

Boost the economy now

Other countries have been doing what I have advised the UK authorities to do. We are now witnessing a rash of policy announcements by Central Banks and governments around the world to boost their economies . They want to arrest the global slowdown and prevent a global recession. The UK as the world's fifth largest economy needs to help them.

Australia, the USA, China, Turkey, Russia, Brazil and others have cut interest rates recently.

The USA, China, Japan and Euro area Central Banks have all put more money into markets. The Fed has bought T Bills, the ECB government bonds, the Japanese both bonds and shares.

China has relaxed lending restrictions and offered cheap finance for distressed companies losing revenues from the virus effects. Hong Kong has given HK\$10,000 to every adult.

We can argue about the wisdom of individual measures, but they are right to be trying to generate more activity and see business through a difficult time. In this environment boosting demand and ensuring liquidity is probably better than cutting rates.

So what should the UK do?

The Treasury should lift its tax attack on small business contractors, by cancelling IR35

It should abolish VAT on green products and domestic fuel to cut the costs of living

It should cut Stamp duties and VED to promote more home and car sales

It should offer all small businesses a 3 month holiday from Business rates as some will suffer cashflow problems from virus disruption.

Cut Income tax to give all employees a pay boost.

The Bank of England should ensure a plentiful supply of liquidity to markets. It should facilitate lending to companies with temporary liquidity problems brought on by virus disruptions to sales or supplies who have a decent future business model.

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.