

Anyone who believes we really do need more economic reform might well despair at the inability of the government to effectively prosecute it and the business community to successfully advocate it.

No wonder the public is sceptical. Between them, the government and its business backers have botched the process so far and there is little reason to be confident they'll do significantly better in future.

Research commissioned by the Business Council of Australia and reported this week has found that 62% say they don't trust the government to manage tax reform well enough to create a better system overall.

And why would they when, for example, Treasurer Joe Hockey says (yet again in Tuesday's Australian) that our tax system was built before the 1950s and "we have almost exactly the same tax system" as then?

Do we really? Many big changes have been made since the 1950s. If we removed the GST, scrapped capital gains tax and fringe benefits tax, and brought back probate tax, would Hockey say that would amount to "almost exactly the same tax system" as now?

Surely not. It is hard to see the Hockey claim not being marked down if he wrote it in response to a question in a first year university economics exam.

Hockey might be trying to make a point about the slices of direct versus indirect taxation, the effect of disruptive technology, or the threat to revenue of profit shifting by multinationals.

But if you want to build a case for change, don't take people for mugs and don't exaggerate. Don't, for instance, give the Intergenerational Report a precision about the 2050s that can't be properly claimed.

And don't overreach, as government and business did when Tony Abbott came to power.

We need not again detail the massive disaster of the 2014 budget to illustrate how badly the government has performed. It's etched in the memories of players and public. The reform well remains poisoned by it.

Before that, we saw how business overreached. The then-president of the Business Council of Australia, Tony Shepherd, led the Commission of Audit; the BCA's then chief economist, Peter Crone, headed the secretariat. The report lacked the realism that was needed to advance the reform cause.

Now, as the second budget approaches, there are tears and snarls among friends.

A group of nine business organisations said in an opinion piece published on Tuesday: "With the prime minister signalling a 'dull' budget and the opposition leader continuing to focus almost exclusively on budget 'fairness' you could be mistaken for thinking there is no significant problem with the state of the nation's finances."

"We cannot continue to mortgage our nation's future on the questionable assumption that we may be in a better position to fix the budget on the never-never."

Governing was not just the responsibility of government, but the duty of all MPs. "We must stand on the shoulders of reform giants [Hawke, Keating, Howard, Costello] before it is too late," they wrote.

The business groups' intervention drew a snippy response from Social Services Minister Scott Morrison. "Businesses are entitled to their view but I noticed they were pretty quiet in their support for Mike Baird," he said. "I remember seeing lots of ads from the union movement saying why poles and wires shouldn't be sold. I don't remember too many business-funded ads actually supporting the case that Mike Baird put forward but they will be enormous beneficiaries."

Business is among many interests – though obviously of particular importance – that put wish lists to government. The Abbott government, sharing common priorities, elevates business and gives it more of a hearing than that accorded to many other groups. This was obvious even during last year's G20, when the B20, representing business, had a special "in".

The sympathy hasn't precluded knockbacks to business, as the government attacked "corporate welfare". But it has meant that its closeness to a hardline business ideology has led to some government misjudgements and poor decisions, and notably to its failure to understand the importance of having difficult reforms being seen as fair.

We don't have the full details of the BCA-commissioned research, done by Crosby Textor. But according to the BCA, as well as the high level of distrust of the government to handle tax reform, the qualitative research showed that people fear vocal minority groups, including business and others, will have more sway over the reform and that the voice of everyday Australians will not be heard.

Both government and BCA say they are committed these days to inclusive approaches to reform.

Voters, however, are highly cynical and increasingly inclined to dismiss hyped claims. They will take some convincing about how genuine the government's inclusiveness is. It's no good just banging on about a "conversation" and pointing to a website.

The best way for contemporary reformers to make progress would be to put aside the hyperbole and narrow the ambitions into a manageable agenda, however much this might go against the grain.

Read more <http://theconversation.com/government-and-business-are-their-own-worst-enemies-in-the-pursuit-of-reform-39825>