



**WIG**

The Whitehall & Industry Group  
connecting the sectors



## 'Economic Growth & Prosperity' Series Understanding the Challenges Facing the Treasury

### Expert Insight

We were joined by Lord Nick Macpherson, Former Permanent Secretary for the Treasury, to discuss his perspectives on the challenges the Treasury is currently facing. Referencing his experience of leading the department through the 2008 financial crisis, he touched upon points including:

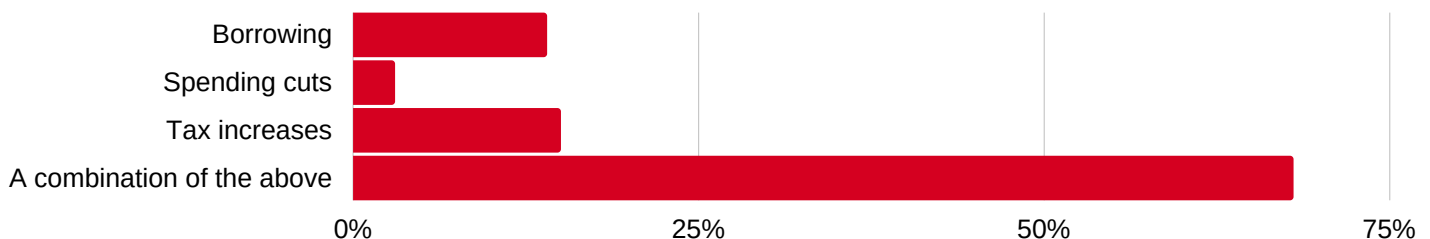


- The ultimate cost of the COVID-19 crisis for the Treasury will be somewhere between the 2008 financial crisis and a world war. Although we are past the worst of the crisis now, we have a long decade ahead.
- The timing of the crisis is unfortunate due to unfavourable conditions such as Brexit and the US-China trade war. In many ways we are also still dealing with the fallout of the 2008 global crisis since the economy has grown very slowly over the last 10 years.
- The challenge for the Treasury now is to get healthy economic activity going. However, drivers of growth such as skills and innovation are long-term, requiring persistence, focus on delivery, and cross-sector collaboration.
- Although borrowing can be affordable in the short term, we cannot run this deficit for very long. In the medium term, the Treasury needs a plan to get debt falling in relation to national income.
- There are difficult choices ahead, but spending on health and social care will increase, and taxes will ultimately rise.
- Leading the Treasury through the 2008 financial crisis highlighted the importance of: needing to shift and increase human resources quickly, relationship management, delegating to other senior leaders, understanding yourself, and relentless communication.

### Cross-sector Opinion

Over 200 attendees from the breadth of our cross-sector membership listened in, we asked them:

**How should the Treasury pay for the cost of COVID-19?**



### Our members' questions

Our members raised some challenging questions to be answered, some of the big issues raised included:

- The impact on cost of borrowing for individuals and businesses and further consequences for inequality
- The impact on the UK's geopolitics in terms of Brexit and our position relative to other states
- Long-term investment into the green economy and scientific research and development
- The impact on the levelling up agenda and the government's strategy for infrastructure
- Approaches to exiting the crisis such as Keynesian economics and the impact on our traditional fiscal conservatism
- Lessons learned and systematisation of future crisis responses in light of climate change

WIG members can listen to Nick's presentation [here](#)  
To see our full programme of webinars, visit [www.wig.co.uk](http://www.wig.co.uk)