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AN INTRODUCTION TO AUSTRALIAN PUBLIC POLICY

Theory and Practice

Sarah Maddison | Richard Denniss

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AN INTRODUCTION TO AUSTRALIAN PUBLIC POLICY

THEORY AND PRACTICE

Sarah Maddison and Richard Denniss

An Introduction to Australian Public Policy: Theory and Practice is the first book to comprehensively address both the **theoretical** and the **practical** aspects of policy making in Australia.

Written in an accessible style, this text is designed to introduce students to the real world challenges and skills involved in working in a range of policy roles. Drawing on their own experiences, the authors ground public policy theory in a number of key controversies to illustrate the contestable nature of the policy process. Key economic concepts are explained in detail using plain language, paving the way for discussion about the main roles and responsibilities of policy making.

Each chapter features case studies that outline contemporary policy issues, such as the deregulation of the financial system, 'Knowledge Nation', paid maternity leave, and the Northern Territory intervention. Including practical exercises on how to write policy briefs and media releases, this book is essential reading for anyone who needs to know how public policy is developed in Australia.

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CONTENTS

| | |
|---|------------|
| <i>List of figures</i> | <i>x</i> |
| <i>List of tables</i> | <i>xi</i> |
| <i>List of case studies exercises, and original contributions</i> | <i>xii</i> |
| <i>Foreword</i> | <i>xiv</i> |

PART 1 Policy and theory **1**

Introduction **2**

| | |
|--|----|
| Why study policy? | 2 |
| What is policy? | 3 |
| Types of public policy | 8 |
| How should we think about policy? | 10 |
| Australian public policy in a globalised world | 13 |
| Conclusion | 17 |
| Questions for discussion | 18 |
| Further reading | 18 |

1 The Australian policy context **19**

| | |
|--|----|
| Decision making in the Australian Commonwealth parliamentary system | 20 |
| The budget cycle | 22 |
| A parliament in decline? | 25 |
| Australian federalism | 27 |
| Big government, small government: Debates about public sector reform in Australia | 30 |
| Unsettling the Australian settlement | 36 |
| Conclusion | 37 |
| Questions for discussion | 38 |
| Further reading | 38 |

2 State or market I: Ideology and public policy **39**

| | |
|--|----|
| Market-focused ideologies | 44 |
| State-focused ideologies | 48 |
| Critical perspectives and contemporary debates | 50 |
| Conclusion | 55 |

| | | |
|----------|--|------------|
| | Questions for discussion | 56 |
| | Further reading | 56 |
| 3 | State or market II: The economics of public policy | 57 |
| | What is economics? | 58 |
| | Economics for beginners | 58 |
| | Why markets work well | 68 |
| | Why markets don't always work well | 70 |
| | Understanding market failure | 72 |
| | The role of assumptions in economic models | 76 |
| | Conclusion: Economic analysis versus economic language | 78 |
| | Questions for discussion | 80 |
| | Further reading | 81 |
| 4 | Models and theory for understanding policy | 82 |
| | Rationalism and incrementalism | 82 |
| | The policy process model | 84 |
| | The policy cycle: Theory or model? | 89 |
| | Theory and policy | 90 |
| | Conclusion: Evaluating models and theories | 100 |
| | Questions for discussion | 101 |
| | Further reading | 101 |
| 5 | Policy actors and policy instruments | 102 |
| | How do policy actors interact? | 105 |
| | The impact of institutional design on policy actors | 111 |
| | The role of professional lobbyists | 113 |
| | Policy instruments | 115 |
| | Conclusion | 122 |
| | Questions for discussion | 123 |
| | Further reading | 123 |
| 6 | Identifying issues: Agenda setting and policy discourse | 124 |
| | Introduction | 124 |

| | |
|--|-----|
| Issue identification and agenda setting | 126 |
| Policy discourse as problem construction | 129 |
| Policy discourse as gatekeeping | 133 |
| Policy discourse as politics | 136 |
| Conclusion: Democratising the policy process | 138 |
| Questions of discussion | 139 |
| Further reading | 140 |

PART 2 Policy in practice 141

7 Who does policy? 142

| | |
|---------------------------------------|-----|
| Politicians | 143 |
| Advisers | 147 |
| Public servants | 148 |
| Central agencies and line departments | 151 |
| Academics | 152 |
| Think tanks | 153 |
| Interest groups | 155 |
| Interaction between policy workers | 156 |
| Conclusion | 158 |
| Questions for discussion | 158 |
| Further reading | 159 |

8 The nuts and bolts of policy work: Advice, implementation and evaluation 160

| | |
|---|-----|
| What makes for good advice? | 161 |
| Timely advice | 162 |
| Political advice versus policy advice | 164 |
| Short-term versus long-term advice | 167 |
| Balancing competing advice and ‘the national interest’ | 168 |
| Implementation | 172 |
| Policy evaluation | 177 |
| Conclusion | 179 |
| Questions for discussion | 180 |
| Further reading | 180 |

| | | |
|-----------|---|------------|
| 9 | The role of the media in setting the policy agenda | 181 |
| | The 24-hour news cycle | 182 |
| | The role of media advisers | 185 |
| | What is spin? | 186 |
| | The role of the media versus the role of the policy maker: Who decides what is important? | 188 |
| | Influencing politicians via the media | 191 |
| | Conclusion | 196 |
| | Questions for discussion | 196 |
| | Further reading | 197 |
| 10 | Consulting with stakeholders | 198 |
| | Why consult? | 200 |
| | What is consultation? | 203 |
| | Who is a stakeholder? | 207 |
| | What makes consultation meaningful? | 209 |
| | The risks of consultation | 213 |
| | Conclusion | 214 |
| | Questions for discussion | 215 |
| | Further reading | 216 |
| 11 | Research and policy | 217 |
| | What is policy research? | 218 |
| | What is evidence-based policy? | 219 |
| | Strategies for policy research | 223 |
| | Comparative research | 230 |
| | Conclusion: Weighing up the evidence or weighing up the politics | 231 |
| | Questions for discussion | 232 |
| | Further reading | 233 |
| 12 | Communication, ethics and accountability | 234 |
| | Communication in policy work | 234 |
| | Professional ethics | 240 |
| | Whistleblowing and leaks | 244 |

| | |
|--------------------------------|-----|
| A final word on accountability | 246 |
| Questions for discussion | 251 |
| Further reading | 251 |
| <i>References</i> | 252 |
| <i>Index</i> | 271 |

FIGURES

| | | |
|-------------|---|-----|
| Figure 3.1 | The Production Possibility Frontier | 61 |
| Figure 3.2 | A supply curve | 66 |
| Figure 3.3 | A demand curve | 67 |
| Figure 4.1 | The Bridgman and Davis policy cycle | 86 |
| Figure 9.1 | Knowledge Nation or Noodle Nation? | 184 |
| Figure 11.1 | Percentage of children attending government and private schools in Australia – 1997 to 2007 | 226 |
| Figure 11.2 | Percentage change in the number of public and private school students – 1997 to 2007 | 227 |
| Figure 11.3 | Number of students enrolled in public and private schools – 1997 to 2007 | 227 |
| Figure 12.1 | Alternative responses to value conflicts | 241 |

TABLES

| | | |
|------------|--|-----|
| Table 0.1 | Understanding the divergence between authorised choice and structured interaction | 11 |
| Table 4.1 | Five stages of the policy cycle and their relationship to applied problem solving | 85 |
| Table 4.2 | General approaches to the study of political phenomena and illustrative theoretical examples | 91 |
| Table 5.1 | Policy communities and policy networks compared | 107 |
| Table 5.2 | Russell and Powell policy instrument typology | 117 |
| Table 6.1 | Paid maternity leave: What's the problem? | 131 |
| Table 8.1 | Perceptions of 'opportunism' in Australian political debate | 165 |
| Table 8.2 | The role of 'balance' in political decision making | 169 |
| Table 10.1 | Modes of interaction in the consultation process | 206 |
| Table 10.2 | Forms of consultation engaged in by NGOs (%) | 212 |

CASE STUDIES

| | |
|---|-----|
| The Australian MAI campaign | 15 |
| The Commonwealth Grants Commission dispute with NSW | 28 |
| Deregulating the financial system | 30 |
| Privatisation gone wrong: The Victorian ambulance service | 33 |
| For-profit child care: To market, to market ... | 42 |
| Family Tax Benefits: Government intervention to protect the ‘traditional family’ | 47 |
| Climate change: State or market responsibility? | 54 |
| The Visy scandal | 72 |
| The policy cycle and real-world politics: the case of paid maternity leave | 87 |
| Banning smoking in pubs and clubs | 93 |
| New possibilities for Australian nation building | 98 |
| The National Pay Equity Coalition: A policy network in action | 109 |
| Extract from the Lobbying Code of Conduct | 114 |
| Rising petrol prices: What’s the issue? | 125 |
| Who isn’t a working family? | 136 |
| John Howard saves the Murray River ... | 144 |
| The introduction of Opal fuel | 146 |
| The contradictions of the law and order debate | 166 |
| Is climate change the ultimate test of policy advice? | 171 |
| Western Australian Health Promotion Strategic Framework 2007–2011 | 175 |
| Knowledge Nation: A cautionary tale | 185 |
| Housing versus homelessness | 189 |
| AID/WATCH: Too political to participate? | 202 |
| Consulting about Sydney’s desalination plant | 204 |
| A new kind of government: Reflecting on Australia’s 2020 Summit | 210 |
| The NT intervention and the role of evidence | 221 |
| The measurement of unemployment | 224 |
| What is happening to the number of children enrolled in public schools? | 225 |

| | |
|---|-----|
| The SPRC Disability Support Pension new customer focus groups | 229 |
| The FuelWatch leak | 245 |

EXERCISES

| | |
|--|-----|
| Exercise 12.1: Writing a policy brief | 236 |
| Exercise 12.2: Writing a media release | 238 |

ORIGINAL CONTRIBUTIONS

| | |
|---|-----|
| Deborah Brennan: For-profit child care: To market, to market ... | 42 |
| Emma Partridge: Climate change: State or market responsibility? Building McMansions in the suburbs | 54 |
| Natasha Stott Despoja: The policy cycle and real world politics – the case of paid maternity leave | 87 |
| Bradley Smith: Gatekeeping: An insider's perspective | 134 |

FOREWORD

The development of public policy has always been a combination of art and science. There is no doubt that medical researchers, sociologists and climate scientists have played an important role in highlighting the existence of policy problems and that economists, lawyers and political scientists have played an important role in developing solutions. But there is also no doubt that well organised lobby groups, well written press releases and well researched campaign slogans have had a similarly powerful effect.

The policy process in Australia, as in all developed countries, is full of grand visions, grand theories and grand gestures. It is also replete with contradictions, inherent tensions and wicked problems. It has ever been thus.

While the grand vision and the day-to-day politics may attract the most attention, the hard work of identifying emerging problems, developing innovative solutions and building support for change carries on relentlessly. Tens of thousands of public servants, academics, community groups, industry bodies and lobbyists work full time on aspects of the policy process as diverse as collecting field data to drafting new pieces of legislation. This book is aimed at those who seek a deeper understanding of the theory of policy, the practice of policy and, most importantly, the links between the two.

Like scientific knowledge, policy capacity is a scarce and valuable commodity. If Australia is to tackle the problems of the 21st century it will need to develop its policy capacity, both through increasing the number of people involved and deepening the understanding of those already there. This book should help achieve both of those goals.

Professor Allan Fels, AO

Dean

The Australia and New Zealand School of Government (ANZSOG)

PART

1

POLICY AND
THEORY

INTRODUCTION

Why study policy?

Anyone interested in politics needs to understand how political decisions are made. Behind what we hear described as ‘policy’ on the nightly news and what we read about in the newspaper is a complex process involving a range of players with competing interests, facing an array of pressures. These players may be inside or outside of government, and inside or outside of the bureaucracy. They may come from industry, the not for profit non-government sector, unions, professional bodies or from academia. Understanding the way these players interact, what drives and informs them, how they think, and what they do, helps us all to understand and interpret the policies that these complex relationships eventually produce: policies that have implications for each of us in our daily lives. Policy determines where roads are built, how many nurses work in a hospital, what fees you pay at university, how much tax we pay, the price of child care and so on and so on. Policy goes beyond measures of efficiency, effectiveness and political feasibility, with demonstrable effects on citizenship, justice, discourse and democracy (Ingram & Schneider 2006: 169). Almost every aspect of our lives is touched by policy. If we understand how policy is made we have greater capacity to participate in that process, to have our voices heard and to influence decisions. This book will provide students of policy with both a theoretical understanding of public policy and an introduction to some of the real world challenges and skills involved in working in a range of policy roles.

What is policy?

All policy, and public policy in particular, is inherently and unavoidably political. It involves political decisions made, not just by politicians, but by a range of ‘policy makers’ who we will discuss further in Chapter 7. These decisions are complex: they necessitate the weighing of competing interests and values within the constraints produced by an institutional framework. Policy decisions necessitate – in varying combinations – degrees of cooperation, competition and conflict. The outcomes of policy decisions have real effects on people’s lives.

What do we mean by political?

When we use the terms ‘politics’ or ‘political’ in this book we are referring to more than just the business or activities of governments. Politics is an aspect of all social relations and is a central part of any situation where groups of people make decisions. Policy making is political in nature because the distribution of power among and between the groups and individuals involved will inevitably be unequal. Therefore when we talk about policy making as a political process we are highlighting the fact that making policy involves conflict and cooperation; struggles for power, influence and authority; and includes groups and individuals both inside and outside government.

In the field of policy studies there are myriad definitions of the term ‘public policy’. You will find a selection of these definitions in the box below.

Definitions of public policy

Policy is:

‘what governments do, why they do it, and what difference it makes’ (Dye 1972: 2).

‘a purposive course of action followed by an actor or a set of actors in dealing with a problem or matter of concern’ (Anderson 1984: 3).

‘a series of patterns of related decision to which many circumstances and personal, group, and organizational influences have contributed’ (Hogwood & Gunn 1984: 23–4).

‘a political agreement on a course of action (or inaction) designed to resolve or mitigate problems on the political agenda’ (Fischer 1995: 2).

‘an authoritative statement by a government about its intentions . . . relying on hypotheses about cause and effect, and . . . structured around objectives’ (Althaus, Bridgman and Davis 2007: 5).

‘an action which employs governmental authority to commit resources in support of a preferred value’ (Considine 1994: 3; he describes this as the ‘standard view’).

‘the continuing work done by groups of policy actors who use available public institutions to articulate and express the things they value’ (Considine 1994: 4; he describes this as ‘an alternate definition’).

‘the disposition and deliberate action of government on any and every matter over which it exercises authority. This includes the stated and the unstated; action and inaction, the choice of ends and the choice of means. Policies are often implemented by means of specific programs – formal arrangements for the delivery of government services’ (Fenna 2004: 5).

‘a set of interrelated decisions taken by a political actor or groups of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should, in principle, be within the power of those actors to achieve’ (Jenkins 1978: 15).

‘part of the framework of ideas through which we make sense of the way in which, in different dimensions of our lives, we are governed’ (Colebatch 2002: 8).

This array of definitions can be classified into two general understandings of what policy is. Both relate the definition of what policy *is* to a view of how policy is *made*.

The first view is that policy is the result of **authoritative choice**, whereby governments make policy through a vertical, hierarchical process in which a government minister determines the eventual outcome. This is the classical view of public policy that dominates the field of policy studies.

The second view is that policy is the result of **structured interaction**, produced through complex horizontal relationships in which the end result is the product of compromise and the accommodation of competing interests.

Policy as authoritative choice

The classical view of policy implies that there is a rational process underlying most policy making. Policy, from this perspective, is seen

as ‘governments making decisions’. Ministers are presented with a problem, then enjoy a choice of actions and inaction as they make political decisions that can then be evaluated in order to assess whether the chosen policy achieved its aim and solved the given problem (Colebatch 1998: 102).

In the classical view, policy is seen as having certain incontrovertible characteristics:

- Policy is purposive: it is a decision to pursue a particular course of action to achieve a specified goal. It is outcome focused.
- Policy decisions consider both ends and means.
- Policy may involve action or inaction, but in either case the important point in considering the outcome to be a policy is the fact that this course was a conscious decision and one that has been applied with some degree of consistency to a situation.
- Policy must be more than mere political rhetoric. To be considered policy some attempt at implementation must have occurred even if such attempts have failed.

This classical view relies on an assumption that policy is made by rational choices exercised by a singular, unified political actor. It calls on the notion of a ‘policy process’ through which to explain the steps by which policy is made. We will consider this idea of a ‘policy process’ further in Chapter 4.

As an exercise in authoritative choice, policy is seen as the result of pursuing governmental goals, making decisions and testing their consequences, in a structured process involving identifiable players and a recognisable sequence of steps. Policy in this view is political in the sense that it is an expression of the electoral and program priorities of the executive. In this view of what constitutes policy and how it is made, policies represent ‘an authoritative framework of the government’s beliefs and intentions in the policy area’ (Althaus, Bridgman & Davis 2007: 7). Policy practice is therefore directed primarily towards supporting and advising the authorised leaders in making their decisions (Colebatch 2006: 7).

Policy as structured interaction

Those who argue that policy is arrived at through a process of structured interaction suggest an alternative view. According to one of the main proponents of the structured interaction perspective, Hal Colebatch, this view:

... does not assume a single decision-maker, addressing a clear policy problem: it focuses on the range of participants in the game, the diversity of their understandings of the situation and the problem, the ways in which they interact with one another, and the outcomes of this interaction. It does not assume that this pattern of activity is a collective effort to achieve known and shared goals (1998: 102).

The role of government in policy making is considered quite differently in this view. Here government is not seen as a unified and decisive actor pursuing an agenda of its own choosing. Rather, government is seen as an 'arena', or a space, in which a range of political actors, all recognised as having a legitimate place at the policy table (stakeholders), interact to produce policy. Government is seen as responding to the actions of other participants in order to determine what issues or problems will be considered and what actions will be taken in response (Colebatch 2006: 7–8).

Power in the policy process

If policy making is understood as inherently political then it follows that policy making is imbued with power relations and power struggles. But what do we mean by 'power'? Essentially, power concerns the ability of individuals and groups to further their own interests via their capacity to exert control and influence. In his seminal work *Power: A radical view* (1974) the political theorist Steven Lukes outlined a three-dimensional schema intended to capture differing understandings of power. According to Lukes, in a one-dimensional view it is only possible to identify who has power in cases where there is evidence that a person or group can impose their wishes on others through decision making in formal institutions such as governments. A two-dimensional view adds to this public face the private side of power, noting the power involved in agenda setting as well as decision making, and that it may be exercised informally, as well as formally, and through the covert exclusion of individuals or groups from the sphere of political conflict. Lukes' own 'radical', or three-dimensional, view of power is far less measurable than the other dimensions as it is expressed through values and ideologies that are influential in shaping people's thoughts, desires and preferences such that they may be unaware that their interests are at risk. As will be clear throughout this book, a multi-dimensional understanding of power is essential to understanding the policy process as it will assist in your understanding of how issues have been defined and by

whom, which groups, individuals and interests have been included or excluded from the policy process and by whom, and will lead you to think about both the overt and covert exercise of power so that you will no longer take at face value the reporting of political decisions that you might read on the front page of the newspaper.

What public?

Wayne Parsons (1995) has considered the changing use of the term ‘public’, and suggests a range of terms in common use, including:

- public interest
- public opinion
- public goods
- public law
- public sector
- public health
- public transport
- public education
- public service broadcasting
- public accountability
- public toilets
- public order
- public debt (1995: 2–3).

All of these terms – even public toilets! – are relevant to the discussion of public policy in that they describe either an aspect of the policy process, a policy institution or a specific area of public policy. The notion of ‘the public’ in the term ‘public policy’ itself, however, derives from the fact that policy decisions are made by a public body, namely by governments and the many constitutive institutions that we know as the state, whose actions have the force of law. The institutions of the state include parliaments, government departments and agencies, and courts of law that enforce, interpret and develop the law. Public policy is thus an exercise of sovereign, governmental power, which can call on public resources and legal coercion in ways that private corporations cannot. In other words, public policy is concerned with the power of the state and the exercise of that power in people’s lives. This proposition gives rise to one of the central concerns of this book, the question: **What is the role of the state in people’s lives?**

The agency–structure debate

In thinking about the role of the state in people's lives policy workers should be alert to debates about the relative influence of agency (individual autonomy and the capacity to act independently) and structure (social norms, institutions and distinctions such as those based on age, sex, ethnicity or sexuality) in determining human behaviour. In the context of learning about the policy process these debates are central to our understanding of **causality**; that is whether policy decisions are the result of the unconstrained exercise of individual or collective agency by political actors, or whether such decisions are the product of a structure or set of structures over which agents have little control (see Hay 1995 for more).

The distinction or division between the public and the private is not impermeable and is far from fixed. Indeed, as Mark Considine has noted, the public and private spheres are 'entwined at every level', a situation that is 'always and everywhere the case' (1994: 4). Recent years have seen a preoccupation with the efficiency of the market that has led to previous areas of government activity being shifted to the private sector through privatisation and contracting out regimes, leading to the 'hollowing out of the state' thesis, discussed further in Chapter 2. Conversely, other issues – such as domestic violence and sexual assault, for example – have been dragged into the public realm by activists determined to end the view that such matters were private concerns. The role of the state, then, is not fixed or given, but is open to debate and challenge and is influenced by political ideology. It follows that what constitutes public policy is also in a constant state of flux and change, lending a dynamism to the field and an edge to the political contest that underpins or shadows policy making.

Types of public policy

The types of policy that are made in the public realm, and that therefore are the concern of this book, can be classified in several different ways.

First, public policy can be seen as either 'substantive' or 'procedural'. These terms are virtually self-explanatory. Substantive policies deal with substantive problems or issues such as decisions about infrastructure, the environment, defence, and social security. Procedural policies, by contrast, concern the process by which something is to be done or

who is going to take action, such as the rules that govern the way a government department can carry out its duties, the areas over which it has jurisdiction or authority and the processes or strategies it can use to carry out its work.

Drawing on Lowi (1964, 1972), policy can also be classified as ‘distributive’, ‘redistributive’ or ‘regulatory’. This method of classification considers the effect that policies have on society. Distributive policies concern the allocation of services or benefits to members of the community, either as individuals or groups, or to the whole of society, for example through the building of roads. Redistributive policies, such as the tax-transfer system, involve the deliberate reallocation of wealth from higher to lower income individuals (see Sefton 2006). Regulatory policies concern the regulation of individual or group behaviour, whether through rules concerning the ways that business is allowed to operate, or in areas such as environmental protection or criminal law. Policies can also be considered ‘self-regulatory’, in that they tend to be controlled by the regulated groups, such as professional codes of conduct for lawyers or doctors (Anderson 2003: 7–11).

A further typology sees policies classified as either ‘material’ or ‘symbolic’, depending on whether they allocate tangible, concrete resources and substantive power or appeal more to social values such as social justice or patriotism. Examples of the former might include the provision of public housing or drought relief for farmers. Examples of the latter might include the proclamation of public holidays such as Anzac Day. Ostensibly material policies may be rendered largely symbolic if they are implemented ineffectively or are not adequately resourced (Anderson 2003: 11–12; Edelman 1964).

The last system of classification that we will consider here is that developed by Fenna, who classifies public policy as concerning:

- **production issues**, focused around the creation of economic wealth and improvement in the standard of living through policies such as increasing a country’s gross domestic product (GDP), reducing unemployment, and controlling inflation. These policies place economic management at the centre of policy work. They are made more complex by the fact that, in a capitalist society (rather than a controlled economy), governments can only influence the economy through tax, spending and official interest rates, rather than exercise control over it. As we will discuss in Chapter 3, the capacity of governments to influence or manage the economy is a very imprecise science.

- **distribution issues**, focused on the sharing of wealth and opportunity among all sections of a society. These policies are a response to the fact that, by its very nature, capitalism produces inequalities. Governments are under constant pressure compensate for these inequalities. Redistributive measures such as welfare payments, subsidies or public housing, access to health care, public education and so on are all policies that constitute what is described as the welfare state. The so-called ‘crisis’ of the welfare state, along with the growing pressure on governments to reduce the amount they spend on redistributive measures, will be discussed further in Chapter 2.
- **consumption issues** in public policy are concerned with the consumption of goods and services as the result of the wealth we produce, and the subsequent impact of that consumption on the environment and on our general quality of life. The growing concern about climate change is creating new pressure for ecologically sustainable development, which in turn has created a requirement for governments to regulate such things as the consumption of natural resources.
- **identity issues** are concerned with how a population defines itself as a nation with a sense of common citizenship even among diverse groups. These issues can be some of the most pressing but potentially divisive concerns that policy makers have to contend with. Australia, with its unresolved and troubled history of race relations (for example the White Australia policy), faces considerable challenges in this area, challenges that politicians are often eager to exploit.
- **reflexive policies** are those concerned with the way in which policy itself is actually made, including issues such as media regulation and public consultation (Fenna 2004: 6–9).

How should we think about policy?

Policy studies and policy analysis are inherently interdisciplinary areas of scholarship and practice. To be an effective policy worker you will need sound knowledge of politics and political practice, social theory, and economics. You should have considered the role of extra-parliamentary bodies – that is non-government organisations, industry lobbies and the like – in the policy process. Depending on the particular role you are engaged in, some specialist knowledge of a

particular policy area will also be required. You should have thought long and hard about the key question posed above: What is the role of the state in people's lives? To be an effective policy worker you must also be across most aspects of current affairs in order to understand competing pressures and demands in the policy arena. This range of required knowledge, and the interdisciplinary nature of the field itself, make policy studies and policy work both especially challenging and especially interesting.

This book focuses on both the theory of public policy and the practical aspects of policy practice in Australia. To be an effective policy worker you need both theoretical and practical knowledge, along with recognition of the diversity of approaches to policy formulation and analysis required by different practitioners. A public sector policy worker will approach policy analysis quite differently from a researcher working for a community organisation or a staffer working for a politician. While the fundamentals of policy analysis do not differ between sectors it is important to be aware of the relative needs of a range of different policy roles.

Hal Colebatch (1998) has described the ways in which other writers have attempted to understand the divergence between the authorised choice view of policy and the structured interaction perspective, represented in Table 0.1.

TABLE 0.1: Understanding the divergence between authorised choice and structured interaction

| | |
|--|---|
| The divergence creates a reform agenda. | It should be the goal of policy practitioners to reform their practice in order that it more closely resemble the 'ideal' of the authorised choice perspective. |
| The divergence is really the difference between theory and practice. | In an ideal world – that is, 'in theory' – policy would be made according to the authorised choice perspective. In practice, however, everyone recognises that policy making is more messy and uncertain. |
| The divergence is a useful analytic tool. | The divergence is not seen as a problem to be resolved but as an 'analytic construct' that can help illuminate the policy process even though the process does not really resemble the model. |

Colebatch concludes, however, that it is most productive to think about policy as an organisational construct that has both a vertical (authorised choice) and a horizontal (structured interaction) dimension. The vertical dimension focuses attention on the authority of governments that 'make policy' in an autonomous, goal-oriented, purposive fashion that is aimed at 'solving problems'. The horizontal dimension focuses attention on the pattern of interaction among a range of participants, with a range of understandings of 'the problem', and where the interaction involves overlap, conflict, negotiation and compromise rather than decision and order. Colebatch maintains that policy practitioners must understand both dimensions in order to fully grasp the way the more formal model of the policy process, which stresses the role of authorised choice, continues to influence policy practice. The symbolic importance of the formal model lies, in part, in its ability to generate legitimacy and acceptance of policy decisions. The vertical perspective, in which policy is presented in terms of the pursuit of authorised goals, becomes an essential part of its validity. As Colebatch explains:

This interplay of vertical and horizontal means that there is a certain amount of ambiguity about 'policy-making'. Recognising the 'horizontal' claims of stakeholders qualifies the 'vertical' framing of policy as the decisions of authorised leaders, and in recognising the claims of stakeholders, policy practitioners are careful to do it in a way which leaves intact the concept of authoritative decision. Referring to the process as 'advising' or 'consultation' or a 'public enquiry' enables stakeholders to negotiate policy change in a way that can be presented as an authorized decision.

This, Colebatch argues, is an essential 'policy myth' (2002: 124–30).

A further way of thinking about policy is to consider the role that policy plays in constructing what we understand to be social 'problems'. As can be seen from the definitions proffered earlier in this chapter, many consider that it is the problems faced by governments and societies that are thought to require a policy response and therefore make it onto what is often referred to as the policy 'agenda'. Some seemingly intractable problems – such as persistent poverty despite an increase in average wealth – are described as 'wicked problems' and are understood to require managing rather than solving. In general, however, policies

are put forward as solutions to problems: a desalination plant to solve a water shortage, for example. But as in the example of the desalination plant, much rests with how the problem is defined or constructed. The problem with Sydney's water supply is not understood as being about inappropriate water consumption or inadequate retention facilities for storm water. The problem is constructed as one of supply and therefore the proposed policy solution is aimed at increasing the water supply. The fact that problems are shaped and constructed by governments in particular ways is one area of policy contestation and something to which a good policy worker should always be alert. We will examine this issue further in Chapter 6.

Policy can also be considered through a comparative perspective. It can often be helpful to understand the process and outcomes of public policies in one country in comparison with others. A comparative approach to the study of public policy sometimes takes a horizontal perspective in which policy is compared across different cases with comparable characteristics, such as other nations with a federal system of government, or other post-colonial nations, or between jurisdictions (national and sub-national, that is, states and territories). Comparative studies can also be longitudinal, in which case they would consider one policy area over time.

Remembering, however, that policy is inherently and unavoidably political in nature, it is important to emphasise that policy making and policy analysis cannot happen effectively without a deep understanding of the specific context in which policy is created. In Chapter 1 we will consider some important structures and institutions in the Australian policy context, but it is also interesting to consider the changing pressures on Australian public policy and policy workers in an era of 'globalisation'.

Australian public policy in a globalised world

Recent years have seen increasing attention paid to the issue of economic 'globalisation' and its impact on domestic policy concerns. Despite intense disagreements over its exact meaning, globalisation – at least in its economic sense – cannot be denied and should be understood as one of the key challenges in contemporary public

policy. That there are globalising economic forces that have been strengthened by a combination of technological change, neo-liberal economic ideology and the drive by transnational corporations for high profitability and greater economic power can be in little doubt. Economic integration across state boundaries brings with it a degree of social and cultural integration as well, although this has a variable effect in different locations. However, the extent to which globalisation can be understood to be reducing the role played by national governments in determining public policy is considerably more open to debate. There are some issues that are clearly global in nature, with the environmental policy challenges posed by climate change at the forefront of these. But just because a problem is global in scope does not necessarily mean that there will be an international or global response (Parsons 1995: 242).

Despite these ambiguities, Colin Hay suggests that there is almost no topic in contemporary public policy that is 'more contested or more potentially consequential than the impact of globalisation' (2006: 287). Certainly there are some areas of policy, such as deregulation, privatisation and the liberalisation of trade and capital movements, that are explicitly directed towards creating the optimal conditions for the global reinvigoration of free trade capitalism. The fears that surround this sort of globalisation have to do with ideas about the end of the nation state precipitated by a 'race to the bottom' as countries vie with each other to sacrifice social and environmental protections in order to bid for investment (Fenna 2004: 31). The concern is that without national boundaries to constrain it, capital itself will take on the status of a sovereign force, thereby reducing individual nations' capacity to make rules, laws and policies about trade, industry, investment and working conditions.

In this sense, globalisation is often counterposed with public policy, in line with the view that in a global economy states must subordinate public policy considerations to economic concerns in order to compete for global market share. Hay also suggests four other mechanisms by which globalisation may be seen as being in tension with public policy:

1. Globalisation necessitates the 'privatisation and technicisation' of public policy, thereby sacrificing the 'public' nature of policy as it becomes less publicly accountable and therefore less democratic.