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Common sense has died along with truth and trust

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Perhaps the royal commission is the new form of the Last Judgment. As the wicked are exposed and the innocent — should there be any — exonerated, the commissioner, observing the proceedings from an elevated podium, impassably records their fate.

With the mighty falling like bowling pins, no redemption awaits, nor any washing away of sins: the only question is the punishment.

That there is plenty to be punished for is beyond doubt. The blatant dishonesty is bad enough. That it comes drenched in venality only compounds the offence.

Time and again, however, the most galling feature of the proceedings in the banking and finance royal commission has been the sheer stupidity of highly paid executives as they tried to explain how and why the outrages occurred.

But no matter how appalling that spectacle may have been, the witnesses in the royal commission on trade union corruption were, if anything, worse, as were the misdeeds the commission uncovered.

There were the thugs, expressing themselves in semiliterate grunts, as evidence emerged of blackmail, extortion and assault. There were the spivs who sold their members' rights for personal favours or for a helpful nudge in their political career. And there were the union leaders themselves, whose only aim was to keep the gravy train going, untroubled by the chasm between their movement's lofty ideals and its grubby reality.

Quite what the royal commission on aged care will find remains to be seen. But it seems clear that it will merely entrench the perception that our institutions are failing.

Given the behaviour that has been on display, those perceptions are hardly unwarranted. And it is unsurprising that they have led to calls for greater regulation.

After all, our economic and social life depends on trust; but as we place more and more of our fate in the hands of strangers, the foundations on which that trust rests become increasingly uncertain.

That is partly because we have ever less personal contact with those on whom we must rely: as our familiarity with them diminishes, so does our ability to assess whether they merit our confidence.

Long gone are the days when we knew the bank manager as a pillar of the town council and the insurance broker as a leading member of the local church; nowadays, they are likelier to be operators in a foreign call centre than fellow participants in a community choir or service association.

The fact the transactions themselves are far more complicated, making it harder to monitor whether our interests are being respected, only adds to the sense of insecurity, as does the sheer magnitude of the harm we suffer when trust is abused.

And compounding the problems, the decline of mutuals and co-operatives — which may have had too few incentives to operate efficiently, but equally had few incentives to enrich themselves at their members' expense — deprives those who have little ability to look after themselves of what was once a reasonably safe and simple choice, as does the shrinking role of charitable providers in aged care.

Many of the same pressures operate in the unions, which successive rounds of mega-mergers have transformed into unwieldy conglomerates. With rank-and-file members having little visibility, and even less say, over their conduct, the risks of power being misused are every bit as overwhelming as they are in the corporate world, and they are made even more acute by the presence in their ranks of myriad criminals and

racketeers.

In short, the institutions on which we depend seem increasingly remote and unaccountable; and when they err, the avenues for redress are too slow, too costly and too readily stymied by inept regulators and by those they are supposed to control.

The royal commission process has helped bring those issues to a head. That doesn't mean, however, that royal commissions are well-placed to identify where the answers lie. Yes, they can uncover misbehaviour and highlight its consequences, but they lack the expertise to devise complex policy alternatives and assess their costs and benefits.

As a result, they too often look for solutions in black letter law when other options deserve consideration.

It is, for example, clear that Paul Keating's superannuation reforms made Australia the land of the fee — usually hidden, at times illegal, almost always excessive.

But that should call into question the whole approach, which not only places on middle-income savers burdens they bear in no other country but also exposes them to expropriation by cash-starved governments and exploitation by unscrupulous intermediaries.

However, moving away from that system is unlikely to figure on the royal commission's agenda. Rather, it seems set to concentrate on measures that increase compliance within the present structure.

The issues will be even greater in aged care, where the policy framework has struggled to keep pace with far-reaching demographic change.

Twenty years ago, high acuity aged-care homes were essentially palliative care facilities, dealing with clients who typically had one or two years to live; now they cater for clients with dementia whose life expectancy may be of a decade or more.

The result has been to vastly increase the pressures on those homes while threatening

their long-term financial viability.

Dealing with those challenges requires a comprehensive reconsideration of the policy framework. Instead, the royal commission risks focusing on poor behaviour, which is merely a shocking symptom of the underlying problems.

Why then the proliferation of royal commissions? Precisely because we have lost all confidence in the alternatives.

It is not an accident that the golden age of royal commissions in Australia was at the cusp of the 19th and 20th centuries, when parliaments were fractious, governments unstable and conflict pervasive. Today, in a new age of anger and distrust, their parade of victims and perpetrators, suspects and grand inquisitors, uniquely suits the times, fuelling the incessant expressions of outrage.

But it is always easier to be righteous than to be right. And while the Olympian calm of a royal commissioner is a welcome change from the hysteria that has gripped Australian politics, it cannot cure a policy process that no longer seems capable of any form of reasoned deliberation.

It is not the Last Judgment we need; it is the everyday common sense of practical politics, which combines experience, intuition and intelligence in the quest for solutions.

With that common sense vanishing, surely there should be a royal commission to investigate its disappearance, shedding light on the mischief, machinations and misdeeds that led from Kevin Rudd to Scott Morrison.

Would it solve the problems? Certainly not.

But at least it would make great viewing.