

Australia has enjoyed 27 years of continuous economic growth, arguably more than any other developed country. Almost alone among developed economies, we managed to avoid a recession during the global financial crisis. Employment is at an all-time high, due mainly to a surge in the labour force participation of women, from 40% to 56% of all women over the past three decades.

This success was built on a contract – partly explicit, but mostly implicit – in which the bulk of the population agreed to support contentious reforms in exchange for a guarantee that they wouldn't be left behind.

The [Transforming Australia: SDG Progress Report](#) published this week by the National Sustainable Development Council in partnership with the [Monash Sustainable Development Institute](#) finds that contract has become fragile. Although the economy is much larger than it was, since 2012 disposable income per capita has barely grown at all.

Our AAA credit rating is at risk from our reliance on foreign capital for investment (mostly borrowed), our high household debt and our narrow industry base.

Read more: [*Australia's UN report card: making progress, could do better on inequality and climate*](#)

High employment masks high inequality and entrenched disadvantage. Although the unemployment rate has fallen from 6.5% to 5.5% since the turn of the century, underemployment (where people work fewer hours than they want to) has climbed from 6.5% to 8.5%. Since the crisis the proportion of the unemployed who have been out of work more than a year has climbed from 14% to 24%. Low-skilled men, younger Australians, women with children, and Indigenous Australians find working more challenging than the headline figure suggests.

Wages growth fell to an all time low after the economic crisis and has yet to recover.

Well-connected cities and regions

As a vast country, connectivity is critical to our prosperity. By and large, we meet the need well through investment in physical infrastructure. But rapid population growth in our big cities and political considerations have made it more difficult.

Our cities and regions offer a very high quality of life, but are evolving by default rather than design. Planning isn't guided by a consensus about the desired pattern of economic and population growth. The result is low-density cities (far lower than comparable overseas cities) meaning long commutes and social isolation for many.

Read more: [*Our urban environment doesn't only reflect poverty, it amplifies it*](#)

As house prices have surged, our household debt has climbed from 70% of GDP in 2000 to 120% of GDP today. Home ownership has become more difficult, with many only able to afford options that come with poor access to services and jobs. We are now vulnerable to falling house prices, rising interest rates and global uncertainty.

Dynamic but not diversified

Our open and flexible economy has benefited from dynamism offered by new people, new ideas and new investment. Strength in industries such as international education delivers not only a sizeable brain gain, but also new and important relationships, particularly in our rapidly growing region.

But these successes disguise our wider failure to diversify our economic base. Economic complexity (EC) measures the depth (sophistication) and breadth (diversity) of what a nation sells to the world. It is a strong predictor of economic prospects.

While the EC measure has limitations for a heavily resource-intensive and service-based economy, Australia's low and deteriorating ranking, 86th in the world, is consistent with other indicators.

Read more: [No clear target in Australia's 2030 national innovation report](#)

Our high investment in physical capital contrasts sharply with our comparatively low investment in knowledge-based capital. Knowledge-based capital encompasses not only research and development, but also software and data, design, marketing and organisational capabilities.

Australia's business investment in R&D has fallen consistently since the crisis. We rely far more heavily than other nations on indirect R&D tax incentives, leaving less room for more direct approaches.

Innovative nations stimulate both public and private sector innovation through mission-driven approaches. With a few exceptions, Australia does not. We do not attempt to leverage our strengths in fields such as health, education and water, or to meet societal needs, such as those for reduced emissions, sustainable food, better population health or less inequality.

There's an alternative

A more robust and resilient Australia would be built on a broader base of industries and capabilities. It would address goals that were more than merely economic and adopt as a goal a smaller environmental footprint.

Getting there would require us to develop a shared vision of what we want. We are doing well overall, and badly in places, without quite knowing what we are trying to achieve.

Growth without direction: How Australia measures up against UN targets

Written by Rod Glover, Professor of Practice, Monash University

Transforming Australia: SDG Progress Report is an initiative of the National Sustainable Development Council to assess Australia's progress against the UN Sustainable Development Goals.

Professor Rod Glover has previously received funding from various governments for advice in economic development and innovation policy. He was on the staff of the Australian Prime Minister in 2008. He is Chair of the research committee of the Per Capita think tank and a director of Save The Children Australia and the Centre for Evidence and Implementation.

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Read more <http://theconversation.com/growth-without-direction-how-australia-measures-up-against-un-targets-102631>