The reform ended when the politics got ugly

by
Gary Banks
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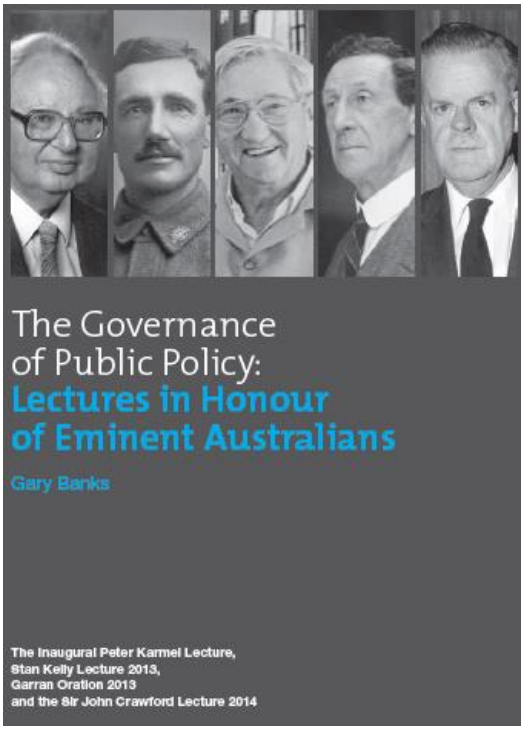
What happened to the days of reform? The media, the spin cycle and governments that abandoned good policymaking process, the former Productivity Commission head argues.

The old saying “good policy is good politics” can bring a wry smile to the lips of political insiders. But the recent victory of the Key-English government in New Zealand provides further evidence, if such were needed, that president Harry Truman, who coined the expression in 1950, and Paul Keating, who picked it up five decades later, were on to something.

However, there can be no presumption that one automatically follows from the other. At a conference at the Australian National University in Canberra earlier this year, federal government frontbencher Josh Frydenberg reminded us of a monumental counter-example: the Coalition's "Fightback" package that turned the "unloseable" election of 1993 into the "sweetest victory of all" for Paul Keating.

The facts are that a positive relationship between reformist policies and politics has typically only held when underpinned by *good process.* By this I mean process that ensures that a policy has been tested, contested and well explained to those affected, such that agreement can first be reached about the policy problem, making possible acceptance of the policy solution.

In any case, without good process it can be hard to produce good policies. It is very rare that a policy that is fit for purpose can be lifted fully formed off the shelf. The specifics of context, circumstance and timing generally matter a lot. And what works for one country may not work for another.



The Governance of Public Policy: Lectures in Honour of Eminent Australians

Beyond their importance to policy design, sound policymaking processes can yield distinct political benefits in their own right. Acceptance that a policy will do good depends as much on how it is made as on the detail of the policy itself, which very few members of the community typically understand or would take the trouble to do. The consultation processes that are integral to sound policy development, if properly conducted, can bring a sense of inclusion and inspire greater public trust in the end product. Such processes, particularly the exposure of preliminary findings and proposals to public scrutiny, also provide an opportunity for political learning about the merits of a policy and what it will take to get it implemented.

These dual advantages of good process — the "technical" and the political — were in evidence during what has been called the "reform era": the two decades dating from the first Hawke-Keating government. The policy practice of that period, taken as a whole, was quite unusual historically and there has been little to match it since. Rather, in more recent years, we have often seen:

- Policies appearing "out of the blue";
- Programs announced before being agreed or even fully assembled;
- Key stakeholders not being consulted, especially about the "detail";
- Established processes for vetting policy/regulatory proposals being flouted; and
- Reversals to established policy positions without proper explanation.

Is it little wonder then that various surveys and opinion polls have revealed a pronounced decline in public trust? Or that policy pronouncements have typically been greeted with cynicism? Or, indeed, that there has been unusual volatility in electoral support for the major parties, including a trend to minority governments?

Some of the more poorly conceived policies and programs of the past decade at the federal level arguably were not of great moment (the baby bonus, Fuel or Grocery Watch, green cars, etc …). Other areas, however, like industrial relations regulation, broadband infrastructure and the "tax twins" — mining and carbon — were too important in their economic effects *not* to get right. Yet by the most basic requirements for "success" — that a policy is likely to do good and be accepted as such — all have experienced failure on a significant scale.
Further, the political repercussions of poor process in policy development have not been negligible, with three governments removed and three prime ministers ejected from office (one of them twice!).

Who's to blame for the end of reform?

Given the contrary experience during the reform era — in which political success coincided with a program of quite radical policy reforms — why did this happen?

Undoubtedly, as many have recognised, the advent of 24/7 electronic media, its insatiable thirst for content and conflict, and its intolerance of delay and deliberation, hold some of the explanation. This has contributed to an emphasis on "spin", on tactics over strategy and on the short term over the long term. In turn, this has no doubt added to the primacy in policymaking of the ministerial office over the department, and a greater emphasis on political issues management over policy skills. It has also helped bring about excessively "oppositionist" oppositions, who can anticipate little airtime for points of agreement with an incumbent government.

While such developments may have made good policy harder to achieve, surely it is not *impossible* to transcend the obstacles? Indeed, we have seen instances in recent years of good policy decisions in a number of areas, some quite sensitive politically. They include reforms to aged care and disability support (with bipartisan support) and, more recently, reductions in red tape burdens and industry assistance (without it).
"I believe there are also signs that electorates are becoming increasingly immune to spin and intolerant of quick fixes and the inevitable reversals."
I believe there are also signs that electorates are becoming increasingly immune to spin and intolerant of quick fixes and the inevitable reversals. Indeed, the Coalition is arguably in power today largely because of this, and their promise in opposition to restore order and transparency to policymaking.

The government's descent in the polls after the budget was probably as much a reflection of perceived deficiencies in the *delivery* of this, as in the anticipated impacts of the measures themselves. (The simultaneous rise in the fortunes of Labor since leaving government nevertheless serves to remind us that electorates have short memories.)
The current government has indeed produced various policy "surprises" and reversals (GP co-payments, school funding, youth unemployment benefits, etc). However, some other initiatives have been both well-founded and signalled in advance (mining taxation, people smuggling, red tape reduction, etc). And in a number of the more politically fraught reform areas, such as welfare support and workplace regulation — plus competition policy, financial market regulation, broadband, etc — independent public inquiries are being conducted before key policy decisions are to be taken.

If well constituted and directed, such inquiries have the potential to play an instrumental role in developing good policies and building political support for them, particularly in more contentious reform areas. But as discussed at length in last year's Karmel Lecture for the Academy of Social Sciences (also the forthcoming volume of speeches, *The Governance of Public Policy*), experience offers several lessons for governments in how to go about these. Key ones are getting the timing right, choosing the right person to lead the review, and not attempting to do too many at once. The increasing complexity of the political environment in which policy is conducted these days has made prioritisation and sequencing more important than ever. It also elevates the need to ensure not only that a good case is made for reform, but that it is properly explained to the public before any action is taken.

This remains crucially important in the areas just mentioned (global warming is another) if we are ever to achieve enough consensus to avoid policy swinging back and forth like a pendulum after each election.

This article draws on Gary Banks' forthcoming volume, to be published by ANZSOG, titled *The Governance of Public Policy: Lectures in Honour of Eminent Australians*