

## Challenging Perceptions of Progress

*Richard Eckersley (ed.), Measuring Progress: Is life getting better?,  
CSIRO Publishing, Melbourne, 1998*

*Reviewed by Winton Bates*

**W**HEN asked whether life is getting better, the initial response of many readers would be to ask for the question to be clarified. This is possibly the most appropriate response, despite the efforts of some contributors to this book to construct single composite indexes that are intended to measure 'genuine progress' covering the entire population of a country and everything that affects everybody.

The book is based on papers presented at a conference held in Canberra in July 1997. The breadth of topics provides support for the editor's claim in the preface that the book 'is one of the most wide-ranging explorations of progress yet undertaken'. It contains papers on definition and measurement of progress (by Richard Eckersley, Mike Salvaris, Ted Halstead, Clive Hamilton, Steve Dowrick and John Quiggin, and Dennis Trewin); papers on measurement of well-being and quality of life (by Colin Mathers and Bob Douglas, Eva Cox, Alex Wearing and Bruce Headey, and Michael Pusey); papers on work, poverty and income (by Sue Richardson, Peter Saunders, Ann Harding and David Johnson); and papers on the natural environment (by Valerie Brown, Ian Lowe, Tony Fleming, Denis Saunders, Ann Hamblin, Michael Manton, Trevor Ward and Peter Newton). The book also contains comments by several other people and a 'summing up' by Bob Gregory.

Richard Eckersley observes in the Preface that 'the debate' about indicators of progress 'could alter radically our perceptions of progress, what it means, and how we measure it'. Eckersley advocates a change of perceptions in his own contribution. He says: 'The belief that material progress equates with a better life is so ingrained in our culture that most commentators tend to overlook the importance of other factors — in particular, the personal, social and spiritual relationships that give our lives a moral texture and sense of meaning — of self-worth, belonging, identity, purpose and hope' (p. 9).

The most important measurement issue considered is whether progress can be assessed using a single index, or whether it is preferable to use a range of indicators. The main contributors in favour of a single index are Ted Halstead, founder of Redefining Progress (a public policy institute based in the United States) and Clive Hamilton, executive director of the Australia Institute. The approach adopted by both authors involves an extension of the conventional national accounting framework to incorporate such factors as the value of household and community work, changes in the distribution of income, environmental damage and resource depletion.

Steve Dowrick and John Quiggin acknowledge that there are deficiencies in measurement of GDP that should be corrected, particularly in relation to health

and education services. They argue, however, that it is not possible to construct a composite index reflecting all factors which impinge on social welfare because of the difficulty of placing a monetary value on things like democracy. Dennis Trewin, of the Australian Bureau of Statistics, also argues against composite indicators. He says: 'Whilst they may be effective in capturing headlines, they are difficult to interpret accurately. They also give rise to many valuation questions and have the potential to turn the debate away from the extent of national progress to justification of the assumptions underpinning the composite indicator' (p. 120).

It seems to me that Clive Hamilton's 'genuine progress indicator' reveals more about his values than about anything else. For example, he implies that reducing unemployment by one million hours should be counted as 'genuine progress' even if up to \$8m of personal consumption expenditure has to be sacrificed to achieve this objective. This appears to open up the possibility of achieving a great amount of 'genuine progress' immediately by employing a larger number of people in the public sector without requiring any increase in the output of that sector — that is, by reducing productivity. Does it make sense to count outcomes as 'genuine progress' if there is good reason to believe that they are not sustainable?

Another important issue discussed is the measurement of environmental change. Richard Eckersley argues that 'energy consumption is a good general measure of overall environmental impact because of its broad association with total material consumption and waste production' (p. 26). It seems to me that this is just as implausible as it would be to claim that energy consumption is a good measure of national output because it has a broad association with the production of goods.

It would be unfair to interpret the use of inappropriate environmental indicators as a deliberate attempt to mislead readers. It emerges from other contributions that the development of broad indicators of the impact of environmental change on the quality of life of humans in Australia is still at a rudimentary stage, probably less advanced than measurement of the output of marketable goods and services prior to the introduction of national income accounting. As well as explaining the inappropriate interpretation of energy consumption, this may also explain why we often hear people quoting statistics such as the decline in number of frog species in Australia (from 294 in 1950 to 224 in 1995). I was surprised to learn from Denis Saunders's paper that at present 'there is no operational indicator to assess rate of change in native vegetation or marine habitat' (p. 305).

The book discusses at some length the issues involved in measurement of income inequality and poverty, but it does not take us far in terms of clarifying whether or not outcomes in this area represent progress. For example, Ann Harding's paper shows that growing inequality in market incomes over the period 1982-94 was fully offset by changes in the tax-transfer system. Whether or not this redistributive activity of government should be interpreted as a contribution to progress seems to me to depend on more than just making the value judgment that increased inequality is undesirable. If a higher proportion of the households now depend on the welfare system for a large part of their income, this has implications for the nature of relationships among citizens. It means that, instead of obtaining income

from mutually beneficial transactions with other people, an increasing proportion of households have come to depend on the willingness and ability of voters to force other households to pay high taxes. Unfortunately, the implications of changes in welfare dependency for measurement of progress are not explored.

The book also raises the question of the interpretation that should be placed on survey results that suggest that, while a large majority of Australians feel satisfied with their lives, they are unhappy with the direction of economic change. The results presented by Michael Pusey, based on a sample of 'Middle Australians', indicate a widespread view that 'people on low incomes', 'people in the middle' and 'ordinary people generally' have been losers from 'the economic change that Australia has experienced over the last fifteen years or so' (p. 192). The survey results suggest that feelings of anger and resentment were most commonly felt towards politicians, the 'economic system' and 'big business' (p. 195).

Pusey attributes this pessimism about the effects of economic change to 'economic reform and restructuring' which 'have produced a redistribution of income and "life chances"' (p. 196). However, economic changes would still have occurred in the absence of the reforms and it is possible that those outcomes would be even less palatable to most people. Some relevant information is provided by an international survey recently undertaken by the Angus Reid Group and reported in *The Economist* (1 August 1998, p. 26). The 16,000 adults included in the survey were asked about future prospects for themselves and their children; the results were used to rank the 29 countries covered according to the optimism of their citizens. Australia was ranked about the middle (14th). Respondents in the United States and Britain were more optimistic (ranked 4th and 9th respectively) while those in France and Japan were less optimistic (28th and 29th respectively). If market-oriented reforms adversely affect 'life chances' it would be reasonable to expect these rankings to be reversed.

The main shortcoming I see in this book is the absence of much recognition of the importance of institutions — the rules of the game of society — in influencing outcomes. There is little discussion of whether our political system is showing itself capable of defending the interests of the general population — in all aspects of quality of life — against the political pressures emanating from narrow interest groups. The paper by Eva Cox raises some interesting ideas on the role of social trust, but there is little discussion in the book on changes in social mores and their possible implications in any of a wide range of areas including family breakdown, welfare dependency, tax avoidance and crime. I could not find any discussion of the question of whether institutional changes, including changes in property rights, are having desirable or undesirable environmental impacts.

I doubt whether my perceptions of progress have been radically altered by this book, but it has provided me with a better appreciation of a range of differing views.

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