

Editorial

Are We Talking GNH and Doing GDP?

With the theme “Transforming the Bhutanese Economy” this issue of The Druk Journal will be a comprehensive analysis of Bhutan’s economic aspirations, policies, and realities. In the absence of adequate thinking and discourse in the formulation of our national economic vision we will take a macro economics perspective to look at the state of the Bhutanese economy - at the priorities in national economic development.

To transform an economy we have to understand the economy. What are short, medium, and long-term priorities? It is not possible to “turn around” the economy without understanding the values that you want to achieve and of the institutions needed to achieve them? We will take deep dives into specific areas of the national economy to understand where we are, where we are heading, and more important, where we should be heading.

Having joined the so-called development process, Bhutan has adopted all the global terminology. Self-reliance is the national economic vision, a strategy to ensure Bhutan’s sovereignty, the premise being that economic self-reliance is the foundation of national sovereignty. But self-reliance can become a development rhetoric that is often not well explained nor understood. What does it mean for Bhutan, given our size and the size of our neighbours?

After nearly six decades of planned development and 12 Five-Year Plans - where have we reached? The government claims phenomenal success, with the GDP growing to Nu 180 billion by 2018. Our critics say that we have grown a vulnerable economy, with the focus on hydropower leaving us at the mercy of the Indian market. The other ominous threat is that all scientific analysis, data, and physical experiences point to the fact that the glaciers are indeed receding, which means that water will not continue to be a guaranteed source of energy.

We have also adopted, as one of the four pillars of GNH, “sustainable and equitable economic development”. We know that, with the current mode of economic development, a wealthy minority of the human population is rapidly consuming the planet itself. Such a “sustainable” policy needs to be defined in the context of a GNH economy. Sustainable and equitable

economic development are both ambiguous terms whose content again depends upon a set of national goals or, better, an understanding of the nature and kind of society that Bhutan could become, and that depends upon the priorities we set.

The slogan that “the private sector is the engine of economic growth” has remained a slogan so far. Bhutan continues to face key constraints in private sector development. Most businesses are micro, small, and medium enterprises engaging in low value activities. Although demonopolisation is the mantra, a few big houses dominate business. Youth unemployment is high, exacerbated by rural-urban migration. The known statistics on “food sovereignty,” that we produce less than 50 percent of our needs - shows the vulnerability of our economic self-reliance.

The Ministry of Economic Affairs, supported by the ADB, has organised the Better Business Summit which has been a collection of ideas experiences that have remained a collection of ideas and experiences. In November, 2017, the government hosted an international GNH conference which adopted the theme “GNH for Business”. The GNH premise is that the assertion of self-interest as the dominant motive for business is unacceptable. Businesses form a vital component of society and have significant social implications through its operations and investments. Therefore Businesses are a central and vital pillar of our society that share equal responsibilities for improving people’s lives and contributing to their well-being and happiness. The Prime Minister commissioned and launched a GNH certification tool, formulated on the GNH Index, to assess Bhutanese businesses based on the values of GNH.

What does that mean? Governments, past and present, have identified priority sectors and activities to develop the Bhutanese economy. Are we heading in the right direction? So here’s the big question. Are we talking GNH and doing GDP?

The latest challenge is the onslaught of the “fourth industrial revolution” which has accelerated the rapid pace of change and impact to an unprecedented degree. It is the highly advanced information and technological culture that was the third generation. The robots are coming and cars are going to drive themselves. This is going to affect not just the economy but our lives.

Bhutan should be watching the trends and understanding them in the context of its own choices. For example, the world is even debating whether democracy can survive this “fourth industrial revolution”. Legislators and regulators are for the most part are proving unable to cope with the implications of including robotics, artificial intelligence, blockchain, nanotechnology, quantum computing, biotechnology. But, for Bhutan, the fourth industrial revolution is remote because we are still in the early stages of the third industrial revolution.

This issue of The Druk Journal will look at the areas that are considered Bhutan’s main revenue sources, with analytical articles on tourism, agriculture, trade, the financial sector, FDI, women in the Bhutanese economy, opportunities for youth, ICT, branding Bhutanese products, as well as global trends.