# **Chapter 19: Conclusions and Future Directions**

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'Tis not too late to seek a newer world... It may be we shall touch the Happy Isles...

~ Alfred, Lord Tennyson

# **Report summary**

In this report, we have:

- Examined both the strengths and weaknesses of the world's current measure of economic and social progress, the Gross Domestic Product, and found GDP wanting in serious ways.
- Explored in depth the subject of *Gross National Happiness* and looked specifically at the domains of life identified as being essential to well-being and happiness by the nation of Bhutan, based on that nation's own experience and consultation with international wellbeing scholars over a period of many years. (chapter four)
- Structured this document based on Bhutan's domains of happiness. (throughout)
- Made the case for subjective wellbeing in regards to public policies and outlined a series of actually-existing policy options from countries around the world that seem to us most likely to improve well-being in each domain of happiness, addressing the primary objections to making wellbeing and happiness matters of public policy. (chapter three and throughout)
- Shown how happiness provides benefits to society and to other people far exceeding its value to individuals alone. (chapter five)
- Merged theory and practical application. (throughout)
- Highlighted potential difficulties in implementing our recommendations. (throughout)
- Challenged prominent assumptions about market choices as a guide to what makes people happy and to the idea that people make fully informed decisions as consumers. (chapter three).

In so doing, we have looked to advice from leading experts both in Bhutan and around the entire world. We are grateful for their contributions to this volume.

The writers of this report have been asked to freely express the full range of their interpretations of the available information. They alone are responsible for the content of their chapters and they do not all see these issues in precisely the same way. But of this much they are clear: happiness and wellbeing are indeed proper objectives of public policy and international discourse. Indeed, as we argued in chapter three of this report, "the economy is properly the servant of happiness, not an end in itself."

In this concluding chapter, we will explore in depth the *New Development Paradigm Working Model* developed during our meetings in Bhutan in January and February of 2013. We will argue that the need for a new paradigm is urgent and we will offer some practical ways to begin to measure our success.

# What we want

We are citizens of this planet: political leaders; experts in a multiplicity of academic disciplines; activists; authors; and ordinary working people. We look uncomfortably at the world our successors will inherit.

*We believe* that all human beings are created equal. They are endowed by creation with certain inalienable rights, among them life, liberty and such conditions of wellbeing as might make possible their fullest pursuit of individual and collective happiness.

We further believe that human beings bear responsibility to ensure these rights for all generations yet to be born, and for all other life forms with whom we share this planet.

To secure these rights, social and economic development paradigms, systems and policies are instituted by human beings, deriving their legitimacy from their proven efficacy and from the continued consent of humanity.

We believe our current development paradigm, based on unlimited economic growth and unrestricted market expansion, measuring its success by increases in the Gross Domestic Product, and ushered onto the world stage by the Bretton Woods Agreement of 1944, has outlived such legitimacy and must now be supplemented by a new agreement, a new paradigm and new policies better suited to the new demands of the modern era.

We believe that economies must be purposed to serve the needs of people and of life; people must not be sacrificed to the needs of an economy.

To this end, we have been inspired and encouraged by the small nation of Bhutan, which has called on the entire world to change its values and its measurements of success, and has shown by its own example some of the ways by which this can be accomplished. In a world facing serious ecological challenges from unlimited economic growth and consumerism, *we are driven with great urgency to our conclusion*, understanding that both the peril and the promise of our era are enormous.

# The limits to growth

More than forty years ago, the best-selling book *Limits to Growth* (Meadows, Randers & Meadows, 1972) alerted the world to the unsustainable quality of current patterns of population and economic growth. The scenarios predicted in the book using sophisticated computer modeling have largely been realized. The Global Footprint Network finds our current world economy to be some 50 percent in "overshoot," that is we are already using 40 percent more resources and absorbing 50 percent more wastes than is possible to sustain over time (see: <a href="http://www.footprintnetwork.org/en/index.php/GFN/page/world\_footprint\_/">http://www.footprintnetwork.org/en/index.php/GFN/page/world\_footprint\_/</a> [).

If the rest of the world were to suddenly have the "ecological footprint" of the United States (that is to require the same amount of productive land, air and water to provide for its lifestyle as the US does currently), we would need five planets to replenish the resources and absorb the wastes. We are clearly on a collision course with the natural limits of the biosphere and need to find a way of achieving wellbeing for all at far less cost to the planet. The famous environmentalist David Brower (Brower, 2012) used a powerful metaphor to point out the absurdity of our current course.

He compressed the age of the earth, estimated by scientists at some 4.6 billion years, into seven days, the Biblical week of creation, if you will. When you do this, a day represents about 650 million years, an hour, 27 million, a minute, about 450,000 years, and a second, 7,500.

On Sunday morning, the earth congeals from cosmic gases. In the next few hours, land masses and oceans begin to form, and by Tuesday afternoon, the first tiny "proto-cells," of life emerge, probably from scalding primordial vents in the bottom of the oceans. In the next few days, life forms become larger, more complex and more wondrous.

Before dawn on the last day—Saturday—trilobites and other strangely-shaped creatures swim by the millions in the Cambrian seas. Half a billion years later, in real time, we will be amazed by their fossils, scattered about the globe.

Around the middle of that very last day of the week, those gargantuan beasts, the Great Reptiles, some mild, some menacing, thunder across the land and fill the sky. The dinosaurs enjoy a long run, commanding Earth's stage for more than four hours, until a monstrous meteorite, landing in the Gulf of Mexico, makes the climate too cold, and ends their reign.

By the late afternoon and evening on Saturday, mammals, furry, warm-blooded and able to withstand a cooler world, flourish and evolve, until, just a few minutes before midnight, on that final night of the week, Homo *sapiens* walks erect on two legs, learns to speak, use fire and create increasingly complex forms of organization.

Only about 10,000 years ago in real time, less than two *seconds* before midnight in our metaphor, humans develop agriculture and start building cities. At a third of a second before midnight, Buddha is born; at a quarter of a second, Christ.

Only a thirtieth of a second before midnight, we launch the Industrial Revolution, and after World War II, perhaps *a hundredth of a second* before midnight in our week of creation—again, on the final night—the age of consumerism begins, the age of stuff.

In that hundredth of a second, Brower and others have pointed out, we have managed to consume more resources than did all human beings all together in all of previous history. We have diminished our soil, fisheries, fossil fuels and who knows what other resources, by half. We have caused the extinction of countless other species, and we have changed the climate.

Think about it; try to grasp in your mind what it means that we have done all of this in this blink of the geological eye.

There are people, Brower went on to say, who believe that what we have been doing for that last one-hundredth of a second can go on indefinitely. If they even consider the issue, they believe, without evidence, that application of new technologies will allow our continued hyper-exploitation of the planet's resources.

They are considered normal, reasonable, intelligent people; indeed, they run our corporations and our governments. But in reality, they are stark, raving mad. It will be hard to change their minds and hard to change our behaviors, but not nearly as hard as it would be to change the laws of physics. We simply can't grow on like this.

# Does that mean a world of austerity and privation?

The limits suggested by Brower and others often call forth a sense of "gloom and doom," a sense that sacrifices for the sake of the biosphere will mean lives of poverty and misery for all.

But the *good news* is that the world doesn't have to continue the same patterns of economic growth to attain high levels of human wellbeing and happiness.

The relationship between money and wellbeing is complex, but it does not suggest that future happiness requires endless growth in incomes. The dominant, though frequently challenged, theory for the past several decades has been the "Easterlin Paradox," named for its creator, economist Richard Easterlin. That theory offers two major conclusions:

- 1. When comparing individuals within a country, wealthier people report greater happiness, but
- 2. When making international comparisons, however, national income per person is, beyond a level of modest affluence, weakly related to peoples' happiness levels.

There is a significant exception to this second assertion: The lowest income countries – those without enough money for food and shelter--are least happy with their lives. Evidence indicates that this is also true on an individual level. Recent survey data in the United States, for example, has found that people in poverty are more likely than those not in poverty to suffer from a number of chronic health problems and that they are most disproportionately prone to suffer from psychological depression. Thirty-one percent of the poor report having been diagnosed with depression at some point, compared to 15.8 percent of those not in poverty (Gallup, October 30th, 2012).

When GDP rises in low income countries, it is often accompanied by significant gains in happiness. But beyond a modestly comfortable standard of living, however, there is very little relationship between national income and happiness. Countries whose people have enough income to meet their basic needs are barely less happy than those with greater wealth. Easterlin explains the paradox this way:

In all societies, more money for the individual typically means more individual happiness. However, raising the incomes of all does not increase the happiness of all. The happiness-income relation provides a classic example of the logical fallacy of composition—what is true for the individual is not true for society as a whole... Individuals assess their material wellbeing, not in terms of the absolute amount of goods they have, but relative to a social norm of what goods they ought to have.

Easterlin bases these conclusions on a wealth of data (e.g. Easterlin, 1974; Easterlin, et al., 2010). If correct, Easterlin's theory has far-reaching implications for policy decisions. While the eradication of poverty should be a primary goal of government policies aimed at improving happiness, the same is not necessarily true for economic growth per se, which, beyond a modest level of comfort and security, does little to improve wellbeing.

Numerous other studies have also demonstrated the limitations of increased wealth for long-term happiness. For example, Brickman, Coates, and Janoff-Bulman (1978) interviewed 22 winners of major U.S. lotteries. The winners turned out to be no happier in the long run than they were before winning their jackpots. For most winners, there appears to be an initial elation, with typical comments like, "Winning the lottery was one of the best things that ever happened to me." However, this feeling usually fades after a few months and the winner returns to his or her previous level of happiness. These findings suggest that, consistent with Easterlin's Paradox, happiness is relative. The greatest effect of winning the lottery may be to raise our notions of affluence, rather than our long-term happiness.

Moreover, Richard Wilkinson and Kate Pickett have demonstrated that the Easterlin paradox holds in many other areas of life as well as happiness—life expectancy, educational levels, leisure time, and so forth. (Wilkinson and Pickett, 2010)

#### Uneconomic growth

There has been much recent controversy regarding Easterlin's thesis, with some researchers pointing out that in many cases, happiness levels do continue to grow, albeit slowly, with GDP, even in the richest nations. But while some gains in happiness may continue past the point at which the curve of happiness tends to flatten out, they are often far too modest to justify their costs in decreased equity and sustainability. Economist Jeffrey Sachs (see chapter four) and others (including Easterlin) have made the case that where such gains do continue, they are likely to be greatest in more equal societies with strong social and economic safety nets, such as the Nordic countries. *Nonetheless, such gains are still coupled with potentially unsustainable resource use.* 

While the economic paradigm based on limitless growth prevails in nearly all nations, the United States provides the clearest powerful example of the Easterlin paradox. Although U.S. per capita GDP has tripled since the late 1950s

in real dollar terms, levels of happiness remain essentially the same as they were then. In his Italian best-seller, *Manifesto for Happiness*, (Bartolini, 2010) University of Siena economist Stefano Bartolini argues that faster economic growth in the United States, in comparison with that of Europe, actually represents social decay rather than economic dynamism. In this chapter, we often refer to the U.S., because the American model of economic development is commonly held up as *the* paradigm for other nations to emulate. In Bartolini's view, the opposite is true.

Bartolini calls America, "the example *not* to follow," and shows that GDP growth in the U.S. is actually driven by increasing social disconnection and greater loneliness, loss of leisure time, and a deterioration of the American environmental commons. In return for the loss of such non-material need satisfiers as relationships, time and access to nature, the U.S. economy now offers to meet the same needs through the purchase of consumer goods: *Pressed for time? Buy more expensive fast food! Feeling lonely? Buy a new car and win new friends! Feeling out of touch with nature in your strip-malled habitat? Fly to a tropical paradise for a Club Med holiday!* Many of the expenses that drive GDP growth in the U.S. are defensive; they respond to losses in the quality of life and offer less satisfactory alternatives at higher costs. Yet they count as plusses when GDP is determined.

Economist Herman Daly argues that "growth" refers to purely quantitative expansion, while "development" denotes qualitative improvement (Daly, 1996). As Manfred Max-Neef, a contributor to this report, puts it, "Growth is not the same thing as development and development does not necessarily require growth." Indeed, as we have seen, if such growth comes at the expense of equality, sustainability or the ability to meet essential non-material needs, it may actually impede development and wellbeing. It becomes, in Daly's words, "*un*economic growth." Much current growth, comprised of defensive measures against the negative impacts of earlier growth, can be seen in this way.

# The domains of happiness

This report was written as part of an initiative launched by the 5<sup>th</sup> Druk Gyalpo (King) of Bhutan, Jigme Khesar Namgyel Wangchuck, with the goal of assisting the United Nations in outlining a *New Development Paradigm* based on Equitable and Sustainable Wellbeing and Happiness. The impetus for this directive began decades earlier with an observation from the current king's father. While still a very young man, Jigme Singye Wangchuck challenged western consumer values by famously declaring that "Gross National Happiness is more important than Gross National Product." Since then, under the leadership of the Centre for Bhutan Studies, the former kingdom (now with a Parliamentary government) has made enormous strides in creating a sophisticated Gross

National Happiness Index, its national measure of progress (<u>www.grossnationalhappiness.com</u>).

The index uses survey data to see how well Bhutanese are doing in a range of "domains" deemed essential to human wellbeing and happiness by experts in the field. As outlined in this report, these domains include:

- *material wellbeing*, or "living standards," (the chief component of GDP) but also,
- health
- psychological wellbeing
- environment
- cultural vitality
- *community vitality*
- governance
- *time balance* and
- education

As we mentioned in chapter two, "it is worth noting that these facets emerged from a largely Buddhist worldview, and other societies might favor different dimensions." Bhutan's complex GNH survey, conducted about once every three years using large random samples, assesses the percentage of Bhutan residents who attain basic sufficiency in each of the domains. Those who reach a certain level of sufficiency as determined to be "happy." In all of this, it is important to strive for *balance* among the domains–great success in one area must not come at the expense of failure in another. (Ura et al, 2012).

The *New Development Paradigm* promoted by Bhutan pays attention to a wide array of human needs (also extending that consideration to other species), and to the nine key domains of wellbeing, not just those so far counted by GDP. As mentioned in chapter one of this report, it is understood that such a system must be *equitable*, without large gaps between rich and poor, and that it must be *sustainable*; that is, the new economy must fit within Earth's planetary boundaries; indeed, the global economy is a wholly-owned subsidiary of the earth itself.

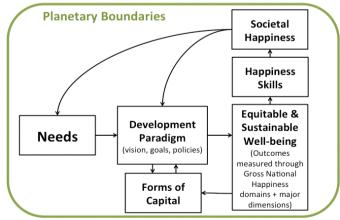
In the past few years, Bhutan has been taking its ideas to the rest of the world, promoting the concept of *Equitable and Sustainable Wellbeing and Happiness* in the United Nations, for example. In April, 2012, its then-Prime Minister Jigmi Thinley spoke to a gathering of 800 people at the UN in no uncertain terms:

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.

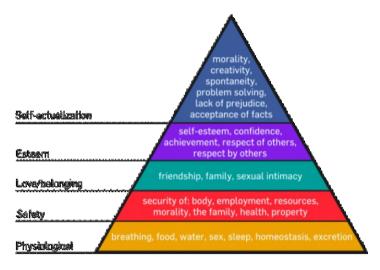
# New development paradigm working model

The authors of this report have been part of an International Expert Working Group (IEWG) advising Bhutan as it promotes its *New Development Paradigm*. (see <u>www.newdevelopmentparadigm.bt</u>). While in Bhutan, they sometimes disagreed over the relative importance of policy versus personal change, or the relative usefulness of the terms *happiness* and *wellbeing*, as well as other points. Enrico Giovannini, now Italy's Minister of Labor and Social Issues, created a positive synthesis from the disagreements among members of the IEWG. He first drew the diagram below with a stick in the sand, as a model of the paradigm. The Secretariat for the IEWG now refers to Giovannini's diagram as the *New Development Paradigm Working Model* and we will continue to refer to it as such.

The model starts with human needs, such as those described by Abraham Maslow and by a member of Bhutan's UN advisory group, famed Chilean economist Manfred Max-Neef.



Maslow's theory, first proposed in 1943, was the result of his belief that psychology was focused on the wrong subject matter. Instead of emphasizing the cure of neuroses and psychoses, he argued that psychologists should be trying to understand what creates psychologically healthy individuals. Maslow suggested that by more effectively meeting real human needs, we could reduce mental illnesses and increase psychological wellbeing (Maslow & Lowery, 1998). His theories were among the first forays into the field now known as positive psychology. Maslow argued that human needs manifest themselves in a hierarchy of "pre-potency,' beginning with the most basic survival needs. His "hierarchy of needs" looked as follows.



Maslow believed that lower-level needs, if deeply unmet, would strongly assert their demands into individual consciousness and thwart the satisfaction of higher needs until the more basic needs were met to at least a modest degree. The most basic of these needs require substantial material production—food, shelter, clothing, etc. But Maslow's model is not predicated on endless material growth; indeed, the higher level or "meta" needs are essentially non-material and require time, social connection and education more than consumer goods.

# Max Neef's theory of human needs

Chilean economist Manfred Max-Neef has expanded Maslow's needs theory, though the two models overlap in many ways. In Max-Neef's system as in Maslow's, beyond certain physical requirements, most needs are non-material in nature and need not necessarily be satisfied by economic growth or measured through GDP.

Need	Being (qualities)	Having (things)	Doing (actions)	Interacting (settings)
Subsistence	physical and mental health	food, shelter, work	feed, clothe, rest, work	living environment, social setting
Protection			co-operate, plan, take care of, help	social environment, dwelling
Affection	respect, sense of humour, generosity, sensuality	1	share, take care of, make love, express emotions	privacy, intimate spaces of togetherness
understanding	critical capacity, curiosity, intuition	policies,	analyse, study, meditate, investigate,	schools, families, universities, communities,
Participation	receptiveness, dedication, sense of humour	responsibilities, duties, work, rights	cooperate, dissent, express opinions	associations, parties, churches, neighbourhoods
Idleness	imagination, tranquility, spontaneity	peace of mind	day-dream, remember, relax, have fun	landscapes, intimate spaces, places to be alone
Creation	imagination, boldness, inventiveness, curiosity	work, techniques	invent, build, design, work, compose, interpret	spaces for expression,
Identity	sense of belonging, self- esteem, consistency		get to know oneself, grow, commit oneself	places one belongs to, everyday settings
Freedom	autonomy, passion, self- esteem, open- mindedness	1 0	dissent, choose, run risks, develop awareness	Anywhere

Both theories have important value. Max-Neef's is a more full exposition of needs, but Maslow's recognition that needs tend to assert themselves in a rough hierarchy of awareness in the individual (he did not believe that lower level needs had to be fully satiated for higher needs to assert themselves) is helpful in our understanding of the impacts of GDP. Where incomes are lower and *basic physiological* needs remain unmet, GDP increases have a greater impact on happiness than at higher levels, where the *satisfiers* of needs, as Max-Neef refers to them, are less material in nature.

In the 1960s, Maslow suggested that in rich countries like the U.S., physiological and safety needs had been met for most of the population and that these societies needed to focus their attention on satisfying belongingness and esteem

needs. But it could well be argued that, in the era of cutbacks in social safety nets and greater inequality that began about 1980, needs for safety and security have reasserted themselves. People actually feel less secure today in many wealthy countries; we have actually gone backwards or tumbled down on Maslow's pyramid.

#### Resources

In our model, the *development paradigm* is the economic system, modified in each society by market rules, policies, institutions and cultural expectations that employ *resources* to meet needs. These resources may be described in many ways, each of which has particular usefulness for explaining different concepts. For example, we often speak of resources as natural gifts – minerals, soil, etc. – that can be shaped into useful products. But in our companies, we also refer to *human resources* and we have our HR departments.

More recently, the new discipline of ecological economics has begun to speak of various forms of capital. Capital, until recently, referred to the factories, physical infrastructure and financial resources that businesses used to provide employment and consumer goods, but its meaning has been expanded to include *Natural Capital* (the gifts of nature, which provide both *resources for production* and *ecosystem services*), *Human Capital* (the health, competence and productivity of workers and other members of society), and *Social Capital* (the value of social connection and non-market institutions such as government and the non-profit sector).

Economist Robert Costanza and others have begun to estimate the dollar value of natural resources and ecosystem services, while social scientists such as Robert Putnam have shown how social capital has declined as human beings have become more disconnected from each other in industrial society.

The use of the term "capitals," when speaking of humans or nature is controversial. Some members of the IEWG, including Vandana Shiva and David Korten, feel that such usage devalues life by monetizing its worth, and thereby reinforces old paradigm thinking. But use of the term *capital* has undeniable value when explaining the importance of nature and human welfare to business people, who understand that one must not waste one's capital, but instead steward it and invest in it. Use of the term *assets*, another way to describe natural and human resources, offers similar positive and negative values in communicating our ideas. Economist Amartya Sen uses the term *capabilities* to describe the strengths achieved by developing human and social capital. The word *capacities* conveys similar meaning. But what is effective in reaching business people or policy makers may feel uncomfortable to traditional

environmentalists or indigenous peoples, and so forth. There may be no best term here.

It seems that the best choice of terms is context-dependent and that a mix of descriptors is most suitable. In our view, choosing to eliminate any descriptor such as capital, which may help explain new development paradigm concepts to particular audiences, represents an unnecessary sacrifice of strategic assets.

# Elements of the development paradigm

In each society and for the global economy, the development paradigm shapes the way economy and culture employ resources to meet human needs. Elements of the paradigm include:

- *The economic system*—the particular mix of private, co-operative and public production of goods and services, including the rules governing the market, the rates and priorities of taxation, rules governing the financial system, the degree of wealth redistribution, stakeholder participation in economic institutions, social safety nets, etc.
- *Government*—including the degree of democracy and representation of the public in decision-making, the role of money in politics, corruption, trust in political leaders, the transparency of political decisions, the role of political parties and lobbying groups, the degree of free speech, right to protest, opportunities for direct deliberation, etc.
- *Civil society,* including the non-profit and NGO sectors, local and neighborhood organizations.
- *Cultural factors and institutions*—including the role of social mores, popular morality, faith communities, degree of social tolerance, the media and the arts.
- *Education*—including formal public and private schooling and lifelong learning opportunities.
- *The police, prison and legal system,* including degrees of corruption and transparency.

In each of these areas, we may look to specific models for *best practice examples* which enhance wellbeing and happiness, and we have done that throughout this report. Policies which effectively enhance wellbeing are generally those which:

- Reduce unemployment, which is generally toxic to happiness.
- Promote economic security and minimize social instability; loss aversion is a prominent human trait—people are generally rendered unhappier by loss of jobs, income, health and so forth than they are rendered happier by economic gains.
- Protect human rights and social tolerance, particularly for vulnerable populations (e.g. women, racial or sexual minorities and children)
- Increase interpersonal trust and trust in institutions
- Increase personal freedom and citizen empowerment
- Increase autonomy and meaning in the workplace
- Improve social connection
- Reduce corruption

#### The impact of inequality

While earlier studies by Ruut Veenhoven and others found little connection between inequality and happiness, more recent research powerfully confirms the observation of Richard Wilkinson and Kate Pickett in *The Spirit Level* that greater inequality leads to declines in happiness as well as poor performance in many other areas of quality of life (Wilkinson and Pickett, 2009). Indeed, growing inequality may be the key reason for the flattening and even decline in U.S. happiness scores in recent years, despite major increases in GDP. Moreover, inequality features prominently in health and violence outcomes among countries, with the highly-stratified U.S. showing the poorest health performances and highest levels of violence among rich countries, while more egalitarian Japan and Sweden do far better.

Researchers Edward Diener and Shigehiro Oishi have found that the key reason why growing inequality contributes to reduced happiness levels is that it weakens social and personal trust (e.g., Oishi, Kesebir, & Diener, 2011). Clearly, the new development paradigm must put a premium on reducing large differences between rich and poor.

#### Are happiness and wellbeing synonymous?

In the *New Development Paradigm Working Model*, the terms *Happiness* and *Wellbeing*, commonly spoken of as just two ways to say the same thing, are *not* synonymous. Often, modern advocates of life satisfaction quarrel about this,

with academics sometimes cringing over what they believe is the amorphousness of the word "happiness," while ordinary people often find the term "wellbeing" overly academic. As we have stated in chapter two, "the contributors to this report believe, with the approach of GNH, that the best life, the one most worth pursuing, includes both subjective and objective elements. Wellbeing is plural, and not monistic: there is no one final-common-path."

But in our new development paradigm working model, Equitable and Sustainable *Wellbeing* is what can be measured through (generally) *objective* data—such things as Income Levels, Life Expectancy, Literacy, Pollution, Voter Participation, Leisure Hours, Rates of Depression, Unemployment, Poverty, etc. We say "generally" objective, because often even this data is a result of surveys which do rely in part on the assessments of the surveyed.

In each domain, there are *minimum levels of sufficiency* that are needed to be able to say that basic wellbeing has been achieved in a society for that domain. Improving these objective conditions of life is the primary goal of *public policy*. And in this case, many of the policy examples referred to in the chapters of this report can, we believe, contribute to higher levels of wellbeing.

Many policy ideas and change may be effective in improving several domains of life. For example, in chapter three we explain that if "a municipality that decides to shift residential development from low-density suburban sprawl to a higher-density model..."

These features...contribute to sustainability by reducing the demands for transportation, and the higher density housing requires less infrastructure. They also contribute to community by bringing people closer to a higher number of neighbors, making it more appealing to get out and meet and interact with them. This in turn may induce residents to consume fewer resources, for a variety of reasons: if socializing is easier and more appealing, people may find shopping to be a less attractive leisure activity; they might need fewer consumer products to entertain them; electricity and fuel consumption may decline somewhat; people may share many products rather than buy duplicates of what their neighbors own.

If trust in neighbors is high, then children may have more opportunities for unsupervised play that does not require expensive equipment, driving etc. Additionally, this sort of community will likely be more resilient in the face of economic shocks, as people are better positioned to help each other in times of scarcity. Similarly, because residents drive less, they will be less vulnerable to fluctuations in the price of oil. Besides the benefits of community and economic resilience, happiness might also be promoted by greater interaction with nature and higher levels of exercise. Were we to add to this list of features a shorter work week and more vacation time, the benefits would likely be multiplied, as people have greater leisure to take the time to interact with each other, again building both community and happiness...

#### Happiness skills

But people may have sufficient conditions for a good life without being happy. Rich people are certainly not all happy, even if, generally speaking, higherincome persons report greater happiness than lower-income persons. Happiness in this model is the *subjective* sense of people's wellbeing, determined by survey questions—How do you *feel* about your health, your mental state, your access to nature, your finances, your time balance, your purpose in life, etc? People are also asked to evaluate their overall life satisfaction, using several 1-10 scales. This happiness, more about long-term life satisfaction than hedonism, is akin to what Aristotle and the Greeks meant by the term *eudaimonia*.

As this report states in chapter two, "focus on 'eudaimonic' perspectives of contemporary psychology, in this report...is meant to be broad, signifying *everything that makes a person's life goes well*... Equivalent terms for the happiness of organisms generally, then, are 'wellbeing', a 'high quality of life' and perhaps a 'flourishing existence'. One way to understand SWB as a combination of affective and cognitive aspects is to construe it as an *experience*. Subjective wellbeing can be seen as a positive psychological experience of one's state of existence and development that is not a mere emotional flash, but is instead a stable, hedonic mood arising from conscious or unconscious judgment."

Moderating between *objective* Wellbeing and *subjective* Happiness are what our model calls *Happiness Skills*. These are the tools of *personal* change. For example, in chapter two, we pointed out that "it has been found that those who set aside ten minutes before they sleep to recall what went well for them and why feel better and are less depressed than those who do not (Seligman et al., 2005)." Such mindfulness is a happiness skill.

While conditions of life matter greatly for personal happiness, our great religions and wisdom traditions, as well as modern positive psychology and neuroscience, teach us that proper attitudes and behaviors are also essential and, in more comfortable nations, even more important—as we have seen earlier in this report, individuals with a "materialistic" outlook on life are often unhappy, even when they are very comfortable materially. In chapter four, we report that:

Every day we are bombarded with thousands of messages telling us how important income and material possessions are for our own happiness and wellbeing (Kasser and Kanner, 2004). However, researchers has consistently found that the higher the materialism – a strong relative importance attached to material rewards – the higher the individual's mental problems and the lower people's life satisfaction, vitality and positive emotions (Dittmar et al., 2012; Kasser and Ryan, 1993; 1996).

For another example, changes in public policy such as greater vacation time, shorter working hours and so forth may offer more leisure time to citizens and lead to greater *objective* time balance, but whether or not this leads to improvements in happiness depends in large part on what people do with the extra time these policies make possible. If, for instance, they spend that time in front of the television, their happiness levels are not likely to increase and may even fall. On the other hand, if they use their increase in free time for greater social connection, or for community participation such as volunteering, they are more likely to become happier. Where happiness skills are high, we are likely to see a greater correlation between objective wellbeing and subjective happiness.

The attitudes and behaviors that constitute "happiness skills" (and may also be thought of as "character virtues") include such things as gratitude, altruism (it is indeed, better for happiness, "to give than to receive"), kindness, sociability, delayed-gratification, empathy, compassion, cooperation, and many other behaviors which education can play a part in cultivating.

The teaching of happiness skills is central to education for Gross National Happiness. Different happiness skills are useful in improving one's degree of subjective wellbeing in each of the key domains of life identified by Bhutan. Examples of such happiness skills include, but are in no way limited to:

Domain	Happiness Skills
Environment	Nature appreciation Personal environmental behaviors Inter-species empathy Patience
Living Standards	Frugality Altruism/generosity Compassion Empathy

	Gratitude Delayed gratification
Health	Dietary choices Exercise Sociability Mindfulness Discipline Resilience Gratitude Forgiveness Optimism Affection
Time Use	Mindfulness Discipline/saying no Focus/concentration Patience Balance
Psychological Wellbeing	Purpose Gratitude Competence Balance Self-confidence Courage Mindfulness Delayed gratification Optimism

As with policies, the same happiness skills may be useful for increasing subjective wellbeing in several domains. An educational program that systematically teaches happiness skills can help assure that good conditions of life, measured in objective terms, are fully correlated to higher levels of subjective happiness.

#### Happiness equals genetics plus conditions plus behaviors and attitudes

What is the relative importance of policy and personal behavior to overall subjective wellbeing? This question has been explored at length and a fair amount of disagreement exists among experts. One rule of thumb, suggested by psychologist Sonja Lyubomirsky, has attained commonplace use in the happiness field and has been widely disseminated through the popular film, *Happy* and economist Richard Layard's text, *Happiness: Lessons from a New* 

*Science*. Lyubomirsky (2013) argues that about half of all happiness is genetically-based—some people are just cheerier than others. She claims that only 10 percent of happiness is based on external factors—the conditions of life—while about 40 percent is the result of attitudes and behaviors, or what we refer to here as happiness skills. She believes that increasing happiness depends mostly on changing personal attitudes and behaviors.

Other scholars have called Lyubormirsky's formula into question, arguing that it was based on too small a sample of people with relatively similar lifestyles. Even studies showing differences in happiness due to genetics tend, in their view, to overrate its impact. Showing that sets of twin separated at birth have similar happiness levels is useful, for example, but often the conditions of life of the separated twins are not that dissimilar.

A bigger problem is that of explaining enormous international differences in happiness almost solely though genetic or behavioral factors. How is it possible that first-place Denmark scores 7.7 on international happiness surveys while last-place Togo comes in at 2.9, given only a 10 percent impact from conditions of life factors? Such a gap cannot be possible unless Danes are enormously more genetically disposed to cheerfulness or enormously more skilled in happiness behaviors, neither of which is remotely likely.

It would appear that the gap between Denmark's happiness scores and those of Togo can be largely explained by the huge difference in life conditions and objective wellbeing between the two nations. In short, Lyubomirsky's formula appears to fit poorly with what international happiness data tells us. On the other hand, the differences in happiness evaluations between individuals in these countries whose conditions of life are not dissimilar are likely more due to differences in genetic disposition and relative happiness skills, as Lyubormirsky suggests.

All of this is a caution not to be formulaic about the sources of happiness -50, 40, 10, etc. – but to understand that conditions of life matter more in poorer nations or in nations where inequality is great, while happiness skills may be more important in wealthier and/or more equal countries. Genetic makeup does not easily lend itself to intervention, either of policy or personal behavior. The beauty of the Nam Davalanment Baradiam Working Model in our view is that it

The beauty of the *New Development Paradigm Working Model* in our view is that it ignores neither the importance of *policy* nor of *personal behaviors* in achieving good lives for all. It does not force us to choose between *happiness* and *wellbeing*, but recognizes that they are different ways of measuring our success. And it excuses neither widespread inequality nor a cavalier attitude toward the ecological limits of our biosphere. But it is not a call for sacrifice; indeed, the research behind the model implies that that we can have a *better* life with less

consumption in wealthy countries, while allowing economic growth where it really adds to wellbeing and at the same time, protecting our planet. The sacrifice is now; "getting and spending," as Wordsworth put it, "we lay waste our powers." In the pursuit of limitless growth, we decimate our only planet for which there is no spare.

# Measuring wellbeing: Community and national check ups

You get what you measure. We will not be able to tell whether New Development Paradigm approaches or the policy ideas outlined in this report are having the desired effect on wellbeing and happiness without comprehensive new ways of measuring progress. Politicians point to a swelling GDP as proof that their economic policies are working, and investors reassure themselves that with the overall expansion of the economy, their stocks will also expand. Yet even the chief architect of the GDP (then GNP), Simon Kuznets, believed that "The welfare of a nation can scarcely be inferred from a measurement of national income."

Here's why: although the overall numbers continue to rise, many key variables have grown worse. As we have already mentioned, the gap between the rich and everyone else is expanding. The economic and environmental costs of our addiction to fossil fuels continue to mount. When a city cuts down shade trees to widen a street and homeowners have to buy air conditioning, the GDP goes up. It also goes up when families pay for daycare and divorce, when new prisons are built, and when doctors prescribe antidepressants. In fact, careful analysis reveals much of the economy as tracked by GDP is based on crime, waste, and environmental destruction!

The understanding of GDP's limitations is a long one, yet few alternative ways of measuring progress have been tried as potential substitutes. The United Nations does incorporate an assessment model called the *Human Development Index*, which couples per capita GDP with life expectancy and literacy rates to measure national wellbeing. But many critics feel that HDI still pays far too much attention to GDP.

In the United States and Canada, a more recent measurement, called the *Genuine Progress Indicator*, or GPI, emerged in 1995 and is gaining adherents. While in the US at least, the GPI still ends up with a single number to measure success (as GDP does), the number is derived from a far-more holistic set of indicators. In contrast to GDP—which lumps all monetary transactions together as a *positive* number—the Genuine Progress Indicator *evaluates* the expenses, adding in "invisible" assets such as housework, parenting, and volunteer work, but subtracting "bads," including the following from the GDP:

- Cost of Crime
- Cost of Family Breakdown
- Loss of Leisure Time
- Cost of Underemployment
- Cost of Commuting
- Cost of Household Pollution Abatement
- Cost of Automobile Accidents
- Cost of Water Pollution
- Cost of Air Pollution
- Cost of Noise Pollution
- Depletion of Nonrenewable Resources
- Cost of Long-term Environmental Damage
- Cost of Ozone Depletion
- Loss of Old-Growth Forests

Using this metric as our measure of national progress, we find that although GDP has increased dramatically since the mid-1970s, GPI in the United States has remained flat or even fallen. A recent effort to measure *global* GPI, led by IEWG members Ida Kubiszewski and Robert Costanza found that for the world as a whole, GPI has remained flat since 1978 (Kubiszewski, etal., 2013).

GPI started out as an idea in a think tank, but it is gaining steam among policy makers, in the U.S. at least. The American states of Maryland and Vermont (in the case of Vermont, a leader of the GPI measurement effort is Eric Zencey, author of one of the chapters of this report) now officially measure their GPI, while Oregon and Utah have plans in the works. Leaders from some 20 states met recently at a conference called "Beyond GDP" to talk about how each could apply the idea. Oregon's dynamic First Lady Cylvia Hayes (Hayes, 2013), set the tone:

We tend to manage what we measure. The primary problem with using the GDP metric is that we are managing for constant economic growth, without measuring the true costs of that growth. In 1962 Simon Kuznets, the man who created the GDP, warned, "Distinctions must be kept in mind between quantity and quality of growth, between costs and returns, and between the short and long run. Goals for more growth should specify more growth of what and for what." One example of Beyond GDP metrics is the Genuine Progress Indicator. The goal of the Genuine Progress Indicator is to measure the actual societal wellbeing and health generated by economic activity. The Genuine Progress Indicator uses 26 metrics and consolidates critical economic, environmental and social factors into a single framework in order to give a more accurate picture of the progress - and the setbacks resulting from our economic activities.

Maryland's governor Martin O'Malley argued that it is not growth, but the kind of growth, that matters (Hayes, 2013):

In many ways, we Marylanders, think of ourselves as pro-growth Americans - but before you get "wiggy" about that term, let me explain: Like you, we believe in growing jobs and growing opportunity. Like you, we believe in children growing healthy, growing educated, and growing strong. We believe in grandparents growing old with dignity and with love. We believe in growing trees, growing sustainable Bay fisheries, growing food locally to feed our citizens. But not all growth is good.

GPI is a step in the right direction, though as Ronald Colman, who first developed a GPI metrics for Atlantic Canada, has observed, most GPI models currently in use still start by consideration consumption of goods and services as an unquestioned positive, then add and subtract assets and costs from that. Colman's own metrics begin instead with economic security, economic fairness and access to work. In his view, this is a better approach. We agree. Nonetheless, in many cases the GPI train, with GDP as its engine, has already left the station and cannot easily be re-directed. Yet even with its flaws, it provides a far better approach to measuring wellbeing than does GDP alone.

The Genuine Progress Indicator is really common sense with an analytical, pragmatic edge. Internationally, many such excellent indexes are being developed in such places as the UK, France and Australia; one of the best is the *Canadian Index of Wellbeing*, which uses a set of domains closely aligned to that of Bhutan. National vitality, like personal health and community health, is about real things like the health of people, places, natural capital, and future generations. At all levels of our societies, it's time to schedule holistic annual check-ups. We describe other useful indexes such as the OECD's *Better Life Initiative* in chapter two of this report.

#### Guiding policy decisions

But indexes of well-being will only be truly useful when they lead to actual policy change. In this, GPI data and other information can be most effective in driving policy when combined with policy tools that assess the likely impact of new policy initiatives on wellbeing. Here, another idea from Bhutan is may prove widely useful. Major policy initiatives in Bhutan are assessed by a 24-member *Gross National Happiness Commission*, which recommends their passage or rejection by parliament based on an analysis of the impact of such legislation on overall happiness. A total of 23 items, representing key indicators among the domains, are assessed, and the commissioners discuss each of them using a "policy tool" or "lens," scoring each indicator on a scale of 1-4, as shown in Diagram 1 below:

Economic security					
Will likely result in	Unknown Effect	Will likely have	Will likely result in		
a net decrease in	on economic	little or no effect on	a net increase in		
economic security for	security of	economic security	economic security		
population impacted	population	of population	for population		
	impacted	impacted	impacted		
1	2	3	4		

Diagram 1 - Material wellbeing or "Living standards"

Economic fairness			
Will likely favor	Unknown Effect	Will likely have	Will likely favor
higher income	on income	little or no effect on	lower income
earners	earning levels	different income	earners
more than lower	among	earning levels	more than higher
income earners	population	among population	income earners
of population	impacted	impacted	among population
impacted	_		impacted
1	2	3	4

After discussion, each commissioner must score the proposal for each of the 23 indicators, using his or her best judgment and the 1-4 scale noted above. To ensure continued holistic development that enhances wellbeing and happiness, any policy proposal that improves wellbeing in one domain such as living standards *should not decrease wellbeing in another*, such that a minimum average of 3 points per question or a total score of 69 must be assessed to allow the GNH commission to recommend the policy proposal for passage.

In employing this kind of assessment process, Bhutan stands alone in the world. But we believe that policy tools like this, modified where needed to fit local circumstances, can be useful for assessing the potential outcome of policy options in countries and communities throughout the world.

# Measuring happiness

As we see, objective or factually-based indexes such as GPI can help us measure wellbeing more effectively and, when combined with good policy tools, can help drive effective changes in conditions of life. But for policy makers, such objective metrics are not enough. They must know not only if lives are improving objectively, but whether or not people understand and appreciate the changes.

If for instance, crime is falling, but people, fed a steady diet of TV crime shows, believe life is getting more dangerous, politicians may find themselves having achieved important successes but being cast out of office for their efforts. One of the solutions to this is to begin to measure subjective wellbeing or happiness directly. Several nations, including the United Kingdom, are beginning to do this. On the global level, samplings such as the World Values Survey have begun to provide substantial data for comparison between different countries.

The most extensive and oldest of these samplings is the Gallup World Poll, which assesses the happiness of 1,000 people in about 150 countries around the world each year, using the so-called *Cantril Ladder*, which asks people to place themselves on a ladder with rungs from 1-10, assessing where they think they stand between the best of all possible lives for them and the worst. Gallup also uses a 1-10 scale to ask questions about how happy people feel they are and how satisfied with their lives as a whole.

The United Nations Happiness Report presents overall "happiness" scores for most of the world's countries, using the above-mentioned Gallup data. For the years 2010-2012, Denmark, at 7.7, heads the list, while Togo, at 2.9 is at the bottom. The United States ranks 17<sup>th</sup> at 7.0 but has dropped from 11<sup>th</sup> (7.3) in 2007. Though most but not all (Costa Rica, for example, scores 7.3), of the world's happiest countries are quite wealthy, happiness levels in the richest are generally flat, while many poor nations have seen great improvement in recent years (Angola's score rose from 4.2 to 5.6 between 2007 and 2012, for example), again illustrating that GDP growth is far more important for the poor than for the rich. Social insecurity has led to major drops – averaging 0.7 on a10 point scale – in Greece, Spain and Italy, with an even greater decrease of 1.2 in strifetorn Egypt). (Helliwell, 2013)

The *distribution* of happiness within the population is as important as the overall average level, if not more so. John Helliwell, a lead author of the UN Happiness Report (Helliwell, etal., 2012), observes that:

Among those countries with high average scores, some have quite high degrees in the distribution of happiness (eg. Denmark and The Netherlands), while in some other fairly high-ranking countries (eg. Costa Rica and the United States) there is much dispersion, and a higher portion of the population has low life satisfaction. The Gallup World Poll provides substantial useful data for national level assessments of subjective wellbeing. But the poll is too broad in scope to be useful at the local or community level, where sampling sizes are tiny. Moreover, the Gallup Poll does not necessarily engage citizens in a conversation about happiness since they cannot take the poll themselves, and even if they are asked to be part of Gallup's sample, they cannot see their results. Here, it is valuable to have comprehensive, opt-in online surveys that allow everyone to participate and see how well they and their communities are doing.

There are many accessible and effective surveys of happiness. One of them, designed using Bhutan's GNH model and specially developed as a guide to policy- makers, is the joint creation of a Seattle-based NGO called *The Happiness Initiative* (HI) and psychologist Ryan Howell at San Francisco State University. When an individual takes that survey (<u>www.happycounts.org</u>) online (it takes about 15 minutes), they receive an immediate life satisfaction score and scores for each of the ten domains the survey measures (it includes the nine Bhutan domains, and adds a tenth, *work satisfaction*, whose importance for happiness has been made clear by the Gallup organization). Howell and his colleagues present considerable evidence of the validity of the measure through a team of his graduate students did extensive testing of hundreds of survey questions from around the world to find the ones with the highest correlations to reported subjective wellbeing (happiness) for the HI survey.

While the survey can be used to assess personal happiness and life balance, it is more designed for collectivities of people ranging from cities to colleges to businesses, allowing them to determine their aggregate levels of happiness. The process starts when a community pulls together a team of organizations that represent the various domains of happiness, first identified by the work in Bhutan. The team might include, for example:

- *Material wellbeing* business groups, Chamber of Commerce, labor organizations, poverty NGOs, etc.
- *Health*—public health department, hospitals, schools of public health, alternative health providers
- *psychological wellbeing* mental health agencies
- environment environmental NGOs and public agencies
- *cultural vitality* arts institutions and associations, minority organizations
- community vitality Rotary and other local clubs, volunteer groups, media
- *governance* city councils, other government bodies, political parties
- *time balance* women's organizations, labor unions
- *education* schools, universities, libraries

The team members encourage all of their constituents to take the survey over a particular time period, then join together to analyze the results in World Caféstyle community meetings and recommend policy ideas or neighborhood initiatives to improve happiness and wellbeing.

The Happiness Initiative model, *regardless of the specific survey questions used*, can engage individuals and communities in a powerful conversation about happiness and wellbeing. Nonetheless, policy makers will also want to see more random samples to be sure that the answers and data they are receiving are reliable. One way to do this is to add a battery of subjective survey questions to measures like GPI, an idea which the state of Vermont calls "GPI Plus" (Anielski & Rowe, 1998). Ryan Howell is currently working to reduce the number of questions in the Happiness Initiative survey using those with the highest established correlation to wellbeing to create a poll that can be easily employed by states or localities as part of a GPI Plus model.

Measuring happiness and wellbeing will require us to draw from a plethora of good ideas and models out there in addition to GPI, and cull the best indicators from all of them.

# Bhutan woods?

Ecological economists Robert Costanza and Ida Kubiszewski, both members of the IEWG advising Bhutan's government, believe the time has come to "embark on a new round of consensus-building" to develop new economic goals and better measures of success that can replace the famous Bretton Woods Agreement of 1944, which ushered in the age unlimited growth without limit. They propose calling it 'Bhutan Woods,' suggesting that the nation that has championed the idea of a new development paradigm in the United Nations is the perfect place to hammer out the new plan. They have helped build a useful new Web site and organization, the Alliance for Sustainability and Prosperity (www.asap4all.org) to promote the concept.

# Using the diagram for taking the next step

The New Development Paradigm Working Model, first outlined by Enrico Giovannini, can also be a starting point to engage communities and policy leaders in an effective discussion of "next steps" on the road to GNH. The model is simple, but facilitators can employ World Café-style gatherings of a wide diversity of citizens to populate the boxes in the working model diagram with detailed information, crowd-sourced from the participants using post-it notes – what are the elements of the paradigm, what are human needs, what are the resources to meet them, what do we want to measure objectively and subjectively, etc. Such processes can help take the New Paradigm ideas presented in this report and use them "on-the-ground" to improve wellbeing and happiness.

A caveat: aggregate measures of subjective life satisfaction and contentment with conditions of life are important for societies, and together with objective data, can tell us how we are doing in meeting perceived human need. But former Prime Minister Thinley makes clear that what his country means by "happiness" is not merely a measurement of personal satisfaction, and certainly "not the fleeting, pleasurable 'feel good' moods so often associated with that term. We know that true abiding happiness cannot exist while others suffer and comes only from serving others" (Pereira, 2013).

But there may be no conflict here. One of the most important findings to come out of recent happiness research is that people get greater and more sustained pleasure when they do something for others than when they do things for themselves (e.g., Aknin, etal., 2012). Working to enhance the happiness of others not only benefits those one is serving. It also enhances the quality of one's own life.

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