

# The gross errors of the OBR are damaging

Taxpayers pay good money to have an “independent” civil service body to evaluate U.K. economic policy and supply forecasts of what that policy will deliver.

In March 2021 they did their usual budget forecast out to 2025. They said inflation would be below 2% until 2025 when it would just reach 2%. Inflation a year later hit 9%.

If you use the war in Ukraine as an excuse you still have to explain why inflation was at 5.5% in January pre war, 175% over target and more over forecast.

They forecast growth will never be lower than 1.6% a year out to 2025. March to June this year probably saw no growth and growth in Q3 will depend on the emergency cash injections recently announced as budget adjustments.

This shows the OBR/Treasury have models that do not work based on misunderstandings of the economy. This matters. They give wrong policy advice to the Chancellor. He should challenge it more and act on it less.

In OBR world cutting tax rates leads to a loss of revenue, yet if you cut the right taxes it stimulates more activity and brings rising receipts. In OBR world if you increase taxes the deficit falls. If you raise taxes too much in reality you slow the economy too much and the deficit rises. In OBR world if you are running below capacity there will be little inflation. In the real world if you expand money and credit massively you get inflation four and half times target even when below capacity as they judge it.

OBR/Treasury advice is in danger of delivering unacceptably high inflation and a recession to follow. They have a long record of boom/bust advice. Why do it again?

We could get similar and some better forecasts free from the private sector to help inform budget judgements.

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## Helping people buy a home

We read the government is thinking of fifty year cross generational mortgages to help people buy a home. They also need to look at supply/demand balances.

Most of the debate centres around the need to build more. It is time the

government looked at demand. All the time we invite in an additional 250,000 people a year we need to build a large number of homes for people who do not yet live here. We of course want people coming to our country to live and work to have decent housing. This then helps drive prices too high for young people growing up here.

We should be less generous with permits for more economic migrants. We should make more determined efforts to help people living here off benefits and into jobs. We should do more to encourage and support investment in machinery and AI to replace lower paid jobs. Many people want to buy their own home but there is a shortage of available affordable homes for sale. Time to reduce economic migration into the U.K..

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## [My interventions in the debate on the Northern Ireland Protocol Bill](#)

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** I congratulate the Foreign Secretary on her very patient and good diplomacy. Will she confirm that this very moderate measure is completely legal and essential to the peace and good will of Northern Ireland?

**Liz Truss, Secretary of State for Foreign, Commonwealth and Development Affairs:** I can absolutely confirm that this Bill is both necessary and legal, and the Government have published a legal statement setting that out.

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**Rt Hon Sir John Redwood MP (Wokingham) (Con):** The protocol makes very clear the primacy of the Good Friday agreement for peace in Northern Ireland and says that the EU will respect our internal market. The EU is doing neither. What is the right hon. Gentleman's policy to persuade it to do so?

**David Lammy, Shadow Secretary of State for Foreign, Commonwealth and Development Affairs (Lab):** Negotiate—just as Labour did to get the Good Friday agreement. We negotiate. We do not break international law and alienate our partners and allies not just in Europe but across the world, and the right hon. Gentleman should know better.

As we debate the Bill, we should ask ourselves some simple questions. First, will it resolve the situation in Northern Ireland? Secondly, is it in the best interests of our great country? Thirdly, is it compatible with our commitment to the rule of law? Let me take each of those in turn.

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**Rt Hon Sir John Redwood MP (Wokingham) (Con):** Has my right hon. Friend

noticed how Labour always takes the side of the EU, even when, as in this case, the EU is damaging the Good Friday agreement and diverting trade expressly against the legal provisions of the protocol?

**Brandon Lewis, Secretary of State for Northern Ireland:** My right hon. Friend makes a fair point. He will know from attending oral questions to the Northern Ireland Office that I have regularly had to listen to the hon. Member for Hove at the Dispatch Box taking the side of the EU—but then, the hon. Member wants to rejoin the EU, so I suppose we should not be surprised.

We should also be clear about the reality, when we hear about the flexibility of the European Union and the offer it has made, based on its October offer. That would be a backwards step from the current situation, which is already not working for businesses and people in Northern Ireland.

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## [My interventions in the Opposition Day debate on the Delivery of Public Services](#)

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** Does the right hon. Member agree with me that if you wish to improve service you do not go on strike and if you wish to pay for higher wages you do not go on strike? Will he give that advice to the rail unions?

**Pat McFadden, Shadow Chief Secretary to the Treasury (Lab):** I had anticipated one or two interventions on strikes, so let me say to the right hon. Gentleman that whoever's responsibility the strikes are, it is certainly not that of a party that has been in opposition for 12 years. He and the Ministers he supports will have to take responsibility for the industrial strife they are presiding over. I say that to him in the anticipation of other interventions in the same vein.

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**Rt Hon Sir John Redwood MP (Wokingham) (Con):** When I asked representatives of the Health Department how many chief executives there were in NHS England, they said that they did not know. Has my right hon. Friend had any more success than I have in finding out how much senior management there is, how it is aligned with the interests of patients and how wisely it is going to spend the extra money he is giving it?

**Simon Clarke, Chief Secretary to the Treasury:** My right hon. Friend is right to say that with this budget for the NHS comes a responsibility for that organisation to be absolutely open and candid—in a way that, frankly, it has too often not been—about where its resources are deployed, and certainly to

avoid funding a culture of managerialism at the expense of the patients. We have had recent success in securing some of the data that we have been looking for, but this is a subject where ongoing pressure from across the House for greater transparency is welcome. Certainly if there is any data that we hold that my right hon. Friend would like to see, I will do my best to facilitate that.

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## Net zero, inflation and energy security

Worldwide advanced country governments are committed to the road to net zero by 2050. Their plan at Glasgow COP 26 was to speed progress. The sudden invasion of Ukraine disrupted the supply of oil and gas, drove up prices and made them more apprehensive about their duty to keep the lights on and homes warm. The EU announced that it would henceforth regard gas as a green transition fuel and accept more of it. President Biden turned from wanting the rapid run down of oil and gas production in the USA to boasting that more oil and gas is now being produced on his watch than happened in early Trump. The President is urging oil and gas companies to drill and produce more, and urging refineries to convert more to products. In the UK the government has moved policy on to favour North Sea oil and gas production instead of imports, and is examining the case for allowing onshore gas drilling again.

I would be interested in your thoughts on how far this rethink should go? How much more do governments need to do for the current decade to offer enough affordable energy? It is clear India and China as large users of energy and producers of CO<sub>2</sub> now plan to mine and burn yet more coal, delaying the world's wish to move on from coal as soon as possible. Germany too is being forced short term into more reliance on coal as Russia cuts the supply of gas via pipeline.

Decarbonisation plans hinge on wholesale electrification of heating, industrial processes, transport and much else. In turn this will need a massive expansion of electrical power generation which must come from renewables or nuclear. It looks as if this will need methods of storing surplus wind and solar power when it is available to deliver enough power when the sun does not shine and the wind does not blow or blows too much. What do we think a realistic timetable is for installing the extra capacity and confirming the technologies for storage and smoothing?

It will also need a consumer revolution. People will need to accept the free smart meters which half the public refuses. Consumers will need to be tempted in large numbers to buy heat pumps and electric cars. How far off a popular revolution are we? Without it decarbonisation will make slow progress, and the huge increases in CO<sub>2</sub> from the emerging world led by China will

overwhelm the global figures.