

# My Speech at the Opposition Day Motion on Britain's Industrial Future

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** I congratulate the Minister on a lively and informative speech. It was great to have a positive vision for the future from him. He rightly reminded us that many of the exciting new technologies and opportunities available to modern industry and business are being grasped by both the private sector and the Government working together. I congratulate him and his Department on that work. However, I urge him and the Department to greater efforts in the range of more traditional industries that are still very much industries of the future. We have a choice. If we make the right decisions on taxes, regulations, support frameworks and orders, we can produce more such things at home. If we make the wrong decisions, we will end up importing too many of them.

I start with energy. The Minister's Department has a crucial role in organising our energy and the transition that it wants as well as ensuring that we have enough of the traditional energy forms when they are crucial to heating our homes and turning our factories. In this period of transition, we can do more to extract more of our own oil and gas. That is greener than importing it, because, in burning gas that comes down a pipe from the North sea, far less carbon dioxide is generated than if the gas were extracted somewhere else, transformed into liquid form and transported—at least half the CO<sub>2</sub> is saved that would otherwise be generated. More importantly, that is a safer supply. Even more importantly, if we are still to have high taxes on it, we will collect those taxes. At the moment, the more we import, the more dead money goes out of our country to pay somebody else's taxes, doubly burdening our industry with the extra cost of what are sometimes extreme market prices to secure the supply—when there is not a long-term contract—and extra transport costs that must be put into the equation for effective delivery.

I urge the new ministerial team to take up from where the old team were moving to and understand that there are quite a lot of good proven reserves out there now. Production licences could be granted in a timely way, and we could have more of our own import substitution and more secure supplies for the future. It is possible to work with the industry on existing fields so that maintenance schedules can be kept to a minimum and output can be maximised, particularly over a difficult winter. We all know that if anything goes wrong with the UK and European gas supply over the winter, it will be our industry that gets caught first; industry is very reliant on plentiful gas supplies for much of its important processes.

We must be careful about carbon accounting. I think a lot of us feel that it does not make a lot of sense to say that the heavy gas-using industries and other fossil fuel-using industries in the United Kingdom, such as cement, glass, ceramics, steel and so on, will be penalised because they are generating carbon dioxide in their process, only to substitute imports of

those same products that will certainly produce more CO<sub>2</sub>, not only because of the long-distance transport, but quite often from the processes as well, as this country has often gone a bit further in more efficient processes than some import substitutes. So that, too, is an area that we need to look at very carefully.

On the car industry, I would like to expand a little on the intervention. Again, a difficult transition is under way and it can only go at the pace that the customers are willing to let it go. At the moment, as we have been hearing, a relatively small minority of the cars built in this country are full electric cars—something to do with price and range, and people getting used to the idea of the electric vehicle—and so during the transitional period we again have a choice: either we produce the diesel and petrol cars that people still want to buy, or somebody else does that and we end up importing them. Again, I do not think that that is a good course. I would not want to be ahead of some of the other leading car producers in the world in definitely ruling out producing vehicles that still sell well, when we have put a lot of investment collectively into developing more fuel-efficient vehicles, which have much less coming out of the tailgate.

My final brief point builds on one that the Minister eloquently made in certain contexts. We can do a lot more, as the Government are trying to do, with sensible purchasing of our own products. Of course, we do not want to buy products that are less good quality or too expensive. There has to be competition within the UK market to reassure the Government they are getting value, but just as we have always done with things like warships, so we can do for more essential products. We should give the home base the best chance and, if necessary, help people come in as major investors with their factories in order to do so.

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## Length and number of posts

I am getting too many long posts. I will simply delete some when the site is overburdened.

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## What can you expect for £1,087,000,000,000 a year?

Since 2018 public expenditure has surged. This year we see government spending nearly £1.1 trillion, up by more than a quarter compared to the

2028-19 level. We need to ask what do we get for all this money? Where does it all go?

Each household this year will pay on average £35,000 in tax to receive on average £38,000 in government activity. The system is very redistributive so the higher earners contribute many times the value of the benefits they receive, and some pay more in total taxes than they get to spend on themselves and their families on everything else.

These huge sums are leading more and more people to question why the level and quality of services is in many cases so disappointing. As an MP running part of the extensive complaints system for government which is an important part of the job I am in receipt of too many justified complaints.

There is the Home Office, unable to process migration claims quickly and fairly to ensure illegals go back whilst those we welcome can soon adjust to their new lives and get a job. There is the failure to stop the people trafficking across the Channel, the failure to prevent protesters blocking main motorways for hours on end and delays in reporting on people's suitability to undertake jobs with children and vulnerable people.

There is the Probate Office, unable to process the long and complex information they require in a timely way. This leads to difficult delays in sorting out a deceased person's estate and can be very upsetting for the families involved.

There are the delays in getting a doctors appointment or treatment at a local hospital. During covid managers of the NHS failed to use all the capacity taxpayers were paying for in private hospitals when these extra beds were meant to be there for non covid cases. They closed down wards in state hospitals for fear of cross infection and did not use the Nightingale covid hospitals provided. .

There are delays at the Passport Office, impeding people from travelling owing to unreasonable delays in renewing passports.

There are delays in the granting a wide range of licences that individuals and businesses need. North Sea oil and gas production has been held up by a shortage of licences and delays in granting them.

The Transport Department grants cash to schemes that reduce the capacity of main roads, making like more difficult to get to work, cutting access for emergency services, and making it more difficult for supply trucks to the shops.

In most of these cases Ministers are keen to see improvements in service levels and have agreed large increases in cash to achieve this under the general 27% increase in 3 years in total spending. It is time for public sector managers to raise quality and efficiency across the board.

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## A budget to beat recession? (from Conservative Home)

The Autumn Statement will be one of the most crucial budgets ever delivered. Rishi and Jeremy have in their hands the opportunity to rescue the UK economy from poor performance and recession if they wish, or they can accept the depressing official advice and double down with austerity. Tax rises and the wrong spending cuts now will turn a downturn into a nasty and long recession. This will lead to job losses, struggling businesses and a bigger state deficit.

Their challenge should be to put forward a budget and plan for growth as Liz Truss proposed, but one with forecasts, numbers and sensible controls over spending and borrowing which in his haste Kwasi left out. This is important for the whole country, and for MPs' constituents. It is also important for the Conservative party whose reputation for economic competence hinges on it.

Over the last fifty years we have seen Labour lose badly on two occasions and Conservatives lose twice, once badly, thanks to presiding over recessions

Edward Heath presided over the 1973-4 recession. His 1970-2 policies of competition and credit control were inflationary leading to a borrowing binge. The inflation was worsened by the energy crisis when OPEC hiked the oil price. He tightened too much in response and lost the 1974 election.

Harold Wilson lost control of the economy in 1974-5, created a recession and left office. Labour lost the next election under his successor.

John Major on official advice put us into the Exchange rate Mechanism. As I warned it took us through a very predictable violent boom/bust cycle with a five quarter recession. This led to a huge defeat in 1997 which took the Conservatives 13 years to recover from.

Gordon Brown created his own disaster, leading and encouraging the wrong official advice. He put us through a banking and credit boom, only to collapse it too fast through severe policy. The five quarter recession took the economy down by more than 6%. Labour have still not won an election in the 12 years that followed, with their reputation for economics in tatters.

It was a pity Boris did not use the advice he was offered to cut out the money creation and bond buying and tighten money policy last year to keep inflation down. We have more inflation now than we needed. Japan and China remind us with their low inflation rates it was not all caused by oil

and gas prices. It was a tragedy Liz did not present a rounded and costed Growth Plan within an economic framework that would have worked as some proposed. These mistakes must not lead the new team to conclude they must impose more austerity. The prime task today is fighting recession. Inflation will come down rapidly next year thanks to the monetary stringency now being applied. The Bank itself sees inflation down to 2% in a couple of years time.

If government accepts all the OBR and Bank advice to tighten too much into a downturn it will be bad economics and worse politics. We will end up with a deeper and longer downturn than we need, and with a bigger deficit than if we had been more willing to offset some of the recessionary forces. You cannot tax your way into growth and recovery. A fractious and unhappy party is in no mood for tax rises nor for spending cuts that harm individual incomes and front line services in health, law and order and education.

Of course there is a need to rein in wasteful and less essential public spending. In recent years the purse strings have been loosened across a very wide field. The Chancellor should stop the Bank of England taking losses on bonds. There is no need to do this. This will produce an immediate saving of £1bn this year. This has always been a joint control policy where the Bank needs the Chancellor's approval.

The Department of Work and pensions should promote more employment for the many on benefits that could do some work. Remove the 16 hours rule for working whilst on benefit, and improve mentoring and assistance into employment as we need to fill many more job vacancies from people already settled here. There is an unfinished part to Iain Duncan Smith's excellent benefit reforms.

The government could suspend the Smart meter programme saving more than £1bn a year, as everyone who really wants a free smart meter now has one. The Treasury should stop Councils borrowing to buy up property. The Cabinet Office can impose a recruitment freeze on public sector jobs other than uniformed roles, teachers and medics. This will give more opportunities for promotion to those already working in the civil service, and assist in increasing productivity after a period of no progress. They can reduce the central London office estate to reflect more home working and transfers out of London. There should be a privatisation programme including the sale of Channel 4, the British Business Bank and more Nat West shares to the private sector.

The Transport department should cut rail subsidies which are funding far too many near empty train services following the collapse of commuting. The Business and Energy Department should trim the energy support package. They could limit cut price energy to a normal family amount so larger users pay full price for the extra they buy. We should not accept the need to provide more overseas aid for net zero or any other purpose other than a new disaster where we want to help generously and energetically.

We also need to boost tax revenues. Often the way to increase tax revenues from capital gains, profits, transactions and incomes is to lower the rate, not raise it. Every time we lowered Income tax and Corporation tax rates revenues rose. The government should accelerate licences for North Sea

oil and gas fields. Every extra barrel we produce ourselves switches substantial tax from a foreign country to ourselves as home production replaces imports. It also cuts the CO2. Government should allow the private sector to finance production of oil and gas from the large Falklands islands discovery which would also displace foreign imports and help with expenditures. It could use more of the Defra grant money to boost home food production backed by more mechanisation/glasshouses. This will boost taxable farm incomes.

Any amelioration of the downturn will be revenue rich. The UK figures are very sensitive to the growth rate. As we saw last year, a bit higher growth rate gave us a central government borrowing requirement £120bn below the budget OBR forecast. Let's have that budget for growth. It would help unite the party, it would help restore our economy and would cheer people up. It would be good economics and even better politics. It would also be quite a surprise.

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To ask the Secretary of State for Levelling Up, Housing and Communities, what steps he taking to avoid concentrating new housing investment in areas already facing shortages of services and infrastructure from rapid development.

This answer fails to deal with the question's main point. If you are serious about levelling up you do need to use the planning system to funnel more of the new homes investment to places that want to level up.

The Department for Levelling Up, Housing and Communities has provided the following answer to your written parliamentary question (75745):

**Question:**

To ask the Secretary of State for Levelling Up, Housing and Communities, what steps he taking to avoid concentrating new housing investment in areas already facing shortages of services and infrastructure from rapid development. (75745)

Tabled on: 01 November 2022

**Answer:**

Lucy Frazer:

We are committed to enabling more homes to be built in the right places, and that is why we are taking steps in our Levelling Up and Regeneration Bill to get more local plans in place to deliver infrastructure in co-ordination with new homes. To make sure these homes are supported by appropriate infrastructure and services, we are introducing a new Infrastructure Levy to replace Section 106 obligations and the Community Infrastructure Levy.

We will also require local authorities to prepare infrastructure delivery strategies to ensure the right balance between delivering homes and infrastructure. This will build on policies we have already enacted in the National Planning Policy Framework, which set an expectation that local plan policies should make sufficient provision for housing, commercial development, infrastructure and community facilities.

The answer was submitted on 09 Nov 2022 at 17:57.