

6 Policy-making

Civil servants in the crossfire

INTRODUCTION

Whilst most civil servants execute policies, more attention is devoted to those who help formulate policy. As policy advisers they are in very powerful positions to influence or indeed create policy. How powerful they are is a moot point, but their central role makes them the major target of organized pressure groups attempting to influence policy. Senior mandarins have recently felt under greater pressures from their political masters as their policy-making role is increasingly threatened with suggestions of outside political advisers taking on a much more major role (Cm 2627, 1994). Civil servants have also complained that ministers are ignoring their advice and findings if they do not fit in with predetermined plans and that the way to get on is to become 'yes men'. The powers enjoyed by civil servants and the pressures experienced by them is the subject of this chapter.

THE FOUR MODELS OF THE STATE

The constitutional representative government model sees the civil servant as an adviser to and an implementer of elected officials' policies. Like Weber's ideal-typical bureaucrats, top civil servants are underlings of elected politicians but are more than merely cogs in a machine. The collector and collator of evidence and the purveyor of ideas, their role is to advise and aid ministers in the formulation of policies. Civil servants are not meant to be political actors when carrying out this role, but are supposed to be politically neutral. 'Neutrality' here means that civil servants are willing and able to serve differing administrations with equal effectiveness. It means treating equally the incumbent party no matter what its ideology. Weber suggests in his political writings, however, that this ideal-typical form is unlikely to be attained. He

recognizes that the bureaucracy is an independent force in society since it has an inherent tendency to overstep its proper function as a technical instrument of politicians. Bureaucrats as a particular social group are unable to divorce their behaviour from their interests. Bureaucracy tends to exceed its proper function because its membership comes from a particular social class. Weber argues that it is unrealistic to expect the bureaucracy fully to accomplish its role as a neutral machine set up to do the will of the elected government. The civil service would have class interests of its own. Various studies over the years have borne this out, showing how many senior mandarins come from public schools and Oxbridge. There is also the under-representation of women at the highest levels. The class and gender bias was not redressed during the 1980s, even if a new breed of senior civil servant emerged. The under-representation of ethnic minorities in the senior civil service has not even been addressed.

The idea that the civil service can be a neutral device, at the heart of the constitutional representative government model, is also open to more fundamental criticisms. First, we can question whether such neutrality is technically possible; secondly, whether it is in fact desirable. In as much as social class backgrounds do not reflect society as a whole, and that this affects civil servants' attitudes and behaviour with regard to policy-making, strict neutrality may be impossible. However, without making the bureaucracy a perfect microcosm of society, necessarily such social-class bias may be claimed. Ellis (1989: 87) writes:

the theoretical possibility of an administration whose agenda would be affected by an independently pursued policy vitiates the capacity of the bureaucracy to serve any incumbent with an equal degree of effectiveness. Equally, patterns of recruitment, career management or internal organization which impede or promote, however inadvertently, the policies of possible incumbents are impediments to political neutrality.

It appears that the civil service cannot be politically neutral, for it is a matter of fact that parties in government are always better served than parties out of government. The civil service must advise the party of government about the presentation of policies, help ministers avoid attacks during question times and debates and under the 'Osmotherly Rules' only selectively provide information to select committees of the House. These rules, the *Memorandum of Guidance for Officials Appearing before Select Committees*, were drawn up by E.B.C. Osmotherly in response to the setting up of the new Select Committees of the House

of Commons in 1980. The document advises that information should only be withheld in the interests of 'good government' – this is deemed to include all discussions of interdepartmental exchanges, civil service advice to ministers, the level at which decisions are taken and anything 'in the field of political controversy'. In other words, this means virtually all information that elected MPs would want to hear.

Even when the civil service sticks to its rules over the presentation of information for use on 'party political' occasions, the duty of civil servants to be loyal to the government cannot ensure neutrality between the parties. When the pendulum swings regularly between the two major parties in a two-party system, this may not matter much. But if a dominant-party system emerges, then the myth of neutrality becomes dangerous. This is compounded by the preference-shaping which ensues when radical institutional change occurs. If they are to speak at all, one cannot but expect chief executives of the new agencies to defend the Next Steps process: that is now part of their responsibility. Given the role of senior mandarins in shaping Next Steps, one cannot but expect them to defend it, no matter what the political consequences. Senior civil servants have also been closely associated with privatization policies, again a highly politicized area.

This supposed neutrality or impartiality is an aspect of constitutional double-speak. Ministers want, and have always wanted, partiality. They want the information which best bolsters the policy positions they favour. 'Impartiality', as used by the commentators, is simply the assumption that civil servants are prepared to be partial to whichever party forms a government. Whilst we may wish civil servants to serve governments of any political persuasion equally, it is not a good description to call this 'impartiality' or 'neutrality'. Rather what we require of our civil servants is objectivity. They are there to provide the best information that they possibly can for ministers no matter what party those ministers belong to. Ultimately ministers will decide policies based on their own judgement and their own partiality, but civil servants should provide the information that enables ministers to decide. Of course, civil servants will be swayed by their own prejudices, but normatively we should expect as much objectivity as possible in providing answers to the questions ministers ask them to address. Whether it follows that civil servants should be as unhelpful to parliament as they are is a question addressed in Chapter 8.

Despite the idea that civil servants are neutral, even the constitutional representative government model acknowledges the fact that senior civil servants are powerful. Advisers are frequently powerful and the civil service has traditionally operated as the ministers' window on the

world, providing factual, professional and expert information as well as conveying to ministers the views of interested and affected parties in any given policy area. This element of information-collecting is an important aspect of the pluralist account of the state. Pluralists essentially believe that all legitimate groups should have access to the political process and be in a position to make their views known and thereby *potentially* affect the policies eventually adopted. As long as this process is legitimate and not corrupt, it can be seen as pluralistic, even though some groups are much more powerful than others.

In the past, left-wing commentators, including former ministers saw senior civil servants in some form of 'conspiracy' conservatively holding back radical policies. The New Right views civil servants as having interests of their own, particularly concerned with their own roles and departments and also with their private plans. A crude but telling example of mandarin self-interest emerged with the plan to free Horse Guards Parade of parked cars and traffic and to open it up to pedestrians and tourists. Proposed by the Royal Parks Review, the plan was backed by the Department of National Heritage and MI5, as it would lessen security risks. But the proposal was rapidly quashed. Horse Guards Parade serves as a car park for 800 senior Whitehall mandarins. Rarely has the civil service reacted so quickly or in such uniform fashion against a policy proposal!

The autonomy of the state model suggests that this type of self-interest means that civil servants and elected politicians only accede to the wishes of pressure groups, as in the pluralist model, when they already agree with them or are relatively indifferent to their proposals (Nordlinger 1981). It may appear that groups affect the policies of departments, but often they carry out their policies regardless of what organizations tell them. Those organizations which tell the department what it wants to hear will appear to be influential but this is simply happenstance. Departments are only led by group pressures on this model, when they have no clear policy preferences.

All the models recognize that civil servants are powerful and influential figures, and the view which sees them as ministers' lackeys is consistent with models which see the state as largely autonomous of the desires of society as represented through various organized channels. This view argues that the state does largely as it wants, and only when the views of organized factions are consistent with those of the state does it appear to carry out a representative function. State autonomy was developed in opposition to the dominant view of the democratic state as by-and-large pluralist with government swayed by

the competing demands of organized pressures. This is the process which the New Right calls rent-seeking.

Notwithstanding the civil servants' self-interest and the state autonomy models, it has become clear that civil servants have not been able to hold back the radical right-wing policies of the Thatcher and Major Conservative administrations. It has also become clear that ministers have grown accustomed to ignoring the policy advice of their civil servants. Rather than admiring and promoting those who provide tough and uncommitted advice, the government has rewarded those who have not tried to find fault with policies prior to implementation but have got on with trying to put them into practice. Many senior mandarins now privately acknowledge that *Yes, Minister* has lost its irony and genuinely is yes, minister. Whether the new regime is closer than the old to the constitutional-representative government and to the pluralist or state-autonomy models is open to question.

POLICY NETWORKS

All commentators now recognize that the relationship between organized pressure groups and civil servants varies across policy domains. In some the relationship is close. Groups and civil servants meet regularly to discuss policy proposals and information is passed from one to the other. Often groups outside government are vital to the successful implementation of policy. When John Patten was Secretary of State for Education, he discovered to his cost that his plans for a national curriculum and regular national testing could not be implemented in their initial form because he did not have the support of the major teaching unions. Over time the national curriculum and the process of testing were modified in order to win the support of teachers. Similarly whilst health-care reforms have been pressed on a largely reluctant profession of doctors and nurses, the reality and the rhetoric of reform have been far apart (Wistow 1992a, 1992b; Smith 1993: ch 7).

Marsh and Rhodes (1992) suggest that the 'implementation gap' has been a major problem for the Thatcher and, it may be added, the Major governments. They argue that in addition to the problems of insufficient information and limited resources which bedevil all governments, the Thatcher government's 'rejection of consultations and negotiation almost inevitably led to implementation problems, because those groups/agencies affected by the policy, and who were not consulted, failed to co-operate, or comply, with the administration of policy' (Marsh and Rhodes 1992: 181). It is undoubtedly true that the Conservative administrations have attempted to negotiate less than previous

administrations with certain types of pressure groups. But whilst the pretence of corporatist-style negotiations with unions and business lobbies is over, the administrations have been unable to resist pressures in many areas. Policy failure in some areas is certainly due to this lack of willingness to negotiate, whilst policy compromise, particularly over privatization (Marsh 1991), has been as extensive as ever it was in the past. Indeed the power of the business lobby and the close links between ministers, senior policy-making civil servants and businessmen gives increasing cause for concern.

Departments and the policy process

Whosoever makes decisions, decisions about policy are made within departments. Whilst cabinet committees co-ordinate policy and agreements over interdepartmental policy may emerge there, most of the major decisions about government policy are made within departments. Only on the grand issues such as important aspects of foreign relations and the economy does the prime minister have a continual role, and rarely, even under Thatcher, does the prime minister intervene directly in policy-making. Yet, despite the many books about policy-making, there are few that deal with departmental policy-making (Smith *et al.* 1993). It is often claimed that different departments have different cultures which lead them to favour different policy styles or types of policy. However, it is difficult to explain policy outcomes by pointing to different cultures within departments, since then what is to be explained (the policy) looks too similar to what is supposed to be the explanation (the culture). It is true that different departments seem to favour different *types* of solution, but we can look to institutional factors and inertia to explain this.

The Department of Trade and Industry has interventionist instincts, whereas the Treasury has always been less keen to get involved in helping industry. But the *raison d'être* of a department looking after the interests of trade and industry is intervention. If British businesses are simply to be ignored and help and advice – on EC policy, on trade abroad, to small firms and so on – not given, there is little point in having a Department of Trade and Industry. A similar argument may explain the defence of continued agricultural subsidies within the Ministry of Agriculture, Food and Fisheries. Without denying the power of the National Farmers' Union, the interests of civil servants suggests that continued support for agriculture justifies their very existence. The Foreign and Commonwealth Office is closely linked with a pro-EC

stance which can be explained in terms of increasing the power within Whitehall of the FCO.

Other departments are known to have taken a policy stance over a number of years. The Department of Transport is noted for its single-minded pursuit of road as opposed to rail transport and the Home Office for its 'liberal' culture. Here the self-interest of civil servants is less closely connected to the policies they pursue, and other explanations may be sought. In the case of Transport, the plans for an integrated road network were developed in the post-war years, looking towards expected growth over the century. At that time, it was not realized quite what the plans for continued road use (up to 40 million cars on the road at present-day estimates) would actually mean. The health and environmental problems caused by car pollution have not been factored in to plans. Only in 1994 has the chief scientist at the Department of Environment placed the blame for rising air pollution and health problems on excessive car use and 'the burden of deregulation co-ordination' (Lean 1994). Here policy inertia can go a long way towards explaining the 'car culture' of the Department of Transport. Rather than changing policy direction, the department has tended to respond to road chaos with road-widening schemes and new roads, often running parallel with old roads to ease congestion. It has developed techniques to predict road use which it continues to employ despite evidence that better techniques exist, and it continues to take expert advice from those who accept the overall car strategy. Simplistic cost-benefit analysis which assumes a monetary gain for shortening a road journey by a given time multiplied by expected car use allows the department to produce a largely spurious calculation about the benefits of a new road to put against the costs of building it. Ironically, given that the value of land declines once development possibilities decrease, the Department of Transport favours building on areas of outstanding beauty or Sites of Special Scientific Interest, since their value is depressed by development restrictions, thus altering the cost-benefit calculations in favour of road building.

The department has long promoted a programme of road growth by stealth which has helped develop its siege mentality. Local communities always favour major road developments somewhere other than in their own backyard, environmentalists oppose road building in areas of natural beauty, and so on. Wherever a road is built, some pressure group will be dissatisfied. This leads to the attitude that if you cannot satisfy everyone, then you just have to plough on regardless of protest. The department has also promoted a secret strategy of gaining support for building major trunk roads by building 'bypasses' around towns and

villages, gaining support from inhabitants of those communities and then linking the bypasses in order to create a major new road. This often seems puzzling to those in the affected communities who cannot understand why the department insists on building a bypass to the east when most people prefer the bypass to the west. The puzzle is explained by its secret strategy, in which the bypass to the west makes their road linkage plan easier. The 'culture' of secrecy and of car use is explained here by institutional factors and rational self-interest. There are costs involved in radical change in policy stance which make inertia easier and change in long-range plans more difficult (Dowding 1991: ch. 7). It also explains why the department, despite consulting widely with groups of all sorts of policy interest, seems to follow the advice of road-user groups far more often than environmental or pro-rail lobbies.

The 'liberal' attitudes of the Home Office may be similarly explained. Here the culture has been generated by decades of research findings from Home Office officials and from funded external research. Despite the general public's desire that criminals should receive long gaol sentences and murderers should be executed, deriving from the felt need for retributive justice, the Home Office considers gaol in terms of deterrence and rehabilitation. Research suggests that the death sentence does not deter murder, that longer gaol sentences do not deter criminal activity, indeed rehabilitation decreases with longer sentences. The point here is not that the Home Office is right and the public wrong, but that the type of calculation is different. Though again, certain groups such as the Radical Alternative to Prison reform group are given less access to policy-makers than other less radical groups, since their plans are so obviously out of kilter with current policy and with what the public would accept (Jordan and Richardson 1987: 190). Culture and favoured policy are explained by rational decision-making, given the underlying principles which exist. Why those principles are there may need further, historical, explanation, but rational administrative inertia can help to explain their continued dominance.

The ways in which different departments make policy can largely be explained, therefore, in terms of the policy objectives by which departments define themselves and in terms of the self-interest of civil servants. Departments tend to 'consult' very widely in the sense that on any particular topic they will have a consultation list. This list will reflect a judgement by the civil servant concerned with the policy issue within a given division, but he will generate it by consulting other officials in his department and possibly other departments too. Jordan *et al.* (1992: 19) report that consultation processes in the Ministry of Agriculture involve approximately five hundred groups for food label-

ling issues, and over a thousand consultees for nutrition-labelling. This seems to be a wide consultation but does not reveal the true extent and nature of consultation. Many organizations will not respond (some on the list may no longer even be in existence) and the responses received will not all receive the same consideration. If some important organizations do not respond – regarding food-labelling, the National Consumers Council, for example – the civil servant will try to stimulate a reply. The number of replies varies, but the figure supplied by Jordan *et al.* (1992) suggests a reply rate of about four to twenty per cent depending on the nature of the issue.

Is such consultation 'token' or is it genuine? One civil servant said to Jordan *et al.* (1992: 23) 'Better to consult too many than too few . . . There are no rules against joining a list. Any discrimination is at the comment stage. Now those determined to interpret the process to suit their prior prejudice will claim that this means that consultation is meaningless.' And of course, others determined to interpret the process to suit *their* prior prejudices will claim that this means that consultation is significant. A better way of trying to judge the process is by looking at outcomes, seeing how these fit in with interests of affected groups and historically with the direction of policy from the department. As Jordan *et al.* demonstrate, seeing who was 'consulted' first does not enable judgement. In fact, they (1992: 23) go further and argue that consulting more widely is advantageous since 'it allows civil servants to present an image of wide participation and over-consultation, rather than under consultation'. Richardson *et al.* (1992) suggest that the government was forced to establish an environmental regulator against the wishes of the Regional Water Authorities during the privatization of water process because they failed to consult all the relevant interests. Cosmetic consultation thus enables departments to avoid taking notice of groups as much as it enables them to take their interests into account. For example, some people have claimed that the Department of Industry selected Sir Monty Finiston to head the inquiry into the engineering profession in the mid-1970s in the belief that he would produce proposals so radical as to lack credibility. Jordan (1992: 94) suggests that this may be too Machiavellian an interpretation, but 'it cannot be assumed that because Whitehall set up an inquiry it was convinced there was a problem to solve: "the problem" may have been the calls for an inquiry'.

According to pluralist writers, policy is the result of negotiation and bargaining between sets of pressure groups and civil servants within departments. The relative power of outside interests varies across policy domain within departments and across departments. Different types of

policy networks exist; some are readily open to outside influences, others are relatively closed (Marsh and Rhodes 1992a). According to state autonomists, the degree to which outside interests seem to be influential depends upon the relative strength of preference within departments. Thus if a department does not have any particular preference within some policy area it may be quite open to outside influence. Where it has a policy agenda, such as the Department of Transport with regard to road-building or the Home Office on prison policy, it is not open to outside influence. State autonomists argue that, whilst the road lobby may appear strong, it is equally plausible to argue that it only appears so because the road lobby is pushing a policy which fits with the long-term plans of the Department of Transport.

In an attempt to assess state autonomy models and pluralism, Christiansen and Dowding (1994) conducted a study of the influence of Amnesty International (British Section) in two policy arenas: human rights abroad with the FCO and human rights in Britain at the Home Office. It was found that whilst Amnesty enjoyed close and regular consultation with the FCO, its relations with the Home Office were distant. Whereas Amnesty was regularly consulted by the FCO, which initiated contact with Amnesty more often than Amnesty initiated contact with the FCO, contact at the Home Office was at 'arm's length', and one civil servant who had worked at the Refugee Unit at the Home Office said he could not recall a single occasion upon which Home Office officials had requested to speak to Amnesty (Christiansen and Dowding 1994: 22). This may appear to support the state autonomy model, with the FCO using Amnesty in order to attack foreign governments on their human rights records when expedient, but ignoring Amnesty when it comes to home policy on similar issues. In fact, the problem is more complex. The way in which pluralism has been defined makes it hard empirically to distinguish between pluralism and state autonomy. For the purposes of this chapter, however, we can see that civil servants tend to use groups when they are useful and ignore them (as far as they can) when they are not. It would be surprising to find anything else.

The relative powers of different groups and organizations in society, the degree of consultation and the extent to which it is real as opposed to cosmetic are exceedingly complex issues on which it is hard to provide final confirmatory evidence. Different researchers reach contrary conclusions using much the same evidence. However, virtually everyone agrees that some departments consult more widely than others, that some issues are more open to competing interests than others, and that departments have stronger policy preferences in some

areas than in others. Also, of course, departments are made up of divisions and divisions of sections, and sections are operated by people. In the same way that departments may fight each other, so may divisions within departments, sections within divisions and even individuals within sections. When we write of a 'departmental view' we are simplifying, but it is a useful simplification for understanding the nature of policy-making. The effects of the European Community are further complicating these issues. Most organizations now recognize that Brussels is at least as important a player in many policy arenas as Whitehall, and the more powerful organizations and most professional Whitehall lobbyists have opened offices in Brussels. In agriculture, food and health, for example, Brussels has been the leading policy-maker for many years. Brussels has brought closer links between departments and organized groups as Whitehall and UKRep advise organizations on current commission plans and how to go about lobbying in Europe. In this way departments and lobby organizations use each other against the European Union to their own mutual advantage.

The apparent consistency in departmental approaches to issues, which survive outside pressures and changes in elected governments, may in part be seen as policy inertia and the desire of civil servants to continue down paths which, if not widely perceived as successful in solving problems, may at least be seen by the department as containing them. Change may be less of policy than of nomenclature, for example, the abolition of specially assisted areas and the creation of enterprise zones (Jordan 1984). Ideologically driven solutions to problems often do not seem to be solutions to those who have examined the evidence. The poll tax was introduced despite a welter of academic advice and warnings from civil servants in the Department of Environment that it would not be implemented and would be politically disastrous. William Waldegrave persuaded Margaret Thatcher that the replacement of the rates with the poll tax was a good idea, and once convinced Thatcher was tenacious in its defence (Butler *et al.* 1994). One reason why governments of different party colours reach similar policy conclusions despite ideological differences is that incoming governments do not see the working papers of their predecessors. Similar solutions may thus be promoted by the civil servants.

The dominance of the Treasury

At the centre of policy-making in Britain is the Treasury. One of the smallest departments in budgetary and personnel terms – with just under 2,000 staff in 1993, 70 per cent in Whitehall, around 300 at principal

level and above – it is also one of the most important in all areas of policy-making. Each year the spending departments have to agree their forthcoming budget with the Treasury. This involves a scrutiny of all spending in departments, and therefore entails analysis of the expenditure implementing current policies and the expected expenditure on policies being developed within the department. The process of deciding public expenditure is almost continuous, peaking in early autumn before the Autumn Statement, though in future this and the budget are to be combined in November, pushing back decision-time. Decisions are taken by a small community of decision-makers. Thain and Wright (1992) suggest that the circulation list for the *Survey Guidelines* is about two hundred ministers and senior officials in spending departments, though around five hundred more will be involved in preparing materials. In the Treasury around a hundred officials working for the Chief Secretary for the Treasury will be involved. These exercises consider a three-year period – though estimates for years 2 and 3 are often very inaccurate – and the process gives the Treasury greater bargaining power when years 2 and 3 become year 1.

The Treasury thus indirectly influences policy-making. It also has an effective veto over plans which seem too expensive and its support in some policy initiatives can be vital. The Treasury was always opposed to the setting up of the Civil Service Department in 1968 and was a key actor in its abolition in 1981, four governments later (Greenaway *et al.* 1992: ch. 7). The Treasury has two great sources of power, money and knowledge. As the purse of all other departments, its views on the policies of other departments cannot be ignored. Treasury officials often deny that they have policy priorities within the ambit of other departments. The principal in charge of spending on housing said in 1984:

I don't think the Treasury necessarily has a housing policy. It will have a housing aspect of a general public expenditure policy, and if there are general policy objectives, such as keeping the level of expenditure down, then that will influence the attitude that one takes to policy issues that come up in housing. But I don't think it has a free-standing housing policy as such.

(Young and Sloman 1984: 44)

Keeping down expenditure could, perhaps, be described as *the* Treasury policy. A rather different story is told by Tony Benn who suggests that the Treasury influence is all-powerful and has been since the Second World War:

When I had my officials in to look at energy forecasting, they gave me the forecast and there was this great energy gap. It was intended

to be filled by nuclear power, but they didn't want to tell me that and so I said 'Well, let's look at the assumptions'. When I asked for them I found all hell broke loose in my department because my officials had been forced to put in assumptions about rates of growth and inflation and so on, which had come from the Treasury and which they didn't necessarily agree with. I then realized that the Treasury had written our entire energy forecast.

(Young and Sloman, 1984: 114)

The Treasury's control of the purse-strings should not be exaggerated: spending overshot the Treasury's planning total in 8 out of 11 years from 1980 (Thain and Wright, 1992b: 206). Thain and Wright also suggest that spending departments get around a third to a half of the extra money they bid for (1992a: 20), figures similar to past estimates. One recent attempt to change this has been the introduction of a cabinet committee to produce a 'control total' to be agreed by full cabinet early in the annual spending round. Each department then defends its plans before a scrutiny conducted by the Chief Secretary (the 'prosecutor') in a cabinet committee (EDX) chaired by the Chancellor (the 'judge') who is the Chief Secretary's departmental boss. This allows the Treasury to affect other departments' policy priorities discussing their plans in detail in EDX.

The bargaining over expenditure, however, also involves the Treasury in policy discussions across other departments. In this sense it knows more about each department than other departments do about each other. Thus the Treasury is, as much as the Cabinet Office, the department which co-ordinates policy. This means that the Treasury only knows what other departments are doing by what those departments tell them; though it is not true that it only knows what other departments choose to tell them. It gains its knowledge through asking intelligent questions (Young and Sloman 1984: 47). According to Douglas Wass, one-time Permanent Secretary at the Treasury and Head of the Civil Service, when Treasury officials move to other departments, their knowledge of the Treasury helps them in this bargaining game (Young and Sloman 1984: 63). This movement also helps the Treasury, or at least so mythology suggests. Crossman (1975: 615) claims that all his officials were 'imbued with a prior loyalty to the Treasury and felt it necessary to spy on me and report my doings to the Treasury'; and Joel Barnett (1982: 188) confirms that when he was at the Treasury, he heard from his officials what his cabinet colleagues were up to. Jim Callaghan is said to have suffered 'information deprivation' when he moved from Chancellor to Home Secretary.

The Treasury is very much a small community of people with very fixed ideas (Heclo and Wildavsky 1974). Contemporary reports support Sam Brittan's statement of a generation ago:

it is a small organization of highly intelligent and sensitive individuals. As in most such organizations, members tend to be intensely loyal to each other and they will not question too deeply reports or recommendations which emanate from among their number, but have an instinctive reluctance to take seriously contributions from outside.

(Brittan 1969: 26; cf. Young and Sloman 1984; Hennessy 1990; Grant 1993)

It was partly in response to this long-perceived problem that in 1991 the chancellor established a panel of independent forecasters. The Treasury has also started to commission outside teams to examine and revamp aspects of its model of the economy, starting with those aspects concerned with consumer borrowing and spending. The government's desire to obtain more advice from outside the civil service will also encourage this movement.

The Treasury is the most secretive department (apart from the secret service) in a very secretive civil service. The great responsibility felt by Treasury officials for the economic well-being of the nation, the secret nature of their business and the feeling that they are an elite group create community spirit and an insular attitude.

Some deny that the Treasury has a monolithic view (Thain 1984; Browning 1986). The micro-analysis of dispute between divisions and sections within the Treasury and the concentration on dispute over detail or more radical disagreement across policy documents does suggest that there are variations and diversities of opinion. This does not disprove the thesis of the monolithic viewpoint, however, since variety over detail and broader disagreement, which is discussed but never acted upon, are compatible with the more standard monolithic view of the Treasury. Examining variation amongst the trees does not alter the shape of the forest.

The role of pressure groups in relation to the Treasury is one area of change since 1979. The previous Labour government felt great pressures on its economic policies from trade unionists, businessmen, financiers, international bankers and other international organizations, and other governments. The Conservative government maintained an economic strategy which was also subject to pressures in the early years of its administration but felt able to resist many, though not all, of them. Pressure still exists, of course, but the mainstream thinking of Treasury

officials fits more closely with that of the international financiers than did the previous Keynesian and neo-Keynesian orthodoxy. Leading up to the budget, the pressure on the Treasury increases, though much of this is of a routine nature, with the Treasury well aware of the desires of the leading pressure groups without having to be told.

The Treasury shares with the Bank of England the control it tries to exercise over financial markets. This includes its intervention in foreign exchange markets to support the pound, intervention to affect the level of interest rates throughout the economy and the terms on which it borrows money. These have been the key tasks of economic policy since the mid-1970s. The Bank is now as important as the Treasury in some regards; it has a closer link with financial interests and a closer understanding of their needs, though a lesser understanding of the needs of productive capital. Whilst the Treasury has the legal right to issue instructions to the Bank, it never does so; rather discussions between the Bank and the Treasury occur regularly, both informally and in a monthly forum.

The nature of Treasury officials over the past twenty years has changed more than in other departments. Whilst the generalist 'amateur' ethic with a humanities degree has been changing throughout the civil service, it has done so more rapidly and thoroughly in the Treasury where professional economists from a wider social-class background have reached and dominated at the top. The high intellectual calibre of Treasury officials is often remarked upon (Healey 1989: 376), though Sam Brittan's description of them as clever as 'dons at an Oxbridge High Table' may perhaps indicate the simplest explanation of Britain's relative economic decline.

The internationalization of economic and therefore other policy matters is also demonstrated within the structure of the Treasury. An international finance group deals with matters pertaining to the International Monetary Fund (IMF) and other international economic organizations, and the Treasury has officials located in the British Embassy in Washington and on secondment to the IMF and the World Bank. Its European Community group is very important and is split into three divisions concerned with EC financial and economic policy issues, the EC budget and international trade policy.

DECISION-MAKING

It is a mistake to think that it is easy to measure the relative power of ministers, civil servants and outside pressures. Even those on the inside

are hard put to identify relative powers, as the late Lord Crowther-Hunt explains:

In our seamless web of government, it is never easy to identify the moment and place at which crucial decisions are taken, let alone who takes them. Take devolution, for example. This was the problem I came into government to handle as Harold Wilson's Constitutional Adviser in March 1974, after serving for four years as a member of the Commission on the Constitution, which produced a whole series of devolution recommendations in 1973. In September 1974 the Labour Government produced a White Paper committing itself to a broad but quite specific scheme of devolution for Scotland and Wales. In November 1975 in a second White Paper, it elaborated those schemes in much more detail. During the whole period I was present at virtually all the ministerial discussion on devolution; and up to September 1974 I was at virtually all the civil service inter-departmental discussions as well. But out of this whole range of meetings and discussions, some formal and some informal, it is impossible for me to point to a particular meeting and say that *there* the crucial decision or decisions were taken. Indeed, there are only two generalizations I can make with confidence. The first is that the two meetings of the cabinet which approved the September and November White Papers were certainly *not* the occasions when crucial decisions about devolution were taken. For the most part, they were merely rubber-stamping meetings for all that had gone before. The second is that most civil servants were fundamentally opposed to devolution, and so, for that matter, were most ministers. The point is that when it is so difficult to be certain when and where crucial decisions are taken, it makes it even more difficult to decide whether ministers or civil servants have the more powerful voice.

(Kellner and Crowther-Hunt 1980: 210)

It seems clear from this evidence that the decision to go ahead with devolution was not a policy preference of non-elected state officials and that it was not really the preference of the elected state officials either. Outside pressure groups were influential in those difficult times of a minority Labour government. The detail of that policy was hammered out over time, and it is difficult even for one of the participants to identify who was behind which detailed provision. In the end this policy failed as indeed did the government, this case demonstrating that ultimately parliament does have the final say. But this is an instructive instance of how it is often hard to pin down who was influential and whose interest triumphed.

A declining influence?

The power and influence of civil servants over their ministers have diminished during the last decade. Two reasons may be put forward to explain this. The first is the radical and determined nature of the Thatcher government which set a precedent for the ministers serving under Major. The second is the sheer length of time of the Conservative administration. Thatcher was renowned for her 'is he one of us?' question. When asked of a civil servant it was not a question about ideological predilections but about attitudes towards policy proposals. Thatcher admired senior civil servants who looked to solving problems with policy proposals rather than finding them. She promoted men who did not try to find fault with radical plans but instead went ahead and executed them (Young 1989; Ranelagh 1992). At first this may have breathed fresh life into the higher reaches of the civil service, but over a period of time such attitudes promote the 'yes men' who may be just as feeble as the policy-conservatives Thatcher despised (Plowden 1994). When two experienced officials at the Department for Education were moved sideways after pointing out problems that would emerge with the planned reform of teacher training (Hugill 1994), one civil servant complained, 'They did their bloody job and got carpeted for it.'

The changed relationship between ministers and civil servants has many causes. In part it is a result of a radical government determined to make radical changes. Partly it is a result of one party being in power for a long time. A ratchet effect starts to work, where tasks which once civil servants would have refused to do over time become standard. One example is press officers in departments responding to press inquiries about the policy proposals of opposition spokespeople or about criticisms of government policy without consulting the minister. These may be minor examples of blurring boundaries of what is deemed appropriate for 'neutral' civil servants to do, but the ratchet effect suggests that once crumbling, the boundary will continue to disappear. Senior and former civil servants complain that the pressures to work on party political issues has increased. In evidence to the Treasury and Civil Service Select Committee in 1993, Elizabeth Symons, general secretary of the civil service trade union, The First Division Association, said that two officials had complained that they had been instructed to work on what were effectively party political speeches (HC 390-II, 1992-93: para 231). One had done so and the other had refused. The National Health Service (NHS) chief executive Sir Duncan Nichol was criticised for his defence of Conservative party policy during the 1992 election campaign, stating that Labour was wrong on the NHS. The Prime

Minister did not rebuke him but stated that he was entirely justified in making such public statements. This demonstrates the impossibility of neutrality for senior mandarins when they are in the public eye. One can hardly expect the chief executive of the NHS to do other than defend its current form when speaking publicly but given the political nature of reform, this draws such figures into taking what appear to be party political stances. All that can be expected is objectivity, and that can only reasonably be checked upon by an independent assessor, parliament, which suggests more direct accountability than exists at present.

Certainly, ministers appear much more willing to ignore policy advice than they once were. At the Home Office relations between the Home Secretary Michael Howard and his senior civil servants were placed under great strain as official criminal justice reports which contradicted his policy plans were systematically shelved. Similarly advice over the police and criminal justice bills was ignored; they were then heavily amended in the Lords following scornful attacks by former home secretaries. So great has been the anger amongst civil servants that in July 1994 the Association of First Division Civil Servants sent a detailed complaint to the head of the Home Civil Service, Sir Robin Butler, about the attitude of Charles Wardle, minister for immigration. This followed his rejection of a report by the Home Office research unit which disproved his belief that most asylum-seekers were generally economic rather than political migrants. It was not until 1983 that the research unit had to seek ministerial approval for its research plans, and reports were automatically published until 1988. At least these stories demonstrate that ministers are getting forthright advice from their civil servants even if they browbeat them for giving it. More disturbing evidence suggests that these kinds of ministerial attitude are leading civil servants to give less candid advice. With government increasingly looking to outside advisers, there is an increasing crisis of confidence amongst civil servants. One civil servant told William Plowden (1994: 104) that 'The government knows what it wants and needs no advice', whilst another said 'What's new is the number of Ministers who won't listen to advice'. A third story is more disturbing still:

A Grade 3 . . . told of a meeting with a senior Minister at which only he was from another department. When the Minister asked for frank comments on his current policy proposals all 8 or 9 of his officials, led by the permanent secretary expressed approval. Only the outsider dissented. Was this, he wondered later, because his future alone did not depend on a good mark from that permanent secretary? (The policy was a fiasco.)

PANTOUFLAGE AND THE REVOLVING DOOR

Of even more concern in recent years are the close links that exist between many senior civil servants and business interests. Whilst pluralism is a model of democracy, too close links between policy-makers and pressure lobbies suggest that certain groups will have an unfair advantage and the danger of malfeasance will exist. There are three separate but related causes of concern. The first is that civil servants, or more often government advisers, have links to business which makes their advice suspect, since they may have ulterior motives. A majority of the government's advisers on food receive money from food and drug companies (31 out of 59 on all committees), as shareholders, or employees, as fees for consultancy work or in the form of research money. Three of the nine members of the Medical Aspects of Food Policy Committee in 1992 were supported by food and drug companies. The most blatant clash of interests was exemplified by R. A. Hendry who sat on the working group on weaning diet and was a full-time employee of Nestlé, the world's largest producer of infant formula milk (Erichman 1992). Among the many recent examples of potential impropriety is Peter Pink, one-time deputy inspector-general of the Insolvency Service, who was seconded back to the disqualification unit of the service whilst running a company which offers confidential advice to companies in financial difficulties on how to handle visits from inspectors (Hencke 1994c).

Also of concern is the practice of civil servants taking up lucrative posts in companies with which they had dealings when they were civil servants. This is called *pantouflage* meaning 'putting on one's slippers' signifying a nice retirement. Companies often open their doors to retiring civil servants valuing their knowledge of Whitehall and their expertise in given policy areas. Whilst this practice has long caused some disquiet, privatization and a greater willingness to allow retiring civil servants to take up any post offered to them have led to growing concern. Officials in the top three grades of the service have to receive permission from the Cabinet Office to take outside jobs within two years of leaving the service. Lower ranks must also receive permission to take jobs with firms with which they have had official dealings or if they have had access to commercially sensitive information about their prospective employers' competitors. In the top two ranks the Prime Minister's advisory committee have to take decisions. In 1981, the Commons Treasury and Civil Service Committee concluded that the arrangement (HC 236-I, II, III 1981-82 : 19) 'tilted too much in the direction of freedom of movement and too little in the direction of

removing the suspicion of impropriety', whilst the Commons Defence Committee concluded in 1989: 'We do not say that impropriety exists. We do say that the Government has been unwilling to demonstrate to us, either publicly or privately, that impropriety does not exist.' Between 1985 and 1990, 114 individuals asked permission to take up 191 appointments, 39 of them from the Ministry of Defence. Senior mandarins who have recently left the service to take up business appointments include: Lord Armstrong, Cabinet Secretary 1979-87, who took directorships at BAT, RTZ, Shell, Lucas, NM Rothschild and Inchcape; Sir Michael Palliser, Head of the Diplomatic Service 1975-82, who took directorships at BAT Industries, Shell Transport and Trading Group PLC, Eagle Star, United Biscuits and Booker PLC; Sir Frank Cooper, Permanent Secretary at the Ministry of Defence 1976-82, who took directorships at Westland Helicopters, Babcock International, Morgan Crucible, NM Rothschild, United Scientific Holdings and High Integrity Systems; Sir Peter Middleton, who left his post as Permanent Secretary at the Treasury (1983-91) early to take up a post as director and deputy chair at Barclays Bank, and Chair at Barclays de Zoete Wedd Group; Sir Geoffrey Littler, Second Permanent Secretary at the Treasury 1983-88 became a director at National Westminster Investment Bank, director of County Natwest Group Ltd and Natwest Bank PLC and of Maritime Transport Services Ltd; Sir Brian Hayes, Permanent Secretary at Trade and Industry 1985-89, became a director at Guardian Royal Exchange, Tate & Lyle and Unilever; Sir Michael Franklin, Permanent Secretary at MAFF 1983-87, became a director at Agricultural Mortgage Corporation, Barclays Bank, Barclays PLC; and Sir Jack Rampton, Permanent Secretary at Department of Energy 1974-80 joined London Atlantic Investment Trust, ENO Company as director, and become a deputy chair at Sheerness Steel Company 1985-87, a director at Flextech PLC and special adviser to Sun Exploration and Development Co, North Sea Sun Oil Co and director of the Magnet Group 1981-84; Sir Duncan Nichol former chief executive at the NHS who became a director of BUPA, the private health care company. The list goes on.

The revolving door syndrome is even more alarming to some people. This involves business people coming into the civil service and then returning to business in policy areas in which they worked as civil servants. The situation at the Ministry of Defence causes most concern. Sir James Blyth was general manager at Lucas Aerospace 1977-81, becoming head of MoD defence sales 1981-85, then managing director of Plessey Electronic Systems in 1985; whilst Sir Colin Chandler who was group marketing director at British Aerospace 1983-85, became

head of the MoD export service 1985–89, then moved on to become managing director and then chief executive at another defence company, Vickers. In fact, in 1990, 373 MoD officials and officers in the armed forces left to take jobs in industry, most with defence contractors. Whilst conditions were placed on 50 of them, no moves were stopped. One former mandarin said that the interests of the MoD's procurement programme and those of large defence companies were identical (Pallister and Norton-Taylor 1992). There is another side to this situation. Lack of such interchange was an area of criticism of the civil service in the 1960s, and the Fulton Report suggested that more businessmen should be seconded to the civil service and that civil servants should have a spell in the private sector. A case may be made that defence sales and the defence industry do have similar interests, which do not clash with the public interest, but given repeated criticism from the National Audit Office, the Public Accounts Committee and the Defence Select Committee about excessive profits in the defence industry from MoD procurement, the 'revolving door' does not instil confidence in civil service neutrality.

It is the possibility of malfeasance that causes concern. Whilst it may seem perfectly reasonable for companies to want on their boards civil servants who can advise them on how best to negotiate with government and on likely governmental responses to world events, it does not seem unreasonable that certain businesses should be advantaged by their links or that civil servants after retirement should join companies with which they had dealings whilst civil servants. The suspicion here is that such companies may reward civil servants who helped them, thus compromising decisions made by departments. Where genuine interests coincide, then a case can be made for the revolving door, otherwise civil servants and seconded business people should be used in separate policy areas. The main problem is not that the institutions for ensuring propriety do not exist, it is that over the last fifteen years they have not been used successfully. A government which believes that the state is evil and business good is unlikely to be disturbed by the revolving door. Others with different ideological predilections may be more concerned.