

IDEAS FOR INCLUSION IN POLICY RECOMMENDATIONS

The 2nd April meeting at the United Nations proposes that governments worldwide immediately take practical steps towards adoption of the new wellbeing and sustainability-based economic paradigm. To that end, examples of the kinds of policies that are in line with the principles of the new economy, and which governments might consider for voluntary adoption, are suggested here.

Many of these policies are being elaborated in a report prepared for UNDESA, titled A Sustainable and Desirable Economy-in-Society-in-Nature, some of whose co-authors assisted the Royal Government of Bhutan in its preparations for the 2nd April high-level meeting at the United Nations.

Any effective policy must be compatible with ecological sustainability, fair distribution and efficient use of resources, and should contribute to the wellbeing of all life and to human happiness. Some policies will contribute to all these goals simultaneously.

All these policies are proposed in the spirit of “adaptive management,” and recognise that we must learn from outcomes and adapt to the changing conditions and local circumstances. The following policies are by no means a comprehensive “menu”, but are merely examples of initial steps in the right direction. Many are consistent with UNEP’s “green economy” proposals, but also go considerably further in accord with the goals outlined in the 2nd April declaration.

1. In order to move towards sustainable production methods, governments should first remove perverse subsidies for fossil fuels, chemical inputs in agriculture, and other activities that are harmful to the economy and environment. They should reinvest those subsidies in activities that promote sustainable wellbeing and happiness, such as green technologies and poverty alleviation.
2. In order to promote the widespread dissemination of technologies that protect the environment and alleviate poverty, and to enable lower-income nations to shift rapidly to sustainable production methods without loss of competitive advantage, high-income countries must share and transfer technology and information. To maximise the public benefits of these technologies, countries should pool their technological resources and treat the resulting information as part of the global social commons.

To that end nations should also increase public investments in research and development for such technologies with the resulting information freely available to all. Nations should undertake to freely share and publish information on such technologies, including all subsequent improvements.
3. Public investment should heretofore be prioritised to

(a) investments in sustainable infrastructure, such as renewable energy, energy efficiency, public transit, watershed protection measures, green public spaces, clean technology, and support for green businesses.

(b) health promotion and disease prevention, addressing the socio-economic, behavioural, spiritual, and environmental determinants of health; and

(c) supporting holistic life-long learning that includes vital literacies required for wellbeing, such as ecological, civic, cultural, health, nutrition, science, financial, and other literacies; incorporates traditional and indigenous knowledge; empowers women; and ensures equality of opportunity.
4. In order to move rapidly towards sustainable agriculture, support small-scale local production and consumption; eliminate unsustainable subsidies; ensure public procurement from sustainable local sources; invest in rural sector public goods, including farmer education in organic methods; incorporate traditional knowledge into agriculture R&D.
5. In order to promote the effective and equitable governance and management of the natural and social commons, governments should declare groundwater and open water, atmosphere, oceans, biodiversity, mineral resources, beaches, forests, cultural and sacred sites, etc., as common assets, and

create common asset trusts at the appropriate scale. Such trusts must be legally obliged to manage these assets sustainably for the equitable benefit of current and future generations.

6. In order to dismantle incentives to excessive consumption, begin by banning advertising to children and eliminating perverse tax deductions by businesses for advertising.
7. In order to move towards local economies and fair trade systems that promote sustainable production methods and fair returns to producers, begin by government procurement from local, organic, and fair trade sources.
8. In order to reduce systemic inequalities: tax systems should capture unearned income such as earnings on land and currency speculation; reinvest that revenue in public goods; and take other measures to increase the progressivity of taxation. Governments should introduce work sharing policies that reduce overwork, increase leisure time, and prevent layoffs;
9. In order to value non-market assets and services, to measure progress more accurately and comprehensively, to internalise externalities, and to ensure that prices reflect actual social and environmental costs of production:

a. Create Sustainable National Wellbeing Accounts, which account for the value of natural, social/ cultural, human, and built capital, stocks, flows and dynamics. [Recognising that such accounts constitute the essential foundation for the new economy, the Kingdom of Bhutan has begun to construct such accounts, and released the first valuations of natural, social and human capital in February this year.]

b. Create comprehensive Wellbeing Measures of Progress. [The Kingdom of Bhutan has developed a GNH Index consisting of nine domains - ecology, living standards, health, education, culture, community vitality, time use, good governance, and psychological wellbeing.]

c. Work with other countries to build global consensus around these measures of value and progress in the medium term (1-3 years), towards a consensus building convention in 2014.

d. Confine GDP to its original purpose as a measure of marketed economic activity, and as a measure of what we pay for those activities. Therefore governments must cease using GDP as the core measure of national wellbeing, progress and prosperity - a purpose for which it was never intended.

e. Explicitly acknowledge on the record and educate the public on the flaws of GDP-based measures when mistakenly used as wellbeing measures, and work with other governments to achieve short-term global consensus on the limitations of GDP-based measures as the EU, OECD, Sarkozy-Stiglitz Commission, and others have already done. Explicitly acknowledge the concomitant importance of valuing national, social/cultural, and human capital.

10. In order to reward sustainable and wellbeing-enhancing actions and penalise unsustainable behaviours that diminish collective wellbeing, institute: (a) systems of “payments for ecosystem services” and cooperative investment in stewardship wherein the beneficiaries of ecosystem services shoulder the costs of stewardship or share them with the providers; (b) ecological tax reforms that tax pollution and the depletion of natural capital, with compensating mechanisms that avoid additional burdens on low-income groups.

11. In order to increase financial and fiscal prudence, implement measures to reduce speculation, ensure equitable access to and responsible use of credit, and require that financial instruments and practices contribute to the public good.

12. Work actively and in good faith, in collaboration with governments and civil society partners, towards an international consensus conference that will formally begin adopting the new economic paradigm by 2015.

The 2nd April gathering requests the expert Task Force emerging from this meeting to build on these initial policy recommendations, and to create a comprehensive and systemic policy framework with recommended policy measures and regulatory mechanisms that will lead to actual implementation of the new economic paradigm.



High Level Meeting on Wellbeing and Happiness:
Defining a New Economic Paradigm

Hosted by the Royal Government of the Kingdom of Bhutan
at the
United Nations Headquarters, New York

2nd April 2012



TOWARDS A NEW ECONOMIC PARADIGM

The Royal Government of Bhutan is hosting this meeting in direct pursuance of UN General Assembly Resolution 65/309, which was initiated by Bhutan, co-sponsored by 68 countries, and adopted by consensus at the 109th Plenary Meeting on 19th July 2011.

That resolution - titled “Happiness: towards a holistic approach to development” - states that happiness is a fundamental human goal and universal aspiration; that GDP by its nature does not reflect that goal; that unsustainable patterns of production and consumption impede sustainable development; and that a more inclusive, equitable and balanced approach is needed to promote sustainability, eradicate poverty, and enhance wellbeing and happiness.

Pursuant to this resolution, and in preparation for this meeting, the Royal Government of Bhutan, in collaboration with the Earth Institute at Columbia University, hosted a conference on happiness and economic development, the outcome document of which is being circulated at the 2nd April meeting. A workshop is being held by the Earth Institute at Columbia University on 1st April focussing on wellbeing and happiness, the outcome of which will be reported on 2nd April by Dr. Jeffrey Sachs.

Suggested outcomes of the 2nd April meeting will include:

- A report containing a synthesis of the discussions, thoughts, views, and recommendations from the meeting. This will be submitted to the Secretary-General of the United Nations who will be requested to share it with all U.N. member states.
- Voluntary and non-binding specific policy recommendations for governments in the short, medium, and long term
- Establishment of independent working groups to elaborate the details of the new economic paradigm
- A strategy to present the new economic paradigm during the Rio+20 conference in June this year
- A strategy for building a global movement and effectively communicating the new economy to reach the widest possible audience.

Member states of the United Nations will be represented at this historical gathering on 2nd April, which will also be attended by high government officials and politicians; leading economists, scholars and academicians; civil society and NGO groups; spiritual and faith leaders; international organizations; business leaders; and others.

In preparation for the 2nd April meeting, the Royal Government of Bhutan has consulted with the expert team of economists and scholars that was commissioned by the United Nations Division for Sustainable Development (UNDESA) to draft a long-term reference framework for a sustainable economy in preparation for Rio + 20.

These consultations produced a statement of suggested meeting outcomes that has been circulated to participants to guide and inform the 2nd April deliberations. In the spirit of shared information and collaboration, this draft outcome statement is also reflected in the expert report to UNDESA titled *A Sustainable and Desirable Economy-in-Society-in-Nature*. The actual outcome of the 2nd April meeting will be determined by the deliberations that day.

SUSTAINABILITY AND HAPPINESS- THE VITAL LINK GNH: TOWARDS A HOLISTIC APPROACH TO DEVELOPMENT

Thirty years ago, the Fourth King of Bhutan famously proclaimed that “Gross National Happiness is more important than Gross National Product,” thereby setting Bhutan on a holistic development path that seeks to integrate sustainable and equitable socio-economic development with environmental conservation, cultural promotion, and good governance.

This “happiness” has nothing to do with the common use of that word to denote an ephemeral, passing mood - happy today or unhappy tomorrow due to some temporary external condition like praise or blame, gain or loss. Rather, it refers to the deep, abiding happiness that comes from living life in full harmony with the natural world, with our communities and fellow beings, and with our culture and spiritual heritage, - in short from feeling totally connected with our world.

And yet our modern world, and particularly its economic system, promote precisely the reverse - a profound sense of alienation from the natural world and from each other. Cherishing self-interest and material gain, we destroy nature, degrade our natural and cultural heritage, disrespect indigenous knowledge, overwork, get stressed out, and no longer have time to enjoy each other’s company, let alone to contemplate and meditate on life’s deeper meaning. Myriad scholarly studies now show that massive gains in GDP and income have not made us happier. On the contrary, respected economists have demonstrated empirically that deep social networks are a far better predictor of satisfaction and wellbeing than income and material gain.

It is significant that the term Gross National Happiness was first coined in direct contrast with Gross National Product - literally as a sharp critique of our current materialist obsession and growth-based economic system. And it is even more significant that the statement was not made in relation to Bhutan alone, but as a universal proclamation - true for the world and for all beings. The universal chord it struck explains why 68 nations joined Bhutan in co-sponsoring its UN General Assembly resolution in July 2011 on “Happiness: Towards a Holistic Approach to Development” that was passed by consensus, without dissenting vote, by the 193-member United Nations.

To the best of its capacity, the Kingdom of Bhutan is trying to put Gross National Happiness into practice at home. We have a long way to go. But we do try to place the natural environment at the centre of all our development policies. Our Constitution mandates that at least 60% of the Kingdom of Bhutan remain under forest cover in perpetuity. More than 50% of our country is under full environmental protection in national parks and wilderness areas. We vowed at Copenhagen always to remain a net carbon sink. Our stated policy and intention is to go 100% organic in our agricultural production.

And we don’t view these policies as coming at the expense of human and social development. On the contrary, they have supported our increased wellbeing. Life expectancy has literally doubled in the last two generations. Health care and education are free, and rural health clinics and schools are sprouting throughout the country, with 99% of primary-aged children now in school. The core focus of our Tenth Five-Year Plan is to reduce poverty.

And in the midst of this rapid development, we are doing our best to maintain the values, principles, and practices of our dynamic, evolving culture and ancient wisdom traditions, which reflect in our deep respect for all life and in our strong family and community bonds. And the good governance pillar of Gross National Happiness could not be better demonstrated than in our Fourth King’s effort to build constitutional democracy, including his own voluntary abdication from the Throne.

In all this, we are acutely aware that what we measure is what gets policy attention, and that what we count signifies what we value. And so, we now assess progress in the Kingdom of Bhutan according to nine domains : living standards, health, education, culture, ecological integrity, community vitality, time use, good governance, and psychological wellbeing. From those results, we create a GNH Index, and we use these indicators actively as a policy screening tool. Indeed, no major policy is implemented in Bhutan if it fails the GNH indicator test. Since 2007, we have administered two national GNH surveys, and these measures now guide our policy.

But we have also learned that, to measure progress accurately and properly, indicators are not enough. GDP, after all, is not an indicator, but an accounting system. To challenge the continued dominance of narrow GDP-based measures, we are therefore building a new holistic accounting system that properly accounts for the value of our nation’s natural, human, social, and cultural capital ; and not only the manufactured and financial capital currently counted.

Globally, most of our true wealth as nations is currently invisible and ignored, and that is a dangerous illusion that leads to dangerous policies. So in February this year we released the first natural, human, and social capital results of our new National Accounts, which will be the foundation of the new economy we need to build. We found, for example, that our forests provide more than 14 billion dollars a year worth of ecosystem services – four times more than our whole GDP. And here our little country performs a huge service to the world, because 53% of that value accrues to those beyond our borders. Why? Because our forests regulate the climate, store carbon, and protect watersheds from which others benefit.

And yet, despite valiant efforts made by individuals, communities, and certain nations, human society will continue to hurtle itself towards self-annihilation unless we come together and act in concert. The time has come for global action to build a new world economic system that is no longer based on the illusion that limitless growth is possible on our precious and finite planet, or that endless material gain promotes wellbeing. Instead, it will be a system that promotes harmony and respect for nature and for each other, that respects our ancient wisdom, traditions and protects our most vulnerable people as our own family, and that gives us time to live and enjoy our lives and to appreciate rather than destroy our world. It will be an economic system, in short, that is fully sustainable and that is rooted in true, abiding wellbeing and happiness.

Sustainability is the essential basis and pre-condition of such a sane economic system. But an economy exists not for mere survival but to provide the enabling conditions for human happiness and the wellbeing of all life forms. The new economy will be an economy based on a genuine vision of life’s ultimate meaning and purpose - an economy that does not cut us off from nature and community, but fosters true human potential, fulfilment, and happiness.