My Intervention on the Windsor Framework Motion 2- Stormont Brake

Does the shadow Secretary of State recognise that there is a different school of thought from some people and businesses in Northern Ireland around the Stormont brake? If there is a degree of delay or uncertainty in the application of an updated EU regulation, that could inadvertently undermine Northern Ireland's dual market access, by creating uncertainty for businesses seeking to invest or remain in Northern Ireland. By far the better way is for Northern Ireland institutions to talk to the European Union at the start, to make sure that our concerns are reflected as fresh EU law is undertaken or updated.
The hon. Member makes an extremely powerful and useful point. The businesses that I have spoken to in Northern Ireland support Northern Ireland's access to the EU market. In choosing to pull or not pull the Stormont brake there are many considerations, which I am sure elected politicians in Northern Ireland will take into consideration. Let us be honest: it depends on what we are talking about. What impact will it have? Will it have a really bad effect, in which case people might reach for the brake? Other times it may be a perfectly sensible change and nobody needs to worry about it. But there is a mechanism that gives Northern Ireland politicians and the Assembly the chance to decide between the two.

John Redwood:
Further to that point, which is a very good one, would the EU not decide to use its powers if Stormont tried to use the brake too often and change the amount of EU law that applied?

Hilary Benn:

The Stormont brake was the result of a negotiation between the Government and the European Union. It was a really big step forward—it is why we are having this discussion now, and I support it. Anything is possible in the future with regard to what one or another party that is engaged in continuing discussions and negotiations may seek to do, but we have a deal with the European Union and it expects us to honour the Windsor framework—a point I have made in the House many times before—and we would expect the EU to do entirely the same. Nobody can guard with absolute certainty against what may happen in the future; we have to deal with the world as it is today.

My Intervention on the Windsor

Framework Motion 2 – Green lanes

John Redwood:

Someone wanting to send goods from GB to NI would naturally expect to use the new internal market lane—the green lane. Who decides whether they would not be allowed to do so? Would it be the EU, the UK Government or the Stormont Executive?

Chris Heaton-Harris (Secretary of State for Northern Ireland):

It is the UK Government in that area.

My Intervention on the Windsor Framework motion 1 – VAT

John Redwood (Wokingham) (Con):

If the Chancellor of the Exchequer wishes to lower the VAT rate or to take something out of VAT altogether, will that be a good law for Northern Ireland as well as for the rest of the UK, and can we now set taxes for the whole country?

Chris Heaton-Harris (Secretary of State for Northern Ireland):

On the example my right hon. Friend has given of VAT, that has just been done for a number of different things. I believe the latest one was solar panels, but I will check with those in the Box. There are various other products, and I will get an answer for my right hon. Friend. But, yes, is the answer for VAT, and also for tax.

The regulations address the concerns that have been expressed in parts of the Unionist community in Northern Ireland that its status has been diminished. Let me say from the outset of our discussions that what the Government wanted and the Democratic Unionist party wanted, and which we had, was our shared determination to strengthen our Union.

UK divergence from the EU

When I voted for Brexit I voted for change. I saw how far the EU was lagging behind the USA, and behind Switzerland, Norway and Iceland, three small countries not in the EU in income per head. The latest IMF figures show that the USA now has twice the level of GDP per head, at $80,000, than the EU average at $41,000. The UK at $49,000 is usefully above the EU average but well below the US.

I have watched with concern at EU performance as the US has founded, grown and developed the world's large digital companies, pioneering on line shopping, social media, search, software applications and now artificial intelligence. The EU has looked on, sought to regulate these activities but had to buy the goods and services for what is a US led digital revolution. All 10 of the largest companies in the world by market value are US and 7 of them are in the digital sector.

Remain was so wrong about what would happen after Brexit. The opposite happened to their forecast of fewer jobs, early recession, falling house prices. They now tell us our way to faster growth is to rejoin the EU, or align ourselves more fully with the vast array of rules and regulations that the EU specialises in. Many of these rules prescribe how products must be designed and made. This often adds to costs and can stifle innovation. A flourishing single market just needs a simple rule that if a product is of merchandisable quality in one country it should be permitted to offer it for sale in another that is part of the same market. If there is to be supranational regulation then require good safety standards, require proper labelling but do not tell people how to design and make any given product.

The US has a common law system. We used to depend on our common law system, then had to see superior code law from the EU bolted on top of that more flexible system. The battle over the Northern Ireland Protocol is partly a battle over the UK's right to diverge. Ministers now say we can. So then, get on with it. We have plenty of historical evidence that the EU model means slow growth, high costs and Europe slipping further and further behind the world leaders in living standards. Why want to tie ourselves back into a system which can thwart enterprise, be hard on entrepreneurs, promotes high taxes and costs and fails to encourage innovation.

Headroom for tax cuts

Briefings from Treasury and OBR say little room for tax cuts. This is all based on OBR forecasts which have been wildly wrong in recent years. They have mainly been too pessimistic about revenues, greatly exaggerating the deficit.

The government must help itself by curbing spending and correcting obvious forecasting errors. Here are some key items.

1 Debt jnterest has soared thanks to the addition of the non cash item of indexing debt to the genuine cash payments and costs of higher interest burdens. Having terrified us with a surge to over £100 bn of so called debt interest, we should see a big drop of at least £35 bn in interest costs going forwards as the inflation rate this year subsides. They only showed £17 bn of this in the budget numbers.

2. The government has promised to cut legal migration by 300,000. This will create substantial savings on additional subsidised benefit top ups, revenue costs of extra NHS and education service and the additional capital costs of extra provision. New arrivals need subsidised homes, school places for children and health capacity. This should save £75 bn over the next few years using the old EU number on costs adjusted upwards for recent inflation.

3.There should be a write back for losses on Bulb which were probably overstated in the provisions

4.Cancel gilt sales by Bank of England. With overall Bank losses currently running at £34 bn so far this year, ending market sales at low prices would save a substantial part of this

5. Get public sector productivity up by half the amount lost since 2019. Thus would save an estimated £15 bn

6 Re phase and require much larger private sector contributions to any carbon capture and storage projects. We cannot afford £20 bn public money or anything like it on this.

7. Railways – Require faster reduction of deficit and grants