Economic progress, social disquiet: the modern paradox

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Abstract

Surveys of social attitudes are revealing a perhaps unprecedented paradox: a booming economy but persistent community disquiet. The puzzling coincidence is fuelling interest in what is perhaps the ultimate public policy question: is life getting better - or worse? The relationship between economic growth and human development is not as clear-cut as conventional wisdom and government policy assume. Public opinion surveys suggest that the driving dynamic in Australia and other Western societies in the early decades of the new century will be a growing tension between values and lifestyles. How this tension is resolved will fundamentally determine national and global futures.

Key words

Economic growth, progress, public opinion, quality of life

Introduction

My current work addresses the question, ‘Is life getting better, or worse?’ (And for whom, in what ways, and for what reasons?). For me, this is the most crucial question of our times. It is also fundamental to public policy and administration. I will address the question in this paper by discussing: first, the future as reflected in two historical spikes and our possible responses to them; second, the way we currently define and measure progress and what’s wrong with these definitions and measures; and, finally, what we can do about this situation.

But before I do that, I want to make a few pre-emptive strikes. Some might feel that the core question – is life getting better? – is too blunt, too crude. This may be so, but it is intended to match the bluntness of the current dominant measure of progress, GDP or Gross Domestic Product. Too much debate about public policy takes the current framework of economic growth as a policy constant that is somehow beyond scrutiny. Yet growth has profound social implications and it is pursued in the belief that, overall, it makes life better. Is this the case?

Secondly, what I have to say should not be seen as primarily ideological – especially in terms of left/liberal or right/conservative perspectives – although it has a bearing on ideology. Like other commentators, I think that to try to fit traditional ideological prescriptions to current issues and how they might be resolved is both confusing and futile. Rather, the thrust of this paper concerns our worldview, and the need to question the deeply internalised, largely unquestioned assumptions that underpin the modern Western worldview. It is, then,
concerned with just about every facet of our private and public lives: how and why citizens vote, consumers buy, governments govern, public servants serve, and business does business.

To put my message in the form of slogans, we need to consider whether we should shift our policy focus from the rate of growth to the content of growth; from any growth to good growth; from ‘going for growth’ to ‘going beyond growth’. We need to discuss whether we ought to think less in terms of a ‘wealth producing economy’ and more about a ‘health producing society’, where health is defined as total well-being – physical, mental, social and spiritual.

**Two historic spikes**

At an international futures conference in Perth in 2000, Damien Broderick, the Melbourne science fiction and science writer, described a view of the future drawn from his book, *The Spike* (Broderick 1997). Developments in computer, gene and nano (molecular) technologies, he says, will produce by 2030, or 2050 at the latest, a ‘spike’ or ‘technological singularity’: a period of change of such speed and scale it will render the future opaque, where things become unknowable.

The spike could end in human obsolescence, transformation or transcendence. It could mean, as computing power continues to obey Moore’s Law and double every year, the rapid emergence of not only intelligent machines but superintelligent, conscious machines, which leave humanity in their evolutionary wake. Or it could result in bionically and genetically enhanced beings who are effectively immortal. (I’m quite attracted to this eventuality. The more I try, the more I realise that I am just not intelligent enough to understand what’s going on and what we should do!)

Providing a counterpoint to this spike is another: the population ‘spike’ of a plague species – us – as it grows exponentially then collapses as it overshoots the capacity of its habitat to support it. And this within about the same timeframe as the technological spike (or a little later). Sydney writer, Reg Morrison, argues in *The Spirit in the Gene* that this is the certain fate of humanity (Morrison 1999). He says evolution ensures this outcome for any species that threatens to become too dominant and reduce the earth’s biological diversity.

With another 30 to 50 years of population growth (despite the declining birth rate), and the accelerating rate of energy and resource consumption, Morrison says, we seem to be well set up for ‘an environmental coup de grace’ in the second half of the 21st century. ‘...(W)e are facing precisely the same conclusion that all mammal plagues eventually face – a hormonally orchestrated autodecline followed by an environmental backlash that cleans up most of the stragglers.’

There is a fascinating symmetry to these ‘spikes’, both the result of exponential growth – one in technological power, the other in human population – and both occurring at about the same time in history. Maybe we’ll see the evolution of a new level or form of intelligence and consciousness just as its progenitor – *Homo sapiens* – reaches its zenith and burns out: a metaphorical spaceship jettisoning its booster rockets, which fall back towards Earth and burn up, as it soars into the wide open horizons of outer space.

There are several possible human responses to either or both of these imminent spikes, each of which has profound implications for public administration and, indeed, human civilisation:
a) *Surrender and abdication*: the scale and speed of change is so great that people will give up any hope of trying to manage or direct it. The sheer impotence of government or any other human institution in the face of such change will totally undermine our already weakened faith in them, leading to further political disengagement and an even greater focus on individual goals, especially hedonistic ones, so precipitating a period of chaotic change.

b) *A fundamentalist backlash*: the technological ‘fundamentalism’ that the singularity represents will trigger a desperate response by religious (or national) fundamentalists, to whom it is deeply offensive, and who will use every means at hand to oppose it - including potent technologies of biological or nuclear terrorism. A population crash could also see a fundamentalist revival, but for a different reason: this is the act of a vengeful God.

c) *A new universalism*: a more benign outcome is that the spikes – one or other or both, because of the global threat or challenge they pose - help to drive the emergence of a new universal culture, a new sense of human solidarity and destiny, and a resurgent spirituality. Set against the momentousness of these events, all differences between us become petty, our present priorities trivial; only the most fundamental aspects of our situation matter.

**Linear optimists**

Both spikes are highly deterministic, one technologically, the other biologically – that is, there is a strong element of inevitability about them, which I’d challenge. Nevertheless, the ‘technological singularity’ and ‘plague species’ scenarios, and how we might respond, contain several important lessons for us. The spikes are real possibilities; they are not events in the far distant future, but within our lifetime or that of our children. Even if we regard them as too extreme and so improbable, they can serve as metaphors for contemporary social, technological and environmental trends, as stories that compel us to fix our gaze on much larger visions of the future. We can, for example, already see elements of all three responses in the ways we are reacting to these trends today.

And yet there is no recognition of these issues and possibilities in the current political debate about the society and world we are creating. Government and business are dominated by linear optimists – those who believe that by continuing on our current path life will keep getting better. Their opposite might be called linear pessimists - those who believe that life will inevitably get worse. For both linear optimists and pessimists, it is, for the time being, more of the same, business as usual - although with dramatically different outcomes. What we need are systemic optimists - those who believe life can get better, but only with whole-system change, only if we alter quite fundamentally the way we think and do things. (Most professional futurists are systemic optimists).

Is linear optimism a valid, tenable belief? This is a more manageable subject, so let’s focus on that. Linear optimism is framed by the conviction that economic growth equals progress, that more means better. So, the Prime Minister, John Howard, declared in a speech to a World Economic Forum Dinner in Melbourne in 1998 that: ‘The overriding aim of our agenda is to deliver Australia an annual (economic) growth rate of over 4% on average during the decade to 2010’ (Howard 1998). The Government’s strategic economic objectives were pursued not as ends in themselves, he said, but as the means for achieving more jobs, higher living standards and an effective social safety net. Nevertheless, the Prime Minister clearly
set the rate of economic growth as the prime benchmark by which to judge his Government’s performance.

At a Liberal Party conference in April 2000, Howard said of the Government’s ‘great record of (economic) reform’: ‘That reform program has not been pursued because we want to get an A+ in the exam for economic rationalists. Economic reform is about satisfying human needs. Economic reform is about making people feel more secure, happier, more able to care for their families’ (Grattan 2000).

This is progress as a pipeline: pump more wealth in one end and more welfare flows out the other. By this standard, Australia is doing very well. Australians are, on average and in real terms, about five times richer now than at the turn of the last century. If we maintain economic growth at over 4% a year, we will be twice as rich as we are now in about 20 years’ time, and so ten times richer than we were 100 years ago and about 40 times richer than 200 years ago (Eckersley 1998, Maddison 1995).

The need to question the assumptions implicit in this model of progress is demonstrated by the trends in five indicators of Australia’s development over the past 100-150 years - per capita GDP, life expectancy, unemployment, per capita energy consumption and population (Eckersley 1998). Per capita energy use, a broad measure of resource consumption and waste production, has increased about fivefold, mirroring the increase in per capita GDP. The population has also increased about fivefold, so that total economic activity and energy use are about 25 times greater now than 100 years ago.

While Australians are materially much better off than ever before, some of the improvements in well-being are less directly linked to economic growth than is widely believed. Growth was stagnant before the Second World War, but life got better for most people because public policy initiatives improved education, health, housing and working conditions and, for some of this time, wealth and income were becoming more evenly distributed. Reflecting these changes, life expectancy, which has increased by about 30 years or 60% since the 1880s, was rising steadily when per capita GDP was not. With employment, the nature of the relationship with economic growth appears to be shifting; despite strong growth, unemployment in the 1990s has been at its highest level outside the depressions of the 1890s and 1930s.

The inadequacy of GDP as an index of national performance or progress, relative to the past or to other countries, has led to the development of other indicators that attempt to give a truer or more complete picture (Eckersley 1998; Halstead 1998; Hamilton 1998; Hamilton and Denniss 2000). For example, the Genuine Progress Indicator adjusts GDP for a wide range of social and environmental factors that GDP either ignores or treats inappropriately, including income distribution, unpaid housework and voluntary work, loss of natural resources, and the costs of unemployment, crime and pollution. Such ‘GDP analogues’ show that trends in GDP and social well-being, once moving together, have diverged since about the mid-1970s in all Western countries for which they have been constructed, including the United States, United Kingdom and Australia.

The reasons for this divergence may vary between nations, but include: the growing costs of environmental damage and resource depletion, including greenhouse gas emissions; increasing income inequality; unsustainable foreign debt; the rising cost of unemployment and overwork; the failure to maintain capital investment; and the transfer of (unpaid) household production to the market.
**Flaws in the model**

Going beyond these indicator trends and relationships we can argue that the model of growth as progress is ecologically unsustainable, socially inequitable; and is not meeting its core objective of making life better or people happier:

*Sustainability:* environmental indicators show a continuing move away from sustainability, not towards it (Eckersley 1998). World Wide Fund for Nature’s Living Planet Index, based on an assessment of the health of forest, freshwater, marine and coastal ecosystems, has declined by a third since 1970 (WWF 2000). Humanity’s ecological footprint, a measure of the ecological pressure of people on the earth, has increased by a half over this period. Sometime in the 1970s, WWF says, we passed the point of living within the regenerative capacity of Earth.

The World Conservation Union warns in its latest authoritative assessment of species loss that the number of critically endangered species is continuing to increase (IUCN 2000). The UN Intergovernmental Panel on Climate Change, in a recent report, highlights the strengthening evidence for global warming and its impacts, including rising sea levels and extreme climatic events (IPCC 2001).

*Equity:* There is currently a heated debate going on about trends in global inequality. The trends depend critically on how national currencies are adjusted in making comparisons. For example, The United Nation’s Human Development Reports highlight large and widening inequalities in global income (UNDP, various years). However, the UN Statistical Commission has released a paper commenting on the reports’ claims (UNSC 2001). It says that using purchasing power parity (PPP) rather than exchange rates, ‘the fifth of the world's people living in the highest income countries have 60% to 65%, not 86%, of the world's income, and that the gap in per capita income between the countries with the richest fifth of the world's population and those with the poorest fifth is not 74 to 1, but 16 to 1, and that the gap is not unequivocally widening but moderately fluctuating’.

Over a longer timeframe, however, the trend is one of divergence, even using PPPs. About 200 years ago, the average income in the richest country of the world was about three times that in the poorest; today it more than 70 times greater (Maddison 1995). Income inequality is also widely believed to be increasing within Australia and many other nations, although, once again, actual trends depend on how income is measured (Saunders 2001).

*Quality of life:* International comparisons show a close correlation between per capita income and many indicators of quality of life, but the relationship is often non-linear: increasing income confers large benefits at low income levels, but little if any benefit at high income levels (Eckersley 1999, 2000a, 2000b). Furthermore the causal relationship between wealth and quality of life is often surprisingly unclear. While surveys show most people are happy and satisfied with their lives, personal life satisfaction and happiness have not increased in Australia and other rich nations in recent decades (50 years in the US) despite increasing per capita GDP. Surveys of perceptions of social trends – such as overall quality of life in Australia – show that only a minority of people think life is getting better.

The surveys indicate many of us are concerned about the greed, excess and materialism that we believe drive society today, underlie many social ills, and threaten our children’s future.
We are yearning for a better balance in our lives, believing that when it comes to things like individual freedom and material abundance, we don’t seem to ‘know where to stop’ or now have ‘too much of a good thing’. In one study, the most common reasons given for perceptions of declining quality of life were: too much greed and consumerism; the breakdown in community and social life; and too much pressure on families – factors linked to economic growth processes.

A 1999 survey by the Australia Institute of quality of life in Australia asked people to rate the importance of several factors in improving their own personal quality of life (Eckersley 1999, 2000b). It found that 75% rated as very important ‘being able to spend more time with your family and friends’ and 66% ‘having less stress and pressure in your life’. Only 38% rated as very important ‘having more money to buy things’ and 36% feeling they were ‘doing more for the community’. A 2000 survey by The Australian newspaper framed this question in a different way, asking people if there was more or less of these factors in people’s lives now compared to ten years ago (Eckersley 2000b). Despite being conducted in the middle of the summer holidays, 91% said there was more stress and pressure; 68% said people had less time to spend with family and friends; 51% said there was less caring for the needs of the community; but 49% said people had more money to buy things.

In response to other questions in The Australian poll, 55% said the distribution of wealth in Australia was less fair now than 10 years ago; 83% agreed the rich were getting richer and the poor poorer; 57% said there was a greater proportion of rich people in Australia now compared to ten years ago and 70% a greater proportion of poor people; 70% said they would prefer ‘the gap between the rich and the poor to get smaller’ over ‘the overall wealth of Australia to grow as fast as possible’; and 79% said Australians workers were less secure in keeping their jobs compared to ten years ago.

It seems, then, that measures of social quality of life reflect social conditions and trends that measures of personal well-being tend to mask. Our social perceptions may be distorted by media and other influences, and vary over the short term as personal circumstances change and the national mood shifts. Subjective measures are just that – subjective. However, the evidence suggests the perceptions are not distant and detached, but reflect deeply felt concerns about modern life.

Myths about growth as progress

There are several myths or misperceptions about growth in the contemporary political and public debate about its relationship to well-being:

1) If you are against current patterns of growth, including economic globalisation, you are for failed socialist, centralised, command economies. This confuses means and ends, function and meaning, systems and worldviews - how we do something rather than why we do it. This confusion leads to the claim that whatever its faults, capitalism or neo-liberalism is the best system we have and we should stick to it until someone invents a better one.

2) Wealth creation is paramount because it allows us to spend more on meeting social and environmental objectives. This is understandable: high growth, more revenue, bigger budget surpluses, more to spend on new or bigger programs. However, if the processes by which we pursue growth do more damage to the social fabric and the state of the environment than we can repair with the extra wealth, then we are still going backwards (even assuming we can
fully identify and repair the impacts). ‘Efficiency’ in generating wealth may well mean
‘inefficiency’ in improving overall quality of life.

3) Increased income (eg, as measured by increased output per hour of work) is better, ‘all
other things being equal’, because it increases our choices, our ‘command over goods and
services’. Again, this view seems straightforward and compelling. But I don’t believe all
other things can ever be equal - that, to the contrary, the processes of growth inevitably and
inherently tend to affect ‘all other things’. Here are two examples of detrimental impacts:

- The growth imperative promotes the values of materialism, consumerism and
  individualism, and ‘extrinsic goals’ associated with fame, fortune and glamour, which
  have been found to be linked to diminished well-being (Eckersley 2001a). Greater
tolerance of ‘materially self-interested’ attitudes has been associated with higher crime
rates in a cross-national study.

- Growing obesity has become a serious public health problem in developed countries,
  including Australia, and, increasingly, in developing countries (Eckersley 2001b).
  Obesity contributes to the economy in many ways: the excess food people eat; the
  marketing and advertising to encourage this over-consumption; the diet programs and
  liposuction procedures to deal with the consequences; the health campaigns to try to
  counter the trends; the demand on health services created by the disease and illness
  obesity causes; the necessary ‘upsizing’ of public seating (already under way in the US) to
  cater for bigger backsides. At each stage of this process, the consumer may well be
  making a rational choice to maximise his or her utility or satisfaction, as economists are
  wont to argue, and the market (and government) responding to consumer demand. Taken
together, however, this sequence of events represents diminished quality of life, a clear
 case where ‘more’ does not mean ‘better’

The Swedish economist Stephen Linder pointed out in 1970 that as income and therefore the
value of one's time increases, it becomes less and less ‘rational’ to spend it on anything
besides making money - or on spending it conspicuously. Citing Spender, the American
psychologist Mihaly Csikszentmihalyi (1999) states: ‘As is true of addiction in general,
material rewards at first enrich the quality of life. Because of this we tend to conclude that
more must be better. But life is rarely linear; in most cases, what is good in small quantities
becomes commonplace and then harmful in larger doses.’

**Beyond growth – an emerging consensus?**

A new report by the World Bank, *Quality of Growth*, stresses the importance of ‘the sources
and patterns of growth to development outcomes’ (Thomas et al. 2000). It questions why
policy-makers continue ‘to rely so heavily, and often solely, on the pace of GDP growth as
the measure of progress’. The report emphasises four crucial areas that complement and
shape growth: improving access to education, protecting the environment, managing global
risks and improving the quality of governance. The last includes making institutions less
corrupt, more transparent, and accountable to ordinary people.

At the news conference to launch the report, a journalist from *The Economist* noted that if the
report was saying that GDP did not cover all aspects of human welfare, this was obvious and
nothing new; if was saying that there were circumstances where growth in GDP should be
sacrificed for other things, then this was radical. Both the World Bank's chief economist,
Nick Stern, and vice president and lead author of the report, Vinod Thomas, said that, in short, yes, this (the latter) was what the report was arguing. Thomas says that: ‘Just as the quality of people’s diet, and not just the quantity of food they eat, influences their health and life expectancy, the way in which growth is generated and distributed has profound implications for people and their quality of life’.

In essence, then, a fundamental problem with growth, as it is currently measured and derived, is that it is failing in its core objective of making life better and people happier, at least in nations that are already wealthy. On the contrary, ‘good’ economic numbers are being met with persistent public disquiet. This should not be interpreted as an attack on economic and technological development as such, but as a critique of the ends towards which it is being directed, and the manner in which it is being pursued.

A key issue here is the narrow focus on the rate of growth, rather than its content. At present, government policies give priority to the rate, but leave the content largely to the market and consumer choice. Most economic growth is derived from increased personal consumption, despite the evidence of its personal, social and environmental costs. We need, individually and collectively, to be more discerning about what economic activities we encourage and discourage. While such suggestions are often dismissed as ‘social engineering’, this criticism ignores the extent to which our lifestyle is already being ‘engineered’, through marketing, advertising and the mass media, to meet the requirements of the economy.

These issues need to be incorporated into a new weltanschauung: a new view of the world, a new framework of ideas within which to make choices and decisions, personally and politically, as citizens and consumers, parents and professionals. My sense is that if we removed growth – becoming ever richer, regardless of where and how - as the centrepiece of our worldview, things would fall into place, the tensions would be resolved, a sense of coherence and balance would be restored.

This sounds much simpler than it is. There is a huge social inertia that resists this change. As I indicated at the beginning of the paper, worldviews tend to be ‘transparent’ or ‘invisible’ to those who hold them because of the deeply internalised assumptions on which they are based. And if individuals find change difficult, institutions find it even harder, running along grooves cut deep by past ways of doing things.

Both the necessity and ability to change become clearer if we look at other times of social upheaval. The great social and political movements of the 19th century shattered many assumptions of what was ‘normal’ at that time: recurrent epidemics of typhoid and cholera, child labour, the buying and selling of human life, the appalling working conditions in ‘dark, Satanic mills’. For much of the 20th century some GDP growth was traded off for a shorter working week and a shorter working life: higher quality of life meant lower growth.

One technique for creating scenarios of the future is to express key variables as dichotomies or polarities, and to construct scenarios around these. Two such contrasting scenarios, based on inner- and outer-oriented values, meanings and satisfactions, might be called ‘cheap thrills’ and ‘inner harmony’. They occurred to me when, on a family holiday to Queensland, we spent a day at Dreamworld and, about a week later, walked along a bush road to visit Chenrezig, a Buddhist retreat in the hills inland from the Sunshine Coast. (They also reflect, incidentally, two of the three responses to the historical spikes I described earlier.)
Bear in mind that scenarios are extremes, or ‘pure’ expressions of plausible realities - I’m not suggesting we will all either live our lives in theme parks, or become Buddhist monks. Dreamworld – like all theme and amusement parks, casinos etc - is a good metaphor for the current pre-occupations of modern Western societies: the quest for more and new experiences that offer pleasure, fun, excitement. Chenrezig - with its sign requesting no drugs, sex or killing (of anything), its tranquility, and the Buddhist recognition that suffering is rooted in unceasing desire for more - is about something entirely different: developing a whole new (from a modern Western perspective) awareness of ourselves and our relationship with nature.

‘Cheap thrills’ and ‘inner harmony’ reflect growing and conflicting trends, an increasing tension between our professed values – a desire for simpler, less materialistic, less fraught lives – and our lived lifestyle – one encouraged, even imposed, by our consumer economy and culture. ‘Cheap thrills’ does nothing to address the issues I’ve discussed. In fact, its appeal lies in allowing us to turn away from these issues, in celebrating the power of technology to distract and amuse. As Woody Allen once said, ‘don’t under-estimate the power of distraction to keep our minds off the truth of our situation’. ‘Inner harmony’, on the other hand, reflects an emerging global consciousness, environmental sensitivity and spiritual awareness – a transformation of the dominant ethos of industrialised nations in recent centuries.

**Conclusion**

My analysis might seem a very long way from the issues most public administrators grapple with: politics, policies, programs, budgets, etc. But public policy should ultimately be about trying to make life better, in the broadest sense, taking account of both current realities and future probabilities. Ultimately, how we perceive our challenges, and how we respond to them, depend on our worldview: how we see the world and our place in it, and so how we should live and for what we should strive. The issues I have raised should inform the reasons behind what administrators do, subtly but deeply.

My paper has highlighted the role of indicators in this whole process. And here, there is a lot already happening, with growing interest and activity at all levels of government in developing a broader array of measures or indicators of quality of life that better reflect community perceptions, aspirations and priorities. These are clearly changing. The tracking of these changes needs to be made more formal or systematic. Measures are important to policy because policies are intended to influence the measures. Bad indicators result in bad policies.

Local governments are probably leading the push to establish sets of sustainability or quality of life indicators. Mike Salvaris, a leading researcher in this area, noted in a paper to a conference on social indicators for local communities in Sydney in 2000 that the critical lesson from US projects was that ‘the process is the product’ (Salvaris 2000). Successful projects should aim to create lasting changes in values and capacities, in the community and in government agencies. States are also moving to report performance across a wider policy front. And at the national level, the Australian Bureau of Statistics is working on an experimental publication, *Measuring Australia’s Progress*, which will report on national performance according to about 15 headline indicators and a range of background indicators.

Indicators development is part of the task of opening up the debate and discussion about public administration to address questions about the implications of shifting our policy focus
from ‘going for growth’ to ‘going beyond growth’. Should it be done? Can it be done? How can it done? To what extent can public policy lead this process? What cultural, institutional or other changes would be involved?

These are crucial questions for public administration and public policy in Australia.

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