis for a sound investment strategy, which is why I rather strongly suspect that this idea will not work. Pension trustees are more competent than Rachel Reeves assumes. They will see through this.

If Rachel Reeves wants investment, then the investment she needs is not in grand projects like airport expansion. What is needed is social housing, repaired schools and hospitals, decent roads, and vast amounts of renewable energy. These are small and rather quiet schemes that will, however, transform. lives in ways that really matter to people. To do that, she has to change the rules on pension and ISA saving in ways I explain in the Taxing Wealth Report. The answer is not to rely on growth and the hope that this might fund what the economy actually wants. Instead, the answer is to guarantee, by changing investment rules, that funds are directed to where they are required. That is what the government can do.

The simple fact is that, as usual, Rachel Reeves is trying to play fast and loose at the edges of the existing system, exploiting a current situation for her supposed advantage. What we really need is fundamental reform to meet need, and not her desperate desire for unspecified growth that meets no known need at all or which will only enrich the already well-off. This, then, is another of her follies that is economically ill-thought-out and that will go nowhere.