

Making Good Public Policy is Just About the Hardest Thing There Is

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It is a fact insufficiently acknowledged that making good public policy is difficult. Really difficult. The government has an annual budget in excess of £700 billion and responsibility for the health, wealth, safety and education of a nation of 70 million souls. It rarely knows exactly what effect any policy decision will have. It nearly always will be making choices that make some of us better off and some of us worse off.

Yet political debate is almost always conducted in terms of absolutes: this is right, that is wrong, austerity is needed to save the nation, austerity is destroying the country, Brexit is an entirely good thing or wholly bad. It may be Boris Johnson who is famous for telling us we can have our cake and eat it, but he only made explicit what far too many politicians do implicitly: offering up goodies without mentioning the costs. Yet it is rare indeed that such trade-offs can be avoided. Our politicians and political institutions may be far from perfect, but if there were ways of making us all better off without imposing any costs or risks, I'm inclined to think they would have been found by now.

It's also what makes what I'm doing here — writing an opinion piece for a newspaper — so easy by comparison. It's easy to have strong opinions, to put one side of a case, to construct a one-way argument. It's also easy to make a balanced case and leave the reader to make up her own mind. It's making well-informed, balanced choices and acting on them that's difficult: to do one thing when it means you can't do another, to make some people better off at the expense of others, to make the judgment that this is more important than that. Any politician who doesn't feel that difficulty, who doesn't feel it viscerally, who doesn't recognise the costs and risks as well as benefits and opportunities created by their decisions, is likely to be a seriously dangerous politician.

We would all like European levels of public services with American levels of tax. That's pretty much what politicians of all stripes promise. They might promise it the Conservative way: we'll keep tax and spending down, but by cutting waste and inefficiency we'll still deliver world class public services. They might promise it the Labour way: we'll spend more, but we'll get someone else, the rich and multinational companies, to pay. And of course they all know the secrets to unlocking the economic growth that will deliver more revenue without the need to raise rates of tax.

These are clearly false prospectuses, yet they are repeated time and again, aimed at satisfying our unquenchable desire to believe that we really can have our cake and eat it. What's more, they are becoming less honest as time goes on. For more than 50 years we managed massively to expand the welfare state without much increasing the tax burden. Steady economic growth helped to meet growing expectations. We also used a huge dividend from cuts in defence spending, which 50 years ago accounted for one pound in every seven spent by government but is now barely one pound in twenty. That dividend won't recur. Growth has stalled and the population is ageing. Difficult choices and trade-offs are becoming ever sharper just as the political and public will to confront them seems to be diminishing.

Such trade-offs present themselves everywhere. Some choices, over free trade policy or making building on the green belt easier, for example, can involve making many of us rather better off and a few much worse off. Specific decisions over levels of welfare benefits and

rates of tax involve both direct distributional choices and judgments about economic effects. Questions of EU membership and Scottish independence involve an enormous array of political, economic and social trade-offs.

I could go on. And on. Such choices are ubiquitous. Even beginning to confront them requires three things.

First, we need the best evidence possible about the actual likely effects of the different choices. That's a huge issue in its own right, with governments too often unwilling to invest the care and time required to understand the consequences of their actions, and experts, especially academics, too often unwilling or unable to engage usefully with decision-makers. In all this, pervasive uncertainty is unavoidable. We have estimates of the likely effects of increasing top tax rates, increasing minimum wages, leaving the EU. But we should not pretend certainty that we do not have.

Second, they require an ethical judgment over how to trade off the interests of one group against those of another — benefit recipients or taxpayers, the majority of gainers from free trade or the minority of losers — not a pretence that everyone's a winner. The judgments can be hard both to make and to explain. The pretence, though, is not just disingenuous, it is dangerous. If you don't even acknowledge that there are losers, you won't either prepare them for what is to come or make policy properly to compensate them. They are likely to be left stranded. And angry.

Third, our politicians, and commentators, need to work on something too many of them manifestly lack: humility. To labour the point, few policy choices create no losers, few are obviously and irrefutably right. Is it really too much to expect our leaders to acknowledge that? Too many of them, and us, seem increasingly wedded to the idea that there are easy answers where none in fact exist.

Making good public policy is just about the hardest thing there is. If it is being made by people who really do believe that we can have our cake and eat it, then we really are in trouble.

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