

Should civil servants be accountable for delivering policies and services?

It has been fashionable for many years to set up so called independent state financed bodies to carry out functions of government away from direct Ministerial supervision. Thus transport Ministers created a Highways Agency to run the main roads, the Environment Department an Environmental Agency to run water, anti flooding and a range of other environmental policies, and the Treasury set up the Office of Budget Responsibility and a so called Independent Central Bank to limit Ministerial control over economic policy.

Some MPs seem to want to transfer more and more things to such bodies. The ultimate of course was the mass transfer of powers to the EU. The public often say this trust the experts approach is a good idea, until the policy miscarries or mistakes are made. Then they expect Ministers to intervene, sort it out and take the blame.

The problem is independent civil service activity often does go wrong. I have chronicled the bad mistakes of the Bank of England in recent years which helped create the ERM recession, the banking crash and the recent economic slowdown. The Environment Agency policy of discontinuing pumping and dredging led to bad floods in Somerset and the need for Ministerial intervention. The EU invented the Common Fishery Policy which did so much damage to UK fish stocks and to our fishing industry.

Well paid senior civil servants in or out of quangos are set targets and asked to run particular programmes or services. There is nothing political about ensuring high quality and efficiency in most cases. Should these targets be used to influence promotion? Is there a level of performance so bad that it warrants loss of job? Should senior civil servants stay put in a role for bit longer than the current average, with named responsibility for what they are meant to be managing?

In a democracy there can be no independent branch of government. The public through their Parliament or Congress can demand that anything changes or gets better. Ministers cannot go on saying a branch of government is independent of them when it is doing harm or failing to perform. They will be forced into changing the structure and or the personnel, in order to get the change of policy people want.

Meeting with Scottish and Southern

Electricity

I met representatives of the company.

I urged them to ensure we had sufficient capacity at a time of increasing demands for more power.

I also raised with them how they could help with our local roads problems. They need to put in new larger capacity cables to deal with extra demand per house, especially for those wishing to charge electric vehicles, and to deal with new homes and businesses. When they do so it would be good to route them other than under the middle of our main roads, as that creates so much disruption everytime they need to maintain, amend or upgrade.

We also discussed national capacity and price.

Central Banks fight recession- where is the Bank of England?

The Bank of Japan has promised “ample liquidity” whilst the US Fed says “We will use our tools and act as appropriately to support the economy” .

Relations with the civil service

The theory is straightforward. Ministers decide on policies they wish to see implemented, or identify problems that need government solutions. Civil servants advise on the best ways of implementing a policy or solving a problem. Ministers decide between these options and civil servants get on, implement and administer the policy.

Civil servants can refuse to implement only if the Minister is wanting to do something illegal or contrary to the agreed view of the government. They are not meant to let their own personal preferences and political views get in the way of carrying out a governing party Manifesto or the agreed wishes of the Cabinet or of a Minister with devolved power.

It is further agreed that only Ministers speak to the public and Parliament to explain and defend the policies and actions of the government, with the exceptions that civil servants may be employed as spokesmen and women to put

across the agreed government policy in off the record briefings or occasionally as nominated experts on the record. Ministers do not reveal what advice they were given and civil servants do not brief out their views on the advice and on how the Minister took the decision.

This system sometimes breaks down. Ministers can let fly about civil servants and civil servants can brief against Ministers. Throughout our period in the EU our membership of the EU has created a substantial tension between Ministers wanting to govern the country and a civil service keen to maximise the constraints the EU imposes on self government.

The civil service as a whole admires the EU and likes the behind closed doors approach to legislating. Ministers are often told they cannot carry out their promises or meet the wishes of many UK voters because to do so would violate some EU Directive or regulation or Treaty requirement. When I was a Minister and since the civil service preferred method of dealing with the EU is to find out what it wants to do next and tell Ministers they should welcome it or go along with it.

The current rows between Ministers and officials are related to the wish of the majority of the public to "take back control". The paradox is the civil service does not wish to do this, but has used every opportunity in the last three and half years to try to recreate many features of current EU governance once we have "left". Instead of preparing us for the opportunities of exit they have run a Remain based Project Fear machine. We have seen the results in some published statements and reviews, and in leaks. Much of it is shoddy and alarmist, unrelated to the reality of what is likely to happen.

So we have the Home Office trying to dilute the borders policy to recreate free movement of people. We have the Treasury trying to bake Maastricht debt controls, the austerity policy, back into a domestic version. We have some in the Environment Department trying to perpetuate EU fishing and farming policies. We have some Defence and Foreign office officials wanting to bind the UK into common defence procurement and more common operations with EU forces to make a European army more feasible. We have Trade and FCO officials not wanting a US trade deal for fear of it annoying the EU.

It is this culture of EU best and EU first that some good Ministers are trying to change. Expect more sparks to fly. I know which side I am on.

[The need for new thinking at the Treasury and Bank](#)

I have written many times before about the way the UK economic establishment has been wedded to the EU rule that we must bring state debt down to 60% of GDP. This has been the main constraint and guide on economic policy for the

last decade. We need instead a new central aim of promoting faster economic growth whilst keeping inflation low.

I have also drawn attention to the Establishment's unhelpful use of two pieces of economic theory, the Phillips curve and the Laffer curve. The Phillips curve which says inflation rises when unemployment falls has not been adjusted for the global economy we live in, failing to understand how inflation has been kept down by large inward movements of low wage labour and by importing substantial quantities of cheaper goods and services. As a result money policy has been tighter than needed.

The Treasury used to deny the Laffer curve, which states that if you raise a tax rate above an optimum level revenue falls. Now they accept the theory but choose to assume the optimum rate is much higher than experience tells us it is. As a result they have had bad shortfalls on taxes like Stamp Duty and have failed to maximise tax on higher incomes.

Since the 2016 referendum the Establishment wrongly forecast an immediate recession, and then has gone on and on about an alleged hit were we to leave without a trade deal. Meanwhile they have continued to tighten the fiscal policy of the UK and keep money tight, which has predictably slowed our performance whilst still in the EU single market.

The government has added to the difficulties by successive Chancellors making a tax raid on property through higher Stamp duties, and on new car purchase through higher VED. This has predictably hit both the housing and car markets, the two largest purchases people make.

It is time to relax policy to promote growth, and to set tax rates that allow enterprise and activity to flourish. The external shock of the virus means the case for tax cuts is even more urgent now. There is both a demand and a supply shock. Tax cuts can help a bit on the demand side. Lower interest rates are less useful. We are getting lower rates for government borrowing anyway.