

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.

[Conservative Home article on Northern](#)

Ireland Protocol

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Brexit was a vote to take back control. Remain tried to turn it into a narrow discussion of trade and trading arrangements, denying much more constitutional significance to the EU. Brexiteers wanted our country back. We knew that greater prosperity and freedom as a result would depend on what use Parliament made of the freedom to make our own choices. The public, in anger at the way the 2017-19 Parliament tried to undermine the verdict of the people and tie us back into much of the EU's laws and arrangements, voted for the big Brexit majority in 2019.

Given the hassle and the anti-democratic efforts of so many in a Remain-dominated establishment to keep us close to the EU, it was understandable that the Prime Minister would rush through a Withdrawal Act before the last election when he was still hamstrung by the absence of a Brexit majority.

After the Conservative win, he speeded up negotiations on a future relationship. The EU had insisted on a two-stage process, agreeing terms of withdrawal, leaving and only then negotiating a future relationship. A possible trade agreement to supplement WTO most favoured national trading that would otherwise apply helped them more than us, but was used by the Remain establishment to keep us closer to EU rules.

The EU broke its own interpretation of EU law which it said necessitated this phased approach by inserting a Northern Ireland Protocol into the Withdrawal Agreement which did tackle some future relationship issues which were meant to be out of bounds at that stage.

The Protocol it drafted was contradictory and ambiguous. It contained a lot of clauses requiring Northern Ireland compliance with the EU Single Market, but it also included clear statements that Northern Ireland would be part of the UK's internal market and would benefit from UK free trade deals, and that Northern Ireland's status as part of the U.K would be confirmed.

Both sides recognised the the Protocol did not represent the final answer, which is why it included Article 13.8 which provided for cancelling or replacing it in due course. It was assumed by many there would be a clearer statement in the future relationship treaty. When it did not produce one, Northern Ireland was left facing an uncertain future. Conflicting jurisdictions in the EU and U.K took very different views of what the contradictory and ambiguous document meant.

The EU decided on a maximalist interpretation, imposing or seeking to impose a vast array of controls and checks on internal U.K. trade passing between Great Britain and Northern Ireland. The U.K. politely spent two years asking for some give as well as take from the EU with no success. The Unionist parties in the recent Stormont elections suffered from the damage done to Great Britain/Northern Ireland trade, and to the sense of identity of the

Unionist community in Northern Ireland by the intrusion of the EU into their lives.

The U.K according to the EU cannot change VAT in Northern Ireland when we change it for Great Britain against EU laws. Northern Ireland has to accept an avalanche of new law from the EU every year while Great Britain does not have to accept or legislate for anything similar. Northern Ireland gets no vote or voice on the laws the EU imposes

As a result, unionist members of Stormont are refusing to join an executive or government in Northern Ireland until the Protocol is removed or substantially amended. They see an EU understandably on the side of its member state, the Republic of Ireland – out to govern against their wishes and interests, forcing on them an unwanted border between Great Britain and Northern Ireland and many costs and impediments to Great Britain/Northern Ireland trade. The U.K. has refused to implement all of them, but the ones already in place are damaging enough.

The Government needs to take action to remedy this big problem. The Belfast Agreement which established peace in Northern Ireland after years of violence is important and is rightly backed by the President of the USA. This agreement has now been undermined by the Protocol . Both the unionist and the nationalist communities need to give their consent to any major decision in Northern Ireland. The Unionists do not consent to the Protocol which they think undermines the Act of Union and deprives them of full and equal membership of the Union of the U.K.

As the EU seems to delight in forcing Northern Ireland against its will into dependence on EU laws and rules that the Government must act soon and unilaterally to remedy this. The EU mouths its meaningless and wrong soundbite that the UK and Northern Ireland have to stick to an international treaty and must not break their law. The truth is that the EU is failing to carry through the parts of the Protocol it does not like and has damaged the Good Friday Agreement. It is controlling parts of tax policy in Northern Ireland and stopping British supermarkets delivering food to Northern Ireland's shops.

The U.K. anyway has the power to legislate independently reserved carefully in the crucial Clause 38 of our Withdrawal Act which is the only form of the Treaty which has power in U.K. law. That Article reserves the right for the U.K. to assert its sovereignty over any of these matters if it needs to. The Government could also operate legally under the terms of the Protocol itself as Article 16 allows us to take unilateral action where the other party has damaged the economy and society of Northern Ireland and or where trade with the U.K. has been impeded. Clearly, both tests have been met.

Many British businesses have stopped selling into Northern Ireland or have streamlined what they sell faced with ridiculous EU imposed checks. More importantly, the delicate balance between the two communities has been fractured with unionists wanting their country back. It is important that the Government upholds the Belfast Agreement. That means explaining all this to US Democrats who do not understand the Unionist position or the legal

background

It means acting unilaterally and fairly to take control of Great Britain/Northern Ireland trade whilst guaranteeing the full force of the state to prevent non-complaint goods travelling into the Republic. It means standing up to the EU as it mouths falsehoods and threatens illegal responses. Brexit is not done all the time it does not extend to Northern Ireland. Our Union is not safe all the time the people who believe most in it are treated so badly.