Legitimizing private interests: hegemonic control over ‘the public interest’ in National Competition Policy

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Abstract

National Competition Policy (NCP), legislated in Australia in 1995, has arguably been the single most consequential economic policy over the past decade. Yet it has largely escaped sociological analysis. This paper investigates how the concept of the public interest in NCP has actually had the effect of legitimising neo-liberal ideologies concerning private, individual, economic interests. Using critical policy analysis, this paper examines how this legitimisation has occurred through: (1) the policy language of the public interest, and how this discourse has shifted over time; (2) the implementation of NCP, particularly the application of the public interest test; and (3) evidence proffered by dominant institutions about the social and economic distributional outcomes of NCP. This analysis demonstrates that the policy language and public discourse of the public interest has been used to secure hegemonic control to legitimate the interests of dominant groups.

Keywords: public interest, National Competition Policy, hegemony, neoliberal, critical policy analysis

Introduction

Australia's National Competition Policy (NCP) has driven the most far-reaching economic reforms at national and state levels over the past ten years. NCP actually comprises a broad set of legislative reforms endorsed by Commonwealth, State and Territory governments in 1995. NCP covers the *Competition Policy Reform Act*, the *Conduct Code Agreement*, the *Competition Principles Agreement* and the *Public Interest Test*, and the *Agreement to Implement the National Competition Policy and Related Reforms*. As a consequence, public utilities have been privatised, government services have been restructured as business enterprises, industries and professional groups have been exposed to market forces, and almost 2,000 pre-existing legislative Acts have been reviewed to ensure that they comply with competition principles. Debates about the purposes, implementation and outcomes of NCP have been polarised. Government and business sectors proclaim the benefits of a competitive economy, reinforcing the ideology that competition is in the public interest because it will ultimately enhance the well-being of all Australians. Other sectors – primarily the welfare and rural sectors – have attempted to expose the social and financial costs of unfettered competition. Much of this debate has been founded on conviction rather than critical policy analysis or the objective assessment of evidence. Academic interest in NCP has come primarily from economists; there has been surprisingly little sociological analysis of competition policy. In the opening section of this paper, I lay the groundwork for a sociological account of NCP by (1) briefly reviewing the literature on critical policy analysis and (2) explaining the relevance of the concept of the 'public interest.'

As a scholarly discipline, the critical study of policy language has emerged over the past decade or so. Critical policy analysis seeks to address the ways in which

language is used as a tool by powerful policy-makers and bureaucrats to shape community perceptions, and to reproduce and legitimate dominant ideologies and social structures. In Australia, critical policy analysis has been applied to a range of issues including public housing policy (Marston, 2000), the evolution in the meaning of welfare (Jamrozik, 2001), welfare reform (Bessant, 2002), the construction of welfare dependency labels (Engels, 2006), social exclusion (Jones and Smyth, 1999), the pathologising of domestic violence (McDonald, 2005) and the rhetoric of globalisation (Conley, 2004). However, there has been comparatively little critical policy analysis by sociologists in Australia on the ideology and outcomes of economic policy such as NCP.

There is a compelling case for sociological investigation of economic policy. Jamrozik (2003: 666) defines social policy as a “mechanism for the allocation of a society’s material and human resources for the purpose of achieving certain outcomes that bring into fruition the society’s dominant values and corresponding interests, objectives and goals.” He goes on to argue that, as it is concerned with the distribution of resources, it is closely connected to economic policy. Economic – rather than sociological perspectives – have dominated analyses and commentary on social policy. Research on competition policy and regulation has been the province of economics; King (2003: 31) concluded that National Competition Policy (NCP) propelled a “wave of Australian economic research”. However, economic policy is underpinned by social values, cloaked in ideology, and has intentional and unintentional social outcomes. Sociologists, therefore, have a key role in economic policy analysis.

Discourse around ‘the public interest’ has been a central, recurring theme used to both justify and defend neoliberal reform in Australia. NCP reforms are based upon

the following neo-liberalist ideology: exposing the public and private sectors to competitive market conditions will promote efficiency, unleash innovation, and stimulate increased productivity. This, it is declared, will benefit consumers and ultimately lead to an enhanced well-being for all Australians. Competition is presumed to be inherently good and desirable (Productivity Commission, 2005). NCP legislation actually requires that any restrictions on competition must be justified by, and objectively assessed against, a set of criteria of pertaining to the ‘public interest.’ As I argue in this paper, *how the public interest is defined* and *how the public interest test has been applied* can be understood as attempts by dominant institutions – particularly senior politicians from both major political parties, leading bureaucrats in the public service, organisations representing corporate business, and members of new right think tanks – to secure ideological and political hegemony. Following Gramsci (1971), hegemony refers to the legitimisation of class domination through the engineering of consent. Hegemony is secured when ideas come to be accepted by the majority as natural, legitimate and beneficial, when in fact they are deployed by dominant groups to protect their own interests.

The aims of this paper are to analyse: (1) the policy language and public discourse of the ‘public interest’ in NCP, and how this has shifted over time; (2) the implementation of NCP, particularly the application and function of the public interest test; and (3) claims made by competing groups about the social and economic distributional outcomes of NCP. The key texts analysed in this paper are parliamentary speeches, legislation and policy review documents published since the early 1990s, including reports by review committees of the House of Representatives and the Senate, the National Competition Council (NCC), the Productivity Commission (PC) and the Australian Competition and Consumer Commission

(ACCC). Both the theoretical underpinnings and the methodology for this paper follow Fairclough's (1995; 2001; 2003) approach to critical discourse analysis: discourse can both construct and transform other elements of socio-political life. Discourse can be understood at three levels: textual analysis (the implied and received meanings of the words 'the public interest' in texts), discourse practice (how texts about NCP and the public interest are produced and interpreted), and sociocultural practice (how policy is legitimated and how the rhetoric of competition reproduces institutional structures). The next section opens a brief overview of NCP and then critically analyses the evolving policy language and public discourse about the public interest.

National Competition Policy and the language of the public interest

Contrary to popular belief, National Competition Policy did not originate from a Liberal government. Labor Prime Minister Hawke's Ministerial Statement *Building a Competitive Australia* was a landmark speech in the microeconomic reform program of the 1990s. In a period of deep and prolonged recession, the Prime Minister declared that the "fundamental task facing this nation" was "improving the productive capacity of an economy that will be more economically competitive" (1991: 1-2). One of the key policy levers announced was an expansion of the scope of the *Trade Practices Act* to inject competition into "many areas of the Australian economy today that are immune from that Act: some Commonwealth enterprises, State public sector businesses, and significant areas of the private sector, including the professions" (1991: 7). The National Competition Policy Review, chaired by Professor Frederick Hilmer, was commissioned in 1992 to inquire into the promotion of competition in the

domestic economy. Hilmer's (1993) key recommendations led to the formulation and adoption of NCP by the Council of Australian Governments.

To understand just how far the language of competition policy has shifted over the past 15 years, it is instructive to analyse the text of the seminal speech *Building a Competitive Australia*. Hawke acknowledges the democratic, pluralist underpinnings of public policy: "Government has a duty to listen to and understand all legitimate community interests" and to "balance those interests" including those between the environment and industry (1991: 9). Hawke neither reifies the economy nor considers it superordinate in relation to society. Quality of life was valued alongside measures of economic output. These conceptions and policy goals can be seen in Hawke's aspirations for Australia "to build a modern, growing, prosperous and competitive economy, *within* (emphasis added) a tolerant and fair society; a nation where quality of life counts for as much as quantity of output" (1991: 11).

Hilmer's own writings also reveal a qualified assessment about the benefits of competition and its consequences for the public interest. For example, he wrote that the National Competition Policy Review Committee "recognised that competition might not always be effective in achieving consumer benefits or that it might lead to conflicts with other social goals" (1994: 3). Rather than the doctrinaire free market theory later espoused in NCP, Hilmer advised that "The economic logic in which competition policy is based is still being formulated" (1994: 7). He was equivocal about competition policy and appreciated its inherently political nature. He noted the "trade-offs" (1994: 9) that had to be made between competing interest groups: "For competition policy is not fundamentally about right or wrong, good or bad, but about the incentives to invent and produce efficiently, the benefits and costs of creating these incentives, and the ways in which the resulting benefits and costs are to be

distributed” (1994: 9). At this juncture in the historical development of Australian neo-liberalism, competition policy was not yet espoused as unified, fundamentalist doctrine. The tensions and contradictions in the ideology of neo-liberalism are readily evident (Larner, 2000), but it is apparent that the contest to secure hegemony had commenced. In Gramsci’s terms (1971: 12), we can also see the emergence of the operation of two major superstructural levels: the dominant business groups in civil society promoting ideas of economic growth, and the State or juridical government with the power to legally enforce consent. The dominant business groups include organisations such as the Business Council of Australia, and the raft of neo-liberal think tanks and forums launched over the past two decades or so including the Institute of Public Affairs, the Centre for Independent Studies, the H.R. Nicholls Society, the Tasman Institute, the Australian Institute of Public Policy, and the Institute for Private Enterprise (Cahill, 2004a; Goldfinch, 2002; Pusey, 1991).

State-sponsored public discourse promoting the societal-wide benefits of NCP appears to have intensified from the mid-1990s. For example, in 1996 the NCC remarked on the “growing community consensus” that “a competitive economy is in the public interest” (National Competition Council, 1996: 17). A few years later, the President of the NCC pronounced: “The point is that competitive outcomes deliver greater benefits than non-competitive outcomes, in the absence of evidence to the contrary” (Samuel, 2001: 3). More recent discourse declares unilaterally that NCP has been in the public interest since “most parts of Australia have enjoyed strong economic growth, higher household incomes, higher employment and lower rates of unemployment” (Productivity Commission, 2005: 85). This evidence suggests that in Australia, as in Britain under Margaret Thatcher (Hall, 1988), ideological hegemony about the public interest of competition has gained the ascendancy. The modern state

bureaucracy in Canberra, represented by senior executive public servants, was instrumental in articulating and shaping Australia's embrace of economic rationalism (Pusey, 1991). New right think tanks and institutes – backed by corporate funding and support from leading capitalists – did not so much exert direct policy influence as gain control of economic discourse: “the radical neo-liberal movement played an important role in demonising and disorganising opponents of neo-liberalism; it provided a language and conceptual arsenal from which those attempting to secure the hegemony of neo-liberalism were able to draw” (Cahill, 2004b: 24).

In comparing this earliest language of Hawke's *Building a Competitive Australia* with the present constructions of competition policy, I can discern five distinctive debasements concerning notions of the public interest. First, contemporary constructions recant the very existence of legitimate, alternative interests. This can be seen in the language of whom or what constitutes ‘the public interest’. Under competition policy, the ‘losers’ clearly don't have interests that correspond with the public interest (Wragg, 2005); the public interest is, therefore, the only legitimate interest. Second, as a corollary, there is no need for government to seek to balance competing interests. Where the impact of competition policy can be demonstrated to be disadvantageous to a particular community or industry, the government can authorise the payment of so-called ‘structural adjustment packages’. The disadvantages and costs – such as unemployment, the closure of industries, the population drift from rural communities, and “higher greenhouse gas emissions associated with reform-related increases in demand for electricity” – must not impede the scale or pace of reforms because they are of “substantial net benefit to the community as a whole” (Productivity Commission, 2005: 85). The government does

not need to balance competing interests; it only needs to ease the “transitional and distributional impacts” of competition policy (Productivity Commission, 2005: 85).

The third contrast between early and present-day constructions of competition policy is that current public policy has subordinated social and environmental considerations to economic imperatives. ‘The public interest’ now equates with economic interests. Within this paradigm, social policies – such as welfare to work and mutual obligation – have a primary aim of maximising the productive utility of people. Environmental policies – couched in the language of sustainability – aim to ensure that resources can continue to be exploited to meet the needs of industry. The fourth shift in policy language has been a rejection of a dualist conception of valuing quality of life *together with* quantity of output. Instead, the hegemony of competition policy is that improving productivity will generate an enhancement of wellbeing. In other words, there is a direct and deterministic relationship between producing more and having a better life. The public interest is defined in terms of, and can be measured by, economic productivity. The final reconstruction of policy language under NCP has been the reification and superordination of ‘the economy’. Whereas early ideas expressed in *Building a Competitive Australia* held that *an economy* existed *within society*, current constructions subsume and subordinate social relationships within ‘the economy’. Over time, these reconstructions of the notion of the public interest have been used to legitimate the economic interests of business and corporations. In the next section, I examine the implementation of NCP, with particular reference to the application of ‘public interest test’ as one strategy whereby the “apparatus of state coercive power ... ‘legally’ enforces discipline on those groups who do not consent” (Gramsci, 1971: 12).

Engineering consent: securing hegemony through the ‘public interest test’

Hegemonic control of NCP has been effectively achieved by government using several strategies: legislative review; public sector ‘reform’; the creation of agencies to implement and assess the states’ and territories’ progress in meeting targets; a program of substantial financial payments; and the structuring of the ‘public interest test’ to silence opposition. The first four will be briefly discussed, before moving on to a more detailed analysis of the operation of the public interest test.

NCP marked a radical, profound and audacious shift in policy formulation. First, the imperatives of competition became entrenched in *all policy* across Australia. NCP triggered a review of existing legislation and became a mandatory consideration for all new policy. Secondly, it reversed the onus of proof: because the free market was now proclaimed to be in the public interest, the burden of proof for restricting competition fell not upon the legislators, but on those who wanted to curtail the operation of the free market (Productivity Commission, 2005: 136). The guiding principles of this legislative revision is that restrictions on competition must be expunged unless they can be “shown to confer a net benefit on Australia and unless restricting competition is the only way to achieve the objective of the legislation” (Centre for International Economics, 1999: iv). In formulating NCP legislation, the policymakers made a presumption in favour of competition. This presumption was based on the free market ideology that: (1) the competitive marketplace is the most effective allocative mechanism for producing and distributing goods and services; (2) individuals (or, as they are recast in the language of the *Competition Principles Agreement* “consumers”) participating in the market can more effectively and efficiently meet their needs; and (3) competition policy will generate net community

benefits (Tito, 2001). Over the past eleven years, Commonwealth, State and Territory governments have been stridently implementing NCP legislation. For example, in the four years to the end of 2000, governments examined and, as appropriate, revised over 1,800 pieces of legislation restricting competition (Centre for International Economics, 1999). As Larner (2000) explains, neo-liberalism may demand smaller government, but not necessarily reduced governance. Legislative review is one example of coercive action that forces institutions and individuals to obey the operation of the so-called 'free' market.

Australia's scale and pace of neoliberal reform through NCP has been nothing short of staggering. The public sector – denounced as one of the “sheltered area(s) of the economy” (National Competition Council, 1999: 5) – has been “structurally reformed” (Productivity Commission, 2005: xv), which is code for the corporatisation, commercialisation, outsourcing and privatisation of public utilities and other government services. The electricity, gas, water, telecommunications and transport sectors, among others, have been carved up and the profitable sections sold off. The remaining sections either retain narrow regulatory functions or have been transformed into leaner business units which now deliver fully-costed, user-pays services to 'clients'. In fact, a recent international review of economic reform lauded that “Australia has been at the forefront of competition reform initiatives, or at least on a par with selected OECD counterparts” (National Competition Council, 2004: 7). Reforms such as these carry substantial financial incentives. The Commonwealth rewards State and Territory Governments for compliance with NCP through competition payments. In 2005-06, a total of \$834 million was paid out. Over the past nine years, \$5.3 billion has been allocated (see NCC website www.ncc.gov.au). This has been a most effective inducement: the Productivity Commission has noted that

“the threat of even quite small reductions in competition payments for non-compliance with NCP commitments seems to have had a salutary effect on lagging jurisdictions” (2005: 381).

How are we to understand the extent of this hegemonic control? Larner (2000) has challenged the argument about the ‘programmatic coherence’ of New Zealand’s neo-liberalism. She contends that “such analyses inadvertently reconstruct its hegemony” (2000: 14). By comparison, given the scale of Australia’s legislative review, the ready adoption of NCP by both Liberal and Labor governments at federal, state and territory levels (aside from some resistance by the Queensland government in the mid- to late-1990s), the wholesale restructuring of the public sector, and the effectiveness of the payment regime, it is difficult not to conclude that we have witnessed a high degree of hegemonic control exercised by government.

However, when we turn our attention to the ‘public interest test’ under NCP, there is evidence in official documents about early contestation for hegemonic control. As a legislative Act, *The Public Interest Test* places the onus of proof on those benefiting from a restriction on competition to demonstrate that it should be retained” (Productivity Commission, 2005: 134). The sophistry of this argument is that the Act places the responsibility upon the very individuals and groups who are disadvantaged by competitive markets to put up a compelling case as to why NCP should be curtailed. It is these disadvantaged individuals and groups (the ‘losers’ in the competition who, by definition, lack knowledge, power and resources in the marketplace) who have little capacity to participate effectively in legislative reviews. The competitive marketplace values individuals according only to their productive or consumptive capacity: those with no capacity have no value (Valentine, 1999).

Clause 1(3) of the *Competition Principles Agreement* of National Competition Policy, provides for “public interest” matters to be considered in assessing the benefits and costs of reforms relating to competitive neutrality, public monopolies and legislation reviews. The clause specifies that, in pursuing the objectives of competition policy, the following matters should, where relevant, be taken into account when reviewing policy or deciding on a course of action:

- “government legislation and policies relating to ecologically sustainable development;
- social welfare and equity considerations, including community service obligations;
- government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
- economic and regional development, including employment and investment growth;
- the interests of consumers generally or of a class of consumers;
- the competitiveness of Australian businesses; and
- the efficient allocation of resources” (National Competition Council, 1998: 14-15).

On the face of it, NCP legislation articulates a comprehensive and inclusive set of factors that are to be considered when assessing the public interest. In practice, the public interest test has been used to persuade the general public about the benefits of competition and to weaken opposition from subordinate groups to the NCP.

The NCC interprets the public interest as being “consistent with economic efficiency goals and the interests of the community as a whole” (1996: 3) rather than “providing special treatment for certain groups at the expense of others” (Samuel,

2001: 5). Graeme Samuel, the President of the NCC, offers the neat rationale that since “most anti-competitive restrictions benefit someone”, liberating market forces will squeeze the interests of “a small minority who have traditionally been well insulated from competition” (2001: 5). The public benefit of reform is thus delivered in the form of reduced prices “dispersed over millions of Australian consumers” and lower input costs for Australian producers (2001: 5). In these terms, ‘the public interest’ has three constituent elements: (1) it is defined exclusively in monetary terms (lower production costs and cheaper goods and services), thus ignoring social, political, cultural and environmental considerations; (2) the public is cast as consumers and producers – not as citizens of a society; and (3) public benefit is measured as the aggregate of the economic gains of all individuals. Thus, the public interest is the sum of gains in total income and Gross Domestic Product across Australia: “The aggregate benefit across all players is significant in terms of real incomes, economic growth and (through benefits to exporters) Australia’s external stability” (Samuel, 2001: 6). The Council of Australian Government’s (CoAG’s) position is similar. The recent review of NCP is replete with references to the benefits of competition policy being “net income gains”, a growth in GDP of 2.5% and a “one percentage point surge in labour productivity” (Council of Australian Governments, 2006: 5).

The notion of “the public interest” has a long and contested history. Flathman observed that the concept lacks “operational meaning” and that “a number of writers have reached very pessimistic conclusions” about its value (1966: 9). The imprecision and elusiveness of the term seems to be render it useful “for the very issues where certainty of judgement is impossible” (Mulgan, 2000: 5). Judgements about what is in ‘the public interest’ are “inherently complex and contestable” (Mulgan, 2000: 7)

because of the multiplicity of interests operating at individual, community, sectional and national levels. There is no accepted algorithm for calculating and weighting the value of these multiple interests to reach consensus about whether a particular decision is in the public interest.

The Productivity Commission acknowledges that determining the “public interest” is fraught with problems: there are “complexities associated with attempting to identify all of the (longer term) winners and losers of reform before the event” (1999a: 331). The “losers” should generally be helped by available assistance measures. Adjustment assistance to address any “large, regionally concentrated costs” should only be awarded to:

- “facilitate, rather than hinder, the necessary change;
- be targeted to those groups where adjustment pressures are felt most acutely;
- be transparent, simple to administer and of limited duration; and
- be compatible with general ‘safety net’ arrangements” (1999: 395).

In fact, Margetts argues that the public interest provisions under NCP were kept deliberately vague in early parliamentary debates since “Any further tightening or clarification of public interest considerations may have resulted in the fragile competition policy agreements falling apart” (2001: 289). Hegemonic control involves political struggle. Gramsci (1970: 182) describes how the state is in a “continuous process of formation and superseding of unstable equilibria” in which the “interests of the dominant group prevail.”

By the late 1990s, the NCC’s interpretation of “the public interest” had evidently failed to gain a hold with all members of the public. The Senate Select Committee on the Socio-economic Consequences of the National Competition Policy was commissioned to inquire into, among other things, “clarification of the definition

of public interest and its role in the National Competition process” (Parliament of the Commonwealth of Australia, 2000: vii). The Senate Select Committee’s Interim Report (Parliament of the Commonwealth of Australia, 1999) noted that throughout its hearings and submissions, one of the major difficulties expressed was with the interpretation and understanding of the public interest test. A major problem was that the narrow economic focus of the public interest test was attributed to that fact that responsibility for implementation of NCP at State and Territory level had been assigned to the Treasury or Premiers’ portfolios. This hardened the prevailing economic approach and narrowed the conceptualisation of the public interest test (Productivity Commission, 1999a: 325).

The Senate Select Committee found that “there is general confusion and misunderstanding over what constitutes the ‘public interest’. When combined with the administrative ease of simply seeking to measure outcomes in terms of price changes, there is a risk that the policy will be applied in a narrow, restrictive ‘public interest’ test rather than one which takes account of the wider social impacts” (Parliament of the Commonwealth of Australia, 2000: xiv). The Committee recommended:

“For the purposes of measuring outcomes of the policy, a method of assessment be agreed by CoAG which will provide a numerical weighting that can be attributed to environmental, social and employment factors, wherever possible.

That the NCC publish a detailed explanation of the public interest test and how it can be applied and produces a list of case histories where the public interest test has been applied as a regularly updated service of decisions. This may form part of the information available through the proposed ‘one-stop-shop’ advisory service.

That CoAG agree on a standardised public interest test procedure to be used in cases where a review has implications across state or territory borders.

That a ‘hotline’ service be set up for organisations seeking information and assistance on how to use the public interest test and review processes. This service should be reviewed after twelve months operation” (2000: xiv-xv).

Only one of these recommendations was enacted: the NCC did publish three Community Information Papers in August 2000. However, the papers were primarily used to publicly highlight anti-competitive practices by certain professional groups, rather than educate and advise the public about how to ensure their interests were considered in the application of the public interest test.

The Senate Select Committee’s Interim Report also noted that the application of the public interest test was marked by inconsistencies, non-disclosures and power imbalances. The primary concerns were “differing interpretations of the policy and public interest test between the States and Territories resulting in different applications covering essentially the same conduct; lack of transparency of reviews; and lack of appeal mechanisms” (Parliament of the Commonwealth of Australia, 1999: 101). It is notable that there is no formal requirement under NCP for review reports to be made public – or even to be forwarded to the NCC. Some reviews have been made public, but others have not (Productivity Commission, 2005: 142).

It is evident that the Productivity Commission’s interpretation of the public interest test did not intend to obstruct or delay reform under NCP. For example, the Commission noted that “NCP operates alongside, and in conjunction with, other policies which aim to address directly environmental, regional development and social concerns. Better community outcomes may be achieved by implementing a particular reform and using more specific policies to address social concerns. This

may be preferable to using the ‘public interest’ test in a way that results in a reform being stalled or its benefits diminished” (Productivity Commission, 1999a: 323). The public interest test is used as a tool to root out anti-competitive behaviour but not to block economic reform. Those who might be disadvantaged by economic reform – the competition ‘losers’ such the unemployed, the poor, people with disabilities, those living in rural areas, and community advocates – stand little chance of mounting successful public interest tests. The sheer volume and scale of the legislative review process unleashed by NCP meant that consumer and welfare groups with a broad public interest stance were overwhelmed: “There has been little provision of information about NCP in a form which makes it understandable to the public at large. Ordinary citizens often don’t know about the reviews and, when they do, have had little assistance in understanding the complex issues that may relate to their interests” (Tito, 2001: 10).

From this evidence we can conclude that hegemony involves struggle and contestation. There are many instances of the tussle for political control of the definition and measurement of the public interest. It is also evident that the state, by minimising public education about the public interest test and restricting publication of test cases, sought to quash potential challenges to the NCP. The Productivity Commission perversely describes the public interest test as a mechanism to lock in economic reforms and win community acceptance of competition policy: “An effective public interest test is essential to secure beneficial reforms and to enhance community acceptance of the reform process” (Productivity Commission, 2005; xxv). A recent CoAG review (2006) demonstrates that hegemony is never absolute: efforts to secure political control (through manipulating the function of the public interest test) and ideological domination (through ongoing ‘public education’) must continue.

The CoAG review agreed that “governments should take a lead role in explaining to the community the benefits of reform” and that public interest tests must be applied so as to “prevent backsliding” into anti-competitive practices (Council of Australian Governments, 2006: 6). This demonstrates that both the policy and public discourse of ‘the public interest’ has been constructed and deployed as an effective ideological tool to legitimate neoliberalist policies. The next section examines in more detail how the public interest test is used to quash those who lose through competition policy.

Public discourse about the outcomes of National Competition Policy

In terms of the public interest, what have been the social and economic consequences of NCP? The answer to this question is beyond the scope of this paper. However, we can see how the key policy makers and other advocates and beneficiaries of NCP have assembled evidence about its effectiveness to shape community perceptions. We can also start to critique this evidence with the aim of challenging the prevailing discourse.

The interests and agenda of powerful authorities – chief among them the senior government ministers, the CoAG, the NCC, the PC, new right think tanks and institutes, and the Business Council of Australia – have coalesced to set the prevailing discourse about the beneficial effects of competition policy. This is the glossy, public arena occupied by impressive-looking economic performance indicators and exhortations for further reform that are peppered throughout ministerial speeches, consultants’ reports and CoAG communiqués. The orthodoxy is that NCP has yielded substantial and sustained economic benefits for Australia. For instance, CoAG noted that “the PC concluded that the NCP had delivered net substantial benefits to the Australian economy. The Organisation for Economic Co-operation and (OECD) and

the International Monetary Fund (IMF) have also affirmed that the wide ranging structural reforms and sound macroeconomic policies were the main reasons Australia's economic performance has strengthened significantly in recent decades" (Council of Australian Governments, 2006: 5). The Business Council of Australia argues that our period of "concerted microeconomic reform" has produced significantly improved international rankings of economic performance including GDP, household wealth, real income, unemployment, and, moreover, that this has "benefited people at both ends of the socio-economic spectrum" (2005: 7). The Council argues that it is important to "clearly, frequently and publicly articulate(d)" the "benefits and drivers of strong economic growth" so as to press ahead with the neoliberal agenda; "quantifying the reform 'dividend' for people is important to justify the case for further reform" (2005: 2). The Productivity Commission is just as effusive about the effect of competition policy. It concludes that NCP probably contributed to the rise in average household incomes over the past decade, but acknowledges that the benefits have not been evenly spread across income groups. There have been "some 'losers' as well as 'winners' ... it is apparent that NCP has led to job losses and reduced incomes in some regional communities, though it is apparent that other regional centres have often gained from the reforms" (Productivity Commission, 2005: 85). The Commission further asserts that "most parts of Australia have enjoyed strong economic growth, higher household incomes, higher employment and lower rates of unemployment" and concludes that "it is hard to sustain a case that the social, regional or environmental impacts of NCP have been generally detrimental" (2005: 123).

These official discourses represent a concerted and sustained campaign to win over public commitment to competition policy. George (1999: 3) contends that the

worldwide campaign has succeeded: "...the ideological and promotional work of the right has been absolutely brilliant. They have spent hundreds of millions of dollars, but the result has been worth every penny to them because they have made neo-liberalism seem as if it were the natural and normal condition of mankind." To the author's knowledge, there is no conclusive empirical research measuring the extent to which competition policy is popularly supported in Australia or whether the ideology has been internalised among the general population. More importantly, if we construct neo-liberalism as a "monolithic apparatus" and then draw our analyses exclusively from official accounts of the outcomes of NCP, we "inadvertently reconstruct its hegemony" (Larner, 2000: 14). Thus, we must seek out oppositional accounts.

Though fragmented and commonly in narrative form, the qualitative evidence about the negative outcome of NCP is substantial. The evidence can be extracted from the hundreds of submissions by individuals, community groups, welfare agencies, and local governments to reviews about the impact of NCP. Extracts from submissions to the Senate Select Committee investigating the socio-economic consequences of NCP (Parliament of the Commonwealth of Australia) show that the competition 'losers' report experiencing "the loss of human capital" (2000: 87) and "the withdrawal of financial services from the bush" (2000: 88). They "question whether, if every Australian is 1c better off but that is at the cost of some small towns in rural and regional Australia, the quality of life in this nation is really that much better" (2000: 85). Environmental agencies such as the Australian Greenhouse Office express concern with aspects of the National Electricity Market: "Some proposals are assessed under a net customer benefit test and others under a net public benefit test, neither test takes account of externalities such as greenhouse gas emissions" (2000: 109). In his submission, Senator Bob Brown argued that "National Competition Policy is seen by

many to be an institutionalised cash-cow for large corporations at the expense of small business, the community (especially in the less profitable rural and regional areas), and the environment” (2000: 137).

Competition policy was also seen by ‘losers’ as responsible for the “demise of small businesses” who found it “impossible to match the capital, advertising and price cutting wars engaged in by the mega-retailers” (Productivity Commission, 1999a: 228). Other evidence from small town studies confirm the strong perception that “the wellbeing of entire communities is under threat from the cumulative effects of policy changes” (Hallebone, Townsend and Mahoney, 2000). A recent review of electricity reform in Victoria found that the price benefits of full retail competition had been unevenly distributed: advantages have accrued to higher volume businesses and metropolitan users in preference to low-volume and rural customers, and the number of disconnections had risen over the past five years (Consumer Law Centre Victoria and the Centre for the Study of Privatisation and Public Accountability, 2006). These narratives disclose a rival account of the economic, social and environmental effects of NCP.

Conley (2004: 195) argues that governments have successfully “utilised rhetoric to persuade Australians that there are no alternatives to the continuous adoption of economic liberal policies.” If this has been achieved, then the foregoing analysis at least suggests that dominant groups have not yet secured complete ideological hegemony about the beneficial outcomes of competition policy. While there are no readily discernible alternative economic systems, there is not the illusion among all groups of a common interest. The so-called “trickle-down” effect has not reached everyone. In light of this, Larner (2000: 20) advocates that neo-liberalism

should be theorised as a “multi-vocal and contradictory phenomenon” to render visible the political and ideological struggles.

Conclusion

In this paper I have argued that sociological analyses of economic policy can yield important insights into the way in which policies are constructed and deployed to shape ideas and support dominant interests. I have presented a case study of the ideological function of National Competition Policy, with specific reference to the how the notion of ‘the public interest’ has been constructed to legitimate neoliberal economic reform. Analysis of official documents reveals the actions of the coercive power of the state (Gramsci, 1971: 12) in three arenas: the deployment of policy language, the definition and application of the public interest test, and the production and dissemination of data to convince the public of the beneficial outcomes of competition policy.

This study can not determine the extent to which “spontaneous consent” (Gramsci, 1971: 12) to competition policy has been given by the general public, or the extent to which ideological hegemony has been achieved concerning economic reforms justified in the public interest. By primarily relying upon analysis of official documents, we can not discern whether these ideas have been internalised across all dominant and subordinate groups in society. The problem with analysing policy documents is that we rely heavily upon official discourses in government reports and other versions of the truth written by the dominant groups, and thus run the risk of constructing hegemonic accounts. Future policy analysis must include the experiences and knowledge those groups who dissent, resist or are invisible and silenced. Further research is also needed to identify the winners and losers from competition policy,

and to map the locational and distributional inequities arising from neo-liberalism.

These findings may help to challenge the prevailing public discourse.

This paper has revealed that attempts to secure hegemonic control involve historical and ongoing contestation by dominant groups and the state – acting at times in concert and at other times in fragile, shifting coalitions. Larner (2000) calls for a new theorising of neo-liberalism to challenge its depiction as a monolithic, coherent program. This can occur through attending to its tenuous, chimerical, fragmentary, contingent and logically inconsistent features. Challenging neo-liberalism can also be achieved through closer analysis of specific neo-liberal projects (such as, for example, the current attempts to privatise Australia's water and wastewater services).

Competition policy's next foray will target essential and universal services including health, education, water and environmental regulation (NCC, 2004) – services which have traditionally been seen as legitimate government functions operating outside the market. As a result, additional and more complex contestations between dominant and subordinate groups and the state will be played out.

Acknowledgements

I would like to acknowledge the three anonymous reviewers for their valuable comments on an earlier version of this paper.

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