

[Home](#)

Dear Reader,

Here's a quiz. In what ways could the Kingdom of Bhutan be having an impact on the well-being of citizens in Europe and the USA, but possibly also influence how individuals think, consume, and relate with their community?

The clue is a concept mentioned first in 1972: Gross National Happiness. Find out more in what follows.

Enjoy the reading!

Isabel Rimanoczy  
Editor

### Quote of the Month

*"At times of despair we must learn to see with new eyes."*

Desmond Tutu  
(South African Cleric and Activist, 1931–)



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# GROSS NATIONAL HAPPINESS

by Isabel Rimanoczy

The message is coming to us from many different sources. It's being shaped by the housing market collapse, financial bailouts, the economic problems of individuals and countries, ecological disasters, and the social consequences of our 'life-as-usual' attitude. The last decade has been sending us non-stop messages that we'd better listen to. Certainly we can attend to the problems one by one, trying to find the best solutions for each one. Or we can take a step back and reflect on what this message is telling us, as a whole. What if all these problems were somehow connected? The thinking that created the problem cannot help us out of the problem, admonished Albert Einstein. Yes, that may be it. That means that we need to transform how we are thinking.

The way we think is intimately related to what we value, what we strive for, what outcomes we work for and how we measure our success. The connection is so close, that it becomes a circular loop, where the results reaffirm the way we think. All is fine until it is not. When something disrupts the balance, we are struck by the unanticipated, but we are also given an opportunity to pause and ponder. "The global economic crisis provides industrialized countries with an opportunity to change the way they measure the success of their economies," said Bhutan's prime minister, Jigme Y. Thinley in an interview in Trento, Italy, on June 5. And his words carry a special weight, since they are coming from the first country that as of November 2008 implemented the Gross National Happiness Index, as an alternative to the Gross Domestic Product to measure the success of its economy. Gross Domestic Product (GDP) is an aggregate index used by industrialized nations to gauge the value of a country's goods and services. "But GDP", warns Thinley, "promotes unsustainable development".

### **The happiest country**

The tiny Kingdom of Bhutan holds a population of less than 700,000 people, located at the eastern end of the Himalaya Mountains and is bordered on the north, south, east and west by the Republic of India and to the northwest by Tibet. *Business Week* magazine rated Bhutan the happiest country in Asia and the eighth-happiest in the world, citing a global survey conducted by the University of Leicester in 2007 called the "World Map of Happiness"<sup>[1]</sup>.

Interestingly, 19 percent of Bhutan's population lives below the poverty line, yet a recent survey showed only 4 percent say they are "not happy," while the other 96 percent of Bhutanese are either "happy" or "very happy," prime minister Thinley said, quoting a study dated 2009.

It was Bhutan's former King, Kigme Singye Wangchuck, who first used the term Gross National Happiness in 1972, to describe his commitment to build an economy that would serve the country's culture, rooted in spiritual Buddhist values. What was originally a casual remark, was later taken very seriously by the Centre for Bhutan Studies, where research was launched to explore the concept deeper. The thought behind that initiative was that GDP was perhaps not the best measuring tab.

Economists have long known the flaws of GDP as an economic indicator. GDP measures the total economic activity in a country, but includes remedial and defensive expenditures, such as the costs of security, police, pollution clean up, etc. This means for example that the expenditures of the current Gulf clean up will raise the GDP of this country, while we all know by now that to address the catastrophic consequences is far from making a positive contribution to our economy.

While GDP is meant to only describe the total national production, it is traditionally used to assess the financial well being of a country, and its growth is a positive indicator. Yet as New York Times' Jon Gertner explains in his May 10, 2010 article, things are not so simple. "Consider, for example, the lives of two people — let's call them High-G.D.P. Man and Low-G.D.P. Man. High-G.D.P. Man has a long commute to work and drives an automobile that gets poor gas mileage, forcing him to spend a lot on fuel. The morning traffic and its stresses aren't too good for his car (which he replaces every few years) or his cardiovascular health (which he treats with expensive pharmaceuticals and medical procedures). High-G.D.P. Man works hard, spends hard. He loves going to bars and restaurants, likes his flat-screen televisions and adores his big house, which he keeps at 71 degrees year round and protects with a state-of-the-art security system. High-G.D.P. Man and his wife pay for a sitter (for their kids) and a nursing home (for their aging parents). They

don't have time for housework, so they employ a full-time housekeeper. They don't have time to cook much, so they usually order in. They're too busy to take long vacations. High-G.D.P. Man likes his washer and dryer; Low-G.D.P. Man doesn't mind hanging his laundry on the clothesline. High-G.D.P. Man buys bags of prewashed salad at the grocery store; Low-G.D.P. Man grows vegetables in his garden. When High-G.D.P. Man wants a book, he buys it; Low-G.D.P. Man checks it out of the library. When High-G.D.P. Man wants to get in shape, he joins a gym; Low-G.D.P. Man digs out an old pair of Nikes and runs through the neighborhood. On his morning commute, High-G.D.P. Man drives past Low-G.D.P. Man, who is walking to work in wrinkled khakis. By economic measures, there's no doubt High-G.D.P. Man is superior to Low-G.D.P. Man. His salary is higher, his expenditures are greater, his economic activity is more robust".

Gertner's point is clear: High GDP Man has become an icon of success, progress and a desirable standard of life. But as Gertner observes, we really can't say for sure that his life is any better. "In fact, there seem to be subtle indications that various "goods" that High-G.D.P. Man consumes should, as some economists put it, be characterized as "bads." His alarm system at home probably isn't such a good indicator of his personal security; given all the medical tests, his health care expenditures seem to be excessive. Moreover, the pollution from the traffic jams near his home, which signals that business is good at the local gas stations and auto shops, is very likely contributing to social and environmental ills. And we don't know if High-G.D.P. Man is living beyond his means, so we can't predict his future quality of life. For all we know, he could be living on borrowed time, just like a wildly overleveraged bank."

If we want to measure economic well-being, better measures would come from deducting remedial and environmental costs, and adding other items that traditionally have no place in the accounting, such as volunteer work, unpaid domestic work, and unpriced free services that the ecosystem provides to us.

### **Development with Values**

Jigme Khesar Namgyel Wangchuck, the current and 5th King of Bhutan, and passionate leader of the GNH implementation, advocates for what he calls "Development with values". Indicators embody values, and they determine policies. This is widely seen in the universal use of GDP-based indicators to measure progress: they have helped justify policies around the world that promote rapid material progress at the expense of community cohesion and environmental and cultural preservation.

The Bhutanese grounding in Buddhist teachings suggests that beneficial development of human society includes both material and spiritual development. From a contemplative perspective, extreme reliance on externally derived pleasure distracts the individual from inner sources of happiness. From the Bhutanese perspective an economy that is continually growing at an unsustainable rate may be seen as a failure because it can, in fact, promote the proliferation of wants among its citizens. Alternatively, a sustainable economy, which is not oriented toward growth, can signal a sense of psychological stability among the consumers.

Equity is also central to GNH. Bhutan's GNH Index encourages individuals to see all things as interdependent. In order to achieve collective happiness, the principle of interdependence needs to be taken on by everyone. Members of a GNH society would cultivate a vision beyond individual self-interest to address the happiness of all, as a collective goal. Happiness blossoms through enhanced relationships, arising when relationships improve.

### **What needs to be measured, and how can this be done?**

Considering that any government must create conducive conditions for happiness in which individual strivings can succeed, Bhutan addressed this question researching what is meant by 'happiness' and developed a survey to measure the population's general level of well-being.

They realized the need for GNH indicators to offer a vision and a sense of common purpose, so as to guide policies and programs, and to allocate resources. The indicators are tools of accountability, highlighting the areas of weakness and strength, and they become yardsticks of evaluation. Individuals can hold their leaders accountable by checking whether the targets are being fulfilled, and also develop a sense of how every individual is impacting the goals.

Bhutan's GNH indicators include both objective and subjective dimensions of life, based on the belief that the functional aspects of human society and the emotive side of human experience have to be given equal weight.

The questionnaire<sup>[2]</sup> covered the key areas affecting the values and principles of GNH, roughly divided into the domains of psychological well-being, health, time use, education, culture, good governance, ecology, community vitality and living standards.

But ultimately, the four pillars of GNH are the promotion of sustainable development, preservation and promotion of cultural values, conservation of the natural environment, and establishment of good governance. At this level of generality, the concept of GNH is transcultural, and a nation need not be Buddhist in order to aim at sustainable development, cultural integrity, ecosystem conservation, and good governance.

### **An idea whose time has come**

In November 2007, the European Commission, the European Parliament, the Club of Rome, OECD and WWF hosted the high-level conference "Beyond GDP" with the objective of clarifying which indices are most appropriate to measure progress, and how these can best be integrated into the decision-making process.. The conference brought together over 650 policy makers, experts and representatives of civil society to discuss what could be new ways of measuring progress, ways that go beyond commercial transactions and the increase of economic well-being, and which instead address the improvement in the general well-being as people themselves subjectively report it. This endeavor had the aim of beginning to consider the social and psychological well-being of populations.

Shortly after, French president Nicolas Sarkozy personally felt the tension between the expectation to maximize G.D.P., and his awareness that what people care about are things like pollution and many other dimensions to the quality of life, that aren't captured in the G.D.P. "Can you construct some new measures?" he asked as he established a commission to consider alternatives to G.D.P., staffed by Nobel laureate Joseph Stiglitz, Amartya Sen, a Nobel laureate in economics who teaches at Harvard and the French economist Jean-Paul Fitoussi.

Conclusions of the commission were that assessing a population's quality of life will require metrics from at least seven categories: health, education, environment, employment, material well-being, interpersonal connectedness and political engagement. They also decided that any nation that was serious about progress should start measuring its "equity" that is, the distribution of material wealth and other social goods — as well as its economic and environmental sustainability.

Enrico Giovannini, head of Italy's national statistics agency, indicated that there are signs at the international level that something is changing. Top officials of six countries — including Germany, the United Kingdom and France — have aligned themselves with an expanded focus on "well-being" rather than simply 'growth' as a measure of progress.

The U.S. soon will have its own alternative to the G.D.P. It is national indicators panel called State of the USA<sup>[3]</sup> and will go online this summer. It has been in the works since 2003, led by Chris Hoenig, a government official who has been researching ways to evaluate national progress. State of the USA will be run by the National Academy of Sciences. As in a report card, the citizens will be able to see the areas where improvement is needed: health, education, the environment, etc. The website will also record how we improve, or fail to improve, over time. The State of the USA intends to ultimately post around 300 indicators on issues like crime, energy, infrastructure, housing, health, education, environment and the economy.

In the meantime, Maryland introduced its own government-sponsored Genuine Progress Indicator (GPI), specifically designed to capture what G.D.P. misses. The Maryland G.P.I., developed through a multiagency partnership, includes an interactive online model to engage citizens in thinking about how to measure prosperity and evaluate policy.

### **It's hard to think soft**

Since economists, academics and statisticians are more comfortable with straight numbers than with qualitative concepts, there is a natural resistance to include happiness into the index. But the recently launched Canadian Index of Well-Being shows another milestone containing such a measure in the dashboard to measure well-being.

And other initiatives are emerging, like the Gross National Happiness American Project<sup>[4]</sup>, a Vermont-based initiative to educate and disseminate the concepts of Gross National Happiness. As their founders describe, we have the roots in the birth of the United States, when the Declaration of Independence guaranteed the American people a government that protects our "inalienable Rights," among which are "life, liberty and the pursuit of happiness."

"We believe the time is ripe to adopt American versions of GNH as the paradigm for defining, tracking and supporting those policies which truly support our national well-being. That is the step we need to take in the United States."

Now that our quantitative thinking is showing its shortcomings, may be it's time to expand our thinking into wider dimensions.




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<sup>[1]</sup>"The World's Happiest Countries". Images.businessweek.com. Retrieved 2010-06-10.

<sup>[2]</sup>For a complete detail of the areas covered, see The Centre for Bhutan Studies. <http://grossnationalhappiness.com/gnhIndex/introductionGNH.aspx>

<sup>[3]</sup>See more at <http://www.stateoftheusa.org/>

<sup>[4]</sup> <http://gnhusa.org/about-gnhusa/>

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