

Invest in import substitution

The OBR forecasts yesterday do not show a sufficiently sustained investment boost from the private sector. They also show a continuing high balance of payments deficit. The forecasts may be too pessimistic, but it does highlight an opportunity which the government could grasp.

The Chancellor rightly wants to lead a big investment revival. He is also making large sums available in public sector capital, and hybrid capital through joint financings. There are obvious opportunities in putting in more electricity capacity to cut our use of the interconnectors, substituting U.K. timber for imports for many uses, growing and catching more of our food and ensuring our defence orders are supplied from U.K. yards and factories. These are all areas where government intervenes and spends a lot giving it influence.