

The political system is broken

By Paul Kelly, *The Australian*, 19 Mar 2015

THE fiasco over higher education reform reveals not just chronic ineptitude by the Abbott government but something deeper — a failure in Australia's political system born of a cultural and structural malaise.

The foundational points in this debate are that the status quo is untenable and current government funding of universities is inadequate for the needs of students, families and employers. This is the platform on which to negotiate an outcome.

Most reform is unpopular

While the Senate has twice voted down the reform, this is not a negotiation conducted in good faith. Indeed, there has been insufficient real negotiation. It is too easy to say the reform is unpopular. Most reform is unpopular.

The key to this defeat does not lie in public opinion but in a dysfunctional and irresponsible political system.

The political class is selfish. It is naked in the way it puts its own individual and party interests and ideology before the interests of the people. Listening to the self-justifications of key senators is a sad and shoddy experience. These are manifestations of a system in decline.

Neither the politicians nor the media want to concede this. How much more evidence do they want? Such denials, however, serve a purpose because neither the political nor media class want to concede their share of responsibility for the demise of our public policy debate and outcomes.

Our political system is not delivering

This is now obvious to the community. There is little sign the political system can address the nation's problems: a fractured budget, unsustainable spending programs, unproductive industry, entrenched inequity and insufficient infrastructure. It is true the nation is not in crisis yet this repeated invocation is recruited to excuse the status quo.

Analysis of the malaise is tricky since the problems reside in overlapping leadership failure as well as system failure. In my book *Triumph and Demise* on the Rudd-Gillard era, I argued Kevin Rudd and Julia Gillard were responsible for many bad decisions but that their mistakes had to be seen in the context of a system where governing was more difficult and reform was more difficult still.

The reality is that Bob Hawke, Paul Keating and John Howard would find things more difficult in the 2015 governing environment. A failure of the system means nobody is actually in control with the ability to fix the malaise. It is deep-seated, multifaceted and will be difficult to repair.

How long before we start talking about the problem?

Tony Abbott and Joe Hockey concede they tried to do too much with the 2014 budget. Yet the scale of their policy and political blunders only mounts over time.

Three mistakes dominate

Three mistakes dominate: pre-election ruling out of hard decisions (note when a politician rules something out it is often because such action is needed); failure to prepare the public for the mega-reforms which meant the government lost the initiative to its opponents; and faulty design of many reforms in both an equity and efficiency sense.

In higher education the faults were grievous. The government blundered by tying reform to a 20 per cent spending cut. Its new indexation formula for loans was flawed. It was far too slow in engaging the Senate. The government must accept the prime responsibility for the defeat of the reforms.

The blame also deserves to be shared

Yet the blame also deserves to be shared. Labor is in denial of the university funding crisis it bequeathed, having deregulated student numbers without any mechanism to finance the needs of the expanded system. Having taken an ideological stand against deregulation, it refused to negotiate.

Too many of the Senate crossbenchers refused to engage with the issues: they reject deregulation in principle yet are clueless about how to solve the problem. Their attitude is “not my problem” but this is not how parliaments are supposed to behave.

The higher education fiasco shows issues are not being treated on merit within the political system. Consider the sham over the Senate’s refusal to index the petrol excise, an issue where there is no principle, merely political self-interest. Consider the fiscal deterioration that is the consequences of the Senate blockage of budget measures.

Reform is a lost political art

Reform is a lost political art in this country. The three previous PMs, Howard, Rudd and Gillard, each fell trying to implement reforms. Abbott may join this list.

The power of the negative campaign has never been stronger, witness Abbott’s campaign against the carbon tax and Bill Shorten’s campaign against fee deregulation, a price signal in Medicare and pension reform. Yet the nation cannot solve its long-run problems short of unpopular measures.

The voices of the aggrieved dominate the media and political debate at the expense of the public interest. The media weight given in the 1980s to national interest reform is long since lost. Australia is trapped between challenges that demand long-run brave policies and a political culture addicted to cynical, short-termism and cultivation of votes on grievance.

There was once a time....

There was once a time when governments denied on high policy by the Senate had the resort to a double dissolution. But the last double dissolution was in 1987. This mechanism is largely

broken because a double dissolution with its lower quota for Senate election guarantees more independent and minor party senators.

If an election is not available, negotiation is the only option. But that leads nowhere if refusing to negotiate is actually a hefty political bonus. The incentive to negotiate does not exist at present. Why? The answer is politics and the media reward division. Consider the question: does a politician have more incentive to support an unpopular policy from his/her opponents as distinct from damning it as an outrage? We know the answer.

Hypocritical talk about honest government

There is much hypocritical talk about honest government. Abbott was wrong not to “level” with the public in the 2013 campaign.

But don’t think for one moment the media wouldn’t have torn him apart for conceding the option of health/education spending cuts or that it wouldn’t have cost him seats.

If you want to understand how honesty works in politics consider the NSW election, where Premier Mike Baird is being honest: he has put long-term leasing of the electricity network on the table.

Dishonest campaigns

What is the result? Baird faces one of the most dishonest campaigns in the past half century with every expectation Labor will be rewarded with a significant swing.

What is the moral? Only a leader in the most favourable situation can afford to be honest about reform in Australia today.