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*“Engineering a Nation Building”  
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*Mieko Nishimizu  
Former World Bank Vice President  
Partner, ThinkTank SophiaBank*

Once upon a time, when Japan was immersed in rapid economic growth, showered by the world’s praise for having become an economic giant, and slowly but surely infected by the madness of economic bubble ... there was a young man in another place on earth, who said “Gross National Happiness is more important than Gross National Product.”

The place is about 5,000km west of here, in the bosom of the Himalayan Mountain Range – sandwiched between India’s Assam Plain and China’s Tibetan Plateau. Its people call their home *Drukyl*, meaning Land of the Thunder Dragon. The rest of the world calls it Bhutan.

The young man’s name is Jigme Singye Wangchuck, the King of Bhutan himself.

The young monarch, having just succeeded to the throne in 1972 at the tender age of sixteen, was touring Bhutan’s grass roots. It was a journey in preparation of a five-year development plan, for the nation devoid of reliable socio-economic data and still resembling a barter economy of the Middle Ages.

The Land of the Thunder Dragon rises up to the sky, at an angle steeper than anywhere else along the entire Himalaya Mountain Range. From subtropical jungles of the southern border at about 200 meters above sea level, to the soaring Himalayan peaks of the northern border at around 7,000 meters, the straight-line distance is a mere 200 km – just a couple of hours if you could drive it. But, the landscape – about the size of Kyushu Island – is rugged to the extreme. Numerous torrents swelled by glacier melt and monsoons drill steep gorges and impassable canyons through the landmass.

About 700,000 people – just about one-fortieth of Tokyo’s population, and mostly farmers – are scattered far and wide across the harsh landscape, seeking steep mountainsides or open glacier valleys where plentiful sunlight hours can be had. To reach remote hamlets would take a week or more on foot from the nearest road – trekking up and down on knee-crushing and muscle-burning mountain paths.

There were very few roads or automobiles at the time of the young King’s tour. Yet, he walked throughout the country as if to taste every square inch of the land, to listen to the people’s dreams, hopes, troubles and fears. The people shared their thoughts as well as homes and meals with their King, and to this day still talk about the tour as one that “left no village in the kingdom without His Majesty’s footprints.”

One fine spring day during the tour, as the King's party trekked across valleys of towering azalea and rhododendron trees, the King spoke these words to his aids: "My people may be poor materially, but they are rich spiritually. If modern technology and economic development would ever turn out to threaten this wealth, it would spell the beginning of the end of Bhutan..."

Without exaggeration, this was an insight of extraordinary depth. In these few words, the young King had predicted social ills and their potential political risks harbored by a number of so-called developed nations today.

World history teaches us that discontent of citizens, lasting decades or even centuries, corrode the people's sense of national identity. Without that identity, national borders mean little, and sovereignty becomes the prey to internal conflicts or external interventions. Nation states that failed or disappeared off the world map altogether are those who did not look after their people's contentment, or happiness, in social, political, and economic terms.

To the King, therefore, his people's happiness was the national security strategy itself. It was a matter far weightier than the size of the army or its weaponry.

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Ever since that grass-roots tour nearly 40 years ago, nation building of Bhutan has carried one singular purpose – happiness of the people. Everything else, including economic growth, has been the means to that end. This thinking has guided the evolution of Bhutan's development plans, public policies and institutions, and has come to be known as Gross National Happiness – a pun, by the King himself, on Gross National Product.

Gross National Happiness warns us not to confuse objectives and instruments. Economic growth is not regarded as the objective, but just one of many means necessary for the pursuit of happiness. It reminds us a simple fact of life – that greater income and wealth do not necessarily lead to our happiness.

In 1999, the Planning Commission of Bhutan published a vision statement titled "Bhutan 2020." It states that Gross National Happiness "places the individual at the centre of all development efforts," and declares "... the key to happiness is to be found, once basic material needs have been met, in the satisfaction of non-material needs and in emotional and spiritual growth."

The vision statement positions Bhutan's development strategy as the path that balances the material and the non-material dimensions. And, it declares that economic growth cannot be called "development" of a nation of human beings, if it destroys what makes people's happiness more probable – that is, the harmonious web of human bond among family, friends, and community, the harmony of human beings with all other sentient beings that make up the natural environment, and spiritual, cultural and historical heritage that gives a people the sense of identity and belonging.

The vision statement also spells out the social value system embodied in Gross National Happiness – values that cherish self-restraint as the means of gaining happiness. Because human’s material want knows no bound, self-centered desires would lead to social disequilibrium and environmental destruction. Minimization of self-concern and thoughtful consideration for all sentient beings are considered necessary for the nation building that makes happiness more probable for its people.

I am sure you would nod in agreement with these thinking. But, for economists like me, Gross National Happiness represented a highly unconventional thinking, until recently.

Modern economics considers that accumulation of wealth and greater consumption through economic growth raise individual’s satisfaction, or “utility” to use economists’ jargon. Yet, the theory does not ask what that utility is, and how it is related to man’s happiness. Economics is a discipline that has been quite content with leaving the question to scholars of other fields, such as psychology, to answer.

While economists knew that greater income and wealth do not necessarily lead to happiness, they did not possess a solid theoretical foundation to address the issue. As such, Gross National Happiness was not only unconventional, but was also a concept that hurt their ears.

It takes time to listen, especially to alien thinking, and to make efforts to learn from it, precisely because it is different. That Bhutan happened to be small and secluded prolonged such an attitude. Even though there were economists aware of Gross National Happiness, it was long ignored or even laughed at in the world of economics.

But, there is a change in the air. Economists are finally taking note of Gross National Happiness, and renowned researchers are beginning to take issues of happiness seriously in their work.

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What triggered this change was the emergence of new global agenda – rising social ills and destruction of environment, culture and even civilization that have accompanied economic growth and globalization. About 10 years ago, a few international organizations began to take a serious note of Gross National Happiness, and of Bhutan’s astonishing development outcomes.

Economists, who after all focus on numbers such as GNP, first noticed rapid rates of Bhutanese economic growth and the country’s ability to sustain it over a long period of time. One Asian Development Bank economist confessed (and I quote): “Before I knew it, the per capita national income of Bhutan leaped from the bottom to the top in South Asia.” Even though it is only just about 100,000 yen per person per year, this economist thought (and I quote again): “It must be a mistake or a misprint, for Bhutan cannot possibly surpass India or Pakistan!” He now laughs at his own ignorance at the time.

Those economists who became curious were surprised to learn another fact: that Bhutan has been quietly implementing world-class environment policy, long before environmental degradation emerged as a global issue.

Forest coverage, for example, had risen from one-third of the nation at one point to one of the world's highest at about seventy percent in just about a decade. Lumber exports, which could have been a significant source of scarce foreign exchange, had been banned to protect the nation's environment. In spite of the knowledge about potentially rich mineral resources, large-scale mining projects that were once part of a five-year plan had been cancelled.

In fact, these economists realized that Bhutan has been practicing what they called environmentally and socially sustainable economic development for nearly 40 years – long before the rest of the world cared about harms of human activities on natural environment, discovered symptoms of possible global warming, or even knew how to spell “sustainable development.”

These facts and outcomes spoke plainly that Gross National Happiness has not been just the rhetoric of politics or bureaucracy. Economists finally realized that Bhutan was dead serious. And they were startled by the fact that a country that was a barter economy not long ago had actually taken the lead, by a wide margin, at the top of the World Bank's performance ranking of developing countries. An increasing number of economists thus began to make fact-finding visits to Bhutan.

In visiting Bhutan for the first time, these economists encountered an experience beyond their imagination. They were struck and inspired by an emotional experience that could even be described as spiritual. Economists of various nationalities began to report uniformly, as if in orchestration, a sense that they “could not help but feel having returned to one's own spiritual home.” One Japanese economist brooded over and said: “What have we, the Japanese, gained over the past one hundred and thirty years, since the “Rich Nation & Strong Army” (富国強兵) vision of the Meiji era?” Thus came about the encounter of economics with Gross National Happiness, and the satisfaction of “non-material needs” and “emotional and spiritual growth” it values.

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To be sure, Bhutan is neither perfect nor a *Shangri-La*. It has made mistakes along the way, some small and some big. But, it has stuck to its ways, learning by doing, driven by an unshaken conviction that happiness mattered, and mattered a great deal.

The source of this drive has been an uncommon common sense of the national leadership, who just happened to be the King of Bhutan. He was convinced not because happiness is good in of itself, but because it mattered for the survival of Bhutan as a sovereign nation. This conviction stirred passion, aligned his head with his heart, and his words with his

deeds. Such is a credible leadership that wins people's trust and never fails to inspire. It was this remarkable leadership that made the difference for the people of Bhutan.

You might ask, what other countries of the world enjoy such a sterling national leadership? Among national political leaders, I think Bhutan is the sole exception. But, fortunately, business leaders are ahead of political leaders.

A Bhutanese businesswoman by the name of Mme. Zekom Wangmo, from a remote region of Bhutan called Gasa, is an excellent example. In a web-based magazine called Gasa Gazette, she illuminates how her company called "Zekom's Best" pursues business sustainability differently. Here is what she said.\*

*The product of my company is yak cheese. But, that is not what we make. What we make is Happiness. Our cheese is a means to that end. The day we stop making happiness, our cheese business will go belly up. I am dead serious.*

*When I first heard His Majesty talk about Gross National Happiness being more important than Gross National Product, it made sense. But, our King's words won't make Gross National Happiness happen, unless everybody does something about it. So, when I decided to go into business, I decided to make happiness my business.*

*There are two ingredients that make cheese: milk and bacteria. Good milk and good bacteria make flavorful cheese.*

*What Gasa has known since ancient times is now scientifically proven: Good milk comes from happy yaks. My company helps Yak herders to combine their time-honored wisdom with modern information and technology, and produce healthy, well-fed, relaxed and happy herds. Listening to good music is part of our scheme. Happy yaks, happy yak herders, and superb milk in huge quantities!*

*Good cheese-making bacteria thrive in harmonious natural environment. Gasa is a treasure chest of such bacteria. My company harvests ideas for environmental protection from every village and hamlet, and finance their grass-roots initiatives. Aside from preserving good bacteria, what matters most is the pride on villagers' faces, discovering the power of helping themselves and doing good for all. Happy villagers, happy nature, and happy bacteria for all time to come!*

*But, good milk and good bacteria alone do not turn out good cheese. There is an old Gasa saying: Happy hands make heavenly cheese. Indeed, the world's premier cheeses are all hand made, with tender loving care.*

*When in Gasa, don't look for a big cheese factory. Ours is Gasa's traditional farmhouses, where happy yaks, happy yak herders, happy bacteria and happy hands live and work in harmony. My company is a cooperative, owned by farmers who qualify.*

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\* Zekom's Best, **Gasa Gazette** (<http://www.gasagazette.net>) March 3, 2007

*Membership criteria are about sanitary conditions and environmental preservation, at standards stricter than the government's.*

*And, members must commit to sustain happy homes – as if their livelihood depends on it, because it does. My company facilitates this shareholder commitment. Agenda for our board meetings always include happiness issues. We discuss members' needs for happiness, and make social investment decisions to meet such needs. At present, bulk of our profits are invested in members' health insurance and social security fund. And, our personnel policy focuses on family as opposed to individuals, because happiness cannot be divided artificially between home and work. We provide world-class counseling service for issues of domestic harmony.*

*Last but not least, we make sure our customers are happy. Nothing frustrates them more than variable quality and erratic supply. Our customers can rely on the uniformly high quality of our cheese. And, we assure a constant supply at fair prices, by working only with a select group of like-minded retailers as partners.*

*We also entered a joint venture with a papermaking company, to produce wrapping paper for our cheese. Their handcrafted traditional paper is the world's best in protecting our bacteria and the aging process of our cheese. But, what motivated the partnership is the fact that we both practice Gross National Happiness as the hard business principle.*

*Cheese is one of the oldest processed foods known to mankind. Historians point to Central Asia as a likely place of origin. We believe that cheese was invented in Gasa more than 10,000 years ago, when domesticating yaks began. We want to make another history – to be the first business enterprise that makes happiness, inspires others to do the same, and to do so as a financially successful going concern.*

*Companies like ours are also emerging in the west, I hear. Even New York investment firms are rating companies according to their "CSR" (corporate social responsibility).*

*My company has a long way to go. We learned that ours is a never-ending business, for conditions for happiness change over time. Personally, I learned that the leadership matters, and matters a great deal. As the credible CEO, I must pursue happiness relentlessly in everything I do. I do my best, and hence the name – Zekom's Best.*

*People say it would have been easier just to make cheese. No. When you work for a win-win dream, for yourself, your family, your community and your country, work stops being just a job. It becomes a fun learning journey. Every moment is worth living.*

*So, don't let anybody fool you to think Gross National Happiness is just a philosophy – unreal and complicated. It's real and it's simple. And, it's up to me to make it real and keep it simple.*

*Hey, what about you?*

Not just in Bhutan but all over the world, private companies are beginning to take corporate social responsibility seriously, just as Mme. Zekom does. Commonly referred as “CSR” companies, they essentially practice Gross National Happiness as a hard business principle.

They care about the impact of their business on natural environment. They care about social harmony with neighborhoods and communities where their factories and business establishments are located. And they care deeply about their employees as human beings, as opposed to workers. Successful CSR companies do these things not because they are some “do-gooders”, but because they are convinced that it’s good for their business – for the long-term sustainability of the company.

And, many of these companies are bigger than most countries of the world, whether in the number of employees, volume of outputs, or the size of their financial wealth. Think of that!

Major financial markets of the world – in New York, London, Frankfurt, Tokyo, etc. – are also beginning to pay attention. They are now rating the performance, credibility and creditworthiness of CSR companies, and investing in them. Investment funds specializing in such companies are called socially responsible investment, or “SRI”, funds. Such funds are growing fast, because they offer scarce portfolio for investors more interested in long-term security of their money than in making short-term profits.

Bhutan’s Gross National Happiness is an uncommon common sense. This powerful common sense is finally at play by visionary leaders in the hard reality of business and finance, simply because it is good for business. Ultimately, it is these leaders who become the forces that move politics and governments.

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Exactly 150 years ago, Japan ended her strict isolationist policy that lasted more than two and a half centuries. Foreign visitors arrived, mostly Americans and Europeans of a varied lot – traders, naval officers, scientists, teachers, medical doctors, engineers, ambassadors and their wives, or just plain tourists. Their travelogues, diaries, letters, and scholarly work collectively documented the Japanese as a people, who were short on the material but long – very long – on cultural identity and happiness. Those visitors called Japan “*Shangri-La*.”

National leaders of the time, however, set out to modernize the country fast. They chose to build a modern nation through rapid economic growth, equally rapid military buildup, and westernization of institutions and culture even including how the people dress.

150 years hence, Japan is among the world’s richest nations. Her people are indeed long – very long – on the material. But, I do not think the same can be said about the cultural identity and happiness of the Japanese people.

In contrast, living architectural and other cultural heritage of Bhutan remains in daily use, outside museums. High-end eco-tourism is growing, and tourists keep coming to Bhutan and keep coming back to experience what they miss at home. Bhutanese students abroad always choose to go home instead of working in Europe, US, Japan, New Zealand or Australia. In the 2005 population census, 97% of Bhutanese answered, “Yes, all things considered, I am happy.”

You – every single one of you in this hall – are the future of your country. Mme. Zekom made happiness her business because Gross National Happiness will not happen “*unless everybody does something about it.*” You, like her, can be the agents of positive change, for your family, your community, and your country. Nobody is stopping you from doing “*something about it.*”

I want to leave you by repeating Mme. Zekom’s remarks about her work. She said, “*People say it would have been easier just to make cheese. No. When you work for a win-win dream, for yourself, your family, your community and your country, work stops being just a job. It becomes a fun learning journey. Every moment is worth living. So, don’t let anybody fool you to think Gross National Happiness is just a philosophy – unreal and complicated. It’s real and it’s simple. And, it’s up to me to make it real and keep it simple. Hey, what about you?*”

No matter what you do in your life, it is not what you do, but how you think about what you do, that changes the world. I wish every single one of you a life that is “*a fun learning journey,*” well beyond this Seminar, for all time to come.

Dream on!