Re-thinking Australian Governance – The Howard Legacy

Paul Kelly

4/2005
Re-thinking Australian Governance –
The Howard Legacy

Paul Kelly

Cunningham Lecture 2005

Occasional Paper Series 4/2005
Academy of the Social Sciences in Australia
Canberra 2005
Re-thinking Australian Governance
- The Howard Legacy

Paul Kelly

It is a great privilege to deliver this year’s Cunningham Lecture to the Academy of the Social Sciences in Australia, on a subject more challenging than ever: the dynamics within our system of governance. As I wrote this Lecture I reflected that it is 30 years ago this week that we witnessed the Dismissal - the product of personality conflict and defects within our system. Yet at that same time in the early 1970s we saw the birth of another phenomenon that has run unbroken for more than three decades, ubiquitous and elusive, the rise of Prime Ministerial Government. Its face has changed from Gough Whitlam to John Howard – but Prime Ministerial Government is the central organising principle of our current system.

Is this a good or bad trend for Australia’s democracy and governance? Opinions will differ - last year Justice Michael Kirby said: ‘Governance and good governance have attracted many definitions. But the notion remains a “contested concept”.’1 The Howard era has provoked an escalation in the debate about what constitutes good governance, a debate riddled with differences over perspective and public interest. They are unlikely to be reconciled.

In this Cunningham Lecture my goal is to describe how Australian Governance is being re-shaped and re-thought by John Howard. The reason I chose this approach is that while there is a multitude of commentary about Howard’s governance, there is little analysis of how he governs or of the ideas and approach that shape his governance or of what might become his legacy.

The paradox in Prime Ministerial Governance from Whitlam to Howard lies in its powerful continuity. Each succeeding Prime Minister builds upon his predecessor’s legacy. There are no legacies that have been dismantled. The question this raises, therefore, is whether the Howard legacy will be permanent.

My argument is that Howard will be important for three ideas that, ultimately, underwrite his conception of Prime Ministerial Government – an expansion in executive power authorised and sustained by invoking the popular will; the re-shaping of our governance culture to incorporate the priority he attaches to economic liberalism and national security; and the upholding of parliamentary supremacy and popular sovereignty against the limitations involved in the emerging demand for a Bill of Rights.

A recurring question in this lecture is whether Prime Ministerial Government is effective in tapping the wisdom of the nation. Is it exclusive or inclusive? Are its ideas generated from within the political machine or from wider constituencies within the nation?

I want to begin with an overall picture of the Prime Minister. Howard’s profile as a conservative is selective and exaggerated, far too reliant on his status as a constitutional monarchist. He believes the political system must adapt to the demands of the people and the challenges Australia faces, from globalisation to national security. Upon his retirement I suggest that Howard’s governance record will be more conspicuous for the changes he made rather than the changes he refused to make. In my view, he is best

Academy of the Social Sciences 2005/1
understood as a change-agent and I believe this is how Howard sees himself. In the context of the republican debate, Howard depicted himself as a ‘Burkean’ conservative, but more recently he quoted Burke approvingly saying that ‘a state without the means of some change is without the means of its conservation’.2

Howard’s record shows him as a pragmatist, uninterested in utopian visions, but focused on change that is achievable and utilitarian. His opposition to constitutional change by referendum has disguised the extent to which he supports changes by other means. He brings two distinct views to governance. First, he thinks as a practitioner who judges governance more by its policy and political outcomes rather than as a system in its own right. He dislikes debate about abstractions or principles of governance, from ministerial responsibility to the separation of powers, and distrusts debate on governmental models. Second, Howard’s frame of reference is public sentiment and Australian values – he invokes public approval to legitimise any changes to governance that might diminish accountability or checks and balances. ‘The people’ become the justification of his prime ministership. This point is widely recognised but its full import is not appreciated.

For example, in relation to federalism, Howard has abandoned the Liberal Party’s ritualistic genuflection to State powers. In relation to his industrial reforms he invokes a higher principle, saying, that ‘the goal is to free the individual, not to trample on the States’.3 His guiding star, however, is public sentiment. Howard judges that State loyalties are fading and the national loyalties are growing. He is fascinated by the rise of national consciousness, what he calls the nationalisation of our society. At Rugby League State of Origin games he refuses to barrack for NSW. On talkback radio he finds that the people think national; when he travels into the regions he finds that people are looking to the national government rather than State governments. He seeks to free the Liberal Party from its emotional chains of State loyalty.4

Over the years Howard’s ministers have criticised the judiciary; Howard has embraced a narrow version of ministerial responsibility; he has imposed more restrictions upon the public service; and introduced security laws that alter the balance between security and civil liberty. In each case his justification is the national interest or the will of the people. Howard re-define the existing standards and principles by resort to these arguments. In his approach to governance, therefore, he is a radical populist as well as a Burkean conservative.

It is, however, misleading to exaggerate Howard’s break from the past. He must be seen within that current of powerful continuity that constitutes Prime Ministerial Governance. Howard is no more preoccupied by executive authority than Fraser; no more hostile to the Senate than Keating; no more reliant upon ministerial staff than Hawke.

It is also important to locate Howard in his office; to perceive him as he is – not as a confected Machiavelli but as a real person working on his Prime Ministerial project. Such a picture reveals the continuity and the uniqueness in our governance. The Australian system has borrowed from Britain and America but it is unique. Howard understands this and, in turn, it is a key to understanding Howard. He has no interest in importing external ideas into our system of government – neither adaptations from the US Presidential model nor the universal idea of a Bill of Rights. The Howard prime ministership is making our governance more nationalistic, more different from and not more similar to overseas models. Howard’s instinct, so apparent yet so frequently overlooked, is to refine an Australian model.
The defining quality that Howard brings to Prime Ministerial Government is a pervasive commitment to political management. This is the hallmark of his time. It circulates like a gas through the air-conditioning, invisible yet intoxicating.

The epicentre of Prime Ministerial Government is the House on Capital Hill, opened in 1988, to house the Federal Parliament. The building is the triumph of executive power, grander than the White House. Howard arrives and leaves by car from his executive courtyard and has the instruments of his power in proximity – the Parliament, his ministers, his staff, the cabinet unit, 300 journalists and, at the foot of the Hill, the main policy departments whose public service chiefs trek up the Hill to advise and to listen.

For the Liberal and Labor parties the prize of executive power has never been so alluring. The major parties are weak, beset by falling membership, decline of voter loyalty and ideological confusions. In opposition these weaknesses are crippling, witness the demoralisation of the Liberals over 1983-96 and of Labor since 1996. The purpose of these parties now is to provide a structure and a leader to capture executive power. Without executive power, they look non-viable. In government, weakness becomes strength, demoralisation becomes empowerment and a modest leader becomes a giant killer.

The system of governance is becoming more politicised. Indeed, it can be argued that our society and our culture are becoming more politicised. John Howard is a 24/7 party politician who runs a permanent campaign. He has integrated politics into policy and administration to a degree unachieved by any of his predecessors. Howard is campaigning on behalf of his government each day, almost from the moment he completes his morning walk. Nothing could be more removed from the distant administration of Howard’s hero, RG Menzies, of whom it could be said the people knew he was there but rarely saw him.

The Cabinet
The main instrument of Howard’s Prime Ministerial power is the Cabinet and Australia’s cabinet system is probably unique. By contrast there is no functioning cabinet system in Washington (and it shows) while Blair’s Britain has largely abandoned cabinet government. Under Blair most decisions are taken in bilateral or informal networks. Blair’s former cabinet secretary, Lord Butler, said last December: ‘The cabinet now – and I don’t think there’s any secret about this – doesn’t make decisions…the government reaches conclusions in rather small groups of people.’

So Howard’s governance is different from that of Bush and Blair. Howard is a cabinet traditionalist, like Fraser and Hawke. An effective cabinet cannot guarantee good government – but there can be no good government without it. Howard’s cabinet is tight, secret and collective. Its secrecy is the most abject defeat for the press gallery in 30 years. It is an instrument of collective responsibility and this idea dominates Howard’s executive.

In Australia good prime ministers must be good team leaders and ‘simply stamping the prime ministerial foot is conducive neither to good government nor to personal survival.’ Howard does not stamp his foot, unlike some of his predecessors. He is more interested in sound process than Paul Keating or Tony Blair. Howard is a collectivist. One of his initial objectives was ‘to run a proper cabinet system.’
Howard uses the cabinet as an instrument of his authority, of ministerial consultation, obedience and unity. The contentious issues are cleared through cabinet – the Tampa policies, the Iraq war and the GST (Goods and Services Tax). Restrictions on the circulation of cabinet submissions are sometimes so tight that they inhibit debate. It is the most unified cabinet since Menzies and reflects a remarkably shared outlook. The process is formalised and disciplined; meetings are scheduled well ahead. Howard, unlike Keating, is punctual and starts on time. Unlike Fraser, he doesn’t call cabinet at short notice or late at night, nor prolong debate to physical exhaustion. Howard is civil; he rarely personalises issues or abuses people. Howard has a business-like approach. He wants people to have their say, but he doesn’t want ministers imprisoned in the cabinet room.9

In 2004-05 there were only 57 cabinet meetings (including cabinet committees but excluding the National Security Committee) and 302 decisions; a modest number.10 The pace of decision making is much slower than in the Fraser years and has fallen from 440 decisions in 2002-03.11

In 1996 Howard moved the Cabinet Policy Unit from the Prime Minister’s Department to his own office. The symbolism was stark – the engine room of executive government was not to be managed by public servants. It would be supervised by Howard’s political staff. The first head of the cabinet office was Michael L’Estrange, a former public servant and Liberal Party staffer, now Secretary of the Department of Foreign Affairs and Trade. The second head was Paul McClintock, from the Sydney business community and a Howard aide from his time as Treasurer. It is the Cabinet Unit that plans the agenda, lists the items, and writes up the cabinet decisions – all from Howard’s office under the ultimate authority of his office chief, Arthur Sinodinos.

The cabinet system maximises political management at the heart of government. Howard has two separate but related streams of advice – departmental and political. He is superbly placed both to shape the cabinet agenda and to assess submissions from his ministers. In cabinet it is Howard’s political judgement and reading of the public’s mind that vests him with remarkable authority.

The Public Service and the philosophy of responsiveness

Howard has brought to its zenith the trend since Whitlam – the shift of power from the public service to ministers. This is coupled with a philosophy of administration that began with Whitlam – public service responsiveness to political will.

In his 1997 Garran Oration, Howard upheld the idea of impartial advice, saying that no government ‘owned’ the public service which he saw as a ‘national asset’. But Howard said ministers would take greater control of policy in its ‘planning, detail and implementation’, a statement of great import.12

His justification for greater ministerial authority was political. For Howard, this was the public’s expectation. His judgement is correct and flows from the phenomenon of the 24 hour political cycle where the media demands answers from ministers on a daily basis. It is the transformation in politics that has forced a transformation in the conduct of government. The rule defined by Howard is that the task of public servants is to ‘recognise the directions in which a government is moving and be capable of playing a major role in developing policy options.’13
Howard was explicit – he wanted a public service to help government realise its aspirations. He began by sacking six departmental heads, a third of the Secretaries - sackings that were sudden and brutal. One of Australia’s public service veterans, Tony Ayers, said later: ‘I have no argument if they got the sack for non-performance. My worry at the moment is that people get sacked because someone doesn’t like the colour of their hair or whatever.’ It was the greatest blood-letting upon any change of government since Federation.

Howard’s determination to achieve a responsive public service informed his choice of Max Moore-Wilton as head of the Prime Minister’s Department, a formidable leader with a preference for results over process. In Howard’s early years, Canberra was a town in a state of high tension. This was accentuated because another of Moore-Wilton’s briefs was to reduce public service numbers – the bureaucracy had to do more with less. It was no surprise that in Howard’s first term his office chief, Grahame Morris, complained that the public service wasn’t producing the ideas to help the Government.

Howard’s approach was the exaggerated culmination of a 25 year trend. Under Hawke and Keating, power moved decisively in favour of ministers and personal office staff was expanded. In 1987 Hawke reduced the number of departments and created super-departments, saying his aim was ‘greater ministerial control’ and ‘increasing the responsiveness of the bureaucracy to the Government’s wishes’.

Under Labor, political advisers participated for the first time in cabinet committee meetings. Keating said he wanted public servants who had ‘initiative combined with a high degree of political sensitivity.’ As PM, Keating introduced a contract system for departmental heads that formalised the end of employment security for public service chiefs and reflected a new rule of accountability and responsiveness to ministers and, in particular, to the Prime Minister. Keating had complained earlier about ‘the abdication of responsibility by the successive conservative governments in favour of the Commonwealth Club mandarins.’

No Prime Minister these days – not Keating, Howard nor a future Peter Costello – would accept the autonomy exercised by the great public servants of the past such as Roland Wilson, Arthur Tange or Frederick Wheeler. The removal of employment security terminates the age of so-called ‘frank and fearless’ advice. Despite its mythical afterglow, this was never a golden age and the value of the ‘frank and fearless’ system remains contested. Treasury Secretary Frederick Wheeler’s efforts to stop the Khemlani loan are to be admired; but his memo as Public Service Board Chairman declining the request to visit Prime Minister Menzies and suggesting instead that Menzies visit Wheeler in his office is no longer a tenable relationship. Retired departmental head, Roger Beale, says that responsiveness ‘should not be confused with being supine’ and that the old system had to change.

I think a good summary of the situation was provided by former Public Service Commissioner, Andrew Podger, in his 2005 retirement speech: ‘There was a bipartisan consensus in the 1970s and 1980s that the Service was too independent and not as responsive to the elected Government as it ought to be and the changes in the 1980s and early 1990s while generating some debate, have generally been accepted by both sides of politics.’

The issue now is whether under Howard the pendulum has moved too far towards responsiveness. Podger believes that it has and identifies three concerns – that senior
officials may be ‘too concerned to please’; that the system is too geared to shielding ministers from political embarrassment at the sacrifice of the public interest; and that public servants are not sufficiently fulfilling their legal and administrative responsibilities to the public. Such concerns are united in a single theme – the challenge to the public service flowing from Howard’s system of political management.

The Children Overboard incident showed the Departmental Head too anxious to pass to (then) Immigration Minister Ruddock, in an election context, advice that proved to be false, notably that children had been thrown overboard by asylum seekers. Only four hours elapsed between the boarding of the boat and the public revelation by Ruddock based on false advice. This was the service being ‘responsive’ with fatal consequences. More seriously, during the campaign neither the military nor the public service advised ministers unequivocally of the facts the chain of command knew unequivocally - that the story was wrong. A subterfuge of deniability was erected. The Chief of the Defence Force, Admiral Barrie, declined to change his advice to his minister or check for himself, the effect being to protect the political position of Defence Minister Reith and ultimately the Prime Minister. The Secretary of the Defence Department later offered his resignation. The system was in denial, to the benefit of ministers.

The issue here is not the public service being party political but, rather, too willing to shield the government on political matters. It fails the dual test defined by Frederick Wheeler who said that from his apprenticeship he had learnt ‘always do your best to protect your minister’ and ‘always do your best to make the Minister fully eyes open.’

The 2005 Palmer and Comrie reports into the Immigration Department over the Rau and Alvarez cases show the dangers in an over-responsive public service. There are three dominant themes in these damning reports. First, that public servants acted unlawfully and irresponsibly in their dealings with individuals; second, that the Department was infected with a cultural mindset that was defensive and dehumanised; and third, that there was a pervasive failure of Departmental leadership.

Media management is at the core of the challenge to the public service. Andrew Podger says: ‘Communications are at the heart of politics and the enormous increase in the power of the media has required a sophisticated response by politicians. This includes careful control to ensure consistency and to influence the agenda as well as to present the government, the government party and the key politicians in the best possible light.’ The Howard Government has brought control of the public service/media interface to new heights. For example, if the military had been able to deal with the media on a sanctioned basis the Children Overboard story would probably have been resolved at the start.

Podger stresses the counter-measures used by the service against FOI law such as ‘few file notes, diaries destroyed regularly, documents given security classifications at higher levels than are strictly required’ so the decision-making trail ‘is often now just a skeleton without any sign of the flesh and blood of the real process and even the skeleton is only visible to those with a need to know’. Who is being protected here: the public interest or the partisan interest?

There is a third example that warrants discussion – Australia’s 2003 commitment to Iraq. Inquiries into this issue have focused on the intelligence, yet the intelligence was a secondary issue. The real issue is advice provided to the cabinet by the main policy departments. The 2004 report into the intelligence agencies by Philip Flood complains that the intelligence agencies ‘did not take a holistic approach to Iraq’ or confront wider
questions such as ‘the strategic cost implications for Australia of contributing to military action against Iraq, the likely strategic costs and issues involved in post-Saddam Iraq and the impact of military action on the safety of Australia and Australians.’ That sounds a conspicuous failure.25

The suspicion remains from Flood’s remarks – and it can only be suspicion – that the policy departments responded like the intelligence agencies such as the Office of National Assessments, and operated according to the rules defined by Howard. That is, their task was to help Howard realise his objective and officials did not contest the commitment because they knew Howard favoured a war decision.

In summary, the argument is that Howard’s system of political management runs the risk of a public service that is too protective of its political masters and too responsive for good governance. The evidence, on balance, points in that direction. I would argue, however, that this is an incremental not a dramatic change, a point not sufficiently grasped.

The Secretary of the Prime Minister’s Department, Dr Peter Shergold, points to surveys to argue the lack of evidence that Australia’s mandarins are intimidated.26 Shergold is on firm ground when he rejects critiques such as that of Kenneth Davidson from The Age that the creative tension with the public service ‘put in place by the Chifley Government and nurtured by the Menzies Government has been destroyed.’27 The evidence shows such claims are an exercise in political amnesia.

For example, historian Ian Hancock in his analysis of the famous 1966-67 VIP affair damns that prince of public servants, Sir John Bunting, the then Secretary of the Prime Minister’s Department, for misleading Harold Holt: ‘He let Holt believe a lie. Then he let Holt get away with a lie – until Holt was finally caught.’28 This was a double blunder – giving Holt what he wanted and denying the Parliament the truth. The VIP affair has shades of the Children Overboard affair and was a factor in John Gorton’s rise to Prime Minister.

Another example is our 1965 commitment to Vietnam. Official historian, Peter Edwards, says there was no Australian equivalent to George Ball, the famous US official, who argued against the escalation. Edwards says: ‘While there were clearly many Australian officials in both External Affairs and Defence who were uneasy, none attempted to persuade the Government to seek another course.’ None. In short, the Vietnam story looks like Iraq. Edwards explains exactly why in the 1960s the Menzies Government wasn’t challenged by its advisers over Vietnam. It was because public service resistance on such a fundamental issue would have clashed with the intent of cabinet and ‘almost certainly would have required such an official to resign.’29

There are many examples that disprove the folklore of a superior past; witness the Voyager cover-up, the Khemlani loan, the bottom-of-the-harbour tax fraud, the unsustainable LAW tax cuts, the deception over the Vietnam commitment, the concealment of the budget position at the 1983 and 1996 elections, and, for sheer political deception, the Kirribilli pact on the Prime Ministership. We need to see the present in a realistic, not a doom-laden, framework.

The historical debate about relations between ministers and public servants is bedevilled because it overlooks the main point – that the prime responsibility of the public service is to assist ministers realise their agenda.
Executive strategy and the source of ideas
Despite the rise of a more contestable advisory climate, the public service still accounts for the bulk of policy advice. And despite the staff reductions over the past decade Andrew Podger says: ‘In sheer terms of overall expertise and education, today’s Public Service is far more capable than it ever was in the past.’ This is often forgotten; yet policy and research capability within the service is in decline. The problem was acknowledged this year (2005) by Public Service Commissioner, Lynelle Briggs, who said: ‘For some time now I have been concerned that there has been an erosion in some areas of the APS of the capacity for sound research, evaluation and analysis.’ Fred Argy, in a more alarmed scenario, sees a future where ‘departments will become short-term in their focus and that serious policy related research and advice will be left to lobby groups, private consultants and think tanks.’ Yet this is too pessimistic a view; a strong prime minister, like Howard, will always want to retain public service capability.

However, we need to evaluate critically the contestability climate – because it is closely associated with the rise of political management. There have never been so many lobbyists in Canberra backed by finance and voting blocs. The big lobbies such as the National Farmers Federation and the Chamber of Commerce and Industry are linked into the heart of government; there have never been so many so-called independent reports commissioned to advance a special interest; consultancies such as Access Economics provide an outsourced Treasury service; other consultancies such as ACIL or the Allen Consulting Group offer a substantial research capability to either governments or special interests; think-tanks, from the established Centre for Independent Studies to the newer Australia Institute, are more influential than before; specialised centres within the academy such as the Melbourne Institute of Applied Economic and Social Research and NATSEM (National Centre for Social and Economic Modelling) at the University of Canberra are seen as authoritative and influential; and the rise of a more polemical media generates its own short-term policy impact.

Howard enjoys and encourages contestability and, in a 2002 speech, he said: ‘Ministers obtain advice from within their own offices, government initiated reviews and inquiries and, in increasingly sophisticated ways, external sources such as interest groups, industry bodies and lobbyists. This is a positive and healthy development.’

This statement is true but it contains dangers. Howard is a networker who takes ideas from his travels, dialogues and discussions. He is receptive, rarely changes his mind and is never an easy touch. But contestability has not just terminated the public service as the monopoly source of advice; it exposes government to the most intense special interest lobbying in our history. There are many outside ideas. The question is: are they any good?

This puts the public service under pressure but it highlights the unique role of the service – as a source of disinterested advice in the public interest. This role, now, is more important than ever, a point I fear that ministers do not sufficiently appreciate. The cause of the public interest has too few voices. Our debates witness multiplying voices for the special interest such that much of our media coverage is a dressed-up contest between special interests.

In Howard’s list of advisory sources he did not mention the academy but did mention lobbyists. The Howard cabinet, more often than not, sees the academy as unfavourably disposed to its objectives. Howard, like most prime ministers, wants research and advice
to realise his aims. He would not be swayed, for example, by research suggesting that the private health insurance rebate or work for the dole was ineffective. Often when Howard sets up an inquiry the aim is to realise a pre-determined policy position – such tactics, of course, being as old as politics. On other occasions Howard prefers his contestability to be informal and non-traceable. In such a highly political environment the risk is that policy is more divorced from evidence-based research.

The government’s style is anti-elitist; it believes in the opinion of the common man; it is ideological and never values-free; it is sceptical of many social science research agendas; its ministers are down-to-earth and some think there is more wisdom at the local pub than in a university seminar. Yet it is pragmatic and interested in public policy solutions that work.

The quest for policy ideas is conducted within the centralising concept of whole-of-government administration. Howard is attached to the whole-of-government philosophy to improve service delivery and promote strategic thinking. He says the public wants a whole-of-government consistency. This dictates central agency coordination, often from the Prime Minister’s Department and, of course, the scope of Prime Ministerial influence is further enhanced. This might not be the motive for whole-of-government administration but it is the consequence.

This approach was formalised by Cabinet Policy Unit chief, Paul McClintock and on 31 July 2002 the cabinet, at an annual ‘strategic priorities’ meeting, endorsed nine whole-of-government priorities – national security and defence, work and family, demography and an ageing population, science and innovation, higher education, sustainable environment, energy, rural and regional affairs, and transport. In an unusual step, Howard announced these cabinet priorities, casting his Government as ‘prepared to carry out vital reforms.’ In many of these priorities the Prime Minister’s Department had the decisive co-ordinating role.

Such prioritising is vital to good government. It is a mechanism that defines the link between ministers and the public service. It creates a sense of direction, described by Howard in these terms: ‘In attitudes and to a degree in culture and certainly in day to day practice, departments will follow the lead of government at a political level. If ministers are co-operating, if cabinet is working together effectively in pursuing policy change, then that will be reflected across the Public Service.’

This structure can create opportunities for outside advice and research. When the academy thinks of linking research with policy it must think whole-of-government and creating a research consciousness within the strategic heart of government – the cabinet office and the Prime Minister’s Department. Ideally there should be a policy research unit associated with the cabinet office able to access research within and without the service in the quest for better policy inputs. This concept fits into the way Prime Ministerial Government is evolving. We could learn more here from the operation of Number 10, Downing Street.

Water management is a case study in how whole-of-government administration can create opportunities for outside advice. Water was a new issue where Howard was open-minded and where outside specialists were influential. What were the conditions that made this possible? First, there was a sense of crisis arising from the drought – affecting a core Coalition constituency. Second, there were demands for action from the media. Third, a leadership group of scientists came together – the Wentworth Group – and
Cunningham Lecture, 2005

struck a common position among themselves. Fourth, this group defined a five point solution in general non-technical language – that was clear and realistic. Fifth, the Wentworth Group had its own media approach and won substantial publicity. Their credibility dovetailed into Howard’s needs.38

In summary, however, it seems to me that in both the Government and the Opposition there is an emerging crisis of ideas. As the Howard Government finally completes the economic reforms whose intellectual origins lie in the 1980s, there is no apparent source of intellectual renewal. In politics, more of the past is rarely enough. The politicians may not concede the point, but the reality, beyond their media spin, is that they need to discover the new ideas that underpin long-term strategy.

The people and the Parliament

The source of Howard’s authority resides with the people and he has transformed the office of Prime Minister by creating a continuous dialogue with the people. No previous incumbent has given such time or priority to this task. Howard has no interest in background briefings; he uses the media as an instrument to reach the people. He spends more time on the media than he does in the Parliament or in the cabinet. His innovation is the permanent campaign – fighting the 24-hour political cycle for the 1000 days in each three year term. It is this brand of politics that is transforming governance. Winning each 24-hour political cycle demands a flexible yet focused media message and a ‘rapid response.’ Howard’s office and the apparatus of government are geared to these political demands.

For Howard, an interview before breakfast is not an unusual diet. He has his favourite talkback host in each capital city. Howard markets his ideas, defends his policies and is a commentator on the nation’s condition with views from cricket to curriculum. His core tactic is to set the agenda and have his opponents defined according to that agenda. Howard is the omnipresent uncle, transmitting into every household, unless he is switched off. 39 Remember that the main reason given by ALP leader, Kim Beazley, for establishing a second home base in Sydney was his need to appear on radio. Howard chooses not to live in Canberra. He lives in Sydney and the symbolism is unmistakable - he leaves Canberra to return to the nation. Howard likes domestic travel and is energised by it – the dinners, speeches and provincial functions. He is the most domestically travelled Prime Minister in the nation’s history, in the regions and in the cities, and is proud of his local knowledge.

Howard’s approach to Parliament is based on performance, control and negotiation. Prime Ministers know that if their government is successfully called to account by Parliament then their ministers are being embarrassed, their policies are being modified and their standing is being diminished. The relationship between government and Parliament is controlled by numbers. When a government is being held accountable by the Parliament, its days are limited because its opponents are dominant - witness the Whitlam Government.

During the first three terms of Howard’s Government, the Labor Party and the Senate as an institution was highly effective in holding the government to account. Any suggestion that the government was not under intense pressure from the Senate is wrong. Not only were some of its decisive bills rejected or significantly amended but the Senate committee system was used to probe, to disclose and to embarrass. Former ALP Senator
leader, John Faulkner, has argued, persuasively, that the government was held to account and he has offered a litany of examples.\textsuperscript{40}

Howard takes Parliament seriously in three respects: first, as the forum in which the Prime Minister and his ministers must perform credibly; second, as the forum in which the governing parties must display their cohesion; third, as the legislature that gives life to his program. He prepares carefully for Question Time. He expects discipline from his backbench. For his first eight years he chose to negotiate with the Senate and, though tempted, shunned the option of confrontation or a double dissolution in a display of patience that was rewarded with Senate control in 2005. In his fourth term Howard negotiates not with the Senate but with his own backbench, witness the concessions on detention policy and new security laws. There is still a degree of accountability.

However, the Howard era that began with high aspirations for ministerial accountability will end with accountability shifting from ministers to public servants. On his first day as Prime Minister in Parliament, Howard tabled his ministerial code of conduct. Yet in that first term he lost five ministers and three parliamentary secretaries; the code had to be revised and Howard decided, politically, it was best to keep ministers, not to lose them.\textsuperscript{41}

Howard’s working rule of ministerial responsibility, it seems to me, is that ministers, in effect, are responsible not to the Parliament or to the party but to the Prime Minister. The test Howard applies or rationalises is that of ministerial responsibility to the people with the Prime Minister interpreting the public will.

In practice Howard is loath to remove a minister for policy or administrative reasons, a judgement dictated by his political experience. The upshot is that Howard’s working rule is that ministers should go only ‘if they are directly responsible for significant failings or mistakes or if their continued presence in the government is damaging.’\textsuperscript{42} The result, in the recent scandals documented within the Immigration Department, is that the minister, Senator Vanstone, stays and the Department Head departs. A literal reading of this example - that ministers cannot be held to account for decisions that are made by their officials – would suggest that Australia has completed a precise reversal of the classical theory that ministers are responsible for their departments.

Retired departmental head Roger Beale warns: ‘There is a real risk that the old myth of strict ministerial responsibility for egregious administrative and policy blunders is in the process of being replaced by an actual strict Secretarial liability for departmental error.’ It seems that as the minister takes more power, the departmental head assumes more responsibility.\textsuperscript{43}

The issue of accountability demands two feasible reforms. First, there should be a code of conduct for ministerial advisers who speak with the authority of the minister, but act as a protective shield further undermining ministerial accountability. Ministerial staff numbers have expanded during the Howard era, yet it is doubtful if their policy influence is much greater than in recent decades.\textsuperscript{44} Their real impact lies in political management - presentation, tactics, coordination and media. A formal code is needed to make such staff accountable to both government and Parliament and this includes appearances before committees.

Second, the law relating to government advertising must be reformed. Public interest campaigns are now integral to governance but Australia’s guidelines are inadequate, fail to distinguish between government and political advertising and are becoming more influenced by the election cycle. These problems, apparent under Keating, are more
intense under Howard; witness the current campaign for the industrial relations reforms. The funds involved are substantial - $118 million for the new tax system (GST) campaign and about $50 million to this stage on the IR campaign. In 1998 the Auditor-General proposed guidelines to ensure that government advertising ‘be presented in an objective and fair manner.’ The Labor Party has introduced bills to implement these recommendations – and such reforms are essential.45

Economic governance

One of the main themes of Howard’s governance – and conceivably the main theme – is his effort to entrench the philosophy of economic liberalism. This is best conceptualised as a national project to strengthen Australia as a market economy in the globalised age. It is an extension of the Hawke-Keating agenda and is a new experiment in Australian governance.

It rests upon the view that Australia must succeed as a free trade nation, exposed to global markets without the security of a regional union such as the European Union. It is, instead, a frontline nation close to the economic transformation of Asia now centred upon China and India. The pressure to maintain a competitive Australia has marked all federal cabinets since the 1980s. Such external pressure is permanent. It drives the quest for a productive, low inflation, high growth economy and it will increasingly shape our governing culture.

This has happened under Howard in respect of monetary, fiscal and industrial policy as well as the drive to privatisation, competition and choice. Labor, more often than not, endorses this framework. It should be no surprise that sustained policy positions are now re-shaping the culture of governance.

The most important institutional economic reform of the past 15 years has been the outsourcing of monetary policy to the Reserve Bank. When Malcolm Fraser was PM there was a monetary policy cabinet committee to take decisions on the exchange rate and interest rates – but cabinet no longer determines these prices. The Howard Government was elected in 1996 pledged to an independent central bank, an extension of the more autonomous arrangement set up during the Keating Prime Ministership, with Bernie Fraser as Governor. This underlined the conclusion reached - that it was preferable for both political and economic reasons to have interest rates determined by the Bank and not the politicians.

This view was formalised by the Howard Government in its 14 August 1996 written agreement between the Treasurer and the new Governor, Ian Macfarlane. The agreement recognised the independence of the Bank, endorsed an inflation objective of 2-3 per cent over the cycle and demanded a series of steps to promote transparency. The agreement formalised a transfer of power. Yet this transfer is conditional - there is no legal obstacle to the executive re-claiming such power if independence ceases to be seen as an asset.

The agreement, so far, has been successful largely because of Governor Macfarlane’s superior judgements. The dramatic evidence was Howard’s nomination of interest rates as the main issue of the 2004 election, a decision that some observers depicted as a gimmick. Nothing could be further from the truth. It was a vindication of the Coalition’s monetary governance system established in 1996. Howard won an election on interest rates when interest rates are no longer set by his cabinet.
Labor has committed to this system. For those who have fears about its democratic accountability I would make the following points. First, the Bank was originally designed to be independent and that is now being belatedly realised. Second, more information is released about monetary policy than when it was dominated by the Treasury and the ministry. Third, while governments have delegated this power they are still held accountable for interest rates by the people. So far, it is the most successful item in Howard’s economic governance agenda.

The second most important item of economic governance will be the 2005 industrial reforms currently before the Parliament whose impact will play out over many years. This is not the time to offer a full analysis of these measures except to note that we now witness the most far-reaching industrial reform since the doomed effort of Stanley Melbourne Bruce in 1929. The purpose, again, is to gear Australia as a successful economy in the globalised age and to apply Liberal Party values to this project. It involves reducing the wage-fixing role of the Industrial Relations Commission, creating a new Fair Pay Commission operating under different rules, the creation of a single industrial jurisdiction and limiting the role of trade unions in the workplace. The new industrial governance is rejected by the Labor Party. The 2007 election result will determine whether it becomes permanent.

A new framework of fiscal governance was also established in 1996. The main changes were asset sale proceeds mainly being used to reduce public debt; a fiscal policy rule of a budget balance over the cycle; a legislated Charter of Budget Honesty that requires more fiscal transparency and a five yearly inter-generational Report on the long-term sustainability of government policies. These fiscal governance steps are modest. There is no gainsaying that fiscal policy has been dominated by the revenue surge. However, the collective impact of the new fiscal governance is significant. This model has delivered low government debt and a surplus position. Howard and Costello have shown the political superiority of this model. Each of Howard’s three re-elections (1998, 2001 and 2004) revealed the tactical utility of his surplus and the multiple advantages it gave the incumbents as it was utilised for targeted spending or tax cuts. In effect, Howard and Costello have created a new politics based on the power of the surplus, replacing the Keynesian deficit politics of an earlier age.

Labor endorses this fiscal governance but it wants to go further. In recent years Labor has pledged a better, tighter budget honesty law and more transparency, notably in relation to the GST and tax expenditures.

Finally, in relation to economic governance, Howard has sought to make Australia a more market-based economy by the application of privatisation, competition policy and a public sector outsourcing approach. These policies have been pursued with a mixture of dogmatism, caution and, often, ineptitude – and the collective impact is relatively modest. The flag-carriers are the much troubled Telstra privatisation, the replacement of the Commonwealth Employment Service with a Job Network of both commercial and non-profit organisations and the centrally imposed IT outsourcing on government departments that became a major embarrassment. The Howard Government is equivocal on competition policy and inconsistent on micro-economic reform. National Competition Policy was a Keating initiative and, despite its many tribulations and attacks from Coalition interest groups, NCP has held together for a decade. The Howard Government is now under pressure to extend the competition philosophy. Federal Labor believes that in most markets competition policy not re-regulation is the best approach.
An encouraging omen is that Australia is one of the few rich nations, if not the only one, to have an institution geared to productivity advancement. The Productivity Commission, established by the Coalition in 1998, charged to promote higher productivity, efficient resource allocation and environmental sustainability, operates at a critical historical time – when the combination of short-termism in politics and the lobbying power of special interests threaten to undermine public interest policies. The value of such an institution and its wide mandate is a critical intellectual support for public interest policies.

In my view, the omens overall suggest that the more market-based economy promoted over the past 20 years and underwritten by new and experimental tools of governance – with varying degrees of success – will continue and be subject to similar experiments in future.

National security governance

John Howard has introduced a new dimension to his office - the Prime Minister as national security chief. It is a multiple role – executive, political and presentational. It has been created by Howard during his prime ministership in response to events and crises. The upshot is that Howard has an unmatched grip on the machinery dealing with war, counter-terrorism, the military and intelligence agencies. This represents a departure for our governance, driven not by wars that come and go but by the so-called 'war on terrorism' that is assumed to be ongoing. Al-Qae’da and JI are explicit – Australia and Australians are priority targets and this is unlikely to change.

The concept of the Prime Minister as national security chief is buttressed by new institutional arrangements, a new legal regime that alters the balance between security and civil liberty and by a change in community values that underwrites the system of security governance. It gives the intelligence agencies, notably ASIO, a weight and an influence that exceeds their role during the Cold War – the result of the new home-grown terrorist threat. This will become a permanent feature of the prime ministership and executive governance under Coalition or Labor. Howard has displayed a restraint in his rejection of proposals for even more ambitious forms of security governance though his successors are sure to expand upon his security legacy.

The pivotal institutional arrangement is the National Security Committee of Cabinet (NSC). This is the most influential of all cabinet committees. Howard says the NSC ‘is the most effective whole of government arrangement with which I’ve been associated as Prime Minister.’ He calls it ‘one of the very significant successes of this Government in terms of governance arrangements.’ A security specialist, former Howard Government adviser, Peter Jennings, says: ‘The NSC has given John Howard a much stronger grip on the details of defence and security policy. The NSC has been part of the trend of power centralising around the Prime Minister.’

The composition of the NSC and its internal balance is critical to grasping its outlook as the key decision-making unit. The six ministers on the NSC, in addition to the Prime Minister, are the Deputy Prime Minister, the Treasurer, the Foreign Minister, the Defence Minister and the Attorney-General. The NSC operates on a different basis to the full cabinet – officials and agency chiefs not only attend but sit at the table and participate as co-equals with ministers. These participants are the Australian Defence Force Chief, the heads of the three policy departments, Prime Minister’s, Foreign Affairs and Defence and
the heads of the Office of National Assessments, ASIO and the Australian Federal Police. This represents a combination of military, policy, intelligence and police agencies.

The NSC is serviced by an officials committee chaired by the Secretary of the Prime Minister’s Department. Howard insists that any submission going to the NSC must be processed through this committee. In addition, the Prime Minister has a powerful source of independent advice on security issues from the National Security Division within his own department that, in its short life, has been headed by two military officers, Major-General Duncan Lewis and now Colonel Angus Campbell.

The NSC takes decisions on procurement, security and defence strategy, military deployments from East Timor to Iraq, and all aspects of counter-terrorism measures – dealing with intelligence, operations and new laws. It also functions as the crisis management mechanism for the government. At the height of the East Timor intervention it met twice daily, at early morning and in the evening, to monitor events and take decisions. In the Iraq War it fulfilled the same function, taking operational decisions such as which targets our fighters would bomb. The NSC can take decisions in its own right or have them go to full cabinet.

In the past three years the total number of NSC meetings and separate meetings of its officials committee is 118 (compared with 198 meeting of the cabinet and other cabinet committees during the same period). Outside the full cabinet it is the most frequently meeting committee. Its significance is that the NSC anchors military, intelligence and police chiefs at the heart of government. These collective chiefs, by dint of institutional power and personality, have a position within government more influential than before. This represents a shift in bureaucratic and political power whose viability remains to be fully tested but whose results are on display.

Howard had a strong personal link with retired ADF chief, General Peter Cosgrove, and declared on Cosgrove’s retirement that he was ‘the best known military figure in this country since Field Marshal Blamey’ saying that Cosgrove ‘popularised the military forces with the mainstream of the Australian community in a way that we have not seen for generations.’ It is an insight into the Howard era that it has produced the most well known military chief since World War Two.

Under Howard, former ASIO chief, Dennis Richardson and AFP chief, Mick Keelty, have become public figures, more prominent than senior departmental heads. Richardson is now our Ambassador to the United States. Wired into Howard’s Capital Hill system, they have dealt with ministers, politicians and media. Their agencies are being transformed in terms of budgets, staff numbers, responsibilities, closer proximity to the Prime Minister and media relations.

Another subtle ingredient in the elevation of security issues has been the creation during the Howard era of two think-tanks, The Lowy Institute in Sydney and the Australian Strategic Policy Institute (ASPI) in Canberra, broker a dialogue involving government advisers, academics and journalists on the agendas that link foreign, defence and national security policy and, in the process, create new networks. At the same time, the long established Centre for Independent Studies in Sydney has moved into the strategic arena in a prominent way.

In summary, the office of Prime Minister has assumed a new dimension of authority flowing from the national security role; the influence of military, intelligence and police chiefs is significantly enhanced; and this growth in security governance is underwritten by
public acceptance. In the hands of an astute leader such as Howard it represents a fusion of greater political authority and electoral popularity.

The Australian model for security governance will not replicate the American model. The changes will build upon our own traditions. These are best comprehended within the system of Prime Ministerial governance. Sometimes we may borrow from the US – the Labor Party is pledged to create a Department of Homeland Security, an option Howard has dismissed. The lesson he has drawn from Hurricane Katrina is that such a department doesn’t necessarily work. Howard has also rejected an internal push to take his own model a step further and create a National Security Agency from ONA and the security division within his own department. These debates, however, will continue and the system will evolve.

This segues into my final theme.

**Universal human rights versus popular sovereignty**

John Howard’s prime ministership has opened a new contest within Australian governance – universal human rights versus popular sovereignty. Many will dispute this characterisation but I think it offers the best insights. This contest is about how Australia interprets itself as a liberal democratic state in the 21st century. It will be conducted after Howard’s retirement but the dividing lines are now identifiable.

The Howard era bequeaths a sense of human rights injustice highlighted by the post-Tampa border protection laws, mandatory detention, abuses of power by the Immigration Department and the new security laws that limit individual freedom. The Tampa triggered a dispute not just about asylum seekers but about governing principles. The Prime Minister’s position was that the people through their government and Parliament had the right to determine who entered their country and became one of them and that this right should not be denied within Australia’s democratic system. His critics argued that Australia had obligations under international law, notably the 1951 UN Refugee Convention, to accept *bona fide* refugees and that this represented a universal moral and legal obligation.

While much of the Australian debate in 2001 focused, naturally, on the precedent making border protection regime, there was little debate about the conflict in terms of competing principles of governance. One principle is that in a democracy public consent will underwrite, ultimately, the number of people who enter its borders and the manner of their entry. This is the claim of citizens to determine who joins their society and becomes part of their nation. On the other hand, a system of global order means that the claims of refugees must be enshrined in international law and that such provisions should be honoured by nations. If this responsibility of trust is not shared by many nations, then it will be borne by no one.  

This is a potential conflict between competing principles with different sources of legitimacy – the first is popular sovereignty and the second is universal human rights.  

In August 2004 the High Court found, in a 4:3 decision, that failed asylum seekers with no other country to accept them can be kept in detention indefinitely. This saw a sharp intellectual disagreement between Justices Kirby and McHugh. Kirby, in the minority, said the High Court had to interpret the Australian Constitution in the light of international human rights law. McHugh, in the majority, rejected this as ‘heretical’, saying it was
tantamount to amending the Constitution without reference to the people. McHugh, in effect, said there was only one way forward – a Bill of Rights.54

The momentum for a Bill of Rights is gathering force – within the Labor Party, within some state and territory jurisdictions, among the Australian Democrats, the Greens, the legal profession, human rights groups and the media. This is the coalition that has lost to John Howard on a range of issues for a decade.

The push for a Bill of Rights will be resisted by the collective weight of the Menzian-Howard tradition. Howard has a common law view of rights. He is opposed to this initiative on grounds of principle, philosophy and politics. The principle is that he believes it transfers power from the elected Parliament to the unelected Judiciary; the philosophy is that rights should not be divorced from responsibilities and that mutual obligation is the public’s preferred compact; and the politics are that the practical impact is likely to favour minorities at the expense of majorities. Howard has called a Bill of Rights ‘totally undesirable’ and warns that it can ‘end up restricting rights rather than enhancing them’.55

This is a dispute about principles of governance. It is a replay in a new context of an old debate about parliamentary sovereignty. In the late nineteenth century Dicey examined the question of a legislature deciding that all blue-eyed babies should be murdered. His purpose was to demonstrate the supremacy of the elected Parliament while arguing that, in practice, such extremism would not happen and that resort to judicial safeguards was unnecessary and illusory.

Much of the current debate is driven by a deep distrust of government and of parliaments, focused around the Prime Minister. The paradox is that Howard’s policies have stimulated the campaign for a Bill of Rights yet his populist legacy will result in more opposition to this measure. If the Liberal Party adheres to the Menzies-Howard tradition, then Australia faces a protracted dispute between the competing principles of governance. It means the intellectual and moral force behind the human rights project will be countered by an appeal based upon parliamentary and popular sovereignty.

The intensity of this encounter can be gauged by Justice Kirby’s comments in 2004 when he said that where governments enjoy majorities in both Houses of Parliament ‘the role of the courts in protecting minority rights becomes more important.’ Kirby said it was ‘inevitable’ that pressure for a constitutional Bill of Rights would grow. Equally inevitable is Howard’s response – that social and economic changes must be shaped by governments and parliaments, not judges.56

Since 1975 Australia has had two major debates about constitutional governance. The first was over reform of the Senate and the second was over a republic. Neither has been brought to a satisfactory conclusion. It is possible the third such debate has begun.

The issue here is whether Australia follows Canada, New Zealand, South Africa and the United Kingdom to embrace a Bill of Rights and accepts the evolving international norms. The alternative is that it becomes more nationalistic and distinctive in its own governance arrangements. This might become the real test of the Howard legacy.
Paul Kelly is Editor-at-Large of The Australian. He was previously Editor-in-Chief (1991-96) and writes on national and international issues as well as being a commentator on the ABC’s Insiders program. Paul Kelly has analysed national politics from the Whitlam to Howard eras. He has written six books on Australian politics and history including The End of Certainty, The Hawke Ascendancy and November 1975. He is a Fellow of the Academy of the Social Sciences in Australia and has been a visiting fellow and guest lecturer at Harvard University.

2 John Howard, 8 September 2005.
4 Ibid.
6 The Spectator, 11 December 2004
9 Ibid.
10 Material provided by the Department of Prime Minister and Cabinet.
13 Ibid.
This anecdote is taken from the retirement speech of Departmental Head, Roger Beale at the end of his public service career, February 2004.

Ibid.

Andrew Podger, retirement speech, 30 June 2005.

The Senate Select Committee (2002). _On a Certain Maritime Incident_, Report, October.


Andrew Podger, retirement speech, 30 June 2005.


Peter Shergold (2004). Sir Ronald Wilson Lecture, 23 June. Dr Shergold refers to the interviews with Secretaries conducted by Patrick Weller in _Australia’s Mandarins_ , _op cit_.

Ibid.


Andrew Podger, retirement speech, 30 June 2005.


Ibid.

This is Howard’s view. See Address to the Institute of Public Administration, 19 June 2001.


Ibid.


Refer Briggs (2005) _op cit_.

This paragraph is drawn completely from the an Address by Peter Cullen (2004). Turning the Tide: How Does Science Change Public Policy? 22 March.

For Howard’s attitude to the media, see Michelle Grattan (2005). _Gatekeepers and Gatecrashers: The Relationship between politics and the media_, 38th Alfred Deakin Lecture.


The departing ministers were Assistant Treasurer, Jim Short, Minister for Small Business and Consumer Affairs, Geoffrey Prosser, Minister for Administrative Services, David Jull, Minister for Transport, John Sharp, and Minister for Science and Technology, Peter McGuaran.


Roger Beale, note 18 above.

It is useful to reflect upon influential ministerial staff from past governments such as Peter Wilenski, Jim Spigelman, Gordon Bilney, David Kemp, John Rose, John Hewson, Petro Georgiou, Ross Garnaut, Michael Costello, Don Russell and John Edwards among many others.


Ibid.

Details provided by the Prime Minister’s Department.

Cunningham Lecture, 2005