

Gross National Happiness Index

Rethinking what a Healthy Economy means



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Gross National Happiness (GNH) is a term that was coined by His Majesty the Fourth King of Bhutan, Jigme Singye Wangchuck in the 1970s. The concept implies that sustainable development should take a holistic approach towards notions of progress and give equal importance to non-economic aspects of well-being. Realizing the universality of the desire for happiness, the king of the isolated Himalyan country became determined to find a way to protect and preserve his people's cultural and economic wealth by institutionalizing the prospects for greater economic well-being. He observed how similarly poor countries, driven by the imperative of economic development, were encumbered by high costs of environmental degradation, social dislocation, cultural decay, spiritual impoverishment and even diminished national sovereignty. He decided that change for his people should be rather holistic and human centric.

It was this integrated approach that led to the conception of Bhutan's development philosophy of Gross National Happiness (GNH). Bhutan is famously the

only country in the world to rank Gyalyong Gakid Palzom or Gross National Happiness (GNH) above GDP. This new paradigm encompasses the pursuit of meaningful societal progress by balancing the physical with the mental, the material with the spiritual, and the individual with the collaborative, creating a safe and stable environment for attaining true happiness in the long run. In 1998, the Government of Bhutan established the Center for Bhutan Studies and Gross National Happiness (CBSGNH) to conduct research on the topic. The institute's mandate was to develop a GNH index and suitable indicators that the government could incorporate into its public policy decisions.

For policy action, the GNH Index would enable the Bhutan government to increase GNH in two ways. It could either help in increasing the percentage of happy people or mitigate the insufficient conditions of people who were not-yet happy. The way in which the GNH Index has been constructed, there is a greater incentive for the government to decrease the insufficiencies of not-yet-happy people. This can

be done by targeting the areas of insufficiencies the not-yet-happy people face. In rural Bhutan, the not-yet-happy people tend to be those who attain less education, have poor living standards and do not make balanced use of their time. In urban Bhutan, the not-yet-happy people are insufficient in non-material domains such as community vitality and psychological well-being.

In 2008, the first Bhutanese GNH survey was conducted. It was followed by a second one in 2010. In 2011, The UN General Assembly passed Resolution "Happiness: towards a holistic approach to development" urging member nations to follow the example of Bhutan and measure happiness and well-being and calling happiness a "fundamental human goal". In 2012, Bhutan's Prime Minister Jigme Thinley and the Secretary-General Ban Ki-Moon of the United States convened the High Level Meeting: Well-being and Happiness: Defining a New Economic Paradigm to encourage the spread of Bhutan's GNH philosophy. At this High Level meeting, the first World Happiness Report was issued. Shortly afterward, the 20th of March was

declared to be the International Day of Happiness by the UN in 2012 with resolution 66/28.

The GDP framework

Money is not everything. But for measuring a nation's success, the specific metric that has prevailed since World War II is the dollar value of a country's economic output, expressed initially as the Gross National Product, later as the Gross Domestic Product. Despite the varied possibilities offered by alternative national progress measures that focus on broader economic and social goals, the GDP reigns supreme. Thus, the overriding challenge faced by humankind today is the pervasive assumption that underlies the GDP and how our civilisation chooses to perceive it – that the purpose of life in our world is to become monetarily rich, with governments playing the role of leading their countries towards boundless material prosperity. With the overwhelming, often taken-for-granted adoption of the concept of GDP, the primary function of life has been centered towards being economically productive and having a growing income in order to be able to spend more and eventually consume more, regardless of increasing debt, social costs, and perpetuating environmental atrophy.

As long as literature has emphasized, the conventional definition of GDP differs in many ways from welfare. The economists who developed the modern concept of GDP were well aware of this distinction. For example, GDP does not include important societal features such as discrimination and crime. In addition, as an economy-wide concept, GDP does not provide information

about the distribution of income, which has a strong bearing on the welfare of individuals within an economy. Thirdly, it does not capture features of the environment such as climate change and the availability of natural resources. There is also an ongoing debate about whether it makes sense that the services provided by professional and paid housekeepers are included in the GDP concept but that any personal housekeeping efforts are not. The simple justification to this is that home production and many other activities that are not captured by market transactions are difficult to measure.

In our strongly Capitalist society, Gross Domestic Product (GDP) and financial growth are seen as the highest barometers of business success. Although profitability is certainly important, does it provide an account for everything? By focusing on money alone, many other critical development factors are left on the sidelines. When neglected, these human-centric issues can negatively impact fast paced organizations and the society at large. At the moment, though, GDP is embattled. Some people mistakenly think that a higher income (and larger GDP) is correlated with a higher quality of life and more happiness, but only up to a certain income level. Some studies have actually found that beyond a certain income level, additional increases in income are no longer correlated with higher quality of life. Instead, other non-income factors such as the equity of income distribution and access to education and health-care are more closely correlated with a happier, healthier and safer society.

Economists and national leaders are increasingly talking about measuring a country's wealth status with other metrics. Alternative indicators have been developed to provide a more well-rounded measure of a nation's quality of life by different national and international organizations. These include The Human Development Index (HDI), The Genuine Progress Indicator (GPI) and The Happy Planet Index (HPI). Each of these indexes is a composite measure weighing both income and non-income variables such as life expectancy, literacy rates, environmental indicators, measures of inequality and so on. By including these variables, they provide a measure of quality of life and overall welfare that goes beyond the narrowness of a nation's GDP. A 2009 study on alternatives to GDP, led by the economists Amartya Sen, Joseph Stiglitz, and Jean-Paul Fitoussi, has become a global sensation. In October 2011 the Organization for Economic Co-operation and Development (OECD)—a club of the world's wealthiest nations—conducted a "How's Life?" Report measuring the "well-being" of its member countries based on 11 essential topics in the areas of material living conditions and quality of life. Each year since 2007, the Legatum Institute has published a Global Prosperity Index, a sophisticated mix of economic, political, and social indicators that provides a framework for nations to assess their societal strengths and weaknesses.

The GNH framework

The trivialization of the happiness index has been one of the most damning mistakes our society

has made since independence. When policy developers and decision-makers dismiss happiness as a utopian fantasy, they chase everything but what matters most to our well-being, fulfilment and happiness. The GNH Index refocuses attention away from mindless economic growth based on the capital infrastructure we create, and directs attention towards a collaborative ideal of happiness and well-being for all.

The concept of GNH has often been explained by its four pillars: good governance, sustainable socio-economic development, cultural preservation, and environmental conservation. The four pillars have been further classified into nine domains that contain 33 different indicators reflecting a robust multidimensional methodology called the Alkire-Foster method.

The nine domains are:

- **Psychological Well-Being:** Life satisfaction, Positive emotions, Negative emotions and Spirituality;
- **Health:** Self-reported health, Healthy days, Disability, and Mental health;
- **Time Use:** Sleeping hours, and Working hours;
- **Education:** Literacy Rate, Education attainment, Folk and historical literacy, and Value education;
- **Cultural Diversity and Resilience:** Community skills and Cultural participation;
- **Good Governance:** Political participation, Services, Government performance and Fundamental rights;
- **Community Vitality:** Social support (time and money),

Safety, Reciprocity trust, Community relationship, and Family vitality;

- **Ecological Vitality and Resilience:** Ecological degradation, Wildlife damage, Urban vegetation issues, and Afforestation;
- **Living standards:** Per capita income, Assets, Housing and Food Security.

Unlike the nine domains that are equally weighted due to their high intrinsic value in GNH evaluation, the indicators do not have equal weighting. This is due to the sharp difference in information derived from highly responsive indicators over time that are relatively correlated. For example: 10% for Fundamental rights and Ecological issues as compared to 50% for Work and Sleep. In reporting the GNH, an entire population is divided into four groups: the 'unhappy', the 'narrowly happy', the 'extensively happy', and the 'deeply happy'. Rather than selecting the lowest cut-off of around 10% being 'unhappy' and then making policy adjustments to address their needs, a middle happiness cut-off of 66% is selected and termed as the 'not-yet happy', which includes both the 'unhappy' and the 'narrowly happy' people. People can be considered happy when they have sufficient satisfaction in 66% of the (weighted) indicators or more – that is, when they can be identified as extensively happy or deeply happy.

The cut-off, however, does make a difference in the GNH Index. The middle cut-off gives a relatively low score of GNH index as a result of its requirement that a diverse set of conditions and states,

represented by 124 variables, must be simultaneously prevalent for a person to be robustly happy. It is a stronger measuring index because it is not focussed on survival like the concept of poverty, but rather on flourishing over a wide array of conditions.

The GNH index is built from data drawn from periodic surveys which are representative by district, gender, age, rural-urban residence, etc. Representative sampling allows the results to be decomposed at various sub-national levels so that they can be closely examined and understood by organizations and citizens on the ground level. In the GNH Index, unlike certain concepts of happiness in the Western Literature, happiness is considered to be multidimensional i.e it is not measured by an individual's subjective well-being that begins and ends with oneself. The pursuit of happiness is deemed to be collective, though it can be experienced deeply personally. Different people can be happy in spite of their disparate circumstances and the options for diversity must be outspread. The GNH Index is meant to orient the nation and its people towards happiness, primarily by improving the conditions of not yet-happy people. We can break apart the GNH Index to see where unhappiness is arising from and for whom.

In reporting, the results are stratified by gender, region, age and occupation, for example to show which group is lacking in education. Employing a variant of the Alkire - Foster method, the GNH generates three types of results; headcount, intensity and the overall GNH index. Headcount refers to the percentage of people

who are happy, while intensity is the average number of domains in which 'not yet happy' people are happy.

This process has six steps:

- Selecting the indicators;
- Applying the sufficiency threshold;
- Applying weights to each indicator;
- Applying the happiness threshold;
- Identifying those who are happy and those who are not; and
- Applying a policy priority for those 'not yet happy'

The greatest benefit of the process is that the GNH enables action at local, regional and national levels, as well as the ability to target specific disadvantaged groups and particular aspects of unhappiness that need attention. It provides a value based method of focussing policies and budgetary allocation on those who need it the most. By developing a GNH policy-screening tool, governments can ensure that every new policy, plan or project is evaluated against the nine GNH domains and their respective indicators. To obtain government approval, the proposal must be GNH positive.

The GNH has influenced global policies, playing a notable role in the thinking and deliberations that lead to the framing of the 17 Sustainable Development Goals for the fifteen year period ending 2030. Countries like Bhutan, France, Italy, Japan, Qatar, the UK and the European Union have started implementing human well-being metrics beyond income, while the United Arab

Emirates has also appointed a happiness minister.

The GNH as a way of integrating the Sustainable Development Goals (SDGs)

The GNH domains and indicators distinctly align with many of the individual SDGs. It exemplifies a reporting framework with integrated measurement that can inform and drive effective, cohesive policies, investments and decisions on the part of government, industry and commerce, as well as civil society and the community. SDGs are not simply scored at national and international level to meet international obligations, but instead each of these goals have a local meaning, just like each domain of the GNH is a crucial standard for ensuring overall well-being on humanitarian grounds.

The GNH offers some important lessons for integrated thinking and acting on the SDGs. The social, cultural, environmental, economic and governance aspects of the web of life are understood to be interrelated and integrated into the holistic concept of 'happiness'. Further, the Index not only integrates the SDGs, it also provides governments with the tools and philosophy to drive their pursuit in everyday life. With the GNH Index as the national scorecard for progress, the government has the mechanism to measure, report and act upon policies needed to address inequality and unsustainability, and aim towards universal well-being. It is an exemplar of planetary stewardship, so critical for our cities and our people, not just to survive but to thrive within a more balanced world.

It is also viewed as an educative tool, to help people conceptualize what is encompassed by being truly 'well off' within the broader perspective of healthy living. Research is integrated with policy development and decision making in the process that encourages conditioning at every step. The GNH offers a whole new paragon of how to aim towards a more livable world. In terms of governance, the implementation of GNH index ensures considerable involvement of the people starting from conception, framing of the issues that are meaningful to them, with ongoing modification, and providing the quantitative and qualitative data that, when analysed, drives the country's agenda.

The World Happiness Report

The World Happiness Report, released by the UN Sustainable Development Solutions Network (SDSN), measures subjective well-being of a nation's population by relying on three main quality indicators: life evaluations, positive emotions, and negative emotions. The Sustainable Development Solutions Network (SDSN), launched in 2012, mobilizes global scientific and technological expertise to promote practical problem solving for the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. It was established under the auspices of the United Nations Secretary General.

In 2021, the report ranked 149 countries on how happy their citizens perceived themselves to be. The SDSN released the World Happiness Report 2021 a day before the International Happiness

Day. The rankings were based on the Gallup World Poll (which is unique in the range and comparability of its global series of annual surveys) that has been a primary source of global data behind the highly publicized World Happiness Report. It looks at six broad variables which are:

- Gross Domestic Product Per Capita (Purchasing Power Parity).
- Social Support.
- Healthy life expectancy at birth.
- Freedom to make life choices.
- Generosity.
- Perceptions of corruption.

Respondents were asked to rate their current level of happiness (on a 0-10 scale) on factors such as their countries' political freedom, health care, and education.

Top Performers

- Finland has been ranked as the happiest country in the world for the fourth consecutive year.
- It is followed by Denmark, Switzerland, Iceland, Norway, The Netherlands, Sweden, Luxembourg and New Zealand.
- The United States surprisingly holds the 19th spot despite being one of the richest countries in the world.

Worst Performers

- Afghanistan (149) is the most unhappy country in the world.
- It is followed by Zimbabwe (148), Rwanda (147), Botswana (146) and Lesotho (145).

India's Neighbors

- China - 84.

- Nepal - 87.
- Bangladesh - 101.
- Pakistan - 105.

In 2021, India has been ranked 139 out of 149 countries evaluated. In 2020, however, it ranked 144 out of 156 countries evaluated.

The theme for International Happiness Day 2021 was "Happiness For All, Forever". This year's report focused on the effects of COVID-19 on the structure and quality of people's lives, evaluating how governments all over the world have dealt with the pandemic. As Prof. Jeffrey Sachs rightly said in his opening statement on the launch of the 2021 World Happiness Report, "It's not sure that the world is happier now, but the world is more focused on happiness and well-being—without question—than it was ten years ago, and that by itself offers us a hope that we can turn this better understanding into real happiness in the world."

Conclusion

The Gross National Happiness Index is a holistic approach to development. This goes beyond the material issues and focuses on more complex ones, including the psychological makeup of an individual and what social supports are necessary to create the conditions for happiness. It is important to acknowledge the usefulness of indicators such as GNH as a complementary measure to other macroeconomic indicators, to help ensure that individual national growth models are sustainable and relevant to the socio-cultural norms of each country.

The GNH index draws upon the vision of development as it has

evolved in Bhutan. The GNH index is used to set an alternative framework of development; provide indicators to sectors to guide development; help policy design and the allocation of public resources; and measure well-being and happiness, both over time and cross-sectionally for the regions.

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