Transparency can mean many different things. It could mean, for example, that some things can never be fully transparent: no matter how much we wish for transparency in government services, some areas of government policy simply do not open themselves to that. Intelligence, the police and secret services are obvious examples, but there are other cases involving commercial and sensitive information; trade negotiations, as with the Trans-Pacific Partnership, is one. Some areas of government policy will probably never be as transparent as we would like them to be.

In my contribution to this volume, I wish to explore the link between transparency and the political reform process. When we are talking about the policy process, we are interested in how to make it predictable, interactive and open—in short, how transparent we can make it. I would argue that the question of how transparent we can make government processes in policy formulation is closely linked to the ability of the government to reform.
You might call this the reform responsiveness of government or the reform ability of a country. Transparency, I think, is the key to getting a government on the path of reform. I explored this in some detail in the essay ‘The Quiet Achievers’, published in 2014 by the Menzies Research Centre in Canberra (Hartwich 2014).

As well as offering trans-Tasman perspectives, this chapter will also include observations from Germany, where I am from, and the UK, where I have worked. I now live in New Zealand, after having worked in Australia. Looking at these different countries, what you can see is that the way in which government policies were introduced, how they were prepared and how transparent they were ultimately determined the outcomes and long-term success of these government policies.

First, some background. In 2014, New Zealand returned prime minister John Key for a third term. At the time, what I found interesting was the markedly different ways in which the Australian and New Zealand media covered this event.

The Australian media typically presented the story as being a radical, reformist, neoliberal government being returned to power—something they saw as surprising, given the prevailing narrative in Australia was that reform was a thing of the past and no longer possible. Paul Kelly has been writing variations on this theme in his column for *The Australian* for many years. His consistent message is a rather bitter and predictable contrast of the ‘end of certainty’ when reforms happened (of which Kelly was chronicler), with today’s sobering experience of watching nothing much happen (see, for example, Kelly 2013, 2014a, 2014b).

Whether it was Henry Ergas (2014) writing in *The Australian*, or Peter Hartcher (2014) in the *Sydney Morning Herald*, the Australian media consensus was that John Key was a massively reformist, ambitious, activist prime minister implementing his agenda and being returned as a reward. Contrast this with the New Zealand media’s take on the event. Neither the *National Business Review* (Hosking 2014) nor the *New Zealand Herald* (Edwards 2014) were describing John Key in these terms.

This was the starting point for writing my essay ‘The Quiet Achievers’: I wanted to determine which set of commentators was best describing the approach of John Key’s government. The essay also came in the context of Australia’s reform holiday; arguably the last real, decent micro-economic reform enacted in this country was the introduction of the Goods and
Services Tax (GST) in July 2000. And even that was not nearly as good as the New Zealand one. The contrasting commentaries also came in the context of a general mood that reform is something that is no longer possible, a view held by Paul Kelly but also President of the European Commission Jean-Claude Juncker, whose famous dictum is that we all know what needs to be done, we just don’t know how to get re-elected once we’ve done it (The Telegraph 2014).

Finally, the essay was written in the context of an increasingly positive story about New Zealand in the Australian media. Just three years earlier, I had to explain my decision to move from Australia to New Zealand; I was swimming against the tide, the annual migration loss from the other direction at the time was 40,000 people, a massive figure for a country the size of New Zealand.

But the narrative has changed. By late 2014, the Australian media wondered in awe at how a country that had not only lived through the global financial crisis (GFC) as Australia had—except without the aid of a mining boom—and then done battle with a few earthquakes was still closer to a budget surplus at the time than Australia was. Who was right? Was the Key Government a reformist government, or was it really just as hopeless and dithering as Rodney Hide (2014) wrote in the National Business Review?

My essay’s basic conclusion was that the Key Government was what I call one of incremental radicalism. In the Key Government, we saw a government that does quite a few radical things, but it did them step-by-step, one bit at a time.

Consequently, if you gave Key long enough, he probably would have reformed the country substantially—just not in one fell swoop. I determined to identify the strategy behind Key’s approach. Because I once studied marketing, I came up with a snappy formula. It is an analogy to the ‘four Ps’ of marketing: place, price, promotion and product. In Key’s case, I thought it was rather preparation, patience, pragmatism and principles. If you want to add a few more Ps, maybe you could add passion and performance; for now, I think the four Ps will do.

Fundamentally, my essay was trying to explain how Key, his former deputy (and eventual successor) Bill English and the whole New Zealand Government have significantly reformed the country in a way that does not alienate huge parts of the population and allows them to get re-elected.
I think it largely comes down to transparency. Because what the Key Government did very successfully was establish narratives. It established these narratives by explaining what it was doing, how they were doing it and why they were doing it. They consulted; they took time. Let me explain this further through the four Ps of the Key Government.

The first P is preparation. Preparation means it takes a significant amount of time before anything really happens. That preparation time is necessary to build the narrative, to take the public along the journey and explain why what they are doing is necessary. In her chapter in this volume, Paula Bennett (Chapter 2) admitted how long it took until the government actually figured out what they were trying to achieve and how they were going to do it. Paula Bennett herself is perhaps the best example of this preparation approach: she spent the Key Government’s first full term laying the ground for the welfare reforms that the Key Government would introduce in the second term; she basically spent three years preparing with the welfare working group, consulting widely.

Proceeding from this preparation P is the patience P. I think it is a mistake for governments, especially newly elected governments, to try to do everything at once and introduce all policies in one single budget—a mistake Tony Abbott made in 2014. Key would not have done that. He took a very long-term approach to introducing his policies. This approach requires patience, but patience is required to do the preparation properly and to consult widely. Key consulted widely, not just with special bodies like the welfare reform working group but also with organisations like the Productivity Commission, a relatively new organisation in New Zealand, having been introduced in Key’s first term.

With patience comes pragmatism. No matter how much Fairfax columnist Peter Hartcher (2014) described John Key as a neoliberal activist, first and foremost I think he was a pragmatist, because he knew exactly what he could get implemented and what he could find majorities for. He would not go far beyond that and he would never wait for the opportunity to introduce a first-best solution that might never arrive if he could, at least, get a second or sometimes a third-best solution in place, then start work on refining these second- and third-best solutions.

So far these three Ps of preparation, patience and pragmatism could also describe Angela Merkel. But there is a fourth P: principles. With Angela Merkel, you never quite know where you land: a former Social Democrat
Defence Minister in Merkel’s first cabinet once said that if Merkel was the pilot of a plane, her passengers could board the flight in the knowledge that they would arrive safely, as long as they did not care where they land (Hartwich 2015). This is because Merkel basically makes up her policies on the go—on the fly. She commissioned 600 opinion polls in her second term, which Spiegel magazine revealed in 2014; an average of about three a week. Spiegel called it ‘government by numbers’, and that is not far off (Huggler 2014).

Merkel basically takes any kind of position and its opposite. She has been chancellor for over 10 years and I still have no idea what she really believes in. I think with John Key, we saw a very different kind of politician. I think we could all tell where his instincts lay, even though he did not implement everything in one go. It was clear John Key wanted to lead New Zealand towards a more market-based approach, an approach that incorporated micro-economic reforms, but ones that were introduced gradually with carefully laid groundwork.

This was the rough picture of the Key Government: one that was driven by preparation, patience, pragmatism and principles. Typically, as long as he stuck to his four Ps, it worked well for him: for his personal approval ratings, for his party and for the country as a whole. Deviating from the four Ps did not work so well for him. With this in mind, I will now provide a few examples of both successes of the Key Government and what I consider to be some of the failings. I will then explore the limitations of the four Ps.

First, on fiscal policy we can see the approach of the four Ps worked quite well. A chapter of my essay is called ‘The Patient English’, referring, of course, to Key’s Minister of Finance (and successor as prime minister), Bill English. English was an incredibly patient finance minister, never losing sight of his ultimate goal of leading the budget back to surplus. But he did it, I think, in a way that was both incremental and successful in difficult circumstances; we should not forget the Canterbury earthquakes of 2010 and 2011 cost the public sector massively. The second example where I think reform worked remarkably well was Paula Bennett’s welfare reforms, an investment approach she pioneered and the subject of her chapter in this volume.
The counterexamples where the Key Government failed to deliver were those instances where they did not spend enough time preparing, nor have the patience to explain what they were doing. A prime example, I think, was education minister Hekia Parata’s attempt to reduce class sizes in spite of overwhelming research indicating good teachers are more important than small classes. She wanted to just change the priorities of her department’s spending, but she did not explain why she was doing it. Her plan was introduced without much consultation and so it completely backfired on her.

The other example, I think, are social impact bonds, a policy introduced by the Key Government in 2015, on the Queen’s Birthday holiday weekend. Bizarrely, the government picked mental health as the area for the first social bond. For a relatively experimental policy, I think this was not the right approach. Rather, they should have first explained why they were doing it. Very few people had ever heard of social impact bonds—they are still a relatively new instrument internationally—and the one area in which they have worked best, and where there is the most experience internationally, is in reducing recidivism among criminals.

I think the government could have done a much better job at explaining what they were trying to achieve, pointing towards international examples and taking the public with them on this new policy instrument of social impact bonds. Instead, they went straight into mental health, one of the most controversial areas. It backfired on them.

The other limitation to the four Ps approach and to radical incrementalism, I think, is public opinion. John Key was very well aware of public opinion—probably as much as Angela Merkel is—and therefore there are some issues that, because they would be unpopular, he simply would not have tried to prepare the public for changes to, even if they were necessary. One example that comes to mind is foreign investments regulation. Another example is radical changes to local government finance and the housing market. In this sphere, I think Key was probably too timid to go beyond what was achievable, even in the medium term.

I would like to now make a point about the role of the media in New Zealand’s reform process. I do not think there is a big difference between the Australian and New Zealand media in this regard; there are not many columnists and journalists in New Zealand making the case for reforms.
Instead, we unfortunately see a very stereotypical left-versus-right debate when instead the New Zealand media should be debating what works and what doesn’t in a more empirical way.

In any case, let us return to the question of transparency. I think what we can learn from Key’s example is the importance of transparency. Because if you communicate your policies well, if you establish a narrative, you have a much better chance not just of implementing them, but ensuring they are not changed at the next government, let alone at the next opinion poll. With that in mind, I think John Key did a relatively good job as prime minister. He was not a perfect prime minister by any measure; he was certainly not a perfect politician (not that I believe either exist). And yet, Key got many things done while still keeping his personal popularity high and retaining the public’s support.

I wish to now mention some international counterexamples of what happens when you do not take this approach. One of the prime examples that comes to my mind is the German Government of Gerhard Schroder, who led a centre-left coalition of the Social Democrats and the Greens. In the winter of 2002/03, with unemployment at more than 5 million, Schroder introduced massive welfare reforms—but not nearly as radical as those Paula Bennett introduced in New Zealand. The difference between Paula Bennett and Gerhard Schroder was that Schroder spent no time whatsoever explaining why he was doing it. All he basically said was, ‘we’ve got 5 million unemployed, we have to do something’. But he did not establish a narrative around it. Paula Bennett, in contrast, established a narrative of needing to help people. She basically said, ‘we have a national crisis and we need to do something quickly’.

Without such a narrative, Schroder was punished. He was punished personally, with his approval ratings going down. His party was punished and they are yet to recover. When Schroder first became chancellor, the Social Democrats typically received around 40 per cent of the vote; they have been in the ghetto of around 23–25 per cent since his welfare reforms. These reforms were undoubtedly necessary, but never communicated well.

Another example, I think, is David Cameron in the UK. In opposition, David Cameron hardly ever talked about the issues he then had to tackle as prime minister. He hated talking about Europe. I know that because I worked in David Cameron’s favourite think tank, and we were not allowed to use the E-word because it was so divisive for the Tory Party.
Cameron never wanted to talk about it, which was traumatic for his own party. He knew precisely what happened to his predecessors so he did not spend much time on it in opposition.

Nor did he talk about austerity, nor alternatives to Labour’s spending programs—until in 2010, he was prime minister and suddenly had to do something about the economy and the budget deficit. Likewise, once in office, under pressure from his own backbench, UKIP (the UK Independence Party) and circumstances, he suddenly had to talk about Europe. That approach is not how you win public support for instituting reforms. Yes, he won the 2015 general election, but in fact there has never been a UK Government re-elected on such a slim popular share of the vote as Cameron’s. He did not do particularly well at introducing these reforms.

As a final international example of how not to institute reforms, I think I am fair in stating that Tony Abbott did not adequately communicate what he was trying to do in the 2014 Budget. He certainly did not take the public with him. This is in contrast to John Key’s New Zealand, where you saw a government attempting to be as transparent as it could in explaining its case for reform and trying to take the public with them. I think this approach is the only chance we have in today’s society to introduce reforms that are necessary, and which some commentators believe are no longer possible, at least in the Australian case.

To conclude, I believe New Zealand should encourage us all that reforms are still possible, as well as demonstrating that to be successful, reforms need a good marketing plan, a good strategy and a good narrative.

References


