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Beyond GDP: Bhutan's Gross National Happiness Index in the Degrowth Paradigm

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1. Introduction

Since the Industrial Revolution, when humans started to use fossil fuels and therefore emit greenhouse gases, the ultimate goal of a nation or a society has always been to grow and to improve its well-being. In the past, and today still, growth has mostly been defined as economic growth, which is historically also closely linked to CO₂ emissions. However, this development has also triggered global warming, with current projections at 2.5 °C above pre-industrial levels, even if all unconditional and conditional pledges are met, which is much higher than the 1.5 °C target set in the Paris Agreement (UNEP, 2023).

As a response, some countries are aiming for 'green' growth, which involves decoupling economic growth, measured by the Gross Domestic Product (GDP), from resource use and pollutant emissions, including but not limited to greenhouse gas emissions. Yet, global data show that so far only relative decoupling can be achieved over a longer period, while recent absolute decoupling trends are not sufficient to meet the mitigation pathways needed to reach the 1.5 °C target (Vogel & Hickel, 2023). This observation raises the question of whether a more radical paradigm shift is needed. In this debate, the concept of 'degrowth' has evolved, in which purely economic pursuits are opened up to give priority to non-material well-being targets. The Intergovernmental Panel on Climate Change (IPCC) also advocates for measuring national welfare using a larger set of indicators that better encompasses societal and ecological dimensions besides the mere monetary value of income (IPCC, 2022).

Bhutan's Gross National Happiness (GNH) Index is often put forth as an example that provides an alternative to the GDP measure, and highlights some of its limitations. Hence, this note will center on how the GNH Index embodies degrowth ideals, in contrast to traditional GDP-focused development.

2. Degrowth and its underlying concepts

The idea of 'degrowth' is based on the simple idea that infinite economic growth is not compatible with finite resources on Earth and is not a prerequisite for human progress. Degrowth rather aims to find a sustainable balance between well-being, ecological sustainability, and social equity. In that sense, socio-environmental aspects play a more central role in a degrowth economy than in a GDP-focused economy. This can lead to proposals to decrease resource-intensive production, or to consumption patterns becoming sensitive despite having a negative effect on GDP (Schneider, Kallis, Martinez-Alier, 2010). Kallis et al. (2018) describe degrowth in the context of ecological economics as an equitable downscaling of production and consumption while securing the well-being of the people without threatening planetary health.

To date, no country has succeeded in finding the right balance between ensuring minimum social standards and meeting biophysical thresholds. This concept relates to multiple objectives that require meeting environmental and social dimensions, neither of which can be substituted by the other ("strong" sustainability). O'Neill et al. (2018) have shown that when more social needs are satisfied in a nation, more planetary boundaries are overshoot, despite potential strategies for meeting both goals. Particularly, a reduction in income inequality and an enhancement of social support would increase social well-being without risking an excessive increase in resource use. On the other hand, improvements in resource efficiency are not likely to be sufficient, as energy-intensive industries tend to use the freed-up resources for additional consumption, which is described as a 'rebound effect' or 'Jevons paradox' (Brockway et al., 2021).

Another important underlying concept of degrowth is the so-called 'Easterlin paradox'. This states that subjective happiness is not significantly dependent on overall economic activity beyond a certain threshold (Easterlin, 1974). This is partly explained by the suggestion that relative social comparison matters more for personal happiness than absolute level of income; thus, if there is a general rise in wealth throughout the population, it does not influence the global happiness of that society. On the contrary, if the distribution of income becomes more equal, even in low-income countries, this in fact has a positive effect on happiness and subjective well-being (Reyes-García et al., 2016).

3. Bhutan's Gross National Happiness Index

Bhutan's Gross National Happiness, conceived by King Jigme Singye Wangchuck in the 1970s, represents a paradigm shift from GDP-based development to a focus on holistic well-being. This philosophy, deeply ingrained in Bhutan's history and legal structure, notably the 2008 Constitution, integrates cultural, spiritual, and environmental well-being with economic growth. The Center for Bhutan Studies, established in 1999, has been key in developing the GNH Index, which quantifies this comprehensive approach to development, embodying Bhutan's commitment to a multifaceted progress strategy (Alkire, 2012).

3.1 Structure of the GNH Index

The Gross National Happiness Index of Bhutan is structured around nine equally weighted domains: psychological well-being, health, time use and balance, education, cultural diversity and resilience, good governance, community vitality, ecological diversity and resilience, and living standards. These domains are meticulously assessed through 33 indicators, designed to capture a broad spectrum of national well-being and human flourishing. Each indicator is chosen for its statistical reliability, normative significance, and comprehensibility to a wide audience. The GNH Index employs a unique method to measure happiness, where an individual is deemed 'happy' if she achieves sufficiency in at least 66% of these weighted indicators. This approach not only considers the proportion of happy individuals but also the degree of sufficiency among those not yet classified as happy, with the index values ranging from 0 (low GNH) to 1 (perfect GNH). The weighting system within each domain gives greater emphasis to objective indicators, while subjective and self-reported measures are assigned lighter weights. This balanced and comprehensive framework ensures that GNH is a holistic reflection of the country's progress, intertwining Bhutan's cultural values with modern development metrics and highlighting the multifaceted nature of societal well-being (Alkire, Ura, Zangmo & Wangdi, 2012).

3.2 Classification of Happiness and Well-being in Bhutan's GNH Index 2022

The 2022 GNH Index of Bhutan classifies the population into distinct happiness levels. It reveals that 9.5% of inhabitants are 'Deeply happy' with high well-being, 38.6% are 'Extensively happy' showing substantial satisfaction, 45.5% are 'Narrowly happy' with moderate fulfillment, and 6.4% are 'Unhappy', indicating areas needing development. This tiered approach aids in formulating policies to improve national happiness (Alkire, & Zangmo, 2022)

Table 1: The 2022 GNH Index Breakdown (Alkire & Zangmo, 2022)

Group Type	Happiness Gradient	Sufficiency Scores Included	Proportion of Population in Each Group	Average Sufficiency Score
Happy people	Deeply happy	77-100%	9.5%	80.9%
Happy people	Extensively happy	66-76.9%	38.6%	70.8%
Not-yet-happy people	Narrowly happy	50-65.9%	45.5%	59.7%
Not-yet-happy people	Unhappy	0-49.9%	6.4%	45.2%

4. Evaluating GNH and GDP: Wealth Measurement in the Context of Degrowth

In the context of our research question, the contrasting approaches of GNH and GDP offer divergent paths for measuring wealth and development. For instance, GNH represents a paradigm shift in how we define and pursue progress. It extends beyond economic development, incorporating psychological well-being, environmental quality, and cultural preservation. This holistic approach aligns with sustainable development and degrowth principles by balancing material and non-material aspects of development. GNH's emphasis on sustainable socio-economic development and environmental conservation showcases its commitment to a future where economic activities are conducted in harmony with nature and societal well-being (Marikina, 2018).

In contrast, GDP primarily measures economic output and financial growth, focusing on the monetary value of goods and services produced. This model, while effective in quantifying economic activity, often neglects the broader impacts on society and the environment. GDP's focus on short-term growth may compromise long-term sustainability by overlooking the essential aspects of environmental health and social equity (Marikina, 2018).

Moreover, the GNH's alignment with degrowth is evident as it challenges the traditional narrative of growth, promoting policies that favor long-term ecological and societal well-being, contrasting sharply with the GDP's focus on continuous economic expansion. This emphasis on material expansion often clashes with degrowth ideals, potentially compromising environmental and societal health (Prakash & Joshi, 2019).

Additionally, the distinction between GNH and GDP extends to their approaches to holistic measurement and policy implications. GNH's measurement criteria, including health, education, and cultural preservation, offer a nuanced perspective on wealth and progress, leading to policies that promote equitable and sustainable development. In contrast, GDP relies on narrow financial metrics, driving policies focused on economic growth that potentially overlook crucial environmental and social considerations (Fraumeni, 2022).

5. Conclusion

This report emphasizes the significance of alternative development metrics like Bhutan's Gross National Happiness Index in guiding low-carbon transitions. The GNH Index, with its comprehensive assessment of well-being beyond economic growth, presents a compelling model for sustainable development. Contrasting sharply with GDP's narrow economic focus, GNH's holistic approach incorporates environmental sustainability and societal well-being, aligning closely with the principles of degrowth. These insights suggest that adopting broader well-being measures could be instrumental in global sustainability efforts. The GNH Index's emphasis on a balance between economic, environmental, and social health underlines its potential as a transformative tool for global development policies. Future research should delve deeper into the practical application of such metrics in diverse socio-economic contexts, potentially informing more effective environmental policies and strategies.

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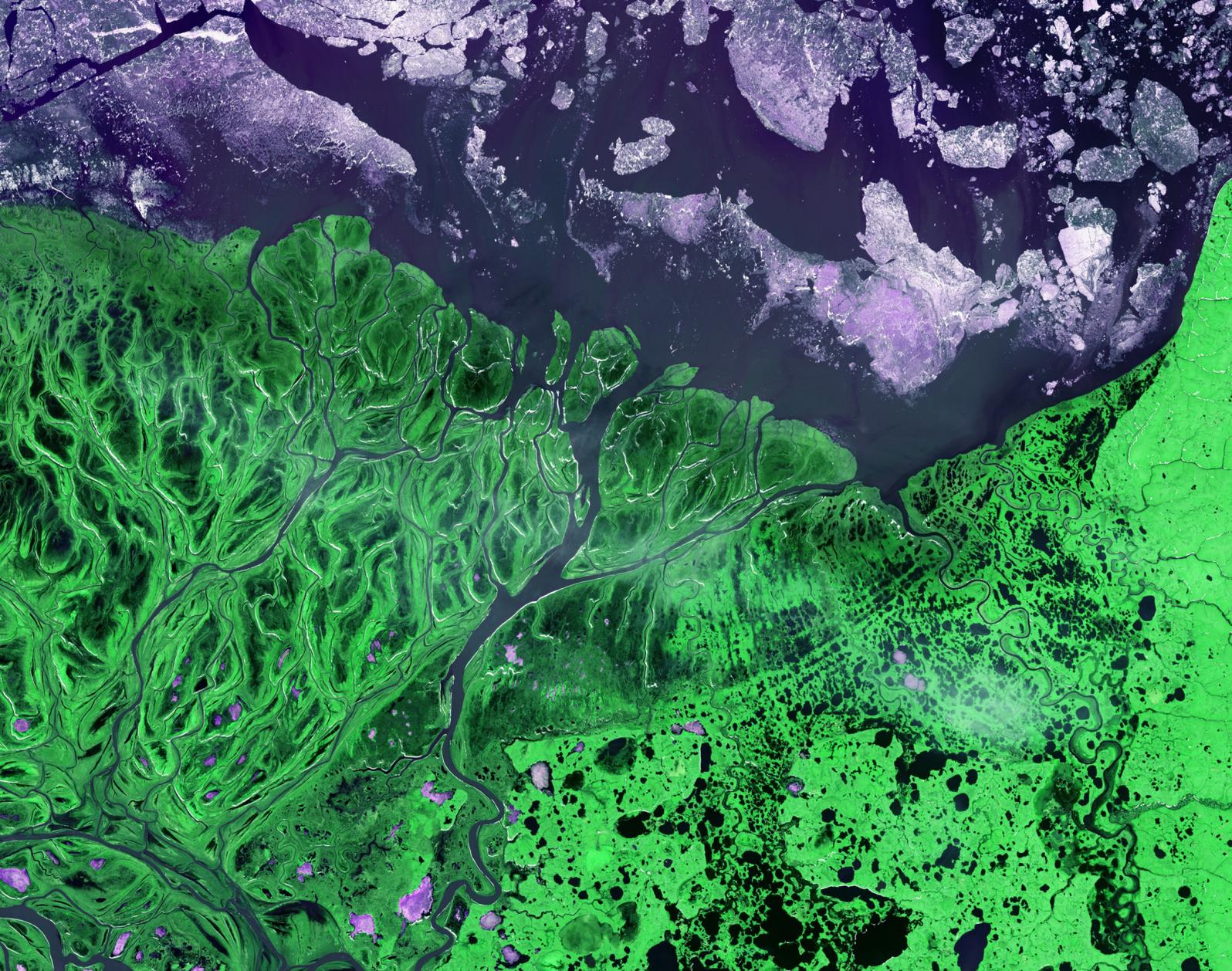
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Appendix

Figure 1: Domains and indicators of the GNH Index (Alkire, & Zangmo, 2023)





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