The first fifty years of the Government Economic Service

Dave Ramsden
Visiting Professor at Kings
The first head of the GES

“I ended up [in October 1964] with the title Head of the Government Economic Service. Ironically the Economic Service has survived to this day while the Economic Section vanished in the 1980s”

Living with the Century, Alec Cairncross, 1998
The first eleven Heads of the GES

Alec Cairncross 1964-69
Donald MacDougall 1969-73
Bryan Hopkin 1974-76
Ken Berrill 1973-74
Fred Atkinson 1977-79
Terry Burns 1980-91
Alan Budd 1991-97
Gus O’Donnell 1997-03
Nick Stern 2004-06
Dave Ramsden and Vicky Pryce 2007-10
Dave Ramsden 2010-
“Economics describes itself as a social science...”

…and is claiming to be listened to for the same sort of reasons as a physical science. That requires it, among other things, to explain events that would otherwise be mysterious. It also, I believe, requires it to make successful predictions about future events (though that is certainly not true in all cases). Finally one might hope that the ability of economics to explain and predict events might make it possible to propose actions which would make life better.”

Alan Budd, Why Listen to Economists?, 2011
“Donald also related how he had turned up at his Oxford finals with a slide rule, but was forbidden to take it in with him. It was a statistics exam, and Donald was handed a set of logarithmic tables. He had to work out how to use them from first principles. (He said that 30 years later, Roy Harrod conceded that he really should have been awarded a first.) Thereafter, he continued to carry a small slide rule which could be used to check any dubious numerical claim.”

Sir Donald MacDougall, obituary by Michael Posner, 25 March 2004
Economists “...tended to be treated like plumbers”

“The head of the civil service, Sir Edward Bridges, upheld and applied the traditional view that a First in Classics yielded an ideal civil servant, an all-rounder able to turn his hand to anything: specialists such as economists, were not suited to offering advice on policy to ministers. The result was that by the 1950s the numbers of economists in Whitehall was very small; and they tended to be treated like plumbers – sent for when there was trouble.”

Economists in departments – snapshot in 1969

Table 3: Number of ‘Economist’ posts in 1969

<table>
<thead>
<tr>
<th>Department</th>
<th>Posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Transport</td>
<td>34</td>
</tr>
<tr>
<td>Department of Economic Affairs</td>
<td>27</td>
</tr>
<tr>
<td>Treasury</td>
<td>24</td>
</tr>
<tr>
<td>Ministry of Overseas Development</td>
<td>20</td>
</tr>
<tr>
<td>Board of Trade</td>
<td>17</td>
</tr>
<tr>
<td>Ministry of Technology</td>
<td>6</td>
</tr>
<tr>
<td>Ministry of Power</td>
<td>9</td>
</tr>
<tr>
<td>Foreign and Commonwealth Office</td>
<td>6</td>
</tr>
<tr>
<td>Department of Employment and Productivity</td>
<td>3</td>
</tr>
<tr>
<td>Health and Social Security</td>
<td>3</td>
</tr>
<tr>
<td>Civil Service Department</td>
<td>3</td>
</tr>
<tr>
<td>Housing and Local Government</td>
<td>3</td>
</tr>
<tr>
<td>Cabinet Office</td>
<td>2</td>
</tr>
<tr>
<td>Education and Science</td>
<td>2</td>
</tr>
<tr>
<td>Scottish and Welsh Departments</td>
<td>3</td>
</tr>
<tr>
<td>Home Office</td>
<td>1</td>
</tr>
<tr>
<td>Inland Revenue</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Steering the Economy: the role of the Treasury, S Brittan
Thursday 9, November: “Crisis moves nearer. B.R. up another ½%. We had heavy losses last Friday (£100 m. spot and forward) and this week the same story goes on. Next Tuesday we will be saying that the trade deficit was over 100 m. in October. I very much doubt the exchanges will stand that.”

Saturday, 18 November: “Der Tag. At 9.30 the statement became public and at 10.25 I saw the TV screen show a £1 note with DEVALUED printed across it.”

Hotel Bristol, Paris, Tuesday, 19 November: “What is it like to be at the eye of a hurricane or in a boat accelerating as it nears Niagara?”

<table>
<thead>
<tr>
<th>Room No.</th>
<th>Ext.</th>
</tr>
</thead>
<tbody>
<tr>
<td>62/3</td>
<td>104</td>
</tr>
<tr>
<td>83/2</td>
<td>527</td>
</tr>
<tr>
<td>61/3</td>
<td>3386</td>
</tr>
</tbody>
</table>

**ECONOMIC ASSESSMENT DIVISIONS**

- A. D. Ray, Deputy Director (Economics) (784) 804
- G. Macdonald, Deputy Director (Statistics) (536) 490

**EA (1)—DOMESTIC SHORT-TERM FORECASTING**

- M. P. Brown, Senior Economic Adviser 130/3 124
- H. P. Evans, Economic Adviser 129a/3 125
- C. J. H. Kiley, Economic Adviser 123a/5 95
- J. J. C. Button, Economic Adviser 129a/3 694
- K. Codham, Economic Adviser 127a/3 73
- F. N. S. Angel, Economic Adviser 125c/3 275
- M. V. F. Hamilton, Economic Adviser 274 316

**EA (2)—MEDIUM-TERM FORECASTING**

- Secretary TMT, MITAC 52/3 64
- Mrs. J. R. James, Senior Economic Adviser 221 153
- P. H. Wood, Economic Adviser 320 61
- Miss R. J. M. Lee, Assistant Statistician 274 61
- J. Doyle, Statistician 250 28

**EA RESEARCH UNIT**

- J. R. Shepherd, Senior Economic Adviser 129a/3 352
- S. G. B. Burke, Economic Adviser 72a/3 422
- J. D. Stimson, Economic Adviser 72a/3 61
- W. H. Bemstock, Senior Economic Adviser 43a/5 409
- J. Storey, Economic Adviser 59a/5 71

**EA COMPUTATION UNIT**

- J. B. Whipp, Economic Model Builder 55a/3 116
- N. E. Ramshaw, Economic Model Builder 55a/3 71
- G. C. Kirtley, Computer Systems 37a/3 160
- Mrs. V. H. Stannard, Economic Adviser 127a/3 995

* 6/410 TedD
“But it would be optimistic to conclude that the disturbing and bewildering changes of policy of the last twenty years or so, with each major party on returning to power wanting to reverse the policies of its predecessor – almost, it often seemed, for the hell of it – and then doing a U-turn itself in mid-term, have come to an end.”

Don & Mandarin Memoirs of an Economist, Donald MacDougall, 1987
“The searing experience for myself and some of my colleagues was the policy experiment that produced what was known as the ‘Barber boom’ and its painful aftermath”

The London Business School and the 1981 Budget, Alan Budd, 2014
“Sir Kenneth Berrill transferred from the University Grants Committee to the Treasury to take up the post of Chief Economic Adviser just days before the Yom Kippur War. Very soon, his working hours became exhausting and extended. His only consolation was on the way home to take a pint in the pub just before closing-time. Listening to the bar-room experts laying down the law about the economic crisis he would turn to then, as he drained his glass, and say:

‘It’s not quite as simple as that, you know.’
‘Who the hell are you?’
‘I’m the Chief Economic Adviser to the Treasury.’
‘And I’m the Queen of Sheba!’”

Whitehall, Peter Hennessy 1989
“Misery” Index peaked in 1975
“Hopkin’s three years with Healey [from 1974 to 1977] are probably the toughest the Treasury has faced.”

The Daily Telegraph, 2009
“What is your general approach, in view of the mounting chaos in the country at the moment?”

Evening Standard journalist

“Well, that's a judgment that you are making. I promise you that if you look at it from outside, and perhaps you're taking rather a parochial view at the moment, I don't think that other people in the world would share the view that there is mounting chaos.”

James Callaghan, on returning from Guadeloupe, January 1979
“…it was a very difficult period. In that world, there are many times you come across problems, and you think they are going to cause you huge difficulty, but with patience and clever framework you get your way through them. On that occasion there was no way through. We had to leave and there was no easy way of leaving. So that was not a nice time. But there we were…… My task was to improve management of the Treasury and rebuild economic policy.”

Terry Burns, interview in 2002
Gus O’Donnell leads the way on Black Wednesday, September 1992
Fiscal deficit and net debt 1964-2015

Source: Bank of England and Office for Budget Responsibility

**Borrowing to GDP (%)** – all data on an ESA10 basis

**Debt to GDP (%)** – Pre-1992 data using BoE historical series and ONS GDP (ESA10) series

1992 data onwards from OBR
"Misery" Index

Misery Index is calculated by summing CPI Inflation Rate and Claimant Count Rate.

Source: Office for National Statistics
Vicky Pryce

GREEKONOMICS
THE EURO CRISIS AND WHY POLITICIANS DON’T GET IT
VICKY PRYCE

"Shatteringly comprehensive" Dominic Lawson, Sunday Times
"An interesting and accessible polemic" The Guardian
EXTENSIVELY REVISED AND UPDATED

IT’S THE ECONOMY, STUPID
ECONOMICS FOR VOTERS
VICKY PRYCE
ANDY ROSS & PETER URWIN

"Indispensable for anyone who wants to engage in economic arguments on the basis of facts not prejudices."
—ALFRED D. ROBBIN, THE ECONOMIST
GES members in economist posts 1964 - 2015

Source: GES
Economists in departments – snapshots in 1994 & 2015

GES STAFF IN POST - TOTAL 501
BY DEPARTMENT, 31 AUGUST 1994

GES STAFF IN POST - TOTAL 1386
BY DEPARTMENT, 1 JANUARY 2015

Source: Economic advice in government, March 1995
Source: GES
LFS Unemployment Rate

Source: ONS
Overall the Treasury assessment is that since 1997 the UK has made real progress towards meeting the five economic tests. But, on balance, though the potential benefits of increased investment, trade, a boost to financial services, growth and jobs are clear, we cannot at this point in time conclude that there is sustainable and durable convergence or sufficient flexibility to cope with any potential difficulties within the euro area. So, despite the risks and costs from delaying the benefits of joining, a clear and unambiguous case for UK membership of EMU has not at the present time been made and a decision to join now would not be in the national economic interest.
On the basis of the scale of the challenges, and the Scottish Government’s proposals for addressing them, HM Treasury would advise the UK Government against entering into a currency union. There is no evidence that adequate proposals or policy changes to enable the formation of a durable currency union could be devised, agreed and implemented by both governments.
“Climate change presents a unique challenge for economics: it is the greatest example of market failure we have ever seen. The economic analysis must be global, deal with long time horizons, have the economics of risk and uncertainty at its core, and examine the possibility of major, non-marginal change. Analysing climate change requires ideas and techniques from most of the important areas of economics, including many recent advances”

Stern Review: The Economics of Climate Change, 2006
Institutions shaped by the GES

BANK OF ENGLAND

Office for Budget Responsibility

UK Statistics Authority
GES Diversity metrics

Source: GES
‘Have a good day at the Treasury, Dad. Be brave, try not to cry’