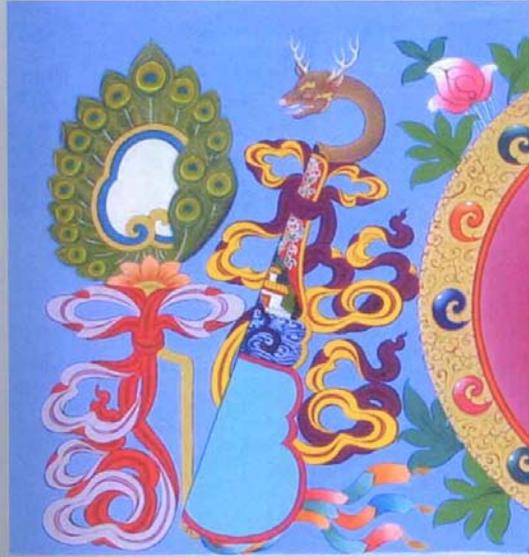


GROSS NATIONAL HAPPINESS
AND
DEVELOPMENT



Edited by
Karma Ura & Karma Galay

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The Centre for Bhutan Studies

GROSS NATIONAL HAPPINESS
AND
DEVELOPMENT

GROSS NATIONAL HAPPINESS AND DEVELOPMENT

**(Proceedings of the First International Seminar on Operationalization of
Gross National Happiness)**

EDITED BY

KARMA URA & KARMA GALAY

GROSS NATIONAL HAPPINESS AND DEVELOPMENT

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Preface

His Majesty King Jigme Singye Wangchuck, the Fourth King of Bhutan, first enunciated the principles of the philosophy of Gross National Happiness, using this specific terminology in the late 1980s; the concept itself, however, is very old in the local parlance. Under his leadership, and the leadership of his predecessors, Bhutan had embarked upon a process of change and modernization that was beginning to have both intended and unintended impact on the lives of the people of Bhutan and on their society and culture. Bhutan first opened itself to the outside world in the early 1960s, and the introduction of new ideas and institutions picked up pace in since the late 1970.

His Majesty, who came to the throne in 1974, enthusiastically supported the processes that had been set in motion by his father, the Third King. By the mid-1980s, however, it became obvious that some reflection, some reconsideration of objectives, was necessary as the process continued lest Bhutan and its system of values succumb completely to definitions by external factors. Consequently, he began to speak about a specific Bhutanese path to development in pursuit of values that were consonant with Bhutan's culture, institutions and spiritual values, rather than values that were defined by factors external to Bhutanese society and culture. This reflection was the genesis of the concept of Gross National Happiness.

His Majesty capsuled the idea of GNH in the expression "Gross National Happiness is more important than Gross National Product." This was a challenge to the discourse of orthodox developmental theory as it was formulated at any given moment, because it called for a shift of attention away from development in purely material terms to an emphasis on development in terms of an objective that material development served rather than serving as an end in itself. The increase of Gross National Product had become the purpose and the measure of economic development, His Majesty suggested, and the costs that achieving that objective might entail were not being taken into account in the formulation of real policy on the ground, so to speak. By positing Gross National Happiness as the objective of economic development, the processes of economic development would not be negated or deflected but, rather, would be refashioned in light of this making explicit of what was often an implicit, but forgotten, purpose.

Bhutanese government leaders discussed gross National Happiness in various contexts in the years after His Majesty first announced it. Such instances excited considerable international interest in the concept, and that itself was a challenge demanding further thought.

The philosophy of Gross National Happiness provided a framework within which to think about the Bhutanese national project of development, but with time it became obvious that the idea itself needed further

development in four directions. First, it required theoretical elaboration. What were the philosophical roots of Gross National Happiness in Buddhism? Is it a purely Buddhist concept, or is it reflected – perhaps a better word would be ‘refracted’ -- in other systems of thought as well? Does it have not only broad philosophical but also moral implications for cultures and societies outside of Bhutan? Second, it requires theoretical specification for application in various areas of collective human activity – economic, social, cultural, as well as spiritual. What does Gross National Happiness mean for these domains of human activity? How is our thinking about these fields to be refashioned in terms of the GNH idea? For example, how does a GNH economy differ from the theoretical formulation of other economic constructs? Third, how is GNH to be applied in terms of governance? How does GNH inform broad policy decisions, including not only the establishment of policy priorities but also the allocation of scarce resources to actualize those priorities? Fourth, how is GNH to be applied in action? How should specific policies be formulated, or changed, to reflect the objectives of Gross National Happiness? Education, the environment, town planning, land and water use, these are only examples of policy areas. How should, or does, GNH impact on civil society and its institutions? What are the implications of GNH for decentralization and devolution?

Gross National Happiness has been one of the Centre for Bhutan Studies’ themes for research. Already in July 1999 it published Gross National Happiness (Thimphu: The Centre for Bhutan Studies, 1999), a collection of essays by Bhutanese and non-Bhutanese authors issued in commemoration of the Silver Jubilee of the coronation of His Majesty King Jigme Singye Wangchuck. These preliminary essays opened up the discussion of Gross National on a broader, more international, scale than had previously been possible.

In January 2001, the first international seminar on GNH was held in Zeist, The Netherlands. Organized around the theme “GNH – As Challenged by the Concept of Decent Society”, participants came from Bhutan, The Netherlands, Germany, the United States, and other countries.

The Centre for Bhutan Studies, in November 2002, proposed holding an international seminar on GNH in Bhutan itself. The Centre's Governing Council approved the proposal, and organization began in the Winter and Spring of 2003, with a call for papers. The seminar itself took place in Thimphu, Bhutan, from February 18 to February 20, 2004. It was the first such seminar ever held in the Kingdom.

The proposal for the seminar suggested three purposes or objectives:

1. To promote the concept of GNH abroad and to create an environment in which exchange of concepts and information about practice could take place.

2. To involve policy makers in the discussion of GNH, with special concern for the link between the concept of GNH and the development of actual policy.
3. To develop and explore mechanisms for the operationalisation of GNH and for practical indicators

There were 82 formally registered participants from eighteen different countries in Asia, Europe and North and South America (conditions beyond our control prevented participants from other areas from joining in our deliberations). About 400 people attended each daylong session. Not only officers of the government, scholars, and individuals drawn from various parts of Bhutanese society attended. Most significantly, many students also attended, suggesting the importance of this subject for the younger generation of Bhutanese.

The seminar opened on Wednesday, February 18, and Lyonpo Jigmi Y. Thinley, the Prime Minister of Bhutan, delivered the keynote address. The Prime Minister's address pointed the way for the discussions that would follow. The conference met for three full days. At the end of the third day, a report of the proceedings was delivered orally to His Royal Highness, Dasho Jigme Khesar Namgyal Wangchuck, the Crown Prince of Bhutan, and he gave the concluding address, in which he looked not only at the present but emphasized that much work had yet to be done in the future. Sessions were chaired by Bhutanese and foreign guests. Some of the most valuable discussions, however, took place outside of the formal sessions, in the halls, the garden of the Banquet Hall where the seminar was housed in Thimphu, in receptions and over meals. These discussions were not recorded, but they contributed in no small way to the success of the seminar and to the development of the on-going GNH inquiry.

Both the formal papers and the discussions that they initiated suggested that while everyone subscribed to the great principle of Gross National Happiness, the concept meant different things to different participants. Mainly this was a matter of emphasis. One group emphasized happiness itself as the objective of GNH. Another emphasized GNH as leading to the context in which happiness may develop but not explicitly to happiness itself. Some discussed happiness as a personal matter and defined it as such; some described happiness as a social condition that may be conducive to personal happiness but does not guarantee it. Finally, there were those who emphasized Buddhism as the underlying foundation of Gross National Happiness and those who considered Gross National Happiness to be consonant with Buddhism and inspired by, but not necessarily synonymous with, it. These, and even other perspectives too, can be found in the papers in these two volumes, which include almost all the papers from the conference. Regrettably, not all the papers presented could be published, and we trust their authors will understand the

constraints of space under which we are working. The fact that they could not be published does not in any way diminishes their importance or the contributions they and their authors have made to our thinking. These papers are available on the Internet at this address: www.BhutanStudies.org.bt.

The conference papers are being published in a single volume, divided into two parts. The first, Gross National Happiness: Social and Economic Development, contains papers that, by and large, concern issues of operationalisation of GNH, social and economic development, measurement, and related topics. The second part, Gross National Happiness: Buddhism and Human Development, includes papers that, very loosely, focus on the Buddhist philosophical sources of GNH and on cultural issues and manifestations associated with the concept. To no small extent this division into two parts is arbitrary; many of the papers discuss more than one aspect of GNH. It should also be pointed out that each author and, indeed, each participant who did not submit a paper, expressed his or her own point of view. The conference did not begin with any pre-set position on any question and did not end with any specific universally accepted conclusions. The entire purpose of the conference was to explore the content of the concept of GNH and the issues raised by it, both theoretically and operationally. The very variety of these papers represents that approach. Future conferences, for which this first seminar laid the groundwork, undoubtedly will approach more specific issues, and that is as it should be.

The Centre for Bhutan Studies would like to express its deepest appreciation for the aid and support given to the Conference on Gross National Happiness by The Royal Government of Bhutan; the Sustainable Development Secretariat of the Ministry of Finance, the Royal Government of Bhutan; the United Nations Development Program office in Thimphu; the Bhutan Program Office of the Save the Children Federation (US), Thimphu; the Nike Foundation, US; the French-American Charitable Trust (FACT), US. We particularly wish to thank Aum Renata Dessallien, the Resident Representative of the United Nations Development Program, Thimphu; Aum Kunzang Wangmo, of the Save the Children Federation (US), Thimphu; Ms. Maria Eitel, of the Nike Foundation (US), and Mr. and Mrs. Jean Timsit, of the French-American Charitable Trust, for the aid they gave the seminar and the publication of these volumes. We would also like to thank Mr. Sander Tideman of the Inner Asia Centre, the Netherlands for the cooperation he extended to us in organizing the conference. Space does not permit us to name all the individuals who played more than an institutional role in the preparations for the Conference, who participated so actively in it, and who contributed to our reflections on the future. We trust that they know who they are, and we look forward to working together with them in the years to come.

His Royal Highness, the Crown Prince of Bhutan, remarked in his address at the end of the conference,

I believe that while Gross National Happiness is inherently Bhutanese, its ideas may have a positive relevance to any nation, peoples or communities – wherever they may be. I also believe that there must be some convergence among nations on the idea of what the end objective of development and progress should be. There cannot be enduring peace, prosperity, equality and brotherhood in this world if our aims are so separate and divergent – if we do not accept that in the end we are people, all alike, sharing the earth among ourselves and also with other sentient beings, all of whom have an equal role and state of this planet and its players.

These words describe our commitment to participate in the next conference on Gross National Happiness, to be held in Nova Scotia, Canada, June 20-24, 2005. That conference will be hosted by, among others, the Genuine Progress Index (GPI) Atlantic and by Shambhala International. We look forward to continuing in Halifax the discussions we began in Thimphu.

May this volume of papers contribute to the happiness of all sentient beings.

Gross National Happiness and Development: An Essay

MARK MANCALL

Introduction

This paper concerns the operationalization of the concept of Gross National Happiness (GNH). It assumes that GNH is a uniquely Bhutanese approach to development. GNH may have applications beyond Bhutan, but that is central neither to its definition nor to its operationalization. The paper further assumes that GNH is a strategy for social and economic change in Bhutan and, therefore, must be operationalized in policy decisions and actions. To argue this, it places the concept of GNH in the context of Bhutanese history and of the general history of the concept of development.

The Bhutanese State

Introduction

As we shall argue, the Bhutanese State is and must be the “subject,” the primary actor in the program of change that we call GNH. However, the State itself, we argue, is a relatively new development in Bhutanese history. This chapter will briefly explore its history and development.

For our purposes, the state, in the abstract, may be defined in broad theoretical terms, as follows:

First, the State is the monopolist of legitimate coercion in a society; Second, the State is the primary font of legitimacy in the society; Third, the State is the primary source of leadership in social, economic, and security affairs, i.e., in those affairs that, broadly speaking, affect the interests of the people who inhabit a domain defined, at least until now, by legal boundaries that, in turn, define the reach of the State’s power. Several points need to be made with regard to this description of the “State,” because they will be significant in analyzing the history of the emergence of the Bhutanese State:

First, the State is not the same thing as the “Nation,” and, indeed, bears no relationship to it whatsoever. The concept of the “nation-state,” which emerged in 19th century Europe, presumes the existence of an entity called “the nation,” defined as a particular “people” who share certain common characteristics beyond the fact that they inhabit a specified territory (however that territory itself may be defined). It also presumed that there should be some isomorphism between the State and the Nation, and in romantic terms this led to the idea that the State was somehow a natural expression of the will of the Nation. Of course, in fact there were many states that contained more than one “nation,” so that “ethnic conflict,” as we would call it today, and the domination of one ethnic group over others,

became common. The State, however, existed long before the appearance of the concept of “nation” in its modern sense.

Second, the State has a history of its own, independent of the nation or people over whom it may rule. Similarly, a nation or people may have a history of its own independent of the state that rules over it.

Third, the history of the State concerns the establishment of its primacy over other elements in society. For example, the State, over time, gathers coercive power to itself and suppresses rival sources of coercive power in the territory over which it claims jurisdiction (whether legally or purely by the exercise of power). It also concerns the processes whereby it incorporates into itself, or at least into its power penumbra, the right to grant legitimacy in its territory. Finally, the history of the State concerns the process whereby it assumes the leadership role, sole or primary, in its territory. As we shall see, in Bhutan as elsewhere the State does indeed possess a history, and we will argue that prior to 1907 no Bhutanese state existed in these terms.

The Bhutanese Polity before the Advent of the Zhabdrung

The history of the Bhutanese polity may be said to begin with the arrival of Zhabdrung Ngawang Namgyal in Bhutan from Tibet in 1616. Until that time the geographical expression that became Bhutan lacked any figure of non-religious importance whose influence or power was more than local, and it possessed no institutions of governance that extended beyond local valley clans and their chiefs. At various times one or another family or religious institution extended its sway over regions near its place of origin, but none of them were able to provide anything approaching an integrating political system.

The Zhabdrung's Government

Whatever political structures may have existed in Bhutan before the arrival of the Zhabdrung in the 17th century, there can be no question but that he created a political structure (but, of course, a political structure is not the same thing as a State). It is also obvious that in his person what modern social science would distinguish as the political and the religious domains were intensely intricate with each other if they were not completely isomorphic. In other words, the Zhabdrung does not appear to have distinguished the political from the religious. This is particularly clear from his construction of dzongs, in which the religious and the political domains essentially occupied, and continue to occupy, the same physical space.

From what we understand of the Zhabdrung's administration and laws, Buddhism, particularly the Drukpa Kagyu school, provided the ideological basis for his conquest of Bhutan and for the institutions he established in the country. His conquest was based, apparently, on his struggle against other schools of Buddhism, both in Tibet and in Bhutan,

and he consistently expanded his conquests of one or another part of the country with the aim of establishing the Drukpa Kagyu school's legitimacy in more and more territory. In doing so, he contended with both "religious" and "secular" (to the extent this distinction can be made for that period) foci of power in one geographical region after another. On the one hand, this may be understood as an extension into Bhutan of what had become at that time the standard form of the polity (unlike the West, for example, where even in the era called "medieval" there was a distinction and conflict between the religious power [the "church"] and the secular power [the "Holy Roman Empire"]). What is significant for our argument is the tradition the Zhabdrung's polity established in Bhutan, that is, the intrication of Buddhism and politics, and this continues to be the case to the present time.

Upon his retirement from active leadership, the Zhabdrung established a regime that may be called a "diarchy," to borrow a term. Essentially, the role of leadership and administration was divided into two. The position of Desi was established for political or public affairs, and the Je Khenpo was given responsibility for religious affairs. It is not clear, however, that this was any more than a convenient administrative arrangement. Perhaps it was the Zhabdrung's intention to prevent the return to political power of non-Drukpa Kagyu Buddhism in Bhutan by inhibiting the concentration of power in the hands of monastic groups by separating the two kinds of leadership.

In any event, it appears that during the years after the Zhabdrung's retirement and death, real power lay with the religious sector rather than with the "public". In fact, many of the Desis were themselves members of religious groups or had spent time as members of monastic communities.

If the Zhabdrung had indeed intended to establish a stable diarchic political structure in Bhutan that rested upon some kind of institutional coherence, by the time of the 5th Desi power had become highly decentralized at best, and the country had lost its institutional coherence. The coherence that had originally derived from the personality of the Zhabdrung now dissolved into a congeries of warring "feudal" potentates (the term "feudal" is used here more evocatively than, perhaps, accurately) whose power was very often defined geographically and depended on, first, their ability to raise and maintain militia-like military forces and, second, on their political ability to make, and break, alliances with other feudatories. To the extent that any central administrative polity existed at all, it existed only in a very formalistic way. The Desi himself became only one among the many actors in the political game, though the position was prized because it seemed to lend an aura of legitimacy to its holder.

By the middle of the 19th century, as the struggle for power among the regional magnates increased, the Desis lost their political role or, at least, the reality of any political role that had been assigned to them in the

Zhabdrung's scheme of governance. By mid-century, the possession of power for its own sake seems to have become the primary reason for the possession of power. One local magnate, the Trongsa Penlop, began to emerge as the most powerful among the warring feudatories, but this did not imply the existence of a state, only the particular military and political competence of the Trongsa Penlop of the time. The possession of the position of Desi did not convey to its occupant any particular primacy in the decentralized polity.

The crucial event at the beginning of the process of constructing a new Bhutanese polity was the Duar War of 1864-1865. A cursory glance over the historical record suggests that up to the Duar War, central power and leadership had all but disappeared from the country, and the War itself was, in a certain way, a consequence of the disappearance of any real, or even theoretical, central power. At the same time the Duar War served the assertion of power by Jigme Namgyal, the Trongsa Penlop. The Duars were an important economic resource for the development and maintenance of Jigme Namgyal's power, and their loss inhibited, or at least denied him, access to resources necessary to continue his drive to power at that time. In 1870, he retired from his position as Trongsa Penlop and became the Desi.

In addition to his military and political abilities, Jigme Namgyal evidently possessed a personality and personal attributes that attracted power whether or not he held a formal title or position. He was, we may argue, the first real political personality to emerge in Bhutanese history since the Zhabdrung. However, despite this, his own very self-conscious attempt to build a regime of people of demonstrated loyalty did not survive his retirement from the position of Desi after the customary three years in office. In other words, as strong a personality as he was, the institutional framework for a polity that could extend itself into the future did not yet exist, a consequence, perhaps, of a combination of Bhutan's geographical features, its level of technological development, and the importance of personality. Personality is not institutionalization. Power itself was the prize in the political struggle, and power was prized not as a means to an end but as an end in itself. This is the framework within which the eventual creation of the monarchy in 1907 must be understood, along with the significance of that development.

Centralization of power, rather than its institutionalization, characterized Bhutanese political life between the Duar War and 1907. It is probably the case that the Trongsa Penlop, Ugyen Wangchuck, possessed decisive, if not ultimate, power in Bhutan after the Battle of Changlimithang in 1885. The question must be asked: Why did he continue to maintain the traditional institutions of a headless polity instead of establishing a centralized monarchy? This can be explained, perhaps, by a certain ambiguity at that point in time. Very briefly: Ugyen Wangchuck begins to play a role after 1885 in which, on the one hand, he consolidates his power

within Bhutan while, on the other hand, he goes through a process of experimental interaction with what was then, as it is now, the overwhelmingly dominant power in the region, India.

Between 1885 and 1907, there would appear to be a disjuncture between Ugyen Wangchuck's own understanding of his position in Bhutan and the British understanding of his position in Bhutan. Although he was the dominant figure in Bhutan, the British treated him much as they treated other "native rulers" of India. For example, he was invited to attend the durbar held on the occasion of the visit of the Prince of Wales to India, an occasion that was clearly intended by the British to constitute the ceremonial recognition by the Indian "native" rulers of the paramountcy of the King-Emperor of India, of the British Raj. The British clearly intended to incorporate subordinate rulers into the hierarchical system of the British imperial polity, and Ugyen Wangchuck, doubtless unwittingly, participated in this drama. He was awarded a knighthood with the title Knight Commander of the Indian Empire, a common British practice of incorporation of subordinates. And he continued to play this role of a subordinate of the British when, for example, he participates in the Younghusband expedition into Tibet in 1904.

The continuation of the old non-centered political structure in Bhutan after 1885 did not reflect the reality of the new consolidation of power in Ugyen Wangchuck's hands, just as his symbolic incorporation into the British scheme of things did not reflect the reality of his power.

The creation of the monarchy in 1907 is a reference back to the polity of the Zhabdrung but in a radically new context. The new institutional framework of power rested upon a consensus between Ugyen Wangchuck, the Monk Body and the other, now diminished, power holders at the meeting in Punakha in December 1907. Bhutan now possessed the symbol and the reality of the institution of monarchy that reflected the growing concentration of power within the country. The new monarchy had as its rationale the establishment of peace and security throughout the country.

The Creation of the Monarchical State in 1907

The ambiguity that characterized power in Bhutan between 1885 and 1907 was not immediately resolved by the creation of the Monarchy. In fact, the Treaty of Punakha of January 8, 1910, which defined the relationship between the Monarchy and British India, suggested an ambiguous power structure that obtains to the present day and whose resolution is still being sought. Bhutan had complete internal sovereignty, according to the treaty, but it undertook to consult with the Raj about its foreign relations. This was diplomatic recognition of Bhutan but with less than full sovereignty. The provision was a reflection of an objective reality that obtains to this very day, the overwhelming preponderance of India in the region, regardless of who the ruler of India may be. The treaty provision defined a problem with

which Bhutan is still wrestling. The fact that the provision applied to Bhutan's relations with other entities that were within the power penumbra of the Raj or that, in later times, lay outside of it but beyond Bhutan's borders, continued the ambiguity suggested in the British approach to Ugyen Wangchuck before 1907 and reinforced afterwards by his attendance at the Delhi Durbar of 1911.

The years from 1907 to 1998 were a period of consolidation and development of the instruments of power. The support of the Monk Body and the surrender or acquiescence of the other power centers in Bhutan to the primacy of Ugyen Wangchuck did not provide a popular base for the monarchy. This he now proceeded to create by a series of measures that would establish a basis for support of the monarchy. Peace, of course, which only the monarchy could provide, was central. But he took particular measures to engage the people's support: the reduction of land taxes and customary service; the encouragement of trade and commerce within the country; the improvement of transportation and internal communications. He also, and very significantly, initiated modern education, although on a very limited scale. At the same time, he promoted the improvement of the Monk Body and of its institutions and education, a very reasonable and significant policy that paralleled his approach to the encouragement of popular support for the new polity.

The Second King, Jigme Wangchuck, who came to the throne in 1926, ruled during an era of very interesting developments in the outside world. During a period of great social, economic, and political instability abroad, the stability of Bhutan and of the monarchy perhaps rested on the disjuncture between Bhutan and the outside world, on the underdevelopment, in Western terms, of the country. Because Bhutan did not yet have a monetarized economy, it was not drawn into the economic crisis that began in 1929. Because it was not politically integrated into South Asia, it was not drawn into the Second World War from 1939 to 1945. Because it had not been colonized, it was not drawn into the anti colonial movements that were so characteristic of the post-World War Two world. Because its relationship with the British Raj was characterized by what was, after all, a very creative ambiguity, Bhutan was not drawn into the reorganization of the subcontinent that accompanied the independence of India and Pakistan and the consequent absorption all the states of British India by the two new states. In other words, non-engagement ("isolation") was an extraordinarily powerful instrument for the preservation of Bhutan's independence.

Domestically, the Second King followed his father's policy of consolidating power while pursuing several important new policies. The First King had established the centralized monarchy, but he had retained, to a large extent, the decentralized structure that was characteristic of the country before 1907. The Second King recognized the need to bring the

monarchy and the administration into coherence, and consequently he assumed absolute power, which meant the administration had to be centralized in the throne, not dispersed regionally. Local administrators, as they died or retired, were replaced by personnel appointed directly from the throne. The size of local administrations was reduced in order to restrict the ability of local administrators to act independently. Local power was further restricted by requiring a central audit of local taxes, incomes and expenditures. The development of a standing army, albeit at this point in time only in the form of a purely ceremonial unit, was started. Education within the kingdom and the dispatch of selected children to Kalimpong for schooling also increased, although on a still very limited basis. Transportation was upgraded, medical units were opened, and the repair of temples, monasteries, bridges, etc., was undertaken. In 1948, after Indian independence, Bhutan signed a treaty with India that, at least formally, regulated its relations with the country in more modern diplomatic terms than had been the case with the Raj.

The Third King, Jigme Dorji Wangchuck, was educated with a significant difference from his predecessors. At the age of 15, he was sent abroad by his father to England, and upon his return he was carefully groomed for kingship. His trip abroad had probably made him more aware of the external world than had been the case with his father and grandfather. He pursued a more activist foreign policy than his predecessors. In fact, during the reign of the Third King foreign policy and domestic policy became more closely related than had ever been the case before. Bhutan joined the Colombo Plan in 1962, signaling an activist policy toward economic development. The kingdom joined various international organizations and in 1972 became a member of the United Nations. It established diplomatic missions abroad on a very limited basis. India became the primary support of economic development after a visit by its Prime Minister, Jawaharlal Nehru, in 1958. India became the major supporter of road construction, telecommunications, etc.

Parallel to, and supported by, his foreign policy, the Third King introduced significant domestic changes. Land reform was introduced and land taxes were reduced. Serfdom was abolished. The Royal Bhutan army was established, as was a police force, both measures that increased the central power of the throne. Most significantly, the Third King introduced important institutional changes. In 1953 he established the National Assembly. This assembly reflected in its composition, as it continues to, the sociopolitical history of the country. First, the assembly was created by the king as a way of developing further support for the monarchy, not as a consequence of public demand. It was to be an instrument of education more than an instrument of legislation. In fact, until 1968 the legislative supremacy lay with the king, not the National Assembly. Of course, even after that date, when the king voluntarily gave up his authority to veto

legislation, the National Assembly still continued to be the instrument of the throne at least until 1998. The composition of the National Assembly includes "elected representatives", "representatives of the Monk Body", representatives nominated by the government, and a smattering of others. In 1963, the King established the Royal Advisory Council as an instrument for advising the King and the government. In effect, the Royal Advisory Council has served as a more direct instrument of the throne's will. It provides the King with independent information and points of view. Like the National Assembly, the Royal Advisory Council represents the variety of social groupings in the country. A law code was drawn up, capital punishment was abolished, and a separate court structure was established. All of these institutional changes rested upon the legislative and administrative centrality of the throne.

These measures were instrumental in achieving the Monarchy's objectives of sovereignty, security, stability, and modernization. The latter was most obviously symbolized by the beginning of the First Five-Year Plan in 1961. Successive five-year plans all aimed at infrastructural development and the development of human resources to support these objectives. With the Third Five-Year Plan, which started in 1971, a Planning Commission was established to manage the process, and the present king, then the crown prince, was named chairman. The Third King also initiated the development of Dzongkha as the written language, a work very much still in progress.

The creation of the monarchy in 1907 was not the result of a popular movement, nor of the development of nationalism among intellectuals or the bourgeoisie such as had developed in the West. Furthermore, it was not the consequence of an anti-colonial movement as was the case in other "Third World" countries, such as most of the countries in South Asia, for example. The creation of the monarchy in 1907 was a consequence of protracted struggles for power in the absence of a centralized polity. Developments since 1907 may be interpreted as consequences of the dialectical interaction of the monarchy, on one hand, and, on the other, the outside world that was undergoing rapid and deep changes, Bhutan's geography, and the necessities of power.

Moreover, it must be emphasized, all these developments took place without a broad theoretical framework to underpin them or to guide choices and decisions or to set objectives beyond the instrumental values of stabilizing the country and defending it. The creation of a national community based upon a vision of the future and a search for the path to reach it was to be the work of the Fourth King.

The Maturation of the Bhutanese State

The signs that indicated the maturation of the Bhutanese state in terms that began to suggest the necessity and efficacy of a definition of values and of direction beyond the execution of policies in various development

domains became apparent with the accession to the throne of the Fourth King, Jigme Singye Wangchuck, in 1972. It is interesting to note that in his coronation address in 1974 he said, "The most important task before us at present is to achieve economic self-reliance to ensure the continued progress of our country in the future." It is reasonable to suggest that in the context of the early 1970's, this goal, stated baldly and boldly, fit the circumstances both inside Bhutan and in the international context within which Bhutan had to develop at the time. Internally, the Fourth King pursued development in many directions in such a way that the social changes already under way, urbanization, for example, were accelerated, and at the same time he moved in new directions and pursued new policies of transformation. This is neither the time nor the place to attempt a close description of the remarkable transformation that Bhutan has undergone during His Majesty's reign. Much research needs to be done about this before anything more than a general picture can be outlined.

However, certain trends can be clearly observed that define current concerns. First, it is undoubtedly true that the impetus for broadened and intensified development derived from the Throne itself; in other words, the activism that had characterized the Wangchuck dynasty and state since 1907 became, and remains, the primary source of energy for change. This may be because Bhutanese society did not, in the immediate or in the more remote past, develop those social classes the conflict between which provided the dynamics for social change that characterized other societies. This, also, is a subject for research before anything definitive can be stated, but it is highly suggestive. A consequence of this seems to be the profound centrality of the throne in all matters of policy generation. It is interesting to note that at various points in the history of this reign attempts by His Majesty to transfer authority to other state organs in one way or another have been resisted; the most significant step in this regard, the Kasho of 1998, had all the appearance of insistence on the part of His Majesty, contrary to the wishes of the National Assembly and the people, that power be transferred from the Throne to a government in the interest of further development. This suggests that the intellectual or ideological conceptual foundation for the development of institutions in which the locus of political power, as opposed to moral power, would be located, had not permeated sufficiently deeply into the society.

Second, the context of Bhutanese development has changed radically during this reign. In 1972, economic self-reliance was not an unreasonable goal. The demand side of consumerism had not developed to the point it was to reach later, certainly because communications technology had not yet developed or spread to the extent where they nourished a new consumerism. Furthermore, social change had not reached the point of providing a class basis for consumerism, and a sufficient economic surplus in any sector had yet to be generated to support consumer demand. The

increase in tourism, together with, more recently, growth in information technology, combined with economic development and social change, more importantly knowledge in certain groups of about the outside world, have resulted in the rapid increase of consumer demand for foreign goods. Given the size and resources of Bhutan, the growth of consumerism is a direct threat to the goal of economic self-reliance.

The growth of the power of the institutions created at Bretton Woods in 1947, together with the increased influence of neo-liberal ideology, the combination of which we call "globalization", have created forces that have an impact on Bhutan which it may not be able to control by the same policies that up to this time were efficacious for development. To put this as bluntly as possible: the various trends just mentioned have created social groups within the country that are the primary source of demand for goods and services that contradict and undermine the stated objectives of the Bhutanese state's development policies. For example, self-reliance is undermined by the growth of consumerism, which can only be supported by the importation of foreign goods. This also undermines the attempt to create a national Bhutanese culture both as a value in itself and as a defense against homogenization with the rest of the world, which would undercut the very *raison d'etre* for Bhutan, which would, in other words, undercut the entire thrust of modern Bhutanese history in the Kingdom's attempts to remain separate from the subcontinent's historical trends. This can also be clearly observed in the struggle to establish the primacy of the Dzongkha language. A national language is not just a cultural conceit, as His Majesty repeatedly points out. English is the agent of the cultural homogenization that is the servant of economic global integration, of Globalization. To the extent that English dominates over Dzongkha in the daily life of the Bhutanese state, the goal of cultural self-reliance and independence recedes into the background.

At the same time, the intellectual weakness of Bhutan's position with regard to formulating a Bhutanese policy for development, rooted in national interest, has opened the process up to the dominating influences of theories and practices that reinforce the tendency to homogenization with the rest of the world. We must be very clear about this. Reliance on the private sector and on market forces is an historical artifact that is a consequence of political developments in the outside world rather than of any scientific or "natural" forces. In other words, the importance accorded to the private sector in terms of development is an ideological and political decision not necessarily dictated by theoretical or objective criteria or by national interests. Given the primacy of the modernizing Bhutanese state in the process of national development, the tendency to try to place greater reliance on the private sector and on market forces is contradictory. Moreover, the tendency toward homogenization with the rest of the world

contradicts the ideological, emotional, and psychological foundations of the Bhutanese state and of Bhutan itself.

It follows from all of this that the growth of these kinds of contradictions during the reign of the Fourth King requires some form of resolution, a resolution that will find its institutional and cultural expression in the formulation of educational, cultural, social, and economic policies that will be aimed at achieving the goals that the society and culture may implicitly desire.

His Majesty's promulgation of the idea of Gross National Happiness as a national policy pointed in the direction of seeking a resolution to the contradictions Bhutan faces. The challenge now facing the country is the operationalization of this idea, which means challenging, not accepting, the received wisdom of the West. It is precisely the general acceptance of the received wisdom of the West in these matters that undermines the National Project. What the country must now undertake is the definition of the national project. Reflection on this issue, supported by new research into all aspects of Bhutanese society, is the mark of the maturity of the Monarchy and the Kingdom. Gross National Happiness is at one and the same time reflection on theories of development, on policies of development, and on the values that should guide those policies. It is self-analysis and critical thinking in the definition of the nation's future rather than simple acceptance of guidance from abroad.

This is why GNH is so significant. It must now encompass both ideological programs and practical policies. GNH is a national necessity for the survival of the country within the context of the particular conjuncture of developments at this time in the world at large, developments that are fraught with all of the issues that constitute the core of the very existence of a nation. These developments we gather under terms like "globalization" and "WTO". The rest of this paper will now address this constellation of requirements.

GNH and Development

In the decade since the fall of Communism, many thinkers and authorities have been attempting to define a "third way" between neo-liberal free market Capitalism and now defunct Communism. The attraction of GNH outside of Bhutan lies in this search. In this section we will look at GNH in this perspective.

GNH and Ideology

The word "ideology" has come in for much opprobrium in recent decades, largely for two reasons: First, it was appropriated by one side in the struggle for dominance in the world, the Soviet side, to refer to what that side considered to be correct thinking and analysis; consequently, it was disparaged by the West and given a negative connotation. Second, the

negative connotation given to “ideology” was used to assert what the opponents of Communism argued was the scientific basis of their own thinking. Thus “ideology” was opposed to “science” and, therefore, to “truth,” as the latter term was used more and more to refer only to what science itself could demonstrate. Nonetheless, in order to understand GNH and to give it the multi-dimensional meaning it requires, the term “ideology” serves good purposes, at least for our present discussion.

The concept of “ideology” was born from the French Revolution, which, in fact, gave birth to three separate, if not entirely distinct, “ideologies”. The concept is very closely related to another concept, “modernity” and to the processes of “modernization,” i.e., those processes that are intended to reach or create the condition of “modernity”. We will return to the question of “modernity” later.

What is “ideology,” at least as we will use it? Ideology is, first and foremost, a political program. To be more precise, it is the constellation and construct of ideas that, taken together, define a political program. It is understood that the term “political program” means the plan and the objectives of the plan that are pursued by a state and government to achieve certain objectives. As a political program, ideology consists of the following elements: (a) It is an image or a description of what is going on in the society, in the political economy, at a particular time. It is not just a description of events and processes; it is an analysis of them, of their causes and effects. (b) Ideology gives an image or a description of what is going on that is prompted by, and exists in contrast to, what the past was, and an understanding, its own understanding, of how the past was ended by a particular event. For example, in Western history that event was the French Revolution. In Bhutanese history, that event was the foundation of the Monarchy in 1907. (c) Ideology provides an evaluation of the past as a point of departure for action in the present. Again, note the significance of 1907 in Bhutanese thought. (d) Ideology is one of the mechanisms by which people cope with change and modernity. Change, which in today’s dominant system of thought is called “modernization,” is always unsettling, always disturbing to people’s expectations and modes of behavior. Ideology makes it possible for people to cope with that problem either by explaining it positively or by providing a basis for resistance to it. (e) Ideology suggests specific actions and frameworks for action that make it possible to cope with the processes of change that are implied by the condition of the world after the event or events which end the past. Each of these five characteristics applies to the concept of GNH.

Weltanschauung is another word that is useful in defining GNH in the context of contemporary Bhutanese society. Any given period of history can be defined as a combination of two factors. The first is the particular social and cultural reality that exists at any given period of time. For example, we can say that a particular social reality was “Bhutan” until some event

occurred that we see marks a break in history. The creation of the monarchy in 1907 is such an event. The second factor is the *Weltanschauung* that accompanies the particular social reality. The word *Weltanschauung* means “world view” and is, to put it succinctly, the understanding that people who inhabit a particular social reality have of the way the world works. Obviously, a particular social reality and its *Weltanschauung* exist in a dialectical relationship. Changes in one lead to changes in the other, and the domain that dominates is social reality. The two may not change in tandem, i.e., there may be unevenness in change, so that, for example, the *Weltanschauung* of a particular period of history may last longer than the social reality that gave rise to it. In the view of modernity, this is what is often referred to as “backward thinking.” *Weltanschauung* differs from “ideology” in that it does not possess the characteristics discussed above, i.e., ideology is a mechanism for coping with change in the combination of social reality + *Weltanschauung*. None of this is to imply, incidentally, that change is, or is not, to be desired. This is merely a mechanism to describe a process, not to evaluate it.

Three broadly defined ideologies emerged from the French Revolution. First, conservative ideology was a reaction against modernity. The objective of its political program was the reconquest of power in order to restrain the process of modernization. In its weakest form, conservatism sought to limit the damage of change and to hold back, or slow down, as long as possible, the changes that were coming. In its strongest form, it wanted to return to, or reestablish, the past. Conservatives understood very well that the state was the key instrument to achieve their goals.

Second, liberal ideology, which defined itself as the opposite of conservatism, based itself on what it considered to be “the consciousness of being modern.” Liberalism claimed to be universalistic, which is to say that it claimed to apply to all human beings everywhere. Because of this, liberals believed, liberalism could be intruded into the logic of all social institutions and processes. It was the key to burying the past and giving birth to the future. While conservatives were concerned with the restoration of the particular past that they felt was disappearing, the liberals believed that the future they outlined applied to all mankind, regardless of any particular characteristics. Moreover, in order for history to follow its natural course -- a natural course that was confirmed by the scientific observation of change in nature, particularly by Darwinism -- the liberals insisted that it was necessary to promote conscious, intelligent, continual reformism in the full awareness and conviction that “time was the universal friend, which would inevitably bring greater happiness to greater numbers.” It should be very clear that contemporary neo-liberal economic and social theories belong in this category of ideology. Liberalism believed that progress was inevitable, but it could not be achieved without some human effort, without a broad political program. Moreover, the existing political institutions, created in the

break with the past, were necessary to achieve the political program of liberalism. It is apparent from Western experience and politics that liberalism is not clear about the relationship between particular political institutions and its political program. In any event, liberalism is a particularly Western position, as we can see from its claim to universal validity.

The third ideology to emerge from the French Revolution and its aftermath was socialism. Socialism differed from Liberalism in that it was convinced that the achievement of progress required a very conscious helping hand, without which progress would be very slow. Liberalism and Socialism agreed that change and progress were part of the “natural order of things,” i.e., of history and nature, but while the Liberals were willing to “let nature take its course”, more or less, the Socialists believed that the application of reason could define the objectives of change and the means to achieve those objectives; moreover, history could be accelerated by this application of reason. Primary examples of socialism today are the Scandinavian countries, the Netherlands, New Zealand, Australia, etc. Whether they have “Socialist” governments or not, they fall under this ideological rubric.

In summary, Conservatism sought to limit the dangers change posed and, if possible, to reverse the process; Liberalism sought to achieve human happiness through the application of Western logic and reason; Socialism agreed with liberalism but sought to achieve happiness through careful planning to reach specific goals. These distinctions are analytically important although there has been a great deal of overlap among the three ideological positions. GNH, in its potential ideological and pragmatic formulation, commands international appeal and interest because it is an alternative to the three positions outline here.

The “subject” of Ideology and Change

GNH is an ideology in the sense described above, which is to say that it is, or must become, a program of social and economic change and development. Consequently, it must concern itself with the question, “Who is the subject?” or, to put it another way, “Who is, or should be, the principal political actor in defining and carrying out the political program of GNH?”

The existing ideologies, Conservative, Liberal, Socialist, have never been able to resolve this question. It was raised by the French Revolution because the revolution declared that the people, not the monarch, was sovereign. In other words, the French Revolution raised an issue that nobody has ever been able to resolve clearly: where does sovereignty reside? Each of the three ideologies discussed above has provided its own answer, however unclear. The Conservatives argue that traditional groups in society, those groups that carry continuity with the past, with “tradition,”

ought to be sovereign. These often include the family, the church, and even medieval guilds. The Liberals insist that the individual is the historic “subject” of modernity and that, therefore, the individual is sovereign. The Socialists argue that the whole people, taken as a group, as an entity, is sovereign. For them, the issue is: who is a member of “the people”? Quite obviously, these positions raise more questions than they can answer.

Here are some of these questions. If all individuals are equal, does this mean that each individual has the same right to determine the future of society as any other individual? Is the future of society to be determined simply by counting numbers? Is it not the case that, with the spread of information technology and the unwillingness or inability of the society to control either the quality or the content of the information available, the very existence of faulty or even false information limits the ability of each individual to come to reasonable conclusions concerning policy and the future. If that is the case, is a simple counting of numbers (votes) a sufficient way to determine the good or the happiness of the whole? Does this not mean that control rests with those who do indeed command the nature and the dissemination of information?

Moreover, is it not also the case that not all individuals can participate in determining the good or the happiness of the whole? For example, children, the insane, criminals, all are excluded in many societies from participation in the process. Where do we draw the line? To cite an important example: If Bhutan joins the WTO, it surrenders, by very definition, the right to determine who participates in defining and achieving the happiness of the Bhutanese whole to external forces, even individuals, who are not members of the Bhutanese community, who do not share its values, its history, and whose own definition of good or of happiness has developed without reference to Bhutan at all. In other words, Bhutan surrenders to market forces and to the powers that are dominant in the market its own sovereignty, its own right to determine what is its gross national happiness. It thereby limits the freedom of the Bhutanese state to function on behalf of the Bhutanese people. The “subject” of Bhutanese society, of Bhutan’s political program, not only ceases to be Bhutan but becomes an external, foreign, actor.

Let us assume that Bhutan does not join the WTO and retains sovereignty for itself. This leads to another question: Where within Bhutanese society does sovereignty lie? Does it lie with His Majesty the King? Does it lie with “the people”? Does it lie with the government? This is not an easy question to answer, and we can find much evidence that points to this difficulty. For example, Bhutan is admired throughout the world for its environmental policies. It is considered very progressive and wise in pursuing these policies. But who decided to pursue those policies? Bhutan's environmental policies may inhibit happiness in quite different sectors of society. The private sector is inhibited in the pursuit of the happiness of

private entrepreneurs because Bhutan's environmental policies place off limits the use of important natural resources for private achievement of happiness and, some would argue, for the improvement of the social whole. Second, they limit the happiness of all or many village communities, and of the individuals who live in them, because environmental policies place off limits the use of these resources for the pursuit of their economic well-being, i.e., their happiness. And yet, it may also be argued that these policies promote the welfare of all, even though certain individuals and sectors of society would not agree. This argument suggests that the "Actor", the primary subject of the political program of gross national happiness, may not be the people as a whole or even the sum of individuals. Indeed, the issue of the environment and its future has been determined on the basis of a set of values that are not defined democratically or by those who are most directly affected by the policies adopted. This problem is not unique to Bhutan. In many Western countries it is being argued and resolved in various ways on a daily basis. In actual practice, Bhutan has resolved it in a particular way even if it has not named that way: Bhutan has decided that somewhere in its polity is located the power of sovereignty, that is to say, the power to determine that, for example, the environmental policies Bhutan is pursuing are correct for the entire people even though the people did not choose these policies. Most people would agree that this is not unreasonable.

Whatever may be their position with regard to the location of sovereignty, all ideologies, which is say all political programs, necessarily see the state as the primary instrument for carrying out the agreed-upon political program, however that program may have been agreed upon. That is the case with Bhutan's environmental policies.

Another issue that all three ideologies have in common is the relationship between the state and society. One of the major consequences of the French Revolution was the appearance of the concept of "society" as an entity separate from, and in opposition to, the State. This concept spread around the world, and in its most contemporary form, "civil society," it is used in Bhutan too. Indeed, in Bhutan today there are studies of "civil society", precisely as the concept was defined after the French Revolution, i.e., society as self-existing, outside of or in opposition to (not contrary to but different from), the State. For example, the State is understood to be "coercive" in one or another way, while "civil society" is assumed to be, somehow, voluntaristic. Of course, this is too simple because it does not take into account the coercive elements in civil society, such as peer or community pressures to conform and perform. These were always present; indeed, they are at the core of "traditional society," but they have only recently come to the attention of social theory as "civil society" emerges onto the analytical screen in contrast to the State. It is important for GNH theory to recognize the function of coercion even in civil society.

The three ideological positions that have co-existed in the West since the French Revolution have been the subject of much debate, and in the 1960s many began to argue that, after all, there was only one ideology of which these were simply three variations. That ideology was called “Liberalism,” and both Conservatism and Socialism were redefined as variations of it rather than as separate and distinct ideologies. In any case, what is important from our point of view of GNH is the questions these ideologies raise, most particularly the questions of the “subject” and of the relationship between the State and Society.

GNH and Change

The Age of Liberalism, in which change and development were first considered to be a good, began with the French Revolution in 1789 and lasted to the fall of Communism in 1989. This was the period in which in which the liberal idea that progress and change could be achieved in a measured and reasonable fashion by the application of science to the management of change dominated Western thought. The five-year plans, whether Bhutanese or Indian or Russian, exemplify this idea. This was the ideology of liberalism.

Before the French Revolution, the *Weltanschauung* of almost all societies and the systems of empires and other political entities had assumed the normality of political, social, and economic stability. In a way, this is what was meant, afterwards, by “tradition”. In this world of stability, sovereignty was visibly present in the person of the ruler, and a whole set of equally stable customs and regulations controlled who had power to rule and under what conditions. Change was considered exceptional and had to be justified in exceptional terms.

With the French Revolution, all of this changed and a new *Weltanschauung* developed, or began to develop, which by the time of the European revolutions of 1848 assumed the normality of change. Indeed, change itself, change in political systems, economic systems, and, of course, changes in technology and changes brought about by technology, became the norm. The assumption of change as normality became a point of departure even in politics: changing one's political rulers was both desirable and normal. The only difference between conservatives, liberals, and socialists concerned attitude toward change; conservatives were not happy about it and socialists wanted to make it happen more coherently, more directly, and faster. But nobody questioned change itself.

Not only did people not question change; they did not reserve areas of life outside of change. Obviously, the tension between change and not-change is very much at the root of contemporary fundamentalism and other similar movements. It is in this context that GNH becomes at one and the same time a critique of Western theory and an attempt to formulate a different approach to the issue of change. GNH offers a fourth possibility,

one that does not rest on the unquestioned assumption that change is, in and of itself, either good or inevitable. GNH needs to posit the following: In the West change is seen as “natural”, “unavoidable,” in itself, while GNH suggests that change needs to be seen in a moral and cultural perspective. In the West, all points of view accepted change, and the issue was the speed and the instrument of change. The function of specialists was to record change; they could not prevent it. As time went on and development became a program, specialists assumed a different role, as we will see. The Socialists claimed to create specialists in change, but in reality their concept of change was the same as that of the Liberals and Conservatives. GNH, in contrast, argues that change itself must be placed under analysis, and that the process needs to be guided by certain values and specialists in those values. At least, that should be what the GNH argues.

One of the consequences of the French Revolution, one of the hallmarks of the "Modern", was the shift of the locus of theoretical sovereignty from the ruler to the people. This opened up the question of whether any particular state reflected, or was the embodiment of, the will of the people. In this nexus appears the primary schism in Western thought between state and society, a dichotomy that has dominated Western thought from the early 19th century down to perhaps 1989. 1989 is the date some people would use to mark the end of this dichotomy. In that year, the fall of the Berlin Wall, symbolizing the fall of Communism, released the dominant classes in the West from the necessity of using the apparatus of the state to control change. Communism had posed a direct challenge to the West precisely in the field of change both theoretically and practically. Once Communism passed from the scene, the state was no longer an absolute necessity; it was really only necessary for control, but the state itself could now be dismantled and privatized for the benefit of those who controlled the means of production, which meant the managerial class. It was fortunate for that class that technology, particularly communications technology, had reached the point where it was relatively easy to control public attitudes and perceptions. The present situation, therefore, is a consequence of a fortuitous confluence of developments. The argument is being made today that, first, the state inhibits natural processes of change and development. The state is a danger to the natural freedom of the reified individual and of the natural power of the free market. Here we have to make it very clear that this is itself an ideological position, an historical artifact, and it does not carry either the force of science or of reason. Bhutan must deal with this question very seriously in GNH. In Bhutan, the transfer the locus of theoretical sovereignty from the ruler to the people has not yet taken place, if indeed it has even begun. Bhutan is therefore in a position to consider this matter carefully and pursue a course more suited to its own situation and needs. In Bhutan the issue or dilemma of state vs. society has not been part of the political discourse. In fact, the role of the king in Bhutan suggests that

this dichotomy, so central to all Western social thought, has never really existed. GNH ideology needs to reflect on the implications of this and on its meaning and potentiality in the definition and process of development.

In the Western *Weltanschauung* of modernity, the individual has become a reified being, which means two things: it means that the individual is assumed to exist in and of himself, and he is a thing in nature. Of course, this is contrary to both village society and culture and to Buddhist thought and practice. In the West, this reified individual, this thing in nature, is, by virtue of its natural existence, assumed to possess certain "inalienable rights" which neither the state nor society can contravene. This assumption lies at the heart of the Western suspicions of the state, which is considered inimical to these alienable rights; therefore, much of Western social, political and economic theory is concerned with protecting the rights of the individual. Since 1989, however, in the new "neo-liberal" world, the state is still seen as the enemy, but now the market has the right to transcend the rights of the individual. This is a serious and practical matter. The market does not need to account for the welfare of the individual. In fact, it is now assumed that the welfare of the individual will be taken care of by the market, and the market is protected by the theory from being called into question. The market is a transcendent natural force. In Bhutan, quite obviously, none of this pertains. GNH must critically examine these assumptions and provide its own set of assumptions based upon the experience of Bhutan, not the West. All this means that Bhutanese development is now taking place in a radically new context, in which the old liberal verities of the West have been canceled and replaced by new ones. Ironically, this effect allows Bhutan to pursue its own path.

The development and supremacy of market forces in the 19th century West was a political program that was based to a large extent on the emergence of an entity called the "nation". Originally, the concept of the nation emerges as a definition of a commercially viable market. In other words, a nation constituted that region and or people within which a common language, shared tastes, shared conceptions of law and order, a shared system of weights and measures, allowed commerce to take place more easily than across linguistic and other boundaries. Based upon the market, a polity that could control the market arose. Gradually, a consciousness of the market emerged in the form of cultural and other nationalisms, so that the socio-economic unit of the market was reified into the nation-state, which then was granted a new past through the study of history (in fact, history itself, as an academic and educational subject, developed in this context).

After World War II, new states, including Bhutan for all practical purposes, emerged into a different world than that of the 19th century. This gives Bhutan an opportunity to define itself for itself, a question that is raised by GNH's concern to use culture as a defense of the nation's

independence. It is important to note that liberal economic theory legitimated the nation-state as a natural entity that existed along side the reified individual. We are well aware that in the last decade or so, particularly since, say 1989, the legitimacy of the nation-state has been called into question on at least two counts. First, it has been called into question by the assumption of the new supremacy of the market, particularly the global market, which trumps the interest of the state to protect itself. Second, it has been called into question by the movement for human rights, here under the guise of multiculturalism. The State is now being returned to itself, defined once again as a threat, and it is being dismantled at the same time. How is Bhutan to think about this in terms of its own interests? The New World Order is no longer the order of nation-states whose interactions are governed by international law. It is a world of disorder controlled, if it is controlled at all, by the forces of the market.

GNH and Development

A vital shift has taken place in the focus and theory of development since 1989 and the fall of Communism. Incidentally, we should note that the public discussion of GNH in the West, or at least in English, probably began about the same time, in 1987 or 1988. Consciously intended or not, this is a symbolic event.

Since the 16th century, European thinkers have been concerned with the problem of the increase of the wealth of their respective political entities, the wealth of the state (and empire) and, later, the wealth of the nation-state. In the great age of discovery, exploration, and conquest, the age of mercantilism, all debates in the social and economic realm centered on how to create more wealth for the state, how to increase the income of the state, to increase income over export. This led to regimes of controls of all kinds in order to prevent consumption and the uses of wealth that would diminish it. The importation of gold and other precious metals was encouraged; trade advantage was a prerequisite for power.

The extraction of gold and other precious objects from the Americas after their conquest, accompanied as it was by the almost merciless exploitation of the "native" peoples, was a perfect example of mercantilist economic theory. The British Empire's trade policies, restricting trade, to the extent possible, between, for example, South Asia and Britain and excluding other trade relationships, i.e., the old "imperial preference" system, was another example of mercantilism.

By the time Adam Smith's *Wealth of Nations* was published in 1776, a shift had taken place away from the theory and practice of mercantilism to the belief that only by maximizing the individual merchant's ability to trade and accumulate wealth could a nation's wealth increase. This new approach to economic activity was the obvious concomitant of the emergence of a capitalist class of individual entrepreneurs. The individual had replaced the

state, and individual economic activity in a free market had replaced state controls and monopolies in the pursuit of wealth.

A least two characteristics of this kind of thinking are significant for GNH. First, development per se was not a part of either system of thought. It was the accumulation of wealth that was significant, not development. There was no necessary relationship between the two. Moreover, and this is the second point, power was the significant variable in the equation. Under mercantilism, the power of the state to conquer was crucial to the accumulation of wealth at the least possible expense. Since the state, with its power to monopolize, was the primary economic and political actor, power was the most significant economic factor, and this meant military and naval power primarily. After mercantilism, under capitalism, with its emphasis on the individual entrepreneur, the state's power was no less important but was now directed differently. Now its purpose was to create those conditions that allowed the individual entrepreneur or corporation to maximize its advantages. This meant that the cost of maintaining a trade regime and the law and order that were beneficial for the private entrepreneur or for a corporation was the business of the state. The cost of doing this was often borne by the colonized peoples or, in some cases, by the people of the metropolitan power through taxes. A perfect example of the shift from mercantilism to capitalism is the abolition of the East India Company's monopoly of the Indian market to the post mutiny colonial regime in India.

However, the state did not disappear from commerce. In order to trade, which means to have goods and services for export, states and nation-states sought to maximize advantages for their own merchants and producers. This meant the development of tariff systems that created advantages for one's own people in the development and production of goods.

Finally, by the time of World War I, it had become apparent that a combination of technology and trade had resulted in the emergence of a class of nations that were "developed" and the rest undeveloped. At least this was the expression we used until the 1990's. The technological basis of development was, first, a consequence of the need for military and transportation technology, in the periods of mercantilism, to enable certain states to conquer distant lands and to exploit them. This technology, for example military technology, geographical technology (maps) and sailing technology were crucial for the development of empires. Second, under capitalism technology became the basis for comparative advantage in production and commerce. It was widely recognized that technology was the basis for a new kind of productive power that would advantage those who possessed it over those who did not. In fact, a whole system of patents and trademarks, etc., developed to prevent the transfer of technology to those who might also be advantaged by it.

Development as such was not an issue until the Russian Revolution of 1917. That was the ideological turning point in the entire thinking about World economics and the world system. Two historical moments in Western history symbolize this shift. On April 2, 1917, Woodrow Wilson, the American president, gave a speech declaring war on Germany. He said, "The world must be safe for democracy. " To all intents and purposes, this meant that the world must be opened to the kind of trade that the developing nations of the West found it advantageous to pursue. Democracy meant free trade, the abdication of the power of the state to control trade for its own benefit and the transfer of that power to the bourgeois class. The second date was November 7, 1917, the symbolic beginning of the Russian Revolution. The Russian Revolution was based upon the idea that it is not the bourgeoisie, not the capitalists, but the workers who actually produce wealth and should control it, and that, as the agent of the workers, the state had the primary responsibility for managing the economy in order to increase the standard of living of the working class, which meant increasing the wealth available for improvement. These two events symbolize the emergence of two totally different systems that were now in competition with each other. Competition between nation-states and empires now became competition between different ideologies and socioeconomic systems. The one used universalism, that is the argument that capitalism was natural, to argue for the political conditions that permitted the kind of trade that would advantage its own middle class of individual entrepreneurs. The other used the particularism of the interests of a particular class, the working class, to argue for a totally different trade regime. For the first, making the world safe for democracy, the slogan of "self-determination of nations", meant creating a trade and economic regime advantageous to the already developed nations. For the second, advancing the interests of Communism meant exploiting everything in sight in the interests of a particular class, and this meant reducing all trade to state controlled trade and production.

It is in the context of this contradiction between the two systems that the concept of development came to the fore, particularly after World War II. In fact, the concept of development was advantageous from many perspectives. First, in the contest between the two systems, each holding out different possibilities, development was advantageous to each in the competition with the other. For the Western nations, the capitalists, development was advantageous because it was a way of denying or negating the political attractions of Communism. However, that kind of development was not intended to be disadvantageous to the developed countries, so that, for example, the issue of knowledge transfer, of what is now called intellectual property, the question of development policy that would be politically advantageous but not economically disadvantageous, became crucial. This is one of the reasons why "uneven development"

became a serious issue in the developing countries. Furthermore, the development policies of the West were intended to encourage the increase in strength of those classes and political groups in the developing countries whose interests would ally them with the capitalist countries. A perfect example of this is the Vietnam War. This was a war fought not over capitalism vs. Communism in a narrow sense but over the issue of who would be advantaged by development. The regimes in post-colonial Africa, corrupt and unstable but always serving the interests of the developed countries, provide another example. For its part, the Communists encouraged development to win political battles in the competition with the West and to build military power, which it saw as a primary necessity in the competition with the West.

The non-Western and non-Communist nations, a kind of third-party in the struggle between Communism and capitalism, understood that in this contest the only hope they had was to engage in "nation building", to increase and modernize infrastructure in order to withstand the pressure and control of the two major camps. The whole theory of nonalignment was based on this, with development theory and political nonalignment between the two powerful economical political camps as the foundation of this approach. (We should note that although the rest of the world thought China and Russia were allied, in fact we now know that they were not; they were fearful competitors.) "Development theory" developed in the context of this world struggle, and it is important to note that no development theory proved to be really valid or successful.

In the perspective of both Capitalism and Communism, as well as in the perspective of the Non-Aligned powers, justice and happiness were understood to be a consequence of development but not to be the compelling reason for development. Development itself, not happiness or justice, was the goal. Capitalism argued that the individual would be happy if he or she accumulated more goods and wealth. In order for the trade system to work, consumerism had to be encouraged both in the developed and in the underdeveloped worlds. Consumerism was the way in which the capitalist system insured social stability so that production would not be interrupted. Communism argued that future generations would enjoy the advantages created by the present, so that the harsh regime of the present would pay off in future happiness. Both systems accepted the idea that injustice might be a necessary concomitant of their *Weltanschauung*, of their worldview.

The fall of the Berlin Wall in 1989, symbolizing the end of Communism, meant the end of the competition between the two world systems that contradicted each other. The field, the entire world, was now left to one of the world's systems, capitalism, and this radically changed the *Weltanschauung* of development. The Development State, to which we will

turn shortly, the instrument for development in the period before 1989, is now being replaced by a new theory and a new phenomenon.

The new world system, the new economic regime, is globalization. In this new system or regime, development is no longer a primary economic or political objective. There is no need for it, in fact. Today, integration of all economies into one is claimed to be to the advantage of all. Because there is no competition, the global system of capitalism can now function without the need for development as it was understood in the 20th-century. Not the interests of the nation, not the interests of the people, but the interest of the market itself, reified, has become the focus of attention. Moreover, another consideration, which began to appear prominently toward the final quarter of the 20th century, was the rise of the multinational corporation to a commanding position as the primary player in the international economy, replacing national corporations and individuals. Once again, now without development because development lacks any political purpose, the new global system sees happiness and justice as byproducts if they are important at all. Furthermore, in order to remove them as primary concerns or objectives, they have been reduced to individual concerns, so that the question of social justice or happiness in a society has been reduced to the question of the distribution of Justice as a commodity, which is the Liberal position today (see, for example, the American legal theorist Rawls), and happiness has become a matter of individual disposition with all kinds of measurements and therapies to improve individual happiness. We can even take drugs to be happier, so that happiness itself becomes a commodity on the market available to those who can afford it.

Two more issues must command Bhutan's particular attention. First, in all of this, small states have always been disadvantaged. Differences of scale are vital and are in fact differences of kind. None of the ideologies of development in the past have taken into account the fact that small states, small societies, are different. They lack the political power to withstand encroachment. For the most part, they lack resources to develop their own advantages. They lack the human resources to develop their own approach to their own concerns. Capitalism and, later, globalism have argued that small states should simply join the system. The rules of the market economy are universal, it is claimed, and apply to small states and societies just as they do to large ones. The asymmetry of power is not considered a significant factor. For Communism, the same criticism was valid. Communism argued that the analysis it made was valid for all societies, a kind of universal law of history. Gravity operated the same in Bhutan as it did in America or Russia.

Second, to the extent that small states accepted and made policy on the basis of the assumptions sold to them by the universalistic claims of the contending ideologies, they themselves were weakened in their attempt to find their own ways to the future. Now, under globalism, they are even told

that they must surrender sovereignty to the global system, which itself is a playing field of asymmetrical power. Therefore, to the extent that small states buy into both the theoretical and the ideological claims of the specialists from outside, they weaken themselves.

This is the context within which GNH becomes significant. The reason why it has attracted attention is precisely because of the challenge it poses to the theories, ideologies, values, and politics of the powerful. It is, in fact, an experiment.

GNH and Culture

Both Capitalism and Communism legitimated the acquisition of greater wealth, though for different purposes and with different rationalizations. For both camps, however, the objective proved hard to achieve, and when a statistical improvement in the economy of a particular country appeared, new wealth was often so maldistributed within that country that social and political unrest increased rapidly. With time, the optimism of the period immediately after the end of World War II began to confront the incontrovertible fact that there was a growing gap between the developed and the underdeveloped countries, between the “North” and the “South”. The terminology may have changed but the fact did not. “Development” became the term applied to the process of overcoming the gap.

For many reasons, pessimism with regard to the possibility of overcoming the gap increased with time, particularly in the 1970s. A factor had to be found both to explain the gap and to suggest the reasons why it existed. Both in Capitalism and Communism, “culture” entered the discourse to explain this gap. “Culture,” often equated with “tradition,” “traditional culture,” was deemed the culprit in the increasingly unequal development. Curiously, the Communists had identified the culprit from the very beginning and had pursued active, often violently aggressive policies to eradicate old cultures and introduce new ones. The Chinese “Cultural Revolution” was just such an aggressive attack on tradition and an attempt to wrench China from the clutches of the old culture and force it into a new one more conducive to development.

In Western thought, the concept that industrialization was a culture in itself, that the introduction of modern means of communication also required the introduction of the culture of modernization, became current. This ran all the way from insisting that modernization required the replacement of the “traditional” extended family with the nuclear family to abandonment of all kinds of “traditional practices” that hindered the emergence of the Western-type of individual entrepreneur. In short, the “underdeveloped” peoples of the world had to undergo social, cultural and psychological modernization if economic progress was to be made. “Science” had to replace “traditional values” and scientific disinterest had to replace the parochial interests of any part of a culture or the culture itself. It

was, by the way, here that the idea of “technical assistance” and “development specialists” came to the fore, i.e., help and individuals that were scientific and disinterested in the question of value conflict.

This is not a trivial question by any means. Bhutan must be well aware of the fact that in its own region, the agents of development have introduced changes that are destructive of whole cultures. In fact, the issue has become sufficiently pressing that international organizations now speak of “cultural genocide,” by which they mean the cultural cost of introducing socioeconomic change that does not factor into its processes the question of the development of culture as well. His Majesty’s insistence that culture must be an instrument for the protection of the nation reflects this reality and calls for a creative response within GNH thinking.

Buddhism and GNH

In light of this discussion so far, an important question that has to be considered is the relationship between Buddhism and GNH. Two factors seem paramount. First, Buddhism may be considered, for the purpose of this discussion, as a set of values that are quite different from those of the culture, Christian, in which development theory and modern political theory developed. For example, in the Christian *Weltanschauung*, the individual is considered to be a totally unique being, possessed of a unique soul, and to be the primary actor in all regards in the drama of his or her own salvation. This quite obviously impacts seriously on development theory and on the role of the individual. The great Western sociological thinker, Max Weber, emphasized the relationship between Christianity and the rise of Capitalism. Buddhism, for its part, refuses to reify the individual or any other entity. Consequently, the *Weltanschauung* of a culture that is Buddhist will be very different from that of one that is not. This, of course, is true for all cultures. However, it must be taken into particular account in Bhutan, where Buddhism and Bhutanese culture are almost isomorphic. To the extent that Bhutan is a Buddhist and not a Christian or Muslim society, its *Weltanschauung*, its social, cultural and political ethos, rooted in Buddhism, must be the foundation of its public policies. Change, in other words, must be based on Buddhism, not on other constructions of the world. This is the particularity and importance of GNH for Bhutan. To the extent that GNH has validity beyond Bhutan, it is because it raises vital questions that have heretofore not been central to political and social discourse.

Second, although we divide life into various domains, such as the personal, the social, the political, the religious, the psychological, etc., in fact life is not lived that way. It is a commonplace to recognize that my psychological condition will have an impact on my social life and that my economic situation will have an impact on my psychological life. In fact, life is a seamless whole. In this context, Buddhism and culture are part of that

seamless whole. If in one part of our lives we engage in activities that are radically different in their quality and in their ethos compared to our activities in other parts of our lives, the whole fabric will change. Consequently, if we value Buddhism and if we value Bhutanese culture, the strategies and tactics we use for economic development must be intricately and intimately part of Buddhist and Bhutanese culture and its Weltanschauung.

This is a crucial challenge. Let us assume that a major directive, the prime directive, of Buddhism is to not harm others. Let us also assume that a prime directive of Buddhism is to create those conditions that allow all sentient beings to move along the path to enlightenment. If that is the case, then GNH must take as its own prime directive the development of those strategies and tactics that, first, do not harm sentient beings in the process of change, and, second, are immediately aimed at decreasing the obstacles, the "Negativities," that impede the search for enlightenment. If one takes this seriously, and if one assumes the seamlessness of life as a whole (itself a Buddhist concept), and if one understands that Buddhism as a value system differs from other value systems, as all value systems differ from each other, then GNH must approach development from a different perspective. Note that this is not a question of individual happiness or of happiness in any immediate sense. The "Happiness" that we are considering as the objective of GNH means the removal of obstacles, the condition in which any negativity is diminished, not the immediate satisfaction of the individual as such.

The "happiness" of Gross National Happiness, in other words, is not to be understood in metaphysical terms. It is a very immediate and practical concept. It is possible to identify those developments and those already existing conditions that impede the realization of the values a society and culture, Bhutanese society and culture, hold high, hold to be important. The challenge of GNH is to design practical policies that achieve this objective. This must involve the redirection of resources to this purpose and, equally important, the development of education that self-consciously has the same purpose. It is indeed true that, for example, consumerism grows partly because of the introduction of TV and other forms of information technology. TV and IT cannot be removed once they are introduced, and any attempt to do so would probably be counterproductive in terms of the values of GNH. However, their presence must be accounted for in the development both of regulations controlling consumption and the development of an educational system that will strengthen or redirect the attention of the next generation away from consumerism and toward the values GNH is promoting.

The GNH State

After World War II, “development” emerged as the primary strategy to close the widening gap between the developed and the “underdeveloped” economies. For the capitalist West, this strategy had two important purposes. First, in the conflict of the Cold War, “development” was a political move that enabled the West to prevent one or another country from joining the Communist side in the Cold War. (During a certain period, the United States, the chief power of the West, considered even non-alignment equivalent to be opposition to the West.) Second, in the turmoil of the anti-colonial struggle that characterized politics in Asia, Africa and Latin America from the late 1940s to about 1970, “development” was a technique to bring the rebelling societies under control by holding out the hope of socioeconomic improvement while granting them formal independence; “development” almost always meant political ties, and even lines of control, with the power granting aid. Development was the alternative to the reassertion of colonial control, which the independence wars in Southeast Asia after 1945 showed the West were too expensive. Development was, in the long run, cheaper, financially and politically, and it continued the Capitalist powers’ access to the raw materials of the underdeveloped regions.

The Communist camp entered into the same “game” with almost the same objectives. The primary difference was that while each side wanted to prevent “underdeveloped” countries from allying themselves with the opposing group, the Soviet Union wanted to deny the West access to the raw materials of the developing countries, hoping thereby to inflict some economic damage on its opponents. Not long after the victory of the Communist revolution in China, China and the Soviet Union also entered into competition to sponsor development in the “Third World,” although this was recognized in the West only after about 1960.

This combination of relationships was precisely what gave the impetus to the creation of the non-aligned movement, to which Bhutan adhered.

The primary instrument for development, whether sponsored by the West or by the Communists, was the State, and the primary concomitant of economic development was a process that came to be called “nation building”. “Nation building” is a term that refers to the construction of the institutional infrastructure that will provide the political structure of the State, whose primary task in this historical conjuncture was to guide and channel the economic change in the directions the providers of economic aid expected. Very often, the construction and strengthening of the security forces was the primary form taken by nation-building. Nation-building also included activity in areas like education, which had two purposes: (a) the preparation of the personnel resources required for economic development, primarily in technology, and (b) ideological, the construction of a sense of identity, of a mentality, that would accept, even demand, modernization

and that would protect the interests of the sponsoring powers. “Specialists,” ranging all the way from military specialists, specialists in the production of power, in agriculture, and in law, to specialists in child-rearing and in education, were provided by the sponsoring nations, and organizations for the recruitment and dispatch of these specialists became a primary vehicle for the process. The United Nations eventually entered into this domain in an attempt to provide “disinterested” direction and aid, uncommitted to either side in the Cold War. (The latest avatar of the organization of “disinterested” specialists is the NGO.)

We can call the State that was created to serve as the primary agent of this process the “Development State,” whose role was central to national development throughout the “Third World.”

The Development State and GNH

We can define “development state” as a state whose primary *raison d’être* is economic development, and the function of the development state is to coordinate and concentrate the nation’s resources on development, rather than on any other competing objective. Indeed, the development state is the kind of state that is most consonant with contemporary neo-liberal socioeconomic theory and practice. It was characteristic of the development state that it was required, by and large, to accept as its own the sponsoring power’s general economic theories and theories of development.

Bhutan, never colonized by an external power, embarked on the path of development earlier than most of nations of the “developing world,” which achieved independence only after World War II. Some “developing nations,” such as Korea and Taiwan, had already benefited from the economic policies of the empires of which they had been a part, but for the most part development began only after World War II, more frequently only after independence. Bhutan started itself on this path much earlier.

When Bhutan became aware of the importance of the economic and technical disparity between itself and the surrounding world, and of the need to close the gap, is not entirely clear. Certainly during the Duar War, the disparity was not yet pronounced. In fact, reports that “Bhutanese” soldiers may have been using rifles or guns of some sort suggest that the disparity was not as pronounced as it was later to become. Infrastructural and institutional changes introduced during the early decades of the Monarchy were probably more intended to strengthen the control of the new state over the country than they were to close the gap between Bhutan and the outside world. It is also probable that consciousness that the asymmetry of power and development between Bhutan and the more developed world could be a threat to national existence developed as a consequence of events in the subcontinent and to the north in Tibet in the period from 1947 to 1950 or thereabouts. And that would explain, in a

certain way, the establishment of the National Assembly in 1953 as a means to mobilize the people for the project of development.

The concentration on economic development and infrastructure during the reigns of the Second, Third, and Fourth Kings, that is to say, the emphasis on the character of the state as a Development State, can be understood more clearly in this light. However, given the nature of Bhutanese culture and society, the character of the state as a Development State necessarily remained incomplete. The very asymmetry of power, that is to say, the vulnerability of Bhutan, suggested that development per se was an insufficient response to the magnitude of the asymmetry between Bhutan and India on the one hand and Bhutan and China on the other. The magnitude of the asymmetry must have become more and more apparent as Bhutanese, particularly the Kings, began to visit India and as the magnitude of what was happening in Tibet began to impinge itself on the consciousness of the nation's leaders.

While the Bhutanese state developed a monopoly of coercive power, it was never an unlimited state because of the various factors, including geography, which inhibited the assertion of unlimited power, and because of the existence of local power in the villages, which had a traditional basis reinforced by poorly developed communications, etc. While in the developed West the limitation of the state is institutionalized in constitutions and, historically, by the parallel existence of the church and of civil society (particularly after the 17th century), no such institutions existed in Bhutan, unless, of course, one considers village society as a civil society. Is interesting to think about the fact that the Zhabdrung's polity, in which the political and religious were combined both symbolically and materially in the Dzong, was almost the opposite of the polities developing in the West at the same time, whose modern avatars are the sponsors of development and nation-building. The present process of introducing a constitution and Western-style law, a key part of the process of "nation-building", may be less an attempt to limit the state, as happened in the West, then it is to give a sense of legitimacy and structure to an already existing state, particularly in its dealings with the outside world as it seeks more development investment, and to bring itself into concert with foreign norms. Because the Bhutanese state already existed independently before it came into close communication with the world economy (unlike certain independent states in, say, Latin America, which were part of the world economy before independence), and because it was "independently independent", that is to say, it was always independent and did not gain its independence from a former colonial power through which it was integrated into the world economy, Bhutan constitutes something of an exception in the process of development and of nation-building.

The unique qualities of Bhutan's nation-building and development processes may be highlighted by comparison with others. In the United

States, which is one model for construction of national institutions, there is a “limited state” by virtue of the constitution. In Great Britain, on the other hand, the state is unlimited precisely because it has no constitution. Tradition, custom, and the famous British sense of fair play are what limit the British state in contrast to the American state, which is limited by a written document. In this sense, the British state is a total, even a totalitarian, state that may legislate on any subject whatsoever, while the American state is greatly restricted on what it may legislate about. Now what is important about this is the fact that the British state, in the absence of a constitution, is probably more a model of peace and liberty than the American state is with its constitution. In Bhutan, without a tradition of parallel structures that limit the state or a tradition of civil society defined as separate from the state, the state itself seems to need to impose upon itself certain constraints. Whether consciously or not, the ideology and, therefore, the practice of GNH imposes certain constraints on the power of the state.

If the Hobbesian view of the state, “Leviathan”, were correct, and without the state we would live a situation of war of all against all, then Bhutan, in the period before 1907, would have been characterized by such a war. In fact, however, it is obvious that Bhutanese society in and of itself did not disintegrate into such a war. Only the polity disintegrated; village society survived. This suggests that the Hobbesian view does not apply to Bhutan, but it also suggests that many of the issues that confront Bhutan today are the consequence of the still problematic relationship between the new institutions of the state and Bhutanese society itself.

How can the Bhutanese state, now in the process of transformation, handle the social and moral consequences of development? How will GNH deal with these consequences? We may assume that in traditional village society a certain degree of trust and of mutual dependence provided stability for continuity of social interaction and of social life. In traditional society, corruption was a function of the asymmetry of power within the society and could be considered oppressive within that asymmetry. Modernization, as we can see in Bhutan, suggests a shift, as it does elsewhere, from a culture of traditional mutual trust to a culture of accountability. A culture of accountability suggests the need for the values of the society to be made explicit if any system of accountability is to work. Even then, as we have seen in the West, this shift from a culture of trust to a culture of accountability seems to lead to more tension and strife, to a more litigious culture. Many examples of this can be cited. In this context, GNH must be an assertion of the values that underlie a growing culture of accountability that is replacing the culture of tradition in Bhutan. In the modernizing culture, corruption may still be a consequence of an asymmetry in power, but the values that inhibit it are seriously eroded. Law, in other words, Western-style law, is not sufficient to prevent corruption; in fact, it does not inhibit crime, strife, or tension; on the

contrary, experience from other societies shows that it may be a source or cause.

The growth of the modern state in a very real way converts power into an instrument of the ruling class, but it also becomes a vehicle for the emergence of the ruling class. For example, in Bhutan, the extent to which the new bureaucracy, the civil service, is able to use asymmetrical power to its advantage in the acquisition of sources of wealth and income as well as of privilege, suggests its emergence as a new kind of modern Bhutanese ruling class that did not exist previously. This new modern ruling class is a consequence of development policy, of modernization; it is not the same thing as the classical bourgeoisie in the West because it is created by the state to serve the state's purposes; it did not develop apart from and in rivalry with the state. The state, therefore, can become an instrument of corruption that this new emerging modernized ruling class may take advantage of because it is part of the state. Within the context of the erosion of traditional modes of social behavior, which would define lawlessness as contravention of tradition, traditional lawlessness now becomes a legal question. It also needs to be emphasized, or at least pointed out, that the conscious assertion of traditional modes of etiquette reinforce the use of traditional social attitudes to support the emergence of the modern new ruling class. His Majesty's promulgation of GNH becomes a problem for the bureaucracy as the new ruling class precisely because it asserts a set of values deeply rooted in the traditional culture and ethos that contravene the self-interest of the bureaucracy itself. This is one of the reasons why it has been so difficult to operationalize GNH. Moreover, it is a reason why strong leadership from His Majesty himself, the only focus in the society of traditional social values by virtue of the loyalty and respect he commands among the people, will be absolutely necessary for GNH to succeed. In a way, His Majesty will have to provide this leadership by leaping over the bureaucracy which modernization created in the modernization process that he himself has promoted. There is a deep irony here. Anthropology has shown that stateless societies have a far lower level of anti-social behavior than modernized or modernizing states. And yet, in the contemporary world, not to modernize is to disappear, to be absorbed. To the extent that GNH is a self-conscious attempt to modernize traditional values and systems of thought so that they can function to guide and control the process of modernization, GNH requires action and demonstration.

GNH, in other words, can be understood as functional in the historical context of modernization as a basis for policy formation rather than as an expression of high moral Buddhist values. It is this dimension, rather than the Buddhist dimension, that makes GNH significant for non-Buddhist societies. Within Bhutan, GNH is the vehicle for the transformation of the model of the generic development state into a state that exemplifies Bhutanese, and therefore Buddhist, values. As counter-intuitive as it may

seem to development specialists and theorists, *driglam namzha* is a sine qua non of GNH.

There is an irony here: Traditional societies are, on the whole, socially conformist societies. In such societies, and traditional Bhutan was certainly such a society, nonconformists had a traditional outlet, to wit, the mental or spiritual world Westerners call religion. Drukpa Kinley, for example, is a superb example of a nonconformist who, as such, played an important role in a conformist society. Modernization contains a component of nonconformity, and this gives rise to the question of regulation of nonconformity. Conformity and nonconformity are always culture specific. Here again, GNH is attempting to reassert traditional values. GNH does have a spiritual, mental aspect, and it needs to be understood in this context. The imposition of Western-style law and legal systems, a crucial development in development theory, does not substitute for or improve upon tradition. Quite the contrary, without an elaborated understanding of GNH's relationship to traditional values and behaviors in this sense, the Westernization of the legal system may be counterproductive.

There is another profound contradiction between Western development policy and GNH. Development policy in its present form and in the present context, particularly in its insistence, at least verbally, on the use and growth of the private sector, must of necessity emphasize the primacy of individual advantage as the motivation for growth. Like it or not, development within the context of capitalism cannot escape this fact. GNH, on the other hand, at least as we tend to speak about it, emphasizes not individual advantage but, precisely, "Gross National Happiness", which is not simply an aggregate of individual happinesses (this is precisely why any attempt to measure individual happiness contradicts GNH). This is an inescapable contradiction that cannot be papered over with any reference to traditional or Buddhist values. Quite the contrary, it can be resolved only by means of policies specifically designed according to GNH. The GNH state, in contrast to the development state, has as one of its primary functions the transcendence or resolution of the conflict between individual advantage, which is the very cornerstone of capitalism-inspired development, and the common good. In any society individuals can act in ways that are individually rational but socially destructive, or rational in terms one objective and but destructive in terms of others. This contradiction, before the emergence of the Bhutanese state, would have been resolved within the context of traditional structures and at the village level. Now, however, that potential resolution has eroded or been superseded by modernization. Consequently, the GNH state must play that role.

It now becomes apparent that if the development state is focused primarily on the process of economic development and nation-building, the GNH state, the state based on the theory and practice of GNH, must consciously incorporate, and enforce, a set of values, must develop

institutions, policies and actions based on those values, and must understand itself as a social mechanism dedicated to development within, not apart from, those values. Indeed, GNH values and institutions are the necessary framework without which Bhutan will lose its specificity.

A similar argument can be made with regard to Bhutan's entrance into the WTO. GNH aims at the preservation of Bhutan's sovereignty. Now, it is painfully clear to everyone that the WTO institutionalizes the asymmetry of power that characterizes any society lacking a strong sense of fair play values. This became very apparent at the WTO negotiations in Cancun in the fall of 2003 and at the Western Hemisphere negotiations in Miami shortly thereafter. GNH insists upon a set of values that ensure that the interests of the whole will predominate in Bhutanese society. The GNH State, therefore, must be the guarantor of the values and policies of GNH. This is one of the traditional of functions assigned to the state in Western political theory: the preservation of a level playing field. Of course, we know from practical experience that in most cases the state does just the opposite: it preserves or promotes the advantages of one sector of society over others. The WTO is society without a state. Were Bhutan to join the WTO, it would by very definition place itself in the position the disadvantaged. If there were a global superstate that functioned to preserve the level playing in the global economy, the GNH state would find the WTO a reasonable opportunity. But there is no global superstate, and Bhutan would remain totally disadvantaged in a game skewed in the interests of the strong, namely North America and the European Common Market. (It must be kept in mind that at the present time, Bhutan benefits from the strong ethical values of nations like Japan and the countries of Western Europe that are donors of development aid, but this is not systemic.) Bhutan needs to study closely the implications of the Cancun and Miami negotiations in light of GNH policies before it makes a final determination with regard to application for WTO membership. In other words, the desire to preserve national sovereignty and Bhutan's own path to development and the decision to apply to the WTO may be contradictory not just for reasons of danger to national culture, etc., but because of the very asymmetry of power implicit in the structure and processes of the WTO.

A discussion of the development and the GNH state must also take account of the distinction between state and government. In fact, the Kasho of 1998 institutionalized this distinction when His Majesty decreed the establishment of the Government. This was a radical departure. Previously, in the 1960's, the Third King had a Prime Minister, but that Prime Minister was not the "head of government;" rather, he was the primary assistant to, and representative of, the king. This is a very important point to make. The coexistence of, or rather the distinction between, the government and the state suggests that the government is not simply the representative or agent of the king. Indeed, the king has made it very clear that that is not his

intention. It would seem that the question now must be asked: Is the Bhutanese government supposed to control the state, that is to say, is the Bhutanese state not to be defined as the instrument for the execution of the government's policies? This is certainly is the understanding of the concept of government elsewhere. But the Bhutanese government was established in 1998 before any mechanisms were created by which the policies of the government could be determined. In some Western societies, this determination is made by "democratic politics"; in others, it is made by a party organization, by the military, or by some other instrumentality. Nothing like these methods exists in Bhutan. Nor, in the abstract, is there any necessary consonance between the concept of democratic government and the concept of good governance, which is an important idea in Bhutan. There is no guarantee of the one by the other. Plato raised this issue at the very beginning of political theory in the West, when he made two arguments: First, he argued that only people trained in the appropriate values -- those he called "philosopher kings" - should rule. Second, he argued that the entire structure of the state had to rest on a "noble lie." In other words, good governance required both careful guidance and an over-arching myth. It must be understood that Plato's concept of "myth" did not imply falsity; he understood that the state, any state, required a theory, an ideology, to function well. Aristotle, historically the second great political thinker in the West, was, for his part, suspicious of both democracy and Plato, but he too argued that "the excellent" must rule if society and the polity were to be stable. In Bhutan, GNH may well provide the over-arching myth that is one of the keys to Plato's good governance and Aristotle's stability. But this leaves the question: who will be the philosopher kings? Who will be the "excellent"?

The GNH State

By now it should be apparent that any discussion of GNH must also be a discussion of the GNH State. Otherwise, GNH remains a theory, even a slogan, with no practical policy application. The concept of the GNH state is a potentially revolutionary one for Bhutan and, by example, for other societies beyond Bhutan.

The history of the Bhutanese state has already been discussed. It is the history of the development of the state as the primary actor, the "subject", of political action in Bhutan. Between 1907 and 1998, "coercive power," that is, the power to make things happen, was increasingly concentrated in the person of the King, and the creation of certain institutions, such as the National Assembly in 1953 and the Royal Advisory Council in 1965 contributed to that concentration.

Leadership, however, while primarily located in the person of His Majesty, was not completely concentrated in him. The Je Khenpo, who is almost co-equal with the King, as suggested symbolically by the fact that

they wear similar colored scarves and are always portrayed as sitting on almost the same level, had and had responsibility for the Monk Body, which to all intents and purposes remains a separate community. This structure goes back to the Zhabdrung's polity and is reinforced by the presence in the National Assembly of representatives of the Monk Body who were not chosen, and now are not elected, by the electors as a whole; they sit as representatives of the Monk Body itself. Finally, at the village level leadership continued to be lodged in the person of the gup, though over time the method of selecting the gup changed and to no small extent the gup has become an instrument of the State.

The centralization of appointment and control of provincial leadership (Dzongdas on down), which the First King began, is the process of extending the Center's "coercive" power and leadership down through society (indeed, this can be seen in the progressive incorporation of the country into the 'national' administrative structure in the succeeding reigns through the extension of the system eastward).

The creation of the Royal Civil Service Commission and, indeed, the entire concept of the Civil Service, can also be understood as an instrument for the penetration of central control down through Bhutanese society.

The policy of decentralization, an integral part of "good governance" at the present time, contradicts, on the one hand, the concentration of leadership and power that is the very definition of the State. On the other hand, the center's policy of decentralization concerns the extension of the legitimacy of the central state to local institutions, because decentralization flows from the center to the periphery and was not forced on the center by the periphery, as happened in other societies. By extending legitimacy downward through decentralization, the state is really concentrating legitimacy in itself. This is necessary if the state is to legitimate GNH as its prime directive and was a process undertaken with great foresight.

Because economic planning and development have been the primary function of the Bhutanese state in the last decades, this process of decentralization has to no small extent been concentrated within the economic planning and development sphere. The roles of the DYDs and GYDs point in this direction.

The GNH state consists of three primary components. Its institutions are already in place, created by the development state in the more than ninety years since 1907. Its personnel are also in place in the form of the Civil Service, although some attention may need to be given to the further training of the Civil Service in GNH values. The third component, to which attention now needs to be directed, is the specific ideological and operational aspects of the GNH state.

The Characteristics of the GNH State

In the final analysis, all political and institutional actors in the Bhutanese polity must be guided in the development and execution of specific policies by generalities that can be described as the characteristics of the GNH state. These can only be sketched in broad terms; their realization is a matter for policy formulation and implementation.

As a Buddhist, more specifically a Mahayana Buddhist, state, the Bhutanese state assumes primary responsibility for the creation of a society in which the individual's progress toward enlightenment is not impeded by unnecessary suffering, material or mental. This is the very heart of GNH and what distinguishes GNH from other development programs. It is the point of departure for the formulation and implementation of GNH development policies. The GNH state undertakes, therefore, to minimize those material conditions that can be disruptive. All citizens must have a means to obtain an adequate livelihood, which suggests that the State must adopt a full-employment policy and must be the employer of last resort. The GNH state does not assign ultimate responsibility for this to the private sector or to the market; they are only a means to an end for which the State itself is ultimately responsible. Furthermore, since significant inequality of income can lead to disturbance both in the social and the mental domains, the GNH state is committed to minimizing the spread of income and the concentration of wealth among the Kingdom's citizens. The use of natural resources, the development of economic enterprises and the development and operation of public services must be managed on the basis of these principles.

The GNH state also encourages the development of a social and cultural environment that parallels the economic environment and is conducive to the same ends. The stability of the traditional family, the promotion of a life-style, particularly a village life-style, and the development of a cultural life in which all members of the society can participate, are integral parts of GNH policy.

All this must be supported, indeed must be realized, through an education system that has as its primary concern not only training in literacy and other skills but also in GNH values and ideas. In many countries in the world, "civic values" are an important part of the curriculum in all schools. Successful modern societies depend upon educating each succeeding generation in the values that are at the core of the social existence they will lead. Bhutan has made remarkable strides in the development of its educational facilities. Special attention now will need to be paid in the educational system to the inculcation of GNH values and a mental attitude that will find GNH practices to be both satisfying and the object of expectation.

The Operationalization of GNH

Introduction

The operationalization of GNH now appears as a reasonable and logical development in the history of Bhutan and of the Bhutanese state. The Zhabdrung introduced the first polity and law code into Bhutan of which we have documentary record. The polity was based on the intrication, the virtual identity, of the administration of the formal Buddhist institutions, the monasteries and the Monk Body, and what, in modern terms, we would call the secular. We must understand that in our understanding of the Zhabdrung's times, this division was formalistic and represented different administrative needs; it was not a clear distinction between different domains either sociologically or ideologically. In real life the two "domains" were part of the whole in which some people specialized in productive activity and others in dharmic activity. The Zhabdrung's administrative division between the Desi and the Je Khenpo reflected these different activities and responsibilities.

Although the period between the time of the Fourth Desi and the establishment of the monarchical state in 1907 was an era characterized by the absence of an integrating polity, an era of disunity and conflict within the geographical Bhutan of the time, Buddhism remained a constant in Bhutanese cultural and daily life. In other words, both the people of Bhutan themselves and those who established and developed the monarchical state were participants in a common culture that, for reasons not germane to this paper, did not experience the appearance or growth of secularism. In practical terms, this meant that institutional Buddhism and Buddhism as thought and practice constituted the broad and profound Weltanschauung of the Bhutanese people, and this is no less true today. Buddhism is the shared experience of all classes of the Bhutanese people, from the upper to the lower reaches of society. This observation finds constant symbolic expression in every aspect of Bhutanese daily life.

As Bhutan and its state apparatus developed, the question of the direction of development appropriate to Bhutan quite naturally led to His Majesty's promulgation of the idea of GNH. All the experience of the Bhutanese state and society led to this point. We may ask why the idea of GNH has become a conscious challenge instead of an implicit assumption that gives form and content to the development process. The answer to this question is important for the discussion of the operationalization of GNH. This paper has argued that the changes that took place in the world around Bhutan changed the context within which the changes within Bhutan were taking place; changes in the external context of Bhutanese development themselves became a part of the process of change and development within the country. At the same time, the changes within the country required reflection on change and on the question of the institutional and practical

expression within the process of development of the conscious direction Bhutan wishes to pursue. GNH, then, arises out of the very nature of Bhutanese history and of the Bhutanese polity and is a reflection on that historical experience while it is, at the same time, a description of the future path Bhutan will travel.

While GNH grows out of the experience of Bhutan, it has been recognized that the concept of GNH has applicability in the broader worldwide reflection on the present condition of both developing and developed societies, all of whom are beginning to experience discomfort and crisis, and on the future of development theory, policy and practice. This is of great significance for Bhutan, because it will provide, as time passes, a context within which Bhutan itself will be able to review and revise its own thinking on these matters. In other words, the applicability of GNH outside of Bhutan, even in non-Buddhist societies, will provide Bhutanese thinkers and policy makers with valuable interlocutors. (It may be noted at this point that, within the Kingdom of Bhutan, there are non-Buddhist people who are subjects of the King. They certainly belong to the Bhutanese polity, if not to the Bhutanese-Buddhist culture, and will benefit from GNH as will all the Kingdom's Buddhist subjects. This is an example of the way GNH may have applicability to non-Buddhist communities at the same time that it is the expression of Buddhism in socioeconomic development. This is no different from the presence and participation of non-Christians in essentially Christian societies in Europe and the Western Hemisphere. Secularism is not a pre-requisite for multi-culturalism.)

GNH and Economic Development

Development for its own sake is not GNH. By development for its own sake we mean development that aims primarily at statistical growth in the material domain (development of material resources and the production of primarily material goods and of services); development whose success or failure is measured statistically but does not take into account the by-products of policies formulated and implemented; and development that is primarily sectoral in terms of evaluation and does not take full account of the integrated consequences of the development policies formulated and implemented. Unintended consequences are of the result of insufficient attention being paid to the ways in which each part of development fits into the whole and impacts other sectors or domains.

The difference between GNH and economic development per se may be defined in this way: Economic development is concerned with the increase of the means of production, including human resources as a means of production. The Five-Year Plans are excellent examples of this. The integration of the various components of the Five-Year Plans is a crucial variable, i.e., lack of appropriate integration may lead to uneven development of one sector over another, with consequent difficulties.

GNH, therefore, is an integrated and systemic approach to change, with certain particular objectives, into which economic development must be consciously integrated as one, but only one, component. Economic development, as defined above, is part of, but neither the whole of GNH nor its primary objective. Ultimately, GNH must determine the course of economic development and not vice versa.

GNH requires comprehensive planning, whose point of departure is the complex of values that define GNH. The evaluation and implementation of policies must take place within the framework of GNH values. Existing and future resources must be directed to the achievement of the goals of GNH. GNH requires economic development. Economic development is unavoidable in today's world, but the direction it takes and the objectives it seeks to realize are a matter of choice, and we must exercise that choice if we want them to be masters of our own future.

GNH and Buddhism

We have defined GNH in non-metaphysical and non-individual terms: It is a policy that seeks to remove from the political, social and economic life of the Bhutanese people those conditions that lead to, or lend themselves to, the development of the conditions that Buddhism defines as "negativities," which means those factors that inhibit an individual's progress toward enlightenment. GNH, in other words, is not about the realization of Buddhist values as such. It is the creation of those conditions that enable the members of the society to realize Buddhist values; it is about the elimination of those conditions that prevent the eradication of the obstacles that stand in the way of the realization of Buddhist values.

Buddhism may be a worldwide phenomenon today, but our immediate concern must be the operationalization of GNH within Bhutan itself, to which we shall now turn. What does this mean in practice? Let us take an example. We can argue that those conditions that give rise to anger, resentment, and social distractions are the conditions to which GNH, as a policy must attend. We can make a fairly clear distinction between those issues for which a Buddhist GNH state should take responsibility and those issues which, presumably, can be assigned to the responsibility of, let us suggest, individuals or the monk body. For example, those conditions which give rise to anger from social and economic conditions are the province of the GNH state and its policies, while those conditions which give rise to anger from personal or private conditions, such as marriage problems, psychological problems, and the like, should be assigned to other provinces, for example to the monk body, psychologists, etc.

We may assume that a great disparity in income between the higher levels of society and the average people is a source of resentment and anger on the part of the people. Similarly, we may assume that the real or potential anger of the people may become a source of fear on the part of the

higher levels of society. To some extent, both ends of the income spectrum may suffer from a significant disparity in income. It follows from this observation that the GNH state must make policies that will diminish, to the greatest extent possible, the income disparity in society. From this we can conclude that the state must make policy to maximize national income for the purpose of redistributing it in such a way as to diminish income disparity. Note that this cannot be done by the operations of the market in any neo-liberal, or WTO, sense. It is widely recognized that membership in the WTO does not necessarily improve income distribution within a member's economy. In fact, it may exacerbate it. Globalization has led to increased income disparity even in the United States, for example.

We may also assume that unemployment can become a source of social discontent with consequences that are easily predictable. Such consequences will inhibit the realization of those values about which we are concerned. It follows, therefore, that the GNH state must make policy that will assert the overwhelming importance of the objective of realization of full employment in the society. A realistic assessment of the prospects of the private sector leads to the conclusion that while the private sector may contribute to alleviating potential unemployment, it is incapable of accomplishing this task alone. The GNH state must become the employer of last resort. This is a major conclusion. For example, it suggests that a reconsideration and reformation of the civil service may be useful if the GNH state is to achieve its objectives, and very serious attention needs to be paid to the question of factors that are extraneous to the issue of employment are or are becoming a factor in shaping Bhutanese employment patterns.

Carefully controlled urbanization and a very aggressive policy of creating conditions that will encourage people to remain in the villages are an absolute necessity if urbanization is not to take place in such a way that urban problems become, as they are becoming, sources of those conditions that will inhibit the realization of our values. Urbanization is not an end in itself, nor should urbanization be considered an historically unavoidable process. Nor is there any reason why Bhutanese modernization should follow the same patterns as other societies. Bhutanese policy must be made not in terms of modernization as symbolized by urbanization but, rather, it must be formulated in terms of the kind of society we want to create in the future and the policies that are absolutely necessary today to achieve that future society. Therefore, careful consideration should be given to the kinds of urbanization that will benefit the GNH state and to those policies that may lead to the encouragement of people to find it more attractive to remain in the country rather than migrate to urban centers of any kind. We can give some specific examples: the creation of one or two schools, perhaps one in Bumthang and one in Trashigang, to mention two places, that are of such superior quality that they are better than any school in Thimphu, and whose graduates will be guaranteed civil service positions, but whose parents must

live in Bumthang or Trashigang, or who must be peasants in those areas, will do more to keep people out of Thimphu than to encourage them to move here. This is only one example. We can imagine ten such schools established throughout the country with such conditions as we have suggested. Decentralization, in other words, accompanied by particular advantages for those who remain out of the urban centers, will do more to accomplish our objectives than the kind of planning currently being undertaken. It doesn't matter whether the schools are public or private, as long as they follow the officially prescribed curriculum.

The number of people in Bhutan who reach retirement age will increase with time. The GNH state can develop policies that will specifically advantage people who retire to the countryside from jobs in urban centers, and it can also develop policies that will encourage people living in the countryside to remain in the countryside.

GNH is not a psychological problem. It is not a religious problem. GNH is not a problem of defining or measuring happiness. It is a policy problem, the formulation and implementation of policies that are guided by the over-arching principle of GNH and whose success (or failure) is measured and evaluated in terms of this principle. That is what the operationalization of GNH requires.

We now turn to some practical examples of these general principles.

Proposal for a GNH Directorate

The operationalization of GNH requires an institutional framework for development and guidance. Without such a framework, GNH will remain a slogan and a hope but will not become a reality. This implies an administrative innovation: the creation of a GNH Directorate, as we shall call it here. This Directorate would be a small, highly efficient and mobile group whose mission would be the development and management of the GNH program.

The GNH Directorate would have primary responsibility for developing the GNH plan and for ensuring the integration of economic planning and other activities into the overall GNH plan.

The GNH Directorate will have primary responsibility for the evaluation of all social, economic, educational, and social programs of the government and the private-sector to determine their impact on the development of GNH and to recommend those changes, developments, innovations, etc., that would bring the programs into line with GNH. This would be something like a GNH audit or an environmental audit, and it would be carried out on a continuing basis.

The GNH Directorate would be responsible for research in those fields that are deemed particularly significant for GNH. (See below "Research")

The GNH Directorate would be responsible for planning and organizing volunteer groups and for other institutional arrangements that would particularly serve the purposes of GNH.

The GNH Directorate would have responsibility for recruiting and dispatching selected personnel overseas for training in particular fields of importance.

In order to assure the importance and significance of the work of the GNH Directorate, the members of the Directorate should be appointed directly by His Majesty the King, and the Directorate should report directly to His Majesty or to whomever he designates to act in his place in matters concerning GNH. The Directorate should make an annual report both to His Majesty and to the National Assembly. This report should be published and widely disseminated throughout the kingdom. The people's representatives should be invited to comment on the report in the National Assembly, and their comments should be included in the report published for dissemination. The report should be written in a language that anyone who has completed six years of school could understand.

The ongoing recommendations of the Directorate should be submitted to His Majesty for approval and then conveyed to the various responsible figures in each sector. The Directorate should then monitor the results of its recommendations.

There is no question that the creation of a GNH Directorate would be a momentous innovation in the further development of the Bhutanese state. However, its potential for creative and imaginative deployment of present and future resources in support of the objective of operationalization of GNH is immense.

GNH Projects

The boundaries of potential GNH projects, projects that constitute the core of GNH operationalization, are the same as Bhutan itself. There is no aspect of public or even private life in Bhutan that does not fall within the field of GNH concern and that does not suggest ways in which GNH can be operationalized on a very practical basis. We have suggested some areas of concern above. What follows here are only suggestions. Ultimately, the determination of priorities and the initiation of projects must be the responsibility of the proposed GNH Directorate or some similar body.

The Construction of a National Community and the National Consensus

GNH rests upon, and must result in, the construction of a national community that itself participates in the GNH project. By National Community we mean the community in which each citizen of the kingdom feels himself or herself to be a member of a common project that is Bhutan and the construction of the GNH community. The foundations for this community must be laid through education and through the conscious use

of the decentralization process to incorporate people directly into the project. Given the nature of Bhutanese society with its strong hierarchal cast, it may be advisable to develop a core of facilitators whose function it would be to attend meetings at all levels in order to encourage participation by everyone in the national discourse. A small group of facilitators could be trained and given an institutional home in the GNH Directorate. For example they would attend GYT and DYT meetings to encourage truly open participation in discussions and to provide an independent report of opinions.

In addition to the development of a national community, attention should be paid to the construction of a national consensus that supports both GNH and good governance. The national consensus would be the consequence of the kind of conversation that the facilitators would encourage. In fact, the concept of a national community and the concept of a national consensus are really two facets of the same process.

Sectoral Planning

The operationalization of GNH will require the integration of sectoral planning in the course of the present and future five-year plans under the aegis of the GNH Directorate. Those responsible for sectoral planning and for overseeing the implementation of the five-year plan in each sector should be required to attend carefully planned GNH seminars in which not only are they encouraged to think of their activities in GNH terms but also to produce plans both for cooperation and for integration of their respective sectors into the larger GNH Project. The facilitators corps of the GNH Directorate could provide the framework for this activity.

Furthermore, as the time approaches for planning the 10th five-year plan, those responsible for the overall plan should undertake to develop it within the GNH framework.

Research

All GNH activities depend upon, and require, research aimed at establishing the real conditions at each level of attention; this is necessary to create the framework for determination of particular GNH projects and for the evaluation of GNH activities. Research is particularly important in the villages. The simple fact of the matter is that most or all planning ultimately takes place in Thimphu and is accomplished by individuals who are strongly oriented to the urban setting. While many Bhutanese living in Thimphu maintain close ties to their villages, their frame of reference for work remains Thimphu. Social science and economics research in the villages, along with opinion research, is a sine qua non for the operationalization of GNH. This means that there is a strong need for social science researchers who are seriously lacking in the Bhutanese environment. Nobody doubts the importance of trained specialists in the various fields of

engineering, commerce, and education. However, a healthy society requires in-depth knowledge about itself if it is to make productive decisions concerning its own future. The operationalization of GNH requires that a certain number of graduates be given the opportunity to study abroad in the fields of sociology, anthropology, economics, and in those fields in which these subjects are combined, such as economic anthropology, etc. A research corps needs to be an integral part of the civil service or the GNH Directorate, and once people are trained in these fields they need to be assigned for long periods to work in them. Careers in specialized research need to be encouraged. The curriculum of Bhutanese educational institutions also needs to be revised to make room for basic training in these fields at a level that will make it possible for graduates to go abroad for further study. Once such a mechanism is established, it should become possible to train researchers and research assistants inside Bhutan.

Volunteer Corps

Volunteerism needs to be encouraged in Bhutanese society. Indeed, we argue that volunteerism is an expression of the Buddhist ethos. The spirit of volunteerism needs to be inculcated throughout to the school system through both teaching and activities. Over time, the GNH Directorate can establish volunteer corps in a variety of fields: teaching in remote areas, primary medical care delivery in areas not yet reached by the medical system, community construction work, youth work, etc. These corps would include programs for school leavers at various stages, training programs for a certain period of time, and maintenance income. The volunteers would learn skills as part of their volunteer activity which would improve their opportunities when they finished their volunteer work. The model for such GNH corps would be the Peace Corps, the Teach for America Corp., the Habitat Program, etc. It should be added that such an approach would also contribute alleviating certain potential problems, at least on a temporary basis, such as youth unemployment.

An especially interesting project may be the development of a Village Youth Corps that would bring volunteers from urban centers to the villages during vacations, particularly students of the 9th to 12th year, and would bring young villagers from one region to another, to work with the village youth on a variety of projects. Such a volunteer effort would have the advantage of encouraging urban and village young people to interact and of giving an opportunity for young people from one region of the country to visit and interact with young people in other parts of the country, thus encouraging a greater consciousness of the variety of Bhutanese culture and, at the same time, building a sense of belonging to a national community.

One very useful application of the idea of a Volunteer Corps would be the training of high school students in the use of tape recorders and the idea and techniques of recording folklore, the stories and songs of the villages,

memories, oral local and family histories. For a minimal expense for the purchase of tape recorders and for training programs, Bhutan could use volunteers to build an important archive that would preserve for future generations the oral and musical culture of the country and that would become the raw material for many potential ventures in the creative arts. This would be an important contribution to the process of involving young people in the national project and in the construction of the national community GNH should encourage.

Education

One of the pillars upon which GNH must rest is education. The entire educational curriculum of Bhutanese schools needs to be infused with the GNH ethos. GNH values need to be taught at all levels of the school system. Textbooks and other training materials that specifically reflect Bhutanese and GNH values need to be written and used. In this way, GNH will become a reality for future generations.

Alongside the introduction of general GNH values into the curriculum, three particular problems need to be addressed. First, given the fact that so large a percentage of Bhutanese live in villages, village life should become a central theme of education at all levels. The educational curriculum must help in developing the kind of mental attitudes that will make improvement of village life as well as continuation of village life attractive for young people. Of course, this must be accompanied by improvement in the real conditions of village life, which is also a necessary concomitant of GNH.

Second, the quality of schools in rural areas needs to be improved to the point that people prefer to remain in the villages so that their children may attend local schools because their quality is preferable. (We have referred to this idea above.) This may be accomplished, for example, by requiring all new graduates of teachers' training colleges to spend the first five years of their careers in village schools, thereby bringing to those schools the latest techniques they have learned in their training programs and the enthusiasm of their youth.

Third, and this problem is crucial for Bhutan, the teaching of the Dzongkha language needs to be improved and modernized. A major objective of this must be the spread of literacy in Dzongkha, and that can only be accomplished by improving the quality of teaching in Dzongkha, but employment of modern teaching techniques, and by increasing the availability of Dzongkha reading materials for all age groups. While there is no question that English must be the required second language for all Bhutanese schools, the simple fact of the matter is that it is Dzongkha that has become the second language in reading and more especially in daily interactions in official life. The creation of a national ethos is strongly dependent on the growth and enrichment of the national language.

Religion

At the present time, it can be argued that the members of the Monk Body are not fully participant in the national project. Many believe that the members of the Monk Body need not become active members of this project; their purpose is to do what they are doing. On the other hand, experience suggests that many members of the dharma community could play a very significant role in bringing a higher level of consciousness of Buddhist and GNH values to the villages, particularly to the village children. Teaching is a significant activity in Buddhism, and perhaps a certain social responsibility is also part of the commitment to this lifestyle. The GNH Directorate should undertake to explore ways in which members of the dharma community may become active in social affairs. There are many examples of this in the present-day Buddhist world.

Culture

The promotion of Bhutanese culture is a vital aspect of GNH. There are many vehicles to accomplish this purpose.

The traditional culture of the villages, expressed in the form of festivals, arts and crafts, stories and songs, etc., needs to be nourished and further and protected to the extent possible. There needs to be research and conversation about the ways and means in which the cultural life of the villages can be protected from the consequences of increased tourism while not being denied the economic advantages that come from tourism. As tourism increases in Bhutan, particular attention must be paid to this matter by those responsible for the tourist industry. The GNH Directorate should take an active role in this.

Modern technologies of communication, particularly television, are powerful instruments for change, for renewal, and for preservation. The recording of material from traditional performances, stories, and songs, rebroadcast through television to the countryside as that medium spreads, will enhance the sense of self-respect the villagers have for their own culture in the face of the attractions of modern urban and foreign culture. There is ample evidence from other cultures that the modern media may strengthen, rather than weaken, "traditional" cultures. Careful attention needs to be paid to the way in which programming on radio and television can be used for this purpose. The GNH Directorate should make a study of this matter and report.

At the same time, if people are to be encouraged to stay in the villages, attention has to be paid to the enrichment of daily life in the countryside. Literature and the arts can be used for this purpose. A carefully planned system of traveling performances that would both entertain and convey GNH values to the villages would be extremely useful in this regard.

At the same time, attention has to be paid to the development of culture in the urban centers. As the attractions of modern urban and foreign

culture become stronger, means of expression of modern sentiments in terms of Bhutanese culture should be explored. The literary corner of Kuensel has made an interesting beginning in this regard. The GNH Directorate should consider the possibility of encouraging not only traditional arts but also expression in modern styles, particularly among young people. Conferences of young people who want to write or perform should be held to encourage creativity.

Another modern avenue of cultural creativity that already has a foothold in Bhutan is the film. The amount of Bhutanese cultural material that can be used in film to develop national identity and GNH consciousness is very great indeed. Folklore material, stories from Bhutanese history, Buddhist stories, and the like, can be adapted to the film medium with great benefit. Cartoons can be used effectively. The film medium is easily and inexpensively portable throughout the country and has great potential in every respect.

Village Life

The improvement of village life and of employment opportunities in the countryside is absolutely crucial if attempts to encourage people to remain in the villages are to have any hope of success and if migration to urban centers is to be discouraged. This means, among other things, improvement of income wherever possible. One technique that has proven successful in other parts of South Asia and beyond has been the development of a system of micro-loans with low interest rates and guaranteed not by collateral but by the communal action of the village. This system can be introduced into Bhutan, based on experience elsewhere. Bhutanese banks have significant liquidity, and this would be an important use of those funds. It is an excellent example a GNH program.

An extremely important avenue of approach would be to identify arts and crafts in particular villages, to use micro-investment to organize production cooperatives in these arts and crafts among the people in the villages, and to provide a mechanism for purchasing the arts and crafts from the villages and marketing them in Thimphu and, eventually, abroad. There are foreign markets, particularly the high-end Christmas market, that can be developed for this purpose. This technique has been used very successfully in India, Indonesia, and Latin America and has contributed both to villagers' income and to the maintenance and development of arts and crafts at the village level.

The Law

Bhutan is in the process of developing and enacting legislation creating a modern structure of Western-style law. This will contribute significantly to the creation of a legal environment that will be conducive both to economic development and to good governance.

However, the development of a Western-style legal system may have the consequence of creating a discontinuity between the developed, largely urban, population and the villages, with their own processes of conflict resolution and ways of dealing with the issue of crime and punishment. The ethos of GNH suggests the usefulness of strengthening the “traditional” community systems of handling conflicts and crimes as a means of integrating villagers into the process of change and development in terms that are supportive of village life and Bhutanese culture. In other societies, discontent among villagers has become a social and even a political problem when insufficient attention has been paid to this important area of village culture. Bhutan need not follow a path that could lead to similar problems.

Measures that can be taken in this regard are straightforward. First, regional and village legal and conflict resolution practices need to be studied and recorded. Second, Bhutanese legal specialists and social scientists need to begin developing techniques for the strengthening of these processes. The first step would be to carry out a national inventory of knowledge about these matters, and inventory of people in Thimphu and in the various Dzongdags and Geogs who can serve as informants.

Conclusion

This paper discusses the operationalization of GNH, and its primary focus is the practical implementation of GNH through institutionalization and the development of specific GNH projects.

The contextualization of GNH was considered necessary to lay the groundwork for a discussion of ways to operationalize the concept. Therefore, we have discussed such subjects as the history of the Bhutanese State in the perspective of GNH, the concept of GNH in the context of the history and ideology of economic development, the idea of a GNH State, and the relationship between Bhutanese Buddhism and GNH. By way of conclusion we want to reiterate some points we consider to be vital to the success of the GNH project.

Certain preconditions have to exist, have to be created, to achieve the objectives of GNH. Among these are:

The construction of a national community and a national consensus around the concepts of Bhutan and of Gross National Happiness central to the future of Bhutan as an independent and sovereign nation.

The national community and the national consensus have to be built through, and be based on, a national ideology that incorporates both national and social objectives and that makes the advantages of GNH clear to the people.

The success of GNH will rest on the construction of a system of good governance, which is already underway.

Public discussion of GNH must be conducted, whatever the medium, in a language that is clearly understood by all levels of Bhutanese society.

GNH must be institutionalized in an organization that will provide leadership, research, planning, and evaluation of the operationalization of GNH.

The educational system must take responsibility for the creation of GNH values in succeeding generations.

Mechanisms must be developed for the inclusion of people from all walks of life in the discussion of GNH. This is important for both GNH and for good governance.

The GNH state must develop those areas of expertise that serve the purposes of GNH, including the social sciences and humanities, just as Bhutan has developed a cadre of experts in engineering, education, medicine and commerce.

We are fully aware that objections will be raised concerning the costs of these recommendations, and it cannot be denied that this will be an issue. Nevertheless, we believe that a modest beginning on the project of GNH will attract both worldwide attention and investment.

The proposed GNH Directorate, or its equivalent, must have the responsibility for designing and taking the initial steps. This suggests that the very first step must be the creation of an institutional framework. Redirecting or channeling the energies and activities of existing agencies in such a way that they reflect and exhibit the values of GNH can accomplish a considerable amount. They will become, then, examples for others to follow. This is particularly the case in the field of education. Finally, careful and reflective planning can take place with a relatively small investment in order to lay the groundwork for the operationalization of GNH.

The very idea of GNH was designed and promulgated by His Majesty the King, upon whose continuing strong and enlightened leadership the future of Bhutanese society depends.

Trade, Development, and the Broken Promise of Interdependence: A Buddhist Reflection on the Possibility of Post-Market Economics

PETER D. HERSHOCK

The profound promise implied in expanding and deepening community is often invoked and celebrated in discussions of increasing global interdependence. Growing interdependence implies ever-widening circles of concern. It also implies at least tacitly questioning the acceptance of independence for some and dependence for (many) others. Such implications, I think, are entirely laudable.

From a Buddhist perspective, as well as from that of much of contemporary science, interdependence can be affirmed as the deep nature of all things. Yet, there are Buddhist teachings that the cycles of conditions leading to suffering or trouble (*samsara*) are without beginning, as well as teachings that all beings have Buddha-nature or the capacity for enlightenment (*nirvana*). Affirming that all things arise interdependently is not to affirm that they do so in a necessarily liberating way. Interdependence, we can say, has no essential self-nature. It can mean increasing wealth, skillful means, and happiness. It can also mean deepening poverty, trouble, and suffering. Realizing the promise of expanded and deepened community in the context of increasing economic, social, political, and cultural globalization pivots on keenly discerning existing and emerging patterns of interdependence and orienting them in a liberating (nirvanic) rather than a troubling (samsaric) direction. Ultimately, the promises of community and of deepening interdependence turn on karma—that is, on the specific experiential force of intentions and values.

It is the good fortune—the good karma—of Bhutan that it is positioned to exercise a unique degree of self-awareness and discernment in exploring strategies for sustainably and equitably integrating into global developmental processes. Bhutan's stated intention of keeping the value of happiness central to the development process is, I believe, a suitable counter to the values and karma that prevail in most development strategies and ideals. Given present day realities of unprecedented, accelerating changes and paradigmatic shifts in economic, political, and social practices, any successful strategy for integration into global development processes must be creative in nature. It must, in other words, consist of an ongoing improvisation that is at once virtuosic and virtuous and that brings both greater resolution and resolve into the development process.

Here, I want to contribute to this effort by considering the broad landscape of development and trade concepts and practices and their implications for the trajectory of innovations needed to insure that development processes and greater economic interdependence are, indeed, liberating. I will begin by reflecting on the context of present day patterns of

development, raising some issues related to history and scale in assessing the effects of increasing global interdependence. In brief, I will be suggesting that present day patterns and scales of globalization have both generated and been generated by the extremely rapid and practically irreversible commodification of subsistence needs—a commodification that (paraphrasing Ivan Illich) has the effect of institutionalizing entirely new classes of the poor. Beyond a critical threshold and unless redirected—that is, informed by radically different values—present day patterns of interdependence will continue bringing about the conversion of communities that have been faring well into aggregates of individuals in need of welfare. Unchecked, the promise of globally extended, deep community will be broken.

This account turns on the insight that present day patterns of economic interdependence and global trade are systematically translating diversity—understood in terms of the Buddhist concept of emptiness—into mere variety. In particular, they are bringing about a stunning collapse of locally focused ecologies of production and trade. This has the effect of affording remarkable ranges of consumer choice through reliable, efficient, and institutionally secured market operations. But these market operations also significantly isolate producers and consumers and replace local-to-local *exchanges* with globally mediated *transfers*. In effect, global interdependence is presently inflected in such a way as to erode both personal and communal resources for direct mutual contribution—depleting the very resources needed to differ in ways that meaningfully make a difference. Development of this sort is finally impoverishing.

Given such a global context, I will offer some tentative inferences about how Bhutan might approach clearly and consistently framing its efforts to operationalize the development goal of heightened Gross National Happiness.

Gift Exchange, Contribution and Trade: The Roots of Economic Interdependence

As an initial move toward fleshing out these insights, I want to think through some of the continuities among gift giving, contribution, and trade. Although this will involve appealing to an admittedly vague and almost mythological past, it will be useful in setting a context for investigating how economic interdependence has come to be directed in the way that it has.

Gift giving has had a long and honored place in anthropological studies of social practices. Most such studies have concentrated on relatively explicit levels of exchange and offering, but there is a sense in which gift giving can be considered the original and abiding nexus of all human sociality.

Perhaps the most apparent expression of the centrality of gift exchange to human sociality is its persistent association with intimate partnership.

Even in today's postmodern societies where brides and grooms are themselves no longer thought of as gifts exchanged between families, and where formal dowries no longer factor into finalizing marital arrangements, marriages remain among the most extravagant occasions for gift giving. More generally, it is customarily assumed that formally initiating a lasting intimate or romantic bond will include some offering or exchange of gifts. Such practices and rituals can, of course, be seen cynically, particularly where gift-giving and gift-receiving practices exhibit gender asymmetry or are apparently and heavily influenced by consumer advertising. What eludes cynical or politically correct bracketing, however, is the fact that the most meaningful of human relationships are customarily christened through the exchange of gifts.

Of course, human sociality is not limited to intimate unions, and the exchange of gifts is by no means always intensely personal. Traditional hospitality customs worldwide involve hosts and guests in paired offerings. Especially in Asia, initial business meetings are formally structured around gift exchange. Worldwide, heads of state ritually exchange symbolic gifts upon meeting. Neither are human sociality and the giving of gifts restricted to human-to-human encounters. Particularly among indigenous or first peoples, human-to-nature connections are customarily mediated through the offering of gifts, and religious rituals (for example, initiation rites or ancestral worship) establishing human-to-divine connections often center on making offerings. In sum, gift exchange is associated with establishing and affirming community—the realization of lasting and meaningful relationships that are both rich in content and enriching.

The functional meaning of gift exchange as the enriching nexus of human sociality is nicely captured in the etymology of the English word contribution and its links to such associated terms as attribute, tributary, tribute, and tribe. The root noun to which all these can be traced is the Latin *tribus*, which literally means a place-centered grouping of people. The verbal root is the Latin *tribuere*, meaning giving or distributing. Keeping both the noun and verb roots in mind, contribution can be understood as a process of bringing together and fusing the horizons of place-centered groups of people through gift giving.

Intuitions of this process arguably underlie (and, because of infelicitous metaphysical assumptions, languish within) much of modern Western social theory. For example, in Hobbes' theory of societal origins, the giving of gifts is read and represented in highly schematized fashion as a contractual relationship rooted in rational self-interest and directed toward establishing regulated or customary institutions for mutual benefit. Societies are taken to consist of aggregates of competing and fundamentally self-interested individuals who pool their various strengths with the belief that through combined numbers, each one's own interests will be met as surely and readily as possible. For Hobbes—and as affirmed in much of

contemporary international relations theory—should the returns on cooperation and community diminish sufficiently, a reversion to directly self-interested competition naturally results. Thus, although partially occluded by his (empirically groundless) presupposition that individuals pre-exist the (social, natural, and cosmic) relationships in which they are embedded from birth, Hobbes correctly saw that social life is founded upon consistently practiced (and often ritually enhanced) give and take. Far from being accidental or forced associations, communities arise as a function of mutually sustained contributory processes.

Unburdened by the assumption that individual existence precedes relationality, Buddhist social narratives allow that while societies may be constituted historically as mere aggregates of individuals, this is so only when interdependence has been severely deflected in keeping with the prevalence of self-interest and exclusive claims to truth. When not so deflected—as during the reign of a “wheel turning king”—societies obtain as qualitatively distinctive patterns of relationship directed explicitly toward liberating, mutual contribution. As a dynamic process, sociality can be directed well or ill, truly or errantly, toward liberation (*nirvana*) or toward further suffering and trouble (*samsara*). Truly liberating sociality means realizing consciously sustained and enriching interdependence. It is not competition, but contribution that choreographs the emergence of community.

Perhaps the most pointed statement of the cardinal role of contribution in liberating sociality is the Chan Buddhist affirmation that, “awakening is just the perfection of offering.” In Chan, as in much of (at least pre-modern) Chinese Buddhism, psychological events or experiences associated with awakening or enlightenment were effectively displaced by considerations of the relational meaning of buddha-nature, emptiness, and skillful means. Focusing on the *liberating relationships* realized by the historical Buddha and other bodhisattvas, Chinese Buddhists—and particularly the lineage of Chan Buddhist masters from Huineng through Mazu, Baizhang, Huangbo and Linji—came to understand enlightenment in terms of attentive and relational mastery. Enlightenment means always and everywhere realizing consummate appreciative and contributory virtuosity.

The Chan tradition insisted that this understanding of awakening could be traced in an unbroken lineage back to the Buddha himself. And, in fact, there are many precedents for a relational understanding of awakening to be found in even the earliest strata of the Pali Canon—those texts generally regarded as historically primary. Indeed, for the purposes of shedding light on the linkages among sociality, gift exchanges, trade, and the karma of now predominating patterns of globalization, many of these early texts are particularly useful. Consider, for example, the Buddha’s somewhat lyrical description of his first insight into the interdependence of

all things as like coming upon a city long forgotten and overgrown by dense jungle.

For those familiar with the history of Buddhism and its early valorization of forest dwelling reclusion, there is a certain incongruity in this striking image. The Buddha's enlightenment occurred in a rural setting as he sat in meditation under a banyan tree. There, he realized the interdependence or irreducibly relational nature of all things. It was this realization that the Buddha later described as a city lost and forgotten. His qualification of the city—that is, the content of his insight—as “lost and forgotten” can reasonably be explained as an expression of humility. It made clear that the Buddha's enlightening realization was neither original nor independently arisen, but rather a recovered, shared heritage. But why use a city as a metaphor for interdependence?

We have no direct answer to this from the Buddha himself. However, the metaphor is rich with possibilities. To begin with, in a truly vibrant city, no one lives long (if at all) under the illusion of being wholly independent. Urban life is a continuous reminder of the extent to which we are not self-sufficient. We rely constantly on the contributions of others, just as they rely on ours. Moreover, cities both make possible and are made possible by degrees of specialization, education, and cultural refinement far exceeding—especially in 6th century BCE India—anything possible in traditional rural or village life. Cities have from earliest times been attractors and amplifiers of excellence, and have practically commanded reflection on the extent to which our lives emerge out of ongoing patterns of mutual contributions and shared negotiations of meaning. Whether this holds true at all scales of urbanization, under all modes of production, and without severe ironic effects is, of course, open to critical debate.

Significantly, in the *Sutta Nipata* and other very early collections of the Buddha's teachings, those who have fared long and well on the Middle Way are not described as aloof from community life. On the contrary, they are described as leading lives of public wisdom, enjoying harmonious and calm relationships, joyful, purified of negative qualities of thought, speech and action, and clear of purpose. Equally interesting, early Buddhist teachings and their popular translations did not represent the ideal Buddhist world as an Arcadian paradise or as a sensuously austere domain. It is a world teeming with people, animals, and plants of every sort—a world that is explicitly *worldly*, with all manner of good food, music, architecture, and activity. In later Mahayana traditions, narratives about Buddha-realms in which all things do the work of enlightenment feature lush descriptions of both natural and human structures that are practically psychedelic in detail and sensuous presence. It is as if the “lost and forgotten city” representing the culminating insight of the Buddha's six-year quest had been restored to its former vibrancy and brilliance.

Of course, interdependence is not necessarily enlightening or liberating. Cities are not always ideal places. They can and, all too often, do go wrong. In the *Cakkavatti-Sihanha Sutta*, the Buddha relates a story chronicling how, over eight “generations,” an ideal and highly urbanized society slides into intensifying trouble and suffering and finally dissolves into a social miasma in which generational strife is rampant, social customs and rituals are ridiculed, violence has escalated to a point that killing sprees become horrifically common and random, and in which crude addictions and abusive relationships are almost universally celebrated.

The turn toward social collapse takes place when a new ruler of the kingdom elects to exercise his authority based on his own understanding of affairs, neglecting precedents for regularly and thoroughly consulting with his ministers and advisors. As a consequence, he does not properly respond to mounting evidence of poverty in the capital city and, for the first time in dozens of generations, a theft is committed. In a series of well-intended follies, his attempts to control the behavior of the people only drive matters spiraling ever further out of control. This movement is reversed only when a few people retreat into the countryside, refusing to adopt prevailing behavioral norms, and eventually band together in shared practices aimed at coursing freely on the four immeasurable relational headings (*brahma-vihara*) of loving-kindness, compassion, joy in the good fortune of others, and equanimity.

The account given by the Buddha of the conditions leading to poverty is both remarkably simple and profound. Poverty arises when people are not able to work in and contribute to their community in a meaningful way. Far from being a function of few possessions or not having the means to get what is wanted or needed, poverty is a function of having too little to offer that is of value to others. It occurs when either a person or an entire population is effectively blocked from contributing directly to the welfare of others. As expressed in the narrative climax, the ultimate antidote to poverty (and the kinds of social malaise for which it is a crucial condition) cannot consist of either state welfare or legal and technological controls. These eventually only exacerbate the root conditions of poverty. Instead, poverty alleviation entails fostering increased capacities for giving appropriately to others. Ending poverty is a process of realizing appreciative and contributory virtuosity.

Several forceful insights are embedded in this account and its framing narrative. Poverty is a function of contributory impasse and implies a failure to appreciate—that is, to sympathetically understand and add value to—our ongoing patterns of interdependence. Both felt community and its objective expression in abiding social institutions are compromised when interdependence devolves into patterns of dependence and independence, and they disintegrate with the breakdown of robust patterns of mutual contribution. Resisting or reversing such devolution and disintegration

cannot hinge on simply meeting individual (or even collective) needs or wants; success finally hinges on how these are addressed—that is, on the values underlying our strategies for redressing the erosion of relational capacity and effective offering. Successfully alleviating poverty is a function of realizing and sustaining patterns of interdependence that enhance the capabilities of both individuals and communities for freely contributing to one another's welfare. True poverty alleviation at once results from and results in bodhisattva action.

Together, these insights suggest at least superficial compatibility between Buddhist understandings of awakening and social prosperity, and currently predominant growth-oriented, free-market models of development. There is, for example, substantial resonance between the Buddhist focus on alleviating poverty by enhancing contributory virtuosity and Nobel laureate Amartya Sen's definition of "development as freedom" or increased relational capacity. The basis for this resonance, I would argue, is the crucial role played by trade in poverty alleviation and development. At the same time, however, trade—as it has come to be practiced at global scale—works against the expanded and enhanced diversity that is at the root of a fully Buddhist approach to poverty alleviation.

In contemporary, idiomatic English, trade tends to be most strongly associated with exchanges of goods, services, or ideas for the purpose of economic gain. But we also speak of "trading places" (taking each other's positions), "trading security for adventure" (changing the global, narrative character of our situation), and considering "trade-offs" (collateral effects of a present course of action on future possibilities). These broader connotations reflect the origins of the English word "trade" as a derivative of "tread" or "treading," the Middle English and Middle German roots of which referred to the making of a track, path, or course.

Footpaths and tracks are neither natural features nor the results of random wandering. Rather, they develop as a function of steady traffic along preferred routes connecting separate localities that have been drawn into some kind of meaningful relationship. The localities might be two villages or family compounds, or they might be a human settlement and a particularly productive hunting or foraging ground. Though the furious pace of contemporary construction and real estate speculation tends to obscure the fact, tracks, paths, and roadways at once arise through and facilitate meaningful interchange. Thus, as evidenced in its linguistic roots, trade is inseparable from trade routes and most broadly originates in activities that expand and deepen community—activities that overlap, if they are not continuous with, contribution and gift exchange.

To the extent that this is so, there are Buddhist precedents for affirming the positive, even liberating, possibilities of trade. But given the teachings of emptiness and the absence of fixed or essential natures, it would be incorrect—just as it is with regard to interdependence—to affirm that trade

is always and inevitably “good.” Indeed, these teachings enjoin careful and diligent awareness of the great variability in what trade means. As an outcome of what processes has trade come to be configured and practiced as it is now? What genealogy of intentions and values underlies this configuration and these practices? What opportunities do they open? To what relational heading(s) do they commit us? In a word, what karma is associated with (especially global) trade, as it has come to be?

The Commodity Explosion and Eroding Productive Diversity: The Current Karma of Trade

It is part of a Buddhist understanding of trade that it not only promotes more extensive patterns of interdependence, but also directs or orients these patterns in keeping with particular, sustained intentions and values. Trade is karmically significant. Because of this, snapshot understandings of trade are potentially (if not necessarily) misleading. Short term perspectives afford insufficient insight into the axes of intention and value on which trade practices have turned in coming to be, precisely *as* they have come to be. Reasonably deep historical perspectives are thus indispensable in assessing trade’s karmic implications, especially the kinds of trade now taking place at truly global scale.

In keeping with the teaching of karma, we might begin (at least partially) evaluating the kind of trade now being carried out by especially developed nations and multinational corporations through considering the dramatic implications of their root motive: increasing wealth through expanding market share and accelerating profit. Given relatively free reign, to what kinds of situational dynamics—what patterns of relational tension and release—do market-domination and profit-seeking lead? Patterns of relationship aimed at amassing wealth—rather than, for instance, alleviating poverty—are not likely conducive to equitably enhancing relational or contributory capacity. On the contrary, they will tend to institutionalize slopes of advantage inclined as steeply as possible in the direction of corporate profit. Moreover, market-domination—a primary means to this end—is similarly likely to streamline and concentrate production practices in such a way as to promote both efficiency and a breakdown of self-sustaining, local production regimes.

As demonstrated, for example, in the era of European colonial expansion and in the early 20th century emergence of massive industrial monopolies in the U.S., the natural outcome of this process of controlling the topography of advantage (and trade) is a remarkable concentration of power in very few hands. And this is by no means a now defunct historical trend. Globally, the kind of economic interdependence characteristic of the waves of market integration taking place over the past quarter century has likewise led to a widening gap between rich and poor, with roughly 80% of global resources and wealth being controlled by and benefiting less than

20% of the world's population. At least at the levels of national, regional, and global economies for which there is significant comparative data, currently prevailing patterns of trade promote developmental inequality.

There has been a tendency to view the rise of developmental inequality as a function of already developed nations taking too little responsibility for ratcheting up the developmental cycle elsewhere and, perhaps, even taking severe advantage of less developed economies. In other words, the tendency has been to call into question the intentions of the developed world and of the multinational corporations to whom disproportionate profit flows through rapidly integrated markets and global patterns of trade. Indeed, there may be cases where such major players in steering the process of growing global interdependence can rightly be charged with unduly selfish strategies and even morally deficient motives. But because of the wide array of such players and the complexity of national or corporate intentionality, this provides very little critical leverage, despite its rhetorical appeal. An intentional analysis also, for quite apparent reasons, is not readily conducive to generating deep and critical historical perspective. The intentions of even close associates are difficult to ascertain at time, much less those of actors greatly distant in time or temperament. Moreover, charges of deficient motives can be dismissed as an inversion of the "ad hominem" argument: they indict those presently benefiting most greatly from prevalent patterns of globalization, rather than the system of values informing and orienting such patterns.

To rephrase this in Buddhist conceptual terms, the karma of presently prevailing patterns of global trade may be deflected in accordance with self-centered or equity-denying intentions held by major economic players: the most highly developed nations and increasingly powerful multinational corporations. But karma is—as stated earlier—always a function of both intentions and values. Focusing exclusively on the former can produce a critical blindspot—a range of potentially crucial phenomena left entirely out of consideration, especially when the karma in question is not individual, but collective or systemic.

I have argued with respect to technology that such a critical blindspot arises through a confusion of technologies with the tools to which they give rise, and an inappropriate tendency to evaluate technologies in terms of how well these tools serve us as individuals.¹ In consequence, technologies are effectively exempted from critical attention—that is, the values that technologies embody and render ambient throughout societies deploying them are critically occluded by the individual uses to which tools are put. And because these tools are designed and redesigned with the overarching mandate of increasing utility and user-friendliness, this leads to blindly endorsing continued technological development and deployment in a

¹ Peter D. Hershock, *Reinventing the Wheel: A Buddhist Response to the Information Age*, State University of New York Press: Albany, NY 1999.

particularly vicious form of critical circularity. The effects of technology on the character and direction of relationships (personal, communal, national, international, and global) are functionally ignored.

Similarly, it is particularly dangerous to fail in assessing the values underlying global patterns of trade through assuming their “value-neutrality” and focusing instead on how trade patterns are used by various actors. Indeed, while many economists ostensibly view trade as a technology, they actually treat it as a tool used by individual entrepreneurs, corporations, countries, or regional associations (the EU or ASEAN, for example). Trade is thus assumed to be properly and adequately assessed in terms of how well it meets the individual needs and interests of those engaging in trade. Many economists then stress the fact that although global trade does tend to bring about increased inequality, it also makes *both* the rich *and* the poor richer. From this, they conclude that while the benefits may be greater for some than others, current patterns of global trade are good for each and every one of the world’s people. What they cannot conclude, at the risk of committing the fallacy of composition, is that what is good for each and every one of us, must be good for *all* of us. The effects on a whole may be something entirely other than the sum of effects on all its parts.

Like technologies, presently prevailing patterns of global trade are not value neutral and cannot be accurately or adequately assessed by measuring (even in statistical aggregates) their impact on individuals as such. Neither can their ill effect of fostering developmental inequality be traced solely back to unjust motives in how they are used. Rather, contemporary patterns of trade can only be critically evaluated by seeing how the constellation of values structuring global trade affect how we relate, as individuals, as countries, and as members of expanding global communities. At the center of this constellation, I would argue, are the related values of control and choice that structure the operation of markets.

Global trade presently apportions unequal benefits to the already developed and advantaged and disproportionately exports the costs of economic growth to those least able to bear these costs.² On one hand, this means that the present system of trade fosters a growing “capacity gap” that results in the vast majority of the world’s population being in a relatively poorer and poorer position both to contribute to others and to be contributed to by them. Although they may be better off over time in absolute terms, in *relative* terms they will always be worse off. On the other hand, by bearing the cost burden—for example, in terms of environmental degradation—of benefits they do not receive, it is practically assured that their capability for responding to the challenges of their own situation will

² See, for example: *Alternatives to Economic Globalization, A Report of the International Forum on Globalization*, Berrett-Koehler Publishers: San Francisco, 2002; David C. Korten, *When Corporations Rule the World*, Kumarian Press: Bloomfield, CT, 2002.

prove increasingly inadequate. As it is currently configured, global trade will never bring about true poverty alleviation because poverty is its primary by-product.

This admittedly iconoclastic claim is not in any way a claim about the intentions of those who have initiated and sustained the kinds of global trade we now experience in everyday ways. Neither is it a claim—like that central to Marxist critiques of global capital—that rests upon an assumed historical necessity or developmental teleology. Rather, it is simply a claim about the history of how things have come to be, as they have come to be. It is a claim about how large-scale patterns of relationship are systematically oriented toward the demise of productive diversity through growing trade focused on increasing wealth through market domination and accelerating profit, making use of technologies biased toward the strategic value of control to promote market freedoms centered on choice. Like the efforts of the hapless king in the *Cakkavatti Sihanda Sutta* who tries to restore social order and prosperity through the increasing exercise of control, the intentions of those promoting more extensive global trade may be quite positive. But the values embedded in their strategies for poverty alleviation—contrary to their explicit intentions—are sending things spiraling further and further away from their ostensive goal.

A Brief Narrative History of Global Trade and the Demise of Productive Diversity

Present global scales of trading activities and the technologies of exchange that are associated with them are exerting historically unprecedented influence on the quality and direction of relationships realized through trade. Prior to the emergence of comprehensive monetary economies, trade pivoted on bartering activity. That is, it turned on directly negotiating comparative values for the goods or services being traded. Trades could be completed only if and when all parties involved felt that fair values—often highly contextual rather than standardized or absolute—had been placed upon the goods or services involved. Within and among small-scale, subsistence economies, trade is an activity—heavily conditioned by local circumstances—through which distinct communities meaningfully and with considerable immediacy contribute to one another's welfare. In such contexts, trade promotes both productive specialization and diversity.

Trade begins undergoing important transformations as technological, bureaucratic, and political institutions make possible and come to depend upon large-scale accumulations and transfers of goods. Relatively amorphous local-to-local patterns of trade linking small-scale subsistence economies give way to geographically extensive patterns of periphery-to-center trade. Here, the economic terrain is more or less steeply sloped from subsistence dominant village economies toward rapidly growing urban centers with large populations engaged in highly specialized activities.

Already at this stage, the face-to-face trade of subsistence goods (especially foodstuffs) begins being replaced by something akin to the modern system of commodity marketing. As money enters the trade process, a level of abstraction is added to the process of negotiation. Currency values come to be established for commonly traded goods and services, which then no longer need be directly compared and evaluated. Qualitative modes of evaluation give way to essentially quantitative modes, and vernacular patterns of goods exchange begin giving way to serial transfers.

The interdependence of urban and rural communities and of individuals within them begins already at this stage to be markedly occluded. Indeed, the roots of modern economic interdependence can be traced historically to state-building processes emerging out of periphery-to-center trade dating at least into the first millennium BCE. But for the most part, local-to-local exchanges of goods and services based on face-to-face negotiation remain dominant and continue as such well into modern times. As long as the vast majority of the world's population remained rural—until the late 19th or early 20th century in all but the most highly developed industrial nations—subsistence needs continued to be met almost entirely locally. Production ecologies—porously bounded domains of interlocked producers contributing to one another's welfare in a sustainable fashion—remained small in scope.

With the increasing sophistication of transportation technologies and infrastructure, lines of transmission for more durable goods quite early became long even by contemporary standards. For example, as early as the second century BCE, the tributary system fueling the imperial Chinese economy covered an area of perhaps 2,000 miles in diameter. By the 4th century CE, well-traveled land and sea trade routes linked African, European, South Asian, Southeast Asian, and East Asian societies. Still, because of the low capacities and speeds at which transportation took place, trade at great distances tended to be in durable material goods of high unit value like salt, spices, cooking oils, gems, precious metals, and silk, but also included what would now be termed intellectual property (e.g., maps, books, musical forms, and religious teachings). Thus, until at least the mid-19th century, most of the meat, dairy products and vegetables required by the population of cities like Paris were produced within surrounding suburban areas, if not within the city itself. The urban "footprint" remained rather small, with specific dimensions effectively set by the quality of a city's local "metabolic" support system—the quality of its nearby environment. In effect, cities were bioregionally defined.³

This changes from the 16th to 19th centuries through the steady convergence, particularly in the European West and the Americas, of

³ *An interesting discussion of the relationship between bioregional urbanization processes and capital flows can be found in David Harvey, Justice, Nature and the Geography of Difference, Blackwell: Oxford, 1996 (p.410ff..)*

cumulative technological innovations enabling much greater speed and control in transportation, industrial and agricultural production, and communication. The 19th century invention of the clipper ship can be seen as a key turning point in this process, after which transoceanic trade and the global colonization of subsistence economies and markets shifted into apparently irreversible high gear.⁴

The history of global capitalism and competitive market-driven production is, from the late 19th century onward, a history of rapidly growing production monocultures that effectively disrupt local ecologies of production and consumption. Dominance shifts from local-to-local exchanges rooted in meaningful negotiations of value and need to local-global-local transfer currents, the velocity of which come to be subject to relatively overt control through price manipulation rather than as a naturally variable function of subsistence needs and values.

In the present era of global markets, trade is only incidentally a vernacular activity that directly links members of nearby communities through local-to-local exchanges for meeting basic needs. The benefits of this are very well advertised—both literally and figuratively. Especially in the most developed countries, supermarkets carry fresh fruits and vegetables grown all over the planet. In even the least developed countries under WTO governance, readily available grains and other staples are no longer likely to have been locally produced. Agriculture has given way to agribusiness. And the same is true for virtually every other consumer need from clothing, shelter, and entertainment to health care and education.

The contemporary shopping mall—virtually identical across most of the planet—is at the center of the new “global village.” It is a curiously structured village in which producers and consumers are not neighbors and never see one another face-to-face. Yet, it is a village in which niche manufacturing and marketing are able to provide a practically flawless semblance of direct and sustained attention to personal needs and desires. It is a village in which markets guarantee that the choices available to consumers are practically unlimited, with a remarkably similar range of goods and services (albeit at remarkably disparate prices and qualities) available both to the very wealthy and the very poor. Although there are clearly many inequalities in the village, the overall degree of security it affords with respect to basic needs is, in absolute terms, quite high. The new global village may not be perfect, but to a degree that is often amazing, it works.

Such are the familiar benefits of global markets and unrestricted trade liberalization. As an economic system, it is remarkably well suited to

⁴ For an extended discussion of this process, see: James Beniger, *The Control Revolution, Technological and Economic Origins of the Information Age*, Harvard University Press: Cambridge, 1986.

meeting individual needs and wants, benefiting some more than others, but clearly benefiting all.

From Personal Contributions within Shared Patterns of Welfare to Individually-Biased Patterns of Consumption under Mass-Production Regimes

As the idiom goes, however, we don't get anything for nothing. The system has its costs. The technologically triggered efficiencies that made possible the remarkable geographic expansion of markets from especially the 18th century onward also had a powerful effect on the content of those markets. Global trade ceased being limited to highly durable goods, typically of high unit cost. Trade in luxuries—for example, in silks, spices, and precious metals and stones—continued to be important. But the overall ambit of global trade spread to include ever-greater kinds and quantities of non-luxury goods. The economic logic is not particularly complicated. Expanding markets require expanding consumer bases—an expansion that can be driven only so far by falling prices associated with efficiencies in production and transportation. Sustained market growth is only possible if the range of goods traded undergoes similar growth. Trade expansion can only be stably realized through increasing trade density.

As the range of goods transferred into a local economy nears the point of natural saturation, it is possible to sustain market growth through advertising that systematically extends the spectrum of goods perceived as necessary and/or desirable, and through the emergence of industries that commodify an increasingly broad array of services. The global corporate outlay for advertising now exceeds by a considerable margin that expended worldwide on all levels of public education. Tellingly, the greatest increases in advertising expenditures appear in so-called developing markets. In the decade ending in 1996, for example, advertising expenditures in China grew by more than 1,000%; in Indonesia by 600%; in Malaysia and Thailand by 300%; and in India, the Republic of Korea and the Philippines by more than 200% (UNDP, 1998). Such expenditures are not based on wishful thinking, but on results: the realization of maximally broad and dense markets wherever and as profitably as possible. The power of advertising to extend market reach and density is perhaps nowhere so evident as in such poor countries as Ethiopia and Nepal where populations living on less than \$1/day, over just a 5 year period from 1993-1998, were induced to increase spending on such imported consumer goods as cosmetics, cameras, and soft drinks by 400-500%.

Recommending such expanded and dense markets are reliability, standardized products and product compatibility, convenience, and heightened possibilities for exercising freedom of choice. But increasingly dense, globally mediated provision of goods and services can have an effect on local economies that is not unlike what happens when virulent alien

species are introduced into a sensitive ecosystem: indigenous species—that is, local modes of production and patterns of exchange—are eventually choked out or granted limited continued existence in specialized preserves or cottage industries. Importantly, this does not mean local populations become indigent. The monetary medium of global transfers of goods and services guarantees that wage-earning employment invariably is fostered by expanding markets. In fact, the transition from barter to cash is crucial to marketization processes.⁵ In advanced market economies, employment tends to be high and relatively inclusive, at first available and then necessary not only for adult men, but also for women and previously marginalized minority populations.

The picture just sketched is often tinted in fairly rosy hues. Greater employment opportunities for all, but especially women and minorities, and greater access to the goods and services offered by the market—these are typically celebrated as signs of successful development. Futures that traditionally have been somewhat narrow in prospect are manifestly widened. Choices multiply. And there is certainly no reasonable argument against this in principle: the professional opportunities now open to women and minorities, for example, mark a real, significant, and entirely welcome enhancement of their possibilities for social contribution. But focusing on the positive effects on individual members of communities or individual classes is, again, to dangerously restrict our ability to evaluate how such changes affect qualities of relationship more broadly. If the poor are invariably worse off in relative terms, it follows that they are in some significant degree *relationally* disadvantaged by present patterns of global trade.

The range of relationships that might be considered in this regard is practically unlimited. For present purposes, however, consider the relationships centered on employment or labor. Focusing on the upper end of the scale of opportunities opened by global trade tends to gloss over the phenomenological realities of average employment in the service of greatly expanded, efficient, and dense markets. Most jobs in such markets no longer afford workers the opportunity to carry through with a complete production process or service. The rationalization of industries and workplaces to the end of maximum efficiency practically guarantees that workers will not participate in or consider themselves responsible for the full production (or service) cycle. Quite literally, they do piece-work. As anyone who has done it well understands, piece-work does not promote worker pride unless it is related to overall quantity of work accomplished. More work equals more pay. But more is not necessarily better. Indeed, under most circumstances, piece-work is not conducive to workers actively

⁵ A wonderfully concise and powerful fictional account of this process and its motivations are given in the early chapters of John Nichols' novel, *The Magic Journey*, Ballantine Books: New York, 1983.

increasing product quality, but at best to maintaining a minimum level of quality while maximizing output quantity.

This is quite different from what prevails in subsistence economies, where one person or family may be involved in and responsible for the entire set of processes required to build a dwelling or provide regular meals and clothing, and where trade involves face-to-face negotiations of the value of goods to be traded. Specialization greatly reduces inefficiencies, especially those that result from productive redundancy. Indeed, mainstream economists from Adam Smith (18th century) to the present day have been adamant in praising the transition from craft to commodity. But by translating the entire production cycle into discrete units, the synoptic perspective needed to envision paradigmatic revisions of the entire process is typically restricted to just one or a handful of workers who are particularly suited to and hired for such work. This can yield very high quality results. But it does not promote creative development on the part of those workers whose responsibilities and imaginations are confined to the narrowest possible scope compatible with overall production efficiency.

For workers who remain in a given company or industry for an extended period, there is some opportunity for personal growth and contributory maturation. But personal growth and maturation in the work world, as elsewhere, rest on shared commitments. And unfortunately, the market drive toward greater efficiencies and lower costs tends to work against such commitment—a phenomenon now painfully evident in the post-bubble economy of Japan. There is a striking and significant trend in the more advanced economies for workers to undergo several major career changes over the course of their working life, and for the work histories of the majority of workers in lower-wage jobs to reflect an increasingly random approach to employment. Far from supporting a coherent narrative of professional development and personal maturation, scanning average work histories is much like randomly channel surfing a cable-supported television. For most workers, jobs are strictly a means to an end—most often: access to a greater range of choices for personal consumption.

As market economies have matured, some significant counter trends have emerged based on a recognition of the profitable nature of distributed creativity and responsibility, with many leading analysts now touting the importance of “flexible specialization” and “network accountability.” But these efforts to fine-tune the system do not restore the “old growth” or indigenous patterns of production in which work concretely and meaningfully results in goods or services directly exchanged in face-to-face realizations of shared welfare. In spite of the economic imperative for innovation in terms of both product design and marketing and work unit size and organization, global trade remains a composite of what are individually almost meaningless moments or links in a chain of production and marketing. It is not just that “old growth” production ecologies are

replaced by more efficient systems. Their replacement signifies a loss of overall local productive diversity and the depletion of the personal and community resources required for responding to changing circumstances and meaningfully meeting local needs. People lose the positions from which they were able to contribute directly to their own and others' welfare—a loss of capacities for innovation, for shared improvisation, for on-site learning, and for appreciating (literally adding value to) their situation.

For many, this statement will seem overstated, if not simply false. Even if it is allowed that most people are employed in jobs that they do not like, performing tasks that have neither intrinsic nor perceived value and meaning, and would avidly look forward to a future that would not include work at all were such a future practically conceivable, many of us will still be inclined to insist on the creative possibilities our lives include that were not open to our parents or grandparents. But such a reading rests, I think, on an insufficiently robust understanding of creativity and on inadequately distinguishing between freedoms of choice and contributing freely. The kind of trade now dominant in the world functionally pivots on acts of consumption. Although workers engaged at any given point of the production and marketing process can intellectually or in abstract terms see their efforts as important, the signal and culminating event economically is the act of consumption. Inescapably, the most basic, concrete meaning of trade—in spite of its roots in the realization of extended community through gift exchange—now reduces to a transfer of possession.

This is not primarily a function of deficiencies on the part of workers or consumers, but rather a dynamic necessity of present-day markets. Because of the demands for expanded and increasingly dense markets, global scale trade compresses the utility of consumed goods or services to the smallest unit measure possible. Through the advertised inculcation of desire and through the constriction of the popular imagination, conditions are realized such that individual acts of consumption only fleetingly answer needs. The classic example of this is, of course, the institution of fashion (the history of which long predates the contemporary market, but at vastly restricted scales), which sets strict temporal, spatial, and cultural limits on product usefulness. But the phenomenon is quite general, and it is finally such compressions of utility that “open” the space required for multiplying choices. As a consequence of this, most goods, once acquired, are used very briefly, if at all. Even goods used frequently are seldom used to the point of being functionally worn out. Obsolescence—real or perceived—is crucial to growing markets. As markets become increasingly extensive and dense, consumers begin to function as producers of waste. Or, more graphically stated, they begin to serve as organs of elimination by means of which the residue of profit-making—whether material or experiential—is summarily disposed.

As long as there are more (and better) goods on the market, and as long as employment remains sufficiently high to support their continued consumption, there is a general tendency to turn away from the implications of practically collapsing consumption and waste. There are those who would convince the general public that there are, for example, simple environmental limits to growth. Planetary resources will one day run out or become scarce enough to throw a wrench in the works of the market. The cumulative environmental ramifications of waste will render the planet inhospitable if not uninhabitable. But such proclamations are, for most, unpersuasive. The broad public expects technological advances to afford new capacities for exercising control over the production and waste management processes—control intense and extensive enough to insure opportunities for unlimited growth.

But when the exercise of control (technologically mediated or otherwise) crosses the threshold of its own utility, it begins reproducing the conditions of its own necessity. In short, it brings about conditions in which there are not only increasing capacities for exercising control, but increasing need to do so as well.⁶ The experienced consequences of this are dire: living in a maximally controlled environment—a euphemism, finally, for prison. Technologies biased toward control and economies biased toward the proliferation of wants go quite well together. But karmically, the continued interdependent growth of control-biased technologies and global markets does not lead, as might be assumed, to finally solving thorny problems of supply and demand, resource allocation, and poverty alleviation. Rather, it rests on the continuous production of new wants and new problems. As made evident in the classic representation of samsara as a wheel, karma plays out in a cyclic (or at least spiral) manner.

The intentions and values associated with “getting what we want” are karmically linked to finding ourselves “left wanting.” When trade is predominantly carried out as a local-global-local transfer of goods that undermines local ecologies of production and that compromises both personal and communal resources for contributory virtuosity, trouble and suffering both sustain and are sustained by “good business.” The more we rely upon the market to bring us what we want or lack, the more we will find ourselves wanting or lacking. In other words, the more we will find ourselves incapable of meeting our own needs, of seeing to our own welfare, and acting in our own fullest interests. As local ecologies of production are translated into marketplaces for the practically infinite array of goods and services made available through geographically fluid production monocultures and fully liberalized global trade, capacities for relating freely are converted into ironic compulsions to exercise ever-expanding freedoms of choice.

⁶ For more on the ironic effects of technologies biased toward the value of control, see Peter D. Herschok, *Reinventing the Wheel: A Buddhist Response to the Information Age*, SUNY Press, 1999.

Such translation and conversion processes are especially powerful in the attention economy that began consolidating over the past quarter century in post-industrial societies and that is now a global phenomenon. In this still emergent economy, it is no longer material goods, services, or information/knowledge that are the most basic resource commodities, but attention itself. Lasting goods and services are no longer the focus of production, but rather the production of inherently fleeting meanings. In such an economy, “value-added” signifies attention captured. As attention is systematically exported from local contexts (family and community, for example), primarily through intensive mass media consumption, it is no longer available for appreciating and contributing to one’s immediate situation. And, in much the same way that the conversion of capital to money allows its maximally fluid distribution, the attention economy effectively converts awareness from a qualitatively complex relationship to a minimally structured—that is, minimally committed—energy source. As the attention economy grows, personal and community capabilities for sustained appreciative and contributory virtuosity diminish.⁷ World Health Organization projections of an epidemic increase of depression in developed and developing economies (already rated as the most important factor of morbidity and lowered life quality of women in the developed world) is a particularly chilling commentary on the correlation of prevailing development processes, their social ramifications, and the erosion of meaning-making capability.

Again, however, it is important to note that such effects are not a matter of historical necessity. They are the experienced consequences of intentions and (especially) values that have shaped and continue shaping currently prevailing patterns of economic growth and interdependence. Crucially, the key conditions for these karmic consequences coming to fruition as they have pivot on issues of scale and what has been termed “downward causation.”—the tendency of higher order systems for which history makes a difference to affect the nature of sub-systems comprised within them.⁸ These conditions are, in short, both karmic consequences and opportunities. And as I will try drawing out in the following two sections, they constitute the signal factors by means of which the liberating promise of the Buddhist teaching of impermanence might be operationalized: no situation, no matter how complex or conflicted, is intractable.

⁷ See Part Three of *Reinventing the Wheel* for a sustained discussion of the transformations of awareness that attend the conversion to an attention economy through the global, technology mediated colonization of consciousness. For a concise treatment of the role of media, see Peter D. Hershock, “Media, Attention, and the Colonization of Consciousness: A Buddhist Perspective,” in *Reason and Insight*, edited by Robin Wang and Timothy Shanahan, Wadsworth/Thomson Publishing: Belmont, CA, 2003.

⁸ For a wide range of papers exploring the concept of downward causation, see *Downward Causation: Minds, Bodies, and Matter*, edited by P.B. Andersen et. al., Aarhus University Press, 2000.

Some General Implications

The Buddha's metaphorical representation of insight into the interdependence of all things as a "lost and forgotten city" suggests that urbanization, specialization, institutional growth and development can be seen as processes capable of dissolving commitments to narrow self-sufficiency and independent existence. Indeed they can be seen as conducive to establishing patterns of mutually enriching relationships, infusing daily life with ready opportunities for increasingly refined practices of (what would ideally be mindfully) shared welfare. Yet this is not a necessary result of urbanization and development, or of the transformation of practices for meeting subsistence needs that they entail and institutionalize. As evidenced in the cautionary tale embedded in the *Cakkavatti Sihanda Sutta*, these processes can be inflected in profoundly troubling ways, with socially disastrous results. In the simplest Buddhist terms, whether these processes are finally constraining and coercive or expansive and liberating depends on whether they are directed in alignment with ignorance, habit formations, and craving desires, or they are directed in alignment with wisdom, attentive mastery, and moral clarity. Development, in the broadest, Buddhist sense, should consist of movement toward realizing patterns of relationship that serve to bring increased productive diversity—that is, patterns of mutual contribution that appreciate or add value to an irreducibly shared situation. Trade is then consonant with and is deepened through cultivating wisdom, attentive mastery, and moral clarity.

Present-day patterns of trade and development do not meet this requirement. On the contrary, they work against the constellation of conditions that might sponsor a concerted turn in that direction, systematically converting local resources for contributory virtuosity and relating freely into increasingly dense arrays of consumption-fueled freedoms of choice. Beyond a certain threshold, markets can only grow by problematizing present circumstances and delivering appropriate consumer product solutions. Granted the scale of contemporary trade and development regimes, but also the unprecedented rapidity with which these regimes and their technological infrastructures undergo significant change, it is hard to imagine what it would mean to turn the prevailing tide and begin restoring local ecologies of production. At the very least, the global institutions that now mediate the meeting of basic subsistence needs cannot be changed fundamentally overnight. Indeed, we could not reasonably hope that they would: any cataclysmic changes in these institutions could occur only at the cost of tremendous suffering to the billions now dependent upon them.

Yet, a key entailment of seeing all things as impermanent, troubled, and without any abiding, essential self is that no situation can be seen as intractable. There is always opportunity for meaningful response and—in

keeping with the teaching of karma—a change in the direction of our situation and the relationships constituting it. What can and should be done, then, to alter our karma with respect to trade and development to realize their liberating potential?

Three initial observations can be made, I think.

First, there is no generic, one-size-fits-all solution, no universal way to resolve the predicaments in which we find ourselves. Appropriate resolutions must be improvised, in context, in real-time. Secondly, the scale and complexity of our situation, as it has come to be, make evident the need for a paradigm shift from focusing on factual problems that can be solved finally, at least within objectively determinate parameters, to realizing our immersion in predicaments that can only be resolved by grappling with contending goods, norms, and meanings, through establishing harmonizing and yet open-ended commitments to appropriate values and associated courses of action. Finally, resolving key trade and development predicaments—key conflicts with respect to both ordinal and strategic values—cannot be carried out alone. Both the aim and measure of this work lie in relational quality—in enhanced and mutually enriching diversity.

These observations can be seen as consonant with the traditional Buddhist attribution of limitless resources for relational attunement (*upaya*) to fully realized bodhisattvas. As such, they suggest that the path of liberating trade and development is a particular manifestation of the path of realizing the emptiness of all things—that is, realizing the potential of all beings for mutual relevance or meaningful difference. It is a path that can be taken up anywhere and traveled without end. Truly liberating trade and development will promote opening ourselves *to* one another in that utterly proximate way needed to truly make a difference *for* one another. Only in this way is it possible for each and every one of us to realize that the very place in which we find ourselves is a place of immeasurable meanings and value—the ultimate alleviation of poverty.

But What About Bhutan?

At some risk, let me attempt linking these general (and, admittedly, hyperbolic) reflections to the task of operationalizing Gross National Happiness.

GNH has been described as built on four interlinked processes: the preservation and promotion of culture; environmental conservation; good governance; and socio-economic development. These very processes, however, have been claimed (or could easily be claimed) as foundational by many developed and developing countries, as well as by many multinational corporations and such intergovernmental organizations as the World Trade Organization or World Bank—for all of which the ultimate (and purely quantitative) measures of development remain rooted in rising GDP, per capita income, and levels of consumption. And although appeals

are increasingly made to such “alternatives” as the Human Development Index, these alternative measures generally only supplement rather than supplant or even set proper limits to traditional quantitative models for assessing economic development.

If measuring national development in terms of GNH is to be truly distinctive, happiness must factor significantly—and not merely incidentally or consequentially—into the development equation. That is, happiness cannot be simply an unplanned collateral benefit or even a focal outcome of economic processes—a pleasant, but entirely contingent by-product of existing economic imperatives, values, and practices. Instead, happiness must factor crucially and critically into resolving the sorts of predicaments and suffering sponsored by prevailing scales and directions of global interdependence. It must, that is, have sufficient traction to uniquely effect and orient development, exerting appropriate “downward causation” on relevant economic and social processes. Short of this, Gross National Happiness degenerates into what Stefan Priesner has described as “mere magniloquence.”

The early Buddhist tradition is unparalleled for the thoroughness and clarity with which it lays bare the constellation of conditions sponsoring unhappiness, trouble, and suffering (*dukkha*), as well as the means of dissolving that constellation and thus realizing *nibbana* (nirvana). The tradition is, however, notably muted when it comes to discussing happiness. When happiness (*sukkha*) is explicitly invoked, it is almost invariably in the context of rehearsing what might be termed a conceptual genealogy of awakening or liberation. In the *Majjhima Nikaya*, for example, it is said that: “with mindfulness comes wisdom; with wisdom comes tireless energy; with tireless energy comes joy; with joy comes a tranquil body; with a tranquil body comes happiness (*sukkha*); with happiness comes attentive mastery (*samadhi*); with attentive mastery comes equanimity,” as well as the other immeasurable relational headings (*brahmvihāra* or *appamaññā*) of compassion, appreciative joy, and loving-kindness (MN 118.29ff). These interactive vectors are not considered to be subjective feelings—emotions as now commonly understood—but rather as relational qualities that “suffuse” the entire world. Happiness marks a phase or modality of relational enhancement and refinement that is inseparable from public, social transformation oriented toward enlightened and enlightening liberation. In particular, it emerges in the context of sustaining bodily tranquility and establishing attentive mastery (*samadhi*).

Granted this characterization, happiness will have demonstrated effective economic traction when trade and development reduce overall stress and bring about enhanced capacities for concentrated and yet flexible awareness, in the context of realizing the kinds of mature emotional capabilities associated with sustaining meaningfully enriched and liberating relationships. In terms of the analysis given earlier, such trade and

development practices and institutions would serve to counter the commodification of attention and the contraction of awareness that lie at the roots of the global colonization of consciousness. They would challenge the predominance of choice and control as values structuring the operation of markets and practically mitigate both the erosion of productive diversity and the inequitable patterns of economic growth to which they lead. Finally, they would conserve and enhance local resources for meaning-making, working against the consumption of commodified meaning, particularly as institutionalized in global mass media news and entertainment. If appropriately sustained, they would lead to the emergence of post-market economies rooted in a paradigmatic value shift from individual freedoms of choice to relating freely and from consumption-driven to contribution-enhancing patterns of growth.⁹

What might this mean concretely for Bhutan? Let me briefly address just four, representative and interconnected issue areas: meeting subsistence needs; technology transfer; cultural conservation; and the role of governance.

No economy can be considered healthy if it fails to provide basic subsistence needs in an equitable and just manner. These needs include, at the very least, food, clothing, shelter, health care, and education. As Bhutan opens itself to global economic forces, it may not remain feasible to address all of these needs through traditional local-to-local patterns of trade, or in ways that conserve and promote robust, associated local production ecologies. For example, it may not prove feasible to significantly improve health care provision without importing medicines and treatment techniques and technologies. A reasonable aim, however, is to target key subsistence needs as foci for strenuously conserving and developing local resources and production ecologies. Education is arguably the central candidate for such treatment. For instance, education practices in Bhutan might be revised in such a way as to foster improvisational ability, emotional maturity and refinement, stress reduction, and attentive mastery—all necessary to offset the predominant effects of prevailing patterns of global interdependence. These might be more or less explicitly Buddhist in nature, but should clearly reflect indigenous, Bhutanese values and practices. Improvisational ability, in particular, will be crucial in the adaptive work needed to truly conserve—and not merely preserve—Bhutanese culture and Bhutan's overall capability for contributing effectively to global social, economic, and political processes.

⁹ *There is a significant body of Buddhist literature that addresses the problematic ontological commitments underlying the act of choosing, most notably perhaps, the Chan works associated with the lineage from Huineng through Mazu, Baizhang, Huangbo, and Linji. Here, the tendency toward "picking and choosing" is forcefully depicted as rooted in a denial of the emptiness of all things and a failure to practically realize the meaning of non-duality. To be bereft of possibilities for enhancing our way of life is, indeed, a horrific prospect. But being in a position to choose is not equivalent to being positioned to contribute to and enrich our irreducibly shared situation.*

As a very small country, with a comparably small national economy, it is sheer folly to believe that Bhutan could ever develop or sustain competitive advantage in manufacturing or other industrial modes of production. If, indeed, there is a commitment to conserving local production ecologies, technology transfer must be carefully orchestrated to insure that imported technologies (and the strategic values they embody) are appropriate complements to existing Bhutanese production practices and values. For instance, there is a wealth of new building materials and technologies flooding onto the global market. In most cases, the transfer of these materials and technologies has been accompanied by practically wholesale conversion to imported building design protocols—often with both aesthetically and practically disastrous results. Care should be taken to introduce only those materials and technologies that can contribute to the evolution of already existing Bhutanese design sensibilities—that is, to extend the values and practices that already obtain in Bhutan and have historically proven their appropriateness to the Bhutanese setting.¹⁰ Moreover, the pace of technology transfer should, to whatever degree possible, be indexed to the availability of relevant Bhutanese expertise. Excessive reliance on foreign experts practically guarantees eventual dissonance between imported means and indigenous aims.

Of particular importance will be policies related to communications and information technologies, and their role in effecting the export of attention from local concerns. The recent, official introduction of television to Bhutan marks a decisive move—understandable, and yet not without marked risks for the erosion of Bhutanese cultural and contributory resources. The case for developing Bhutanese competitive advantage in media production is no better than that in relation to manufacturing and industrial production. Neither can it be assumed possible to stem what is likely to be a flood of global media products into Bhutan. It is, however, possible to establish policies restricting direct advertising—a key component in the generation of desires for consumer choice in market-oriented economies. It is also possible, with broadcast media, to establish policies requiring, for instance, that a certain percentage of daily airtime be devoted to locally relevant program content. As a counterbalance to the potentially overwhelming extent and density of cultural products arriving through global media, policies might be established to fund the creative advancement of Bhutanese artists, performers, writers, and commentators, making use of taxes pegged to audience size for imported program content. Unavoidably, many new artists will engage in creative hybridization. What is crucial is that this process enhances and extends Bhutanese culture. The aim is not to *preserve* Bhutanese culture (in effect rendering it incapable of

¹⁰ The work of Susan Murcott and her Institute for Sustainable Living can be referenced as exemplars in technological transfers and innovations oriented toward enhancing local contributory resources.

natural reproduction), but rather to *conserve* it—a process that implies creative adaptation as well as sustained continuity.

Related to these three issue areas is a broader policy implication regarding the institutional structure of integrating global and Bhutanese economies. Although large nation states can reasonably anticipate some advantages, for example, to membership in the World Trade Organization, Bhutan would appear to have much more to lose than to gain in such arrangements. Much more is promised by Bhutan remaining in a position to levy appropriate tariffs and import taxes than by adopting an “open-market” approach to development. Indeed, the flood of consumer products and its attendant ideology of freedom through choice would very quickly erode what real possibilities remain for Bhutan to leapfrog the phase of post-modern market economics in achieving truly equitable and just trade and development.

These last remarks suggest an importance role for governance in both orienting and driving the operationalization of GNH. Much of the development literature in the West—particularly that originating in the US—asserts a strong correlation between development and democratization. And, as customarily defined, both processes indeed embody shared and strong commitments the preeminence of choice as both an ordinal and strategic value. Some commentators, however, have identified reasons to qualify the implied causal relationship. Amy Chua, for example, has discussed the ironic consequences of importing democratic patterns of governance into countries with market-favored minorities.¹¹ Others have noted that authoritarian states have been successful in generating rapid development—Singapore, for instance—and that many democratic states have undergone developmental regression. Yet others have claimed that the only clear correlation is between overall development and the degree to which leadership and governance practices are committed to securing basic human welfare. In short, the meaning of any substantial correlation between democratization and development is open to contest.

What can be recommended in the case of Bhutan, I think, is careful and responsive adaptation to changing circumstances, as they come to be—not, in other words, any *prescriptive* shift in governance practices. At present, an appropriate balance seems to obtain between a democratization of the processes by means of which problems and predicaments associated with development are identified and understood, and a sustained and substantial role for the king in establishing appropriate national values, commitments and resolves. Although perspectives will differ, it is my own conviction that the loyalties, trust, and consideration that obtain between the Bhutanese people and the Bhutanese royalty—so aptly epitomized in the commitment

¹¹ In Amy Chua, *World On Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, Doubleday: New York, 2003.

to granting highest priority to Gross National Happiness—demonstrates a unique and deeply shared virtue.

By way of conclusion, allow me to invoke the frame narrative of the *Cakkavatti Sihanda Sutta*. In this narrative, the Buddha instructs a gathering of students to practice mindfulness in all aspects of the present as it has come to be, keeping close to their own preserves, to the ranges of their ancestors. In this way, he affirms, illusory thoughts and desires will find no foothold. He then adds that it is only by cultivating wholesome states that this virtue will deepen and develop. In operationalizing happiness as a key value for effecting and orienting socio-economic development, Bhutan can ultimately do no better than to heed this injunction: mindfully discerning the present, global situation, as it has come to be, responding through and in endless cultivation of wisdom, attentive mastery, and moral clarity.

Towards an Economics of Happiness

HELENA NORBERG-HODGE AND STEVEN GORELICK

Introduction

Around the world there is a growing awareness that, in order to build a peaceful, equitable and sustainable future, we must rethink the very foundations of our current economic system. The global economy is at the root of many of our present crises – from rising poverty and hunger to increased pollution and depleted resources, from ethnic violence to economic breakdown. Clearly, if we are to turn these crises around, we need to closely examine the system that created and perpetuates them. We must take a broad overview, examining the effects at economic, ecological and social levels. Understanding how globalisation – the promotion and implementation of the global economy – has brought these problems about can help us to see the most appropriate solution.

We have studied the effects of global economic development on individuals and cultures for the last three decades and have concluded that the most strategic and effective way of building a more positive future is through economic localisation. Fundamentally, localisation is about decentralising economic activity – producing for people's needs in a way that can be adapted to the ecological, cultural and political structures and needs of each locale.

Nonetheless policymakers insist that globalisation is creating a better world for everyone. Part of the problem results from the way globalisation's promoters measure 'progress'. It is all too easy to compare the consumer cornucopia in rich countries today with what was available 50 or 150 years ago. More often, the baseline from which comparisons are made is rooted in the Dickensian period of the early industrial revolution, when exploitation and deprivation, pollution and squalor were rampant. From this starting point, child-labour laws and the 40-hour workweek look like real progress. Similarly, the baseline in the South is the immediate post-colonial period, with its uprooted cultures, poverty, over-population and political instability. Based on the misery of these starting points, political leaders can argue that our technologies and our economic system have brought a far better world into being, and that globalisation will bring benefits to people in the remaining 'undeveloped' parts of the world.

In reality, however, globalisation is merely a continuation of a broad process that started with the age of conquest and colonialism in the South and the Enclosures and the Industrial Revolution in the North; from then on a single culture and economic system has relentlessly expanded, taking over other cultures, other peoples' resources and labour. Far from delivering us from poverty, the globalising industrial system continually creates it. It is

vital that we connect the growing physical and emotional poverty to the whole industrial system, to a process that robs people all over the world of their natural resources, labour and self-respect. Our leaders simply fail to connect the dots between 'progress' and poverty.

Fortunately, more and more people on the ground are coming to see localisation as the key to economic stability, environmental protection and social harmony. Each year more projects are initiated which embody the ideals of localisation. Economic localisation is not synonymous with isolationism or narrow, self-interested protectionism. In order to work, it requires international collaboration on a far larger scale than we have now. Certain issues – such as global warming, nuclear proliferation, and genetically modified foods – affect us all, and these matters should be the foci of global cooperation. Instead of the World Trade Organisation, the World Bank and other agencies that work to advance the global economy, we need international bodies that will ensure protection of the environment and our human rights. Localisation means a better balance between local, national and global governance. It also means returning decision-making power on local issues back to the local level.

Reversing our headlong rush towards globalisation would have benefits on a number of levels. Rural economies in both North and South would be revitalised, helping to stem the unhealthy tide of urbanisation. Farmers would be growing primarily for local and regional rather than global markets, allowing them to choose varieties in tune with local conditions and local needs, thus allowing agricultural diversity to rebound. Production processes would be far smaller in scale, and therefore less stressful to the environment. Transport would be minimised, and so the greenhouse gas and pollution toll would decrease, as would both the financial and ecological costs of energy extraction. People would no longer be forced to conform to the impossible ideals of a global consumer monoculture, thereby lessening the psychological pressures that often lead to ethnic conflict and violence. Ending the manic pursuit of trade would reduce the economic and hence political power of global corporations and eliminate the need to hand power to such supranational institutions as the WTO, thereby helping to reverse the erosion of democracy.

In this paper, we will be focusing mainly on the disastrous impacts of the global economy on food and agriculture around the world. Adequate, wholesome food is vital to human well-being. There is nothing else that human beings produce that is needed by every person on the planet every day, yet that very activity has been relegated to a marginal position in political governance. Most businesses and governments consider agriculture little more than a stumbling block to success in their international trade negotiations. We have been led to believe that small-scale diversified farming for local and regional market is an anachronism, an inefficient romantic remnant from the past. In fact, it is large-scale monocultural farms

producing food for export that are inefficient. This industrial model of production is responsible for dramatic increases in environmental pollution, species extinction and even many human degenerative diseases, and only seems 'efficient' because so many of the costly subsidies that support it are hidden from view.

Before examining the consequences of the global food system, we want to look at another subject equally worthy of attention: the social costs of globalisation, and the consumer monoculture it promotes. Social cohesion or a sense of community is fundamental to human well-being, indeed to human happiness. As we shall see, globalisation has done much to fragment community and erode people's sense of self-esteem. Rebuilding or maintaining community is inextricably connected to a process of localisation.

Many people around the world have looked to the King's aspiration to foster Gross National Happiness in Bhutan for hope and inspiration. In terms of shifting direction towards a more positive future, Bhutan is in an ideal position. Neither farming nor the fabric of community has been destroyed in Bhutan as it has in other parts of the world. There is a vital opportunity to strengthen the structures that support community and local economies in the country, thus averting the social, ecological and economic collapse globalisation has brought about elsewhere.

Social Costs of Globalisation

In shifting to an economics of happiness, it is important to consider the impact of conventional growth on societies around the world. There is no better place to start than in the United States, since this the country that is held up as a model for the rest of the world. And a good way to measure the condition of American society is to take a hard look at America's children, since so many features of the global monoculture have been in place their whole lives.

An indication that the current system is not working as well as it may seem is that one in five American children have a diagnosable mental, emotional or behavioral disorder¹, and an estimated *five million* are being given at least one psychiatric drug. This disturbing trend is growing rapidly. The number of children ages 2-4 for whom stimulant and anti-depressant drugs have been prescribed increased 50 percent between 1991 and 1995. In the following four years, prescriptions for anti-depression drugs rose even more steeply, climbing 151 percent for children in the 7-12 age group, and 580 percent for children six and under.²

¹ National Mental Health Association, "Key Facts and Statistics", www.nmha.org/children/green/facts.cfm

² Statistics from the National Disease and Therapeutic Index of IMS Health, in Lawrence H. Diller, M.D., "Kids on drugs", <http://www.salon.com/health/feature/2000/03/09/kiddrugs/index.html>, March 9, 2000

Major depression is, in fact, a growing problem all over the developed world, with rates of occurrence rising in all age groups and in virtually every community. By 2020, at its current rate of increase, depression will rank second only to heart disease among the most disabling conditions in the industrialized countries.³

Compare this to the rates of depression among groups of indigenous people and it is clear that something has gone very wrong in Western culture. In the 1980s, for example, anthropologist Edward Schiefflin had to abandon his attempt to study depression among the indigenous Kaluli of New Guinea because there simply is no depression in that culture.⁴ Similar conclusions have been reached about other indigenous societies.⁵ The plain truth is that people living in intact indigenous cultures are generally far happier and content than people in the civilised west.

If it seems impossible to imagine 2-year old children so depressed that they need prescription drugs, it is equally difficult to imagine 15-year olds feeling so hopeless that they kill themselves: yet among America's young people, suicide is the third-leading cause of death.⁶ Equally hard to fathom are many other symptoms of social breakdown. Eating disorders, for example. The number of pre-pubescent children with eating disorders is on the rise in America, with girls as young as four showing signs of anorexia. Cosmetic surgery, another symptom of insecurity and poor self-image, is also increasing, with the number of teenage girls having their breasts augmented quadrupling, and liposuction procedures tripling, in just the past five years.⁷

Violence, a more common symptom of breakdown for boys, is also on the rise. There have been at least 25 school shootings in the US since 1996, claiming the lives of 35 students. The youngest killer was a six-year old boy.

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There are a number of reasons America's children have become so insecure and troubled – all of which can be traced back to the global economy and its systematic erosion of social cohesion. For one thing, Americans are continually uprooted. As corporations scour the world for bigger subsidies and lower costs, jobs move with them, and families as well:

³ "Major Depression Facts", 2002, www.clinical-depression.co.uk

⁴ Al Kleinman and B. Good (eds.) *Culture and Depression*, University of California at Berkeley Press, 1985., p.101-133.

⁵ See for example Roald Amundsen's description of Inuit people in *Northwest Passage*, Helena Norberg-Hodge in *Ancient Futures*, and the journals of Christopher Columbus.

⁶ National Center for Health Statistics, unpublished work tables prepared by the Mortality Statistics Branch, Division of Vital Statistics, 1995 and 1996, accessed at <http://aspe.hhs.gov/hsp/97/trends/hc1-2c.htm>; also see Robert Wright "The Evolution of Despair", *Time* magazine, Aug 28, 1995.

⁷ "Shaping the Perfect Teenager", CBSnews.com, June 22, 2000.

⁸ "A Time Line of Recent Worldwide School Shootings", www.infoplease.com/ipa/A0777958.html

the typical American moves eleven times during their lifetime, continually severing connections between relatives, neighbours and friends.

Within almost every family, the economic pressures on parents rob them of time with even their own children. Americans put in longer hours at work than people in any other industrialised country, and the trend is ever upward: Americans work the equivalent of one week longer per year than they did a decade ago, and more than five weeks longer than in 1970.⁹ As a consequence more and more young children are relegated to the care of strangers in crowded day-care centres. Older children are often left in the company of violent video games or the corporate sponsors of their favorite television shows. Time spent in nature, which is fundamentally important to our psychological well-being, is increasingly rare.

Globalisation and the consumer culture it promotes thus work to displace the flesh-and-blood role models – parents and grandparents, aunts and uncles, friends and neighbours – that children once looked up to, replacing them with media and advertising images: rakish movie and rock stars, steroid-enhanced athletes and airbrushed supermodels. Children who strive to emulate these manufactured ‘perfect’ idols are left feeling insecure and inadequate.

This is not an unintended consequence. The goal of advertisers and the corporate marketers that hire them is to keep Americans perpetually discontented and insecure; in this condition they remain susceptible to the promise that happiness is only one more purchase away. The decision-makers that determine economic policy promote this heartless system. They fully realise that consumers are on a treadmill that drives the economy, and that if consumers are content with who they are and what they have, the economy would literally collapse.

In this sense, what is often seen as American ‘culture’ is not a product of the American people. It is, in fact, an artificial consumer culture being foisted on people through globalisation’s greatest tools: advertising and the media. This consumer culture is fundamentally different from real cultures, which for millennia were shaped by climate and topography – by a dialogue between humans and the natural world. This is a new phenomenon, something that has never happened before: a culture determined by technological and economic forces, rather than human and ecological needs. It is not surprising that American children, many of whom seem to ‘have everything’, are so unhappy: like their parents, their teachers at school and even their television heroes, they have been put on a treadmill that is ever more stressful and competitive, ever more meaningless and lonely.

As the globalisation juggernaut rolls along, the number of victims worldwide is growing exponentially. Today millions of children from Mongolia to Patagonia are targets of a fanatical and fundamentalist

⁹ Juliet Schor, *The Overworked American*, (New York: Basic Books, 1991).

campaign to bring them into the consumer culture. The cost is massive in terms of self-rejection, psychological breakdown and violence. These children are just as vulnerable as their American counterparts to the sales pitches of corporate advertisers, who tell them that this brand of make-up will inch them closer to perfection, or that wearing that brand of sneakers will make them more like their sports hero. Sales of dangerous bleach for skin and hair, and contact lenses advertised as ‘the colour of eyes you wish you were born with’, are skyrocketing in the South. Of course, buying these products does not actually enhance quality of life, but it greatly profits centralised industry – the main beneficiaries and proponents of the global economy.

This psychological impoverishment is accompanied by a massive rise in material poverty. Even in America – the ‘richest’ country in the world – hundreds of thousands are homeless, and millions more live in poverty. And what about the multitude drawn into rapidly growing Third World slums every year, with little hope of escape? What about the factory workers in sweatshops and maquiladoras, and the small farmers in their dying rural communities? What about the indigenous peoples being driven to extinction, and those whose ways of life are so threatened by the forces of globalisation that they turn to religious fundamentalism, even terrorism?

Erasing other cultures, replacing them with an artificial culture created by corporations and the media, can only lead to an increase in social breakdown and poverty. Even in the narrowest economic terms, globalisation means continuing to rob, rather than enrich, the majority. In 1960, the income of the richest fifth of the global population was 30 times that of the poorest fifth; by 1997 the gap more than doubled, with the richest fifth receiving 74 times more than the poorest fifth.¹⁰ This is globalisation at work.

By forcing everyone on the planet to rely on the same, narrow range of resources, globalisation is creating artificial scarcity, thereby adding to real poverty and exacerbating violent conflict. Contrary to the often-repeated claim that global trade is making conflict less likely, a recent World Bank study has found that countries whose economies are highly specialised – precisely what globalisation prescribes – are 20 times more likely to find themselves in civil war than countries whose economies are diversified.¹¹

With those in the industrialised world using ten times their share of the earth’s resources, it is a criminal hoax to promise that everyone in the ‘undeveloped’ world can do the same. The global spread of this fantasy has been profoundly destructive to people’s ability to survive in their own

¹⁰ UNDP, “The Facts of Global Life”, presskit for Human Development Report 1999, www.undp.org/hdro/E5.html

¹¹ Paul Collier and Anke Hoefler, “Greed and Grievance in Civil War”, March 2002, <http://econ.worldbank.org/programs/conflict/library/doc?id=12205>

cultures, in their own place on the earth. It has even been destructive to its most privileged beneficiaries.

The Globalisation of Food and Farming

Resisting the spread of this model is of the utmost urgency. But for people in the most industrialised countries, another need is to find a way to recreate economies that support community rather than eroding it; that offer happiness and contentment rather than insecurity and endless striving; that are in harmony with nature, rather than destructive of it. Food must be at the centre of this shift, not only because it is a universal need, but because the global food economy is now expanding at a rapid rate.

As it spreads, it is creating crises the world over. Farmers in almost every country in the North are economically besieged, while in the South, people by the millions are being pulled off the land. 'Food scares' occur with alarming regularity, leading many to wonder whether the meal before them is safe to eat. Millions of acres of farmland in the US have been planted in genetically engineered crops, setting off trade disputes with Europe and Japan. People's awareness that corporations are gaining a stranglehold over the world's food supply has led some to ransack fast-food chains and agribusiness offices, and others to uproot genetically-engineered crops.

All of this turbulence has its origins in the industrialisation of food, which today goes hand-in-hand with economic globalisation. Food production is becoming ever more specialised, capital-intensive, and technology-based, and marketing ever more globalised. This direction is disastrous for people and the planet, yet policymakers insist on calling for more of the same: lower barriers to trade, higher technology, fewer farmers.

Industrial agricultural is based on a Western development model that has been imposed on the rest of the world, without respect for either cultural or biological diversity. In the West, where this form of agriculture has been practised longer, the problems inherent in large-scale monocultural production have become ever more apparent. If industrialised agriculture is not working in the region from which it originated, then how can it possibly work elsewhere? It is important that people in developing countries have access to accurate information about the worldwide crisis in agriculture so as not to repeat the mistakes of the West, but instead to forge ahead on a healthier, more sustainable path.

In the West, in fact, there is now a growing movement in this direction, a groundswell of support for 'local food systems'. Such systems are smaller in scale, more diversified, and locally adapted. They favour foods produced nearby, rather than global commodities produced halfway around the world. The rising interest in local foods stems from an awareness that the long-term economic, environmental, and health costs of the industrial food system are too high, and a parallel awareness that local food systems can minimise all these costs simultaneously.

Below, we outline the many problems the global food economy has already created in the places it has taken root, and the many benefits that would follow from a shift towards the local.

The Marketing of Food

In the global system, food is often transported thousands of miles, embedding it with significant amounts of transport energy, pollution, and greenhouse gases. Thanks to ‘free trade’ treaties, transport subsidies, and artificially cheap fossil fuels, ‘food miles’ are increasing: in the UK, for instance, food now travels 50 percent further on average than it did in 1979.

¹²

The growth in food miles cannot be explained away by the greater availability of ‘exotic’ foods that cannot be grown locally: the logic of global markets leads to so much needless trade that many countries import and export the same product. In 1996, for instance, Britain imported 114,000 metric tons of milk, while *exporting* 119,000 tons.¹³ Trade of this sort greatly expands the distance food travels while benefiting only the speculators and large-scale agribusinesses that profit from government subsidies, exchange rate swings, and miniscule price differences.¹⁴

Not only does food travel further, but consumers do as well. Food marketing in the global economy is highly centralized, with the typical outlet being a giant supermarket serving a wide area. This pattern has led to a rise in the number of shopping trips consumers make – most often by car – and an increase in the distance each trip represents.

The marketing of local foods, on the other hand, is largely decentralised, with numerous small shops located close to where people live – often within walking distance. In many cases, farmers can eliminate one whole link in the transport chain by selling directly to consumers via Community Supported Agriculture (CSA) or ‘box schemes’, farm stands and farmers’ markets, or by sales made at the farm itself.

Global foods are wasteful of more than just transport fuels. They require more packaging to protect them from the rigours of long-distance transport, and still more to differentiate brands and attract consumers. Excessive packaging wastes energy, paper, and other resources, and leads to disposal problems. In the UK, for example, one-quarter of household waste

¹² *Sustain: The alliance for better food and farming*, Food miles – Still on the road to ruin? (London: Sustain, October 1999), p. 7.

¹³ *Food and Agriculture Organization*, FAOSTAT, www.apps.fao.org. See also Caroline Lucas, *Stopping the Great Food Swap: Relocalising Europe’s Food Supply*, March 2001.

¹⁴ A similar pattern holds for many other commodities. In 1998, the UK imported 174,570 tons of bread, while exporting 148,710 tons; imported 21,979 tons of eggs and egg products, while exporting 30,604 tons; imported 158,294 tons of pork, while exporting 258,558 tons [Ministry of Agriculture, Fisheries and Food, *Overseas Trade Data System, UK Trade Data in Food, Feed and Drink* (London: MAFF, HMSO, July 1999)].

is made up of packaging, most of which is used on food.¹⁵ Landfilling all this waste causes problems such as leachate leaks, while incinerating it contaminates the air with carcinogenic substances, and leaves behind a toxic ash residue.

Global trade would be impossible without huge transport infrastructures, which are costly not only to taxpayers, but to the environment. Multi-lane highways, for example, fragment landscapes, disrupt wildlife movements, and interfere with wild plant seed dispersal. Their construction entails cutting down forests, filling in valleys, leveling hills, and burying of miles of ecosystem under concrete and asphalt. Airports, shipping terminals, railway lines, and other transport facilities can be equally destructive. In South America, for instance, 2,100 miles of rivers are being altered – threatening the world’s largest wetland – to accommodate convoys of barges carrying soybeans and other commodities.

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The global food system also has a huge appetite for energy. Energy is needed to manufacture the chemical inputs used in industrial agriculture, to process and refrigerate foods, to fuel heavy farm equipment, and to transport food. Producing this energy has high environmental costs: hydroelectric dams disrupt ecosystems both upstream and down; nuclear plants generate tons of radioactive waste; oil refineries pollute air, soil, and water. The extraction, transport, and use of these fuels predictably lead to ‘accidents’ – like oil spills and radiation leaks – that can poison the environment for many years.

Local food systems, by contrast, have relatively low energy demands. These can often be met from nearby renewable sources – such as waterpower for small grain mills, solar energy for crop drying, and even animal power for farm use.

Perhaps the most profound ecological impact of the global model stems from its demand that people abandon local goods for the monocultural products of the global economy. For food, there is no more insidious example of this than the effort of Nestlé and other agribusinesses to convince Third World mothers that breast milk – the most ubiquitous and healthy of local foods – is inferior to the powdered version those companies sell. The same principle is being applied to virtually every other product, as people are encouraged to believe that “imported equals *good*, local equals *crap*”, in the words of an advertising executive in China.¹⁷

The corporations that promote this consumer monoculture have few qualms about profiting from the cultural and racial self-rejection

¹⁵ Anon. “Do you need all that packaging”, *Which?* London: Consumers’ Association, November 1993, p. 5.

¹⁶ Glenn Switkes, “Design Chosen for First Phase of Hidrovia”, *World Rivers Review*, vol. 11, n. 2, June, 1996.

¹⁷ “Where the Admen Are”, *Newsweek*, March 14, 1994, p. 34.

experienced by target populations. Thus, the president of McDonald's Japan opined that if people in that country "eat McDonald's hamburgers and potatoes for 1,000 years we will become taller, our skin white and our hair blond."¹⁸

A global consumer monoculture is an unmitigated disaster for everyone, not just those induced to abandon their own identities. The small percentage of the earth's population that lives a Northern consumer lifestyle has already so destabilised the biosphere that the earth's ability to support human life in the future is increasingly in doubt. And yet the implicit message of economic globalisation is that the entire population of the planet should pursue that same unsustainable course. It is vitally important that people all over the world, but especially in the South, have access to information about what it really happening, rather than corporate propaganda. Only by understanding the true consequences of globalisation, while drawing on local knowledge, can people make sound decisions about their own futures.

Food Production

An emphasis on the *local* in food production is significantly better for the environment than an emphasis on the *global*. In large measure, this is because producing for global markets requires large-scale monocultures, which systematically erode diversity. On-farm diversity not only shrinks to the one or two crops grown for global markets, but even within those commodities diversity is disappearing, as identical high-yield strains are planted everywhere. Wild nature, meanwhile, adds nothing to the 'bottom line', and so is systematically excluded from the farm system.

This lack of diversity leads to a cascade of problems. Vast acreages of identical varieties are highly vulnerable to devastation by insects and blight; this in turn leads to repeated applications of pesticides and fungicides. Chemical fertilisers are also required, since monocultural farms exclude the farm animals that could replenish soil fertility with their manure. The use of all these chemicals not only damages the broader ecosystem, it kills the soil, making it prone to water and wind erosion. The use of large-scale farm equipment requires trees, shrubs and hedgerows to be removed, and further deadens the soil by compacting it and reducing its ability to absorb water.

Monocultural livestock production – commonly known as 'factory farming' – is also an environmental disaster. The thousands of tonnes of manure produced are highly polluting, and cause algal blooms and eutrophication of streams, ponds, and lakes. If the manure containment

¹⁸ Joel Bleifuss. "Will Ronald Eat McCrow", *In These Times*, vol. 19, n. 3, p. 13.

lagoons burst – as they did recently in North Carolina – the devastation can become widespread, poisoning wells and groundwater for miles around.¹⁹

Small-scale production for local markets, on the other hand, naturally tends to be more diverse: farmers have an incentive to produce the wide range of products people need. Since small farms are not designed to facilitate the use of large equipment, they also tend to retain hedgerows, woodlots, pastures, wetlands and fallow land, all of which have some use on a diversified farm. These in turn become nurturing habitats for diverse wild plant and animal species.

The overall diversity of small-scale farms makes them more stable and resilient, and less susceptible to losses due to weeds or pests. Those losses can be further minimised using low-impact techniques, like intercropping, rotations, and biological controls. Soil fertility can be maintained by the addition of composted manure and other organic matter, which also makes the soil more resistant to erosion.

While an industrial farm's production is largely determined by global markets – which favour a narrow range of commodities and varieties – small-scale localised production is heavily influenced by local climate, resources, cultural preferences, and the availability of locally-adapted strains – and is therefore highly diverse. Farmers are able to focus on what their land can best produce, rather than forcing it to produce what distant markets demand.

Genetic Engineering

Since the beginnings of agriculture, farmers have selected for traits that make the most sense within their own particular environment, thereby providing almost every local food system with a remarkably broad range of locally adapted plant varieties and animal breeds. Indigenous farmers in the Andes, for example, cultivate some 3,000 different varieties of potatoes.²⁰ On the island of Java, small farmers cultivate over 600 different crop species in their gardens.²¹ Much of the food we eat today ultimately depends on the careful work, over many centuries, of farmers like these.

Now, however, an entirely new method for the creation of agricultural varieties has been developed. Rather than selecting for particular traits among plants and animals that have proven themselves in nature over centuries, genetic engineering technologies enable scientists to select traits in the laboratory. In many cases, scientists carry genetic material across entire species or phyla boundaries, bypassing reproductive constraints and

¹⁹ A. V. Krebs, "Hurricane Floyd and Corporate Hogs: North Carolina's 18,000-Square mile Cesspool", *The Agribusiness Examiner*, n. 48, September 28, 1999.

²⁰ V.H. Heywood, executive ed. *Global Biodiversity Assessment*, published for the United Nations Environment Programme by Cambridge University Press, 1995, p. 595.

²¹ *ibid*, p. 742.

creating varieties that could never have evolved in nature, even with the guiding hand of a skilled breeder. Fish genes have been implanted into tomatoes, and human genes into fish. There has even been research into engineering such labour-saving ‘advances’ as a featherless chicken that won’t have to be plucked.²²

Leaving aside the profound ethical implications of manipulating the genetic basis of life, this technology may have severe ecological repercussions. For one, the technology is now being used to *increase* the use of pesticides: Monsanto sells seeds that produce crops engineered to tolerate heavier doses of its best-selling herbicide, ‘Roundup’; Aventis markets similar seeds, but for use with its own ‘Liberty’ herbicide; and Cyanimid has produced seeds to be used with its ‘Pursuit’ and ‘Odyssey’ herbicides.

Perhaps most disturbing of all is the problem of ‘genetic pollution’, whereby crops or wild plants are accidentally fertilised by a nearby biotech crop. Although proponents of genetic engineering have claimed that such cross-fertilisation would be rare, it has not turned out that way. For example, Starlink, a transgenic corn variety, was planted on less than 1 percent of America’s corn acreage, but managed to contaminate the seed corn of more than 80 seed companies.²³

Genetic pollution has ominous implications for agricultural biodiversity. Research in the remote mountainous region of Sierra Norte de Oaxaca, for example, has shown that some of Mexico’s native varieties of maize have been contaminated by transgenic DNA. So much genetic pollution is occurring that there is a danger that farmers – even organic growers – will soon be unable to find seed that is *not* tainted with engineered genetic material. “We have found traces in corn that has been grown organically for 10 to 15 years,” the head of an organic bread and cereal company in British Columbia said. “There’s no wall high enough to

²² Mike Toner. “Cultivating Designer Fish”, *Atlanta Journal*, May 21, 1999; Colin Tudge. *The Engineer in the Garden*. London: Jonathan Cape, 1993; Luke Anderson. *Genetic Engineering, Food and Our Environment*. Devon, England: Green Books, 1999 [published in the US by Chelsea Green].

* Although the whole point of Roundup-Ready seeds is to enable more potent doses of the herbicide without endangering the marketable crop, Monsanto has attempted to confuse the public by claiming that Roundup-Ready seeds **reduce** the amount of Roundup herbicide needed. While it is true that the **volume** of Roundup sprayed onto crops may be reduced, the **potency** of this herbicide has been increased. Before Roundup-Ready seeds hit the market, Monsanto had to lobby the US Environmental Protection Agency to get the tolerance level for glyphosate (the key toxic ingredient of Roundup herbicide) raised from 6 parts per million to 20, because the new line of Roundup-Ready products would not be of much value if the herbicide could not be made more potent. The EPA readily consented [Lappé, Marc, and Britt Bailey. *Against the Grain: Biotechnology and the Corporate Takeover of Your Food*. Monroe, Maine: Common Courage Press, 1998, pp. 75-76].

²³ David Barboza, “Will Agbiotech’s Genetic Contamination Conquer the World?”, *New York Times*, June 10, 2001.

keep that stuff contained.”²⁴ Once released into the wild, this form of pollution can never be called back.

Furthermore, some genetically engineered plants may harm non-target insects, like monarch butterflies that eat the pollen from plants engineered with their own pesticides.²⁵ The marketers of these seeds still do not know for certain whether, for example, honeybees that collect pollen from those plants will be affected.

Claims about the potential of biotech crops to ‘feed the world’ obscure the fact that farmers in the poorest parts of the world are those least able to afford to buy new seeds every year. Those farmers are more likely to save seed from one year’s crop to plant the next – a practice that would be illegal if they used genetically-engineered seeds.

Food and Health

Local systems excel at providing nutritious, fresh food. Even so-called ‘fresh’ foods from the industrial system are usually inferior to local foods because they are often harvested days or even weeks before. Heirloom varieties of fruits and vegetables adapted to specific places are usually particularly flavourful and nutritious – more so than their industrial counterparts.

In the global food system, the dominant vegetable varieties are not those that are most nutritious, but those that are most visually appealing, most hardy under monocultural growing conditions, and best able to survive mechanical harvesting and long distance transport. What’s more, many industrial foods undergo a great deal of processing, which destroys vitamins and reduces nutritional content. Highly refined products like white flour, sugar, and rice have had most of their nutritional value removed.

Since processing can also remove much of the taste and colour from food, the industrial system compensates by adding artificial flavourings and colourings. Chemical preservatives are deployed to increase shelf life, and a range of other additives are used to facilitate processing. In the end, industrial food is likely to have been treated with some combination of hormones, dyes, bleaches, waxes, antioxidants, preservatives, chemical flavors, buffers, alkalisers, acidifiers, deodorants, moisteners, drying agents, expanders, modifiers, emulsifiers, stabilisers, thickeners, clarifiers, disinfectants, defoliant, fungicides, neutralisers, anticaking and antifoaming agents, hydrolysers, hydrogenators, antibiotics and other

²⁴ *Ibid.*

²⁵ John E Losey, Linda S. Rayor and Maureen E. Carter, “Transgenic pollen harms monarch larvae”, *Nature*, vol. 399 n. 6733, May 20, 1999, p. 214.

treatments.²⁶ In addition to these intended additives, traces of pesticides, herbicides, and fungicides can also be found.

All these chemicals are of very recent origin, and human defences are unprepared to protect us from many of them. Pesticides in particular can cause cancer, birth defects, immune system breakdown, and neurological damage, and can interfere with normal childhood development.²⁷ Others are implicated in the early onset of puberty, and still others are linked to increases in aggression.²⁸ Even the chemical fertilisers used in industrial agriculture pose a health problem: nitrates in water, for example, have been linked to 'blue-baby syndrome' in infants,²⁹ birth defects, and cancer.³⁰

Farm workers exposed to agrochemicals on the job can suffer serious health problems. As many as 300,000 farm workers in the US alone suffer from pesticide-related illnesses;³¹ worldwide, from 20,000 to 40,000 farm workers die each year from pesticide exposure.³² But one doesn't need to be a farm worker to be exposed to these toxic compounds. The US Environmental Protection Agency recently found that 80 percent of the nation's adults and 90 percent of children have measurable concentrations of insecticide in their urine.³³

Although agribusinesses insist that all of these chemicals have been tested for safety, they are not tested in the multiple combinations to which people are routinely exposed, or over the long periods of time that would be necessary to fully understand their effects. In any case, the proven health hazards of a particular agricultural chemical are no guarantee that its use will be prohibited. The US government agencies that regulate agricultural

²⁶ For more information on food additives, see the list compiled by Center for Science in the Public Interest, at <http://www.cspinet.org/reports/chemcuisine.htm>, http://www.cspinet.org/foodsafety/additives_avoid.html

²⁷ R. D. Morgan, ed. *Pesticides, Chemicals and Health*. (The British Medical Association). London: Edwards Arnold, 1992.

²⁸ Environmental Research Foundation. "Pesticides and Aggression", *Rachel's Environment and Health Weekly*, n. 648, April 29, 1999.

²⁹ Blue-baby syndrome is also known as methaemoglobinaemia. The last known case in the UK was recorded in the early 1950s, though deaths have occurred in the USA and Hungary in the 1980s. The condition is strongly associated with bacterial contamination in water and a range of other factors, of which nitrates in water is just one [see Conway, G. R., and Pretty, J. *Unwelcome Harvest: Agriculture and Pollution*. London: Earthscan, 1991].

³⁰ Peter Goering, Helena Norberg-Hodge and John Page. *From the Ground Up: Rethinking Industrial Agriculture*. London: Zed Books, 1993, p. 15, (new edition 2000).

³¹ London Food Commission. *Food Adulteration and How to Beat It*. London: Unwin, 1998.

³² Reported in S. Postel. "Controlling Toxic Chemicals", *State of the World, 1988*. New York: W.W. Norton, 1988.

³³ "Worrisome Level of Pesticide Found in Environment", *The Los Angeles Times*, October 29, 1999.

chemicals, for example, allow over 30 carcinogenic pesticides to be used on American crops.³⁴

Proponents of the global food system would have us believe that even if there are now more chemicals in our food, industrial processes have left it all but free of bacteria. Not so. According to the British Public Health Laboratory Service, food poisoning incidents in the UK have risen in tandem with the growth of the industrial food system: during the 1950s, there were on average only about 5,000 food poisoning incidents each year; in 1997 there were almost 20 times that number.³⁵ In the US, salmonella-related illnesses have doubled in the last two decades, and similar increases are reported for illnesses from *E. coli*, campylobacter, and *lysteria* bacteria.³⁶

Although the mass-production of foods is usually to blame for food poisoning incidents, proponents of the global food system claim that 'more of the same' will make food safer. One American expert believes that the solution to 'food scares' is "to barcode every product, from a grain of cereal to a loaf of bread."³⁷ Meanwhile, food irradiation has already been approved in the US for meats and other products, even though scientific evidence shows that irradiation reduces food's nutritional value, and leaves behind by-products that are themselves health hazards.³⁸

The mass-production of animal-based foods has also led to human health problems. When animals are allowed to range freely on small-scale, diverse farms they are apt to provide healthy milk, eggs and meat, and to remain healthy themselves. Livestock production on an industrial scale, however, puts animals in tightly confined and often unsanitary conditions, and leaves them at a much higher risk of disease. Antibiotics and other pharmaceutical drugs are widely used, not only to prevent illness but also to promote growth. In fact, roughly half the antibiotics produced in the US are used in the raising of animals for human consumption.³⁹ These drugs can leave residues in meat and milk, and their overuse is already rendering some strains of bacteria untreatable.

So far, one of the most disturbing consequences of industrial livestock production has been the spread of Mad Cow Disease, a product of the 'innovative' practice of feeding the remains of dead cows to live ones. The

³⁴ Environmental Protection Agency, Office of Pesticides Programs. See list of carcinogenic pesticides and their regulatory status at the EPA website: www.epa.gov/pesticides/carlist/

³⁵ Public Health Laboratory Service (UK), facts and figures: www.phls.co.uk/facts/

³⁶ Robert V. Tauxe. (Centers for Disease Control and Prevention). "Emerging Foodborne Diseases: An Evolving Public Health Challenge", *Emerging Infectious Diseases*, vol.3, n. 4, October-December, 1997.

³⁷ "Under the Food Scares, a Credibility Problem", *The New York Times*, July 4, 1999.

³⁸ David R. Murray. *Biology of Food Irradiation*. Taunton, UK: Research Studies Press, 1990.

³⁹ Environmental Research Foundation. "Hidden Costs of Animal Factories", *Rachel's Environment & Health Weekly*, n. 690, March 9, 2000.

disease, BSE, eventually killed 175,000 cows in Britain, though far more were undoubtedly infected. BSE has now crossed the species barrier from cows to humans in the form of the deadly Creutzfeld-Jakob disease (CJD). Although the British government initially denied any link between Mad Cow Disease and CJD, it was later forced to reverse course and ordered the destruction of some 2.5 million animals.⁴⁰

So far, more than 100 people have died of CJD in the UK, but it is still unknown how high the death toll will eventually go. The UK government's chief medical officer admits that "We're not going to know for several years whether the size of the epidemic will be a small one, in other words in the hundreds, or a very large one, in the hundreds of thousands."⁴¹ Mad Cow Disease has now appeared in many other countries, including most recently the United States.

Food and the Economy

In economic terms, one of the most conspicuous features of the global food system is the shrinking percentage of the price of food that farmers receive. In part, this is because a large number of corporate intermediaries – international traders, food processors, distributors, and supermarkets – are receiving an ever-bigger share. In the United States, farmers in 1910 kept 41 cents of every food dollar spent by consumers. By the 1990s, the farmer's share had dropped to only 9 cents, while the marketing share has grown to 67 cents out of every food dollar.⁴²

Although consumers are generally taught to blame farmers for increases in food prices, it is the corporate middlemen that capture the lion's share of price hikes. In the US, for example, the consumers' price for a market basket of food has increased about 3 percent in real terms since 1984, while the farm value of that food has *fallen* by more than 35 percent.⁴³

Farmers are being economically squeezed in other ways as well. 'Free trade' policies force farmers to compete with others around the world, often in places where labour costs are far less. What's more, the market for an export-oriented farmer's production can suddenly evaporate due to currency fluctuations or recessions thousands of miles away. In the United States, nearly one billion bushels of grain – half the nation's harvest – found

⁴⁰ *Environmental Research Foundation*. "Mad Cow Disease in Humans", *Rachel's Environment & Health Weekly*, n. 683, January 20, 2000.

⁴¹ *ibid.*

⁴² Stewart Smith, "Farming Activities and Family Farms: Getting the Concepts Right", presented to US Congress symposium "Agricultural Industrialization and Family Farms", October 21, 1992.

^{15.} USDA, National Agricultural Statistics Service. "Agriculture Prices" (Washington, D.C.: USDA, NASS, 1999).

⁴³ Robert C. Taylor, Professor of Agriculture and Public Policy at Auburn University, in testimony before the US Senate Agriculture Committee hearings on concentration in agribusiness, January, 1999 – cited in Krebs, A. V. *The Agribusiness Examiner*, n. 57, November 23, 1999.

no market in 1999, largely because an economic crisis in Asia dampened demand for US products.⁴⁴

In the South, farmers face similar problems. Those still connected to a local food system can count on feeding themselves with their own production, while those who have been drawn into the industrial food system must sell their production on global markets and use the proceeds to buy food. A farmer in Asia or Africa can easily be destroyed by a recession in Europe or a bigger-than-expected harvest in South America – events over which they have no control. Meanwhile an increasing proportion of the newly-'modernised' farmer's proceeds must be used to pay for equipment and inputs. The smallest, least capitalised farmers cannot afford those inputs, and are pushed off the land altogether.

Farmers in both North and South who are dependant on local food systems are largely insulated from international market forces. At the same time, those farmers retain a far higher proportion of the money spent on food, particularly when the cut taken by middlemen and processors is eliminated by selling directly to consumers. Even when local food is sold to nearby shops and restaurants, the farmer receives more than if it was sold to corporate middlemen. Importantly, the small shopkeeper's share of the price remains circulating in the local economy, adding to the farm community's economic health.

Small locally owned shops, in turn, are far more likely than supermarkets to sell local products. In many cases, local restaurants actively seek out produce, cheeses, wines, and meats from nearby farms, not only because they are likely to be fresher and higher in quality, but because they add to the distinctiveness of the restaurant's menu.

Contrast this to corporate supermarkets and fast-food chains, which obtain food from huge monocultural farms and truck it to every corner of the country. Since these businesses offer the same standardized fare in all of their widely dispersed outlets, selling more than a token amount of local products would jeopardize the structures and continual shareholder profits on which the entire global food system is based.

Local food systems are also more job-sustaining. Small farms are not suited the use of massive 'labour-saving' machinery, and so they provide far more jobs per acre than large farms. In the UK, for example, farms under 100 acres provide five times more per-acre employment than those over 500 acres.⁴⁵ It is not surprising, then, that as the average size of the UK farm

⁴⁴ Tim Weiner. "Aid to Farmers Puts Parties in 'Political Bidding Contest'", *The New York Times*, August 4, 1999, p. A14.

⁴⁵ H. Raven and M. Brownbridge, "Why Small Farmers?", cited in S. P. Carruthers and F. A. Miller, eds., *Crisis on the Family Farm: Ethics or Economics?*, CAS Paper 28 (Reading, England: CAS, 1996).

steadily increased over the last half century, 700,000 farm jobs have been lost.⁴⁶

Farm workers' wages remain in the local economy, adding to the economic vitality of the community; money paid for heavy equipment and the fuel to run it, on the other hand, is almost immediately siphoned off to equipment manufacturers and oil companies. Similarly, when farms are organic, they can depend on their own inputs and less on purchased chemical inputs. But as the industrial food system has gained ground, an increasing share of farm income has been drained away. Farmers' fortunes have spiralled steadily downward, taking local businesses and entire rural economies with them: when 235,000 US farms failed during the mid-1980's, roughly 60,000 other rural businesses also went under.⁴⁷

Hard times for local businesses have been compounded by the invasion of large-scale chain retailers. In the 1990s alone, some 1,000 independent food shops – grocers, bakers, butchers and fishmongers – closed in the UK each year.⁴⁸ In Italy, the story has been the same: the arrival of superstores known as *ipermercati* have resulted in the demise of 370,000 small, family-run businesses – including half of the country's corner groceries – since 1991.⁴⁹

These corporate mega-markets systematically sap the economic vitality of the communities where they set up shop. Almost nothing they sell is produced locally, and their profits are drawn off to corporations with little connection to the community. Money that in a local food system would remain circulating over and over again is often lost forever.

It is often argued that large-scale producers and marketers are able to displace small farms and local shops largely because of 'economies of scale' that enable them to bring goods to market at lower prices. In the long run, the argument goes, lower prices mean that consumers are ultimately better off despite the loss of local businesses.

This line of reasoning is fundamentally flawed. If large-scale corporate producers and marketers sell goods at lower prices than their smaller competitors, it is only because of hidden subsidies and ignored environmental costs, both of which are ultimately paid by the 'consumers' these trends supposedly benefit. One estimate of the hidden benefits

⁴⁶ J. Pretty, *The Living Land: Agriculture, Food and Community Regeneration in Rural Europe* (London: Earthscan, 1998).

⁴⁷ "Farm count at lowest point since 1850: just 1.9 million", *The New York Times*, November 10, 1994.

⁴⁸ DoE/MAFF, *Rural England: A Nation Committed to a Living Countryside*, *The Rural White Paper* (London: HMSO, 1995);

⁴⁹ Vania Grandi, "Small Grocers Disappearing into History as Superstores Emerge in Italy", *Burlington Free Press* (Vermont), January 2, 1998, p. 6B.

received by US corporations alone from subsidies and externalised costs is \$2.4 trillion annually.⁵⁰

Corporate food traders, middlemen, and marketers, for example, do not pay anything near the full cost of transporting food. Instead, governments use billions of dollars in taxpayers' money every year to build and maintain the transport infrastructures the global trading system requires. Other infrastructure requirements of large-scale enterprises, like instantaneous global communications facilities and centralized energy infrastructures, are similarly subsidized.

What's more, foods that have been industrially produced and transported great distances often seem 'cheaper' because they exclude their environmental costs. Neither the pollution costs of transport nor the environmental and health costs of chemical agriculture appear in the supermarket price of an industrial apple shipped 3,000 miles. Just shipping food within the borders of the United States, for example, pumps an estimated 120 million tons of CO₂ into the atmosphere annually, adding significantly to the greenhouse effect.⁵¹ Accounting for the food shipped to and from the US would add substantially to that figure.

Supporters of the global food system also argue that industrial farming has vastly increased agricultural productivity. This is a myth. Numerous studies have shown that small-scale, diversified farm systems almost always have a higher total output per unit of land than large-scale monocultures. Today, even conventional economists acknowledge that there is an "inverse relationship between farm size and output".⁵²

Food and Community

If the goal is to provide the most benefits to the most people, maintaining or shifting towards local food would be an important first step. This shift would improve the economic welfare of farmers, farm workers, small producers and shopkeepers, helping entire local economies and communities to thrive. In the South where many communities are still relatively intact, protecting them against the impacts of globalisation should be an urgent priority.

⁵⁰ IMF Statistics Department, *International Financial Statistics*, February 1999, vol. 53, n. 2. (Washington, D.C.: International Monetary Fund, 1999).

⁵¹ Based on total food transport within US of 566 ton-miles in 1997 [US Census Bureau. *Transportation-Commodity Flow Survey, 1997 Economic Census*. Washington, D.C.: US Census Bureau, December 1999, Table 7], and CO₂ emissions per tonne-km for various transport modes: road - .248 kg; rail -.049 kg; ship -.036 kg; air - 1.447 kg. [Jules Pretty, et. al. "The Real Cost of the British Food Basket", Centre for Environment and Society, Department of Biological Sciences, Department of Economics, University of Essex, Colchester, UK, forthcoming].

⁵² Peter Rosset, "The Multiple Functions and Benefits of Small Farm Agriculture in the Context of Global Trade Negotiations", Policy Brief No. 4 (Oakland, CA: Institute for Food and Development Policy, 1999).

In the North, local food systems provide links between people in a community who might otherwise have little or no connection. Farmers' markets, for example, invariably become social events, with the purchase of food often becoming secondary to the social interactions the market encourages. Almost every downtown area that hosts a farmers' market finds that the entire town is enlivened on market day.

CSAs and other forms of direct marketing similarly strengthen bonds in a community, making consumers more directly aware of the life of the farmer, and letting the farmer know his customers. When CSA members meet at the farm on 'work days' or festivals, the bonds among them can grow even stronger.

Compare this to the industrial food system, which promotes anonymity at every turn. Consumers, farmers, processors, and distributors of industrial foods rarely know one another – and may not even live within 1,000 miles of each other.

In rural areas, the loss of community also has a physical dimension. As agricultural production is industrialised and rural people are uprooted, businesses in villages and small towns close, and many of their social and economic institutions are consolidated or transferred elsewhere, often in the name of 'efficiency'. Town centres, which should be lively focal points for culture and commerce, instead feel devoid of life.

The understandable sense of loss among those who remain in these communities is exacerbated by a barrage of media and advertising images emphasizing the glories of 'modern' life – implying that rural ways have no place in a future that will be, above all else, utterly high-tech. Rarely, if at all, do portrayals of the future respectfully depict rural people or land-based ways of living.

In the South as well, media images can make village life – already undermined by global economic forces – seem an anachronistic dead-end, and make location-specific social institutions and cultural practices appear pointless and hopelessly out-of-date.

Rural self-esteem sometimes absorbs even harder blows. In many parts of the North, farms have been disappearing at record rates for well over a generation. For people whose land is taken from them – in many cases land their families have lived on and worked for many generations – the sense of shame and anger can be immense. Many farmers direct those emotions inward, with suicide the result. In parts of the US, in fact, suicide is now the leading cause of death among farmers, occurring at a rate three times higher than in the general population.⁵³

Increasingly, however, the anger is being directed outward. While many dispossessed rural people are coming to understand the broad systemic forces that are ruining local economies and entire cultures the

⁵³ Joel Dyer, *Harvest of Rage* (Boulder, CO: Westview Press, 1998), p. 33.

world over, many others have been convinced that their problems can be traced to racial minorities or Catholics, to immigrants, to a vast Jewish banking conspiracy, or to a world government run by the UN and enforced by swarms of black helicopters. The mix of hopelessness and misdirected anger in America's economically-ruined rural heartland is leading to increasing incidents of violence, played out in places like Ruby Ridge, Waco, and Oklahoma City. These events and others like them are among the many indirect costs of the global economy.

Rural areas are not the only places that pay a heavy price for the industrialisation of food: cities suffer as well, as they are the usual repositories for those whose way of life has been destroyed. Agricultural modernisation in China, for example, is expected to uproot 440 million people from rural areas, all of who will be migrating to urban areas in the next few decades.⁵⁴ In most cases, Third World cities already have more people than they can accommodate, with social and environmental problems that are largely unmanageable.

In 2000, 52 percent of the population in the so-called 'developing' world still lived in rural, land-based communities.⁵⁵ To modernise agriculture in those countries means reducing the agricultural workforce – now roughly 1.27 billion people – to levels closer to the 1 percent found in the US. Even reducing the proportion involved in agriculture down to 10 percent means throwing nearly 800 million people out of work. Those millions will have nowhere to go but urban centers, where they almost invariably find themselves on the bottom rungs of the economic ladder. Cut off from their communities and cultural moorings, people from many differing ethnic backgrounds face ruthless competition for jobs and the basic necessities of life. With individual and cultural self-esteem already eroded by the pressure to live up to media stereotypes, the elements are in place for a dramatic increase in anger, hostility, and conflict.

In both North and South, these trends are worsened by a growing sense of powerlessness. Within small-scale economies, people have a relatively large amount of leverage over the decisions that affect their own lives. But as economic scale grows, the ability of individuals and communities to determine their own destiny shrinks. For most citizens in today's global economy – even in supposed 'democracies' – the levers of power can easily seem to be beyond the reach of all but corporate CEOs, industry lobbyists, and wealthy campaign contributors. Even worse, decisions that can directly affect the livelihoods of millions of people are routinely made behind closed doors in huge corporations or in supranational institutions like the WTO. And yet proponents of

⁵⁴ Ian Johnson, "Tens of millions of peasants are setting off on China's new long march to find hope and work in the city", *The Guardian* (London), November 3, 1994, p. 16

⁵⁵ FAOSTAT

globalisation often speak as though the spread of the global economy and the spread of democracy were somehow inextricably linked.

Shifting course will not immediately change the undemocratic nature of modern societies. But if the scale of our economies were reduced, the principles of participatory democracy could more easily gain ground. Shifting control over food away from unaccountable corporations and back to the local level would help immeasurably in this process.

Food Security

One of the biggest threats to food security today stems from the increasing control a handful of corporations have over the world's food supply. For example, four companies now control 87 percent of American beef, another four control 84 percent of American cereal, and just one company, the Cargill corporation, controls 80 percent of the world's grain distribution.⁵⁶ Five agribusinesses account for nearly two-thirds of the global pesticide market, almost one-quarter of the global seed market, and virtually 100 percent of the transgenic seed market.⁵⁷ As corporate mergers and acquisitions continue, control over food will become even more concentrated in the future.

Why is corporate control over food a problem? The fact is that even if most employees of agribusinesses – including the highest levels of the corporate pyramid – earnestly care about environmental sustainability or feeding the world's hungriest, the 'rules of the game' that govern global finance would prevent them from acting on those impulses. Those rules insist that corporate policies should aim at profit-maximization and growth, and little else. Competition is so fierce that if a corporation veers from maximising its profits at any cost, shareholder lawsuits are likely, as are the prospects for a takeover by a more hard-nosed and profit-oriented competitor.

Today, some 842 million people are undernourished worldwide – even though enough food is produced to adequately feed everyone on the planet.⁵⁸ In part, this poor distribution of food arises out of the global economy's perverse logic, in which it makes economic sense that luxury

⁵⁶ *The three largest beef packing companies are Tyson, ConAgra, and Excel (a subsidiary of Cargill); the four largest cereal companies are Kellogg, General Mills, Philip Morris, and Quaker Oats; the companies that dominate the world's grain trade are Cargill and Archer Daniels Midland. "Updated View of the Meatpacking Industry", REAP News and Views, July 31 2001, www.reap.org; A. V. Krebs, **The Agribusiness Examiner**, n. 19, January 28, 1999; A. V. Krebs, "It is Plain, Cargill's Reign in the Grain Has Become Profane", **The Agribusiness Examiner**, n. 9, November 12, 1998.*

⁵⁷ *The five agribusinesses at the top of the pesticide and transgenic seed market are AstraZeneca, DuPont, Monsanto, Novartis and Aventis. Rural Advancement Foundation International, www.rafi.org; and Agrow, No. 335, August 27, 1999.*

⁵⁸ *Food and Agriculture Organisation. "FAO reports a setback in the war against hunger", November 25, 2003, www.fao.org/english/newsroom/news/2003/24779-en.html.*

foods are grown on the best land in countries where people are starving, and then exported to countries where food is so abundant that obesity is a major problem.

In the South in particular, the switch from growing food for local consumption to producing for export has had severe repercussions. Millions have been displaced from the land, and now find themselves in urban slums where food comes not from the earth and their own toil, but from markets, which demand cold hard cash. Endemic hunger is common.

Even in industrialised countries, many people lack access to high-quality food. Some 14 million people in Britain are below the poverty line. In the US, a decade-long economic 'recovery' was unable to lift an estimated 35 million Americans above the poverty line.⁵⁹ For those people, food security often means public assistance programs that provide barely enough to meet basic needs. Even this source of food is 'secure' only so long as political winds do not shift, suddenly limiting public assistance or putting an end to it entirely.

The industrialisation of food poses other risks to food security. As globalisation proceeds, people everywhere are becoming dependent on the same narrow range of foods. At the same time, 'free trade' and global market forces are eliminating many traditional crops from the market entirely. In Mongolia, where a staple of the diet has always been mare's milk – and where there are still 25 million milk-producing animals – shops now carry mostly European dairy products on their shelves.

In the South, food diversity is also being undermined by the psychological pressures that lead the young to lust for such modern foods as packaged ramen noodles, bottled soft drinks, and white bread, flour and rice. These nutritionally inferior foods are often considered 'high class', and many people are eagerly trading in their wholesome, traditional staple foods for them.

Overall, 75 percent of agricultural diversity has been lost in the last century.⁶⁰ The implications of that trend for food security are ominous. Not only are there fewer kinds of foods being raised and eaten around the world, but diversity within the few remaining staples is being lost as well. The risk of devastation by pests and blight rises exponentially when much of the entire planet's arable land is planted in virtually identical strains. In 1970, for example, 80 percent of the corn planted in the US shared a

⁵⁹ Joseph Dalaker, *Poverty in the United States, 1998*, US Census Bureau, *Current Population Reports, Series P60-207* (Washington, D.C.: US Government Printing Office, 1999).

⁶⁰ Food and Agriculture Organisation, *State of the World's Plant Genetic Resources* (Rome: FAO, 1996).

common genetic heritage. When a maize blight struck, it quickly destroyed more than 10 million acres of corn.⁶¹

To put it bluntly, the entire industrial farming model is simply unsustainable. It is heavily dependent on non-renewable fossil fuels; it so poorly nurtures the soil that the US is losing topsoil 17 times faster than natural processes can create it;⁶² its dependency on large-scale irrigation leaves 5 to 8 million acres of farmland so badly salinated each year that it must be abandoned.⁶³

What's more, global warming – a direct product of the globalising industrial system – is expected to raise sea levels enough to flood many productive, low-lying agricultural areas around the world, including parts of Bangladesh and fertile river deltas in China, Egypt, Indonesia, Netherlands, and the US.⁶⁴ Global climate change may even halt or reverse ocean currents that now keep the climate temperate in northern latitudes. Many regions, including Britain, Scandinavia and northern Germany, may be unable to support agriculture at all.⁶⁵

A shift towards reliance on local food would promote real diversity at every level, thereby strengthening food security across the board. Instead of being flooded out by cheap imports that make it uneconomical to grow locally distinct varieties, food that best fits local conditions would have a chance to thrive. Rather than monocultures highly susceptible to devastation, farms would be more diverse, complex, and stable. Rather than identical varieties of crops planted everywhere, a wide range of varieties would be cultivated, limiting the potential for pandemic crop losses. And rather than increasing the rate at which greenhouse gases are being pumped into the atmosphere, the food sector's contribution to those gases would begin to decrease.

Shifting Policies

It is time for policymakers to recognise that when food is treated as a commodity subject to lawless speculative investment, the health of the biosphere suffers and our quality of life diminishes.

⁶¹ Jack Doyle, *Altered Harvest* (New York: Viking, 1985); Food and Agriculture Organization statistics: apps.fao.org

⁶² A. R. Berger and W. J. Iams (1996), *Geoinicators: Assessing Rapid Environmental Changes in Earth Systems*, Rotterdam: A. A. Balkema. Excerpted by the International Union of Geological Sciences in *Geoinicators: Tools for Assessing Rapid Environmental Changes*. Accessed October 23, 2003 from <http://www.gcrio.org/geo/title.html>

⁶³ F. Ghassemi, A. J. Jakeman and H. A. Nix, *Salinisation of Land and Water Resources* (Wallingford Oxon, England: CAB International, 1995) p. 48.

⁶⁴ Peter Bunyard, "A Hungrier World", *The Ecologist*, vol. 29, n. 2, March/April, 1999.

⁶⁵ Peter Bunyard, "How Global Warming Could Cause Northern Europe to Freeze", *The Ecologist*, vol. 29, n. 2, March/April, 1999.

That broader view would make it clear that producing food in ways that deplete the soil, pollute air and water, diminish food security, and risk human health are neither 'efficient' nor desirable. It would also be obvious that when the marketing of food drives farmers from the land, destroys local economies, and concentrates control over food within corporations, our lives are not thereby improved.

Unfortunately, this perspective is rare among policymakers. Virtually every government pursues policies that heavily favour the industrial, globalised food system, while punishing smaller scale, more localised producers and marketers. Until that imbalance is righted, the many grassroots efforts to create healthier and more sustainable food systems will have little chance to flourish and spread.

How can a shift in course be implemented? The policy shifts required can be broadly grouped into three basic imperatives:

1) Curtail the vast array of hidden subsidies that overwhelmingly favour large-scale enterprises oriented toward far-away markets

The globalisation of food is being propelled in part by massive subsidies. In some cases, particularly in the South, governments directly subsidize pesticides and chemical fertilisers as a means of encouraging large-scale agriculture for export. More often, the subsidies are hidden. Government expenditures on long-distance transport infrastructures, large-scale energy installations, high-speed communications networks, and high-tech agricultural research all enable huge agribusinesses and food corporations to produce and sell their products worldwide at artificially low prices. These subsidies not only offer few benefits for smaller, more ecological and locally-oriented producers and marketers, they harm them by making it easier for larger competitors to invade their markets.

In the North in particular, agribusinesses are also given huge tax breaks, such as the investment allowances and tax credits that are awarded to the capital- and energy-intensive technologies large producers depend on. On the other hand, smaller, more labour-intensive farms and markets are disproportionately burdened by levies on labour, such as income taxes, social welfare taxes, value-added taxes, and payroll taxes. Reversing these biases would go a long way towards implementing the shift from global to more local foods.

2) Renegotiate trade treaties

Enough pressure must be exerted from below to send governments back to the bargaining table to renegotiate trade treaties, this time with the interests of people and the environment at the forefront. Since challenging the hegemony of international finance would be daunting for even the most powerful nation, a turnabout would be most likely to occur if groups of nations joined together with this purpose in mind.

Among the new ‘rules of the game’ would be the careful use of trade tariffs to regulate imports of goods that could be produced locally. Rejecting the corporate-led trade mania does not mean that all trade in food would end; it does not mean that citrus fruits and bananas would be unavailable to people in higher latitudes; it does not mean that a community whose crops fail could not expect help in the form of food from elsewhere. It simply means regaining a healthy balance between trade and local production, putting to an end to the fiction that more trade is always better than less.

Such ‘protectionism’ would not be targeted against fellow citizens in other countries; rather, it would be a means to safeguard jobs and defend local resources against the excessive power of transnational corporations.

3) Change regulations that punish the small producer.

Many regulations would be unneeded were it not for the scale at which large producers now operate. The US Centres for Disease Control, for instance, points out that food-borne diseases are more likely today because of the trend toward fewer, bigger food production facilities and longer distance distribution.

But rather than reducing the scale of our food systems, the usual response to food safety problems is to call for ‘techno-fixes’ too expensive for small producers to implement. In the US, for example, the recent discovery of *E. coli* bacteria in some industrially-produced fruit juices is likely to result in regulations requiring *all* juices to be pasteurised. The high cost of industrial pasteurisers would put out of business hundreds of small producers – even when *E. coli* contamination is highly unlikely from their operations. Similarly, the EU demand that cheese producers install tile floors and stainless steel kitchens is putting an end to small farm-based cheese making in Europe. In both cases, the markets of these small, local producers will be taken over by larger, more highly capitalized producers that can more easily absorb the costs of these regulations.

Clearly, strict regulatory oversight is needed for the global food system, which depends on dangerous agricultural chemicals, antibiotics, growth hormones, and genetically-modified organisms, and requires perishable food to be transported from continent to continent. Unfortunately, corporate lobbyists and the ‘revolving door’ between industry and the government regulatory agencies assure that health and safety regulations do little to improve the safety of the global food industry. In the US, for example, over 100 million acres of farmland have been planted in genetically-altered seeds, all with the blessing of various regulatory bodies.

One solution to this dilemma is a two-tier system of regulations: stricter controls on large-scale producers and marketers and a simpler set of locally-determined regulations for small-scale localised enterprises, acknowledging that such enterprises involve far fewer processes likely to damage human

health, and are inherently less stressful on the environment. Such a system would also recognise that communities should have the right to monitor foods that are produced locally, for local consumption.

Inevitably, efforts to shift direction will be decried for entailing too much social and economic disruption. What this ignores, however, is the tremendous disruption and dislocation that the *global* system entails. In the name of progress, family farms and rural communities the world over are being driven to extinction and millions of people are being driven from the land. It is absurd to speak as though a shift in direction – one that will lessen all this social and economic hardship – would entail too much disruption.

Another objection is that the current system has so much momentum that its course cannot be fundamentally changed. But the crises of food and farming occurring today offer an unprecedented opportunity for powerful alliances among those working for systemic change. Today, urban citizens, small farmers, and rural communities in the North, as well as Southern farmers, villagers, and the newly urbanized poor all have a common cause. If these groups join hands, immense leverage can be exerted against the government support that the globalising model requires.

Despite the claims that globalisation is 'inevitable' and 'irreversible', experience shows that even a relatively small amount of public pressure can greatly influence government policy. Public resistance in Europe to the genetic modification of foods, for example, has so far prevented biotech multinationals and the United States government from forcing these foods down the throats of consumers. Thanks to the public outcry, many European governments have severely restricted or even banned imports of biotech seeds and foods, even at the risk of a trade war with the US. And the numerous protests against the global economic institutions have showed that forcing governments to rewrite international treaties is not impossible, once enough people become fully aware of their social, economic, and environmental implications.

As the many grassroots efforts to localise food production and marketing show, more and more people are aware that fundamental change is needed. The pressures exerted by the global marketplace are standardizing food and farming in ways that go fundamentally against nature. For the sake of a shortsighted goal of economic 'efficiency', governments and corporations have blindly set about reworking the entire agricultural landscape in ways that are contrary to the dictates of the natural world. In the process, we are being condemned to an unceasing battle with nature. It should be clear that shifting direction towards localising our food system is not only possible, it is imperative.

Development from the Heart

The economic changes discussed above must be accompanied by shifts at the personal level as well. In part, these involve rediscovering the deep psychological benefits – the joy – of living in community.

Another fundamental shift involves reinstilling a sense of connection with the place where we live. In the West, the globalisation of culture and information has led to a way of life in which what is nearby is treated with contempt. We get news from China, the Middle East or Washington, D.C., but remain ignorant about what is going on in our own backyard; at the touch of a button on a TV remote control, we have access to all the wildlife of Africa, and our immediate surroundings consequently seem dull and uninteresting by comparison. A sense of place means helping ourselves and our children to see the living environment around us: reconnecting with the sources of our food and learning to appreciate the cycles of seasons and the characteristics of the flora and fauna.

In Bhutan, there is a great opportunity to begin rebuilding the local economy and the vital social structures it supports, before it is completely steamrolled by globalisation. We hope that by sharing a glimpse of the problems caused by globalisation in this paper, we've helped to increase understanding of the vital need for a shift in direction. Ultimately, this involves a spiritual awakening that comes from making a connection with others, and with nature. It requires us to see the world within us – to experience more consciously the great interdependent web of life, of which we ourselves are part.

As we have shown there is still much to be done in order to shift away from certain ecological, economic and social collapse. It gives us great hope that there are already many initiatives that are working to reweave the local, the small-scale, the intimate, the natural. They show that, one way or another, nature will prevail, that it is a deeper *heart*-power and not money that truly makes the world go round. The question for all of us is a simple one: how soon will sufficient numbers of us learn to listen to our hearts?

Improving Unsustainable Western Economic Systems

FRANK DIXON

Bhutan's interest in developing a Gross National Happiness index (GNH) reflects great wisdom. GNH is intended to be a more accurate measure of social well-being than Gross National Product (GNP), the primary indicator of social well-being in Western nations. GNP is a crude measure that counts many social negatives as positive (incarceration, etc.). It also fails to count services that enhance social well-being (parents caring for children, etc.), degradation of critical assets (forests, water, air, etc.) and intangible factors, such as happiness (the ultimate goal of many people). It probably is no coincidence that Western economies are rapidly degrading environmental life support systems and making many unhappy (as indicated by growing obesity, anti-depressant drug use and other factors). What doesn't get measured doesn't get managed.

Developing GNH provides an opportunity for Bhutan to clarify economic and social priorities as it considers greater use of Western products and technologies. Developing countries often pay a high price for integrating with Western economies. Bhutan has many social strengths. It is one of the few regions where humans live in a sustainable or near sustainable manner. It also appears to have a high level of happiness (as indicated by lack of violence and other factors). The process of developing GNH can help Bhutan protect its strong culture by clarifying trade offs involved with Western integration. This clarification can show which development actions may or may not be worth it. In addition to maximizing the social well-being of Bhutan, GNH will provide a more sophisticated and effective economic development and measurement model for other regions.

To help guide development of the GNH, this paper analyzes Western economic systems. Drivers of environmental and social problems will be discussed with the goal of helping Bhutan avoid these pitfalls. The paper then suggests a strategy for developing the GNH as well as the economic and social programs that would underlie it.

Western Economic Systems

Western economic systems have produced great improvements in many areas including technology, medicine and the provision of essential and non-essential goods and services. However, as industrial economies continue to grow in a finite world the overall impact is increasingly negative. Inefficient use of resources, high levels of pollution and numerous social disruptions resulting from industrialization have caused human society to be grossly unsustainable.

Studies by the World Resources Institute and many others show that, with some regional exceptions, every life support system on the planet is in decline (ie: clean air, clean water, forests, topsoil, aquifers, fisheries, wetlands, biodiversity, etc.). Social pressure and turmoil are increasing around the world, driven by population growth, a widening gap between rich and poor and other factors. Social distress is evident even in prosperous regions. Americans, for example, medicate themselves with food (two thirds are overweight, one third are obese), television (four hours per day on average), and anti-depressant drugs (rapidly growing use).

Systems Perspective

Unsustainability is driven largely by the failure to adopt and act from a systems perspective. A cell cannot survive apart from the body. So the relevant perspective for human health is at the total body level. In the same way, a human cannot survive apart from the Earth. So the relevant perspective for human survival and prosperity is global. Every person, plant, animal and thing on this planet is part of one interconnected system. This total system is too complex for any one person to understand. As a result, systems are broken into parts (reductionism) and studied in isolation rather than in relation to each other.

Modern economic and business theories were developed from this limited perspective. Firms are seen as being separate from each other and the rest of society. It is believed that they must compete with each other for scarce resources. Modern economic theory also says profits must grow indefinitely. Failure to grow equals death. However, in the real world, failure to restrain growth equals death. Encouraging subcomponents of a system to compete with each other and grow indefinitely is analogous to cancer in the human body. Ultimately, the cancer kills the host, then dies itself. Despite the best of intentions, this is exactly what modern economic systems are doing to the Earth.

This shortsighted action on the part of humans is completely understandable. Nearly all academic knowledge has been developed from the perspective of the individual human mind (since that is the mechanism doing the contemplating). However, as noted above, this is not the relevant perspective for human survival and prosperity. The wisdom of Buddhism is in seeing beyond the illusion that the individual is separate from the rest of the world (fostered by the five senses) to the reality that everything is interconnected (a reality being shown by quantum physics and other branches of science). Through the experience of millions, Buddhism and other traditional religions have shown that expanding ones perspective from being an isolated individual to being part of one interconnected system leads to a more fulfilling, sustainable and effective existence.

The wisdom of Buddhism is as relevant for business and other human organizations as it is for the individual. Businesses actually are part of one

interconnected system (whether they realize it or not). Raising business consciousness means helping firms understand and act upon this knowledge of interconnectedness. From this perspective, firms maximize their own well-being by working to maximize the well-being of the overall system. (A paper called *Total Corporate Responsibility* by this author describes a model by which firms can improve financial performance through adoption of a systems perspective.)

Short-Term Thinking

Another key element of perspective is time frame. To the individual human mind, seventy years seems like a long time. But from the perspective of this planet (again, the relevant perspective for human survival and prosperity), seventy years is almost instantaneous. From the human perspective, firms competing with each other and generating some negative environmental and social impacts appears rational and acceptable, though perhaps suboptimal. However, from a global perspective, this action is irrational and suicidal. Seen from a larger perspective, business (as currently operated) appears to be a cancer on the planet.

Another illusion caused by the short human time frame is the idea of one person or business prospering relative to another. Under the current economic system, it is thought that groups of people and firms can prosper relative to others. In the short-term, this appears to be true. But if this “prospering” destroys the environmental and social systems that support humanity over the long-term, are these groups really prospering? This would be like dining in a luxury cabin on the Titanic as it sinks.

It is more realistic to think of human prosperity from the perspective of the human race over the long-term rather than from the individual perspective. Thinking from the individual perspective would be like thinking from the perspective of a cell in the body. In reality, the cell can only prosper if the body prospers. It is the same for humans in relation to the Earth – humans can only prosper if the Earth prospers.

Natural Wisdom

The short-term, narrow, survival-oriented perspective of the human mind is a key driver of unsustainability. From this perspective, it appears logical to maximize one’s well-being at the expense of others. However, as noted above, this “logic” is highly irrational when seen from a larger perspective. In a sense, the human ability to think has made humans the least intelligent creatures on the planet, as evidenced by the fact that life support systems are being destroyed while many are made unhappy.

All other creatures act on intuition and always do exactly the right thing, as evidenced by the fact that they are sustainable. Humanity has become quite arrogant. It is surrounded by infinitely greater intelligence, but nevertheless fails to recognize its lack of sophistication. The simplest of

natures' creations is infinitely more complex than the greatest of human inventions. Humans have access to this level of wisdom through greater use of the intuitive function. Unfortunately, the so called rational, scientific human mind often discounts or discredits information which it cannot understand, in part because of the human ego's need to understand and control.

More traditional cultures such as Bhutan that value contemplation have greater access to this intuitive wisdom, the wisdom of nature. Cultures such as these have lived sustainably for hundreds, even thousands of years, often with much higher levels of happiness (as indicated by family stability, lack of violence, etc.).

The US-Led Global Economy

The global economy is led by a young and immature nation, the United States. Like most young people, the US culture values physical beauty, physical strength and youth. Whereas older, more mature cultures value the elderly, wisdom that comes from a life well lived, peaceful co-existence, and inner rather than outer prosperity.

The principles upon which the US was founded are excellent – for example that each person has the right to life, liberty and the pursuit of happiness. The US has brought great benefits to the world over the years in supporting peace, democracy and human rights. US-led advances in technology and medicine have also brought great benefits. However, the large negative environmental and social impacts of the US are less obvious, especially to many Americans.

It is clear that the Founders of the US believed the primary obligation of government was to protect and provide for future generations. The Founders often used the word posterity. In his inaugural address, Thomas Jefferson spoke of preserving the Union for the ten thousandth generation.

However, economic and political systems have evolved in such a way that the US and other Western governments are forced to focus on the short-term. In what appears to be a logical economic strategy (from a short-term perspective), the US-led global economy is damaging, and in some cases destroying, the environmental and social systems needed for long-term prosperity.

Western System Flaws Driving Unsustainability

Perhaps the largest flaw of Western economic systems is the failure to hold firms fully responsible for their negative environmental and social impacts. Failing to hold firms responsible in a competitive market essentially forces firms to be irresponsible and unsustainable. This occurs because firms attempting to fully mitigate impacts would probably put themselves out of business (costs would become too high relative to peers).

Given the immense complexity of the overall Earth system, it is understandable that firms are not held fully responsible. It is difficult to quantify negative impacts (especially intangible impacts) and include them prices. Nevertheless, greater efforts must be made to hold firms fully accountable if human society ever hopes to achieve sustainability.

Economic System Flaws

Economic system flaws include failure to incorporate externalities into prices and failure to consider limits to growth. Coal-fired electricity illustrates one of many failures to incorporate externalities into prices. It is known that burning coal causes premature deaths, various types of illness, birth defects (from mercury), acid rain damaged forests and many other negative impacts. These are real costs paid by society that are not included in electricity prices. This creates the illusion that coal-fired electricity is cheap, when it actually may be the most expensive form of power generation. This subsidization of coal (and other fossil fuels) causes over-consumption and significantly drives humanity's unsustainable state. From society's perspective, it is inefficient to not incorporate externalities into prices since it is usually much more expensive to clean up pollution than to prevent it (assuming clean up is even possible).

Failure to consider limits to growth illustrates the simplistic and unsophisticated nature of human economic theories and systems. Natural systems are infinitely more sophisticated than human systems. Modeling human economic systems after nature would make humanity sustainable. In nature, systems such as forests grow then level off, forming a sustainable balance with other systems. The idea that a business or national economy should grow indefinitely in a finite world is unrealistic. A more sophisticated economic system would recognize that firms also have optimal sizes. Companies would be rewarded for achieving and maintaining optimal size. Growth beyond this would be penalized.

Political Systems Flaws

Political system flaws include the ability of companies to financially influence politicians (in effect, bribery). When politicians must rely on funding from corporations and their owners to get elected, the government becomes primarily focused on serving short-term corporate ends. This focus is illustrated by an 1872 mining law in the US that allows companies to buy rights to minerals on Federal lands for five dollars an acre. For many years, firms have lobbied and provided funding to politicians who vote to maintain this law. As a result, Chevron was able to pay \$10,000 for rights to platinum and palladium worth an estimated \$30 billion on 2,000 acres near Yellowstone Park.

Natural resources belong to current and future citizens, not to government. The government is supposed to manage resources fairly on

behalf of owners by selling them at market prices. When government receives campaign contributions from firms then sells resources to these firms at deep discounts, it lowers revenues that could have been used to reduce income taxes.

Another major political/legal system flaw is the limited liability corporate structure. This structure is intended to facilitate corporate investment by not holding firms and their owners fully responsible for negative impacts on society. As a result, taxpayers often must pay to remediate environmental and social problems caused by firms. As noted above, this process is grossly inefficient since remediation is virtually always far more expensive than prevention. Also as noted above, failing to hold firms responsible essentially forces them to be irresponsible.

The government is supposed to hold firms fully responsible when they negatively impact society, in the same way that government holds individuals responsible when they commit crimes. However, when firms are allowed to give money to politicians and when legal findings limit corporate and investor liability, it becomes impossible to hold firms fully responsible. This causes many negative impacts on society, such as over-consumption of resources (from under-pricing), increased pollution and related public health impacts (from not holding firms fully responsible for the negative impacts of pollution), and corporate welfare.

Corporate welfare occurs when taxpayers must pay for the negative impacts of firms and when national resources are sold below market value. Allowing these policies implements a reverse Robin Hood situation where wealth is taken from poor and middle-income taxpayers and given to the wealthy. Ending the ability of anyone to financially influence politicians and implementing complete public funding of political campaigns would make it much more difficult for companies to avoid being held responsible. It also would reduce taxes more than any other tax reduction activity. For example, ending the thousands of corporate welfare abuses, such as the Chevron example above, probably would reduce taxes in the range of hundreds of billions of dollars.

Social System Flaws

System flaws in the social area include the largely unregulated ability of firms to influence public opinion and values through advertising and media. Being focused on maximizing sales and earnings, companies view citizens primarily as consumers of goods and services. Advertising is used to create a perceived need and prompt a purchase. This is frequently done by taking advantage of human needs for self esteem, love and connection to others. Advertisements often use strong emotional appeals to imply purchasing a product will meet these non-material needs.

A common and intended consequence of advertising is that consumers feel inadequate without the product. Widespread use of this type of

advertising creates a pervasive sense of emptiness and low self esteem in society. Emotionally false advertising does not tell consumers that non-material needs are met through activities such as being a good spouse, parent and neighbor, doing fulfilling work or being in nature, since firms don't make money on this. Conventional advertising is one of the most destructive influences in society. It is a root cause of increasing compulsive behavior and depression.

With overwhelming financial resources, relative to other stakeholder groups, and control of many media outlets, firms have the ability to unfairly influence and mislead public opinion. The Founders of the United States were concerned about this abuse of power. They often spoke of the evils of democracy. The Founders were concerned that the uninformed public could be whipsawed by sound bites. As a result, they structured the country to be a republic, where politicians study complex issues and make expert decisions on behalf of current and future generations, rather than a democracy, where the uninformed majority rules, often through opinion polls.

Because politicians are often seen as serving corporate interests rather than the public good, they do not receive the public trust and support needed to make tough decisions. In this environment, public opinion is highly vulnerable to corporate misinformation campaigns. In pursuit of profit maximization, some firms seek to confuse the public about key issues in an effort to avoid being held responsible for their negative impacts. A good example is when oil companies publish ads questioning the reality of climate change, even though nearly all scientists not receiving funding from firms agree climate change is largely induced by human activities and will have significant negative impacts on society.

Gross National Product

Another flaw of Western economic systems is the method of measuring social well-being (GNP). In all fairness, GNP was never intended to be a measure of overall social well-being. Instead, it was intended to be a measure of economic growth. Western economic theory holds that economic growth will enhance social well-being. In some ways this is true, for example when basic human needs are better met. However, GNP is an incomplete measure. It does not account for the environmental and social degradations that often accompany economic development.

Economic growth is intended to be the means to the end of social well-being. However, as society focuses on what is being measured, the means become the end. In other words, Western nations make the mistake of equating economic growth to social well-being.

Social well-being is a complex measure consisting of many tangible and intangible factors. The measure cannot be reduced to one quantitative, monetized number. GNP is a misleading indicator of social well-being

because it counts growth in many social negatives as positive, such as incarceration, medical costs, anti-depressant use, environmental damage and related remediation, etc. The measure also does not value many of the services which contribute most to social well-being, such as parenting, mentoring and volunteer work.

GNP also fails as a measure of social well-being since it does not account for assets. Businesses gauge financial condition and performance by using a balance sheet and income statement. Using GNP to measure social well-being (or even economic performance) would be like a firm using only an income statement to measure financial condition. A more accurate indicator of social well-being would decline when assets, such as forests, clean air and clean water, are consumed. Finally GNP fails as an indicator of social well-being since it does not measure intangibles, such as inner peace and happiness (factors that many consider to be the ultimate goal of life).

It is critical that an alternative to GNP be developed in large part because society tends to manage what is measured. If humanity does not measure the state of its life support systems or the happiness of people, these issues will continue to be low priority (in relation to what is being measured – GNP). Failing to measure environmental and social conditions will drive further declines and cause humanity to become even more unsustainable.

Developing and Implementing Gross National Happiness

In perhaps the most important areas, Bhutan appears to be ahead of many Western nations. The country is one of the few regions where humans live at or near a sustainable level. In addition, the country seems to have higher levels of happiness as measured by family stability, lack of violence and other metrics. However, life is hard for many Bhutanese. Western technology, products and know how could help improve living conditions and better meet basic needs in many cases. The difficult part will be gaining these benefits while avoiding the environmental and social degradations that nearly always accompany Western style development.

Development is a misleading word since it implies improvement. Countries often wind up worse off in many ways from their exposure to Western ideas, marketing, technology and business practices. For example, Western business models force companies to focus primarily on growth. To increase sales, advertising is used to get people to buy products, often by making them feel inadequate without the product. In many cases, this type of advertising causes young people in developing countries to lose interest in their parents' values – values that have sustained these cultures for many years. As a result, young people often move from villages to cities where they frequently cannot find work. Through this process, advertising and Western media can cause social degradation by divorcing a country from its traditional values.

Economic development is often prompted by Western corporations seeking new markets and new sources of raw materials. Financial institutions, such as the World Bank, provide funding for infrastructure construction, which in turn provides revenues to Western firms. To pay off debt, developing countries are often compelled to adopt an export-oriented economy, which is usually built upon export of their natural resources. Through corruption, weak legal systems and intense economic pressure, countries often wind up selling their resources for much less than market value. This infrastructure-debt-export cycle can cause living conditions to worsen as economies shift from meeting internal needs to generating foreign exchange through exports. In addition, this process frequently results in severe environmental degradation and disruption of indigenous cultures.

GNH can be the measurement component of an overall plan to maximize social well-being. The first step in this process would be to identify a preferred society in the greatest detail possible. This information would be used to identify the relevant components and metrics of GNH. Finally, a practical plan for achieving GNH goals would be developed and implemented.

Establishing Goals

With input from all stakeholder groups in Bhutan, the components and goals of a preferred society should be identified. Social goals and priorities are implicitly known and conveyed through cultural processes in Bhutan. However, it will be important to make these goals more specific as Bhutan considers development. Having more specific social goals and priorities will help Bhutan decide which development actions would actually enhance social well-being, rather than degrade it.

Social goals should be established in great detail. The process would comprehensively look at all tangible and intangible aspects of society. Goals would be established in areas including education, health care, housing, clothing, food and nutrition, shelter, environmental and habitat protection, parents spending time with and raising children, arts, business practices, infrastructure, legal and regulatory issues, reported levels of happiness, etc.

This process could be achieved through various mechanisms. For example, an interdisciplinary group of experts might develop a report that addresses all these issues and makes proposals over the short, mid and long-term. This would serve as a starting point for dialogue among Bhutanese stakeholder groups. Over time, a consensus document could be produced that would guide development of GNH.

Developing GNH Metrics

Using the ideal state defined above, specific metrics can be identified to measure performance on every tangible and intangible aspect of social well-

being. For each metric, current performance would be quantified and short, mid and long-term goals would be established. The process may be highly complex as many intangible factors will be difficult to quantify. As a result, proxies will be needed to track performance for some intangible factors.

Complexity will be further increased by the likely need to develop alternative means of measuring success. Literacy and education provide good examples of this. Illiteracy is high in Bhutan. This would be seen as bad from a Western perspective. However, Bhutanese children may be far better educated on the most important aspects of life than American children. Bhutanese children spend much more time with their parents. In doing so, they learn cultural values, social skills, and the agricultural and other skills needed to sustain them over their lives.

In the US education system, children must learn the same set of knowledge (math, science, English, etc.). A competitive grading system teaches children to see peers as obstacles to their success (which weakens social skills). It also makes children feel inadequate if they are not good at a subject in which they may have no interest. This system encourages conformity, rather than encouraging children to find their own unique passions and interests, then build their lives upon them.

In addition, children are made to sit for up to seven hours per day, five days per week and listen to an adult talk to them, something few adults would want to do. Children are meant to be moving around and learning by doing. To an increasing degree, when children won't sit still in class (ie: when they act naturally), they are given drugs like Ritalin that numb their minds into obedience and passivity. Giving drugs to a young developing mind may permanently impair brain function.

Add to this obesity, drug use, teenage pregnancy, depression, suicide and weak academic performance relative to other nations and it appears Bhutanese children are far better educated than American children. This illustrates why it is critical to identify the preferred state of society and use this to guide selection of performance metrics. Simply accepting Western social performance standards might be a mistake.

Once metrics and performance standards have been established, they can be assembled into an overall GNH measure. Rather than attempting to render the state of society down to one number like GNP, GNH would provide a suite of performance indicators. The performance of society is highly complex and needs to be expressed on many dimensions. By following this approach, GNH would be an accurate measure of social well-being.

Developing a Strategy to Achieve GNH Goals

The above process of identifying ideal and actual social performance will reveal performance gaps. Through a stakeholder dialogue process, these gaps can be prioritized. This process could be expedited if the expert

report noted above contained suggestions for prioritizing areas needing improvement. Again, this report could serve as a basis for initiating stakeholder dialogue.

A specific action plan for maximizing GNH cannot be developed until social performance gaps are identified and prioritized. Once these are established, the following guidelines may be useful in developing a successful plan.

Minimize the Need for Foreign Exchange.

As noted above, less developed countries often pay a high environmental and social price for incurring debt and developing an export-oriented economy. This is why it is important to understand the trade offs that would occur from importing Western products and technology. Development strategies should be focused on getting the benefits of Western technology and products without having to pay high social costs. For example, rather than importing products, Bhutan may be able to work with other parties to build low cost factories that produce the desired products in Bhutan. This would create jobs, minimize import costs and reduced the need for foreign exchange.

Because Bhutan would be developing a more effective and sustainable economic system that could be used as a model by other nations, it is likely that several parties would help in this process. For example, foundations, non-governmental organizations, high net worth individuals, national governments and/or other organizations probably would provide some funding for such projects. These organizations could also help in developing creative strategies for minimizing the cost of factory construction and sourcing raw materials.

An emphasis should be placed on allowing only products and technologies that are environmentally and socially responsible. Priority probably should also be given to essential goods and services, rather than non-essential items. Areas to consider might include renewable energy, housing, organic agriculture and foods, clothing, medical care, etc.

Develop More Effective and Sustainable Business Models.

In the West, especially the US, the means have become the ends. Society appears to be focused on helping business prosper (as indicated by the short-term focus of government, the corruption of social values through advertising and many other factors). However, business is meant to serve society rather than dominate it.

Guiding principles, laws and regulations should be established to ensure that business always serves rather than dominates Bhutan. These principles should ensure that business is always held fully responsible for negative environmental and social impacts. If quantification of impacts is difficult (as it might be with intangible social impacts), a panel of unbiased

experts would estimate the cost and include this in prices. In this way, being fully responsible would be the profit maximizing path. As noted above, not holding firms responsible forces them to be irresponsible.

Another key guiding principle is that there should be no pressure for businesses to grow. Instead, firms should be incentivized to seek optimal size and become more efficient over time. This process could be modeled after the infinitely more sophisticated natural systems of which humanity is a part. In nature, systems grow then level off, achieving an optimal balance with other systems. Of course, it is much simpler to say firms should always grow. But this simplicity is destructive. The more difficult and sophisticated approach is to take a systems view and determine firms' optimal roles and sizes in the region(s) they serve.

In addition, as firms become more efficient, they should be delivering more value at a lower cost. This implies the ideal state for a business whose size has stabilized would be to have revenues declining. This raises concerns about the ability to attract investment. However, these and other problems can be solved if solving them becomes a priority for society. Nature is amazingly sophisticated and complex. Being part of nature, humans have the ability to replace their overly simplistic and destructive economic and business systems with ones that are more sophisticated and sustainable.

Prohibit Western Style Advertising.

The primary goal of Western nations is economic growth (as indicated by the focus of government and business and by the method used to measure success – GNP). To achieve economic growth, businesses must continually sell more goods and services. To not do so is to die in Western economic systems. To continually increase sales, businesses use advertising to compel consumption. As noted above, this is often done by taking advantage of human needs for love, self-esteem and acceptance by peers. Cultural messages define what it means to be successful and how one can be accepted by peers. Traditionally these messages were communicated by parents and the larger community. Traditional cultural messages taught and encouraged young people to be honest, kind and respectful to elderly people.

Advertising takes advantage of the strong influence cultural messages have over the way people live their lives. It often seeks to redefine social standards for the purpose of selling products. Rather than encouraging young people to be fair, honest and respectful (something firms make no money on), advertising usually implies that the way to be successful and admired by peers is to buy and consume certain products. Ads often show attractive people having a good time by owning or consuming the advertised product.

In the US, children see an average of over 100,000 commercials and advertisements by the time they graduate from high school. Each of these is

a mini sermon on the religion of materialism. They tell young people that the way to be accepted is to be attractive and to buy certain products. This drives an obsession with appearance, especially among young girls. This in turn drives depression, eating disorders, obesity, drug use and other compulsive behaviors. As noted above, advertising is probably the most destructive influence in Western society.

It is highly likely that Western advertising would be very destructive to the Bhutanese culture. Values are not fully formed until people mature. Therefore, young people are vulnerable to commercial messages that define success by appearance and material prosperity. The capacity for discernment and wisdom generally is acquired as one matures and goes through life experiences. Young people rely heavily on the five senses. As a result, it is often difficult for them to see the emptiness that lies behind a life based only on material prosperity. Because of this, every society should keep tight control over the cultural messages communicated to young people. Bhutan should guard against having their young peoples' values corrupted by commercial messages – messages designed to make them feel empty so they will buy something to fill the void.

If business has no artificially induced need to grow, then advertising is not needed to compel purchases. There are other ways to let people know that products and services are available. For example, public service announcements or honest advertising could be used. Honest advertising would simply describe product characteristics (features, price, performance, etc.). There would be no implicit or explicit suggestion that purchasing the product would enhance ones status in society.

Jealousy and competitiveness are characteristics of the immature, unwise, ego-based human mind. These characteristics would exist regardless of the presence of advertising. However, Western style advertising greatly increases these traits in society, and thereby greatly lowers social well-being. As a result, Western style advertising should be prohibited in Bhutan.

Infrastructure, Jobs, Barter, Etc.

Other guidelines for the development in Bhutan relate to infrastructure, jobs and barter. The Western development model often includes infrastructure development projects such as roads and railways. While these obviously can provide benefits to society, there are also associated costs. For example, industrial nations often promote transportation enhancements in developing countries to facilitate resource extraction. This frequently leads to environment degradation. In addition, building roads can increase pressure to switch to an unsustainable fossil fuel-based economy.

This is not to suggest that Bhutan should not increase the comfort and convenience of its people. But only that it should carefully consider the costs

and benefits of doing so. For example, it may decide that priority should be given to strong families, community-based living and inner prosperity. If this is the case, then it may be better to pursue a slower infrastructure development path, rather than the aggressive path usually sought by Western nations.

To provide jobs, especially for young people, Bhutan might consider developing a conservation corps and other groups like those developed in the US during the New Deal. These would provide adventure and experience to young people. Projects might include environmental restoration and protection, some infrastructure development, sustainable agriculture and housing, etc.

Also, much good work has been done around the world in the development of sustainable business and economic models, such as those based on greater use of bartering. Bhutan should consider sustainable economic systems that have worked in other regions.

Conclusion

Western economic systems are unsustainable because they were developed from a shortsighted reductionistic perspective. From a broader perspective, one sees that the economy and business are not separate from any other part of society or the total Earth system. From this perspective, it is understood that all impacts must be considered and factored into prices. This is true capitalism. The system now operating in the West is a destructive form of capitalism that sends grossly distorted price signals causing market players to make suboptimal, unsustainable purchase decisions.

Bhutan could greatly benefit other nations by demonstrating that it is possible to develop an economy based on a total system perspective. Wisdom must increase if humanity is to become sustainable. Wisdom involves recognizing that all things are interconnected and acting from this perspective. Bhutan can help Western nations recognize this by showing how a more effective and sustainable economy can be developed.

Western economies have demonstrated great creativity and progress in technology, medicine, business and other areas. In addition, Western nations have sacrificed greatly to support democracy, human rights and freedom from oppression and tyranny around the world. In the US, business and political leaders appear to be strongly committed to doing what is best for society. However, economic and political systems often force well-intentioned leaders to do the wrong thing for children, the environment and society overall.

Western economies are so large and entrenched that it will be difficult to improve their destructive, unsustainable systems. However, these systems can only negatively impact the environmental and social realms for so long before there is a price to pay. There is no free lunch. Sooner or later

system change will be forced upon Western nations if they cannot develop the wisdom to act first.

Change is difficult. People often defend a destructive system because uncertainty is frightening to the human ego. It feels safer to stick with a destructive, familiar system rather than to deal with the uncertainty involved in trying to improve it. Frequently people will irrationally defend a destructive system by pointing out its benefits. It is as if they were saying Western economic systems should be allowed to continue degrading life support systems and making people unhappy because they provide benefits.

There appears to be a profound lack of leadership wisdom, especially in the US (driven by the subjugation of leadership free will to the omnipresent need to maximize earnings and economic growth). Given the young and immature nature of the US, this is perhaps understandable as wisdom is acquired through age and maturity. It should be made clear however that there is great wisdom in the American people, as there was in the Founders of the US. Many US citizens strongly disagree with the policies of their government. Unfortunately, at the highest levels of government and business, a simplistic corporate structure forces leaders to place short-term profits above all else and often not act on their best intentions. Wisdom is lacking in the US system, not in its people.

Reflecting this lack of wisdom, the US appears to be setting itself up to lose the war on terrorism, in the same way it lost the war on drugs. The US lost the war on drugs because it failed to address the demand side. It made strong efforts on the supply side (ie: eradicating crops and blocking drug shipments). But it failed to ask why so many Americans are so unhappy that they must take drugs to feel better. This would require some serious soul searching in America. It would require challenging the materialistic values upon which the US currently operates (many well intentioned people in the US often speak of traditional and family values, but the focus on economic growth causes materialistic values to dominate). Questioning the role that advertising plays in US society would threaten the economic growth model upon which the US is based. So it has not been done, yet.

In the war on terrorism, the US is making strong efforts on the supply side (ie: increasing military action against suspected terrorists and strengthening domestic security). However, worse than ignoring the demand side of terrorism, the US appears to be fanning the flames that cause it. The demand for terrorism relates to why so many people around the world do not like America. Of course some of these are irrational fanatics. But millions have legitimate grievances against the US. As noted above, US economic expansion has often caused environmental and social degradation in developing countries.

More recently, the US appears to be increasing the demand for terrorism in many ways. For example, being by far the world's largest

polluter, it fails to enter global environmental protection treaties such as Kyoto. Through the World Trade Organization, it seeks to override the environmental and social protections and preferences of other nations. Also, as its corporations use advertising to expand into new regions, traditional cultures and values are disrupted and degraded. Even the strongest US allies are increasingly concerned about growing US unilateralism. Terrorism is a war that cannot be won by focusing only on the supply side. The US is setting itself up for disaster if it does not adopt a wiser, more sophisticated approach to economic development and global relations.

Bhutan also has problems. However, Bhutan appears to be more advanced in key areas than many Western nations – it is sustainable (or nearly so) and its people appear to be happier. GNH can help Bhutan address internal issues and further enhance social well-being. Also, by developing GNH, Bhutan will show other nations that it is possible to organize society in a sustainable manner, a manner that reflects great wisdom.

Operationalising Gross National Happiness

TRACY WORCESTER

This paper looks at how measuring human progress and well-being in terms of financial transactions, i.e. Gross Domestic Produce (GDP), is flawed. When people are encouraged to shift from providing for their needs themselves, (in traditional rural cultures) to purchasing everything (in modern urban cultures), much is lost.

It shows the consequences of a development process that puts economic interest before human welfare and describes solutions that include implementing a measurement of progress that incorporates a psychological, spiritual and environmental perspective, i.e. Gross Domestic Happiness (GNH).

It argues that we have to fundamentally change direction, from a centralised system controlled by unaccountable bodies such as banks and corporations, to a decentralised system that protects communities, diverse cultures, local democracy and small-scale trade.

Bhutan is a living example of interconnected communities radiating happiness while living within the limits of our fragile planet. The continued erosion of human well-being is inevitable until the flaws in the corporate capitalist system that urbanises people and centralises trade and finance, are exposed, not least within the education system

What is wrong with GDP?

Governments across the globe seem to believe that increasing financial transactions equates with increasingly healthy, contented people i.e. progress. However, I question whether such growth promotes or measures human and environmental well-being.

Using the number of times money is transacted (i.e. GDP) as a measure of progress, jobs done voluntarily - where no money is exchanged - are undervalued and diminished.. For example, Government subsidies encourage mothers to leave home to earn money by paying for childcare, and old age homes. The psychological well-being of both child, mother and elderly relative is compromised. Plus, when measuring GDP, many negatives in our lives are counted as positives. So, if I divorce my husband, have a car crash or have cancer, I will have to pay for a lawyer, a new car, and medication. All are a great boost to GDP. In the same way, damage done to the environment automatically increases GDP as the necessary clean-up operations result in more financial transactions.

Many disparate areas of breakdown are directly related to governments putting the well-being of a flawed consumer culture before their citizens and environment. It is therefore essential and urgent, that we

embrace the King of Bhutan's idea to measure progress in terms of Gross National Happiness. In Buddhism this inevitably puts spiritual and philosophical well-being alongside material well-being and includes our relationship with nature itself.

I have lived in many western cities from Paris, to London, New York and Rome so have experience of living where GDP is high. I have also visited many countries with far lower GDP; e.g. former communist countries like Russia, Mongolia and Poland and rural communities in the Southern Hemisphere - including Ethiopia, Lusoto, Turkey, Kenya, Ladakh, China, India and Pakistan where many people are largely self-reliant, so few or no financial transactions take place.

By considering the seven fundamental needs - food, water, shelter, health, clothes, education, happiness and love, we can see whether cultures with a high or low GDP are better off. Firstly we shall examine lifestyles in the so-called 'first world' and the urban elite in the third world where both have a high GDP.

Seven Fundamental Human Needs in the Northern Hemisphere and Urban Elite in the South

Food

Urban people's lives are dictated by large companies and compliant governments. Together these forces have moulded a centralised system in which people have lost touch with the processes of food production, processing and often even cooking. Many are nervous of the cocktail of chemicals added to their food - the pesticides, preservatives, colouring agents, emulsifiers, antibiotics and hormones. In the intensive production process, artificial fertilizers restrict natural nutrients and minerals from being absorbed. Only the wealthy can afford to buy dietary supplements.

However, the more artificially and intensively produced and processed the food, the more financial transactions have taken place so the higher the profits for corporations and banks. Unprocessed, fresh whole food, produced with human labour, is mostly nature's own work, so only minimally increases GDP. Thanks to subsidies into energy and transportation, intensively produced food has often travelled long distances. Thus the food is artificially cheap. On average the ingredients of a UK Sunday meal have travelled 26,000 miles - that is the equivalent of a journey round the planet! Global transport, with food being a major component, contributes 29% of CO₂ emissions, so is a significant contributor to climate change. Through pricing and advertising, we are persuaded to put quantity over quality, with the resulting health hazards like obesity, heart disease and cancer.

Subsidising farmers to maximise production puts tax payers money directly into the pockets of agri-chemical companies. While farmers gross

income is high, after paying for inputs, their net income is very low, thus forcing small farmers into bankruptcy. European and US subsidised food is distorting global prices and the excess dumped on global markets thereby forcing small farmers in the south off the land.

In 1995 the EU subsidised the destruction of 6,000 acres of apple orchards in the UK, and this policy has been reinstated in 2004. The result is we now rely largely on foreign imports.

In spite of increasing consumer opposition to unfair trade, debt and agri-industry, corporations continue to increase their domination of global markets. A few powerful agri-industries have been invited by compliant governments to develop a first world style centralised agricultural system where food and profits are centralised into the hands of the few at the expense of the many.

For example, recently, through a development charity headed by Jimmy Carter and a Japanese entrepreneur, Ethiopia was sold subsidised fertiliser, "to solve the problem of starvation". Government Agricultural Representatives, persuaded farmers to sell their animals and buy the fertiliser to grow export crops. However, with such a dry climate the two varieties of fertiliser provided were unsuitable so yields failed. Debts and destitution followed with farmers across Ethiopia demonstrating against their government's ignorance, arrogance and greed.

Where trade liberalisation has been imposed on Africa, Asia and Latin America, each continent has exchanged its food security with dependence on food imports. In the name of 'comparative advantage', the IMF and World Bank have advised them to stop growing food and to import cheaper (heavily subsidised) food. However, countries earning next to nothing from the goods they export, have been told to take out loans for the imports. Dependency on imported food and debts give outside bodies the power to dictate domestic policy.

Water

In urban centers across the globe, water is distributed through a centralised system that requires heavy chemical treatment, expensive infrastructure and results in large-scale waste. The wealthy can afford to install expensive purifying filtering systems, or buy bottled water often shipped thousands of miles. With each flush of the toilet, gallons of drinking water are poured down the drain. After a region in the UK experienced water shortages (partly due to climate change), rather than advocating conserving water or local small scale collection, the 'solution' proposed was to flood 4 square miles of countryside.

Presently in the South, governments are privatising water, treating the basis for life as a commodity little different to trading Nike shoes. The urban rich can afford the flush toilets and swimming pools while the poor lose access to water.

Shelter

On average in the UK people are £40,000 in debt thanks to the house buying mortgage system. With compounding interest, after repayment in 20 years, the owner will have paid two and a half, to three times the amount of the original cost. Forty years ago, only the husband needed to go to work to keep his family, today both are forced to work to meet mortgage repayments. Many a mother must take her tiny baby to kindergarten so that she could join her husband at work, to repay their mortgage for a two-bedroom town flat. After working their entire life to repay the mortgage, elderly house owners often have to sell their homes to pay for residential care.

Health

We are increasingly aware that the giant pharmaceutical companies are so concerned with maintaining growth margins that they are rushing new drugs to market that have not been sufficiently tested. For example, it has recently been shown that a wonder drug - HRT - taken by 3 million menopausal women, significantly increased cancer-risk.

Modern medicine seems mainly concerned with masking the effects of our unhealthy lifestyles with painkillers, anti-depressants and behavioural drugs for disruptive children. At present, the medical system ignores both prevention and the root causes of diverse illnesses. The side effects of chemical treatments and conditions in mega-hospitals are making us sicker. Lifestyle illnesses such as stress, depression, heart disease, cancers and obesity are at epidemic levels. Due to the influence of the pharmaceutical industry, the National Health Service, and Research and Development, only allopathic medicines are funded; ignoring the proven success of a diverse range of medicines like Ayurvedic and Chinese.

Education

Presently we are educating children to live in a reductionist world, divided into separate subject boxes. Banks and businesses create growth and profits by manipulating nature to make products to sell. Children's minds must therefore be taught to think as specialists in production, services or intellectual property, in order to find employment to sustain their dependent urban lives. In the classroom children must compete against each other. Children are deemed "clever" or "stupid", depending on how mentally adapted they are to conventional teaching. Some are drugged to calm their bored minds and restless bodies.

Mental creativity is abandoned in the pursuit of cramming vulnerable brains with information to regurgitate in exams. The school may have a high place in the league tables, but it does little to develop the child's ability to understand the world. The formal education curriculum is training children to exploit the planet for maximum profit.

Minds in the third world are being molded into a development paradigm that serves the needs of the illusory job. For example, in Ethiopia, staying with a couple and their young children, a self-important man strutted into the garden. He grandly declared that he was Gabriel's teacher and exclaimed, "Gabriel has a diploma in carpentry and should be in Addis Ababa earning a living". In fact Gabriel had tried and failed to find a job in the capital, Addis and he'd even tried to migrate to Saudi Arabia but was caught and returned to run his family farm.

A boy in Ladakh, said that education had mentally marginalised him from his family of self reliant farmers so, though he didn't want to leave his culture, he would only find a job appropriate to his level of education in Delhi.

Education persuades many that modern hi-tech life is available in the city and once a village has electricity, television shortly follows, portraying a glamorous and exciting city life, to which the young become intrigued and enamoured. Older generations try to stem this overpowering influence to move to town. For example, in Ethiopia the pastoralists refused to send their children to school; they know that the young will never return to the life they love. Some said that they would perhaps have an extra child to send to school only because in times of drought that child could provide an alternative income. Others were refusing to send their children to school because there were no jobs and many had turned to crime, ruining the family name. A mother I met in Turkey, who lived with her family in a beautiful town house said that, though she couldn't be happier, she felt that she must follow her community to the city to give her family better opportunities

Clothes

Clothes are largely concerned with status and the manufacturers are only too keen to make us feel inadequate if we don't wear the latest label. Thanks to the propaganda from advertising, we become addicted to fashion at an early age and will 'shop till we drop' to keep up with the latest advertised fad. In China, pictures of models from the west have resulted in women having their legs surgically lengthened and eyes rounded. In the UK, Africans have their hair straightened and dyed blonde, whilst westerners perm or straighten and chemically dye their hair and tan their own bodies, despite the heightened risk of skin cancer. They are obsessed with the shapes of their bodies, resulting in an explosion of eating disorders, with girls as young as seven (and even men) starving themselves, whilst cosmetic surgery is on the increase. People are supposed to feel inadequate, so the all embracing "cure" is to buy "solutions", e.g. expensive diet fad-food, diet drugs, cosmetic surgery, hair-dyes. People hate the very bodies they are born into.

Happiness and Love

The countries with highest rates of suicides amongst young men are all industrialised countries. The highest cause of deaths of UK men under 30 is no longer road accidents, but suicide; it is our secret and shameful domestic epidemic. Over 70% of people don't enjoy their jobs, and in spite of mechanisation, people have to work ever-longer hours to repay debts. In fear of not finding a job to maintain mortgage repayments, many remain trapped in jobs they detest.

People are enslaved by debt and the result is stress and depression. Massive increases in mental illnesses, not least in young children and adolescents, has massively increased sales of prescribed drugs, like Prozac (that has also been proven to increase suicides), rather than look at life-style changes. When both husband and wife have to go out to work, it puts huge pressure on the family unit, often resulting in divorce, insecurity and psychologically damaged children. In the UK, two out of five marriages end in divorce and one in three people live alone. Many mothers who bring children up in a city are so isolated, bored and under-valued that they often prefer returning to work, even if their entire wage only pays for the childcare. With the homogenisation of male and female roles, there is no longer respect for traditional female roles of looking after the young and the old, the latter often being left to die in homes.

Both capitalism and socialism centralise people, power and money. There may seem to be positives to abandoning community self-sufficiency to become dependent on the all-powerful, all-knowing state or corporation. If we lose our jobs the state will give us welfare benefits so we will not starve to death or be homeless. The state and corporation also pay for healthcare and pensions. However, government money to pay for these social benefits is running out because, in the global competition, TNCs have replaced small local businesses and will only locate in countries with low taxes. Fewer taxes from TNCs means ever higher labour taxes or less money for social benefits such as hospitals, schools and welfare benefits. The very threat of a TNC leaving a nation ensures governments remain compliant with low taxes, rights and environmental protection. Production is about growth margins, not human need. When corporations don't survive the global competition, worker pensions disappear.

Is it worth sacrificing our self-sufficiency, family and community support for a demoralising safety net? If we cannot find work, we are cocooned into a safe, but grindingly meaningless existence where we survive, but feel of no use to society. In areas of massive, long-term unemployment, deprivation and crime, our impoverished 'welfare net' has become an excuse for not solving the real problems of long-term employment.

Seven Fundamentals Human Needs in Traditional Rural Societies in the Southern Hemisphere

Food

Food is usually grown on inherited land, harvested, then prepared within the family and community unit. Food is part of their culture and identity, of which they are proud. If governments invested in rural not urban communities, people could continue to develop within their community units and nature's limits

Water

Water is revered as the source of all life and communities build sophisticated, small-scale irrigation systems. Unwritten laws ensure community water remains pure.

Shelter

Vernacular houses are built from materials gathered in the locality, with the community sharing labour with the minimum of financial exchange. In Ethiopia, a community building a woven wattle and daub house, resemble joyous party rather than a building site. In Ladakh and Bhutan, palaces are built from locally moulded bricks and ornately carved wood. In Turkey, though breeze-block or cement have largely replaced local materials, with interest-free loans borrowed within the family and community, no mortgages are required. Within 3 years, on a basic income, debts are repaid.

Health

A nutritious diet and physical exercise - whether working in the fields or walking to market, sustains good health. Knowledge of traditional medicine is commonplace and doctors are highly skilled. In Ethiopia bone-doctors, through manipulation, mend broken bones, and in Bhutan and India, centuries old Ayurvedic medicine is still dominant and highly respected. In Turkey, farmers use chemical fertiliser to maximise production for market but believe that this poorer quality food makes their urban relatives less healthy.

Clothes

Spinning, dyeing and weaving are jobs cherished by the community. Clothes are long lasting, colourful and elegant, and give the wearer an identity that is individual, but egalitarian. The King of Lusoto tried to encourage local production for local needs, such as school clothes. For this and other attempts to encourage self-sufficiency, his Government threw him out of the country.

Happiness and Love

A recent report in the *New Scientist* stated that the 10 happiest nations were all from the Third World. Most rural cultures still have a strong identity, supportive communities, believe in reciprocity and adhere to a philosophy rooted in spiritual well-being with little concept of accumulating material wealth. To share daily chores and share the proceeds with those you love must be rewarding. I can only put my authority in the smiles, laughter, stories, songs and conversations I've had with people who are still interconnected within their extended family and community. Human happiness and well-being of the whole is a very Buddhist ideal.

When a friend asked a Ladakhi boy to show her the poor area, the boy replied that no one was poor. Eight years later, she overheard the very same boy, now dressed in a track suit and working as tourist guide, ask his American client to "help the Ladakhi's - we are so poor". With a formal curriculum and corporate media invading self-sufficient communities, the young see themselves as primitive and backward.

Who is Developed?

The paradox of our age - *Dalai Lama*

We have bigger houses but smaller families
More conveniences, but less time
More knowledge but less judgement
More experts but more problems
More medicine, but less healthiness
We've been all the way to the moon and back, but have trouble
crossing the street to meet a new neighbour.

We build more computers to hold more information, to produce
more copies than ever, but have less communication.
We have become long on quantity but short on quality.
These are times of fast foods, but slow digestion.
Tall men but short character
Steep profits but shallow relationships
It is a time when there is much in the window, but nothing in the
room.

Background to the Present Centralised System that Enriches Few at the Expense of Many

To serve the industrial revolution, people in the Northern Hemisphere were pushed off the land to work in factories. While small scale self-sufficient farmers in the South were pushed off their land to be the cheap labour for plantations and mines. People throughout the world have become the producers and consumers for a centralised economy, controlled

by western companies and banks and supported by compliant Governments. With intense propaganda and education, the populace is led to believe that they are on the ladder to wealth, freedom and leisure enjoyed by the affluent few.

Who Really Benefits from Aid?

However, third world people were never supposed to share in the material wealth. The truth behind the term 'aid' is revealed in these unusually frank quotes from various First World leaders.

In 1961 President Kennedy said, "*Foreign aid is a method by which the United States maintains a position of influence and control around the world..*" Seven years later President Nixon added: "the main purpose of aid is not to help other nations but to help ourselves."

Eugene Black, head of the World Bank in the 1950's: "Our foreign aid programs constitute a distinct benefit to American business. The three major benefits are: 1) foreign aid provides a substantial and immediate market for US goods and services 2) foreign aid stimulates the development of new overseas markets for US companies 3) foreign aid orientates national economies towards a free market system in which US firms prosper."

USAID (US Agency for International Development) Washington DC, 1987: "Countries that have received substantial American aid have increased their imports from the US at a 30% faster rate than their purchases from other nations. In 1981 alone, South Korea imported \$2.1billion worth of our agricultural products - more than the value of all US food aid provided to that country between 1955 and 1959.... The record shows that food assistance can produce lucrative trade relationships and can generate new commercial markets."

Senator Hubert Humphrey in 1957: "I have heard that people may become dependent on us for food. To me that is good news - because before people can do anything, they have got to eat. And if you are looking for a ways to get people to lean on you and be dependent on you, in terms of their co-operation with you, it seems to me that food dependence would be terrific."

President Ronald Regan: "Our foreign aid is not only a symbol of American's tradition of generosity and good will, but also a servant of our national interest."

Christopher Patten, Britain's Overseas Development Minister said: "We should not be coy about the extent to which to do what is right can also be to do what is good for Britain." He added: "Most British bilateral aid has to be spent on British goods and services."

Post World War II Global Institutions

As prescribed by the above leaders. Money and resources have been siphoned from the South to the North. Promoted by post world war

institutions like the World Bank, IMF and WTO, resource exploitation, capital flight and cultural genocide has, in the last 20 years, increased dramatically.

Research by Dembe Dembele, an economist from Senegal, shows that even if you measure progress and wealth in wages, the promises given by the Development Institutions of greater prosperity for the South, have not materialised. According to World Bank statistics, pre 1980 there were about 160 million Africans living under the poverty line of \$1 a day. In the early 1980's, the WB and IMF said that they would help solve the debt crisis. Many expected poverty to go down, and economic growth to go up. However, 20 years later, according to the WB, those living on less than \$1 a day in Africa has doubled to 340 million - more than half the population.

Under IMF Structural Adjustment Policies, rural people have been marginalised from self-sufficient communities and forced to seek a wage, often producing and exporting the same commodities as other countries in IMF Structural Adjustment Programs. Inevitably there have been gluts in the market and a collapse in African commodity prices. These countries now have to sell twice as much as in 1980's to get the same goods coming from developed countries.

As a result, over the last 20 years African debt has increased. When the IMF and WB arrived, foreign debt repayments accounted for 24% of the combined national income of African countries. It now accounts for 71%. In order for Africa to repay its entire debt, African nations would have to spend more than 3/4 of their annual income. In some cases, they would have to spend more than their entire annual income.

As mentioned before, stooge governments have their share of responsibility. However, for all objective observers the IMF and the World Bank have done most of the damage. This is not restricted to Africa, but includes Asia and Latin America, for example the Philippines, the Asian financial crisis of 1998, Brazil and, more recently, Argentina. World Bank and IMF policies are imposed on recipient countries regardless of their level of social and economic development, culture or political system. The domestic economic policies upon which they insist- trade liberalisation, privatisation, limited state intervention, lifting capital controls, deregulation of domestic markets - have resulted in widespread poverty.

Apparently in the WB headquarters it says "we dream of a world free of poverty". However, the truth is that their flawed economic policies have pushed the world into a downward spiral of increasing poverty and oppression. So, if we are to count wealth in WB and IMF terms - i.e. income earned - poverty has doubled. Land, liberty, livelihood and the cultures enjoyed by self-sufficient rural communities have been sacrificed on the altar of increasing markets for corporate and bank profits.

Most of the so-called aid going to Third World countries are, in fact, loans conditional on building the infrastructure that facilitates an export

economy. This is great for Western markets, as it requires high tech expertise to build the roads and airports, the energy infrastructure and information technology. To attract foreign investment, Governments are encouraged to keep wages low, suppress trade unions, and grant the freedom to dump chemical waste into the natural environment. These 'good investment climates' ensure that these countries have the competitive edge over other countries, equally desperate to attract foreign investment. The mere threat of relocating ensures governments keep the company's needs firmly above the needs of employees and environment. The law says that companies must prioritise share value.

For example, indigenous people in the Ecuadorian Amazon want to take Texaco/ Mobil to court for polluting 200 square miles of the Amazon's water, forest and air. The Government of Ecuador, desperate not to deter foreign investment, is keeping the judicial hearing in their country, as opposed to the USA, to ensure the penalty is kept to a minimum.

In spite of UNCTAD's own admission that more resources are going out of Africa than resources going in, they continue to prescribe the same flawed solutions. UNCTAD has recently launched the '20b2b' programme; this is a \$20 billion corporate investment into Africa to bring 2 billion people to 'the market'. This will shift people away from self-sufficiency on the land into jobs for export markets, all good to boost growth in foreign exchange to repay debts to foreign banks, but bad for retaining a vibrant rural economy that sustains community, culture and sustainability.

A recent example of this lunacy is the World Bank, along with DIFID, (the UK development agency), giving \$65 million to the Indian Government to consolidate farms in Andhra Pradesh to grow export crops. This means that the 70%, currently earning their living from the land, must be reduced to 40%; ie 20 million people must leave the land. When 10 potentially marginalised women came to the UK to meet with Claire Short, the former Development Minister, she refused to see them. When I asked her why, she said, " I never meet with people behind client Government's backs, particularly activists."

In spite of many First World manufacturing and service jobs going to the Third World, not least India, there simply aren't enough jobs to absorb growing urban populations created by western development policies. The marginalised from development projects end up in urban slums as virtual slave labour, begging or in crime.

According to a recent UN report, the number of people living their days in slums is almost one billion - one-sixth of the world's population. By 2050, they say there may be 3.5 billion slum-dwellers, out of a total urban population of about six billion. The head of its human settlements programme says, "the persistence of slums should shame the entire world".

The appalling conditions suffered force many to abandon their families to follow their money to the western Hemisphere. There they earn the

foreign exchange to send back to their families who remain trapped in the spiral of poverty molded by western development programmes.

Former Communist Countries

The Third World is not alone in this corporate stranglehold. The centralised economies of former communist countries, are easy prey to the corporate capitalist system. For example, in Poland, thanks to a \$25million loan from the EBRD, (a bank guaranteed by EU tax payers), Smithfield, the biggest pig-rearing factory in the US, is in the process of buying recently modernised, former State pig farms - at discount prices. By flooding the Polish market with mass produced pork, 2 million traditional small-scale farms face bankruptcy. Just when many people are crying out for organic produce, Poland's small-scale, humane and organic methods are being replaced by massive mechanised farming techniques - a system heavily subsidised and promoted by corrupt government officials.

EU Development Bank loans are allegedly given to help modernise former communist countries. But how can the small companies compete in this so-called free market when the head of the agricultural department at EBRD confessed, "the most high-tech and capital-rich companies get most of the loans as they can guarantee repayment". Governments take out loans to pay for transport and energy infrastructure to encourage big foreign investors to their shores and impose strict regulations that further undermine small local businesses. Supermarkets came to Poland in the 1970s on condition that all farmers markets were closed. Whilst travelling in Poland, talking to farmers, I heard that this order was, where necessary, violently enforced.

The First World

The First World is also enslaved by global competition. CEO's cannot be holistic and question the external impacts of the manufacturing process, as their company will lose the competitive edge and shareholders will be persuaded to merge with a more ruthless company.

In industrial countries, only 2% earn their livelihoods from the land. High employment in agriculture has been deemed 'inefficient' and the majority of people are now dependent on monotonous, soulless jobs in urban centres. In the absence of love and fulfillment generated by community life and a connection to nature, they are supposed to believe the myth that happiness comes from a higher standard of living namely, material wealth. Yet the statistics prove that countries with the higher material wealth and high GDP have higher levels of depression, stress and suicide.

We Are Ready for the Solutions

Bhutan, with the strength and vision of the King and the fantastic start made by the Gross domestic Happiness Conference, could be a model for the world. Up to 90% of third world populations still live off the land retaining skills and supportive communities needed to sustain self reliance. However, these cultures need urgent protection.

Many in the West recognise that quality of life has been sacrificed for a higher standard of living. They dream of abandoning the rat race and would willingly sacrifice their stressful, high paid city jobs and fast cars to live lives enjoyed by 'backward' societies.

Recently a Russian man put an advert on the radio asking people to contact him if they were tired of living in over crowded cities, working in poorly paid jobs, surrounded by violence, crime and addiction and wanted to join him in rebuilding a village community. 5,000 people contacted him!

Many countries are now dependent on the global economy to buy or service hi-tech western infrastructure. So if disconnection is too sudden, the consequences will be similar to the aftermath of sanctions imposed on Iraq. Their oil had bought them into a centralised system, designed by Western technocrats, bankers and economists. Traditional small-scale transport, healthcare and farming techniques had largely been abandoned. So the population became destitute without trucks, drugs and high tech equipment. Whilst maintaining the sanctions that precipitated the poverty, America then exchanged oil for food. Though western citizens were persuaded that this was an act of compassion, it was the final nail in the coffin for Iraqi farmers, who could have supplied the food had sanctions been lifted. This was a clever ploy to ensure that, in its most basic needs, Iraq remained dependent on imports.

However, disconnect we must. The sooner a country starts to disentangle itself from dependence on payments for exports to pay for its hi-tech aspirations, the better. If we are to abandon this sinking ship we must seek other sympathetic nations with which to disconnect from the global economy. John Bunzel, in his book *Simultaneous Policy*, recommends that countries 'simultaneously' disengage from the stranglehold of competition. Without this, governments will continue to renege on the social and environmental treaties described below, as their economies would be at a competitive disadvantage.

I believe that the solution to dependence on outside nations is local interdependence. However, protecting communities, local economies and democracy is not enough if the present global economic system is not radically changed. This must be achieved though working on both the local (micro) and national and international (macro) level.

Before I begin listing some of the changes, I must also recommend John Joplin and Roy Madron's book, *GAIAN DEMOCRACIES - Redefining*

Globalisation and People Power and Ancient Futures by Helena Norberg-Hodge.

Macro level Solutions

World Social and Environmental Organisation

On the macro level the WTO (World Trade Organisation) must be replaced by a body such as a World Social and Environmental Organisation (WSEO), which is fully democratic, transparent, and accountable, not to corporations, but to citizens of the world. It should demand trade policies that promote and protect local trade as a priority. Regional and national trade, and lastly global trade, would be for excess produce. The WSEO would also ensure that any trading prioritised environmental protection.

I am not saying there should be no global trade, only that we put an end to the absurdly wasteful process of shipping basic foods like wheat and milk thousands of miles when they could be produced locally. In Mongolia, which has 25 million head of cattle, the butter in a hotel in Ulan Bator was served pre-packaged from Denmark. In England, New Zealand butter is cheaper than British. Shortening the distance between producers and consumers would provide an enormous range of benefits, from the creation of jobs to a healthier environment, as well as a more equitable distribution of resources.

World Environment Court

This World Social and Environmental Organisation would need to be backed up by a World Environment Court; and it would have to have teeth that hurt. Michael Meacher, former UK Environment Minister, recommends that such a court must give painful fines to curb the corporate rape of our fragile environment. These fines would directly fund the court itself.

Eco-tax Reform

As an instrument for change, we should adopt eco-tax reform, shifting the tax-burden away from income tax and onto destructive practices, such as non-renewable energy, resource depletion, damage to the environment, waste, and pollution. This would promote greater efficiency, reduce pollution, strengthen the economy for cleaner technologies and create new jobs.

The Transferal of Subsidies

Subsidies to transport, energy and R&D should go from supporting export economies towards promoting local production and consumption. Many projectionist policies would become unnecessary once the true costs of industrial export trade (namely subsidies that build transport and energy infrastructure and pay for environmental degradation) are internalised into

the retail price. The playing field would then be levelled to enable small businesses, that don't need subsidies, to survive to serve local needs. Local renewable energy infrastructure would be cheaper if the true costs of nuclear and fossil fuel energy were internalised.

Eliminating Debt and Controlling Money

Every religion has outlawed usury. Yet banks continue to make a colossal amount of profit by issuing money and claiming interest. Large TNC's also benefit because banks pressurise governments to ensure TNC's profit over the rate of interest. This debt-money system is a key driver in price increases and the pressure on modern economies to continually grow.

Economic growth is seen as an absolute imperative and is imposed on governments by the nature of the current money system and the rules of the WTO. To avoid the apocalyptic scenario we see ahead of us, it is essential that the debt based monetary system is radically changed. Governments must take back the issuance of money and base the value of money on a valued commodity so that our economies are based upon a stable exchange medium. Many aspects of economic democracy could be reclaimed if money issuance were in the control of governments so that they were no longer subservient to the profit-motive of banks and TNC's for investment, jobs and funds.

Three US Presidents, Thomas Jefferson, Abraham Lincoln and Franklin Roosevelt have wanted the control and distribution of money to be in the hands of governments, not private banks. For example, Thomas Jefferson said, *"if the American people ever allow the banks to control the issuance of their currency, first by inflation then deflation, the banks and corporations that will grow up around them will deprive the people of all property till their children will wake up homeless on the continent their fathers occupied."*

Local exchange and trading systems, that still exist between interconnected communities in remote rural areas in the so-called third world, not least Bhutan, must be protected. To help exchange goods and services to a wider area, local currencies could be used, thereby, retaining the integrity of the national economy from the volatile global economy. Ethiopia, for example, not having joined the WTO, retains its strong control of foreign money and goods coming into the country, by having currency auctions. Pegging weak currencies to strong currencies, as in Senegal, takes financial control away from the government's ability to regulate trade in the interests of citizens.

Funding for Elections

To ensure neutrality and equality, all party political funding must come from the public purse not from big businesses. I heard one of Clinton's lawyers say that Clinton was unable to introduce his social welfare policies because, big business, to whom he owed so much, blocked his proposals.

An American shopping Mall developer said that he gave \$2million to both the Republican and Democratic party so, whichever ever won, would grant him his demands.

The Tobin Tax

The above time scale modulated tax must be imposed to regulate and deter short term financial speculation. This money would help fund many of the recommended GDH changes.

Relaxing Regulations for Small Producers

Laws are rightly imposed to protect our health in a global system that promotes mass production. However, small-scale producers, whose local production and marketing systems cannot afford and do not need such regulations, are forced into bankruptcy. Instead, there should be a two-tier system in which laws should be vigilant for the large-scale producers and processors, whereas local communities would regulate the small-scale producers.

Conserving Natural Resources

To minimise our ecological footprint, we must minimise exploitation of our precious natural resources. Amery Lovins, author of *Natural Capital*, says that companies should make products to rent rather than sell. It would thereby be in the interest of the company to make them durable with profits coming from servicing the product.

In addition to these macro changes: No patents on life. As well as making innovation available for the benefit of all mankind, the incentive to develop genetic engineering for simple profit would diminish.

All products should be biodegradable. If not, the producer should offer a financial reward to have their product/container returned. Novel chemicals should be banned until proven safe and there should be no testing on animals.

Advertisements directed at children must be stopped, and free airtime for public awareness information would reveal the hidden costs of purchasing most advertised products.

A global tribunal to ensure fair trading should be given powers to have a far more stringent regulatory environment that could stop all further mergers and de-merge over sized and excessively powerful businesses. Without the advantages of scale enjoyed by vast companies, small, decentralised businesses could survive.

A single company or individual can only own one media outlet.

The wealth of a nation should be measured in terms of Genuine Progress Indicators. Thereby all economic transactions measured must take into account any negative impacts.

With these macro policy and fiscal changes in place, our seven fundamental human needs could be met within a system that puts people and the planet first.

The Seven Fundamental Needs After Fundamental Changes

Food

Today, many popular Non Governmental Organisations (NGO's) in both first, second and third world see national food security as a priority. They want local production for local consumption.

As an instrument for change, subsidies that promote export trade must go and pollution taxes would reveal the true cost of agri-business food criss-crossing the globe, thus making local production cheaper. Protecting local markets from cheap imports would also prevent heavily subsidised commodities from the North undermining local food markets. Were the true costs of transportation included in the price, and value placed on fresh, nutritious food and food security, UK crops would be cheaper than imports, fewer UK farmers would be going out of business, and the Southern countries would be free to use their land and labour and skills to feed themselves.

It is therefore essential that we support farmers in both the North and the South. For example, while we in the UK tucked into Zambia's Brussel sprouts last Christmas, the Zambians were starving and our farmers in the UK were going bankrupt with one farmer a week committing suicide. By buying at local markets, consumers avoid the big middlemen like supermarkets. A local food economy keeps money in the rural economy, providing much-desired rural jobs and ensuring both farmer and consumer get a fair price. Selling directly from farmer to consumer would revitalise small farmers who, by diversifying their production, could more easily grow without chemicals.

It is a myth that there is not enough land to sustain a vibrant rural population. We should grow food for ourselves and be far healthier if we ate less meat. During the Second World War, meat was scarce and people grew fruit, vegetables and grain in every field and garden, thereby gaining health that we haven't since obtained.

Conventional economists may say these proposals will create upheaval. This may be in part true, but nothing compared to the environmental and social breakdown created by the present system.

Water

Small-scale local water management and irrigation should replace large reservoirs and dams in the North and South.

Shelter

Individuals should be able to afford to buy their home, once we abandon the debt-based economy

No one should be expected to abandon their roots, family and community to find work so, as in Italy, businesses should go to the village.

In planning, there should be no division between work place and home. People should not have to commute long distances to get to work and the work place should not be a hideous, polluting, industrial sight. Planning laws should allow a sensitive combination of residential and workplace development, where attractive small-scale labour intensive industrial units can be built, which add to, rather than blight, a community.

Buildings higher than a tree must be prohibited and city size should be limited to what is sustainable for food to be grown in the hinterland, whilst sewage and other waste should be recycled as useful compost. In Calcutta, sewage is pumped thorough a series of canals with reed beds that purify the water and sustain fish life, which is then fed back to the people through the vibrant Calcutta markets.

Health

With the help of macro policies mentioned above, Governments would be free from the strangle hold of growth so pharmaceutical companies would loose their leverage to obtain 'good investment climates'. Without patents on life, medicines would be developed for their tried and tested success, not simply on the profits they create. Wisdom passed through generations of testing could triumph over the patents and profits. Health funding should go to the myriad of proven, alternative medicines and research into the root causes of illness, rather than simply curing symptoms, and building more and more hi-tech hospitals.

The former cricketer, now statesman, Imran Khan opened a giant high tech cancer hospital in Pakistan. It costs so much money to run that it is almost impossible to sustain. When he realised that 80% of the patients came from areas with intensive agriculture, he diverted some of the money and enthusiasm towards low-tech alternative research into prevention, diet and a myriad of complimentary remedies.

Education

The skills developed over centuries to live rich, rural lives must be urgently protected, cherished and passed on. Appropriate schools should be local and small scale and emphasise the value of local traditions, culture, mythology, language, religion, philosophy and crafts, e.g. maintaining crucial knowledge about the tradition of exchanging seeds adapted to local needs of soil and climate conditions.

An awareness of the material world is essential, not least to show its flaws and intrinsic exploitation. Economics should be taught to show how a

debt-based money enriches a few at the expense of the majority. With appropriately monitored programming, the propaganda machine will be limited in its ability to manipulate the truth. Children must be taught about the dire consequences of a clever mind devoid of wisdom.

Clothes

If a country is less reliant on cash-crop exports to purchase their basic needs from abroad, then resources and time could instead be directed into strengthening new and old skills like making cloths, carpets, homes, pots and pans, and renewable energy from local skills and materials. With a dynamic culture, people will not be looking outside to form their identity through shallow fashions.

Happiness and Love

By protecting local trade, and directing work and money to promote small-scale businesses, people can live close to their roots, extended family and supportive community. Work is a pleasure if it is to provide for and look after loved ones. For example, an exquisite skirt or beautiful carpet is made for the producer and their community to enjoy. Going to a market to sell something you are proud of and exchanging it for something you need, is a joy not a chore.

While painting his fishing boat on the beach, a fisherman was approached by a friendly American tourist who told him that he could improve his life. If he worked harder he could buy another boat and sell more fish. The fisherman asked what he would do with his wealth. The American said that he could buy a fleet of fishing boats and become even richer. The fisherman asked what he would do with these vast profits. The American said that he could afford to come to a beautiful beach, relax and enjoy the sunset-a life that the fisherman already enjoys.

Information and Communications Technology and Gross National Happiness – Who Serves Whom?

CHRISTOPHER B. FARIS

Abstract

I would like to remind our youth that the television and the Internet provide a whole range of possibilities which can be both beneficial as well as negative for the individual and the society. I trust that you will exercise your good sense and judgement in using the Internet and television.

King Jigme Singye Wangchuck, 2 June 1999¹

The concept of Gross National Happiness (GNH) is a uniquely indigenous expression of aspirations for government and development activity in Bhutan. Starting from a brief examination of the accepted definitions of GNH and information and communications technology (ICT), this paper will focus on the potential positive and negative impacts of ICT on the defined components of GNH.

It will then discuss some more general issues of the nature and impact of ICT, including ICT impact on labour issues, the relationship between ICT and innovation, and openness. The paper argues that ICT is a powerful engine for accelerating development, but that care needs to be taken in determining the direction and implementation of ICT usage, to ensure GNH determines the implementation of ICT, not the other way around.

Introduction

Technology is destructive only in the hands of people who do not realize that they are one and the same process as the universe.

Alan Watts²

During the last few generations mankind has made an extraordinary advance in the natural sciences and in their technical application and has established his control over nature in a way never before imagined. ... Men are proud of those achievements, and have a right to be. But they seem to have observed that this newly-won power over space and time, this subjugation of the forces of nature, which is the fulfillment of a longing that goes back thousands of years, has not increased the amount of pleasurable satisfaction which they may expect from life and has not made them feel happier.

Sigmund Freud, *Civilisation and its discontents*³

¹ Cited in Siok Sian Pek, *Media Impact Study 2003* (2003) 19 (hereinafter "MIS")

² <<http://www.heartquotes.net/Technology.html>>, as at 1 February 2004

There can be few countries in the world where the overarching goal of national development is so simply articulated and so well known as it is in Bhutan. The centrality of the concept of “Gross National Happiness”, while still not precisely defined, provides Bhutan with a set of values to guide its development on its own terms.

However, as this paper will argue, the introduction of new technologies and information and communications technology (ICT) in particular, threatens to put the cart before the development horse. ICT can be a powerful tool to accelerate identified priority development processes. However, it can also knock development processes off course by becoming the end of development projects rather than the means and, because of their unique nature and characteristics, affect development in Bhutan in ways both unexpected and difficult to control.

Starting with a discussion and definition of key concepts, this paper will explore the ways in which ICT can affect the achievement of the component goals of Gross National Happiness, both positively and negatively. It will then consider three more general social fields where ICT can have a transformative effect.

It concludes with some thoughts and observations on the inherent potential and risks of ICT in operationalising Gross National Happiness.

Definitions

Gross National Happiness

The concept of “Gross National Happiness” (GNH) has been the subject of much inquiry.⁴ It is not the object of this paper to dwell in detail on the definition of GNH, but it is a pre-requisite to have a working definition for this paper’s discussion.

What becomes rapidly apparent upon examination of the concept is that, perhaps surprisingly, there is no fixed definition of GNH. As can be seen from Table 1, different authorities at different points in time have defined various component elements of GNH.

As can be seen from Table 1, all definitions have the following elements in common: economic/human development, environmental preservation and cultural preservation. Four of the definitions include a specific good governance element. Further, most commentaries recognise the balance of material and non-material aspects of development as the underpinning idea.

³ Cited on <<http://www.primitivism.com/discontents.htm>>, as at 1 February 2004

⁴ See, for example, the selection of essays and speeches published in Sonam Kinga, Karma Galay, Phuntsho Raptan and Adam Pain (eds), *Gross National Happiness*, 1999.

Table 1 – Components of Gross National Happiness

	Jigmi Thinley (1998) ⁵	Stefan Priesner (1998) ⁶	Bhutan 2020 ⁷ (1999)	RGoB at UN (2001) ⁸	9FYP (2002) ⁹
Economic development					
“Economic self-reliance”	✓				
“Economic growth and development”					✓
“Self-reliance”		✓			
Human development					
“Human development”		✓	✓	✓	
“Balanced and equitable development”			✓	✓	
Environment					
“Environmental preservation/conservation”	✓	✓		✓	
“Environmentally sustainable development”			✓		
“Preservation and Sustainable Use of the Environment”					✓
Culture / Heritage					
“Cultural promotion”	✓	✓			
“Preservation and promotion of cultural heritage”					✓
“Cultural development”			✓		
“Culture and heritage”				✓	
Good Governance					
“Institutional development”			✓		
“Good governance”	✓			✓	✓
Number of elements	4	4	5	5	4

⁵ Lyonpo Jigmi Thinley, “Values and Development: Gross National Happiness”, reproduced in Sonam Kinga et al Eds, above n4,12.

⁶ Stefan Priesner, “Gross National Happiness – Bhutan’s Vision of Development and its Challenges”, in Sonam Kinga et al Eds, above n4, 24.

⁷ Planning Commission RGoB, Bhutan 2020: A Vision for Peace, Prosperity and Happiness, 1999

⁸ RGoB, Report of Royal Government of Bhutan to Third UN Conference on the Least Developed Countries, 14-20 May 2001, 40-1. The discussion of GNH herein weaves in the six main principles of RGoB, Vision 2020 (1999) at 49, namely “identity, unity and harmony, stability, self-reliance, sustainability and flexibility.”

⁹ Planning Commission, RGoB, Ninth Five Year Plan (2002) at 4-6 (hereinafter “9FYP”).

Some of the commentaries further elucidate the characteristics of these primary elements. For example, Lyonpo Jigme Thinley notes that good governance is characterized by “integrity, accountability and transparency of government.”¹⁰

This paper therefore proposes to adopt the ‘four pillars’ definition of GNH outlined below.¹¹ It makes no claim to this being a definitive definition; it is based primarily on the definition of GNH from the Ninth Five Year Plan¹² as elucidated by key commentators and Royal Government of Bhutan (RGoB) documents. As the concept and understanding of GNH evolves, it may become timely to revisit the relationship between ICT and GNH.¹³

Economic Growth and Development

RGoB recognizes that “economic growth is essential to support and nurture the spiritual and social needs of the community.”¹⁴ Further, economic growth should be balanced and equitable so as to prevent wide disparities in income and opportunities¹⁵, with the benefits of development distributed equally through different income groups and different regions. This will promote “social harmony, stability and unity”¹⁶. According to Lyonpo Jigme Thinley, the existing social fabric of honour for the individual, respect for the elderly, and the maintenance of extended families and communities needs to be preserved in the face of “the pursuit of individual self-interests during modernisation.”¹⁷ Overall, economic growth should be viewed in light of the desire for national self-reliance.¹⁸

¹⁰ Lyonpo Jigmi Thinley, above n5, at 22.

¹¹ Discussions at the Centre for Bhutan Studies Conference on “Operationalising Gross National Happiness” in February 2003 revealed a number of insights. Some commentators believed that GNH springs from inherently Buddhist values, which poses questions about its universality. Other speakers noted that in a complex world, the ‘four pillars’ approach might not capture some of the dynamic interactions in complex social and economic structures.

¹² RGoB 9FYP, above n8, at 4-6.

¹³ It may be noted that the definition proposed in this paper does not include any element of education or knowledge. The storage, sharing and dissemination of knowledge, including education resources, are amongst ICT’s natural strengths. However, as it is not within the proposed definition of GNH for the purposes of this paper, it will not be discussed.

¹⁴ RGoB 9FYP, above n8, at 4

¹⁵ RGoB 9FYP, above n8, at 5; RGoB, Development Towards Gross National Happiness; Seventh Round Table Meeting, 7-9 November 2000, Thimphu, Bhutan, (2000) at 10

¹⁶ RGoB 9FYP, above n8, at 40

¹⁷ Lyonpo Jigmi Thinley, above n5, at 22.

¹⁸ RGOB, Bhutan 2003: People at the centre of Development: Eighth Round Table Meeting, February 2003 (2003) at 5 (hereinafter 8RTM)

Preservation and Promotion of Cultural Heritage

Bhutan believes that “preservation of its rich cultural heritage is critical to its very survival as a nation state”.¹⁹ The Ninth Five Year Plan notes that the preservation of cultural heritage “acts as a source of values for a society in transformation and is expected to help cushion the negative impacts of rapid modernisation.”²⁰ Preservation and promotion of cultural heritage serves to safeguard a sense of identity; further, Additionally, “the preservation of the rich cultural heritage also provides a strong link and support between the individual and the society at large acting as an effective social security net.”²¹

Preservation and Sustainable Use of the Environment

Bhutan values the environment both in its own right, and as an important economic asset for the country.²² The intrinsic respect for nature is rooted in Buddhist precepts which hold that “human beings and nature not only live symbiotically; they are indistinguishable from each other for analytical purposes;”²³ “environmental preservation is a way of life.”²⁴ The economic value of the environment underpins industries such as tourism and energy.²⁵

Good Governance

Bhutan aims to establish “a system of governance that promotes well-being and happiness of its citizens.”²⁶ Good governance is characterized by the pursuit of integrity,²⁷ efficiency,²⁸ accountability²⁹ and transparency³⁰, as well as the people’s participation in the decision-making process³¹. It will be effected by continued development and evolution of relevant institutions,

¹⁹ RGoB 9FYP at 5; also see RGoB, *Development Toward Gross National Happiness: Seventh Round Table Meeting, 7-9 November 2000 (2000)* at 18 (hereinafter 7RTM). Note however that Priesner dates this belief to the latter half of the 1980s; see Priesner above n6, at 42

²⁰ RGoB 9FYP, above n8, at 40; see also RGoB 8RTM above n15, at 47

²¹ RGoB 9FYP, above n8, at 5

²² RGoB 9FYP, above n8, at 5

²³ RGoB 7RTM above n19, at 23.

²⁴ RGoB 7RTM above n19, at 17

²⁵ RGoB 9FYP, above n8, at 5

²⁶ *Ibid.*

²⁷ Lyonpo Jigmi Thinley, above n5, at 22

²⁸ RGoB 9FYP, above n8 at 21; RGoB 7RTM above n19 at 13; RGoB, *Enhancing Good Governance: Promoting Efficiency, Transparency and Accountability for Gross National Happiness (1999)*, RGoB 8RTM above n15, at 15

²⁹ Lyonpo Jigmi Thinley, above n5, at 22; RGoB 7RTM above n19 at 13, 23; RGoB 8RTM above n15, at 15

³⁰ Lyonpo Jigmi Thinley, above n5, at 22; RGoB 7RTM above n19, at 13, 23; RGoB 8RTM above n15, at 15

³¹ RGoB 9FYP, above n8 at 6; RGoB 8RTM above n15 at 15

processes and systems.³² Further, the ongoing process of decentralisation and devolution of power from the King has been identified with good governance,³³ and the King himself has acknowledged the importance of creating a democratic political system and institutions³⁴ to allow for increased popular participation. Finally, good governance should strive for equitable access to public services and goods.³⁵

Information and Communications Technology (ICT)

Put simply, ICTs are information-handling tools – a wide variety of goods, applications and services that capture, produce, store, process, distribute, display and exchange information.

ICTs have amplified brain power in much the same way that the 19th century industrial revolution amplified muscle power.³⁶

These technologies include “old” ICTs like radio³⁷ and television, the wave of new consumer and corporate computing and telecommunications products, and the systems and networks that link them, including cellular telephone networks, satellite communications and most famously the Internet.

From the 1980s onwards, ICT has utilized digitisation, the process through which information, whether relayed through sound, text, voice or image, is converted into the binary language of computers to store, process and distribute it more efficiently, reliably, cheaply and speedily. Digitisation does not discriminate between sound, data or pictures; all are stored and transmitted using essentially the same technology. Digitisation, therefore, allows the increasing interaction and convergence of computers, telecommunications equipment and consumer electronics to facilitate their increasing integration and form the larger category of ICT. Digital transmission allows greatly increased data flow and storage capacity to older analog systems because it is more efficient and “non-degradable”; that is, the signal arrives perfectly or not at all.³⁸

Some of the specific characteristics of ICT give room for optimism about the role it can play it assisting poor countries accelerate their development. First, new ICT investments can ‘piggy-back’ on existing technology infrastructure. Satellite radios build on and enhance the value of

³² RGoB 9FYF, above n8 at 5

³³ Lyonpo Jigmi Thinley, above n5 at 22; RGoB 7RTM above n19 at 21

³⁴ RGoB 9FYF, above n8 at 6

³⁵ RGOB 8RTM above n15 at 15

³⁶ UNDP Evaluation Office, *Essentials – Information and Communications Technology for Development*, September 2001 at 2.

³⁷ Radio is the most widespread ICT in Bhutan; BBS estimates that about 400,000 people, or 60 per cent of the population, listen to the radio (MIS above n1 at 18), while the MIS study itself estimates 77 per cent of the population : MIS above n1 at 37. It has been acknowledged that “radio will continue to be the most effective media for some time to come”: RGoB 7RTM above n19 at 70

³⁸See Cees Hamelink, “New Information And Communication Technologies, Social Development And Cultural Change”, Discussion Paper No 86, UNRISD, June 1997, at 9-12

a satellite network. Hence, there can be substantial gains for limited investments. Secondly, new technologies such as wireless last mile connections increase the reach, and reduce the cost, of connections. Thirdly, new technologies are multi-user in nature; many can benefit from one investment, for example in a shared public telephone. Fourthly, evolution of ICT equipment means that real investment requirements decline over time. Fifthly, countries investing in ICT for the first time now can benefit from the best systems and standards, and avoid the problems of being tied to old technologies.³⁹ Sixthly, communication networks exhibit unusual network economies, as there are positive returns to the growth of the network.⁴⁰ The value to an individual telephone subscriber of the telephone network increases with every new subscriber.

However, ICT is just a tool that amplifies rather than changes human actions and motivations. Radio can be used to promote peace in line with the motto of the BBC World Service ("Nation shall speak peace unto nation"), established in the aftermath of World War One. It can just as effectively be used to incite and organise genocide, as Rwandan Radio Mille Collines is said to have done in 1994.⁴¹

It is well to consider the underlying nature of ICT and their impact on operationalising GNH.

This paper will argue in section five below that the interaction between globalisation and ICT creates certain characteristics and effects, and promotes certain societal developments, which will almost inevitably have an impact on Bhutan's development, and should be considered in light of the overarching goal of GNH.

First, ICT will transform traditional labour arrangements because they enhance automation especially in knowledge intensive activities. Second, ICT both requires and promotes innovation and entrepreneurialism, and tends to empower the individual within society. Third, ICT requires, and then promotes, openness and free movement of knowledge, capital, labour and services. All of the above factors may impact on GNH, and should be considered carefully in working towards this goal.

Impact of ICT on Elements of GNH

ICT is a tool to accelerate processes, especially knowledge intensive processes. It is becoming increasingly evident from global experience that ICT can wield a transformative effect, and that if properly harnessed and in

³⁹ See KJ Joseph, "Growth of ICT and ICT for Development : Realities of the Myths of the Indian Experience" (Discussion Paper No 2002/78, United Nations University World Institute for Development Economics Research, August 2002) at 1

⁴⁰ John Daly, ICT, Economic Growth and Poverty Reduction (2003) *Development Gateway* <http://www.developmentgateway.org/node/133831/sdm/docview?docid=495495> as at 1 February 2004

⁴¹ Editorial, "What the Internet cannot do", *The Economist*, 17 August 2000

the right conditions, can advance a development agenda. Specific examples will be provided in the discussion below.

This paper will assume the ‘four pillars’ definition of GNH as outlined above, focusing on four major components. For each component, the potential positive impact, and the potential negative impact of ICT on that component will be discussed, along with some conclusions for Bhutan.⁴²

In terms of potential positive impact, It is suggested that ICT has the most potential to enhance GNH in good governance, followed by economic development, preservation of cultural heritage and the environment.

Economic Growth and Development

Wealth is evidently not the good we are seeking, for it is merely useful for the sake of something else.

Aristotle⁴³

The often-quoted Easterlin paradox states that above a basic level at which basic needs are assured, economic well-being does not produce more individual happiness. The Easterlin paradox provides material for an entirely separate paper, and will not be examined here, although it is interesting to note a similar pre-existing Buddhist concept of “*delwa-jorpa*”. In describing *delwa-jorpa*, Karma Ura notes that “wealth is necessary to a certain degree but only to get freedom from wants to pursue fulfilling activities”⁴⁴. For current purposes, it can be observed that the correlation between economic well-being and individual happiness is not linear, and that this may suggest certain policy measures to ensure that societal wealth is distributed to maximise individual happiness. This issue will be discussed below.

Potential Positive Impact of ICT

It has been observed that technological change “plays a pivotal role in long-term economic growth”,⁴⁵ and that today the availability and use of ICT is “a pre-requisite for economic ... development”.⁴⁶

ICT can impact positively on economic development in at least four ways.

⁴² It should be noted that the components of GNH are more inter-related than this formal treatment might indicate. For example, good governance through decentralisation can lead to preservation of the environment through fewer requirements to travel to access services.

⁴³ Cited in UNDP Human Development Report 2001: Making New Technologies Work For Human Development (2001) at 9 (hereinafter “UNDP HDR 2001”)

⁴⁴ Karma Ura, “The Bhutanese development story”, Kuensel (Thimphu, Bhutan), 24 January 2004, at 6

⁴⁵ UNDP HDR 2001, above n43 at 29

⁴⁶ Manuel Castells, “Information Technology, Globalization and Social Development” (Discussion Paper No 114, UNRISD, September 1999) at 3

First, ICT can enhance efficiency through its application across government and all industry sectors. There has been recent debate about the relationship in the West between the intensive investment in ICT through the 1990s and the subsequent economic boom. While some commentators initially argued that the economic growth was due to the growth of the ICT sector itself, increasingly a consensus has emerged that application of ICT across all industry sectors led to efficiency gains and economic growth.⁴⁷

Turning to Bhutan, ICT can have an impact on the efficiency of key economic sectors. Tourism could benefit from the application of ICT. Business processes could be made more efficient, and the Internet could be more effectively used as a marketing tool with global reach. Electronic payment systems could be introduced to link overseas clients with Bhutanese operators, and improve the efficiency of payment transactions.

In agriculture, ICT such as radio can be used to spread information about improved farming techniques. In Zambia, a project established radio programs and forums targeting farmers which focussed on efficient agriculture. A survey of 21,000 farmers enrolled in the project found that 90% found programs relevant and more than 50% credited the programs and forums with increasing their crop yields.⁴⁸ In India, farmers use a network of telecentres to access market information to ensure that their crops of tomatoes do not all hit the market at the same time, flooding the market and decreasing prices.⁴⁹

ICT can also be applied to systems which impact on many industry sectors, such as customs and taxation systems. The United Nations Conference on Trade and Development (UNCTAD) has developed a customs automation system to manage tariff collection, which speeds up movement of goods and reduces transport costs. It has been deployed in over 70 developing countries.⁵⁰ In Mirzapur, India, the local government computerized property assessment and tax records as well as tax billing and collection. This has resulted in a 44 percent increase in properties registered, a systematic and more equitable property tax analysis system, property tax bills actually issued for the first time in 17 years, and a 42 percent increase in total tax revenues.⁵¹

⁴⁷ See e.g., KJ Joseph above n39 at 1; Tamim Bayoumi and Markus Haacker, "It's not what you make, it's how you use IT; Measuring the benefits of the IT Revolution Across Countries" (Working Paper 02/117, IMF, 2001); although *contra* Charles Kenny, "The Internet and Economic Growth in Least Developed Countries" (Discussion Paper No 2002/75, United Nations University World Institute for Development Economics Research), August 2002

⁴⁸ Roger Harris, "ICT for Poverty Alleviation Framework" (Workshop for UNDP Country Office ICT Programme Officers/Focal Points in Asia-Pacific, 2002), 14

⁴⁹ *ibid* 27

⁵⁰ C. Kenny, J. Navas-Sabater, C. Qiang, "Information and Communication Technologies and Poverty" (World Bank discussion draft, 2001) at 27

⁵¹ *ibid*.

Second, ICT can increase the efficiency of markets, by increasing the flow of market-related information and hence removing “information asymmetries”, where the two parties to a transaction have different access to market information, and hence leading to a more efficient allocation of resources.⁵²

In a survey of 3,800 households in 200 Chinese villages over four years, it was found that access to a telephone reduced the price paid and the variation in price for three of four basic commodities. Further, the same data revealed that the introduction of telephones to a village resulted in dramatic increases in income within a two-year period.⁵³ Similarly, for clients of Grameen Phone in Bangladesh, it has been estimated that a single phone call provides real savings of three to ten per cent of a family’s monthly income by saving them the necessity of gathering information by more expensive or time-consuming means.⁵⁴

Another example of more efficient markets combines the introduction of new technology with the entrepreneurial spirit of the poor. The Grameen Phone enterprise in Bangladesh provides micro-entrepreneurs with mobile telephones for hire. Based on the successful business model of the Grameen Bank microfinance institutions, Grameen Phone has been able to identify viable new markets for technology services by increasing the size of a relatively small and poor market, and leveraging the entrepreneurial spirit of the poor.

Third, through e-commerce ICT might allow developing countries such as Bhutan access to developed nation markets. Theoretically, ICT can “disintermediate” markets by removing middle-men in supply chains, and hence ensuring more income to the producer of goods and services. Unfortunately, experience so far demonstrates difficult in translating this theory into practice. For example, www.peoplink.org was referred to by many ICT studies in the late 1990s as an excellent example of e-commerce improving market access for craft producers in India and Bangladesh. However, a later study found no evidence of significant sales of craft goods using e-commerce,⁵⁵ and the website temporarily closed.⁵⁶

Challenges to the successful establishment of “South-North” e-commerce include high establishment costs, difficulty in marketing,

⁵² Richard Curtain, “Information and Communications Technologies and Development: Help or Hindrance?” (Ausaid, 2003) at 14

⁵³ *Ibid* at 17. Note however that the “extent to which farmers can benefit from good information will vary according to other factors such as proximity of markets, available means of transportation, and their productive resources to respond to the opportunities information sources might provide.”

⁵⁴ UNDP HDR 2001, above n43 at 33

⁵⁵ UNDP Evaluation Office above n 36 at 12

⁵⁶ Curtain above n52 at 16. There are numerous other examples of failed “South-North” e-commerce projects; see e.g. UNDP Evaluation Office above n 36 at 12 regarding the “Earth MarketPlace Initiative”.

building customer trust and ensuring delivery of goods, varying standards of goods delivered and the absence of international payment systems.

Fourth, the ICT industry⁵⁷ has demonstrated extraordinary growth as an industry sector in its own right.⁵⁸ Despite the bursting of the “dot-com bubble” in 2000, indicative growth rates of the ICT sector in nine countries between 1996 and 2000 run between 30 and 55 per cent.⁵⁹

Bhutan does not have to look far to see the best global example of ICT driving economic growth in a developing nation.⁶⁰ From 1990 to 2003, ICT exports had grown from \$150 million to \$9.9 billion.⁶¹ The disparity in labour costs for qualified Indian engineers and western engineers in-country⁶², combined with the establishment of reliable telecommunications networks, has allowed Indian software and service companies such as Infosys and Wipro to establish billion dollar export companies on the outskirts of India’s cities. This growth has been reinforced by the increased wealth and technical expertise of India’s ICT diaspora, who re-invest in Indian companies and society.

Undoubtedly the boom in export-focussed software and services firms has boosted the overall wealth and economic development of India. It has demonstrated to developing countries that with the right fundamentals in place, lower levels of overall development and physical dislocation from markets need not limit the growth of an ICT industry.

This economic growth is not an overnight phenomenon. Far from being the result of “benign state neglect”, the phenomenon of India’s ICT industry was based on some long term investment and policy settings. The foundations were laid soon after India’s independence with the establishment of, and heavy investment in, the Indian Institutes of Technology, which have produced a steady flow of engineers ever since. In 1999, India’s education system produced more than 67,785 software professional per year.⁶³ Government promotion of the ICT sector dates back to 1972, and has involved tax breaks and subsidies.⁶⁴ More recently, India

⁵⁷ The ICT industry has been defined by the International Telecommunications Union as the convergence of the following six formerly distinct industries “(i) telecommunications equipment, (ii) telecommunications network services, (iii) computer hardware, (iv) computer operating software, (v) multimedia (or audiovisual) distribution networks, and (vi) multimedia (audiovisual) content. All of these industries are now converging, both in technology and in the marketplace; e.g., computing over the telecommunications network, and voice communications using computer hardware and software”

⁵⁸ Charles Kenny above n47 at 7 notes that the profits and productivity of information revolution are concentrated in the invention and production of ICT.

⁵⁹ Bayoumi and Haacker, above n 47 at 10

⁶⁰ Although note the reservations of overall national economic benefit from this export-focussed strategy in Joseph above n39.

⁶¹ UNDP HDR 2001, above n43 at 3; also “Resource Centre” NASSCOM, http://www.nasscom.org/artdisplay.asp?cat_id=314 as at 17 May 2004.

⁶² In 1995, labour costs for Indian systems analysts, systems designers, programmers and network designers was less than one third of their American counterparts : Joseph above n39 at 20

⁶³ *Ibid*, 12

⁶⁴ *Ibid*, 7-9

has focused on creating friendly regulatory environments (especially in relation to FDI), and world-class competitive telecommunications infrastructure. When combined with a pre-existing thriving entrepreneurial spirit and an intellectual and cultural environment open to new ideas and innovations, these policies have resulted in the “high-tech habitat” in which the ICT export sector has boomed.

There are other unexpected examples of developing countries harnessing the ICT sector as an engine for economic growth. Since adopting an aggressive policy of promoting the ICT sector, Costa Rica has experienced a twenty per cent annual increase in national exports; it now produces one third of all Intel microprocessors.⁶⁵ In Asia, Malaysia has pursued a similarly aggressive policy of attracting foreign investment in the ICT sector, which helped Malaysia rebound from the Asia economic crisis. In 1999, its GNP rose 5.4 per cent, with ICT comprising 36.5 per cent of total GNP.⁶⁶

ICT gives rise to business opportunities which did not exist 10 years ago, and which utilise ICT's ability to overcome the barriers of distance through “location-less work”. In addition to the software services example of India, several countries have leveraged English-speaking educated workforces to create call-centres or data entry factories to support developed nation businesses. Companies such as Dell, IBM, Accenture and Compaq have now outsourced their help-desk functions. Calls from New York are answered by help desk operators in New Delhi, where “Kanika becomes Kelly and Siddharth becomes Sid.”⁶⁷

Potential Negative Impact of ICT

The application of ICT for efficiency and better flow of market-related information can also act against exporters and weaker domestic companies in developing countries such as Bhutan. For example, by improving purchasers' access to price information ICT can reduce the prices that suppliers can charge for their goods. Further, a foreign company which utilises ICT to improve its own efficiency can underprice a local competitor.⁶⁸

There is a risk that limited access to ICT can create an internal “digital divide”. ICT is more affordable and accessible to dense, literate, wealthy, urban populations than to sparse, illiterate, poor rural ones.⁶⁹ This might present a challenge for Bhutan in attempting to spread the benefits of ICT

⁶⁵ Accenture, Markle Foundation and UNDP, *Digital Opportunity Report (2001) at 20* (hereinafter “DOI”)

⁶⁶ *Ibid* at 64-65

⁶⁷ S. Mitra Kalita, “India Calling” (15 July 2001) *Newsday*, <http://www.newsday.com/business/my-biz-india0715.story> as at 3 February 2004

⁶⁸ C. Kenny et al, above n50 at 26

⁶⁹ Charles Kenny, “The Costs And Benefits Of ICTs For Direct Poverty Alleviation”, (Draft Paper) January 2002 at 1

equitably through a society that largely consists of subsistence agricultural workers.

Further, it can be argued that productivity gains from ICT may widen the gulf between the most affluent nations and those that lack the skills, resources and infrastructure to invest in information technology. Bhutan, therefore, runs the risk of “missing the boat” and finding its ability to develop economically increasingly far behind those countries that have harnessed ICT.

Turning to the Indian example, it becomes apparent that the extraordinary economic success of the ICT sector has not been evenly shared. Workers with ICT skills are being hired in greater numbers and being paid increasingly more than their pay unskilled, less educated colleagues.⁷⁰ The “trickle-down” effect does not appear to be working. Opportunities to access education are unevenly distributed; while India has the seventh highest number of engineers of any country, mean years of schooling are only 5.1, and adult literacy is still 44 per cent.⁷¹ Regionally, the benefits of the ICT export industries have been confined to the four major centres (Bangalore, Mumbai, Delhi and Chennai).⁷²

Lessons Learnt

A policy of pursuing economic growth through ICT can enhance GNH if married to appropriate social policies.

There is little doubt that economic growth can provide an economic boon of jobs and wealth, enhancing both societal and individual economic well-being. Further, economic growth such as this can contribute to government taxation revenues through personal and company taxation, thus working towards the policy aim of self-reliance.

The Indian example also demonstrates that it is difficult to avoid disparities in incomes when one sector of a developing economy grows rapidly. This suggests that appropriate social policies need to be in place to counter the tendency towards disparities in incomes. This is reinforced by the critics. Castells comments that “left to market forces, there is an undeniable tendency toward a polarized social structure” between countries and within countries.⁷³ Similarly, the increased efficiency that ICT can bring to existing business operations may serve to further benefit the proprietors of those businesses.⁷⁴

The social impact of unevenly distributed economic benefit from this growth and increased efficiency, which has been less well studied, may well be significant. In India, it is quite likely that the impact of the ICT industry

⁷⁰ *Ibid* at 8

⁷¹ UNDP HDR 2001 at 38

⁷² Joseph above n39 at 15

⁷³ *Ibid* 4

⁷⁴ Kenny 2002, above n69 at p11

wealth has served to heighten existing social inequalities, and could continue to do so in the future. Indeed, some critics argue that an internal digital divide has opened up within India, widening the gap between those with access to education and ICT employment opportunities and those without.⁷⁵

The state has an important role to play in establishing the framework in which industry will develop and benefits will be shared. ICT policies can ensure that access is spread evenly throughout the country by employing universal service funds to subsidise otherwise unprofitable regional infrastructure. Social policies, including taxation policies, can ensure that the economic benefits of an ICT industry boom do not cluster in the hands of a few individuals, but are shared throughout society to increase the happiness of many, consistent with the Easterlin paradox and the concept of *delwa-jorpa*. Bhutan has already specifically acknowledged the link between a progressive income taxation regime and poverty alleviation.⁷⁶

If these policies are not in place before an ICT-driven economic boom, entrenched interests will make it difficult to impose them retroactively.⁷⁷

In addition to this proactive role of the state in setting the framework for development of an ICT sector, policy-makers may wish to consider ways to address the changes in the social fabric which may accompany the rise of an empowered wealthy ICT entrepreneur class.

Before turning to the second component of GNH, some further observations on developing an ICT industry sector might be considered.

The challenge of growing a globally competitive ICT sector is great. The list of fundamental requirements for growth of an ICT sector includes: heavy long-term investment in technical education, access to start-up and expansion capital, highest level political leadership, friendly regulatory environment for foreign investment, tax breaks and subsidies for local and foreign companies, government-funded research and development, incentives for private research and development, intellectual property protection, an innovation culture, world-class competitive telecommunications infrastructure and research facilities.

Importantly, the transformation to a knowledge society depends on “the capacity of the whole society to be educated, and to be able to assimilate and process complex information”,⁷⁸ and of the entire social organisation to encourage innovation.⁷⁹ The transformation from agrarian to knowledge society proposed by some Bhutan-watchers is unlikely to be simple or rapid.

⁷⁵ See e.g., Joseph above n39

⁷⁶ RGOB 8RTM above n15 at 29

⁷⁷ I am indebted to Dr Ram Jakhu for this concept of the proactive state in establishing the framework for ICT.

⁷⁸ Castells above n46 at 3

⁷⁹ *Ibid* 11

Further, recent global trends in industry policy have emphasized the importance of identifying a nation's competitive advantage: those elements which a nation holds uniquely which offer it an advantage in creating competitive industries.⁸⁰ This paper proposes that although Bhutan currently faces many challenges in developing an ICT industry, it does hold some competitive advantages. First, its remote location and stable socio-economic situation (at least by regional standards) are competitive advantages in the data warehousing industry segment. Indian ICT companies might prove to be amongst the first clients, especially given the terabytes of data generated by the Indian ICT industry.⁸¹ Secondly, Bhutan's unique cultural inheritance could be turned to its advantage by focusing on electronic archiving of its cultural heritage. This could be focused on archiving purely for preservation, or for sharing the culture with a world which is increasingly recognizing the attractions of Buddhist cultures and belief, and in Bhutan as the last remaining Vajrayana Buddhist kingdom⁸². A concerted national effort to digitise this content would create not only a national digital cultural asset, but also develop a cluster of expertise in multi-media and cultural preservation which could become a future export industry.

Preservation and Promotion of Cultural Heritage

There are in the heart of the vast Himalayas some strange marketplaces where one can barter the whirlwind of life for infinite wisdom.

Milarepa⁸³

ICT offers great and expanding opportunities for the preservation and promotion of cultural heritage. At the same time, ICT inherently moves cultural content around the globe, and is a key enabler of the homogenisation of global culture.⁸⁴ The challenge for Bhutan is to harness the many potentialities of ICT for preserving its unique culture, as well as implementing policies to limit the homogenizing and potentially harmful effects of global culture streaming down TV cables and through Internet connections.

The definitions section above identified three elements to this GNH component. First, it serves to safeguard identity which is seen as crucial to Bhutan's survival as a nation state. Second, preservation of cultural heritage

⁸⁰ See generally Michael Porter, *The Competitive Advantage of Nations* (1998)

⁸¹ I am grateful to Mr Randeep Sudan for this insight.

⁸² See RGOB 7RTM above n19 at 20

⁸³ *Planning Commission RGoB, Bhutan National Human Development Report 2000 (2000) at 50 (hereinafter "BHDR 2000")*

⁸⁴ See, e.g., RGOB 7RTM above n19 at 67

acts as a source of values. Third, it can provide a link between the individual and society, acting as an effective social security net.

This paper does not propose to explore exactly what Bhutanese “cultural heritage” is. Others⁸⁵ have noted that culture is dynamic and evolving, and it is beyond the scope of this paper to explore these issues in depth.

Potential Positive Impact of ICT

ICT can assist in the preservation of underlying documents, artefacts, texts and other cultural assets. Provided that religious rules allow, Buddhist texts can be digitized and archived against the rigours of time. Rinpoches can have their voices recorded; monasteries can be photographed and preserved in digital images. This activity, in fact, could be used to leverage the global interest in Buddhist cultures and beliefs as mentioned above.

For example, in New York, the Tibetan Buddhist Resource Center, with the help of the Himalayan Art Project, the University of Virginia and the Tibetan Knowledge Consortium is scanning Tibetan books and storing and distributing them on CD-ROM.⁸⁶

More broadly, as Bhutan transforms into a society more open to outside cultural influence, ICT can be used to record the living history of the nation’s older generation. Bhutan is largely a society with strong oral traditions;⁸⁷ such histories could be recorded and genealogical records made, capturing the knowledge of the older generations who have seen amazing transformations within Bhutan in their lifetimes.

For example, the Oral Testimony Program of the Panos Foundation is supporting a program of mountain people interviewing each other, with the interviews then transcribed and published online and in booklets.⁸⁸

Bhutanese cultural institutions can play a leading role. The National Library’s priceless collection of texts from both Bhutan and Tibet might be digitized, and a selection placed online. The National Museum’s collection of artefacts could be digitally recorded, as could the collections of the Folk and Textile Museums.

One example of a museum leading a national effort for creating cultural heritage online is the Egyptian Museum, whose website⁸⁹ contains video files of recent discoveries as well as photographs of many of the masterpieces of the collection.

⁸⁵ See e.g. Priesner, above n6 at 43, who notes that “It is perhaps the biggest challenge of Gross National Happiness to give sufficient attention to the preservation of Bhutan’s unique culture and by the same token redefine the concept dynamically in order to attract the young generation and serve nation building.”

⁸⁶ Alfred Hermida, “Tibetan culture finds digital saviour” (24 September 2002) BBC News <<http://news.bbc.co.uk/2/hi/technology/2271016.stm>> as at 2 February 2004

⁸⁷ MIS above n1 at 3

⁸⁸ see www.mountainvoices.org

⁸⁹ www.egyptianmuseum.gov.eg

Minority indigenous cultures can also be preserved and promoted through online sites. New Zealand Maori culture is showcased at maori.culture.co.nz, where visitors can read histories of the Maori people, view images of cultural artefacts and the unique tattoo patterns common among Maori men, obtain Maori recipes, and order cultural products from an online shop.⁹⁰

ICT can be used to capture, disseminate and revitalize minority cultures in Bhutan. Sharchop is being spread through BBS radio; a girl in Trongsa reported learning Sharchop songs through the radio.

Digitizing cultural heritage in this way serves to preserve it. Making it accessible through online distribution serves to promote it. This accessibility can connect communities with their culture, foster a wider appreciation of the culture's value and importance, and promote a more inclusive approach to the use and interpretation of these artefacts.⁹¹ Of course, online access opens the culture up to a broader audience, and can assist to promote an appreciation of Bhutan's cultural heritage on a global scale.

In northern Thailand, a UNESCO-backed project is creating a virtual museum featuring digital pictures, digital videos, and an on-line talking dictionary to record and preserve the culture of threatened hilltribes.⁹²

Further, digital recording of cultural heritage can help to establish claims of custodial ownership over traditional and indigenous knowledge and intellectual property (including rights of interpretation and commercialisation).

The information age provides Bhutan opportunities to assert the reality of its nationhood and sovereignty. Entry into the United Nations family of nations in 1971⁹³ helped buttress Bhutan's claims to nation status. Recognition by international ICT bodies such as the International Telecommunications Union and the World Summit on the Information Society helps reinforce Bhutan's national sovereignty. Further, the effective control and regulation of the ".bt" domain name is a more modern manifestation of Bhutan's individual national status. In Afghanistan, the Taliban sold the rights to the ".af" domain name to a businessman who disappeared. The rights were only recently recovered, with UNDP assistance, after a year of detective work. As has been noted, "For Afghanistan to recover .af is like putting a flag in cyberspace, saying 'we exist.'" ⁹⁴ Similarly, the creation of a Dzongkha 'Unicode', the underlying system that allows the national language to be incorporated into word

⁹⁰ *Ibid*

⁹¹ Harris above n 48 at 26

⁹² "Indigenous Tribal Culture Virtual Museum", *Digital Dividend*, http://wriwos1.digitaldividend.org/wri/app/navigate?_action=opencapsule&dbld=389bc698%, as at 3 February 2004

⁹³ RGOB BHDR 2000 above n83 at 41

⁹⁴ UNDP Resident Representative Ercan Murat, quoted in Nick Meo, "The Information Age Dawns on Afghanistan" (December 2003) UNDP Choices 10, 12.

processing and other software systems, is another way of asserting Bhutan's sovereignty in the information age.

The impact of global media is spurring local media to improve the professionalism of their content, both in terms of quality and quantity.⁹⁵

Finally, the Bhutanese diaspora is starting to form e-communities, maintaining contact with friends through email and instant messaging, and keeping up with Bhutanese news through Kuensel Online, reinforcing and projecting Bhutanese culture through these communities.⁹⁶

Potential Negative impact of ICT

ICT is a means for opening up Bhutan to outside cultural influences. The most obvious example to a resident of Bhutan is the impact of television in importing cultural values. Commentators, especially journalists,⁹⁷ often overstate the immediate impact of the official introduction⁹⁸ of television services in 1999 on Bhutanese culture, overlooking the fact that Indian and Western movies and videos were available to many Bhutanese before then.⁹⁹ However, there can be little doubt that the availability of over forty channels of non-Bhutanese material, in contrast to one Bhutanese television channel, must be having some impact on cultural values. The three month monopoly granted to BBS in 1999 did not stop it being 'swamped' by the introduction of international cable TV.¹⁰⁰

There is, however, debate as to the exact extent that television impacts on culture. There are three schools of thought. The first argues that the impact is "immense and totally pervasive", and needs to be addressed by immediate regulation. The middle school argues that there is insufficient data to make a categorical assessment of the impact. The third school argues that national communication policies correct the worst excesses, and in any case the process will right itself over time if there are fewer restrictions.¹⁰¹

The homogenisation of global culture can be demonstrated by some figures about the USA trade surplus in culture and entertainment. As one commentator wryly notes, "Pop culture is America's hottest export item today."¹⁰² In 1997, American movies, music, TV programs and home video contributed to a US\$8 billion trade surplus in this sector. In the past five years the overseas revenues of Hollywood studios have doubled. The US\$20

⁹⁵ MIS above n1 at 28

⁹⁶ Ibid 55

⁹⁷ See "Fast forward to trouble", *Guardian* (London, UK) 12 June 2003

⁹⁸ Some southern areas were able to access television transmissions from India before 1999.

⁹⁹ In 1980, there were an estimated 1000 video players in Bhutan, and by 1998, there were 95 licenses issued for video cassette shops : MIS above n1 at 24, 25.

¹⁰⁰ Ibid 39

¹⁰¹ Ibid 29

¹⁰² Hamelink, above n 38 at 20

billion music industry earns approximately 70 per cent of its revenues outside the United States.

The balance of trade in culture is almost entirely one-way; Bhutan imports far more than it exports, although it is likely that this is the case with most countries except USA. Moreover, the combined impact of ICT and globalisation is having a homogenizing effect on minority cultures.

It is not just US culture that is impinging on Bhutan. During the telecasts of Indian cricket matches, Bhutanese children can be witnessed whittling cricket bats and the flight of *khuru* and *dha* is replaced by cricket balls. Almost three quarters of respondents to the MIS identified Indian culture as the most common culture on television.¹⁰³

The impact of television on lifestyle in urban areas has been substantial. According to a Kuensel Online survey in 2003, over 75 per cent of respondents said their lifestyle had changed partially or completely since the introduction of television. According to the Media Impact Study¹⁰⁴ (MIS), “people ... are sleeping later at night and adjusting their housework, even office work, to TV. ... Some of the elderly say that they sometimes forget to do their *mani* because they are so engrossed in the serial on TV.”¹⁰⁵ People have less time for office-, house- and home-work and delay their dinner and bedtimes around television programming.

To the extent the cultural heritage is associated with the close social network of families and extended families which Bhutan currently enjoys,¹⁰⁶ it has been observed that television impacts on the way families spend their leisure time together. The MIS found that some families say they now socialise more by watching television together. A general complaint is that “families are always so engrossed in watching TV even during their meal times that they do not get to talk as much as they did before they had television.”¹⁰⁷

Television is not the only way that ICT can impact on family life and leisure time. The introduction of ICT into workplaces, along with other changes impacting on work culture, has resulted in fewer people working longer hours. Even when a family member is physically present, work has extended its reach into the home with the introduction of computerized home offices and mobile phones.¹⁰⁸

Television has also impacted on social values, particularly in urban areas, with the “growing acceptability of international modes of behaviour”¹⁰⁹. Public displays of affection are now more accepted, even

¹⁰³ MIS above n1 at 57

¹⁰⁴ MIS above n1 at 48

¹⁰⁵ *Ibid*

¹⁰⁶ Lyonpo Jigmi Thinley above n5 at 15

¹⁰⁷ MIS above n1 at 49

¹⁰⁸ Emmanuel C. Lallana “The Information Age” (*e-ASEAN Task Force / UNDP-APDIP, May 2003*) at 24

¹⁰⁹ RGOB 7RTM above n19 at 71

though a majority of MIS survey respondents admitted to not enjoying watching kissing and promiscuous scenes on television.¹¹⁰ Violence is acceptable,¹¹¹ stereotypes of women in Indian serials are contrasting with the practical role of Bhutanese women in rural settings,¹¹² and viewers are increasingly exposed to the middle-class lifestyles of urban Indians.

Youth are, perhaps, particularly vulnerable to the values presented on television. Teachers have observed that students are more tired in class since the introduction of television: “less focused in class, obsessed with TV characters, and picking up language and mannerisms from Hindi and western films.”¹¹³ Many young people reported picking up slang¹¹⁴ and fashion ideas from television.¹¹⁵ Wrestling developed a cult following amongst children; one headmistress reported that a child broke his leg in when thrown wrestling-style by a friend.¹¹⁶ One youth surveyed observed that at parties, youth are “ashamed of speaking Dzongkha”, and that those who don’t speak English are “conservative, old-fashioned, orthodox-type people.”¹¹⁷

Yet, according to the MIS, over half of parents do not restrict their children’s television viewing,¹¹⁸ and parents in rural areas believe their children will benefit from watching television.¹¹⁹ Most parents and teachers emphasise the educative power of television¹²⁰, and overall 66 per cent of people think that television has a good impact on Bhutanese society.¹²¹

Lessons Learnt

ICT improves the storage and dissemination of culture; it is blind to its origins. Currently, the flow of culture seems to be all one-way, namely into Bhutan. However, the power of ICT which brings global culture into Bhutan can be harnessed to preserve and distribute Bhutan’s culture to the world, and “push back” against the prevailing tide of cultural flow.

Intelligent application of ICT can digitize, store and disseminate Bhutan’s cultural heritage, through the Internet, television, radio and film. This can provide greater access to Bhutan’s cultural heritage to Bhutanese, as well as to foreigners interested in Bhutan’s culture. Media can help

¹¹⁰ MIS above n1 at 49

¹¹¹ *Ibid* 50

¹¹² *Ibid*

¹¹³ *Ibid* 51

¹¹⁴ *Ibid* 58

¹¹⁵ 28 per cent of respondents: *Ibid* 57

¹¹⁶ *Ibid* 52

¹¹⁷ *Ibid* 54

¹¹⁸ *Ibid* 52; 56 per cent of parents interviewed.

¹¹⁹ *Ibid*

¹²⁰ *Ibid*; over 50 per cent of parents let children watch television “to learn”; a Thimphu survey by Bhutan Telecommunications Authority found that 90 per cent of teachers and parents felt that cable television was educational.

¹²¹ *Ibid* 53

project national issues and views across borders; today, BBS radio receives 300 letters a week from listeners in surrounding areas of India and Nepal.¹²²

Also, ICT can be a strong force for unifying regional people into a sense of nationhood. The MIS found that *chimis* were arguing in favour of expanding the reach of BBS television, saying that Bhutanese TV will instill a sense of nationhood.¹²³

However combatting the momentum of global culture requires careful policy and planning measures. While it seems impossible for Bhutan to produce “enough local content to match the massive inflow of media”,¹²⁴ further funding¹²⁵ for Bhutanese television and radio content and distribution would be welcomed by regional populations. The training of Bhutanese writers and programmers¹²⁶ might also assist in boosting the capacity for local production of quality local content. Similarly, projects for digitizing and disseminating Bhutanese cultural heritage can increase Bhutan’s cultural footprint on the world stage, as well as opening up this cultural heritage to Bhutan’s citizens.

Developed countries such as Australia and Canada have sought to increase the quality and quantity of local cultural content by long-term support for public broadcasting as well as specific television licence conditions which require a certain proportion of locally developed content. Further, community radio and television have been utilised as cost-effective ways to increase the number of local voices being heard in the local media.

The impact of WTO regulations on cultural preservation should be carefully considered when Bhutan weighs up the advantages and disadvantages of acceding. WTO rules may limit the ability of governments to promote local content creation by requiring or subsidizing national content creation, as this can be seen as unfairly favouring national producers over international producers of cultural content.

A final observation; if modernisation is seen as contradictory to culture and tradition, then there is a risk that youth might choose modernisation over tradition.¹²⁷ A more evolutionary understanding of culture will ease this tension, and allow media-saturated youth to navigate between maintaining contact with traditional culture and taking the best that global culture has to offer. Indeed, globalisation offers opportunities for Bhutanese artists to create and innovate¹²⁸ with new cultural inputs and ICT tools,¹²⁹

¹²² *Ibid* 62

¹²³ *Ibid* 38

¹²⁴ *Ibid* 28

¹²⁵ Interestingly, the MIS above n1 at 46 found that 70% of respondents said they were willing to pay for BBS TV, especially if it improved programming.

¹²⁶ RGOB 7RTM above n19 at 67

¹²⁷ MIS above n1 at 49

¹²⁸ *Ibid*.

¹²⁹ See also Priesner, above n6 at 43

hence not only preserving the cultural but also, more dynamically, conserving it.

Preservation and Sustainable Use of the Environment

Potential Positive Impact of ICT

ICT can improve environmental efficiency in industry sectors, improve environmental information management, and help to predict and mitigate the effects of natural disasters.

ICT industries are generally service industries, and therefore tend to have lower environmental impact than manufacturing industries; the term “weightless economy” was coined to describe this knowledge-based economy that produce “weightless” services, information and content. This is related to the phenomenon of “de-materialisation”, whereby activities which currently require physical goods which consume resources in production can be replaced by centralized ICT systems. For example, 50 individual household answering machines can be replaced by a centralized digital answering system run by a communications company, with much lower net environmental impact.¹³⁰ Reading the newspaper online saves paper and transport costs.

Similarly, the services generated by ICT industries often do not require transportation, but can be delivered through the information infrastructure. This phenomenon of “de-transportation” can also reduce the environmental impact of individual’s travel, by allowing people to utilise ICT to lessen the need to travel. This can be achieved through the remote delivery of government services saving a trip to Thimphu to renew a licence, or perhaps in the future downloading movies through a broadband network eliminating a trip to the video store.

ICT can also be applied across industry sectors to improve efficiency and reduce consumption of natural resources.¹³¹ To take an extreme example, Amazon online bookstores has an energy cost per \$100 of sales of just 3 cents, compared with 44 cents for a non-virtual bookstore.¹³²

The role of ICT in improving the design and efficiency of cars, manufacturing processes and transportation¹³³ has been linked to the constant levels of energy consumption in the US between 1973 and 2000, despite GDP increasing by 75 per cent in the same time.¹³⁴ Similarly computer-aided design in housing construction can assist in

¹³⁰ Dennis Pamlin, “Technology and Our Future”, (22 May 2003) World Wildlife Fund, <http://www.panda.org/news_facts/publications/general/ict/e-europe_London_030522.pdf> as at 3 February 2004

¹³¹ DOI above n65 at 16

¹³² Dennis Pamlin, above n 130.

¹³³ See John Daly, *ICT and Ensuring Environmental Sustainability* (2003), *Development Gateway* <<http://www.developmentgateway.org/node/133831/sdm/docview?docid=569545>> as at 1 February 2004

¹³⁴ *Ibid*

environmentally-friendly design and construction and limit the need for excessive heating and cooling.

Environmental information systems can greatly assist environmental management, which is constantly challenged by a lack of relevant and reliable information. By collecting, processing and disseminating environmental information, ICT can assist our understanding of issues like biodiversity and climate change and help monitor ecological conditions to allow for prevention and mitigation measures.¹³⁵

Similarly, environmental information systems can be used to mitigate the effects of natural disasters. In Bhutan, geological data of glacial lakes and seismic data could be gathered and analysed to help predict, and thus mitigate, the effects of bursting lakes and earthquakes.

ICT can be used to monitor and respond to environment disasters. For example in Mexico fire emergency teams used satellite imagery to direct response teams to threatened areas, thereby substantially reducing casualties and property loss.¹³⁶

Geo-spatial information systems can be used to map the environment in a particular area and monitor its usage and condition over time. For example, the Arun River basin has been mapped using computer imaging, and the resulting database was used to design and implement a land management program.¹³⁷

ICT networks can assist in environmental preservation by allowing citizens to form networks to monitor environmental abuses and alert authorities. For example, in Indonesia environmental officials created a public database for rating industry compliance with water standards. Citizens groups began monitoring local industries against these standards and reporting underperformance to officials. Within the first 15 months of this activism, one-third of non-complying factories had improved their performance up to the regulated standards.¹³⁸

The global system is slowly acknowledging the importance of our global environment, and creating systems to reward good environmental behaviour, such as the contemplated systems of global carbon trading. These systems promise to reward Bhutan economically for the preservation of its environment; ICT will underpin these systems.

Less directly, ICT can improve processes which are linked to environmental sustainability. ICT can help stem population growth by contributing to the education and empowerment of women. It can help stem rural-urban migration by assisting the service delivery underpinning de-centralisation efforts. It can assist in land tenure systems, increasing the

¹³⁵ DOI above n65 at 16

¹³⁶ *Ibid*

¹³⁷ *Ibid*

¹³⁸ *Ibid*

degree of ownership and long-term environmental care of citizens for their immediate environments.¹³⁹

Potential Negative Impact of ICT

ICT can have several negative impacts on the environment. Firstly, ICT equipment itself requires high levels of resources to produce. “The production of a single personal computer requires approximately as much energy as the average electricity consumption of a mid-European household per year.”¹⁴⁰ Further, ICT equipment including television screens and batteries can have high concentration of heavy metals such as cadmium and lead which constitute a waste management issue.

Secondly, the installation of ICT infrastructure, such as mobile telephone towers and fibre-optic cable, can have intrusive impacts on the environment, although improving wireless technologies are overcoming the requirement for large amounts of built infrastructure.

Thirdly, at a conceptual level, the contribution of ICT to economic productivity “implies the strong likelihood that more industrial production leads to higher levels of consumption and therefore in the end to more pollution”.¹⁴¹

Lessons Learnt

ICT can be harnessed to promote the GNH goal of sustainable use of the environment. In particular, given Bhutan’s rugged terrain, the remote delivery of information and ICT-enabled services can reduce the need for resource-hungry travel. This is particularly pertinent given the priority on de-centralisation, discussed further below. Information systems can also be used to monitor Bhutan’s unique environment, to conserve biodiversity, plan best land usage, and mitigate against the effects of natural disasters.

It is not certain whether, on balance, ICT equipment uses more energy resources than it saves. Government should consider ways to ensure that ICT is employed efficiently from an environmental perspective.

Safeguards should be put in place to minimise the potential negative environmental impacts of installation of ICT infrastructure and disposal of ICT goods.

Good Governance

Good governance is perhaps the component of GNH in which ICT can be of most benefit. As defined above, good governance is characterized by efficiency, integrity, accountability, transparency and citizen participation. In the medium term, the policy objectives under-pinning governance in

¹³⁹ See John Daly, above note 133

¹⁴⁰ Hamelink, above n 38 at 22

¹⁴¹ *Ibid*

Bhutan are decentralisation, democratisation and devolution of power from the King.

ICT, through its ability to improve workflows, disseminate information and allow two-way communication, provides great promise in efficiency, transparency and participation in governance. Participation in collective choices has been identified in Bhutan as a precondition of human happiness.¹⁴²

Potential Positive Impact of ICT

ICT is designed to process and distribute information. By its nature, it reduces the negative impacts of distance and time. It can increase the speed, volume, quality, and transparency of transactions.¹⁴³ ICT also makes possible entirely new procedures, interaction among people, information, and communications,¹⁴⁴ which were previously impossible because of high cost or unmanageability, allowing the public sector to innovate in its delivery of information and services to citizens.

It is therefore perfectly suited to enhance transparency, improve citizens' access to information, and if properly applied, can improve efficiency of government services to citizens and citizen participation in decision-making.¹⁴⁵ Indeed the application of ICT to government has been given a distinct moniker, "e-government", which applies to a range of activities discussed below.

Specifically, ICT can assist good governance in the following ways. Firstly, ICT can improve the efficiency of government through improving internal business-processes, procurement and information sharing between different sectors of government.¹⁴⁶

Secondly, ICT can be used as a tool for improved decision-making through better access to population, economic and other data, as well as a tool for accessing overseas policy experience.

Thirdly, ICT can improve the delivery of public information to citizens, such as laws, statistics, land registration and health information.¹⁴⁷

In Karnataka, India, the Bhoomi project has computerized 20 million records of land ownership. Over 330,000 farmers have now accessed their Record of Rights, Tenancy and Crops (RTC) through Internet kiosks for a fee of 15 rupees in less than 30 minutes; the process used to take weeks if

¹⁴² RGOB 8RTM above n15 at 16

¹⁴³ Asia Development Bank *Information and Communication Technology for Development in the Pacific* (2003), 31

¹⁴⁴ For example, discussion groups, audio and video teleconferencing, 24-hour operations, online payment, online authorisation, one-stop shop processing, and overall transaction process monitoring and prompting for more effective transaction management; *Ibid*.

¹⁴⁵ Richard Heeks. "Information Age Reform of the Public Sector: The Potential and Problems of IT for India," (Information Systems for Public Sector Management Working Paper Series, Paper No. 6, Institute for Development Policy and Management (IDPM), October 1998)

¹⁴⁶ Sometimes referred to as the "G2G" (government to government) component of e-government.

¹⁴⁷ Sometimes referred to as the "G2C" (government to citizen) component of e-government.

not months. This system has eliminated many opportunities for corruption, as well as empowered farmers who require the RTC for many tasks including obtaining bank loans.¹⁴⁸

Fourthly, ICT can improve the provision of information to citizens in support of government services such as health, education and transport. This is in support of the RGoB policy to provide information as a right.¹⁴⁹

Fifthly, ICT can improve citizen participation in decision-making by providing the information required to make decisions. Further, civil society organisations have adopted ICT tools to organise and voice their concerns, to form and work effectively, and be a conduit for the citizen's voice to be heard.¹⁵⁰ ICT has been credited with a role in helping civil society organise for the downfall of President Estrada of the Philippines. Following his impeachment, an electronic advocacy network was established and collected 150,000 petition signatures and targeted a letter-writing campaign to Senators who would vote on the impeachment.¹⁵¹

Further, the implementation of a comprehensive e-government agenda can help to boost the capabilities of the local ICT industry by creating opportunities for high-value ICT work and spill-overs of expertise and know-how from international joint venture partners.

Another important impact of ICT is its ability to support the media in its traditional role as the "fourth estate" in democratic systems.¹⁵² This is especially important to support the evolution of institutions of good governance. The online public discourse is becoming an increasing phenomenon, with frank views being expressed through Kuensel Online,¹⁵³ and some senior government officers using it as a barometer of public opinion.¹⁵⁴ Further, Kuensel itself is gradually becoming more open and critical of public decision-making; the MIS identifies Kuensel's discussion of the income tax issue in the National Assembly in 2003 as a potential watershed in critical media coverage within Bhutan.¹⁵⁵

Potential Negative Impact of ICT

E-government is not without risks. The diversion of funds to ICT-enabled governance projects can inadvertently leave "non-virtual" government services under-funded. This can result in reduced access to government services from citizens, such as the elderly and non-literate, who are not comfortable with, or able to access, ICT.

¹⁴⁸ Harris above n 48 at 23

¹⁴⁹ MIS above n1 at 15

¹⁵⁰ Sometimes referred to as the "C2G" (citizen to government) component of e-government.

¹⁵¹ UNDP HDR 2001, above n43 at 32.

¹⁵² MIS above n1 at 30, 61

¹⁵³ Ibid 27

¹⁵⁴ Ibid 61

¹⁵⁵ Ibid at 62

Further, e-government involves the risks inherent in all ICT projects. Poor project design can lead to poorly targeted services, and cost and time over-runs. This carries the risk not only of the lost financial and human resources devoted to the project, but also the risk of tarnishing the image of ICT as a tool for development.

Lessons Learnt

ICT holds great promise for improving good governance. For Bhutan, it can be used for the remote delivery of services in support of decentralisation, which is always a challenge given the topography. It can improve citizen's access to information and inform citizen participation and input into decision-making.

Further, ICT tends to render government processes transparent. In other countries, electronic procurement systems have limited the opportunity for unscrupulous public officials to corrupt the process.

However, ICT will not of itself create a strong and efficient state; indeed it is more likely to require one as a pre-requisite for its utility.¹⁵⁶

Successful programs utilizing ICT for good governance require a high degree of cross-sector co-operation in setting standards to enable data-sharing, co-ordinating infrastructure needs, and sharing expertise from advanced ministries to those just starting out.

Clear understanding of the potentials and limitations of ICT, as well as good project design focused on an identified development objective,¹⁵⁷ will increase the chances of e-government projects being successfully implemented.

Other Impacts of ICT

The paper thus far has discussed in some detail the impact that ICT can have in Bhutan by focusing on the defined elements of GNH. However, the impact that ICT will have on Bhutanese society due to its inherent characteristics and its dynamic interaction with the broader phenomenon of globalisation are also worthy of discussion. Further, when considering the impact of ICT on development globally, it has been observed that the impact in individual countries "pale[s] into insignificance when compared with the role of expanding computing power in changing the economies and societies of advanced industrial countries, and thus the nature of the world system."¹⁵⁸

The next section of the paper will address three more overarching thematic areas where ICT is having an impact globally on the way people work, interact and behave. Should ICT become infused into Bhutanese

¹⁵⁶ Hewitt above n158 at vi

¹⁵⁷ Curtain above n52 at 19

¹⁵⁸ Cynthia Hewitt de Alcántara, "The Development Divide in a Digital Age: An Issues Paper" (Technology Business and Society Programme Paper Number 4, UNRISD, August 2001), 4

society, it is to be expected that the impact will be similar. The paper will discuss briefly how these global phenomena might manifest themselves in Bhutan, and how policy-makers in Bhutan might anticipate and react to them, in order to ensure that the national aspiration to GNH remains paramount.

ICT and Labour

New technologies do not induce unemployment, as has been demonstrated by empirical research.¹⁵⁹ “There will always be room for workers, but the areas or fields of demand will change.”¹⁶⁰ However, they do have the potential to transform the way labour is deployed within an organisation and within the global economy. It is wise to consider the impact of ICT on labour markets and its relationship with GNH.

ICT changes where work can be done. It allows information intensive work to be done from anywhere. American newspapers can be scanned and archived in Mongolia; software code for British banking systems can be written in Bangalore. This means that corporations can now shop globally for the cheapest deliverer of this work. Production is organized among separate players in horizontal networks: subcontractors, suppliers, research laboratories and distributors.¹⁶¹ Outsourcing is one of the key drivers of the efficiency boom of during the nineties.

ICT changes workplaces and business processes. Where previously information intensive activities were consigned to paper and handled by administrative clerks, ICT allows information flows to be electronic (“paperless”), and reduces the need for clerks performing menial “paperwork”.

ICT speeds up work. Automation and the processing power of ICT means that information intensive work can be done faster, and clients are demanding more speed. Emails demand quicker responses than letters. Mobile phones make sure we are accessible 24 hours a day. The fashion photographer who used to have twelve hour breaks while his film was developed now downloads the photos from his digital camera to his laptop. His can deliver faster products, and clients are demanding it. His twelve hour work gaps are a thing of the past.

Each of these phenomena has possible impacts on Bhutan. The phenomenon of “location-less work” creates both opportunities and threats. On the one hand, outsourcing creates new markets (for example, call centres) in which Bhutan can participate, because the traditional barriers of distance or mountainous topography can be overcome.¹⁶² (As noted above, however, there are substantial barriers to Bhutan successfully entering this

¹⁵⁹ Castells above n46 at 10

¹⁶⁰ Lallana above n108 at 19

¹⁶¹ UNDP HDR 2001, above n43 at 31

¹⁶² RGOB 8RTM above n15 at 46

market.) On the other hand, outsourcing creates a threat to Bhutan's industries if they are not efficient. If the telecommunications infrastructure allows it, it may be cheaper to outsource the layout of Kuensel to a Bangalore online publishing firm. Further, the impact of WTO regulations in the future may even *require* that such government work be tendered out to an open and global market.

Changes to workplaces and business processes precipitated by ICT may have significant impact on the typical Bhutanese office. ICT allows the streamlining of processes and employment relating to information intensive clerical tasks. For example, a human resources software system could replace several clerical positions. This "business process re-engineering" might be expected to have a significant impact on the structure of the typical Bhutanese office, as well as pose challenges to the current regulation of labour.

The economic logic of business process re-engineering in developed nations depends on the high establishment cost of ICT systems being paid for by, or at least justified in terms of, future salary savings from a re-configured and reduced workforce. Therefore the logic of investment in ICT systems assumes flexibility in labour arrangements (allowing staff to be made redundant), salaries savings can be kept by the organisation making the saving, and off-set against the cost of the ICT system. It is not clear that these assumptions are valid in Bhutan, especially within the Civil Service, so the developed nation logic of business process re-engineering within RGoB organisations may not hold.

Finally, the speeding up of work is a typical feature of ICT-intensive countries. Typically, workforces are smaller, more flexible and harder working.¹⁶³ In developed nations, this has resulted in longer working hours and challenges to accepted notions of leisure and family time.

What are the lessons for Bhutan? Firstly, decisions regarding deployment of ICT in the workplace should be informed as to their possible consequences, and measured against the over-arching goal of GNH. In particular, the potential for the speeding up of work to impact adversely on lifestyle and time for family and leisure needs to be considered, especially if "tranquility" is an element of GNH, as one commentator has suggested.¹⁶⁴ If "human development" means "the process of enabling more people to have wider choices",¹⁶⁵ then perhaps there is an inconsistency with a working culture where long hours are the norm.

Secondly, if it is a desirable goal to deploy ICT in the workplace to promote efficiency, labour regulation will need to be reviewed; otherwise the business logic of investment in ICT will not apply.

¹⁶³ Lallana above n103 at 19

¹⁶⁴ Lyonpo Jigmi Thinley, above n5 at 15

¹⁶⁵ See Peter Uvin, *Aiding Violence* (1998) 105

Thirdly, ICT will change the types of workers required. In order to lessen the social impact of deploying ICT in the workplace, workers whose roles are replaced by ICT should be given the opportunity to retrain for positions which are still required to be humanized, or in ICT skills which will make them employable in the new work environment.

ICT, Innovation and the Cult of the Individual

The Internet and the ICT revolution have created “sovereign individuals”— individuals who are empowered because they have access to new learning opportunities; are able to sell their own ideas, services or products directly to others.¹⁶⁶

ICT enables the individualisation of labour,¹⁶⁷ markets of one,¹⁶⁸ and the empowerment of the individual. Individuals can now project their voice deep into cyberspace to an audience of millions by writing diaries known as “weblogs”. They can create one-person information businesses, and generate wealth without the interactions with their immediate society which we once thought necessary. Labour is de-socialised and individualised;¹⁶⁹ the individual becomes sovereign.

This individualisation is reinforced by the social structures of the ICT industry. Classically, the start-up ICT company is the brainchild of one or two individuals, who are motivated by individual gain. The enterprise takes on some of the personality and characteristics of its founders. Alternatively, larger enterprises seek and attract the most talented individuals with attractive salaries, and workplaces catering to individual whims, complete with basketball rings, espresso machines and bean bags.

The success of these enterprises requires a social and business setting which sanctifies this extreme individualism. One commentator has remarked that “[p]ersonal freedom (and therefore liberty in its fullest sense) is a prerequisite for entrepreneurialism.”¹⁷⁰

Further, underlying the success of innovative ICT companies in developed nations, and classically in Silicon Valley, has been a disruptive lack of deference for traditional ways of doing things, an ability to think “out of the box”, which allows innovation to happen.

Indeed, to gain the maximum “transformative” advantage from an ICT project, the technology is shaped by the innovation of the implementers, creating new more appropriate applications and outcomes that may not

¹⁶⁶ Lallana above n108 at 23

¹⁶⁷ Castells above n46 at 8

¹⁶⁸ DOI above n65 at 10

¹⁶⁹ Castells above n46 at 8

¹⁷⁰ *Ibid* 11

have been initially planned.¹⁷¹ Similarly, in order to gain the maximum social benefit from ICT specifically and innovation more generally, the social culture must inspire innovation and creativity.¹⁷² “It is the entire social organisation that becomes productive or, on the contrary, an obstacle for innovation, and thus for productivity growth.”¹⁷³

Thus ICT tends to both demand and create an atmosphere of individualisation and innovation.

For Bhutan, it should be considered what the impact of this individualisation and innovation might be on society and GNH. Some commentators suggest that inherent to the notion of GNH is a culture of deference, where “[t]he pursuit of individual self-interests during modernisation often threatens the rich bonding of individuals as members of extended families and communities.”¹⁷⁴

This, on the face of it, seems antithetical to the culture of innovation and individualisation which ICT both demands and creates.

Perhaps Bhutan may wish to look to the alternative models of east Asian economies, such as Singapore, which have established successful information societies and ICT sectors while appearing to retain more “traditional” values.

ICT, Globalisation and Openness

Nobel Laureate Joseph Stiglitz defines globalisation as:

...the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.¹⁷⁵

As with its relationship to innovation and individualisation, ICT both *enables* and *demands* these characteristics of the open globalised world. Even before the invention of the microprocessor in 1971, ICT has underpinned the international air transport network since 1949 and the international banking settlement system since the 1960s.¹⁷⁶ ICT facilitates the virtually instantaneous movement of capital across borders, now totaling over a trillion dollars a day. It enables the increasing movement of people and goods through enhanced air, sea and terrestrial transport systems. ICT enables the free flow of ideas, information and culture through the pipelines

¹⁷¹ Harris above n 48 at 9

¹⁷² UNDP HDR 2001, above n43 at 79

¹⁷³ Castells above n46 at 11

¹⁷⁴ Lyonpo Jigmi Thinley, above n5 at 22

¹⁷⁵ Cited in Lallana above n108 at 26

¹⁷⁶ Hewitt above n158 at 4

of the global information infrastructure, from satellite television to the Internet.

Conversely, ICT industries now demand and require this globalisation and openness. Capital intensive ICT start-ups seek expansion capital on the global venture capital markets. ICT firms in USA outsource software coding to Bangalore and Hyderabad. Good software engineers are recruited globally; not for nothing in Silicon Valley is ICT said to be an abbreviation for “Indian and Chinese Taipei”.

By contrast, Bhutan followed a policy of isolationism up until 1959,¹⁷⁷ and has generally sought to control its engagement with the outside world since then. Today, regulations control the flow of skilled labour and Western visitors. Foreign investment and capital flows are similarly regulated according to a philosophy of control rather than openness.

There have been changes recently, with the official introduction of cable television and Internet in 1999, and already this is having an impact on the way people gather information, and on how access to information is controlled. During the recent conflict in the south, anecdotal evidence suggests that many Bhutanese office workers used the Internet to access Indian newspaper websites to access up-to-date information not available through official channels. As noted in the MIS, “[t]oday ... communication is not a tool for social control but it is integral to socio-cultural change.”¹⁷⁸

This paper does not pretend to make a judgement of where on the spectrum between “open society” and “closed society” Bhutan should place itself. It merely makes the observation that once deployed, ICT has a strong tendency to enable, and then demand, openness in information, capital, ideas, people and products, and that this might require policy consideration if the overarching goal of GNH is to be served.

Conclusions

GNH reminds us that the means must always be considered in terms of the end and that, therefore, every step in material development and change must be measured and evaluated to ensure that it will lead to happiness, not just more development.¹⁷⁹

As discussed in section five, the relationship between ICT and globalisation is symbiotic. If Bhutan wishes to engage with this globalised world, then it will inevitably need to embrace ICT. The question for Bhutan therefore becomes not whether to deploy ICT, but how.

Bhutan’s guiding development philosophy of GNH provides guidance for policy-makers.

ICT has significant potential to advance Bhutan’s progress towards the goal of GNH. In the area of economic growth, ICT offers the promise of

¹⁷⁷ Priesner above n6 at 27

¹⁷⁸ MIS above n1 at i

¹⁷⁹ RGOB 7RTM above n19 at 22.

industries which lessen the traditional disadvantages of geographic isolation. In cultural heritage, ICT tools can be used to archive and disseminate the artefacts of Bhutan's unique culture. Environmentally, ICT can reduce environmental impact through de-materialisation and de-transportation. In good governance, ICT can enhance efficiency, accountability and transparency, and allow greater citizen participation in decision-making.

However, ICT can also impact negatively on the components of GNH. The benefits of economic growth will tend to be inequitably shared without government intervention. Bhutan's cultural heritage, which has developed largely in isolation from the outside world, is threatened by the global culture which ICT brings with it. ICTs contain heavy metals and absorb large amounts of electricity which can threaten the environment. Poorly implemented e-government projects can divert financial and personnel resources.

To unlock the positive potential of ICT and limit the negative effects, Bhutan needs to measure its ICT activities against the guiding philosophy of GNH. Further, Bhutan needs to consider and plan for the skills required in order to increase the chances of successful ICT deployment.

Policy-makers need to be more aware of the potential benefits and hazards of ICT, some of which are discussed in section five. Institutional and regulatory capacity needs to be boosted to ensure that national policy goals can be successfully implemented. Project management skills are needed to avoid missed opportunities and poorly designed and implemented projects. Bhutan needs to increase the quality and quantity of its pool of ICT technicians, to be able to adopt ICT to Bhutan's requirements. Finally, ICT should not just be for technicians; professionals in all areas should be ICT-familiar, and hence able to recognize opportunities to deploy ICT in their fields of expertise.

There is room for optimism. Bhutan's policy-makers have already identified many of the concerns raised in this paper about the negative potential of ICT on GNH. Opportunities do exist to harness ICT to further the national goal of GNH. Bhutan is not an early adapter of ICT, so it has the opportunity to learn from the mistakes of other developing nations, and may wish to utilize the global knowledge networks of its donor community to ensure old mistakes from elsewhere are not repeated here.

As one commentator has noted:

We have the obligation to think first of the kind of society we want to see in future, and then to influence the design and deployment of new technologies in ways that are most likely to further our goals.¹⁸⁰

¹⁸⁰ Hamelink, above n 38 at i

The greatest cause for optimism, therefore, is the fact that Bhutan's unique perspective on development focuses on the benefit to the people of Bhutan. This will help ensure that ICT is always seen for what it is: a tool to accelerate development if deployed with care.

Cherry Picking in Bhutan

MICHAEL ROWBOTHAM

Introduction

It is a great honour to be invited to Bhutan to address this conference. In writing this discussion paper, three considerations were uppermost in my mind. I wanted to express my admiration for the work already being undertaken by the Bhutanese Government under His Majesty the King, Jigme Singye Wangchuck. The concept of Gross National Happiness (GNH) represents an original and highly significant initiative and the Government has been diligent in finding ways to apply this policy as broadly and honestly as possible.¹ Secondly, I wanted to express my appreciation of the work of others. Those papers and extracts I have had the opportunity to read show a deep appreciation of the issues involved, not least the acute dangers to developing nations presented by the modern global economy.² With this in mind, my third consideration was that I wanted to make an original contribution - not duplicate the work already done by others nor simply echo other delegates. This paper is offered in the hope that it will integrate with this earlier work.

It is important to state at the outset what is omitted from this paper. What I do not discuss in depth is the debate over the nature of happiness itself, and the extent to which this derives from material/social/external considerations and from inner, spiritual ones. This has been well covered by those more qualified than myself.³ Material well-being clearly contributes to happiness, yet we are all aware that a state of happiness lies much deeper. Paradoxically, happiness actually lies deeper than many of the important social and non-material considerations that are excluded by conventional economics and embraced by GNH. Ultimately, happiness is a matter of perception; a state of mind; a fact that is fully acknowledged by Buddhism and other world faiths.

What this paper focuses on is the way that orthodox economic policies can erode and destroy the happiness of a society and its people. It also outlines a range of economic policies and ethics which have the potential to provide a structure within which GNH might be more effectively created. This is by avoiding some of the mistakes of orthodoxy, and considering alternative 'New Economic' policies that provide room for the many subtle elements that contribute to GNH to emerge.

The aim is to try to add to the debate in the following ways;

- 1) Draw attention to important economic considerations omitted from orthodox economics, which are embraced by the concept of Gross National Happiness

2) Highlight the flaws in conventional economic policies and institutions that can erode Gross National Happiness and disadvantage developing or smaller nations, such as Bhutan

3) Emphasise the dangers faced by small nations such as Bhutan in their engagement in the global economy

4) Outline the wide range of economic policies that might ameliorate the impact of the global economy and promote a more benign, sustainable form of economic activity

5) Discuss the potential application and relevance of these policies to key economic and social sectors in Bhutan

Bhutan is not alone in facing the challenge of development in the 21st century and the opportunity exists to draw as widely as possible on the experience of other countries in informing this discussion.

Economic Considerations Omitted by Orthodox Economics, which are Embraced by the Concept of Gross National Happiness.

Although this area has been discussed in other papers, it is worth summarising some of the points already made, hopefully adding to the analysis.

Gross National Happiness is a magnificent ethic. The substitution of a single word, 'happiness' for the word 'product' injects humanity, in all its rich complexity, into economics. Many tenets of economic orthodoxy are challenged, most obviously the assumption that increasing material wealth automatically equates with increasing levels of human happiness. It has been broadly conceded by writers in the GNH forum that material wealth *can* contribute to human happiness, but that this is only one element in a complex array of considerations. Perhaps the most succinct statement of this is that humans are not wealth 'maximisers', but 'satisfiers'⁴. The majority of people pursue material goals only to a certain level, either to a level where non-material considerations become more important (such as leisure or family concerns) or to a level that provides them with a sense of security - a perception that is at least in part non-material. The contention that human desire for material wealth can be satisfied in turn casts doubt on the deeply traditional premise that economics is a study of 'the allocation of scarce resources' - essentially a study of conflict. The falsehood of this premise is also attested by the observation that our access to material wealth is not limited by the finite nature of the world, but rather by our ability to create and willingness to distribute that material wealth.⁵

As well as challenging orthodox assumptions, the concept of GNH allows and obliges us to include many considerations omitted from orthodox economics. The satisfaction (or lack of it) from work has no relevance in orthodox economics - labour is seen merely as a factor of production and is thereby utterly dehumanised. Similarly, the impact of economic development on families and community structure, the health of

the environment, the depletion of natural resources and the prospects for future generations; all these considerations, which are of the first importance in GNH, only figure in orthodox economics to the extent that they can be demonstrated to impact on the production of material wealth.

The 'voluntary economy' that revolves around family/community/social ties, and which can be affected so disastrously by conventional economic policies, is completely omitted from GDP. Yet, as has been indicated by many studies, this voluntary economy actually contributes some 50% of the true economy of a nation. GDP as a concept, focusing on monetised exchanges, is therefore a deeply flawed measure of the true material wealth of a nation.

GDP also assumes all monetary transactions are inherently desirable, and so includes many aspects of the 'negative economy' as positive outcomes. For instance, the restoration of environmental damage, anti-pollution systems, excessive transport, growing demands on the legal system, measures to combat rising crime and deteriorating health, drugs programmes - all these register as increases in GDP. The New Economics movement has for many years been developing GPI (Genuine Progress Indicators) that attempt to embrace the glaring omissions and contradictions of GDP.⁶

It might be argued that the wealthy nations do not, in fact, pursue GDP growth blindly, but entertain other policy considerations alongside this goal. However, these policies are generally an afterthought and fail to acknowledge that the problems they attempt to address are frequently caused by the relentless pursuit of economic growth. By contrast, the policy of GNH deliberately places non-material outcomes at the forefront; it widens the debate to include everything of relevance to humanity - dramatically broadening the scope of our economic and political concern. This also complicates a government's decision-making, since it is not just immediate and obvious outcomes, but knock-on effects of policies that are relevant.

Flaws in Conventional Economic Policies and Institutions that can Erode Gross National Happiness and Disadvantage Developing and Smaller Nations, such as Bhutan

Although much has already been said in criticism of orthodox economic priorities, again it is worth adding to this critique. It is important to have as complete an analysis as possible in understanding the defects of the economic system prevailing nationally and internationally.

The above section notes the extent to which the register of GDP is a redundant and flawed measure of progress. But the pursuit of GDP is but one of a host of assumptions, ethics, policies and institutions that characterise and drive forward the modern economy. To provide an exhaustive discussion of these is beyond the scope of this paper and many

have already informed the debate over GNH. However, the following are, I believe, key issues.

Debt-based Financial System

One of the greatest institutional failings shared by the majority of national economies is the monetary, or financial system upon which they rely. My first book, *The Grip of Death*, is subtitled *A Study of Modern Money, Debt Slavery and Destructive Economics*.⁷ It discusses how an out-dated financial system, based almost exclusively upon fractional reserve banking, still dominates modern economies. This 'debt-based financial system' renders economies permanently unstable and creates a pressure towards constant growth, regardless of need or the desires of the population. A debt-based financial system is characterised by deteriorating personal solvency and the acute financial exposure of both commerce and government. This general lack of liquidity leads directly to the predominance of low-cost, mass-produced goods and services, and thereby to the over-centralisation of production, distribution and retailing. The pressure to find and provide new employment in an economy where labour is constantly displaced by technology results in a ceaseless stream of new products and services, which people are encouraged to purchase through an entire industry devoted to mass-persuasion and the manipulation of desires. In the over-centralised, debt-ridden, 'rich-but-poor' wealthy nations, public services, commerce and agriculture have all been deeply affected, transport systems are grossly overloaded and even residential and commercial patterns of development now reflect the failings of the inadequate financial system upon which the entire economy is based.

The debt-based financial system also has far-reaching effects internationally. Due in part to the tendency towards overproduction and in part to the lack of liquidity, there is a pressure on nations to seek overseas markets for goods that cannot be sold domestically. This pressure to export is intensified by the influx of foreign goods from other economies similarly seeking adequate markets for their unsold goods. Trade, which ought to involve a balanced and fair exchange of goods to the mutual advantage of all nations, is now little more than thinly disguised economic warfare.

The extension of fractional reserve banking/debt-finance into the field of development has created the single greatest disaster of the last century - the institution of International, or 'Third World' Debt. The prime lending and advisory institutions, the IMF and World Bank, have presided over the slow-motion destruction of countless countries under the banner of 'progress'.

Sub-Saharan Africa's development, like that of so much of the Third World, has been a horrifying tragedy in which 'progress' has been accompanied and countered by the most appalling suffering, starvation and wretchedness. Millions now find

themselves marginalised within their own society, existing in the midst of an economic degradation so profound that it not only fails to provide them with food, water and shelter, but has destroyed their culture, their past, their future and all hope.⁸

The historical record of the IMF and World Bank, documented in literally thousands of books protesting at their false economic priorities and failed policies, stands as an enduring testament to the wholesale failure of neo-classical economic wisdom to address the sensitive issues of development. Meanwhile, the failure of Western nations to cope with their own development, by maturing into stable, contented societies, underlines the inadequacies of their own economic institutions, priorities and policies. The debt-based financial system is by no means the only factor contributing to this failure, but it is certainly a major component.

Wealth, Poverty and the Free Market

In the West, it is accepted almost without question that the activities of the business or 'entrepreneurial' sector within an economy lead to the creation of wealth, and that this in turn leads to a general increase in the material wealth of the society as a whole. This assumption has been challenged on two fronts.

First, as David Korten discusses in his book *When Corporations rule the World*, much activity by the business sector is not, in fact, creative of wealth, and may even be destructive of wealth.⁹ The absolute priority of the business sector is to make a monetary profit. This may involve wealth creation, but much activity by the business sector actually involves the *abstraction or appropriation* of material wealth that has already *been* created, the pursuit of market share and the elimination of rival commerce. If one firm takes over another firm and shows an increased profit, this is deemed a business success and automatically 'good for the country'. The business venture may indeed be a success for those directly involved. But this may involve thousands of workers losing their employment, the closing down of factories and retail outlets, a decrease in the range and quality of products available, workers being obliged to travel further to new employment and consumer dissatisfaction. This example is not intended as an argument against free enterprise or capitalism, simply an observation that business success does not automatically equate with wealth creation. Business success is just that - business success.

Second, the success of a business, whether it involves the creation of wealth or not, does not automatically lead to the increased *distribution* of wealth. The 'trickle down theory' - the assertion that wealth generated by the business/entrepreneurial sector percolates throughout the economy - is one of the ethics dearest to orthodox economics. This belief, born of faith in a mythical 'perfect market', is far from proven. The growth of poverty in

wealthy nations such as the USA and UK coupled with a markedly increased 'gini coefficient' (measuring the disparity between wealthy and poor sectors) strongly suggest that confidence in the 'trickle down theory' is wildly misplaced. Since Adam Smith, economists have warned that 'unequal exchange' may lead to the progressive aggregation of wealth and impoverishment of the poor. This remains true despite the fact that there appears to be an increased flow of material goods to citizens as consumers; the spiralling levels of personal debt in the West underline the fact that access to this 'created wealth' is problematic, to say the least.

The above points are not intended to argue against free markets, nor denigrate the entrepreneurial sector. They warn of the need for fairer and more effective regulation in business, proper employment rights and policies that ensure the distribution of wealth is more just.

Inefficient Allocation of Resources

Another axiom of conventional economics is that a free market will lead to the most efficient use, or 'allocation' of resources. Those businesses that survive and succeed in the market achieve this success because they utilise the available resources most effectively, producing and selling goods at the most competitive price, whilst other less efficient firms do not survive. Over time, the available resources will be used most effectively by the most efficient firms.

According to this rationale, consumers in the developed nations 'want' their products to be increasingly unreliable, with an ever-shorter lifespan; they 'want' to have to make and buy those throw-away products repeatedly; they 'want' to eat food that is increasingly tasteless and lacking in nutritional content; they 'want' to be barraged by imagery that undermines their self-esteem if they do not conform to advertising stereotypes; they 'want' to work in an economy that is destroying the planet on which they depend.

Perhaps the most glaring example of the 'misallocation', or inefficient use of resources involves the trend towards the globalisation of food production. Land within the poorer, developing nations that is desperately needed to grow food for their own population is utilised to grow crops for export. The foodstuffs produced are then transported by sea and air to Europe, North America and other wealthy nations. Meanwhile, farmers in these more advanced economies, who are often perfectly capable of producing the crops being imported, are driven out of business. Three ecosystems suffer. Farming in the UK struggles to survive and land usage declines; prime agricultural land in impoverished nations is diverted towards export crops instead of feeding the indigenous peoples; meanwhile the global ecosystem suffers from the excessive transport of goods.

Orthodox economics argues either that this *is* the most efficient allocation of resources (the free market cannot be wrong) or that a more

efficient allocation of resources *will* come about through the 'doctrine of convergence' - the wealthy farmers in the UK will have to compete their way back into the market by lowering their income expectations, whilst the success of farming in the developing nations will raise incomes there. Thus, the grotesque misuse of land we now see is perceived as a stepping stone along the road to greater global equality. All the evidence of the past century is that this 'doctrine of convergence' is another totally redundant economic ethic, rendered meaningless by the existence of global food monopolies and the overhang of crippling debt that obliges developing nations to feed the world rather than their own peoples, acting as the cheap manufacturing and agricultural outposts for powerful western corporations.

This 'development debacle' does far more than warn of the dangers of focusing on export products in a glutted world market. It emphasises yet again that commercial success is not an automatic good, and certainly does not imply the most efficient use of resources. This warning applies within nations as well as between nations. Long before globalisation of food reached its current level, UK farming was suffering a damaging trend in which the most effective and genuinely productive farms - medium sized, mixed farms - were being driven out by ever-larger, more wasteful but more cost-effective agricultural businesses, operating in alliance with giant supermarket chains.

Trade Is Not An Automatic 'Good'

Trade between nations is, rather like GDP, taken by orthodox economics to be an incontrovertible indicator of progress. Trade is 'good'. That this is not the case takes only a moments application of common-sense. If trade were an automatic sign of progress, Bhutan could produce everything needed by Nepal, and Nepal could produce everything needed by Bhutan; the goods could be exchanged and everyone would be better off - except of course, they wouldn't be. Trade involves transport and transport involves a substantial cost. Once the gross inequities of the international markets is appreciated, the glaring cost associated with modern trade becomes apparent. Near-identical products criss-cross the planet, goods that could be produced locally or regionally are manufactured in remote countries and exported globally, patterns of production and supply are forever changing, involving constant and repeated re-investment - the waste is simply incalculable. The proper purpose and value of trade is well understood and reasonably obvious, but to confuse today's burgeoning exchanges with progress is quite wrong. This excessive and ever-changing trade is, as discussed in a later section, a product of the volatile global markets created by the international debt crisis and the wholly inadequate trading architecture devised at Bretton Woods and since.

Dangers Faced by Small Nations such as Bhutan in their Engagement in the Global Economy

It might seem, with all the effort being put into the policy of GNH, that there is little likelihood of Bhutan being drawn down the road of 'Western style development'. With all their glaring defects, the wealthy nations are clearly not a model, either in terms of their material possessions, their social priorities nor their rampant pace of change. Surely, the culture of Bhutan is too proudly revered and GNH is too robust a policy?

However, the danger is very real of Bhutan being drawn either towards excessive materialism of the West, or the poverty of other developing nations, or indeed a blend of both. The global economy is a highly aggressive environment and the pressure of external debt has obliged the majority of developing nations gradually to divert economic effort and resources away from their own citizens' real needs. As the unrepayable debts mount, these countries are forced to accede to deregulatory policies that progressively expose their economies to global commerce, with disastrous results.

There is yet another danger. The perception of affluence within the wealthy nations can have a profound influence on the citizens of poorer nations, generating a growing dissatisfaction and ultimately a rejection of their own culture, which is substituted by a craving for Western material wealth and the image of happiness it conveys. The loss of traditions and erosion of cultural identity can, like the breakdown of family and community structures, happen rapidly and irreversibly.

But perhaps the greatest threat is an insidious one, coming from the aggregate impact of the material wealth of the global economy in which technological progress and materialism is so prevalent.

There is a tendency to suggest that technology and material goods are, in themselves, 'neutral'; it is the use to which they are put that is of importance. In fact, nothing in life is truly neutral - neutrality is an abstract, essentially scientific and mathematical concept. Material goods have existence. If a country suddenly invents a technology or imports a type of product it did not have before, that country is altered. If a country imports a technology or improves an item it already had, it is changed. This can be as simple as knives and forks or clothing, or as complex as cars, tractors, mobile phones and televisions. The culture is changed.

Technology and material goods are not neutral; their existence changes patterns of life. And this is the problem. We are not discussing a single product - such as mobile phones - but a vast range of material goods which, in aggregate, represent a wholly different way of life. All these are waiting beyond the borders of Bhutan - motorbikes, microwaves, crockery, computer games, stainless steel kitchen equipment. If these are imported en masse, where then is traditional kitchen? Where then is the traditional way of making Bhutanese plates? If tractors and chemical fertilisers become

widespread, where then is traditional agriculture, its field size, structure of the landscape, land tenure and the communities they supported?

Neither are we simply considering a threat from material consumption, but methods also. When an item is produced in a different way, there is an effect on working patterns. When goods are imported, a domestic industry often dies. Viewing technology and material goods as 'neutral' is a Western perspective with limited views, ignoring the socio-cultural impact of the product, how it is produced and what it replaces. Instead, we should always be asking "what is the effect of this change or that change?"

In essence, if you really want to keep Bhutan as it is, you must change nothing. Just put up the barriers and refuse all change. This, I am anticipating, is not an option. Cultures naturally evolve and change, albeit far more slowly than under the economic pressures recently experienced in the West. Normally, they change from within or in response to gradual influence and changes elsewhere. Bhutan's isolation, which has served it so well, means the country is now faced with a flood of advance representing changes that Western citizens found difficulty in adjusting to over a far longer period.

This leaves Bhutan's leaders with the vital but immensely complex task of monitoring and regulating the nature and pace of change - a momentously challenging responsibility. However, Bhutan should realise that it is not by any means alone. Although it may seem as if the entire world has either adopted western consumer culture or is in avid pursuit of that culture, this is actually part of the myth of western consumerism. The vast majority of the world's population actually live in communities, regions and nations that value their own culture, prize their independence and are seeking to find ways, like Bhutan, of preserving their inheritance and identity.

Economic Policies that might Ameliorate the Impact of the Global Economy and Promote a More Benign, Sustainable Form of Economic Activity

It is one of the great intellectual failings of recent years that political and economic debate has been reduced to a simplistic contest between socialism and capitalism. The only alternative to the deregulated free enterprise and market capitalism that now prevails is portrayed as state socialism or communism, in which powerless and property-less citizens are directed by an omnipotent government dictatorship. To contend that these caricatures comprise the only possible political/economic options is absurd. Lip service is sometimes paid to the notion of a mixed economy, involving a blend of welfare provision and free market capitalism, but the 'mix' is far from certain. With the collapse of communism, neo-liberal capitalism is clearly the ascendant ethic, indeed The UK Chancellor, Gordon Brown has

declared that "...there is no alternative". But of course, there is. Indeed, there are countless alternatives.

Just how lacking is the theoretical debate can be seen even in the GNH forum, for example, in discussions over the role of competition and the hypothetical free market. It has been asserted in several past GNH papers that competition is an inevitable and at times positive element in economic activity. This may be true, but the nature of competition can be dramatically affected and outcomes altered by economic policies. For instance, the level of competition for land in an economy where very large land holdings are permitted and are customary will be very different from the competition for land in an economy where a size-limit on land holdings exists, permitting more farmers to enter the market whilst restricting the power of established farmers to monopolise land and food production. As another example, the degree of commercial competition for sales in an economy where adequate purchasing power is distributed amongst the majority of consumers will be very different from that in an economy where a significant number of consumers lack adequate purchasing power. To discuss the notion of 'competition' but ignore the factors that affect the nature of competition is a virtually meaningless exercise.

It may well be that the most optimistic future for economics lies in dispensing with intellectual slavery to any one 'ism', whether it be capitalism, socialism, environmentalism or New Economic-ism. If that is the case, it leaves politicians free to exercise their judgement and consider likely outcomes rather than fond hopes and misplaced faith. In this, the concept of GNH would seem to represent an ideal that is far superior to any intellectual system or single programme. A government that embraces GNH is free to adopt and adapt policies at will from a multitude of sources, old and new.

This brings us to the opposite of the statement made by Larry Summers formerly of the World Bank, who once infamously stated to the Indian Government, "... governments need to understand that there is no longer such a thing as a separate and distinct Indian economics - there is only economics".¹⁰ There is, or should be, an economics that is distinctive for each and every country. This conference represents part of the search for a specifically Bhutanese economics in which the priorities, culture, specific problems and opportunities of this country are given primacy. Countries have the right to cherry-pick amongst the vast array of contending and available policies and make their own decisions.

The following section discusses a wide range of topics and policies. Some of these reflect the range of analysis, practical policies and ethics that derive from the New Economics movement. In other cases, key sectors of the economy are discussed in terms that emphasise their significance to developing nations, their importance to the concept of GNH and their sensitivity to policy initiatives.

Audit and Inventory;
Import Substitution;
Licences, tariffs, quotas and subsidies;
Agriculture and Rural Communities;
Transport;
Capital Development Projects (hydro-electric power);
International Debts;
Currency Valuation and Trade Deficit;
Monetary reform;
Taxation;
Fixed Limits;
Service Sector and Tourism; and
Education, Culture and Celebration;

Potential Application and Relevance of these Policies to Key Economic and Social Sectors in Bhutan

This section attempts to highlight the nature and scope of the initiatives that might be undertaken by a government wishing to engage in the global economy, secure a prosperous future for its people and also maintain the identity and integrity of its culture. Some of the policies are regulatory, some supportive, some are creative. There is a blend of what might be termed New Economic reforms, well-known (if sometimes unfashionable) policies, and *ad hoc* suggestions. The discussion is deliberately open-ended. Rather than advocate any specific programme, the aim is to identify the *type* of decisions that could be made and powers exercised in crucial economic sectors. The overall intention is to emphasise the enormous scope for action and equally enormous responsibility placed on a government committed to a policy as demanding as GNH. Everything matters.

Audit and Inventory

Those who are happy know they are blessed with many gifts... So, in line with all good moral advice, “count your blessings”. In addition to its social fabric, Bhutan already has considerable material wealth. Some is natural capital; some has been created by human endeavour. Although the focus is not simply on material issues, it is a valuable exercise to assess a country’s material wealth; its natural capital, tapped and untapped; its agricultural and industrial capacity; its homes, villages and cities; roads, waterways and infrastructure. Such an audit can be highly useful in informing policy-making across the range from industry and agriculture to education and the environment. A country’s intellectual and cultural capital is of course beyond measure, and sight should never be lost of it. But that which can be counted is worth counting.

Import Substitution

Section 3 above discussed how central to a culture are the myriad small things of everyday life; how we dress, household items, consumer goods, what these represent and how they are produced. The influx of Western consumer goods has the capacity to change a culture beyond recognition. Not only are the daily routines of life in the home altered, but domestically produced products are replaced, whilst the need for money to buy the imported goods creates a resultant pressure to export/earn revenue - all these can exert massive aggregate changes across an economy.

One policy pursued very vigorously and effectively by a number of Asian countries in the 1950s and 1960s was that of import substitution. Whilst exerting a strict protectionist ethic (backed up by the lack of foreign currency to buy imported goods) nations such as Japan and South Korea found ways to produce and market their own versions of western consumer products.¹¹ This policy has many virtues. First, the reality of actually *making* an item is brought home to a people and their economy. Second, a specifically indigenous character can be instilled into the product. Third, the pace of change is regulated and slowed since the policy requires some development. Fourth, the monetary balance and integrity of the country's economy is maintained.

The policy of import substitution does, however, have a problem - or at least an apparent weakness. Goods that are easy to make, and which Bhutan could produce itself without too much effort, are precisely those goods that are already available cheaply on world markets. There is therefore a great temptation simply to import them. By the same token, products that are complex to manufacture are likely to be more expensive and place greater revenue demands but, since they may require an industrial base that the country lacks, the country feels it has no option other than to import them.

But this apparent problem actually proves the validity of the policy. It is precisely *because* import substitution is no 'quick fix' that the policy has such merit. A country is obliged to develop a genuine industrial base and this takes time. The old maxim "look after the pennies and the pounds will look after themselves" is highly relevant. Savings that are made by import-substitution of cheaper products can then allow the judicious import of more high-tech capital goods, leading to modest but progressive industrialisation.

It may not be feasible for Bhutan to manufacture its own mobile phones and televisions, but it is certainly possible for it to produce many simpler household items, from crockery and cutlery to furniture and fittings. Precisely what Bhutan is capable of producing for itself, learning from Western technology and adapting this to its own material needs and cultural priorities, is an adventure in itself. To have a healthy acceptance that change is inevitable and healthy, but defiant that this should be *Bhutanese* change, is a policy that must have relevance to GNH. It is

astonishing what a small country can actually produce for itself, especially in an era when expertise and technology is capable of meeting a demand for small and medium-scale production.

The potential for import substitution emphasises the value of an economic audit, since intelligent planning can be undertaken; energy can be directed towards key processes and products that provide a maturing and gradually diversifying industrial base. It is worth also noting Bhutan's close economic links with India, as well as its other main trading partners. These links could be highly valuable in any programme of modest industrialisation and import substitution in supplying raw materials, semi-manufactured goods, equipment and expertise.

Licences, Tariffs, Quotas and Subsidies

Investment in import substitution can be coupled with restrictions or heavy tariffs on chosen foreign goods. Policies such as import licences, tariffs, quotas and subsidies - all of which 'interfere with free trade' - are frowned upon by orthodox economists. Yet a country clearly has every right to adopt a programme that vigorously defends and seeks to improve the welfare of its people. If the United States is justified in placing tariffs on imported steel to protect its steel industry, Bhutan is equally justified in placing tariffs that help it prevent or regulate the mass exodus of currency on cheap consumer goods from abroad, whilst gradually developing its own industrial base and protecting its cultural integrity.

A special note has to be made with regard to subsidies. As with tariffs, modern Western nations and their economists frown on developing nations when they grant subsidies, yet such financial assistance is rife in the wealthy nations. This involves not only the more obvious instances such as EU farm support, but direct grants to private firms involved in public services (such as railways), multi-million dollar deals to entice multinationals to invest in a country and countless regional support programmes that allow businesses to apply for government grants and funding. These are investment and support subsidies, pure and simple. They have no greater validity in terms of 'free market' economics than food subsidies in developing nations. In short, subsidies are everywhere.

In discussing tariffs and subsidies, it is worth drawing attention to the seminal work of Tim Lang and Colin Hines. Their book *The New Protectionism*, whilst acknowledging the value of free enterprise, vigorously defends the right of governments to adopt policies that regulate imports and support indigenous production.¹² Colin Hines more recent book, *Localisation; A Global Manifesto*, is equally important.¹³

Agriculture and Rural Communities

All the evidence of the past 50 years warns of the danger of an over-emphasis on the production of foodstuffs for export. World markets in food

commodities are mostly glutted and prices are notoriously volatile. The first duty of a government is to feed its people and the first priority of land should be to produce food for domestic consumption; not export. A domestic market is predictable and stable, crops that conform to the climate and soil are already known and farming systems and land tenure are well established and constitute a vital element of rural culture.

This does not mean that indigenous agricultural systems are incapable of improvement. In many developing nations, much work has gone into improving traditional methods, drawing on the experience of farming elsewhere and the ingenuity of intermediate technology. More effective tools and equipment, advances in crop varieties, irrigation systems and cooperative marketing and machinery schemes - all these have in various countries given great support to subsistence agriculture to the point where life is easier and productivity markedly improved.

Land tenure/usage is a vital aspect of traditional rural culture. Any policy or sequence of events that seriously affects land tenure threatens the foundation of rural communities. This in turn is potentially disastrous for the continuity of those communities and the practical lifestyle that binds them together. People simply cannot be expected to adhere to a traditional cultures and values if the link between land, labour and community is drastically or rapidly altered. In a country such as Bhutan, where some 50% of the population is based in rural communities with an agricultural base, every effort needs to be made to support such communities and help them thrive by making subsistence farming and village crafts more viable. If this does not happen, rural depopulation, flight to the cities and the poverty of shanty towns promises a bleak future not only for the landless population, but the nation as a whole. It is clear that the Government of Bhutan recognises this danger and has been active in supporting its rural sector.¹⁴

It is worth recognising that rural communities worldwide and throughout the ages have tended to suffer gradual impoverishment as money and wealth flows towards towns and cities. Many developed nations compensate in some measure for this, either deliberately by injection of additional funds to councils administering rural areas, or less deliberately through progressive welfare and taxation systems.

In the absence of such structures, rural assistance can simply be responsive to need. Rural communities can benefit from assistance with marketing agricultural produce, whether by government boards or cooperative schemes; transport systems can be devised; cooperative ventures that share agricultural and other equipment can be supported; community building programmes implemented. There are countless ways in which rural life can be supported and improved, and its value acknowledged.

It is important to recognise also the importance of agriculture for export. The crops produced can bring much needed revenue to the country

as a whole and into rural areas. Without contradicting the primacy of agriculture for domestic consumption, the production of crops for export may also be an appropriate opportunity for government assistance, whether in investment, marketing or transport.

Again we see the danger of adopting entrenched positions. To assert the importance of domestic agriculture does not lessen the importance of export crops. The irrelevance of the old capitalism/socialism divide is also apparent. It is perfectly reasonable for a country to adopt a freehold land policy (notionally capitalist); limit this to a maximum acreage (notionally distributist), coupled with land usage obligations (notionally socialist), coupled also with supportive cooperative systems involving marketing or access to machinery (notionally communist). It is also perfectly reasonable for a country to regulate land usage applying an entirely different set of standards and tenure for land designated for export crops and land designated for domestic market produce. So far as a country such as Bhutan is concerned, it is far more a question of what works most appropriately, bearing in mind the established pattern of agriculture and broad priorities of GNH. Again, the value of an on-going audit that monitors the use of land is clear.

Transport

Motorised transport is, without doubt, one of the hallmarks of Western culture. The increasing demand for transport probably constitutes one of the greatest threats to a country such as Bhutan. Transport easily becomes a culture in itself, subverting other cultures and overwhelming more fulfilling and worthwhile aspirations. The change in a country such as Bhutan of widespread individual car (or even motorbike) ownership could be calamitous. Cars constitute a colossal expense individually and in aggregate to a country. Whilst aiding the transport of people and goods and linking urban and rural areas, they can also severely fragment communities. In many developing countries, the only regulator of private transport is poverty, denying people access to privately owned motor transport.

Many small countries have faced this problem and done so effectively. The solutions they have arrived at vary, but are 'right for them' in many cases. Elements of these solutions are; the provision of good public service transport, especially buses; the permission of a restricted number of cars/vehicles often associated with particular roles - doctors, police, fire-services etc; the issuing of licences for cars operating as taxis; the permission of an appropriate number of machines/vehicles for use in agriculture and industry and in the collection/distribution of material goods.

As with so many issues; this is an area for close, realistic study - the permission and provision of an appropriate level of motorised transport and/or services always bearing in mind the knock-on effect of that provision. This is a delicate matter; the aim should be to support the culture

rather than unwittingly and indirectly subvert it. It is the widespread individual ownership of motorised transport that fragments communities. An appropriate level of transport connecting cities and towns with rural areas can be mutually beneficial and an element of the support for rural communities that is so vital.

Capital Development Projects

Bearing in mind the potential of Bhutan for hydro-electric power, this is a vital area of policy. As a general rule, capital projects do not repay the monetary investment they require. This applies to majority of services in the developed nations (rail, road, healthcare, electricity). These services invariably run with an enduring and heavy debt, often also requiring 'bail-outs' from national governments. The reasons for this blatant defiance of the theoretical laws of economics lies largely in a complete reliance upon the debt-based financial system.

Similarly, capital development projects in developing nations funded by loans from the World Bank fail, generally, to make the anticipated returns on the investment. As discussed above, this has had a catastrophic effect in developing nations. Since the residual debt is denominated in dollars or other hard currencies, the debt overhang from past capital and development projects has placed these nations in the position of having to seek a surplus of exports over imports year on year. Commodity prices have collapsed, currency values have fallen, prime assets have been sold off to multinational corporations, loans have been rescheduled, but still the debt overhang persists and grows.

If there is one lesson to be learned from this 'development' debacle of the last 50 years, it is this; DON'T borrow US dollars from the World Bank or IMF or any other source for a capital project and expect to be able to repay these loans. The competition for dollars is so all-pervasive and export markets are so intensely competed and unpredictable that even if a project is a physical/material success, its financial failure is almost assured, resulting in endemic and crippling international indebtedness.

Where then does this leave Bhutan in terms of developing its hydro-electric potential? The first point to appreciate is that the demand for electricity in neighbouring nations places Bhutan in a powerful negotiating position. Next, it should be realised that there are several potential models of development that avoid the dangers of multi-million dollar debts for the country.

One option is that, rather than lending funds to the country of Bhutan, the World Bank can be requested to lend funds to *a specific project, run as a commercial venture*. This represents an entirely new policy. It creates a joint liability for projects, conforming to recent calls for greater accountability and co-responsibility on the part of the international lending institutions. A country cannot be declared bankrupt and its debts written off, a commercial

venture can. It is wholly wrong for an entire nation to suffer in perpetuity the economic mistakes of the past, whether these reflect the inadequacies of their own leaders or the flawed economic wisdom of western advisers. Restricting debts to specific projects places those directly involved - borrowers and lenders - in a position of shared responsibility, and limits the liability of countries where the project is taking place.

At this point in time, there is likely to be little appetite on the part of the IMF and World Bank for such a policy; however if the demand for such funding became general internationally, attitudes might change. Certainly, there is a desperate need for new models of development.

However, such a policy does not represent the only option. The principal material beneficiary of successful hydro-electric development would be India, a powerful and by comparison with Bhutan, a relatively wealthy nation. India cannot expect Bhutan to shoulder the entire development costs, and financial risk, of hydro-electric development, especially since India has considerable prowess in the engineering and construction industry. Not only is there the opportunity for India to engage and share responsibility in the project, but they are in a position to lobby the international lenders on behalf of such a proposal, possibly under the terms outlined above.

Finally, there is another potential source of capital funding, although this is far from an established avenue. The traditional model of financing capital projects in developing countries involved domestic saving within that country, coupled perhaps with some inward investment. Since domestic saving seldom made sufficient capital available, by the 1950s, countries were being encouraged to 'borrow, invest, export, repay' from the World Bank, IMF or commercial lenders. The complete and resounding historical failure of this 'borrow, invest, export, repay' model, has coupled with an awareness that there were theoretical flaws in an exclusive reliance upon foreign funds to develop a nation's natural capital, not least because of the imbalanced currency flows that were generated. Development scholars have, in recent years, become aware of the need for projects to be funded, at least in part, by a domestic source of finance.¹⁵ Since World Bank, IMF and commercial bank funds involve not the *lending* of money but the *creation* of money, there is no reason why domestic capital cannot be created in the same way - by a nation's own central banking system.¹⁶

This offers an entirely original model of development, which involves a combination of funding from international sources and funds created by the Bhutanese Government to mobilise the capital of their own country. This constitutes a strong development model that satisfies and resolves many theoretical contradictions and paradoxes. Currency flows are more balanced, whilst the use of both foreign and domestic *financial* capital reflects the mobilisation and involvement of both foreign and domestic *physical* capital. The foreign 'physical capital' consists of imported capital

goods and expertise/labour, the domestic 'physical capital' consists of natural resources, capital goods and labour.

If these proposals appear unlikely and counter to the climate of current economic policy, one final point should be born in mind. The mountains, the rain and the rivers will be there for many years to come. There is no need for haste in pursuing such a major industrial venture. The readiness of Bhutan to wait a number of years until acceptable terms for development are put forward could concentrate the relevant minds very effectively.

If or when such projects do proceed, it is clearly in Bhutan's interest to develop this key resource slowly, monitoring the initial project(s) carefully and not allowing the nation to become a cheap electrical generator for what are likely to be the insatiable demands of India for power.

International Debts

In the year 2000, Bhutan's external debt stood at \$245 million. It is likely that the government will be paying in excess of 5% per annum on at least this year 2000 figure; a total of \$12 million annually. Gross exports totalled \$154, so this figure represents some 8% of export earnings. With import costs of \$196 million, Bhutan's financial position is clearly somewhat perilous.

External debt is not just a revenue problem; it is a political one. The current CIA World Factbook web-site denigrates Bhutan commenting, "Detailed controls and uncertain policies in areas like industrial licensing, trade, labour, and finance continue to hamper foreign investment". This is praise indeed! What Bhutan must beware of is pressure to adopt an economic framework that involves 'certain policies' for 'unhampered investment', since this will undoubtedly reflect the neo-liberal Washington Consensus. All round the globe, countries have been forced to conform to an ideology which include sweeping deregulatory measures in trade and finance, privatisation of state-run commerce, auctioning of prime natural assets etc. These provide the foreign investment climate which, it is argued, is the route to future progress and prosperity. In this sense, international debt is properly viewed as a tool of intrusive political leverage.

If the point is reached where debt repayments are impossible for a nation, there is no virtue in agreeing to such conditionality attached to rescheduling, or accepting additional loans by the World Bank or IMF. Failure on the part of a nation to meet debt repayments is, apart from being a widespread problem, actually a problem for the Bank, the Fund and commercial lenders. It is because national governments are deemed to have 'failed' and feel intimidated that they concede to bail-out loans, sell-offs and conditionality. In fact, failed debt repayments present the *lenders* with the problem - what are they going to do?

The entire issue of Third World Debt is a massive, as yet unresolved debate. The existence of unrepayable debts forces the majority of countries -

the most materially impoverished nations - to seek a surplus of exports over imports in perpetuity. This creates a gross disturbance in the balance of international trade and is counter not just to all economic rationale, but common sense itself. In the immortal words, "It is clearly impossible for all countries to increase exports and reduce imports at the same time".¹⁷

The possibility of mass default by debtor nations or sweeping debt forgiveness should not be ruled out. There are substantial grounds for regarding the backlog of dollar debts registered against developing nations as invalid and declaring these debts void. The compelling arguments for this are fully discussed in my second book, *Goodbye America!*¹⁸ In brief, the *invariable* failure of *all* developing nations to settle or even reduce their international debts over a half century of mounting debt crisis is incontrovertible evidence that the 'borrow, invest, export, repay' model is deeply flawed when applied to international lending. The unjust terms under which these loans were advanced; the failure of projects proposed or endorsed by the World Bank and IMF; the requirement to adopt austere and deregulatory 'Structural Adjustment' policies ill-suited to their vulnerable economies; the failure to alter these policy-demands despite mounting evidence of the damage being inflicted; the progressive impoverishment of developing nations despite decades of economic endeavour; the refusal to acknowledge the substantial and detailed criticism from qualified observers and scholars - all these arguments converge. The undeniable conclusion is that International debts are substantially invalid. These debts do not represent 'failure' on the part of developing nations, but the gross inadequacies of the prevailing development model, of trading architecture and of international accountancy.

The current refusal to acknowledge the invalidity of the backlog of international debt leaves debtor nations in a curious and somewhat ambivalent position. If only a handful of nations were to default and refuse payment on their debts, citing the numerous reasons for so doing, the entire issue of Third World debt would have to be discussed and settlement reached. In the absence of such action, individual nations continue with their onerous repayments.

A compromise position might be for debtor nations to adopt the framework suggested by a number of Latin American nations during the 1970s. This is to restrict repayments to a set percentage of export revenues - 10% was suggested as the maximum an economy could actually sustain - and thereby apply some form of ceiling to those repayments.

Precisely how long a nation can shrug its shoulders, perhaps offering reduced payments, is not clear. What is clear from the experience of Malaysia is that nations that do stand their ground, particularly if they adopt a vigorous and independent economic policy, are immeasurably better off in the long term than those that succumb to the dire warnings of currency collapse and exodus of foreign investment. Malaysia, under its

President, Mahathir Mohamed, refused to accept IMF bail-out loans during the Asian crisis of 1997, nor accept their 'recipe for recovery'. In fact, Malaysia adopted policies that were almost the complete reverse of those prescribed, fixing the value of the currency, declaring the 'Ringitt' valueless outside the country, refusing to acknowledge its trading on foreign exchanges, locking in foreign investment, protecting the stock market, favouring domestic investment and reflating the economy through its own Central Bank. As a result, Malaysia experienced rapid recovery from the financial crisis, emerging with an incomparably stronger and more comprehensive domestic economy and without the burden of additional dollar debts. After years of anger and derision from foreign observers, the grudging conclusion of the World Bank was that Malaysia's economic success was "...remarkable".

Malaysia's programme of rapid industrial expansion may not be one that Bhutan wishes to pursue, but the principle of independent action is sound and their experience highlights the huge range of policy options available to a sovereign nation. One additional note should be made: President Mahathir Mohamed demonstrated not just courage and determination, but immense economic competence and judgement in administering the Malaysian recovery programme.

Currency Value and the Trade Deficit

In geographical terms and because of its special relationship with India it makes perfect sense and is convenient to peg the value of the Ngultrum (BTN) to the Indian Rupee (INR) on a 1:1 basis. In trade terms, however, this fixed currency rate has partial and perhaps doubtful validity. Bhutan's main exports are to India, the US, UK, Pakistan and France; whilst the country's main imports are from India, Japan, Germany, UK, and the US. The problem is that the value of the Indian Rupee has fallen year on year and with it, the value of the ngultrum has fallen in relation to other world currencies, including Bhutan's other trading partners.

If the value of a nation's currency falls, imports become more expensive and exports earn less foreign revenue. Successive devaluations by the entire community of indebted developing nations, all of whom are anxious to boost export volumes, has led to the currencies of those nations being grossly undervalued in real terms. Driven on by a competition to devalue and thus secure export markets, the developing nations are now haemorrhaging material wealth for pitiful returns. This is the reason for many of the trade imbalances in developing nations. These trade imbalances proclaim trading on the part of developing nations to be a financial failure - they are exporting less than they are importing. But in terms of *volumes of material wealth*, developing nations have never produced nor exported more! This is the damage wreaked by Third World Debt and the colossal failure of international trading architecture.

Figures demonstrating Bhutan's trade deficit were given in the section above discussing international debt. It is a worthwhile exercise to compare the current volumes of exports and imports with the currency values of 5, and 10 years ago. The present value of the currency (BTN) is \$1 = 49BTN. If the currency value of just 5 years ago (\$1 = 41BTN) is applied to current export/import volumes, Bhutan's present trade deficit of \$42 million would be reduced to a deficit of just \$5 million. If the currency value of 10 years ago (1\$ = 31BTN) is applied to current export volumes, Bhutan would actually have a trade surplus of some \$40 million! This is the significance of currency values and once again we are confronted by the colossal damage and injustice of Third World debt. The community of debtor nations has been drawn into a suicidal competition to devalue their currencies, as a result of which their material wealth and labour is rendered so cheap that they serve as export factories for the wealthy nations and their powerful corporations.

So long as the Ngultrum remains tied to the undervalued Indian Rupee on a 1:1 rate of exchange, the policy options are complicated. To apply a surcharge to exports to countries other than India, effectively increasing the currency rate to the rest of the world, is a cumbersome instrument and simply invites foreign buyers to operate through Indian intermediaries. The Ngultrum could be pegged either to the dollar or a basket of world currencies, however this would complicate exchanges with India, which would then be at a variable rate. Another option is to consider revaluing the Ngultrum against the INR on a ratio other than 1:1. This might interfere initially with the established cross-border economy, but provided the rate were realistic and stable, trading patterns would adjust.

With the prospect of more complex economic ties between India and Bhutan, particularly involving expensive and long-term capital projects such as hydro-electric power, it is vital that the issue of currency values is addressed.

Monetary Reform

The failings of the debt-based financial system has resulted in a number of important proposals for reform. The central proposal is that a national government has both the right and obligation to ensure a healthy money supply - healthy not just in terms of quantity, but in constitution and form. A banking system can only create and supply money in parallel with debt, by advancing loans to borrowers. A government can, and to some extent already does, create and supply money to its economy on a *debt-free* basis. However, this government money-creation is restricted to one form only; note and coin - ie cash currency.

It is the contention of monetary reformers that, with the declining use of note and coin, a government ought to establish an alternative basis for the supply of money to an economy. Governments worldwide are already

obliged to act to support their economies financially, by undertaking government deficits, which create new funds. Monetary reformers argue that there is no reason for this monetary input to involve the issuance of bonds, thereby creating a debt against the nation and granting profit to private banks. This money can be created debt-free, just as are coin and note. Furthermore, monetary reformers argue that there is now no basis for deciding precisely how *much* government monetary input an economy actually needs. This is done on an *ad hoc* basis, simply covering the annual tax deficit.

The further details of monetary reform arguments and proposals are beyond the scope of this paper, however they constitute one of the most important fields of future economic research and one of the most fruitful areas for policy-making by responsible governments.

In parallel with the government creation of money, monetary reform proposals generally advocate restraints on the bank credit-creating mechanism. For example, mortgages now contribute some 60 percent of money to the modern western economy and levels of home debt and house prices are spiralling upwards. There is therefore a strong case for applying a legal limit to the extent to which people are permitted to mortgage their income in buying a house. No legal restraint on the income multiplier exists in the UK; over recent years banks have been allowing mortgages of up to 4 or even 5 times a person's annual income, whereas an income multiple of 3 was formerly considered a prudent limit. This has increased the business and profits of the banking system, but has contributed directly to gross inflation of house prices. To place a cap on income multiples would place all buyers in an identical competitive situation, restraining house price inflation and helping ameliorate the domestic debt burden. This would be a notionally 'deflationary' measure to counter the 'inflationary' measure of a government contributing to the money supply.

Without adopting the full range of monetary reform analysis and proposals, a potentially useful policy model for developing nations exists in what has become known as the 'Jersey experiment'. The island of Jersey, one of the Channel Islands off the UK/French coasts, has at times adopted an extremely effective policy of government funding. If a project is deemed viable - the building of a school, the construction of sea defence systems - but the government lacks the funds to finance this, the government will simply create the required funds, finance the project, then gradually tax back and destroy those funds. No long term inflation is caused, indeed, the government is able to use this device as an effective means of countering recession. This contrasts markedly with the orthodox Keynesian model of borrowing funds from Central and commercial banks, who require not only repayment, but a profit on the money they create and advance to the Government.

Criticisms of the monetary system have also given rise to important proposals for local currencies and trading schemes (LETS). These can have great value in empowering citizens to create and distribute wealth amongst themselves despite the inadequacies of their national financial system. There is a considerable literature on Local Currencies, Micro-credit, LETS and Trade-and-Barter systems and such schemes have great potential in restoring the prosperity of communities impoverished by circumstance or by inadequate development programmes.

Taxation

Taxation is a very powerful economic instrument. The right and obligation on a government to raise revenues for public services presents governments with great power to influence the shape of an economy. Taxation can penalise, deter and prevent undesirable trends, whilst the funds raised by governments can be used for welfare, to promote desirable investment and development or to protect and support fragile sectors of the economy. The pattern of taxation in modern economies is well understood; it is therefore worth making a number of specific points in relation to alternative or less common schemes.

The New Economics movement has long argued for greater emphasis to be placed on taxing 'bads' rather than 'goods'. By this is meant, for example, the transfer of the burden of taxation from citizens on low incomes to, for example, petrol - thereby helping to deter excessive transport and reduce pollution. Taxes on excessive earnings, energy use, pollution, land values, unused agricultural land, neglected building sites, currency earnings, foreign profit repatriation, international monetary exchanges (Tobin tax) - many suggestions have been made, and many have undoubted merit.

The reverse of taxation is, of course, subsidy - an equally powerful political instrument, allowing a government to support vulnerable or nascent sectors of the economy, such as small businesses or organic farming. The use of taxation and subsidy should not be seen as contrary to the principle of a free market. The ability of commerce, particularly Big Business, to 'externalise costs' and/or gain an effective subsidy from government capital programmes is well-documented; such market imperfections will always exist. If a government wishes to create conditions using taxation and subsidy that redress such imbalances, or to promote important development, this does not invalidate the market as the decisive point of contact between consumers and commerce. Neither does it betoken a dictatorial, state socialist economy, merely an intelligent structure within which the market economy operates.

Fixed Limits

One of the major characteristics of western 'capitalist' economies is that they are flexible, open-ended systems. People are not, in general told what they must or must not do. Limits are not set on the wealth that can be held nor how a product should be manufactured nor what employment they must accept. Laws exist to prevent the sale of products that constitute a danger, and there are anti-monopoly regulations, however these economies rely, for the most part, upon the freedom and sanction of the market. The real only regulator of wealth is a sliding scale of taxation plus an inter-generational inheritance tax.

Such freedom has much to recommend it; however it is not the only option, particularly for developing nations. There is no reason why governments should not erect limits and constraints, for example to prevent the accumulation of wealth or the control of vital resources, thereby increasing the opportunity of access for others. A good example of this is to set limits on the size of land-holdings to prevent monopolisation of agriculture, maintain ease of access to land ownership/farming and encourage proper and careful management of the land. As with so many policies, it would be wrong to advocate them in the abstract; but they do represent viable and at times justifiable instruments.

Western economists would view such a policy with horror and it may well have little application in developed economies. But in countries where land reform and distribution is being undertaken, where agriculture is undergoing change and where additional considerations such as rural employment and communities are vital, such a policy could be a valuable stabilising framework. Such *ad hoc* limits can, if the situation justifies, be applied in other sectors of the economy, including property ownership and commerce. It is interesting to draw attention, in passing, to the English company Boulton and Paul which at one time operated an internal incomes policy that stated that no employee of the company could earn greater than ten times the wage of the least-paid worker in the firm. Such policies seem more satisfying to the conscience than the current situation where an employee in a London company may 'earn' many millions of pounds per year, perhaps a multiple of 1000 times greater than the National Minimum Wage.

The Service Sector and Tourism

The Service Sector constitutes a large and growing part of economies round the world. Whilst Bhutan may not be able to manufacture its own mobile phones, televisions, computers and radios, the country is capable of running the service sectors that supply these technologies, and doing so in a Bhutanese way. Bhutanese radio and television networks, SMS and ISP providers can all be run, saving the country revenue and contributing to the sense of national identity.

In Western economies, the service sector is enormous. Developing countries need, perhaps, to beware of monetising and commercialising those activities that are part of the voluntary economy and the community/home/traditional way of life shared. Perhaps an even greater danger is involved in tourism. In pursuit of foreign revenue, there is a temptation to supply a complex service economy to tourists well-used to such provision. But what *is* Bhutan? Why have people come to visit the country? Have they come to enjoy a stay in a 'western' style hotel, surrounded by familiar restaurants serving familiar food? It may be critical not only for the self-respect of the nation but for its tourism that Bhutan decides what it intends to offer tourists. It is the country's very inaccessibility and lack of development that now constitutes its charm, which offers such a salutary lesson to western eyes and which demonstrates that Bhutan is justified in protecting and revering its culture. Excessive and elaborate provision for tourism cannot but detract from the very magic that draws people to this beautiful country. However, if tourism is based around the expectation that visitors will, for the time of their stay, accept basic provision, adapt to, integrate with and respect the Bhutanese way of life, a form of tourism that is better for Bhutan and more rewarding for tourists will remain. The contrast is between going to Greece and staying in a hotel complex on the mainland or visiting some of the smaller, less-visited islands and finding a welcome amongst the delightful Greek people.

Education, Culture and Celebration

Much comment has already been made about the importance of education to the policy of GNH. It is certainly true that children can be 'educated away' from their culture, by creating expectations of employment, lifestyle and prosperity radically different from that surrounding them. But if this happens, it is a poor and essentially false education. There is nothing to be feared in education, however advanced this may be, so long as the mirage of western consumerism is recognised as such and children are kept in contact with their own culture. With the influx of televised images, the nation as a whole has to be able to deal with and appreciate the ludicrous mythology behind western 'civilisation'. This involves the education of all, not just the young.

For this reason, I suggest it is far more important even than education that Bhutanese culture is celebrated and kept alive. My first thought when I heard about the conference and learned of the nature of the problem it seeks to address was, "I hope they haven't forgotten how to sing and dance". A country's music, literature, arts and crafts are the bedrock of its soul and its identity; their celebration is vital. Imagine my delight when I discovered that, despite the welter of economic concerns impinging on the country, one of the four main components of the policy of GNH is cultural promotion. Imagine my further delight when I discovered that the GNH conference was

timed to coincide with one of the major Bhutanese festivals. The value of Bhutan's spiritual and cultural legacy, which provides the country with an inspirational source of energy and focus of consent in the challenge it faces, cannot be overstated. And so long as the country of Bhutan feeds the spirits of its people, support for the policy of GNH will remain strong and the Kingdom's future is assured.

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A Good Time for Gross National Happiness

RAJNI BAKSHI

The winter of 2004 finds India in a euphoric mood. The print and electronic media are bursting with news about the rise of Indian companies that are going global and holding their own in fiercely competitive markets across the world. The stock market is booming and the agricultural sector is said to be happily groaning under the weight of a bumper harvest. The Indian Government has commissioned large street-hoardings in major cities to celebrate a newly coined slogan -- "India Shining".

At the same time the Union Government's Education Ministry has openly declared that it will have to turn away several million primary school children -- for lack of minimum infrastructure like class rooms, teaching materials and teachers. The People's Union of Civil Liberties has drawn attention to the fact that 3040 homeless people died in India's capital city last winter due to exposure to the cold. Thousands more may have died across North India. In New Delhi the deaths are doubly tragic because Rs. 2. 60 crores has been allocated to save lives yet the required night shelters and other related facilities still do not exist.

This contrast does bother many of the people who are cheered by the 'India Shining' slogan and convinced that India is now a rising economic power. But most of them believe that if this current trend of growth and integration with the global economy can continue, then eventually all people in India will have adequate food, shelter and clothing. There is still little room in the mainstream discourse for those who are able to show why the current model and its measurements of growth are unlikely to bring universal prosperity. It is much more likely that India will become one of the world's leading economies in terms of Gross National Product (GNP) and yet a large segment of its population may continue to live in poverty. There are only muted voices pointing out why the concept of 'GNP' is both misleading and inadequate as a measure of over-all prosperity, let alone well-being.

The same is probably true for most other countries in this region. The focus of both the political and business elite is on fighting for space in the global economy and doing it on familiar and conventional economic parameters. This is partly because the tone and content of global discourse on economic matters is still determined by the countries and culture of the North.

It is in this context that I view Bhutan's vital endeavor for organizing its economic and cultural life around the concept of Gross National Happiness, instead of Gross National Product. While creative endeavors for change within countries of the South are a vital and necessary condition -- they are perhaps not sufficient. Therefore this note focuses on tracking

changes within the culture of the North to explore how and why the time is right for the concept, and values, of Gross National Happiness.

On the face of it this may seem absurd. The economies of the North seem to be as far from the values of Right Livelihood today as they were 30 years ago when E. F. Schumacher put this concept within the discipline of economics. And yet a host of changes are unfolding which could take societies across the world closer to such ideals -- even if Buddhist economics in a deeper sense remains an elusive goal.

This note will examine just some of these signs of change. It does not attempt to offer a comprehensive over-view of the creative possibilities for positive change that are now visible on the world stage. The basic premise of this exploration is that we live in a time when the simultaneous flowering of many positive trends is widening the space for the value of Gross National Happiness -- both as a literal 'measure' of national well-being in Bhutan and as a metaphor for a worldview, for values that would take humanity closer to the ideal of Right Livelihood.

We will begin with an account of how "Market Fundamentalism" is in retreat even within the mainstream of economies of the North. Then we will examine some signs of how conventional neo-liberal economics is being challenged by several counter streams -- with a revolt among economics students at premier universities of the West. Then we will survey the growing phenomenon of "Ethical Investments" as well as the rise of the Free Software and Open Source movement -- a counter-trend with far reaching implications.

This paper has deliberately not delved into the many other on-going efforts to evolve alternative measures to replace the concept of Gross National Product. For example, there is the Genuine Progress Indicators project of the San Francisco based group Redefining Progress. These endeavors may be relevant to the technical challenges faced by Bhutan in creating holistic 'accounting systems' for the purposes of measuring its economy. But most of the alternative "indicators" projects in Western societies are partly a form of damage control, to account for the mounting problems which are the side-affects of a certain model of 'progress'.

The vital importance of Bhutan's initiative for Gross National Happiness is that if it places Buddhist economics at the heart of matters then that marks a civilizational shift -- one that will be globally important. Thus my interest in seeing how trends in the North might both strengthen the Bhutan initiative and help prepare the ground for the value of GNH to be adopted on a wider scale.

Gross National Happiness vs Market Fundamentalism

It is not clear just when the term 'market fundamentalism' first came into use, but it was common currency by the end of the 1990s. The term refers to a commercial culture, even a way of life, in which everything is

valued on the 'bottom-line' of money and the forces of supply and demand are treated as a supreme, and beneficial, law of nature. The most famous crusader against this peculiar kind of fundamentalism is himself an icon of the global money markets -- George Soros.

In his 1998 book *'The Crisis of Global Capitalism: Open Society Endangered'* Soros defined market fundamentalism as a mind-set which holds that:

“all social activities and human interactions should be looked at as transactional, contract-based relationships and valued in terms of a single common denominator, money. Activities should be regulated, as far as possible, by nothing more intrusive than the invisible hand of profit-maximizing competition.”

There are two dimensions to the anxiety about market fundamentalism. One relates to the problem of too many areas of social and cultural life being taken-over by the market ethos. The other relates to the inherent instability of financial markets and the dangers thereof.

In 1997 the noted business writer Robert Kuttner published a book titled *"Everything For Sale"* which offered a comprehensive account of the dangers of market fundamentalism. In the conclusion of that book Kuttner wrote:

“We have now experienced more than two decades of the celebration of markets and denigration of government..... Some domains are inherently beyond the reach of the market. They belong to the province of rights, which by definition cannot be alienated or sold. These include the sanctity of one's person (human beings may not be sold, no matter how great their desperation); the prohibition or commercial exchange of one's vote or of public office..... A society that was a grand auctions block would not be a political democracy worth having. And it would be far less attractive economically than its enthusiasts imagine. We must beware this utopia, as we have been properly wary of others. Everything must not be for sale.” [Kuttner; p. 361-362]

In a world driven by market fundamentalism not only is everything potentially for sale but this is seen as the 'natural', and only, path to greater prosperity and progress. Of course not all pro-marketers are stuck at the fundamentalist end of the spectrum. But faith in the magical powers of the market, if it would just be left alone to work unrestrained, was an overpowering reality for much of the 1990s. Such a mind-set is virtually the direct opposite of Right Livelihood. From this perspective an idea like Gross National Happiness is inevitably dismissed as romantic, well-meaning but pointless, idealism.

However, the dawn of the 21st century finds market fundamentalism more and more discredited. The process began in the late 1990s with the

Russian economic meltdown in 1997, followed by a string of market crises in the Far East Asia in 1998. Even highly respected, mainstream economists like Eisuke Sakakibara of Japan openly opposed market fundamentalism. In a speech in January 1999 Sakakibara, who was then also Vice Minister of Finance for International Affairs in the Japanese government, warned about the dangerous consequences of allowing the economic system to dictate social relations. Moreover, he added, global capitalism has proved to be inherently unstable and the world cannot cope with severe turbulence for too long.

At just about the same time, Paul Krugman famous MIT economist and New York Times columnist, wrote: “Problems we thought we knew how to cure have once again become intractable, like temporarily suppressed bacteria that eventually evolve a resistance to antibiotics... There is, in short, a definite whiff of the 1930s in the air”.

These voices were indications of a clear, though slow, shift in the mood of the times. A few months earlier, in 1998, the Nobel Prize in Economics had been awarded to the Harvard based Indian economist Amartya Sen. This was interpreted, across the world, as a welcome relief from the domination of free marketers. Sen is well-known for favoring an important role for markets within a context established by a democratic state. He has long argued that public policy is vital to redress the woes of the poor, markets alone will not remove poverty, let alone bring prosperity to all. He has often expressed concern that the power of the ‘invisible hand’, as the most efficient mechanism, has been exaggerated and even misrepresented.

The Nobel for Joseph Stiglitz in 2001, further strengthened the view that the tide is turning. A former chief economist of the World Bank and now a professor at Columbia University, Stiglitz is a high profile critic of the market driven globalization being promoted by the Bank and Fund. He has argued that this model of globalization is neither working for many of the world’s poor nor helping to save the environment. A single economic order just will not suit the whole world. “There is not just one market model” Stiglitz wrote in *The Times*, London. [24th July 2002]

This is not to suggest that the mindset of market fundamentalism has been decisively defeated, merely that it has been set back. This retreat is important to our concern here because it has opened spaces for other ideas to be heard and explored. These are merely some of the indicators of the under-currents of change. There is also a perception that the very flow of time and history is now taking us towards different ways of living and organizing the material arrangements of life.

Among those engaged in such change is Dee Hock, best known as the “the corporate radical” who created Visa. Today Hock swims in the swift currents of a stream taking us towards transformation. In his own words:

"We are at that very point in time when a 400-year-old age is dying and another is struggling to be born -- a shifting of culture, science, society, and institutions enormously greater than the world has ever experienced. Ahead, the possibility of the regeneration of individuality, liberty, community, and ethics such as the world has never known, and a harmony with nature, with one another, and with the divine intelligence such as the world has never dreamed. " [Source: article by M. Mitchell Waldrop on [www. fastcompany. com](http://www.fastcompany.com)]

Hock now works with The Chaordic Commons, an organization he founded, which is committed to the formation of practical and innovative ways of combining competition and cooperation to address critical societal issues. The word 'Chaord' is derived from the words 'chaos' and 'order'. The goal of Chaordic Commons is to develop organizational concepts that are conducive to a more equitable distribution of power and wealth -- thus more compatible with the human spirit and biosphere.

Much of this change also demands that some of the basic assumptions of conventional economics be questioned, challenged and reformulated. This too is a process well underway.

Challenges to Conventional Economics

"It is only our Western societies that quite recently turned man into an economic animal.... For a long time man was something quite different; and it is not so long now since he became a machine -- a calculating machine. " Marcel Mauss in *The Gift*.

In the summer of 2000 there was a bloodless revolt by students at the Sorbonne in Paris. The students issued their challenge to orthodoxy through a petition on the Internet. On the defensive this time was neither a Pope nor a King but an academic discipline -- economics.

The signatories of the petition, all students of economics, were protesting against being taught what was utterly out of synch with reality. They declared that: "We no longer want to have this autistic science imposed on us. " In the petition, the students protested against the domination of neoclassical theory, its "imaginary worlds" and "disregard for concrete realities". They also condemned the "uncontrolled use of mathematics" and called for a "pluralism of approaches in economics". Without these changes, the students saw no way of addressing the big questions in economics -- unemployment, inequalities, the place of financial markets, the advantages and disadvantages of free-trade, globalization and so on.

Within two weeks the petition had 150 signatures from students in the top universities of France. Soon this wave crossed the English Channel and

then the Atlantic. This is not the first time that neoclassical economics has been detected to be suffering from a form of autism, which is a mental state marked by disregard of external reality. But it is news that some students, from within the discipline, have now joined the ranks of those who have long seen the study of economics as a form of brain damage.

There is a wide range of efforts now challenging conventional economics, many of which diverge in their prescription for a more meaningful economics. But the starting point of virtually all these challenges is “economics as if people mattered” -- the sub-title of Schumacher’s *Small is Beautiful*. These are attempts to forge, what Theodore Roszak described in his introduction to *Small is Beautiful* as “a nobler economics that is not afraid to discuss spirit and conscience, moral purpose and the meaning of life, an economics that aims to educate and elevate people, not merely to measure their low-grade behavior.”

Thus all the various streams of criticism agree that conventional economics has based its understanding of people needs and motivations on a warped view of human nature. The entire edifice of classical economics stands on the notion of humans as selfish individuals bent on maximizing their own satisfaction or ‘utility’. Satisfaction comes from consuming and people’s needs are expressed in terms of what they are prepared to pay for anything.

Some proponents of ‘economics as if people mattered’ are attempting to strike a healthier balance between the human capacity for both selfishness and altruism. The latter lot are concerned with creating a system of rights and obligations, risks and rewards that attempts to channel people’s selfishness into the common good and also to prevent some people’s selfishness from damaging other people’s interests. Two good examples of this are the books *Future Wealth* by James Robertson and *For the Common Good* by Herman Daly and John Cobb.

Conventional modern economics is defined as the: “study of how human beings allocate scarce resources to produce various commodities and how those commodities are distributed for consumption among the people in society. The essence of economics lies in the fact that resources are scarce, or at least limited, and that not all human needs and desires can be met. How to distribute these resources in the most efficient and equitable way is a principle concern of economists.” [*Columbian Encyclopedia* (6th edition, Columbia University Press; 1993)]

The various streams of ‘new economics’, ‘humanist economics’, ‘ecological economics’ challenge this basic preoccupation with scarcity. For what the encyclopedia does not tell you is that this particular definition is just two hundred years old. Human beings have much longer practice in garnering resources to ensure material well-being. In this elementary sense of ‘economy’ we have been at it for about roughly ten thousand years.

But in most earlier arrangements the material and economic dimension of life was governed by social and cultural mores. Society governed the economy not the other way around.

This changed with the rise of the notion of Homo Economicus as the insatiable being. To illustrate the anomalies created by this world view Robert Kuttner, author of *Everything for Sale*, relies on the following song:

“Love is something if you give it away
give it away, give it away
Love is something if you give it away
You end up having more.

It’s just like a magic penny
Hold it tight and you won’t have any
Lend it, spend it and you’ll have so many
They’ll roll all over the floor. ”

“Magic Penny” a song by Malvina Reynolds

Here, says Kuttner, is the antithesis of the economic model which depends upon scarcity in market exchange. Within that frame it is both absurd, even impossible, to conceive that you can get more of something just by giving it away, spreading it around. Fortunately, to most ordinary people it is clear that both love and that ‘magic penny’ are magical precisely because they are not commodities, not ‘for sale’.

Thus, in *For the Common Good* Daly and Cobb urged that:

“We believe human beings are fundamentally social and that economics should be refounded on the recognition of this reality. We call for rethinking economics on the basis of a new concept of *Homo economicus* as person-in-community. ”

It is the homo economicus model that has made “efficiency” a veritable mantra of the industrial era. A machine, process or work pattern that allowed you to do something faster, with less effort was deemed efficient. The worship of efficiency also has allusions of liberation from certain kinds of tedium and drudgery. But, as Hazel Henderson points out: “.. efficiency is either a value-laden or a meaningless term unless one inquires, ‘Efficiency for whom? Efficiency in what time-frame? Efficiency at what level in the social system?’ For example, is it individual efficiency that ought to be maximized, or is it corporate efficiency, social efficiency, or ecosystem efficiency? Each would require a different policy. ” -- Hazel Henderson in *The Politics of the Solar Age: Alternatives to Economics*.

It is now more widely recognized that the world has reached a watershed in economic thought. In his book *One World Ready or Not* the American journalist William Greider wrote about a great watershed and an impending shift in economic thought as the conservative orthodoxy

continues to crumble. By this he meant a shift in what American society is "... allowed to think in responsible circles." Talking about previous periods in American public life when the governing elites and the economics profession have remained in denial about the need for change, Greider warned that it could still "... take the learned authorities years to acknowledge the breakdown in today's orthodoxy and come to terms with it. Some of them will never acknowledge it. Because we're all creatures of habit – including the habits of thought. The people who will come at us with new thinking are the young people, who aren't invested in the old order, who might get some pleasure out of proving that their professors were full of it." -- William Greider in interview with Financial Market Center, November 1998.

Edgar Cahn, the creator of Time Dollars and author of several books including *'No More Throw Away People'*, has suggested that equating the economy with the market is akin to the view that the earth is flat. Cahn writes: "We need a new map of the real world. The map provided by government and prepared by economists is fatally incomplete. It defines reality exclusively in terms of money transactions. That's all the GDP measures. It is a flat earth view."

The task of drafting this new map of the real world, fundamentally a normative endeavor, has been progressing steadily over the last two decades. There is now a wider recognition that the very definition of 'civilization' is at stake. It means equating civilization not so much with technological and material achievements as with the ceaseless striving for higher levels of being. But given the ways of the world as it is today, can new economics be more than just an idealists pipe dream?

Back in 1827 J. C. L. S. Sismondi wrote feelingly about the difficulties in finding "... the man enlightened enough to imagine a structure that does not yet exist, to see the future when we have already so much trouble to see the present?" [Lutz* > J. C. L. Sismonde de Sismondi, *New Principles of Political Economy* [1827], trans. R. Hyse, New Brunswick, NJ, and London, Transaction Publishers, 1991, p. 634] Yet collectives of enlightened thinkers can, and have, changed the course of history -- both for better and for worse.

Of course, new ideas and visionary ideals don't pop out of a box complete with detailed assembly instructions. We inevitably grope our way towards them, recognizing and working on the flaws as we go along. For all its advances over the last two decades the stream of humanist or new economics is still in this groping stage. At the core of this endeavor is the quest for a radical reformulation of what it means to be human, which is no small task.

It involves, as Mark Lutz suggests, "a questioning of the modern mind rich in *quantitative* means but poor in *qualitative* ends." This in turn means a greater valuing of the distinctly human quality of self-awareness as a gateway to a higher, spiritual domain. Thus Schumacher's insistence on the

need for humanity to regain a faith in meaningful existence, a purpose of life beyond self-preservation and gratification. As Lutz wrote: "In the process, it is important to realize that a life of universal material abundance is not a realistic ideal for this planet. Life's destiny for the human being must be something other, something more meaningful, than that. Like Adam Smith, who cautioned us that wealth and greatness are mere 'baubles' and trinkets of frivolous utility, John Stuart Mill too stressed the importance of the higher 'pleasures.'" That is why, Lutz concludes at the end of his book *Economics for the Common Good*, "what is at stake is not just a new world order, but the world itself".

Small wonder then that 'reality therapy' and restoration of 'sanity' are recurring themes in the revolt against orthodox economics. One of the basic texts of new economics is called "*Real Life Economics*". The Post-Autistic Economics network's website has the words "Sanity, Humanity, Science" floating across its home page. Then there is the SANE -- South African New Economics network, TOES -- The Other Economic Summits and the New Economics Foundation. (See note at end for details.)

All these organizations and networks are expanding the space for ideas and practical methods that enable people to foster self-reliance and the capacity for self-development. These traits are not to be equated or confused with self-sufficiency or selfish isolation. Instead the opposite of self-reliance is a dependency on economic structures which make it impossible for people to forge their own subsistence and compel them to become paid labor.

What is called for, James Robertson wrote in *Future Wealth*, is "... the capacity to co-operate freely with others. Self-development includes the development of capacity for cooperative self-reliance. "

When these ideas were first posited by TOES and NEF in the mid-1980s they seemed extraordinary and were often easily dismissed by mainstream media. Almost 20 years later the picture has changed, with many of these concerns being accepted and gaining ground in society at large. Ideas like ecotaxes, more power to stakeholders (rather than just shareholders) and debt cancellation, have made substantial strides.

Meanwhile the details of a different economic order are being pursued by formations like SANE, or the South Africa New Economics network -- which is inspired by the writings of Schumacher and James Robertson. SANE works for a SHE economy, that is Sane, Humane, Ecological, as opposed to the orthodox HE economy, which is Hyper-Expansionist. SANE is a network of loosely affiliated individuals and organizations who are worried about the social and ecological consequences of economics as it is conventionally taught and practiced.

The Post-Autistic Economics network, now four years old, is established as a sub-surface current in the economics fraternity. Its on-line journal *The Post-Autistic Economics Review* has 6000 subscribers in 140

countries. It functions primarily as a cyber forum -- creating a space for a wide range of debates on their mission to re-form economics.

The PAE mobilization also helped to win more and more support for the argument that environmental costs cannot be appropriately calculated in money terms. *The Guardian* of London recently wrote about the PAE: "What sterling figure captures the harm of industrially polluted air, soil or water? The rebels say the use of GDP to calculate prosperity is misleading since it counts disasters positively: the costs of clean-up raise GDP. As for the enshrined axiom that demand for labor varies inversely to wages, Steve Fleetwood of Lancaster University criticizes this and other conventional economic notions as emerging from a closed system of reference that 'ignores trade unions, the introduction or abolition of labor law and responses to them, government policy, political ideology, management systems' and other 'non-market' factors which are not amenable to quantification. "

In the spring of 2003 the PAE revolt stirred up things at the core of Harvard's economics department -- with a concerted opposition to the content of its introductory course. The opposition to this course came from a petition drafted by Stephen A. Marglin, who is the Walter S. Barker Professor of Economics at Harvard and vociferously supported by SHARE - Students for a Humane and Responsible Economics. SHARE's mission statement declares that it aims to:

" improve economics education at Harvard by advocating for a broader diversity in the economics curriculum and by providing a forum on campus for discussion and debate on current economic issues, focusing on the social consequences of global and domestic economic policy. "

The editor of the Post-Autistic Economics (PAE) Review, Edward Fullbrook has said that the reform of economics is not going to happen overnight: "Most [economists] are culturally, as well as politically, ultraconservative. Most, even those who might be sympathetic, appear still not to have heard of PAE or of the events in France. " Fullbrook who is also editor of *The Crisis in Economics*, a volume explaining and examining the movement.

Ethical Investments

The concerns reflected in the New Economics movements are also reflected in other trends within societies of the North. More and more people are beginning to assert these concerns through mechanisms like Ethical Investments and Socially Responsible Investments.

Ethical or socially responsible investments are defined as any area of the financial sector where investors make decisions based not merely on the

search for profits but on values relating to social, environmental and other ethical concerns. There are now about 50 retail ethical investment funds in the UK, with an estimated value of 4 billion pounds in 2001.

There are several such funds in the USA and according to one estimate, one out of every seven dollars invested in the USA now passes through some ethical screen.

For example, Pax World Funds invests in companies that provide goods and services that improve the quality of life, focusing on areas such as health care, housing, technology, pollution control, utilities, and education. These Funds also do not invest in companies that manufacture defense or weapons-related products nor those that earn revenue from the manufacture of tobacco, liquor, and/or gambling products.

The Calvert Group, for example, is committed to offering investors a multi-layered analysis which “seeks to identify companies with positive business practices towards their employees, customers, community and environment” and invests in companies that:

- Protect the environment;
- Actively hire and promote women and minorities;
- Compensate workers fairly;
- Provide a family-friendly workplace; and
- Do not manufacture weapons, alcohol or tobacco products.

A Calvert document states that: “companies with forward-thinking management and an expanded view of corporate responsibility can offer attractive financial returns. For example, a study of almost 300 companies over a two-year period found that those with superior environmental performance had a higher return on investment than their competitors -- even after accounting for other profitability factors, such as sales, growth and market position.”

Some of these trends are driven by an expanding awareness of the danger implicit in 300 global corporations controlling one quarter of the productive assets of the world. Most of these corporations are moving their operations to nations with the lowest standards for workers, consumers, and environmental protection. In September 2000 a poll by *Business Week* showed that only four percent of Americans agree that profits should be the sole purpose of US corporations. Whereas 95 percent of the people polled favored corporations giving priority improving conditions of their workers and improving life in the communities around them.

There is a corresponding increase in shareholder activism, with people using their voting rights as shareholders to influence the policies of companies. For example there is SANE BP, which stands for Shareholders Against New Exploration, within British Petroleum.

SANE BP is an umbrella group of BP's investors concerned about its impact on climate change who wish to move the company towards renewable energy and away from damaging oil exploration.

The trend towards Ethical Investments is also being pushed forward by the fact that many ethical investment funds are showing consistently good results in terms of dividends. Some have even out-performed the purely profit-driven funds. Of course this does not mean that ethical criteria always lead to better performance but they also do not necessarily mean lower profits.

Free Software and Open Source Movement

The Free Software or Open Source movement is not often considered in a stock-taking of emerging trends of creative alternatives. But here is a phenomenon that started as a quiet counter-culture and now poses the most serious competition to a corporate giant, namely Microsoft.

'Free software' seems like a contradictory term. After all, computer software is a multi-billion dollar business today. Yet free software is a reality with far reaching implications for positive social change. Its flagship is a body of software called Linux and it draws on the energies of both businesses and social activists. As a street hoarding in India declared: "Linux is free. Linux engineers, however, are busier than ever."

The crucial element of free software is freedom, not price. Richard Stallman, a one time MIT engineer who launched the concept of free software in the mid-1980s has set the following criteria for software to be considered free:

You have the Freedom to Run the Program for any Purpose.

You have the freedom to modify the program to suit your needs. To make this freedom effective in practice, you must have access to the source code.

You have the Freedom to Redistribute Copies, either Fratis or for a Fee.

You have the freedom to distribute modified versions of the program, so that the community can benefit from your improvements.

These principles are also inherently conducive for fostering more democratic and non-hierarchic structures in society. Some years ago a senior Microsoft employee wrote in his farewell note to the company that:

"Microsoft must survive and prosper by learning from the open-source software movement and by borrowing from and improving its techniques," he wrote. "Open-source software is as large and powerful a wave as the Internet was, and is rapidly accreting into a legitimate alternative to Windows. It can and should be harnessed."

Thus many see Free Software as a proof of the fact that freedom, openness and community work. This is a particularly significant because the core of the digital information technology industry is otherwise fiercely competitive. Some people even see it as a signal of the emerging future beyond capitalism. Yet others fear that in being adopted by the corporate world the free software model will be transformed beyond recognition, losing most of its vital social and ethical strengths.

Conclusion

These examples may not have any direct bearing on Bhutan's striving to organize its economic and social life around the values and measurement of Gross National Happiness.

These trends have been narrated here merely as signals of the nascent changes unfolding in Northern society, which hold out the hope that these trends will widen and deepen the space for Gross National Happiness to be adopted across the world -- both as a value and a more realistic and holistic measure of economic and social life.

This narrative is not meant to imply that these trends are poised to bring about a positive transformation over night. There are severe limitations and the old ways of thinking, including measures like Gross National Product, remain deeply entrenched. Yet, it is important to appreciate the nascent promise of the winds of change and see initiatives like Gross National Happiness in that light.

Thus, I close with a cautionary and inspirational note taken from James Robertson's book *Creating New Money*, where he quotes the following words of Machiavelli who lived at the cusp of the 15th and 16th century:

“There is nothing more difficult to execute, nor more dubious of success, nor more dangerous to administer, than to introduce a new order of things; for he who introduces it has all those who profit from the old order as his enemies, and he has only lukewarm allies in all those who might profit from the new. This lukewarmness partly stems from fear of their adversaries, and partly from the skepticism of men, who do not truly believe in new things unless they have actually had personal experience of them.” -- *The Prince*.

Note:

The first TOES, or The Other Economic Summit, was held in 1984 as a counter to the G7 Summit in London. As James Robertson later recalled: “One aim of TOES was to build an international citizen coalition for a new economics

grounded in social and spiritual values to address concerns the G7 consistently neglects -- such as poverty, environment, peace, health, safety, human rights, and democratic global governance. TOES has since become an annual companion to the official G7 meetings. Since 1984, the enormous growth in environmental awareness and the collapse of world communism have demonstrated what effective citizen movements can accomplish and have created important new openings for a post-modern approach to economic policy. ”

Among other things the various TOES gatherings demanded that in order to democratize the system of global economic governance the G7 Summits should be replaced by a more representative World Economic Council working within the UN system and responsible for coordinating the work and policies of UNDP, the World Bank, IMF, GATT and other such organizations.

These summits in turn gave birth to the New Economics Foundation in 1986. Though it began as a modest organization NEF has grown and is now intensely engaged on many fronts -- including issues relating to making cities sustainable, supplementary currencies like Time Dollars and micro enterprises.

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Will 'Middle Way Economics' Emerge from the Gross National Happiness Approach of Bhutan?

HANS VAN WILLENSWAARD

One area of concern for Sulak Sivaraksa, Thai Human Rights activist and recipient of the 'Right Livelihood Award', is interreligious cooperation for socio-economic development. Recently Sulak co-organised with the World Faiths Development Dialogue (WFDD, initiated by the Archbishop of Canterbury and James Wolfensohn of The World Bank) an international conference "Buddhist Perspectives on Development" in Ashram Wongsanit, near Bangkok. And Sulak shared a workshop on "Buddhist Economics" with Vandana Shiva and Helena Norberg-Hodge in Bija Vidyapeeth, the College for Sustainable Living in Dehra Dun, India. Sulak is also a member of the Board of Advisors of the Peace Education Standing Commission (PESC) of 'Religions for Peace', one of the leading international bodies for interreligious dialogue and cooperation.

From the perspective of socio-economic development as a constituting element of interreligious Peace Education this paper explores the inspiration that may arise from the 'Gross National Happiness' dialogue towards a new understanding of 'Middle Way Economics'. Recent intentions to create an economic 'Third Way' in Europe and USA (Blair; Schroeder 'die Neue Mitte'; Clinton); and earlier attempts (Bandung, 1955) to shape a non-aligned movement as an alternative to the Capitalism-Communism dichotomy have failed to address the challenges of sustainability and global social justice adequately.

Should the search for universal indicators to make the Gross National Happiness approach of Bhutan applicable to Human Development efforts of the United Nations depart from econometric assumptions? Or is it more fruitful to dig deeper into the Buddhist - and ultimately possibly interreligious - sources of the GNH inspiration? Can we formulate a *holistic* understanding which brings these different dimensions of reality, the measurable and the immeasurable, together within one framework of thinking and future cooperation among a diversity of actors?

Globalization is an irreversible trend and has adopted an apparent destructive character because it is increasingly dominated by multi-national corporations, nation-states and world religions. These three factors have in common that they exercise enormous power but have not developed mature and democratic leadership structures at the global level.

Corporations are beyond the law or abide to legal principles as external factors, as hindrances; the corporate mainstream adheres to the basic ethical standard that trade, business has no intrinsic limits, should be left free to grow towards optimal satisfaction; while needs should be boosted to create and enlarge markets. Corporations are primarily ruled by self-interest and

competition and not by the common good. Fortunately there is a growing movement supporting alternatives in business¹ and Corporate Social Responsibility.

Nation-states in essence follow and support increasingly the big corporations, moreover are owned by corporate leaders, while democracy tends to be formalized in ways that decision-making can easily be manipulated as an element of consumerism. The United Nations has not (yet) evolved from a representative body of nation-states (with a small security-elite of traditional ruling countries in ultimate power maintaining double standards) towards more participatory structures that reflect the diversity and complicated fabric of the world population.

And religions, even within the bodies of the mainstream world denominations themselves, are divided and, once in situations of stress, compete each other and trigger, justify and intensify political conflict. This increasingly consolidates into fundamentalism and intolerance.

However, important minorities within the world religions engage in dialogue and seek common ground.² Socio-economic challenges become increasingly part of these efforts. As research undertaken by The World Bank indicated that among the most trusted social institutions for the poor and underprivileged all over the world were religious grass roots organizations, dialogue has been initiated to explore common ways to strengthen this role of religious grassroots organizations.³

The contemporary domination of world evolution by multi-national corporations, nation-states and world religions results in irreversible damage to the natural environment with a magnitude of worrisome implications.

Fortunately there is a country like Bhutan that seems to be able, yet, to situate itself out of reach of this pessimistic globalization paradigm.

Can Bhutan promote the concept of Gross National Happiness with its underlying philosophy cum praxis to the world community and offer itself as an acupuncture point for healing Mother Earth and her world civilization?

Lyonpo Jigmi Thinley raised three questions regarding the Gross National Happiness to be addressed. One of these questions is: 'were the four platforms of economic development, environmental preservation,

¹ *The Path to Living Economies, a SVN paper edited by Richard Perl, English and Thai version, Suan Nguen Mee Ma Co., Ltd., Bangkok*

² *A Global Ethic: Development and Goals, Hans Kueng, Interreligious Insight, 2003 Edition, January*

³ *Can Anyone Hear Us. Voices of the Poor, Deepa Narayan, Oxford University Press 2002 (third printing)*

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cultural promotion and good governance through which GNH was being pursued the appropriate ones – were there others to be considered?’⁴.

If we accept the analysis of globalization as summarized above we can say that economic development could respond to corporate dominance; good governance to the dysfunction of the nation-state; cultural promotion to the inadequacy of the world religions; and environmental preservation with the deterioration of the natural environment. The platforms seem to be well chosen but questions remain on how to determine the more specific *right direction* of policies and implementation on these planes. And this leads to the question whether a ‘platform’, a ‘fifth dimension’, can be identified where the dynamics that constitute fruitful interaction between the four platforms can be defined and activated.

The recent attempts to formulate a new Third Way approach in the first place by Tony Blair (1998)⁵ identifies the contrasting forces as ‘statist’ at one side and by free-market philosophies at the other extreme. The non-aligned movement (Bandung 1955) found its impetus in the desire to be independent from two contrasting political blocs: the former USSR and the USA. The basic direction of the Tony Blair Third Way can be characterized by compromise. The non-aligned movement attempted – and never went far beyond that – to manipulate by divide-and-rule the contrasting political blocks in order to benefit from both.

The genuine *Middle Way* – if we try to humbly tread the path of Buddhist philosophy in an unconventional way – will not be defined by compromise nor by manipulation. The extremes the Lord Buddha explored before he achieved Enlightenment were, at one side, the wealth and protection of his inherited position as a Prince; and the self-mortification through extreme fasting and forest-dwelling at the other extreme. Understanding the Middle Way as observing a modest lifestyle is correct but may not be the whole story. The message for contemporary people is rather the challenge to derive impulses for creativity, authenticity, innovation from confrontation with any extremes, while learning from the Lord Buddha’s life as a symbolic example. The principle of the *creative Middle Way*, before we apply it to the questions raised above, can be explained simply with the following metaphor: the Middle Way between black and white should not be understood as the colour grey. Between the extremes of Black and White the awesome specter enfolds of all Rainbow colours: red, yellow, green, blue and purple.

⁴ *Gross National Happiness: an introductory editorial*

Gross National happiness and Human Development – Searching for Common Ground, Lyonpo Jigmi Y. Thinley, *The Centre of Bhutan Studies* www.bhutanstudies.org *Gross National Happiness, A set of discussion papers, April 1999*, Edited by Sonam Kinga, Karma Galay, Phuntsho Rapten and Adam Pain.

⁵ *The Third Way*, Tony Blair, Fabian Society, London 1998

The Third Way: The Renewal of Social Democracy, Anthony Giddens, Cambridge, Polity Press, 1998

Whether the concept of Gross National Happiness, including subsequent questions raised, can induce a creative impulse strong enough to respond to the overwhelming trend of destructive globalization both in Bhutan, as an Asian country and as a member of the United Nations, can be explored in more depth by analyzing the complexity of actual contrasting forces at work.

These forces should not necessarily be perceived as political blocs or as economic systems. The dynamics of world civilization can also be analyzed from a perspective of anthropology, or more unusual: “anthroposophy”⁶.

As the concept of Gross National Happiness is a product of Buddhist culture an element of Buddhist philosophy should provide the guiding principle for our analysis. A notion most widely adopted by all streams of Buddhism is the Triple Gem or Three Jewels: the threefold order of Buddha, Dhamma and Sangha.

In order to outline briefly a provisional structure for further research in this paper – as a modest contribution towards brainstorming – we start from the perspective of *cultural promotion*.

I propose to accept liberation, freedom as the core values in the platform of cultural promotion. In the cultural realm the element of Buddhahood provides the central inspiration. The Lord Buddha attained Enlightenment or self-liberation as an individual seeker for truth. After he broke away from social determination, he went a path of individuation and freed himself from conditions, from suffering, even from Self. He communicated this insight to others and devoted the rest of his life to teaching by dialogue.

Even though tradition can be an important element of cultural promotion, tradition will only maintain and grow when it is nourished by individual dedication and authentic understanding of the reasons why tradition is important – or not. Without a free choice to cultivate tradition it risks to perish, at least while challenged by globalization offering much easier and instantly attractive alternatives.

The Lord Buddha induced a practice of oral transmission of his teachings, later resulting in an enormous wealth of scriptures, including a set of rules and regulations. The aim of these scriptures and contemporary interpretations is to explain the Law of Nature: how things work, according to which logic, and how laypeople and monastics are advised to live, which rules they should observe. This is the element of Dhamma.

In world civilization, societies and groups this refers to the element of legislation; the discipline of science; ethics, codes of conduct and social order. The leading principles are justice and equality while observance of these principles guide *good governance*.

⁶ A term used by the Austrian philosopher Rudolf Steiner (1861 – 1925). A recent book of one of his students is *Shaping Globalization. Civil Society, Cultural Power and Threefolding*, by Nicanor Perlas, *Right Livelihood recipient 2003, CADFI, Philippines*

In their extremes freedom and legislation are contradictory. The question arises what can be the Middle Way between these extremes.

The mediating force that emerges from efforts to reconcile the extremes of freedom and legislation is community. In order to make cultural activity in freedom possible and to create conditions for a government to formulate laws and oversee the implementation we need to cooperate and make a living: create an economic basis to facilitate freedom and justice. In this realm we cannot be totally free, nor can we be equal, but we have to bring in our unique skills, our diversity, into an appropriate community organism in order to produce and constitute concrete living circumstances that fulfill our basic needs. And to create surplus for sustaining security, justice at one hand; and culture, beauty, uniqueness at the other hand.

In a broad sense this is the principle of Sangha, the community of students of the Buddha.

“The basic philosophy of the *sangha* can be applied to the contemporary world. For instance, Gandhi’s vision of the village republic is quite similar to the Buddha’s *sangha*”⁷. In Theravada Buddhism the Sangha principle is shaped as a symbiotic relationship between the lay people and the monks: the lay people provide the monks and nuns with food, shelter and basic needs while the monks give directions on how to cultivate life.

Economic development in this sense implies providing guidelines for cultivating the spirit of brother- and sisterhood among all people (in a village; a country; or the world); fostering economic organisms that are based on, and supportive to community life.

A contribution from Bhutan towards Middle Way Economics will not in the first place arise from a compromising position between different political and economic systems. Middle Way Economics may grow from the challenge: to reconcile by creativity two contrasting contemporary needs of human beings to mature by individuation in a cultural context and the other need to secure justice for all human beings. Because all human beings are equally entitled to enjoy Human Rights.

In order to change the grim reality in the direction of this ideal some degree of non-violent enforcement will be needed.

If we diagnose the present state of the world in the light of this outline for an analysis, the following observations should be investigated in more depth:

The realm of culture is overgrown by world religions that tend to be increasingly dominated by empty traditionalism and fundamentalism. One could understand this as an intervention of the principle of legislation in the cultural platform of freedom. In the worst cases this trend is strongly supported by governments – who should leave the cultural realm to *civil society* (though, that can be supported and guided by government).

⁷ Economic Aspects of Social and Environmental Violence from a Buddhist Perspective, *Sulak Sivaraksa, Buddhist-Christian Studies, Volume 22, 2002, University of Hawai’I Press.*

Governments are taken over by the laws of corporate management in terms of self-interest and maximizing personal gain: internally by allowing all kind of privileges to the economic elites; externally by putting competitiveness among nation-states first. Governments follow perverted economic practices.

In the field of economics way have surrendered to the erratic claim that trade should be free and that it is not allowed to obstruct business-for-profit. The core value of the cultural realm of freedom has been co-opted for justification of economic malpractice. The provision of economic conditions for fulfillment have been mutated into an end in itself. The *business sector* takes way much of the community spirit for its own interests and uses it as corporate identity, engineered team building, that builds on consumers' loyalty. The core value of business should be mutual help. These values of brother- and sisterhood, social responsibility, solidarity, inherent in genuine community business, have been attributed to civil society that therefore cannot perform its cultural tasks in the required atmosphere of freedom, but is overloaded by multiple urges for social activism.

The above diagnosis casts light on the causes of contemporary large scale environmental deterioration. Care for nature should be stimulated from all three realms. Unfortunately in other countries than Bhutan *environmental preservation* is not enough: huge efforts are needed towards environmental rehabilitation with organic agriculture, community forestry and drastic interventions in the urban-industrial complexes as core challenges.

As a service to the world Bhutan could host experiments in organic agriculture and community forestry with a dynamic approach to biodiversity. These are essential components for endogenous development⁸.

We can draw upon rich religious resources for global inspiration towards environmental rehabilitation and value-driven, community based socio-economic development.⁹

The fifth platform that could be perceived to be added to the four mentioned by Lyonpo Jigmi Thinley is the cultivation of *holistic science*: an appropriate framework for research and education to mediate creatively between conventional science, based on a materialistic world view and spirituality¹⁰. The Buddhist principle of interdependence will prove to be essential for this effort. The effort should include interreligious dialogue as

⁸ Ancient Roots, New Shoots. Endogenous Development in Practice, Bertus Haverkort, Katrien 't Hooft and Wim Hiemstra (eds), COMPAS and ZED Books, London, 2003.

⁹ Ecology and Religion. Ecological Spirituality in Cross-Cultural Perspective, David Kinsley, Prentice-Hall, 1995.

¹⁰ Holistic Education and the Sciences. Are holistic approaches un-scientific? A Symposium with Vandana Shiva, Right Livelihood recipient, in Chulalongkorn University, Bangkok, 2-3 December 2001. "If science is not holistic, it is not science" was her opening statement.

"Holistic Universities. Towards a Culture of Peace" paper presented at Schunacher College by Hans van Willenswaard, 21 June 1998 suanco@ksc.th.com

an essential element towards universal applicability of the concept of Gross National Happiness. Bhutan could become the Mother base for an international network of study centers facilitating research & development urgently needed at this 'fifth platform'. Criteria to select tourists to Bhutan could be formulated in terms of degrees of commitment to contribute – at all levels – towards this educational & research mission.

In a simple diagram:

Cultural Promotion	Good Governance	Economic Development
Buddha	Dhamma	Sangha
Liberation; freedom; individuation; insight; communication, dialogue	Justice; equality; legislation and sciences; social order; wisdom	Brotherhood; cooperation towards basic needs; economic conditions for human fulfillment
Civil society; freedom of assembly and expression; diversity; innovation	Government; democracy; consensus	Community business; corporate social responsibility; fair trade; support to government and civil society

Environmental Preservation; care for nature; rehabilitation; service

Interdependence; holistic science; religion & dialogue; education & research

Gross National Happiness

Within an appropriate scientific framework (the “fifth platform”) the further elaboration of *Gross National Happiness* as a tool towards good governance, creative policy development and international cooperation has great transformational potential. It can be very helpful as a platform of *integration* towards global transformation.

In general Gross National Happiness can be an effective tool to develop policies - with the help of indicators - aiming at maximizing the degree of services towards the common good with specific indicators at the four or five platforms mentioned in this paper; and to minimizing the degrees of oppression, social injustice and environmental destruction (with ‘unhappiness indicators’ to be developed).

Happiness should not be understood as euphoria, excitement but rather as equanimity. This is a typical Buddhist connotation. Maybe we could say that it can be found in western scientific research as *flow*¹¹ – effortless (with maximum energy but minimum stress) and successful engagement with increasingly difficult challenges.

¹¹ Flow. The Psychology of Optimal Experience. Mihaly Csikszentmihalyi, HarperCollinsPublishers 1990.

'For the new right, globalization is an opportunity; for the old left, a threat; for the new left, a challenge'¹².

¹² **The New Left from the South** Luiz Carlos Bresser Pereira, Rio de Janeiro, 11 November 1998. Quoted in **The Third Way and its Critics** by Anthony Giddens, Polity Press, 2000.