

The role of Ministers

There have been too many changes of Minister under Labour, Coalition and Conservative governments. If the civil service think someone may only be in post for a year or so they can delay or impede actions the Minister wishes to take that they do not favour. Frequent changes of Minister means frequent changes of attitude and decision making in ways which may be unhelpful. Ministers are often allocated to a department without proper consultation or discussion of their skills, knowledge and interests. From the moment they arrive in office they are expected to be able to answer a range of difficult questions and make well informed decisions with no training for that role.

Ministers have to perform a variety of tasks. They are there to represent their department in government and to the country. They need to argue its corner in government debate and policy formation. They need to approve necessary actions by civil servants to administer the body of inherited policy and to enforce the inherited law in their area. They need to be the complaints department, seeking improvement and redress where things have gone wrong. They need to make judgements in difficult cases and situations which are brought to their level for decision.

They also need to remember they are elected with others to carry through a vision and a set of promises from a Manifesto. They need to be the change makers in the department where change is needed and where the case for change has been accepted by the public in an election and or made and accepted by Parliament. They may need to reallocate resources, establish new programmes, put through new laws , address new issues.

Ministers will see when they arrive that the department has a culture and a set of defining attitudes towards policy and its tasks. Some of this will be well based and the Minister needs to learn and reinforce it. Some of it will be contrary to what the Minister and government are trying to do, where the Minister should make the case for change in the department and offer leadership to correct what he or she sees as wrong or misguided. It is no defence for bad policy or decisions to say the Minister followed the official advice. It is best where the Minister knows about the matters being discussed and has past qualifications and experience that are relevant as in most other jobs. Where this is not possible a Minister should be kept in post long enough to learn the job and do it well for a bit before being moved.

The civil service should do more

Learning and less churning

There is some interest in civil service reform, both by Ministers and senior civil servants. Both can perform better, and both see that there are difficulties over some issues and in some departments. Today I wish to concentrate on how the civil service can respond to public needs and Ministerial decisions. I will do another piece on how Ministers can give good leadership.

The recent covid crisis showed the best and the worst of what is on offer. The existing NHS medical staff and senior management provided a lot of emergency care in difficult circumstances at some risk to themselves whilst medical science caught up with the disease and developed medicines and vaccines to combat the virus. Ministers opted for new leadership outside NHS management to drive the vaccine development and purchases very successfully. The NHS took time to test and bring on stream drug treatments.

The civil service appoints a lot of generalists and then rotates them through a wide range of very different roles, with a few emerging to the top with a general knowledge and experience of quite a lot of government. There is substantial reliance on outside consultants and advisers for technical and professional matters. An individual often has to move onwards and upwards quickly to get salary advances and to show they are the kind of talent that can rise higher. The danger of this system is twofold. Individuals do not gain sufficient expertise or a wide enough range of contacts to do any particular job well given the limited time in it. No-one is responsible for much, as projects, policies and services are shaped by a succession of people and go wrong under a range of people. If a person knows they will move on soon it must affect their degree of interest in and disclosure of things that are not working well.

There is a good case to be made for expecting people to stay for longer in posts and to back them with training and support so they become expert in their field. They should be given increments on salary scales for doing a good job whilst staying in post, and or promoted within the same area so the expertise is not wasted. The civil service should contain more of the expertise it needs and should reward it.

If we take an area of weakness, large scale procurement, it would make sense for senior people involved to expect to have to stay with the contracts they have designed and signed through a meaningful period of years of fulfilment, with possible bonuses for successful quality and cost outcomes. If it is say a 7 year project why not stay to see it to success? Whilst of course Ministers remain publicly responsible for all that is done, well paid senior civil servants should beneath that public accountability take responsibility for all their considerable delegated powers. They need to be rewarded and praised for using them well, or corrected or disciplined for using them badly as in private business.

The attempt to divide administration of policy from design of policy led to a

proliferation of Executive Agencies. Their Chief Executives are civil servants, but they have some Ministerial type powers and duties as they have a public face and can speak for their bodies. Where there is a cross party accepted and largely unchanging task like issuing passports or vehicle licences there is something to be said for this approach. It needs to be sharpened so that again the CEO and senior management is rewarded for success but held accountable for failure. The model starts to break down where policy and execution are much more entwined and the resulting quango is powerful. The NHS and the Environment Agency are differing examples of large bodies with public chief executives where Ministers are held responsible for their actions by the public. In these cases it is essential the Ministers have full access to data and an ability to influence the CEOs as their work is central to the democratic process and is often highly contentious between parties. Not everything should be in external agencies.

[World Health Organisation Treaty?](#)

I understand people's concern about the UK signing a world Treaty on healthcare that could make running the NHS difficult or otherwise constrain good UK policy choices. There are a lot of false rumours flying around. As there is currently no draft it is not possible to say much on the wisdom or dangers of this particular idea.

The WHO has set up an International Negotiating Board to try to draft a binding Protocol over future responses to pandemics. The timetable is according to the WHO as below.

- The INB will host its [second round of public consultation hearings](#) on 16-17 June 2022.
- The INB will meet by 1 August 2022 to discuss and consider a working draft treaty.
- The INB will deliver a progress report to the 76th World Health Assembly in 2023.
- The INB will submit its outcome for consideration by the 77th World Health Assembly in 2024.

Those wishing to influence or oppose this development should respond to the consultation.

Inflation

Fast inflation is damaging to jobs, activity, savings and the conduct of economic policy. Hyperinflation, inflation above 50% a month, destroys an economy completely, making normal economic activity for wages and money receipts near impossible. Venezuela has hyperinflation thanks to printing and borrowing too much, and nationalising and price controlling much of what is left of Venezuelans of industry. Maybe incomes and output have halved as a result. It is difficult to measure their economy with the daily surges in prices. Argentina has inflation of 55% and is trying another IMF programme to get it down a bit. Turkey has allowed 70% inflation by expanding money and state borrowing too much. These are the warnings to advanced countries not to let inflation rise further and embed.

The main advanced countries led by the USA with inflation at 8.4% and the EU with inflation at 7.4% have inflation at similar levels to the UK for similar reasons. The US and the EU printed huge quantities of dollars and Euros throughout 2021 triggering first an asset price bubble and then upwards pressure on goods. It is true all have suffered from a sharp rise in energy and food prices, in part owing to the Russian invasion of Ukraine. This however, has also been experienced in China and Japan which have inflation rates of around just 2%. China pursued a tougher monetary policy. Japan always gets away with massive money printing and borrowing probably owing to the cautious consumers who avoid excess demand. Switzerland, another large energy importer, has also kept inflation under control.

The UK authorities started to rein in their monetary excess late last year. We are now living through the inflation based on last years excess. Owing to price controls on energy the full effects on inflation were delayed until April and maybe also until the autumn when there will be another catch up increase. This year's tightening should mean a sharp decline in inflation next year as the Bank is now forecasting. The European central Bank is still printing more Euros and keeping interest rates at zero. So they are still risking continued high inflation. Maybe they hope the evidence of slowdown and possible recession will be sufficient to lower the price rises.

There are several lessons the UK authorities need to learn from these experiences. The first is you cannot carry on printing and borrowing when you are well into recovery. The asset inflation is likely to spill over into goods and services. The second is imposing price controls on an essential like energy does not protect people from inflation in energy prices for more than a few months. The price rises catch up with you. It also means more losses to be absorbed by taxpayers on the businesses that go bust and need rescuing as a result of the price controls. The government should drop this approach. In the short term government is the great winner from inflation. Its revenues go up as prices and wages go up. The real cost of repaying most of its debt go down as savers are swindled out of the real value of their savings.

The need for a growth and an inflation objective

It is good news that the traditional media at last recognises there is both an inflation problem and a growth problem. I welcome recent converts to the cause of exposing errors by the Bank of England and the Treasury that have given us too high an inflation rate and now look as if they want to deliver us too slow a growth rate.

I see Liam Fox criticising the Bank and the cross party Treasury Committee daring to take a rare peak into the policy errors of a Bank they wrongly say is independent. That is the same Treasury Committee that insists on interviewing a potential new Governor of the Bank and deciding whether to approve the appointment! The Chancellor of course approves and indemnifies the Bank against all money creation to buy bonds under Quantitative Easing anyway.

I would like the various worthies of the Treasury and Bank establishment, official and elected, to conclude two simple things. One, the Bank and Treasury need to work together on a common policy. Two, that policy should target 2% inflation and 2% growth as the longer term average. If the Governor gets to the point where he or she thinks the Chancellor is inflating too much and will not listen they should resign. If the Chancellor thinks the Governor is deflating too much and will not listen he or she should remove them. All this would become public and allow debate and Parliamentary input.

Whilst printing too much money is usually inflationary and is mainly a matter for the Bank, running an economy with too little domestic capacity and enterprise can also be inflationary and mainly needs a government response. Inflation can come from excessive private sector credit build up, susceptible to Bank controls on the commercial banks and to interest rates. It can come from excessive demand and borrowing by the state sector, subject to government control of budgets.

Today Bank policy has corrected from the very inflationary. Government policy is insufficient to tackle capacity shortages. Neither Bank nor Treasury has rolled out a proper growth strategy which is much needed.