

Debate on energy security

I spoke yesterday in a Westminster Hall debate about the UK's energy security. The Minister Greg Hands confirmed that the UK is pressing ahead with new oil and gas investments as part of an effort to reduce European dependence on Russian hydrocarbons. He told us the UK is supplying gas to the continent this summer from its LNG import facilities, to help fill their storage facilities ahead of the winter. The UK of course has very little storage of its own. It had low storage because it used to be able to produce 100% of the gas we needed so the storage was the original gas fields themselves.

The Opposition parties continued to live in a make believe world where a bit more investment in windfarms would solve the problems of our energy supply. They revealed two mistakes in their thinking. They firstly failed to realise that electricity supplies a minority of our total energy needs, as we depend substantially on gas delivered direct to homes and factories for heat and power, and on petrol and diesel for much of our transport. If you wish to depend on renewables you first have to convert all vehicles to electricity and take all homes and factories off gas. They secondly would not accept that our present solar and wind power is intermittent, meaning we need to have back up generation capacity for when the wind does not blow and the sun does not shine. We are often generating a majority of our electricity from gas, wood pellets, and coal.

I reminded them that to make more wind and solar work we will need ways of storing the electrical power generated when intermittent sources do work to use on days when they do not. That may be large batteries. It might be conversion of the renewable electricity to green hydrogen for use in our boilers and vehicles. There might also be breakthroughs to allow gas or coal to be burned in power stations with carbon capture and storage systems to achieve CO2 goals.

The OBR tries to revive its old Remain forecasts

You might have thought official forecasters would have given up trying to prove their wildly pessimistic forecasts about Brexit had a point. After all they said unemployment would rise and it fell, that interest rates would go up and they went down, that GDP would go down and it went up. It was curious that the Bank and Treasury "independent" forecasters, the officials, felt able to publish these pieces. We were told it was fine because it was government policy to stay in the EU so supportive forecasts reflected

government wishes. We do not however have them publishing supportive forecasts during a General election, even though Ministers can say it is their government policy for them to get re elected. The officials rightly respect the need for electors to make their own minds up over who to have in government uninfluenced by special official forecasts serving the current government.

I had chosen to remind people of the very inaccurate recent official forecasts of our economy to query some of the policy advice currently being given to Ministers based on strange views of how the economy has worked in the past. I then heard that the OBR has revived a claim that leaving the EU will cost us 4% of GDP. How do they know this? Over what time period? Why doesn't the outcome depend on what policies are now being followed?

The OBR has drawn on other people's work, and it all seems to be based on guesses about trade. They claim trade with the EU will fall and this will cause a fall in productivity which leads to their very precise 4% GDP shortfall. If we lose exports to the EU but at the same time make and grow more things at home to cut imports from the EU that may boost GDP, not reduce it. They do not have to be less productive as they will need modern capital investment and be geared to our shortage of labour. If we bring down our trade deficit overall we could have a stronger economy. The import model within the single market entailed the loss of a lot of UK capacity and jobs.

[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.

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..

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.