

Stating the obvious?

The case for integrated public policy

Executive Summary

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A perplexing feature of many modern Western democracies is that despite sustained economic growth, people are becoming cynical and jaundiced about the performance of their governments. As national elections approach in both Australia and the UK, there is palpable unease in the electorate. In Australia, despite overseeing an unprecedented period of economic prosperity over the last decade, by its own reckoning the federal government faces the real possibility of defeat in the upcoming poll. In the UK, prolonged growth seems to have served only to heighten concerns about social issues.

This discontent brings into focus the question of whether our governments are effective in serving the interests of those who elect them. More specifically, the suitability of the current policymaking paradigm, centred on *economic* analysis, is brought into question. The potential *social effects* of policies generally are admitted only insofar as the ruling economic assessment framework is able to accommodate them. And it is only recently that policymakers have recognised the vulnerability of the *environment* and sought the tools necessary to address that crucial sphere of life in their assessments.

The Changing Face of Government

In the late 20th Century, pragmatism gained favour in those national political systems dominated by two parties. Progressively, in both Australia and the UK, differentiation along the traditional left-right spectrum has given way to a form of politics where the major parties are no longer so clearly set apart. In this environment, sound economic management has come to the fore as the key defining characteristic of 'good government'. Today's 'left wing' political leaders are now economic conservatives.

In recent times, economic issues have been decisive in both UK and Australian elections. In the UK, with New Labour, Tony Blair succeeded in dominating national politics for longer than any 'left wing' predecessor. In Australia, John Howard's conservative coalition government has ridden the wave of good economic times for more than a decade, winning four straight elections.

The substantial benefits of economic growth are undisputed. However, there has been a dawning awareness in the Western world of the shortcomings of seeking to govern a country from a predominantly economic perspective. Economic prosperity is no longer viewed as an end in itself, if in fact it ever was.

The Next Step: Governing for True National Wealth

Few would disagree that economic output alone is a poor measure of a nation's well-being, character or true wealth. Still today, neither the social nor the environmental dimensions of policy are commonly regarded as contributors to growth or wealth.

But the mood is changing. Recently, there has been growing pressure for governments to broaden the agenda, to accommodate more directly the 'non-economic' key areas affecting those they represent – specifically, those factors having a negative impact on the environment and social relationships. An approach to public policy that more explicitly integrates social and environmental dimensions is required. Key to achieving such integrated public policy will be the adoption of the appropriate form of assessment of public policies and their outcomes.

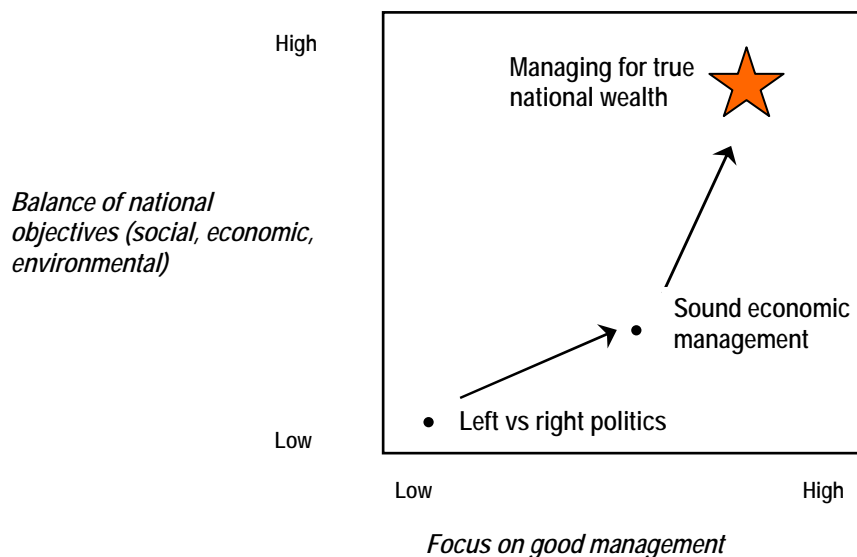
The common approach taken by mainstream economists today is to attempt to accommodate 'externalities', such as potential social and environmental outcomes, within an overarching economic construct. Where possible, they use the mechanics of markets to address spheres of activity where markets do not operate or where markets are perceived as 'failing'. This approach is

unsatisfactory because it tends to force artificial ‘pricing’ of non-economic outcomes or demands a relative weighting of factors that are incommensurable.

We suggest an alternative approach: that all public policies be assessed according to their contribution to *true national wealth*. True national wealth recognises the validity of progress inherent in all three areas of national life – economic, environmental and social – without requiring artificial conformance with an economic construct.

In today’s policymaking context then, having been freed from the restrictive focus of left vs right politics to be able to concentrate on sound economic management, the next step for government is to move to managing for true national wealth (see Exhibit 1). Governing a nation to build its true wealth along the three dimensions – economic, environmental and social – is the appropriate primary role of government, rather than to focus on maximising production and consumption as indicated by measures of economic output such as GDP per capita.

Exhibit 1 Progress towards good government



Measuring True National Wealth

‘Wealth’ and ‘progress’ are defined in different ways according to the particular nature of each of the three dimensions. Accordingly, measures pertinent to each dimension must be applied.

Measures of national economic performance and wealth generation have continued to be developed and refined over the last two centuries. Today, measures such as the rate of change in output, measured by growth in *gross domestic product* or *gross national product*, are universally agreed and well understood.

In the field of environmental measurement and assessment, major strides have been made over the last 25 years; a broad consensus has been reached with regards to the aspects of the environment that should be measured and what gauges and methodologies should be employed.

Unlike the economic and environmental dimensions, there is as yet, no broadly agreed, comprehensive model for assessing social progress. This is a serious impediment to the making of informed decisions by government. Whether or not measures are in place, the social impacts of public policy are felt.

In particular, existing measures concerning the way we live together – at home, in the workplace and in the general community – tend to be relatively abstract and distant from the quality of the underlying relationships that are at the core of our social cohesion and wellbeing.

Techniques developed by Relationships Foundation provide a basis for incorporating relational measures in public policy assessment, including:

- Identification of key groups of relationships in the community
- A preliminary set of relational indicators specific to each of the groups
- An understanding of the underlying characteristics of relationships that contribute to social wealth
- Insight as to the mechanisms by which public policy can affect the underlying attitudes and behaviours that determine the quality of relationships.

Assessing the Contribution of Policies to Building True National Wealth

Integrated public policy that seeks to build true national wealth requires a two-tiered approach:

- Individual policies must be assessed along all three dimensions: economic, environmental and social
- The complete set of public policies should be considered iteratively, to ensure that the sum of the policies is sufficient to deliver anticipated results on each of the three dimensions.

Only when all three components of true national wealth are considered in concert can assessment of public policies consciously target progress, as defined by those whom those policies are intended to serve.

Governing for True National Wealth

Successful integration of the three dimensions of public policy, beyond an adapted form of economic assessment, will require a coordinated response across government departments, including:

- *Clearly established economic, environmental and social objectives* relating to all areas of government
- *An agreed framework for policy assessment* that addresses all three dimensions
- *Adoption of language* that effectively communicates economic, environmental and social goals, so as to engage the community and other stakeholder groups
- *Agreement on appropriate measures for the relational aspects of the social dimension.* Relationship Foundation's relational proximity analysis provides a sound starting point
- *An organisational response within government* so that responsibility, accountability and funding are aligned, taking into account departmental boundaries and multiple levels of government
- *Staffing and training within public service departments* to ensure competence in conducting integrated policy assessments
- *Immediate attention to critical pressure points* in people's lives and for our natural environment.

Against the backdrop of the centre position now shared by major political parties in Australia and the UK, the adoption of a true national wealth approach opens the way to a political landscape where vision and leadership can come to the fore:

- Integrated public policy lends itself to a longer-term perspective and thereby to focusing on the big decisions that will define the nature of our national communities.

- Approaching national elections, an integrated perspective on public policy provides a framework for each political leader to communicate an alternative vision and how he or she proposes that it may be achieved. Differing philosophies regarding the appropriate role of government will come to the fore as political parties describe the nature and extent of their proposed involvement.
- National governments can play an important role in promoting integrated policy assessment in the realms of state/local government, business and the professions.
- Governments can influence households and individuals to consider how their attitudes and behaviours align with the broader interests of the community.

We live in a world of ever-increasing complexity. The degree to which future governments achieve clarity of purpose, by addressing the three dimensions of true national wealth in an integrated way, will bear critically on the society we leave to our children and grandchildren.

...The full report is downloadable from:

www.relationshipsforum.org.au

or

www.relationshipsfoundation.org