

Treasuries are weak at spending control but get blamed for meanness

The second law of government is the Treasury is usually weak at spending control but gets blamed for underfunding.

The Treasury is hopelessly outnumbered by spending departments in government. It can only hope to exert effective control if the Finance Minister and PM or President work together, and if spending decisions are mainly taken in bilateral meetings between the Treasury and the relevant spending department rather than in a wider forum .

Government departments can get more money by running things badly and demanding bail outs near the end of the year. They can get more cash by claiming it for crises or issues which come up in year. They can work with lobby groups outside government to create pressure for increases. Some are good at securing money for their next year's budget under headings where they know they are unlikely to spend it all. They then vire this approved spending to another purpose later during the year, securing cash for something which might not have been approved if asked for originally.

It is commonly believed in government circles that a Treasury has too much control over spending and that a Treasury makes spending judgements that prevent other departments doing a good job. This is usually a dangerous myth. It comes from the proposition that new initiatives or demands need new money to pay for them. In practice there are often falling demands or waning initiatives elsewhere in each spending department. There should be a more active pursuit of the things the department no longer needs to do at the same time as finding new things it is desirable to do. Old government initiatives rarely die. They rest in some distant corner of an administrative office, and keep their budget line.