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 **Policy failures, policy learning and institutional change: the case of Australian health insurance policy change**[[1]](#footnote-1)

 **Abstract**

*The main focus of the paper is investigating the linkages between repeated assessments of policy failure, deinstitutionalisation mechanisms and opportunities for system-wide policy learning and subsequent reform. Selected evidence from the reform trajectory of Australian health insurance policy from the mid-1970s to late-1990s is used to explore these conditions. The paper elaborates the concept of policy failure in terms of type, value and timing and then explores notions of policy learning in such terms. The paper catalogues some of the key deintsitutionalisation mechanisms that might link policy failures to subsequent reforms over extended periods.*

**Introduction**

The relationship between policy failure and policy learning is not straightforward. For example, the drivers of policy change and observations of policy change are not necessarily closely linked across time; indeed the temporal link between cause and effect may be stretched over relatively long periods. The paper seeks to use this dynamic perspective to catalogue the institutional constraints and opportunities embedded in sequences of repeated policy failure; and the subsequent ability of reform advocates to learn how to use the opportunities presented in future reform struggles.

The first section of the paper investigates the concept of policy failure in terms of several types, values and timings in order to assist understanding of how policy failures play out in longer sequences of policy-making. The next section explores notions of policy learning in terms of the different types of failure identified. This leads into the main focus of the paper: exploring connections between repeated assessments of policy failure, the catalysts of deinstitutionalisation and subsequent opportunities for system-wide policy learning and reform.

Selected evidence from the reform trajectory of Australian health insurance policy from the mid-1970s to late-1990s is used to explore these possible relationships. The current Australian health insurance system has its origins in a tumultuous and foundational sequence of policy change between 1972 and 1984, which settled down in the subsequent 15 years or so to leave Australia with a distinctive but important health insurance model (e.g. Hurley et al 2002; OECD 2003); an intriguing combination of universal public health insurance with financial and regulatory support for one of the highest percentages of private health insurance cover in the OECD.

The Australian health insurance case allows us to catalogue at least one pattern of the relationships between policy failure, deinstitutionalisation and learning. Three core analytical arguments underpin this pattern. First, policy failures create opportunities for learning at a system-wide level, following Elmore (1987), only when institutions have been eroded and exhausted by repeated failure. Second, this first claim holds in both the expert and political inquiry dimensions of policy failure. Third, learning processes are related to the particular sequence of deinstitutionalisation processes; in particular, initial deinstitutionalisation in the expert domain creates the conditions for political learning processes.

**The concept of policy failure: who judges, when and against whose standards?**

Any reasonable claim of policy failure requires the statement of a standard or benchmark against which to brace that assessment. This might be an absolute line or a standard relative to some moving target. In the most recently developed literature on policy failure (Bovens *et al* 2001; Marsh and McConnell 2010, McConnell 2010 a, b; Bovens 2010) there is no scientifically objective standard - absolute or relative - for judgements of policy failure; instead such judgements are constructed socially through two *types* of inquiry: those undertaken by experts as against those emerging from public politics.

The two types of inquiry can lead to the emergence of different standards of policy failure. For the expert inquiry, the standard of failure is premised on substantive rationality and stresses evidence-based, technocratic solutions to given policy problems. In the political inquiry, the stress is on the construction of, and impact on, the perceptions of policy performance by different publics. The former is embedded in conventional research on policy evaluation in a range of social science disciplines. The latter occurs at the public stage and the institutional arenas of politics, and is the subject of political science approaches to policy analysis.

The results of these two types of policy inquiry may be closely aligned: policy may fail to achieve substantive policy results, and also result in political punishment. Alternatively, governments may do well in policy expert terms and at the same time reap the political benefits of this. These are the sorts of outcomes one might hope for from various accountability and evaluation institutions in any advanced democracy. However the outcomes of expert and political types of inquiry in policy performance may also conflict. Governments may succeed in policy terms on a given issue; yet find that politically significant groups and forums judge themselves to be worse off. Likewise, governments may be able to politically ‘hide’ or ‘reframe’ any failures against expert standards so as to minimize the political costs they might incur.

The empirical diagnosis of an asymmetry between expert judgement and public judgement of policy failure presents an important predicament for (critical) policy studies approaches to the study of policy failure. The dilemma of the democratic expert has an ancient pedigree with roots in Plato, enjoyed great salience in the first half of the twentieth century in the United States in celebrated debates between Lipman (1925) and Dewey (1927) about democracy in a technological age, and has recently made a return in both public policy and democratic theory in the notion of epistemic communities (Haas 1992) and in the promise of expert-led politics and evidence-based decision-making, embodying policy processes that optimise efficiency and rationality (Kay 2011).

However, for this paper, the asymmetry between judgements relevant to the analytical value of the concept of policy failure in apprehending policy processes. In order to be useful analytically, the concept of policy failure must be more than simply what powerful interests that might benefit from judgments of failure think; a conventional analysis of interest and power can do that job. Instead, policy failure needs to refer to a meaningful and influential judgement that satisfies some generally accepted standards for credibility. Although the key insight of the policy failure literature to date is that judgements of failure are socially constructed, it is important for the concept to avoid this insight leading to a self-defeating relativism where all claims of policy failure are treated as analytically equivalent with the only relevant variation for understanding policy processes being the power of those advancing the claim. Acknowledging that the process of expert inquiry will construct different standards of policy failure from those from the public arena does not inhibit the analytical value of the notion of policy failure.

**Learning from policy failure**

*Public political inquiry*

May (1992) has influentially distinguished between policy learning (instrumental and social) and political learning. The insight that policy learning is not always instrumental but sometimes social is a seam that runs through many models of the policy process (for example, Sabatier’s and others work on the competitions of ideas and beliefs); and has roots back to the earliest work by Lasswell on the distinction between contemplative and manipulative policy analysis and its cognate, analysis of versus analysis for policy. In principle, policy failure should leave opportunities for policy learning (Bennett and Howlett 1992); yet May finds that policy failure contexts tend to be conducive to political learning about the viability of different political strategies in the policy process; how better to advance ideas; or clues about coalition building. For the purposes of this paper, the literature provides few firm propositions about policy failure and policy learning, but this does suggest that there is no simple one to one mapping between types of failure inquiry (expert and public political) and types of policy learning.

Following May (1992), the concept can be used analytically to refer to the potentials and limitations in actors’ ability to reflect over the policy processes within which they are involved. Whilst lacking complete information, political actors have some capacity to learn. They are reflective, routinely monitoring the consequences of their action, and their knowledge of the sources of failure will generally increase over time. Of course, since the broader and policy specific context is both complex and evolving, any knowledge acquired is likely to be incomplete and asymmetrically distributed across actors in the policy-making process. Through their actions and the consequences of these, policy makers learn, apprehending more clearly the informal institutions in policy and the constraints/opportunities they impose, and providing the basis from which subsequent policy strategy might be formulated. Importantly, policy-makers are in situations of strategic interdependence, regulated strongly or weakly by institutions, and have to make estimates on the strategic motivations, intentions and likely actions of other significant players in a constantly evolving context as a result of strategic interaction. Thus the presumption of cumulative learning toward a ‘better’ public policy is difficult to sustain: there is no guarantee that actors draw the ‘right’ lessons from failure; or have the capacity to judge which lessons are right and which ones are wrong in a shifting institutional context.

The next section locates learning in the expert inquiry dimension of policy failure, where failure is conceived in terms of performance measurement, more accurate information and new estimates of key parameters in a policy model. Here in the public politics inquiry, learning mechanisms are investigated in the beliefs held by government officials and various other types of policy actors continuously and actively involved in policy formulation and implementation. When beliefs concerning failure are updated, changed by reflection on processes or outcomes, then we observe learning. This learning may act casually in accounts of subsequent policy development.

Crucially, such policy learning by actors occurs within an institutionalised structure that may constrain certain ways of thinking, particular actions and facilitate others. In this basic form of institutionalism, institutional structures may facilitate and constrain which lessons are learned from policy failure and which are ignored. In the broad historical institutionalism variety of analysis, these institutions often reflect the outcome of past power struggles as well as inherited commitments and policy legacies. The public political dimension of failure may reveal institutional constraints and opportunities for reflective and skilful reform advocates who want to change policy in particular directions and to those who desire the status quo ante and at the most willing to accept limited adjustments to address the most immediate problems presented as failures. These institutions influence the power balance within the policy process by empowering some actors with particular interests and weaken others who hold differing views on the desired direction of policy evolution. Institutions facilitate and constrain which lessons are learned from policy experience and which are ignored; in short, institutional change may affect policy learning.

The link between failure judgments and policy learning in public political inquiry may be conceived in more general feedback terms. The politics of failure may reveal constraints and opportunities to reflective and skilful reform advocates who want to change policy in particular directions and to those who desire the status quo and at the most willing to accept limited adjustments to address the most immediate policy problems. These perceived opportunities and constraints influence the power balance within the policy process by empowering some actors with particular interests and weaken others who hold differing views on the desired direction of policy evolution regardless of whether or not these views are motivated by power concerns or are outcomes of genuine learning processes.

Health policy reform provides for a set of useful illustrative cases because there are many more reform attempts than successful reforms, and failure in health care reform often has high political costs. While governments are understandably keen to distance themselves from policy failures, both experts and politicians are not always so keen to move on. This may be desirable for instrumental or social learning reasons; in the emerging literature on experimentalist governance (Sabel and Zeitlin 2012), failure is to be expected and succour drawn from failure as a prelude to establishing ‘what works’ through strategies of ‘trial and error’ and ‘learning by doing’.

*Expert inquiry*

From the basic connection between institutions and learning outline above, we are alerted to the possibility of deinstitutionalising effects playing out alongside conventional learning processes in policy sequences where failures are observed. The current literature lacks analytical leverage on such processes of institutional unsettling. The Australian health insurance case presents as an empirical pattern suggesting that deinstitutionalisation in expert inquiry can sometimes be a necessary precondition for system-wide learning for ‘big’ reforms.

In expert inquiry terms, while the large literature acknowledges that performance measurement is a form of policy learning (Sabel & Zeitlin 2010; Jacobsson 2004; Braithwaite et al. 2007); less discussed is its related role as an advanced indicator of policy failure. For example, Pollitt *et al.* (2004) identify institutions such as the mandate of data collection and reporting agencies, the extent of formal reporting requirements, and the informal routines for data collection, reporting and feedback as relevant to the learning that occurs. These institutions can impose limits and constraints on learning, to the point where experts might not see failure coming or indeed have the means of extracting useful policy lessons from observed failure.

Public management scholarship has also documented how identifying and learning about policy performance demands a detailed mix of different types of indicators (those related to input, process, outcomes for example) developed to improve policy analysis and the relative strengths of different means to ends rather than exclusively for compliance purposes. In broad terms, the effectiveness of policy learning depends on the level of trust among agents, where high trust relationships, often away from the public arenas of politics, can encourage candour about the nature of shared policy challenges and observed failures (De Bruijn 2007). These environments require institutional designs to support dialogue among expert peers about policy performance and socialising shared norms and policy ideas about what works (Trubek & Trubek 2005). For example, Lewis & Triantafillou (2012) argue that performance measurement counts as policy learning when it is characterised by bottom-up rule making, displays careful attention to processes and sophisticated and comprehensive performance measures.

Accounts of policy learning in the public management literature are strongly related to learning in the ‘new governance’ literature, which stresses institution building and sustaining in multi-level contexts in its account of policy learning, and draws explicitly from Pragmatism to value diverse sources of (local) information and advances the claim that iterative deliberation and collaborative reflection on ‘what works’ will lead to (continuous) mutual policy learning (Sabel 1995). Although in essence a normative rather than empirical claim, it does allow for descriptive and explanatory purposes recognition that knowledge about policy failure or success is often incomplete, and more specifically, individual policy solutions are unlikely to respond to all the facets of a given problem (Cohen 2010). This presents the dilemma of commensurable evidence for expert inquiry learning within an institutional context: how to use information on the policy experience of local units across multiple contexts and then aggregate and convert this into an overarching assessment of policy performance.

For new public governance frameworks, learning occurs through deliberation among expert peers and other stakeholders associated with the same broader policy domain. Such deliberation compares and articulates policy performance achieved in a given setting, and attempts to rationalise how and why this has occurred (Sabel 1995). Importantly, the inclusion of range of actors who exchange their policy knowledge has the potential to destabilise the status quo or taken for granted ways of doing things. This is the process of deinstitutionalisation in expert inquiry into repeated policy failures. As we explore in the Australian health case below, this was a necessary condition for failure in public policy inquiry to then lead to eventual system-wide reform.

This is just one possible pattern of policy failure leading to reform through deinstitutionalisation. As an ideal model, new public governance policy learning is a recursive and transparent procedure, including periodic monitoring and deliberation about the progress made on different objectives and indicators. Over time this presents participants with the opportunity to report back on what they have done to resolve earlier difficulties in achieving objectives. It also anticipates (continually) changing the overall framework of objectives themselves, as new solutions emerge through the process of problem solving (Sabel & Zeitlin 2010). In this institutional plasticity allows for expert learning from failure in order to prevent or limit institutional erosion. Policy learnings from failure take place without deinstitutionalisation.

**Policy failure as a catalyst for institutional change**

Deinstitutionalisation is a plausible link between repeated policy failures, policy learning and large scale, system-changing policy reform. This section develops the argument that policy failure can create the opportunity for subsequent reform by gradually preparing the broader political system for change through deinstitutionalisation. Elmore (1987: 175) outlines system-changing reform as the transfer of authority among individuals and agencies in order to alter the system within which public policy is being made and delivered. Such transfer may come about by institutional design; or through emergence as repeated policy failures unsettle and exhaust existing institutions, existing policy instruments and their settings thereby shifting the distribution of authority.

New institutionalist insights have been adapted for application to the more fine-grained concept of policy by recognising that clusters of governmental decisions, actions, and norms can - over time - form policy systems, reinforced by feedback mechanisms, which function as institutions. Conventionally in this literature, institutions are defined as sets of regularised practices with a rule-like quality that structure the behaviour of actors in policy-making and they endure and are not easily changed (e.g. Mahoney and Thelen 2010). The crux of new institutionalism for policy studies is the claim that institutions matter in the analysis of policy change, providing constraints on as well as opportunities for change, and they emerge and develop within a wide variety of historical processes and sequences.

The second-order questions of how, why and when institutions change, have often led institutionalisms, particularly the historical variety, to be judged as over-emphasising positive feedback processes and the sensitivity of small events in initiating institutional development but under-emphasising the subsequent opportunity for endogenous change in the process of institutional reproduction over time (e.g. Hay 2002). Echoing the problem of specifying change in policy studies, the first generation institutionalism in policy theory relied on perturbations occurring outside of the institutionalised policy system often characterised as societal or political upheaval; and the stability of institutions was explained by the absence of such exogenous shocks. More recently, new institutional theory approaches to change have become more refined in their attention to historical causality and encourage an extension of the conceptual repertoire of policy studies to apprehend types of policy change beyond the relatively straightforward path dependency pattern where the inheritance of accumulated prior policy commitments limits substantially current options for policy-makers (Page 2006).

We can identify two institutional dynamics in this expanded repertoire to aid analysis. First, the process of creating new institutional arrangements; and the capacity of existing institutions to use their incumbency advantage to limit or undermine the development of new institutions. Second, even where new institutions emerge how do agents use them, and the degree to which this use is consistent with the expected outcomes of institutional designers.

These two institutional dynamics combine in some form or other in any system-changing policy reform. The overall effect depends the extent to which existing institutional interests and incentives are able to survive and endure through driving new alternatives out of existence before they have had a chance to form and institutionalise fully.

Policy learning offers the possibility for an account of agency in the policy process beyond the relatively simple information processing associated with instrumental learning, where beliefs are updated about the best means to achieve already established interests and ends. Instead, the concept of learning also includes the capacity for deeper reflection about the contingent and corrigible purposes of policy action. In the spirit of policy reforms as democratic experiments (Campbell 1999), policy learning is the antecedent to changes in thinking as well as actual practices that may subsequently become institutionalised, whether in hard or soft forms.

As discussed, policy failure inquiries may trigger deinstitutionalisation processes as well as learning. For example, in certain policy contexts as policy failures begin to occur they tend to exhaust institutions, lead them to be less widely observed or become imperfectly reproduced. At other times, policy failure may surprise and induce institutional change (for example, wholesale replacement or adaptation or conversion or layering) and subsequent policy change. The relationship between relatively informal and formal institutions is important to understanding how judgements of policy failure may trigger deinstitutionalisation and subsequent institutional change.

The Australian health insurance case supports the claim that the informal tends to subvert the formal as policy failure undermines institutions. In particular, formal or law-like institutions which are codifed and enforced by third parties in public political inquiry into policy failure are by their nature ‘stickier’ than informal institutions that attend learning in expert inquiry. Policy failure as a negative feedback affects informal institutional practice in expert inquiry more immediately, absent any grand reform, as things are done slightly differently in response to failure inquiries. This may be unconscious but can steadily accumulate over time to the point where related formal policy institutions are undermined.

Sometimes institutions can undermine their own foundations (Polanyi 1944; Jacobs and Weaver 2015). Even a self-correcting capacity embedded in an institution in which policy failure leads to equilibrating adjustments can bring down or exhaust an institution over time. For example, the density of rules to cope with policy failures *qua* exceptions increases, and such density and complexity can lead to rules over time become self-disorganising. Some policies fail slowly; imperceptibly undermining their own political support by failing to meet changing contexts and there can be expert discussions of new policy options or wholesale paradigm change. But there is always a double movement, resistance back. It is when the pushback in response to failure no longer provides resistance to change. Repeated failure can gradually weaken institutions, exhaust them, failures are both a symptom but also a cause of deinstitutionalisation. Where learning breaks the paradigm is the interesting point, when social learning takes over from instrumental learning that we see change.

**Australian health insurance policy reform from early 1970s to late 1990s**

While judgements of policy failures in public political inquiry terms may be volatile and epiphenomenal, expert judgements are slower burning in the wider political system and often endure over longer periods. This is relevant to deinstitutionalisation and policy learning; as noted, in both the expert and public political inquiry domains, if failure is to be expected and succour drawn to establish ‘what works’ through strategies of ‘trial and error’ and ‘learning by doing’ then the different tempos of expert and political judgements of failure are an important point of analysis.

The case of Australian health insurance policy reform between 1972 and 1984 stands analytically as one possible set of relationships between failure and learning. Australia remains the only OECD country to have introduced universal public health insurance, Medibank in 1974, abolish it and the subsequently reintroduce the same scheme in 1984 (Medicare). This empirical pattern provides a means to explore the three claims of the paper because it displays, within a decade, two major reforms sitting at both ends of a period of gradual but transformative change and reveal the interactions between failure, deinstitutionalisation and learning.

Australia’s first universal health insurance scheme, Medibank, was introduced by the Australian Labor Party (ALP). The ALP had won power at the federal level in 1972 after 23 years in opposition, a victory attributed largely to two factors: the popularity of its charismatic and domineering leader, Gough Whitlam, and Labor’s ambitious social reform program, which promised to improve quality of life for all Australians (Mayer 1973). The overall centrepiece of Labor’s policy program was Medibank.

The Whitlam bills to introduce Medibank were at the top of the agenda of the unique joint sitting of the House of Representatives and Senate in August 1974, following a rare double dissolution federal election. This remains the only time in Australian history that members of both houses of the Commonwealth Parliament have sat together as a single legislative body under section 57 of the Constitution. This seminal ‘big bang’ moment initiated a sequence of policy change which was far from ‘locked-in’, nor immediately transformative. The evidence from contemporary research is that key actors in the decade after 1974 regarded Medibank variously – in the different inquiry domains - as a response to policy failure, as a failure itself but a constraint to be observed and possibly converted, but also at other times failure that itself required major reform (Boxall and Gillespie 2013; Kay and Boxall 2015).

Medibank was a hybrid policy design; a public health insurance system layered onto an existing and strongly institutionalised private health insurance system. As Kay (2007) described this design was introduced in response to widespread expert judgments of policy failure in Australian health insurance policy from the mid-1960s onwards. In turn, the Medibank design introduced new tensions and failure tendencies into health policy-making system in Australia identified by widespread expert inquiry as (i) an opportunity for exit from the public element of the health insurance system possibly encouraging a reduction in loyalty to and undermining political support for that public element; (ii) policy tensions in the trade-off between the goals of equity and efficiency in a health care system; (ii) segmentation in health financing, particularly where private health insurance has high political and public visibility, which may introduce significant collective action problems in policy implementation (see, for example, Gray 1984; Hunter 1984; Cass and Whiteford 1989; Najman and Western 1989; De Voe and Short 2003; Scotton 2000; Scotton and Macdonald 1993).

In terms of tracing the policy path from Medibank to Medicare, Sax (1984) along with Boxall and Gillespie (2013) provide comprehensive accounts of the period. The Liberal-National Party Coalition government (the Coalition) led by Malcolm Fraser came to power in Australia in December 1975 in highly controversial circumstances. After the dismissal of the Whitlam government on 11 November 1975, the Governor General appointed the Coalition as the caretaker government, and Fraser immediately called a general election which he won by a landslide.

After waging an energetic and highly public campaign against the introduction of Medibank during the Whitlam years, in the lead up to the 1975 election, Malcolm Fraser announced in that, if elected, the government would keep the newly established Medibank scheme – the same scheme it had voted against in Parliament at least five times during the previous three years.

Fraser’s decision to promise the electorate that the Coalition would maintain Medibank was a firmly political rather than policy judgment, little evidence expert learning from failure can be discerned: Medibank was popular and promising to keep it would help win over disillusioned Labor voters. In May 1976 during a television interview, Fraser gave the clearest explanation for why he changed his mind on Medibank:

*‘Look time marches on. Circumstances change and you deal with circumstances as they are. Medibank was introduced. Amongst many people it was plainly popular. It would have been destructive and unreasonable to attempt to break Medibank.’ (Fraser 1976)*

Underneath the political judgement of the PM of the day, assessment is required of the critical endogenous processes operating during the period, such as the construction of failure in institutionalised policy areas; and policy failure as a destabilising force in institutional reproduction; as well as learning in reform design. However, most work attempting to explain health policy development in Australia in this period relies on variants of a pluralist interest group approach to political analysis (e.g. Sax 1984, Duckett 1984; Hunter 1984; Gardner 1989; Najman and Western 1989; Gray 2004).

Recent primary research on the period suggests that in both the expert or public political inquiries into failure, the presumption of cumulative learning toward a ‘better’ public policy is difficult to sustain: there is no evidence of a guarantee that experts or public political actors would draw the ‘right’ lessons from failure; or showed the capacity to judge which lessons are right and which ones are wrong (Boxall and Gillespie 2013). Although the expert consensus on the failure of the pre-1972 health insurance system has remained firmly established, there was no equivalent consensus on the lessons for managing a hybrid health insurance system in the period from 1984 until the late 1990s (Braithwaite 1995).

For example, between 1976 and 1981, the Fraser government introduced a series of confusing and contradictory reforms to health insurance that ultimately ended with the abolition of Medibank, and with it, temporarily, universal health care in Australia. Hawke defeated Fraser at the 1983 election and, drawing lessons from Whitlam’s failures, Labor developed a policy strategy to introduce Medicare that linked economic reform to social policy. The introduction of Medicare was made contingent upon the roll-out of large-scale economic and industrial relations reforms (outlined in the Price and Incomes Accord). Although Medicare has endured since 1994, both the Whitlam and Hawke-Keating governments failed to make substantial changes to the longstanding private health insurance scheme that sat alongside Medibank/Medicare. Whitlam was not in power long enough after the introduction of Medibank to have to deal with the problem of funding both universal health insurance and, to a lesser extent, private health insurance (through subsidies and rebates). The Hawke-Keating government dealt with the budgetary problem by progressively withdrawing all subsidies for private insurance. However near the end of its time in power, the Keating government was forced to restore support for private insurance in order to prevent the collapse of some private insurance funds (Boxall and Gillespie 2103). Neither the Hawke-Keating governments nor any government since has heeded the lessons of the Fraser years about the challenges of balancing a universal, tax-funded insurance scheme alongside a substantial duplicative private insurance scheme (Banks *et al* 1997).

The lessons learnt by John Howard, Coalition Prime Minister from 1996 to 2007, on health insurance serve as an interesting example of public political learning in the case. As Treasurer during the Fraser years (1977-1983), Howard and his department fought successfully to abolish the Medibank scheme. Howard strongly opposed the idea of compulsory, tax-funded insurance and advocated instead for the restoration of a market for private health insurance, which had been in operation since the early 1950s. Ultimately, Howard’s view prevailed and Medibank was abolished. As opposition leader in 1987, Howard declared that his government would move quickly to dismantle the hugely popular Medicare scheme if elected (it lost). By 1995, and during his second term as opposition leader, Howard had changed his mind about Medicare. He explained:

*‘when Medicare was first introduced I was critical of it ... and so were a lot of other Australians. But over the years people have grown to support it. It gives them a sense of security and it now has our total support. And there's no law in politics that says that you can't over a period of time change your view about an issue’ (Elliot 2006).*

Whitlam was the chief protagonist for Medibank in the Labor party, both in opposition and government. He succeeded in pushing his policy preference upon the party (even though others supported alternative proposals) because his party knew that it was his electoral appeal that gave them the best chance of winning the 1972 election. Fraser, too, dominated his party in opposition and government. It was Fraser’s decision to reverse the Coalition’s longstanding commitment to abolishing Medibank in the lead up to the 1975 election. Although the Fraser government did eventually abolish Medibank, there is substantial archival evidence showing that Fraser’s commitment to ‘maintaining Medibank’ was genuine and highly influential in policy deliberations during his years in government (Boxall and Gillespie 2013).

The Australian health insurance case of the sequence of reforms from the early 1970s to the late 1970s suggests that the sequence in which different failure, learning and deinstitutionalisation occur is critical in identifying how and when health insurance policy changes in the period. The reproduction of policy over time is not an automatic or self-perpetuating process; and judgments of failure play an important and contingent role in deinstitutionalisation in different policy subsystems of Australian health policy. There is a degree of plasticity built into the design and implementation of mixed public-private health insurance systems: whilst they are relative durable, costly to overturn and may enter as causal factors in the behaviour of different groups, they generally remain politically contested settlements sustained by specific configurations of coalitions. The concepts of policy failure, learning and deinstitutionalisation put these tensions at the foreground of the analysis and seems to show that those who benefit from policy institutions, whilst they will have a preference for ensuring institutional continuity, must mobilise political support on an ongoing basis as well as actively seeking to resolve the tensions in processes of policy failure in their favour.

The establishment, maintenance and erosion of institutional foundations are contingent and conflicted processes that can move forward or backward, by design or accident, but always producing unintended consequences. When these institutions malfunction, policy failures are likely to ensue which can accumulate over time to the point that institutions disassemble and without correction, opportunities for system-wide policy learning present in both the expert and political domains.

**Conclusion**

The various relationships between policy failure, policy learning and institutional change are difficult to model, varying in terms of political contexts and temporal sequencing of policy episodes. This paper has sought to develop the distinction between different types of policy failure in order to connect these conceptually to different types of policy learning. In turn, this link helps uncover one particular pattern: how repeated policy failures affect the institutions that underpin learning in both the public political and expert inquiry domains by eroding and exhausting them. This deinstitutionalisation in turn affects the context of policy learning, and allows its scope to broaden beyond adjustments to system-wide reform.

In the case of Australian health insurance, the reformulation of a whole policy system emerged in response to widespread and accumulated acknowledgements of policy failure. Whilst evidence of policy learning in this process is strong, this learning is related empirically to changing institutional contexts. The central dynamic in this interrelationship is provided by repeated policy failures leading to institutional erosion, exhaustion and immanent deinstitutionalisation that in turn allowed both public political learning and expert learning to broaden in scope from adjustments to stabilise the system to system-wide reforms.

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