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Social Trends

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The social environment is less fashionable than the physical environment, but it too is being changed---some would say degraded. I think its trends are important but I leave you to guess their future development.

I will start with changes in economic indicators because these usually presage other changes that bear directly upon us. For instance, should we stuff up the economy, we can be pretty sure that social tensions will rise as we squabble over the smaller economic cake, and that care for the indigent will become less adequate. It may also be that we become less healthy and less well-educated as we spend less on health care and education, but that is debatable.

First, Australians are tending to become relatively less wealthy. At the turn of the century we were the richest people in the world. After World War II we were about the fourth wealthiest. And we are now fifteenth to twentieth. (The measurements are not precise.) Japan has caught up to us and other countries to our North are quickly doing so. If this trend continues, we are likely to become less worried about foreign investment in Australia than we are about our brightest youngsters going overseas to get the well-paid jobs we cannot offer them. We will also find it increasingly difficult to afford a defence budget to match our rivals.

Next there are the problems posed by our increasing foreign debt. Net external debt has increased from about 3% of Gross Domestic Product in 1972 to 33% now. This would not be as serious as it is, if the borrowings had been invested productively. But, like many of our highly-g geared companies which invested in jet aircraft and day-time palaces in the central business districts, we must contemplate the possibility that we may not always have the cash flow to service our debts. Debt service already requires a fifth of our exports. And whole nations have rather more difficulty selling off assets and retrenching than do individual companies.

Productivity: The December issue of the OECD publication, *Economic Outlook* has a table of changes in relative unit labour costs. Unit labour costs can be decreased either by

reducing wages---the unsatisfactory way---or by raising productivity---the better way. Either way, when they can borrow no longer, even the Wool Corporation must sell at competitive prices. Using 1987 as a base (index = 100) the OECD projected the unit labour costs of its members through to 1991. Australia had the highest costs with an index score of 125. These are some others: Canada-122, France-90, Germany-96, Italy-108, Japan-88, Netherlands-89, New Zealand-99, Spain-118, United Kingdom-106, and USA-91. One inescapable conclusion of all this is that our so-called Wages Accord is a disaster.

Unemployment has fallen from 9.6% in 1982-3 to 6.2% now. It has, however, risen from 2.5% at the beginning of the 1970s. Even at the peak of economic activity we no longer seem to be able to get unemployment below about 6%.

Sickness: If the data are to be believed, in spite of the increasing proportion of GDP spent upon healthcare, Australians are getting sicker. Currently there are 175,000 more invalid pensioners than there would be if their numbers had risen in proportion to the population over the past fifteen years.

Episodes like the great RSI epidemic, which started in the Victorian branch of the Commonwealth tax department and spread throughout the public sector, might yield clues to the causes of this sad tendency. So might a careful study of such financial disasters as Victoria's Workcare policy.

Illegitimacy: In spite of contraceptive techniques that are much more reliable than at any earlier time, ex-nuptial births have increased from 4.5% in the late 1950s to 11.1% in 1980 to 19.0% in 1988. There are now communities in which never-married (as opposed to divorced) women living on welfare payments predominate; where there are few fathers; where children have few male role models; and where too many of those adult males the children do experience tend to be both feckless and violent. It seems that males, unable to demonstrate their masculinity by providing for a family, often turn to violence.

Ethics: Trends here are not so easily demonstrated by statistics. Nevertheless, in the wake of WA Inc and the casual treatment of minority shareholders by some company boards, I think I am on firm ground when I claim that the ethical standards of people in authority have declined. High and rising illegitimacy rates, unemployment, crime and even the tendency to claim paid 'sickies' may also be exacerbated by a shift in our moral standards.

The tendencies of our social environment, of which I have mentioned but a few, may be more or less serious than those of our physical environment. However, the trends themselves are, on the whole, open to less doubt than, say, the Greenhouse Effect and the Ozone Layer hole. They surely deserve at least as much attention.

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