

Whose Progress? A Response to the ABS Report *Measuring Australia's Progress*

Peter Saunders

EXECUTIVE SUMMARY

The Australian Bureau of Statistics (ABS) recently launched a report, *Measuring Australia's Progress* which it intends to be the first in a continuing series. This initiative threatens to compromise the political neutrality of the ABS, for it blurs the line dividing fact from opinion. Any definition of 'progress' will be inherently evaluative, and therefore political. Bias arises in what gets included as 'progress' and in what gets left out. In the case of this particular report, the set of indicators of 'social progress' that the ABS has come up with reflects a broadly green and left-wing political agenda.

- There is a heavy emphasis in the report on environmental measures. Environmental sustainability is important, but this level of emphasis exaggerates its importance for most Australians. Opinion polls show that most people rank environmental issues well down their list of priorities.
- Bias also occurs in the selection of income inequality as one of the dimensions of 'progress'. The ABS implicitly equates social 'progress' with reduced income inequality, reflecting an unthinking commitment to the egalitarian politics of the left. It is important to recognise that increased equality may mean that a society is going 'backwards' rather than 'forwards'.
- The ABS selected its indicators on the advice of a 'panel of experts' whose composition was skewed towards people concerned about environmental and/or social inequality issues. This led to the neglect of other possible 'progress' indicators that might have been more favoured by the population as a whole—lower taxation, for example.
- The Australia Institute welcomed the ABS report, claiming that it vindicates its own anti-growth stance. The Institute's *Genuine Progress Indicator* (GPI) suggests, implausibly, that Australia has made very little 'progress' over the last 30 years. Two leading supporters of the GPI, both of whom believe that economic growth produces more problems than benefits, were on the panel of 'experts' who advised the ABS in developing its measures.
- There is clearly a danger of the ABS compromising its reputation for political neutrality.

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Introduction

What is ‘social progress’? The answer will obviously depend on where you think our society should be heading.

A feminist might define social progress with reference to things like an increase in female employment opportunities or free provision of IVF treatment for lesbian couples. A green activist will probably want to argue for the importance of indicators like carbon dioxide levels in the atmosphere. Socialists will think increased equality of incomes and wealth represents social progress, but conservatives might prefer to look at levels of public safety on our streets or standards of public decency in our media industry. Classical liberals will probably want to argue for measures that gauge the extent of government power over people’s lives (the proportion of people’s incomes taken in taxation, for example, or a reduction in labour market regulation) while civil libertarians might measure progress by the number of people incarcerated in our prisons or levels of censorship on the internet.

Progress, in short, is a matter of opinion. Arguments about what constitutes ‘progress’, and whether or not Australia is going in the ‘right’ direction, are therefore inherently and unavoidably political.

In its new report, *Measuring Australia’s Progress*, the Australian Bureau of Statistics (ABS) recognises that progress is a matter of opinion: ‘We all have our own views about what is most important.’ Having acknowledged this, however, it sets out to identify 15 indicators of progress which it says Australians should use to ‘form their own views of how our country is progressing’.¹ The report does not tell us whether or not we are making progress overall (it leaves us to decide that for ourselves), but it does seek to define the criteria we should address when coming to such judgements. It therefore aims to set the agenda for the public debate on ‘progress’ in Australia.

It is important in any open democratic society that we should have vigorous debates about where we are headed, but it is also important that government bureaucracies should not themselves seek to influence these debates. This is because claims made about ‘progress’—whether our society is going ‘forwards’ or ‘backwards’—are always political and always reflect particular moralities. They are essentially contestable, for whether or not you agree with them will depend ultimately on your ethical judgement about what makes for a ‘good’ or ‘bad’ society.

In identifying a set of criteria by which we are supposed to assess ‘social progress’, the ABS has sought to define what the basic principles of ‘progress’ should be. In doing this, it has gone beyond what it was set up to do, which was to ‘collect, compile, analyse and disseminate statistics’ and to ‘provide advice and assistance to official bodies in relation to statistics’.² By seeking to define what we should include as evidence of ‘progress’ and what can be ignored, the ABS has moved beyond collecting and advising on social statistics—it is now evaluating them.

This is not to say that the ABS has compromised its objectivity, for objectivity is about reporting facts as they are, and the ABS does this admirably in this report. The concern is rather that the ABS has moved away from the principle of ‘ethical neutrality’. Ethical neutrality involves the avoidance of value judgements (for example, about ‘good’ and ‘bad’ or ‘important’ and ‘unimportant’ social developments). ‘Selecting in’ some indicators as appropriate measures of ‘progress’ while ‘selecting out’ many others is an inherently evaluative (and hence politically non-neutral) exercise. Attributing a direction to these indicators is similarly evaluative.

Some senior statisticians in the Bureau believe that they have a role to play in educating the public about the importance of some issues (particularly environmental ones) which are not currently in the forefront of most people’s minds, but which they believe to be important. Indeed, they even claim that it is appropriate for a statutory body like the ABS to try to provoke public discussion of issues not currently on the agenda.³

Such thinking is ill-advised. The opinions of statisticians about which policy issues are important and which are not are no more valuable than anybody else’s, and it is not their role to advise the rest of us on the political criteria we should adopt.

By taking it upon itself to define for the rest of us the indicators by which 'progress' should be measured, the ABS is blurring the line that separates facts from values, expertise from opinion, the realm of the bureaucrat from that of the politician. The ABS has therefore entered the political realm by issuing this report—which means it should not be surprised or offended if it gets criticised by those who do not necessarily share the values it has chosen to privilege.⁴

The search for new 'progress' measures

Economic prosperity is important to most of us, which is why indicators like the size of the Gross Domestic Product (GDP) have become familiar and are in widespread use. But while GDP is a useful measure of a country's economic activity, it is clearly inadequate if you want a measure of overall 'social progress'. GDP ignores many of the non-economic factors that influence our quality of life (things like environmental degradation or crime), and it sometimes treats social costs as if they were positive (a crime wave, for example, will increase GDP if we end up spending more on building prisons).

Such considerations have led increasing numbers of people to search for broader and more discriminating measures of social progress and wellbeing. This is a task which has mainly attracted the political left and the green movement. It attracts the left because they stand to gain most from developing an alternative measure of 'progress' (it is difficult to build popular animosity towards capitalism when your principal measure of wellbeing shows that ordinary Australians have been doubling their standard of living every 30 years or so). It attracts the greens because it enables them to emphasise environmental conservation against the demands of economic growth and technical development.

The construction of alternative 'human progress indicators' has now become something of a growth industry, and government agencies around the world have increasingly been drawn in. A compendium of current initiatives lists 271 different indexes in use throughout the world, 115 of them in North America alone, and many of them governmental.⁵ Globally, the best known is probably the UN's Human Development Index (HDI) which is a relatively modest attempt to compare countries on things like education, literacy, life expectancy and adjusted real incomes. The HDI has been running since 1990, and its latest version (2001) ranks Australia's quality of life second out of 162 countries in the world.⁶

The Australia Institute's *Genuine Progress Indicator*

In the Australia/New Zealand/Pacific region there are 16 different indexes currently in use. One of the key ones has been the Australia Institute's *Genuine Progress Indicator* (GPI).⁷ First developed in 1997 and updated in 2000, this incorporates into a single index the (negative or positive) value of a wide range of factors excluded from the calculation of GDP. These include things like accident rates, pollution, unemployment and under-employment, problem gambling, depletion of non-renewable energy sources, costs of advertising, costs of 'defensive expenditures' like law and order, income inequality and the value of housework. All these things are costed out and added up together with more conventional economic indicators like private and public consumption spending to get a net figure measuring social wellbeing and 'progress' over time.

Given that Australia ranks second in the UN's Human Development Index, it is something of a surprise to learn that the Australia Institute's GPI suggests that we have been performing badly for a long time. From the late 1970s to the mid-1990s, the GPI did not increase *at all*, and since 1996 it has risen by only 3.6% (at a time when GDP per capita has grown by 13.4%). According to the Australia Institute's website, 'the results suggest that current policies are failing to improve substantially the quality of life of Australians'.

On closer inspection, however, our bad showing on the GPI is not so surprising after all. In a recent address to the National Left conference of the Australian Labor Party, the Executive Director of the Australia Institute, Clive Hamilton, admitted that social democrats and socialists hate good news and devote much of their time looking for bad tidings: 'We thrive on the imagined wretchedness of others . . . we revel in a collective

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Schadenfreude’ he told his audience.⁸ His organisation’s development and sponsorship of the GPI appears to be a case in point, for it is an extraordinary achievement to have come up with a measure which finds little or no improvement in the lives of ordinary Australians over the last 30 years.

An index is only as good as the measures which go to make it up. The GPI includes lots of environmental indicators like CO₂ emissions or acidification of the soil, lots of subjective data like reported levels of ‘overwork’ (people who say they would prefer more free time) and ‘underemployment’ (people who say they would prefer to work longer hours), and lots of imputed measures like the ‘cost’ of commuting, the ‘cost’ of noise pollution and the ‘harm’ done by advertising. Huge and arbitrary annual dollar estimates are attached to each of the negative measures—\$2.4 billion for noise pollution, \$3.5 billion for ‘problem gambling’, \$5.7 billion for loss of native forests to logging and \$8.4 billion for ‘premature deaths’ supposedly caused by air pollution.⁹ Indicators likely to show that life is getting better (things like ever-rising life expectancy rates, expansion in employment opportunities for women, or enhanced access to global communications) are either played down or are left out altogether.

‘The people are not happy’

Measures like the GPI are used by the left and by anti-growth greens to try to turn capitalism’s success against itself. Whereas socialists and social democrats used to complain that capitalism cannot meet the material needs of the masses (Marx once seriously maintained that the growth of capitalism would result in the ‘immiseration’ of the proletariat, for example), they now complain that rising prosperity has become the problem.

Some of the key people behind the GPI have openly stated that economic growth should be curtailed or even abandoned. They think it leads to environmental desecration, social fragmentation and personal misery. Richard Eckersley, an ANU academic and one of the GPI’s keenest proselytisers, argues that continued economic growth is generating outcomes ‘increasingly hostile to our wellbeing’. The Australia Institute’s Director, Clive Hamilton, similarly asserts that ‘the growth project has failed’ and that ‘the people are still not happy’, and he urges us to ‘step off the materialist treadmill’ and abandon our search for ‘meaningless acquisitions’ (sentiments memorably characterised by one critic as ‘post-materialist basket-weaving’).¹⁰ Indicators intended to support values like these figure heavily in the GPI, and the results are then used to justify further anti-growth and anti-capitalist rhetoric.

I have suggested elsewhere why we should not take arguments like these too seriously.¹¹ Much of the evidence suggesting that we are increasingly unhappy or unfulfilled is debatable, arguments linking increased wealth to decreased happiness are unconvincing, and the belief that a halt to growth would benefit ordinary people more than it harm s them is unsupported.

Fortunately, up until now, such arguments have not been taken too seriously. But now the ABS has got into the business of measuring ‘progress’, and the ABS *is* a serious player. As the nation’s lead agency in producing social statistics, and as part of the Commonwealth bureaucracy, it strives to be politically neutral. When it releases reports, they get taken seriously.

The Australia Institute knows this. As soon as the ABS released its report, the Institute issued a press release suggesting that the ABS was now supporting its claims (based on the GPI) that ‘the costs of the growth process have begun to outweigh the benefits’ and that a ‘radical reorientation’ of policy priorities is needed.¹² Whether it likes it or not, the ABS is now being used to legitimate the claims of the anti-growth movement.

How the ABS measures progress

When developing its own measures of ‘progress’, the ABS rejected the idea of constructing a single summary index like the Australia Institute’s GPI since this would involve making arbitrary decisions about the weights that should be attached to different indicators. Instead, it adopted what it calls a ‘suite-of-indicators’ approach. This involved selecting three ‘domains of progress’ (economic, social and environmental), consulting with ‘experts’

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to identify different *dimensions* within each domain, and then settling on a series of separate *indicator*s to measure change on each dimension.

What it ended up with is a list of 15 principal dimensions of progress, each of which is measured by a single 'headline indicator' and various 'supplementary indicators'. Environmental measures of 'progress' figure heavily in the list—six of the 15 dimensions are to do with 'sustainable development' and deterioration of the natural environment (biodiversity, land clearance, land degradation, inland waters, air quality and greenhouse gases). We should not read too much into this, however, as the ABS insists that the number of dimensions in each domain reflects differences in the availability of suitable summary measures rather than any judgement about their relative importance. In other words, there are more environmental than economic or social indicators because the ABS thinks it can capture the important dimensions of economic and social 'progress' using fewer indicators.¹³

When Dennis Trewin launched this report at the Melbourne Institute's conference in April, he noted that 'progress' on the economic indicators had been generally positive over recent years (something we already knew, of course, from GDP data) and that most of the social indicators (things like health, education and a vague concept of 'social attachment') were also moving in the right direction. Most of the environmental indicators, however, suggested that things have been getting worse rather than better. His comments led to predictable newspaper headlines: 'We're richer but paying for it, says ABS' (*The Australian* 5 April); 'Environment suffers as our lives improve' (*Daily Telegraph* 5 April).

Whose progress?

The ABS recognises that the idea of 'progress' is inherently evaluative, yet it also believes that the progress indicators it selected are uncontroversial. There is an evident contradiction here.

One of the conditions the ABS set for itself when selecting its indicators was that 'movements in any indicator could be unambiguously associated with progress'. In other words, for every indicator, *all* of us should be able to agree about what is a 'good' direction of change and what is a 'bad' one, other things remaining equal.¹⁴ No evidence is ever introduced to show that this condition has actually been met in respect of the 15 indicators that were finally selected, and it is arguably an impossible condition anyway.

There may be some aspects of life where virtual unanimity of public opinion can probably be assumed for most practical purposes. Other things being equal, we could probably nearly all agree that a longer life is better than a shorter one, for example, and we may also accept that an educated mind is better than an ignorant one. But even these axioms are not self-evident, and as the number of indicators of 'progress' is expanded, so the likelihood of disagreement grows.¹⁵

Do we really *all* agree, for example, that land clearance for agriculture or housing is unambiguously a bad thing? Presumably the farmers or the developers and the people who move into these houses do not agree with this judgement, yet this is one of the ABS's 15 headline indicators. The ABS might think the farmers and developers are wrong, but in the end, the choice of any indicator designating 'progress' will always be subjective and contestable. It is for this reason that the involvement of the ABS in an exercise of this kind is so ill-advised.

The ABS might have defended itself against possible charges of 'bias' in its selection of indicators of 'progress' had it based them on the concerns and aspirations of the broader population. At least it could then have argued that 'most' people see this or that indicator as important, or that 'most' regard change in this or that direction as a 'good' thing. But this was not what it did. Instead, it consulted with 'experts' to draw up a list of indicators that it (and they) thought would (or should) be accepted by the rest of us as self-evidently 'good' or 'bad' developments. One result of this has been an over-emphasis on environmental issues and a complete neglect of some other areas which most of us consider more important.

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We can get some insight into the sorts of indicators of ‘progress’ that ordinary Australians might have come up with (had the ABS asked them) by looking at surveys of public opinion conducted at around the same time as it was finalising its list.¹⁶ In the 2001 election survey, respondents were given 11 issues and were asked to identify the most important one facing the country. Table 1 (below) shows that the environment came 10th out of the 11, chosen by just 4% of electors. It came behind education, taxation, health, asylum seekers, the GST, defence, terrorism, immigration and unemployment.

Table 1. ABS progress indicators and public priorities

<i>ABS Headline Dimension</i>	<i>ABS Headline Indicator</i>	<i>Election Survey Priority</i>	<i>Morgan Priority</i>
Health	Life expectancy	Priority 3	Priority 2
Education	Higher qualifications	Priority 1	Priority 1
Work	Unemployment	Priority 9	Priority 5
Biodiversity	Endangered species	Priority 10	Priority 8=
Land clearance	Land cleared		
Land degradation	Salinity		
Inland waters	Abstraction rates		
Air quality	Air pollution		
Greenhouse gases	Emissions		
National wealth	Net wealth per head	not asked	Priority 10
National income	Per capita disposable income		
Economic inequality	Income Distribution	not asked	Priority 18
Housing	None	not asked	Priority 22
Crime	Unlawful entry	not asked	Priority 8=
Social attachment	None	not asked	none

Sources Columns 1 and 2 from *Measuring Australia's Progress* column 3 from *Australian Election Study 2001*; column 4 from Roy Morgan Research Centre, *Morgan Poll*, October 20-21, 2001.

Meanwhile, a Morgan survey in October 2001 asked respondents to name the ‘three most important things the federal government should be doing something about’. This question has the advantage that it was not specifically linked to the election, and respondents were allowed to mention any topic they liked. Just 9% of people named the environment as one of their three most important concerns. Table 1 shows that it ranked eighth (equal with law and order) behind education, health, social welfare, immigration, unemployment, taxation and defence/security.

This is not to suggest that environmental measures should not have been included among the ABS indicators of progress, but it is clear that they would have achieved much less prominence had indicators been selected to reflect popular concerns. The ABS sees the environment as one of the three basic ‘domains’ on which ‘progress’ should be measured, and it devotes six headline indicators to it—but polls suggest that just 4% of Australians regard the environment as their first priority, and just 9% list it as one of their three main priorities.

The public opinion data also point to some of the ‘latent’ indicators of progress that could have been included but which the ABS chose to leave out. Twice as many Australians consider ‘lower taxes’ as a priority than nominate more ‘equality’, for example, but reduced taxation is nowhere to be found as an indicator of ‘progress’ in the ABS report whereas equality is included. More than one in five people mention ‘immigration’ as a key concern, but the ABS (understandably) shied away from defining ‘reduced immigration’ as ‘progress.’

Measures like these did not even make it into the ABS’s list of ‘supplementary indicators’ for its ‘supplementary dimensions’. Presumably they were seen as ‘too controversial’ to be included. This was the case, for example, with divorce rate statistics, which were considered and rejected as a possible indicator of the quality of family life.

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Most of us might assume that a decline in the number of divorces is unambiguously a 'good' thing, but the ABS thought this was too controversial a judgement to make. Land clearance is unambiguously bad, income inequality is unambiguously bad, but divorce is considered a matter of opinion.

The left/green 'hierarchy of credibility'

How did the ABS come to these sorts of judgements?

To help it identify its dimensions and indicators of 'progress', it recruited eight 'expert external advisors', six of whom participated from start to finish.¹⁷ It is not clear how influential this group was in shaping the final product, although *Measuring Australia's Progress* says they 'guided' both the choice of 'headline dimensions' and the selection of indicators, so their role seems to have been fairly central.¹⁸ So who were they?

We have already encountered two of them in our discussion of the Australia Institute's GPI. One was Richard Eckersley ('growth is hostile to wellbeing') and the other was Clive Hamilton ('the growth project has failed'). They were joined by an ecologist working for 'Sustainable Ecosystems' at CSIRO, a researcher at NATSEM who specialises in income inequalities, a Swinburne University academic who writes on 'social justice' issues, and a former government statistician who had been a Prime Ministerial advisor and advisor to the IMF. There was also a representative from the voluntary welfare sector (originally ACOSS, but later the housing association movement), while an eighth member, another ANU academic, died during the consultation period.

These are all renowned specialists in their fields, but taken together, the group was clearly unbalanced and its interests were drawn from a relatively narrow spectrum. Bring together two anti-growth left-wingers, an ecologist, two academics who spend their lives researching inequality and 'social justice' and a representative from the voluntary welfare sector, and it is no surprise if you end up with a list of 'progress' indicators that is heavily slanted towards environmentalist and/or socially egalitarian concerns. True, the ABS did consult beyond this group, running seminars and inviting submissions from a variety of organisations, but the final selection of dimensions and indicators shows little sign of having been much diluted by this consultation process.

Why wasn't the net spread wider in the search for advisors? Probably because the ABS did not see that its group was unbalanced. In a famous essay written in the 1960s, the radical sociologist, Howard Becker, identified a 'hierarchy of credibility' which results in essentially political judgements being seen as impartial when they come from people at the top of organised hierarchies: 'Participants take it as given that members of the highest group have the right to define the way things really are.'¹⁹ When it needed a committee of expert consultants, the ABS 'naturally' recruited from Australia's intellectual establishment, and they in turn 'naturally' reproduced their values and concerns when it came to drawing up lists of domains and headline dimensions. This does not amount to deliberate bias, but it resulted in a skewed and partial set of indicators.

How 'progress' in combating 'economic disadvantage' became 'progress' towards equalising people's incomes

The influence of the left on the ABS's report is most apparent in the selection of 'economic disadvantage and inequality' as one of the 'headline dimensions' of 'economic progress'.

There is a certain lack of clarity in this headline dimension in that it covers two issues which are in principle quite distinct: 'economic disadvantage' (that is, poverty) and 'inequality' (that is, income distribution). Many of us might accept that a reduction in the number of people in poverty, or an improvement in the quality of life of those who are 'poor', is a reasonable indicator of a society's 'progress'. The problem, however, is that 'poverty' nowadays too often gets defined in such a way that it is equated with 'income inequality', and the ABS follows this line of reasoning in its report.²⁰ Its focus comes to rest, not on the evidence about 'economic disadvantage', but on the evidence about income distribution, and this leads it into a highly politicised area of debate. It is one thing to accept a reduction in poverty as 'progress', but accepting reduced income inequality as 'progress' is much more contentious.

The influence of the left on the ABS's report is most apparent in the selection of 'economic disadvantage and inequality'.

The ABS's focus on income inequality as a dimension of social progress is not reflected in public opinion.

Like so many others before it, the ABS report starts out by talking about poverty, but ends up discussing inequality. It takes as its headline indicator the average real disposable incomes of households in the second and third deciles of the income distribution (it ignores the bottom decile because its data on this group are so unreliable as to be unusable—a revelation that itself has considerable implications for a number of studies of poverty and inequality published since the mid-1990s).²¹ Adoption of this measure suggests that the ABS wants to focus on what is happening to the living standards of Australia's poorer households (that is, the 'disadvantage' part of the dimension rather than the 'inequality' part). Indeed, the report tells us that: 'An ideal indicator might show whether the proportion of people in poverty . . . was rising or falling, or whether or not the situation of people in poverty was improving.'²²

But the focus shifts from how the poor are faring over time, to how their incomes compare with those who are better off. Having told us what an 'ideal indicator' might look like, the report immediately goes on to explain why this is not being adopted in this case: 'Such measures are notoriously difficult to construct' and 'income based measures, which compare the circumstances of people within and between different parts of the income range . . . remain the most widely used indicators of economic disadvantage'.²³ In other words, poverty is to be measured by looking at what is happening to income inequality. We are therefore invited to judge whether or not 'progress' has been made in combating 'disadvantage' by analysing whether there has been any change in the relative shares of incomes enjoyed by households at different points in the income distribution.

For the rest of this section of the report, the focus is placed on comparisons between 'top', 'middle' and 'low' income earners. The report explicitly states that 'progress' is to be judged by 'whether the gap between the least and most disadvantaged groups has been growing or not', and its overall conclusion, highlighted at the start of the chapter, is that: 'The real income of low income households increased through the period 1994-95 to 1997-98 at a similar rate to that for households in higher income groups.' This means that, according to the ABS, Australia neither went forwards nor backwards on this dimension, for the relative gap between lower and higher income groups remained unchanged.²⁴

Equality as progress

Needless to say, the ABS's focus on income inequality as a dimension of social progress is not reflected in public opinion. Equality was mentioned as one of three key issues deserving of the government's attention by just 2% of respondents in the 2001 Morgan opinion poll, putting it equal 18th in the public's list of priorities.

Why, then, does the ABS think we should be so concerned about it? What is it about income distribution that is so important for a society's progress? The report gives no answer. It simply takes it as self-evident that greater equality of incomes would be evidence of social progress (good) and that greater inequality of incomes would indicate that we are regressing (bad).

This is an extraordinary assumption for a statutory body like the ABS to have made, for as we shall see, it goes right to the heart of one of the key issues which has traditionally divided the political left from its opponents. The ABS lines up with the left, yet it fails to see how this might compromise its reputation for political neutrality.

There are two possible justifications that the ABS might have advanced to defend its belief that increased income equality is unambiguously a 'good thing'. One is an argument *in principle*, and this has to do with political ideas of 'social justice'. The other is more of a *pragmatic* argument relating to concerns about 'social cohesion'. Both, however, are inescapably politicised, and neither is compelling.

The principled argument for greater income equality: 'social justice'

Equalisation of incomes and wealth is an article of faith in much of the socialist political tradition. For most people on the left, such a policy needs no justification—it is a moral end in itself. Wide disparities between 'rich' and 'poor' are deemed to be 'unjust', and

because socialist politics are about rectifying social injustice, it is felt that there is a compelling case for seizing resources from the first group and reallocating them to the second.

This 'egalitarian ethic' is not self-evidently 'wrong'. Many people of goodwill feel passionately about it, and there is a distinguished history of moral philosophy, culminating in John Rawls's *Theory of Justice*, which has sought to defend and refine such sentiments.²⁵ The problem for the ABS, however, is that this ethic is not self-evidently 'right' either. Like any fundamental moral axiom, the egalitarian ethic is inherently contestable, which means there can be no compelling reason why anybody should accept or reject it.

Competing with the egalitarian ethic, there are at least two other equally logical and equally compelling ethical principles of fairness and justice, and people of goodwill often believe passionately in one or other of these too. Both of these positions, however, require us to recognise that egalitarian redistribution of people's incomes is profoundly unjust and a negation of 'progress':

- One is the 'liberal' ethic expressed in the moral philosophy of Robert Nozick.²⁶ Nozick is one of Rawls's greatest critics. For him, the test of 'social justice' lies not in the final distribution of incomes, but in how this distribution comes about. Provided people come by resources 'justly' (for example, they do not steal them), they are morally entitled to keep them, in which case an egalitarian policy will be highly 'unethical' and extremely 'unjust' if it tries to use the power of the State to take away what is rightfully theirs.
- The other is the ethic of 'meritocracy', according to which people should be rewarded for their talents and for the amount of effort they expend. From this point of view, a fair and just society requires only that everybody should have an equal opportunity to succeed (for example, there should be open access to education and no legal barriers preventing particular groups from practising any trade or profession). Social justice does not require that all individuals end up with the same, for this would reward those who are lazy and would penalise those who work hard, the antithesis of justice and fairness.

Most Australians probably feel some sympathy with all three of these notions of fairness, even though they are in principle incompatible with each other.²⁷ But no matter how support for these competing principles is distributed across the population, an organisation like the ABS, which is required to be ethically neutral, cannot possibly make an 'expert' moral judgement about which is 'correct' or even preferable.²⁸

There can, therefore, be no principled case for including equality as a progress indicator. Increased equality will be seen as 'progress' by some people but not by others, and while it is appropriate for the ABS to inform the debate between them with the best available data on income and wealth distribution, it is totally inappropriate for it to seek to 'take sides' between them.

The pragmatic argument: Equality contributes to social cohesion

The pragmatic justification for including equality as one of the ABS's dimensions of social progress is that equality should be valued because it promotes social cohesion. If equality is a condition of social cohesion, then it could arguably be included as a social progress indicator, for nobody thinks that fragmented and conflictual societies are desirable.

The problem with this argument is that although the Australian intellectual establishment repeatedly assumes that equality promotes a cohesive society while inequality fragments it, there is little evidence to back this up.

Consider, for example, the sorts of indicators of social fragmentation that Richard Eckersley says are bringing about a decline in wellbeing—such as rising crime rates, rates of substance abuse, suicide rates or rates of depression and mental illness. Certainly, many of these indicators have been increasing quite alarmingly over the last 30 or 40 years—but there is no evidence that this has been associated with increased inequality of

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The ABS has opened up a Pandora's Box which will be difficult to close.

incomes. Indeed, while most of these indicators started worsening markedly from around the 1960s, income inequalities were *reducing* as a result of higher taxes and a massive expansion in targeted government welfare spending right up until the 1980s.²⁹

The international evidence also lends little support to the belief that equality promotes social cohesion. Left intellectuals often point to America as an example of a dangerously fragmented society with high levels of social inequality, but American crime rates (other than homicides) are actually *lower* than in Australia. Furthermore, during the 1990s, when the Americans dramatically cut back on welfare spending, crime rates in most parts of the United States plummeted while Australia's continued to rise. Egalitarian orthodoxy would have predicted quite the reverse effect.³⁰

Nor does sociological theory necessarily support the idea that greater equality results in enhanced social cohesion. True, Marx and Engels believed that widening inequalities would generate unrest and ultimately ferment revolution, but later and more sophisticated theorists argued convincingly against this. As Emile Durkheim showed, highly differentiated societies tend to be *stronger* than more homogenous ones—it is a fallacy to assume that people will only get along with each other if they are all alike.³¹ He suggested that economic inequality need not generate animosity, for an unequal but open society with high rates of social mobility can achieve high levels of political legitimacy and social cohesiveness as people recognise and take advantage of the opportunities that exist for them and their children to better themselves. It is only the left, still struggling to extricate itself from under the corpse of Marxism, that assumes that inequality of outcomes necessarily generates class envy and social divisiveness.

Conclusion

The ABS may not realise that it has hitched itself to a left/green intellectual bandwagon by developing its progress indicators, but others saw it soon enough. The Australia Institute, for example, saw the significance of the new report immediately, seizing on it to justify its own anti-growth ideological stance. Various academic contributors to a web-based discussion group similarly expressed their enthusiasm for the ABS's initiative and immediately began pushing for more indicators to be included—most of them reflecting a left agenda (statistics on wealth concentration, measures of political participation, data on the concentration of media ownership, evidence about 'cultural fulfilment', records of corporate welfare donations, estimates of 'underemployment', public perceptions of corruption in high places, levels of trust in public institutions, subsidies for public housing and, unsurprisingly, levels of government financial support for academic research).³²

The ABS may have opened up a Pandora's box which will be difficult to close. In the coming months and years, it is likely to come under sustained pressure to include more and more indicators of 'progress', most of which will overlook the benefits of economic growth and will reflect values detrimental to the spirit of capitalism and free enterprise. Gradually, the ABS set of measures can be expected to evolve to resemble those found today in the GPI and other left/green progress indexes. As this happens, the ABS will gradually forfeit its claim to political neutrality. We shall all be the poorer for it.

Endnotes

¹ Australian Bureau of Statistics (ABS), *Measuring Australia's Progress* ABS Catalogue No 1370.0 (Canberra: ABS, April 2002), p.1.

² *Australian Bureau of Statistics Act 1975*, Section 6 (Functions of the Bureau).

³ An ABS referee wrote in comments on an earlier draft of this paper that: 'The ABS has a responsibility to present statistical evidence that will inform and stimulate public discussion, not just mirror it.' Responding to my critique of the emphasis placed by ABS on environmental indicators, he accepted that 'a majority of Australians' would not agree with some of these priorities, but he thought it was the Bureau's role to 'explain' to the public 'why land clearance and salinity are important to Australia's progress'. There is, however, nothing in the 1975 Act about the ABS having a role in educating the public (for example, by 'explaining' the 'importance' of environmental issues), still less about it leading rather than following public opinion ('stimulating' rather than 'mirroring' public concerns).

⁴ In his comments on an earlier draft, the ABS referee objected to what he saw as my 'implication

that the ABS's "objectivity" had been "compromised". But my claim is not that the ABS has compromised its objectivity, but that it has moved away from the principle of 'ethical neutrality'.

⁵ The list, compiled by the International Institute for Sustainable Development, includes 115 initiatives in North America, 55 in Western Europe, 16 in Australasia and 55 in other parts of the world, plus another 30 run by global bodies such as the UN and OECD. It can be accessed at <http://iisd1.iisd.ca/measure/compindex.asp>

⁶ *Human Development Report 2001*, www.undp.org/hdr2001

⁷ www.gpionline.net

⁸ Clive Hamilton, 'Admit it: the left has lost its way', *Melbourne Age* (14 May 2002).

⁹ Australia Institute, *What is the GPI?*, www.gpionline.net/whatis.htm

¹⁰ Richard Eckersley 'Redefining Progress' *Family Matters* 51 (Melbourne: Institute of Family Studies, 1998), 6-12; Clive Hamilton, *see n. 8*. Labor's assistant treasurer, Mark Latham, summed up Hamilton's anti-growth ideology as 'an extreme, anti-materialist agenda. In his world, working families should be able to "step off the materialist treadmill, to discard the DVD player, the second house, the luxury car, the holidays abroad, the meaningless acquisitions." . . . He wants working class people to hold middle class environmental values without the benefits of middle class incomes and assets. This is the ultimate betrayal of the green left: post-materialist basket-weaving for gentrified inner city types such as Hamilton . . . "Let them eat lentils" is the Hamilton mantra' (*The Australian* 27 May 2002).

¹¹ Peter Saunders, 'In defence of progress', *Family Matters* 52 (Melbourne: Institute of Family Studies, 1999), 42-46.

¹² The Australia Institute website (4 April 2002) quotes Clive Hamilton: '*Measuring Australia's Progress*, published today by the ABS, is an ambitious and important study, and the Bureau is to be congratulated for drawing a clear distinction between national progress and growth of GDP . . . The ABS has set out to answer a fundamental but rarely asked question: Is life in Australia getting better? The answer it gives is an uncomfortable one for those obsessed with GDP growth. . . . The indicators developed by the ABS suggest that the costs of the growth process have begun to outweigh the benefits . . . If we take the results of the ABS's work seriously then we need a radical reorientation of our priorities as a nation.'

¹³ The report says that 'Overall progress . . . should not be assessed by simply counting the numbers of areas getting better and subtracting those getting worse. Some aspects of progress (especially aspects such as national income and national wealth) are more easily encapsulated in a small number of indicators, than are some social and environmental aspects of progress (p.2).' The selection of six environmental indicators out of a total of 15 does not therefore mean that ABS thinks the environment counts for 40% of any overall assessment of progress.

¹⁴ *Measuring Australia's Progress* p.7. In an appendix to the report, this condition is qualified somewhat—"headline indicators" have to 'show an unambiguous "good" direction of movement (signalling progress) and "bad" direction (signalling regress)', but this condition is relaxed slightly for supplementary indicators: 'We did not require that every supplementary indicator show unambiguously good and bad directions of movement.' Why subjective value judgements should be deemed acceptable in some supplementary indicators but not in headline ones is never explained.

¹⁵ Education, for example, is seen by most of us as 'a good thing', but it may not bring happiness, so it could turn out to be a poor progress indicator judged on utilitarian criteria. John Stuart Mill famously argued that, 'It is better to be Socrates dissatisfied than a fool satisfied', but not everybody would agree with his view that the greatest satisfaction is to be gained from intellectual pleasure (see 'Utilitarianism', in John Gray, ed., *John Stuart Mill on Liberty, and Other Essays*, Oxford University Press, 1991, p.140). Furthermore, in today's higher education system, some students are arguably worse off doing a degree than going straight into the labour market (see Andrew Norton, *Universities in the Marketplace* Sydney, The Centre for Independent Studies, forthcoming). An increase in the number of people with higher qualifications (the ABS headline indicator on this dimension) is not, therefore, as unambiguously a 'good thing' as might be imagined.

¹⁶ C.Bean, D.Gow, I.McAllister, *Australian Election Study 2001: User's Guide* (SSDA Study No.1048, Social Science Data Archive, Canberra); Roy Morgan Research Centre, *Morgan Poll*, www.roymorgan.com.au/polls/2001/3465/.

¹⁷ Nine advisors are listed in the acknowledgements to the report, but one of these replaced one of the others, and another died and was not replaced.

¹⁸ See *Measuring Australia's Progress* p.7.

¹⁹ H. Becker, 'Whose side are we on?' *Social Problems* 14 (1966-67), p.241.

²⁰ On the confusion of poverty with inequality in recent Australian research, see Kayoko Tsumori, Peter Saunders and Helen Hughes, *Poor Arguments* CIS Issue Analysis No.21 (Sydney: The Centre for Independent Studies, January 2002); Peter Saunders, *Poor Statistics*, CIS Issue Analysis No. 23, (Sydney: The Centre for Independent Studies, April 2002), available from www.cis.org.au

²¹ I have discussed the problems in the ABS income data in an article in *The Australian* (4 June 2002), also available on the CIS website, www.cis.org.au

²² *Measuring Australia's Progress* p.40.

Education is seen by most of us as 'a good thing', but it may not bring happiness.

- ²³ As above.
- ²⁴ *Measuring Australia's Progress* p.40. It is also significant that most of the secondary indicators on this dimension are, directly or indirectly, measures of inequality rather than measures of 'disadvantage' *per se* (for example, shares received by different income percentiles, income share expressed as ratios, proportion of households below various poverty lines and a Gini coefficient, which summarises the degree of inequality in an income distribution).
- ²⁵ J. Rawls, *A Theory of Justice* (Oxford: Oxford University Press, 1972). Rawls invites us to imagine what distribution of resources we would all agree to if we had to operate in an 'original position', behind a 'veil of ignorance', such that nobody knew what position they would occupy in the society they were designing. His answer is that we would agree to a presumption of equality of rights and resources, modified only by the 'Difference Principle' (basically the principle that inequality is only justified if it can be shown that it is a necessary condition for improving the situation of the poorest).
- ²⁶ R. Nozick, *Anarchy, State and Utopia* (Oxford: Basil Blackwell, 1974). Nozick points out that Rawls treats resources as if they are simply lying around waiting to be claimed. In reality, however, people have normally already established entitlement to them, either as a result of 'just appropriation' (for example, discovering and developing them), or 'just transfer' (for example, sale and bequest).
- ²⁷ All three are incompatible. Egalitarianism runs counter to meritocracy because it seeks to reallocate resources that people have acquired through their own talents and effort in order to bring about a more equal distribution across the population. Egalitarianism runs counter to liberalism because it fails to recognise the overriding legitimacy of the principle of entitlement. Liberalism runs counter to meritocracy because it refuses to limit the criteria of eligibility to talent and personal effort (Hayek, for example, accepts that mere luck can be enough to establish entitlement). I have discussed these three ethical principles at more length in P. Saunders, *Unequal But Fair?* (London: Institute of Economic Affairs, 1996, ch. 9), where I also report the results of an English survey suggesting that about 50% of the population support an egalitarian ethic, 50% support a liberal ethic, but 90% support a meritocratic ethic.
- ²⁸ Nearly a century ago, Max Weber warned us about allowing moral judgements to masquerade as scientific expertise. Weber recognised that social analysis is inherently grounded in moral values—our choice of topics deemed worthy of research and the way we develop our concepts and measures for analysing them are both unavoidably influenced by our values. Given this, Weber argued that social scientists should never try to use their research findings to pre-empt ethical arguments about the direction that policy should take. Because research is grounded in values, it cannot be used to justify them. M. Weber, *The Methodology of the Social Sciences* (New York: Free Press, 1949).
- ²⁹ Peter Travers and Sue Richardson, *Material Wellbeing in Australia* (Melbourne: Oxford University Press, 1993, p. 73), report that the distribution of incomes became increasingly equal right up to 1981, after which inequality increased slightly. Most indicators of social pathology started moving upwards long before the 1980s, however—property crimes, for example, lurched upwards from the 1950s and male youth suicides started rising significantly in the 1960s. See J. Buckingham, L. Sullivan and H. Hughes, *State of the Nation* (Sydney: The Centre for Independent Studies, 2001), 96 and 57. The start of the pathologies thus predates any increase in inequality by about 20 years.
- ³⁰ Evidence from the International Crime Victim Survey shows that Australia has one of the highest rates of crime of all the industrialised countries. In 1991, 29% of Australians reported having been a crime victim as compared with 26% of Americans, and trends in the two countries have been going in opposite directions ever since. See http://ruj287.leidenuniv.nl/group/jfcr/www/icvs/data/i_VIC.HTM
- ³¹ E. Durkheim, *The Division of Labour in Society* (Toronto: Macmillan, 1933).
- ³² Australian Public Policy Research Network online discussion list (<http://www.appm.org/>)—various contributions by Karin Geiselhart, Ian Falk, Russell Ayres and others. In one of several replies (2 May 2002), Ken Tallis of the ABS reassured participants that the ABS has already agreed that it should include indicators of governance, democracy and citizenship in future issues of *Measuring Australia's Progress*