

# **Intangible Assets and the Search for a New Development Paradigm: Redefining Concepts of Wealth, Poverty and Development**

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## **Introduction**

Today when the great divide not only between the rich and poor countries of the world but also between the rich and poor within rich and poor countries as well is so pronounced, there is no doubt that the prevailing economic development paradigm, so focused on growth and the Gross Domestic Product (GDP), is highly flawed.

In the 11<sup>th</sup> edition of the World Social Forum held in Senegal on Feb. 6-11, 2011, parallel to the 2011 World Economic Forum held in Davos, Bolivia's leftist President Ivo Morales spoke of a dying capitalism in the face of people's rebellion, referring to the strife in the Arab world particularly in Tunisia and in Egypt. He said that capitalism is suffering a financial crisis and an energy crisis bringing the world a food crisis, and that it is the poor who must pay for this crisis.<sup>1</sup>

In the light of this global crisis we need to re-examine the current development paradigm or the world will inevitably reinvent itself as it has already began in Tunisia and Egypt. This paper is an exploration of intangible wealth and how it may contribute to redefining the concepts of wealth and poverty and eventually the concept of development itself.

To understand intangible assets, it would be helpful to first understand the meaning of "asset". Kiyosaki and Lechter (2000) suggested to redefine the concept of "asset" into something that could bring income to the family, and practically that is actually what asset is all about. Usually asset that has the potential of bringing income is understood in terms of "tangible" assets. Tangible assets are assets that have physical existence<sup>2</sup> which gives the holder financial rights or which can bring income or can pay debts. The examples of tangible assets would be cash, bank deposits, investments, land or real property, equipment or machineries, vehicles and any other physical or material property.

From the perspective of income, intangible assets also bring income but are not seen to be so because they are not usually looked at that way, and by the very term "intangible" means they are not perceived of concretely. Social networks in the community for example, bring about income. When a mother leaves her baby to a neighbor so she could wash clothes for another household, then that relationship with that neighbor brings income to the family of the laundrywoman. The Merriam-Webster Dictionary (2004) defines "intangible" as incapable of

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<sup>1</sup> <http://ph.news.yahoo.com/afp/20110206/twl-senegal-forum-social-politics-econom-4bdc673.html> retrieved on Feb. 7, 2011

<sup>2</sup> <http://moneyterms.co.uk/tangible-assets/> retrieved on Dec. 6, 2009

being touched, or being impalpable, or an incorporeal asset, and by “incorporeal” it means having no material body or form.

In this paper intangible assets will be understood as anything of value which an individual, group or community possesses, that usually have no physical existence but are real because they are made use of in specific activities of the individual or group or community especially those that bring about socio-economic benefits or well-being. By “socio-economic benefits” it means social interactions that are mutually beneficial to those that are involved, which include income or financial benefits. By “well-being” it means a situation of upliftment or improvement of one’s conditions, e.g. meeting basic needs such as food, shelter, clothing, education, health, or improvement in peace and order, or being able to participate in socio-political or civic activities, etc., that bring about a certain level of satisfaction to the individual, group or community.

This paper is an excerpt from my PhD dissertation at the Asian Social Institute, Manila entitled: “*A Phenomenological Exploration of Community Intangibles in Lautem District, Timor Leste and Its Implications for Development Planning*”. The main objective of the study was to determine community intangible assets and its implications for development planning.

In Lautem society there is a holistic understanding of wealth where tangible and intangible assets interplay in the cultural milieu. Wealth is firstly, people, which is considered to be both a tangible and intangible asset. Second is land or natural resource which is also both a tangible and intangible asset. But people and land (human and natural resources) without peace and unity and good relationships are nothing. If people are fighting and there is no peace, they cannot work on the land. So peace and unity are valuable assets although intangible, but necessary for the tangible assets, i.e. people and land, to function. Ultimately true wealth is the “harmonious relationship” of people among themselves which is characterized by *nitam rau-rau* (peace) and *nitam ukane* (unity).

Development planning could be better approached through community intangibles and to utilize what intangibles could serve the community better. This approach would prove to be sustainable because it is rooted to the culture and values of the community.

### **Poverty as a Multi-Dimensional Phenomenon**

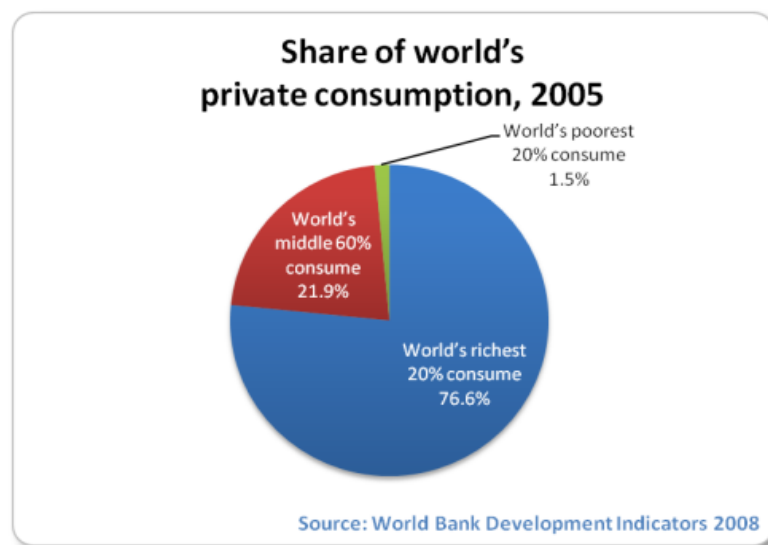
The discourse on poverty is always problematic on several senses such as the overwhelming statistics, or the definition by which poverty threshold is assigned i.e. US\$1 a day by the UN (which was revised by the World Bank at US\$1.25), or the description of its effects which leave concerned institutions almost helpless in looking for appropriate responses, etc.

One time when I was in East Timor, a Japanese friend asked me why is it that despite many years of development work by the United Nations and other development agencies around the world, and despite increased ODA (Official Development Aid) poured into developing countries, the global poverty situation does not improve but on the contrary seems to keep on worsening. The key word is “seems” because my friend’s analysis may be biased from her own perspective. But the analyses of poverty are largely influenced by the biases of who are making the analyses, so I

myself was at a loss in confronting the issue because certainly the answer could be far more complicated than by simply saying that the global population is increasing while the world's resources are not.

For example, some poverty analysts say that overpopulation is not really a main cause of poverty because consumption patterns around the world is actually skewed, with the consumption of the poor very minimal as compared with the consumption of the few rich. Along this line Anup Shah (2008), discusses the World Bank's analysis of consumption pattern in 2005 to reveal that the world's richest 20% actually accounted for 76.6% of the world's private consumption while the poorest 20% consume only 1.5%. The world's middle 60% consume 21.9%. The figure below is a graphic illustration of this fact.

**Fig. 1. Share of world's private consumption, 2005**



This paper is not actually a study on the causes of poverty although such kind of a discussion may help later on in understanding the poverty of the poor. What is more relevant in the current discussion is understanding the concept of poverty.

Previous perspectives define poverty in terms of income levels, but over time, these have been complemented by more progressive schools of thought that look at poverty from materialistic to psychosocial analytical lenses, which include the discussion of Human Poverty Index (HPI) and Human Development Index (HDI). From a human development perspective, poverty means the denial of choices and opportunities for a tolerable life (HDR 1997). In 1998 A UN Statement on poverty, signed by the heads of all UN agencies provided the following definition of poverty:

“Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals,

households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation”<sup>3</sup>

In the light of the above definition, two new concepts of poverty have evolved from the past several years, particularly from the works of **Amartya Sen** (2000) who discussed poverty as not only a basic needs deprivation or severe entitlement deprivation, but also as capability deprivation as well as social exclusion.

Poverty as capability deprivation according to Amartya Sen is the lack of the means to actualize oneself, be it in meeting physical needs, or in becoming what one desires to be. On the other hand, poverty as social exclusion is not being able to participate in community processes. Thus to be poor means not only to lack food or shelter, etc., but also to be incapable of fulfilling one’s hopes and aspirations, and not being able to become a productive member of the community or not being recognized as such. In this regard Walker and Walker, cited by Arcinue (2006) on what constitutes a good quality of life which is not merely material entitlements but also social integration of a person in society, discussed social exclusion as the dynamic process of being shut out fully or partially from any of social, economic, political and cultural system.

**Caroline Robb** (2002) cited the World Development Report of 2001 which defines a broader meaning of poverty that includes not only low income and low consumption but also lack of education, poor nutrition and health, powerlessness, vulnerability, lack of respect and dignity, and a lack of trust in formal institutions because of corruption and irrelevance. In **Coudouel et al.** (2002), poverty is defined as hunger, as lack of shelter, as being sick and not being able to see a doctor. It is not having access to school and not knowing how to read, or not having a job. It is fear for the future, living one day at a time. It is losing a child to illness due to unclean water. It is also powerlessness, the lack of representation and freedom.

The most realistic definition of poverty came from the poor people themselves who are the real poverty experts. In 1999 the World Bank implemented a project called “Consultations with the Poor” project that involved several thousands of poor people in several countries, as well as the review of several participatory poverty assessment reports, and the result of this study is a report entitled “**Voices of the Poor**” composed of three parts: **1) “Can Anyone Hear Us?”** which reviewed the voices of over 40,000 poor women and men in 47 countries from 78 participatory poverty assessment reports conducted in the 1990s; **2) “Crying Out for Change”** which presents a series of new studies undertaken in 23 countries engaging over 20,000 poor men and women; and, **3) “From Many Lands”** which

Box 1. Poverty according to the poor: Some quotations from the “Voices of the Poor”

1. "If you want to do something and have no power to do it, it is talauchi (poverty)." — Nigeria
2. "When one is poor, she has no say in public, she feels inferior. She has no food, so there is famine in her house; no clothing, and no progress in her family." — a woman from Uganda
3. "Poverty is pain. It feels like a disease. It attacks a person not only materially but also morally. It eats away one's dignity and drives one into total despair" – Moldova
4. "Poverty is humiliation, the sense of being dependent on them, and of being forced to accept rudeness, insults and indifference when we seek help." -Latvia

<sup>3</sup> UN Statement, June 1998.

offers regional patterns and country case studies. This study was actually the basis of the World Development Report of 2000/01.

In **“Voices of the Poor: Can Anyone Hear Us?”**, authored by **Deepa Narayan** (2000) with Raj Patel, Kai Schafft, Anne Rademacher and Sarah Koch-Schulte, poverty from the perspective of the poor is discussed as being multi-dimensional: 1) the lack of what is necessary for material well-being especially food; 2) being exposed to rudeness, ridicule, insecurity and shame, leaving poor people with the feeling of inferiority, powerlessness and voicelessness, and not being able to participate in community life and losing one’s cultural identity; 3) the absence of basic infrastructure; and, 4) the lack of physical, human, social and environmental assets that make one vulnerable to risks and shocks.

In **“Voices of the Poor: Crying Out for Change”**, again by **Deepa Narayan** (2000) with Robert Chambers, Meera K. Shah and Patti Petesch, poverty, as again seen from the perspectives of the poor, is discussed as “ill-being” or “bad quality of life” which is more than just material poverty but has multiple, interlocking dimensions which combine to create and sustain powerlessness or a lack of freedom of choice and action. Ten interlocking dimensions of powerlessness were identified in the study which emerged from the experiences of the poor: 1) livelihoods and assets are precarious, seasonal and inadequate; 2) places of the poor are isolated, risky, un-serviced and stigmatized; 3) the body is hungry, exhausted, sick and poor in appearance; 4) gender relations are troubled and unequal; 5) Social relations are discriminating and isolating; 6) security is lacking in the sense of both protection and peace of mind; 7) behaviors of those powerful are marked by disregard and abuse; 8) institutions are disempowering and excluding; 9) organizations of the poor are weak and disconnected; and, 10) capabilities are weak because of the lack of information, education, skills and confidence.

From these concepts of poverty my own understanding of it is that poverty is painful and lonely precisely because of the sense of deprivation, powerlessness and social exclusion.

The Human Poverty Index or HPI examines and compares human deprivations along three dimensions: (a) degree of vulnerability of people to death before the age of 40 (longevity), (b) degree of exclusion from reading and communication (knowledge), and (c) standards of living as measured through the percentage of people with access to health and safe water and percentage of malnourished children below five years of age. The Human Development Reports (HDR) define HPI as "A composite index measuring deprivations in the three basic dimensions captured in the human development index — a long and healthy life, knowledge and a decent standard of living."<sup>4</sup> The Human Development Index (HDI) on the other hand, is a set of statistics (on longevity, literacy and standard of living) used to classify the level of human development among countries into: developed, developing and underdeveloped.

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<sup>4</sup> [http://en.wikipedia.org/wiki/Human\\_Poverty\\_Index](http://en.wikipedia.org/wiki/Human_Poverty_Index) retrieved on Oct. 3, 2010.

## The Search for New Development Paradigms

The dictionary defines paradigm as “model” or “pattern.”<sup>5</sup> The classical Greeks understood it as the original archetype or ideal.<sup>6</sup> In 1962 Thomas Kuhn, in his ground-breaking work “The Structure of Scientific Revolutions”, popularized the concept of “paradigm shift.”<sup>7</sup> He argued that science does not evolve from lesser to greater truths but remains fixated in a particular dogma or “paradigm” until challenged and overthrown by a new paradigm. Thus he explained particular changes in paradigms such as how primitive peoples changed their way of life from hunting and gathering to agriculture, or how the Ptolemaic view of the earth as the center of the universe was overthrown by the Copernican view of the sun as the center, or how the Newtonian Physics was superseded by the Relativity and Quantum Physics.

A paradigm shift occurs when the present paradigm no longer work due to some anomalies within the paradigm itself found to be inconsistent with the current reality. When the old paradigm becomes dysfunctional then we have to question our assumptions on that paradigm and change our view of reality, thus a paradigm shift.<sup>8</sup>

As a student of the global development process, and as a development practitioner myself, I always grapple with the issue of what really is the meaning of development. The story of the contented fisherman by Anthony de Mello (1987), may provide some significant insights on the concept of development. The story goes like this:

*The industrialist was horrified to find the fisherman lying beside his boat, smoking a pipe. “Why aren’t you out fishing?” said the industrialist.*

*“Because I have caught enough fish for the day.” replied the fisherman.*

*“Why don’t you catch some more?”*

*“What would I do with it?”*

*“Earn more money. Then you could have a motor fixed to your boat and go into deeper waters and catch more fish. That would bring you more money to buy nylon nets, so more fish more money. Soon you would have enough to buy two boats...even a fleet of boats. Then you could be rich like me.”*

*“What would I do then?”*

*“Then you could really enjoy life.”*

*“What do you think I am doing right now?”*

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<sup>5</sup> Merriam-Webster Dictionary, 2004.

<sup>6</sup> <http://www.trufax.org/paradigm/paradigm/welcome.html> retrieved on Jan. 6, 2010.

<sup>7</sup> <http://www.taketheleap.com/define.html> retrieved on Jan. 6, 2010.

<sup>8</sup> <http://www.trufax.org/paradigm/paradigm/welcome.html> retrieved on Jan. 6, 2010.

Why do people in the prevailing economic development model tend to produce so much or to acquire so much? A deeper reflection may lead to the realization that the pursuit for development is basically a problem of meaning.<sup>9</sup> One of the assumptions underlying materialistic development is that the human person is in constant search for happiness. In fact the pursuit for happiness is considered to be a basic human right as enshrined in the American Declaration of Independence, together with the right to life and the right to liberty.<sup>10</sup>

Underlying further this assumption is the belief that life is characterized with pain and suffering, and that in order to attain happiness it is necessary to eliminate pain and suffering which can be achieved by the pursuit of pleasure and the satisfaction of basic human desires. This kind of philosophy had been a major school of thought since Aristippus and Epicurus down to Jeremy Bentham and John Stuart Mill and even Sigmund Freud and the contemporary Abolitionist Society.<sup>11</sup>

The pursuit of happiness then becomes a life goal in order to satisfy human desires which will then liberate the human person from pain and suffering and consequently obtain happiness. I believe that this kind of thinking is primarily responsible for the creation of the consumer mentality which propels materialistic development, especially in industrialized countries which equate happiness with money, or where well-being is associated with the GDP.<sup>12</sup>

But will materialism lead people to happiness? One answer has been provided by a study conducted by Tim Kasser (2002) of Knox College in Galesburg, Illinois, cited by Michael Bond, "The Pursuit of Happiness", *New Scientist*, in *Spirituality as the Fourth Bottomline* by Sohail Inayatullah,<sup>13</sup> who found out that young adults who focus on money, image and fame tend to be more depressed, have less enthusiasm for life and suffer more physical symptoms such as headaches and sore throats than others. In an article entitled "No Time To Slow Down" (US News and World Report, June 26:14), it was reported that the American quest for material wealth, or the money chase, leads to profound unhappiness, emotional isolation, and higher divorce rates because people are so busy striving for income that there is no time for normal, human relationships (cited in "Now we are human commodities" by Chris Maser, 2004).

Eric Fromm (1976) has argued that true happiness cannot be equated with the attainment of physical pleasure because it is essentially contingent upon limited and temporary material resource, which explains the psychology behind consumerism. In order to sustain the pleasure there is a need to continue to consume whatever product is deemed to provide pleasure. And in order to maximize pleasure consumption should also be maximized, thus, conspicuous consumption.

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<sup>9</sup> Sohail Inayatullah citing the work of Oliver Markley, Willis Harmon and Duane Elgin in [http://www.metafuture.org/Articles/spirituality\\_bottom\\_line.htm](http://www.metafuture.org/Articles/spirituality_bottom_line.htm) retrieved on Oct. 8, 2010.

<sup>10</sup> <http://www.ushistory.org/declaration/document/index.htm> retrieved on Oct. 8, 2010.

<sup>11</sup> <http://en.wikipedia.org/wiki/Hedonism> retrieved on Oct. 8, 2010.

<sup>12</sup> Andrew C. Revkin. A New Measure of Well-Being from a Happy Little Kingdom. *New York Times*. Oct. 4, 2005.

<sup>13</sup> [http://www.metafuture.org/Articles/spirituality\\_bottom\\_line.htm](http://www.metafuture.org/Articles/spirituality_bottom_line.htm) retrieved on Oct. 8, 2010.

Fromm has differentiated between *having* and *being*, as ways of existence. “Being” is rooted in love, and is concerned with shared experiences, while “having” is based on aggression and greed. Long before the discussion on the sustainable development paradigm, Fromm observed how society had become materialistic, preferring “having” rather than “being.” Development, driven by greed and illusion of unlimited growth, got to the point of ignoring the concept of what is truly good for human beings.

This, noted Fromm, reflected that society completely deviated from its natural path, and that industrialization heeded the fulfillment of personal interests and the desire for increased possessions. People seemed to forget that everyone is mortal, and these possessions would be rendered useless after death. Material possessions are reflective of what people are in the inside. Fromm has proposed to rethink the *having* mode of existence in which value is given to the accumulation of goods, into the *being* mode which is a more positive attitude of relatedness with the world in which the human person is valued not for what he has or has accumulated but for what he is as a human person in his relationship with the world and fellow human beings. With this new mode of existence Eric Fromm contends that it is possible to alter the present disastrous course of development humankind is leading itself into.

The LiveScience described two major categories of happiness: 1) overall life satisfaction and, 2) moment-to-moment enjoyment of life. It says that the overall satisfaction of life is strongly tied to income. On the other hand how much one enjoys life depends more on psychological needs being met. Related with these categories of happiness it cited a Gallup World Poll data which showed that the United States which had the highest GDP per capita came in as number 16<sup>th</sup> for overall well-being and 26<sup>th</sup> for enjoyment of the countries that were surveyed.<sup>14</sup>

A similar exercise was done by the Axa Life Outlook Index which tried to measure how satisfied people are at present, and how optimistic they are for the next 12 months and five years about their career, family, health and retirement planning. Indians (at 87.2 percent) were found to be happiest and most optimistic people in Asia, followed by the Filipinos (at 85 percent). Following the two are the people of China, Thailand, Indonesia, Hong Kong, Malaysia and Singapore.<sup>15</sup>

Going back to the idea that the underlying assumption in development is the pursuit of happiness, some alternative measures have been pursued against the GDP as a measure of development, notable of which are the Gross National Happiness or GNH, the Happy Planet Index and the Genuine Progress Indicators or GPI. More recently, in 2008, France President Nicolas Sarkozy created a commission to study alternative measures to the GDP, called the *Commission on the Measurement of Economic Performance and Social Progress* headed by three prominent economists such as Joseph Stiglitz (Columbia University), Amartya Sen (Harvard University) and Jean-Paul Fitoussi (Institut d'Etudes Politiques de Paris), and with members from various universities and governmental and intergovernmental organizations from several countries such as the United States, the United Kingdom and India. The body is also known as the “Stiglitz-Sen-Fitoussi Commission”.

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<sup>14</sup> [http://news.yahoo.com/s/livescience/20100701/sc\\_livescience/usisrichestnationbutnothappiest](http://news.yahoo.com/s/livescience/20100701/sc_livescience/usisrichestnationbutnothappiest) retrieved on July 1, 2010.

<sup>15</sup> [http://www.forbes.com/2007/10/04/axalife-asia-survey-face-cx\\_jc\\_1004autofacescan01.html](http://www.forbes.com/2007/10/04/axalife-asia-survey-face-cx_jc_1004autofacescan01.html) retrieved on Aug. 6, 2010.



The *Gross National Happiness* measure (GNH) was developed to define indicators that measure quality of life or social progress more holistically, as compared to the GDP. The term GNH was coined in 1972 by Bhutan's former King Jigme Singye Wangchuck, who used the phrase to signal his commitment to building an economy that would serve Bhutan's unique culture based on Buddhist spiritual values, which suggests that development of human society becomes beneficial when material and spiritual development occur side by side to complement and reinforce each other. The four pillars of GNH are: (a) the promotion of sustainable development, (b) the preservation and promotion of cultural values, (c) the conservation of the natural environment, and (d) the establishment of good governance. The Centre for Bhutan Studies developed a sophisticated survey instrument to measure the population's general level of well-being. It then had been used by the government as basis for development planning.<sup>16</sup>

Subsequent generation of GHN concept, particularly in the work of Med Yones<sup>17</sup> of the International Institute of Management, treated happiness as a measure of socio-economic development by monitoring seven development areas, namely:

1. Economic Wellness: Indicated via direct survey and statistical measurement of economic metrics such as consumer debt, average income to consumer price index ratio and income distribution
2. Environmental Wellness: Indicated via direct survey and statistical measurement of environmental metrics such as pollution, noise and traffic
3. Physical Wellness: Indicated via statistical measurement of physical health metrics such as severe illnesses
4. Mental Wellness: Indicated via direct survey and statistical measurement of mental health metrics such as usage of antidepressants and rise or decline of psychotherapy patients
5. Workplace Wellness: Indicated via direct survey and statistical measurement of labor metrics such as [jobless claims](#), job change, workplace complaints and lawsuits
6. Social Wellness: Indicated via direct survey and statistical measurement of social metrics such as discrimination, safety, divorce rates, complaints of domestic conflicts and family lawsuits, public lawsuits, crime rates
7. Political Wellness: Indicated via direct survey and statistical measurement of political metrics such as the quality of local democracy, individual freedom, and foreign conflicts.

The New Economics Foundation (NEF), in another initiative to challenge the development indices of the GDP and the HDI, launched in 2006 the *Happy Planet Index* which is an index of human well-being and environmental impact.<sup>18</sup> There are environmental costs to development goals. The idea is to measure human well being against the extraction on natural resources (Adams, 2006), as forwarded by the IUCN (World Conservation Union). It is a measure to calculate progress of nations by calculating the ability of nations to give long, happy, and meaningful lives for its citizens using its own limited economic resources. It is the first index to combine environmental impact and human well-being. The index does not show the "happiest" country or individuals across the globe. It shows the relative efficiency with which nations convert the planet's natural resources to provide for long and happy life for citizens. Thus,

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<sup>16</sup> [http://en.wikipedia.org/wiki/Gross\\_National\\_Happiness](http://en.wikipedia.org/wiki/Gross_National_Happiness) retrieved on Oct. 6, 2010.

<sup>17</sup> <http://www.iim-edu.org/grossnationalhappiness/index.htm> retrieved on Oct. 6, 2010

<sup>18</sup> [http://en.wikipedia.org/wiki/Happy\\_Planet\\_Index](http://en.wikipedia.org/wiki/Happy_Planet_Index) retrieved on Oct. 6, 2010

nations that top the index are those that provide its constituents of long and happy lives, without depleting and over-stretching the planet's resources.

The first Happy Planet Index survey conducted in 2006 was topped by Vanuatu followed by Colombia and Costa Rica. The Philippines is 17<sup>th</sup> of the 178 countries surveyed. Timor Leste was 48<sup>th</sup>. At the bottom of the list were Burundi – 176<sup>th</sup>, Swaziland – 177<sup>th</sup> and Zimbabwe – 178<sup>th</sup>. Many highly developed countries were below the Philippines although China was near to the upper bracket as 31<sup>st</sup>, to wit: New Zealand – 94<sup>th</sup>, Japan – 95<sup>th</sup>, United Kingdom – 108<sup>th</sup>, Canada – 111<sup>th</sup>, France – 129<sup>th</sup>, Australia – 139<sup>th</sup> and the US – 150<sup>th</sup>. Russia was seventh to the last at 172<sup>nd</sup>. Other countries which have high ratings on HDI were also lagging in the Happy Planet Index such as Iceland and Switzerland – 64<sup>th</sup> and 65<sup>th</sup> respectively, or Belgium as 78<sup>th</sup>, Denmark as 99<sup>th</sup>, Norway as 115<sup>th</sup> and Sweden as 119<sup>th</sup>.

The second Happy Planet Index survey conducted in 2009 was topped by Costa Rica, followed by the Dominican Republic and Jamaica of the 143 countries surveyed. The Philippines was 14<sup>th</sup>. These are developing countries. China remained near the upper bracket as 20<sup>th</sup>. At the bottom remained Zimbabwe as 143<sup>rd</sup>. Still several countries who perform highly in HDI performed low in the 2009 Happy Planet Index: Switzerland – 52<sup>nd</sup>, Sweden – 53<sup>rd</sup>, Belgium – 64<sup>th</sup>, Japan – 75<sup>th</sup>, Norway – 88<sup>th</sup>, Canada – 89<sup>th</sup>, Australia – 102<sup>nd</sup>, New Zealand – 104<sup>th</sup>, Denmark – 105<sup>th</sup>, Russia – 108<sup>th</sup> and the US as 114<sup>th</sup>.

Another major argument against the GDP is that by measuring the amount of commerce in a country, the GDP also counts remedial and defensive expenditures such as those spent for security and environmental rehabilitation. As expenditures for such items increase, so does GDP. And there lies the problem because if a country has true progress, then it should not be spending anymore on goods and services that indicate deterioration, thus the concept of *Genuine Progress Indicators* or GPI was born. The GPI, which could be traced to the theories of green economics and since 1995 has become an important part of the emerging human development theory, measures the economic growth of a country not only in terms of the GDP but also the cost of the negative effects related to the country's economic activity such as the environmental costs, crime rates, suicide rates, etc. It considers both positive and negative results of the economic growth and examines the net result as to whether or not it has been beneficial to the overall well-being of the people.<sup>19</sup>

The GPI could be measured as the gross benefits of development minus the costs incurred in all development activities. The GPI could actually be zero if the costs of pollution, treatment of diseases, or crime, etc., equal the financial gains in the production of goods and services. In the early 90s it has become a consensus in human development theory that while GDP and increases in income portray economic progress it actually tends to degrade life. Some economists asserted that expanded production facilities in some situations damage the health, culture, and welfare of people.<sup>20</sup>

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<sup>19</sup> <http://www.answers.com/topic/genuine-progress-indicator> retrieved on Oct. 6, 2010.

<sup>20</sup> [http://en.wikipedia.org/wiki/Genuine\\_progress\\_indicator](http://en.wikipedia.org/wiki/Genuine_progress_indicator) retrieved on Oct. 6, 2010.

In October 1995 US Senator Bryon Dorgan asked his colleagues to rethink the assumptions behind the GDP and the notions of economic progress. This was in response to a new measure, the GPI, proposed by Clifford Cobb, Tad Halstead and Jonathan Rowe in the article “If the Economy is Up, why is America Down?” published in the Atlantic Monthly that same month,<sup>21</sup> where the GPI would add up the GDP including those that are usually excluded from the market economy, e.g. housework and volunteering, then subtract the negative impacts such as crime, natural resource depletion and the loss of leisure time. When this was done it was found out that the US economy actually declined by 45% for the last 20 years.

The advocates of GPI therefore claim that it can measure development more reliably because it can distinguish growth into worthwhile growth or uneconomic growth. From human development theory, the concept of uneconomic growth, which stems from a poorly planned growth, denotes a decline in the quality of life,<sup>22</sup> as forwarded by economist Herman Daly (2007). Quality of life includes not only indicators of wealth and employment but also the built environment, physical and mental health, education, recreation and leisure time, and social belonging.<sup>23</sup>

The analyses on uneconomic growth were pioneered by the feminist Marilyn Waring who studied biases in the UN System of National Accounts or UNSNA. The UNSNA usually includes the production account (components of gross output), the primary distribution of income account (incomes generated by production), the transfers (redistribution) account (including social spending), the household expenditure account, the capital account, the (domestic) financial transactions account, the changes in asset values account, the assets and liabilities account (balance sheet) and the external transactions account, but does not include non-monetary activities such as, for example, unpaid housework or unpaid voluntary labor which were notable in the work of Waring.<sup>24</sup>

### **Gross National Well-being vs. Gross Domestic Product**

The global economic system is essentially growth-oriented measured in terms of the Gross National Product (GNP) or the Gross Domestic Product (GDP). While several countries are trying to find ways to measure well-being, and the kingdom of Bhutan actually adopting measures of Gross National Happiness,<sup>25</sup> largely the dominant development paradigm is basically materialistic, money-based and focused on tangible wealth. Dr. Mina M. Ramirez (1997) pointed out that there is pressure for governments to opt for economic progress as they work more for GNP and less for Gross National Well-being. She pointed out that “the passion for money breeds materialism which penetrates all segments of society – family, education,

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<sup>21</sup> <http://www.emagazine.com/view/?655> "Real Wealth: The Genuine Progress Indicator Could Provide an Environmental Measure of the Planet's Health" by Linda Baker. *E Magazine*, May/June 1999, pp. 37-41, retrieved on Oct. 7, 2010,

<sup>22</sup> [http://en.wikipedia.org/wiki/Uneconomic\\_growth](http://en.wikipedia.org/wiki/Uneconomic_growth) retrieved on Oct. 8, 2010.

<sup>23</sup> [Gregory, Derek](#); Johnston, Ron; Pratt, Geraldine et al., eds, June 2009.

<sup>24</sup> [http://en.wikipedia.org/wiki/United\\_Nations\\_System\\_of\\_National\\_Accounts](http://en.wikipedia.org/wiki/United_Nations_System_of_National_Accounts) retrieved on Oct. 9, 2010.

<sup>25</sup> <http://www.grossnationalhappiness.com/> retrieved on Oct. 6, 2010,

health systems, etc. Propagated by media through advertisements, the developing countries tend to follow basically the same pattern of the money system and the money culture as the West” (p. 49). This, according to Ramirez, “is bound to exploit the Earth’s resources as is happening in many parts of the world threatening the well-being of millions” (p. 49). Quoting Hamilton (Hamilton, 1994:16), Ramirez concurs that happiness is equated with the totality of what one can buy, and that “(e)verything and everybody could be seen as an object, a commodity to be manipulated, bought and sold” (p. 49).

While some countries’ GDP is reported to be increasing it may not necessarily bring about well-being among the populace. As pointed out in the earlier discussion on GPI or the Gross Progress Indicators, development is not only GDP but also the costs incurred in the development process which includes crimes, pollution, breakdown in relationship, suicide rates, etc., and the net result is the real development. Some schools of thought have pointed out that the materialistic development concept where happiness is equated with money lacks quality of life and it does not really bring about well-being. Ramirez pointed out above that everything and everybody is just an object that could be bought and manipulated as such is the nature of our materialistic culture.

The term *quality of life* (QOL) is “used to evaluate the general well-being of individuals and societies.”<sup>26</sup> QOL is much more than *standard of living* which is mainly measured in terms of income or per capita GDP. As mentioned earlier QOL includes not only wealth and employment but also the built environment, physical and mental health, recreation and leisure time, and social belonging. It is also often associated with the concepts of freedom, human rights and happiness. Increase in standard of living, i.e. income or GDP, does not necessarily result into increase in QOL or happiness. And, therefore, in development theory, standard of living or income is not used as a measure of quality of life.

In development theory QOL has become a very important policy goal. However there are various definitions of the concept. The WB’s goal for example is the eradication of global poverty,<sup>27</sup> which defines poverty as a “pronounced deprivation in well-being” that includes low incomes and the inability to acquire basic goods and services necessary for survival with dignity, low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one’s life.<sup>28</sup> For the World Bank poverty is low quality of life. Its idea of reducing poverty or low QOL is through the neoliberal strategy of growth through employment and productivity.<sup>29</sup> Then again we are back to income or GDP.

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<sup>26</sup> [http://www.fit.name/Quality\\_of\\_life/encyclopedia.htm](http://www.fit.name/Quality_of_life/encyclopedia.htm) retrieved on Jan. 25, 2011.

<sup>27</sup> <http://siteresources.worldbank.org/EXTABOUTUS/Resources/wbgroupbrochure-en.pdf> retrieved on Jan. 25, 2011.

<sup>28</sup> [http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty\\_Inequality\\_Handbook\\_Ch01.pdf](http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch01.pdf) retrieved on Jan. 25, 2011.

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<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTEMPHAGRO/0,,menuPK:2743902~pagePK:149018~piPK:149093~theSitePK:2743783,00.html> retrieved on Jan. 25, 2011.

An earlier instrument to measure QOL was the Physical Quality of Life Index (PQLI) developed in the 70s by Sociologist Morris David Morris,<sup>30</sup> which focused on infant mortality, life expectancy and literacy rate, and Morris' study revealed that there is no congruence between GNP per capita and PQLI when some countries with low incomes have registered high PQLI while other countries with higher incomes have lower PQLI. The PQLI was later on replaced by the Human Development Index in the 90s. Other QOL indicators included *Liveability*, the *Happy Planet Index*, "*Quality-of-Life Crimes*", the *Popsicle Index* and the QOL model developed by the University of Toronto (UofT). The "liveability" concept is primarily forwarded by the *Economic Intelligence Unit's* (EIU) *Quality of Life Index* which measures the liveability in particular cities or countries using the following indicators:

1. **Health:** Life expectancy at birth (in years). Source: *US Census Bureau*
2. **Family life:** Divorce rate (per 1,000 population), converted into index of 1 (lowest divorce rates) to 5 (highest). Sources: *UN*; *Euromonitor*
3. **Community life:** Variable taking value 1 if country has either high rate of church attendance or trade-union membership; zero otherwise. Source: *World Values Survey*
4. **Material well being:** GDP per person, at PPP in \$. Source: *Economist Intelligence Unit*
5. **Political stability and security:** Political stability and security ratings. Source: *Economist Intelligence Unit*
6. **Climate and geography:** Latitude, to distinguish between warmer and colder climates. Source: *CIA World Factbook*
7. **Job security:** Unemployment rate (%.) Source: *Economist Intelligence Unit*
8. **Political freedom:** Average of indexes of political and civil liberties. Scale of 1 (completely free) to 7 (unfree). Source: *Freedom House*
9. **Gender equality:** Measured using ratio of average male and female earnings. Source: *UNDP Human Development Report*.<sup>31</sup>

The concept of liveability is also forwarded by the *Mercer Quality of Living Survey Reports* which is based on environmental sustainability. In its 2010 Quality of Living Survey Report which included 221 cities worldwide, the indicators included water availability and drinkability, waste removal, quality of sewage systems, and lowest possible air pollution and traffic congestion.<sup>32</sup> A similar concept is the "Happy Planet Index" discussed earlier which focuses on countries' ecological footprints or how particular countries are able to provide maximum well-being to their population with the sustainable use of their resources.

"Quality-of-Life Crimes" include some crimes against property such as graffiti and vandalism or some "victimless" crimes such as urinating in public or the public consumption of alcohol.<sup>33</sup> In 1982 James Q. Wilson and George L. Kelling have proposed the "Broken Window Theory."<sup>34</sup> The theory argues that relatively minor disorders if left attended could lead to more serious crimes actually being committed, which in the end will lead to the deterioration of quality of life. On the other hand the "Popsicle Index" as forwarded by Catherine Austin Fitts refers to the

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<sup>30</sup> [http://www.brown.edu/Administration/News\\_Bureau/Op-Eds/Morris.html](http://www.brown.edu/Administration/News_Bureau/Op-Eds/Morris.html) retrieved on Jan. 25, 2011.

<sup>31</sup> Source: [http://en.wikipedia.org/wiki/Quality-of-life\\_index](http://en.wikipedia.org/wiki/Quality-of-life_index) retrieved on Jan. 25, 2011

<sup>32</sup> <http://www.mercer.com/press-releases/quality-of-living-report-2010> retrieved on Jan. 25, 2011.

<sup>33</sup> [http://www.fit.name/Quality\\_of\\_life/encyclopedia.htm](http://www.fit.name/Quality_of_life/encyclopedia.htm) retrieved on Jan. 25, 2011.

<sup>34</sup> [http://www.manhattan-institute.org/pdf/\\_atlantic\\_monthly-broken\\_windows.pdf](http://www.manhattan-institute.org/pdf/_atlantic_monthly-broken_windows.pdf) retrieved on Jan. 25, 2011.

percentage of people in the community who trusts that a child can walk to the possible location of a popsicle stand and walk back home safely with a popsicle.<sup>35</sup>

This discussion on quality of life highlights the wider dimensions of well-being and happiness as compared with the GDP. Past researches on happiness have registered that increases in income or GDP actually do not automatically correlate with increases in well-being or happiness among individuals or societies. In Canada, the University of Toronto's Quality of Life Research Unit defines quality of life as "The degree to which a person enjoys the important possibilities of his or her life". This model is based on the categories "being", "belonging", and "becoming", respectively who one is, how one is connected to one's environment, and whether one achieves one's personal goals, hopes, and aspirations.<sup>36</sup>

Mark Anielski (2007), who was inspired by the pioneering efforts on GPI in the US, and who had in fact participated in applying GPI in Canada, observes that what we measure reflects what we value and what matters most, noting that Social Equity or Gross National Well-Being was not given as much attention as GNP. Focusing on understanding genuine wealth vis-à-vis the traditional concept, i.e. money or financial capital, Anielski identifies five capitals of genuine wealth as follows: human capital (people, their mental spiritual physical and emotional health), social capital (strength of relationships with each other: trust, reciprocity, sense of belongingness), natural capital (free gifts from nature), built capital (all things made or manufactured with both human and natural capital), and financial capital (money or anything denominated in monetary terms: cash, savings, investments).

The goal of the research on happiness was to determine from what source people derive their well-being. Explaining the research, Anielski said the economics of happiness is not intended to replace income-based measures of welfare, but instead complements them with broader measures of well-being. In reality, poverty in one context may not be the same in another context or by virtue of another individual's perception. Thus, happiness research can actually deepen the understanding of poverty. From Anielski's perspective, happiness economists hope to change the way governments govern and allocate resources given the realities resulting from the research.

In a report of the *Commission on the Measurement of Economic Performance and Social Progress* (2009), or the *Stiglitz-Sen-Fitoussi Commission*, it argued that the GDP cannot be regarded as the sole indicator of economic performance and social progress because it fails to capture essential dimensions of economic performance such as the depreciation of capital, households' standard of living and inequalities. According to the Commission, social progress should not be measured from the material standpoint alone but also on non-economic factors of quality of life such as health, social ties, environmental conditions, the individual's subjective perception, etc. Another important measure for assessing economic performance and social progress according to the report is sustainability, that is, measured against the well-being of future generations, thus it asserts the importance of the environmental dimension in assessing economic performance and social progress.

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<sup>35</sup> [http://solari.com/about/popsicle\\_index.html](http://solari.com/about/popsicle_index.html) retrieved on Jan. 25, 2011.

<sup>36</sup> ([http://www.fit.name/Quality\\_of\\_life/encyclopedia.htm](http://www.fit.name/Quality_of_life/encyclopedia.htm) retrieved on Jan. 25, 2011).

Today despite the celebrated era of the Millennium Development Goals (MDG) and sustainable development, there remains a lot of challenges that continue to haunt the true meaning of development. Some sectors argue that development is still wanting in terms of respecting people's values, cultures, faith traditions, and spirituality. For example, despite being poor, that is, from conventional poverty measures, countries survived on cultural pride and had kept strong because of social solidarity. But these same countries are little by little losing their sense of cultural confidence and social solidarity due to the dominant path towards global development, i.e. growth measured by the GDP.

It is interesting to note that one of the major development challenges that remain is the development industry itself. In his book, "Lords of Poverty", Graham Hancock (1989), presents cases of foreign aid interventions that fail to address poverty. These interventions actually substantiated poverty in the developing countries. Hancock argues that the main beneficiaries of foreign aid are the poor countries' local elites and the aid industry itself. Take for example the food aid. Ironically, once food aid enters a poor country, local farmers are driven out of business. Thus, Hancock construes that western aid is provided not to help the poor, but to create profits for western corporations.

Even today, in my own experience as a development worker in Africa, when the food aid from the World Food Programme (WFP) comes to the villages, farmers are discouraged to cultivate their own farms because they know they would only lose in the market as there is free food being distributed around by the WFP. This is actually the sentiment of the people from the Ministry of Agriculture and Forestry of the Government of Southern Sudan where I worked in the year 2010 as a consultant of the Food and Agriculture Organization (FAO), that the practice of distributing free food by the WFP should be rationalized so that it does not become a disincentive for farmers to cultivate the land.

## **Participatory Development**

We can boldly say that development efforts are flawed if there is no resulting poverty reduction. That is why at the first stage of development, the goal to reduce or even eradicate poverty should already be very evident. That first stage is planning. Planning is a means of making conscious choices about how to achieve a future aim. Thus, planning for development implies a method of planning that takes into account the needs of the poorest of the poor and the most vulnerable sections of the community (Potts, Ryan and Toner, 2003) – because that should always be the aim of development.

The "technology" of participation has, alongside the efforts towards development, been a craze among policy and program developers, and development partners. Donor agencies began the promotion of civil society participation in the early 80s. In the 1990s, development cooperation saw to it that governance and poverty reduction approaches go hand in hand. Many tools and methodologies have been developed to assist participatory planning. However, it must always be noted that participatory practice is not the application of tools, but the use of one's best judgment – a proven form of behavior that focuses on improvement of human endeavors.<sup>37</sup> Chitenge

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<sup>37</sup> Caroline Harper, "The Power in Participatory Practice", in *Development Planning and Poverty Reduction*, 2003.

(2006), cited by Hernando (2008), affirms this notion by arguing that the participatory approach to planning “encourages and motivates private and public bodies to work together for common interests. This approach gives voice to the weak, marginalized, vulnerable and excluded segments of society to express their views on how issues that affect them should be handled”. (p. 18)

A recent development in participatory approaches is the *Community Driven Development*, or CDD, designed by the World Bank and adopted by some international development organizations such as the IFAD (International Fund for Agricultural Development). In the continuous search for more effective ways of reducing poverty and bringing about development especially in the rural areas, there is a need to rethink past approaches to development which were usually conceptualized at the top and imposed on the communities regarded as beneficiaries of development. In the past, pseudo participatory approaches were conveniently used in order to only fulfill donor requirements but without a true conviction in the importance of the community in designing and implementing its own development programs.

Angelo Bonfiglioli (2003), citing a World Bank document, noted that “The ‘Community Driven Development’ (CDD) approach was designed to complement the efforts of sectorial programmes by harnessing the considerable social capital of communities (geographical entities) or groups with common interest (groups and associations)”. CDD works on the empowerment of communities to be able to analyze their situations and make decisions on their analysis to improve their social conditions. According to Bonfiglioli, by addressing the key issue of the empowerment of local populations, CDD endeavors to reduce a form of poverty in its own right, quite independent of its income effects. For CDD, “poverty reduction, broadly defined, requires processes that help local people improve their capabilities and functioning, that enable people to take charge of local affairs instead of being supplicants before higher authorities” (2003:31). What is Community Driven Development? The CDD website of the World Bank provides the following definition:<sup>38</sup>

CDD – broadly defined - is an approach that gives control over planning decisions and investment resources to community groups and local governments. CDD programs operate on the principles of local empowerment, participatory governance, demand-responsiveness, administrative autonomy, greater downward accountability, and enhanced local capacity. Experience has shown that given clear rules of the game, access to information and appropriate capacity and financial support, poor men and women can effectively organize in order to identify community priorities and address local problems, by working in partnership with local governments and other supportive institutions.

According to IFAD, by strengthening the capacity of rural communities to play a greater role in their own development, they are able to build long term processes for poverty reduction and breaks the culture of dependency on external agents or institutions.<sup>39</sup> This requires that the communities themselves have the capacity to assume responsibility, and a culture of public

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<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTCDD/0,,menuPK:430167~pagePK:149018~piPK:149093~theSitePK:430161,00.html> retrieved on Oct. 10, 2010.

<sup>39</sup> <http://www.ifad.org/english/cdd/index.htm> retrieved on Oct. 10, 2010.



administration that views communities as development partners in their own right, rather than as simply recipients of benefits through public expenditure.<sup>40</sup>

### **Towards a More Holistic Development Paradigm**

Fritjof Capra, a theoretical physicist, embarked on an investigation of a comprehensive paradigm shift that he saw emerging from the paradoxical findings of modern physics. His first book, *The Tao of Physics*, was one of the first to draw parallels between quantum physics and Eastern spiritual philosophy. His subsequent books further elaborate his view that the most advanced scientific theories of our day can support the cultural transformation that our world so desperately needs.

According to Capra, what quantum physics has brought was dissolution of the notion of hard and solid objects, and also dissolution of the notion that these are fundamental building blocks of matter. These small pieces of building blocks make one study the fundamentals of the whole.

Capra suggests the focusing on the systemic information generated by relationships among all parts as a significant factor in understanding the character of the whole, emphasizing the interconnectedness of everything. This also is related to what Capra calls “ecological literacy,” which is the ability to understand the systems that support life on earth, and which shall best guide the creation of sustainable human communities, and where we should be able to communicate with nature and regard it as a living being, not a machine that we can exploit.

Capra attributes the failure of economic interventions to the lack of an ecological perspective in analyzing issues, and to the inappropriate use of systems and tools to measure development. He calls on the people to engage in paradigm shifting, even in a time that seems too late.

In another work entitled, “The Turning Point”, Fritjof Capra traces the origin of the materialistic development paradigm to the mechanistic view of reality of the 16<sup>th</sup> and 17<sup>th</sup> centuries which was propelled by the ideas of Descartes and Newton. Rene Descartes was primarily responsible for a new methodology of understanding reality, later called as the Cartesian method, which dichotomized reality into mind and matter with the contention that the mind could objectively know the material world. According to the Cartesian worldview, which was perfected by Isaac Newton, the universe is composed of hard facts that can be discerned and measured mathematically. This kind of perspective became the rationale for subjugating and exploiting the earth through science and technology. This kind of thinking propelled the industrial revolution and the world was never the same again. But that was a time when “...the resource base fueling the world’s industrial economy seemed inexhaustible, [that] it was possible to think of ‘development’ in mechanistic terms, as a problem of scale rather than value” (Kleymeyer, 2002:23).

Today materialism is now being questioned because of the contradictions it has brought on humankind such as the breakdown of families and communities and the surge of various kinds of

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<sup>40</sup> <http://www.ruralpovertyportal.org> on “Community Driven Development” retrieved on Oct. 10, 2010.

diseases related to lifestyle (internal contradictions), or environmental degradation, the loss of biodiversity and global warming (external contradictions), or in the rise of global poverty amidst plenty (systemic contradiction), that make it very clear that the conventional materialistic development paradigm is now untenable.<sup>41</sup>

In “The Shifting Paradigm”, the fifth tape in the *Art Meets Science and Spirituality* series (available at the Communications Center of the Asian Social Institute), the speakers focused on the questions of ecological sustainability, the fear of change, and new perceptions of reality. Performance artist Marina Abramovic discussed her experiences in harnessing human mental potentials, transcending the bounds of the material world through perception-altering performance art inspired by her investigation into ancient cultures and the dance of nature. Abramovic used creativity in her search for awareness of self, and the connectivity of nature around her.

In the same event Physicist Fritjof Capra discussed the erosion of the mechanistic worldviews of Descartes, which encourages to mechanically separate parts from a whole to understand the whole. To counter this, he emphasized the necessity of understanding the interconnected nature of life. Capra suggested that in order to understand the whole: “There needs to be a shift in values, together with a shift in thinking. A shift from fragmentation to wholeness, from quantity to quality, from growth to sustainability, from domination to partnership.” Religious scholar and Catholic Priest Raimon Panikkar supported Capra and Abramovic, as he tackled the connections between science, spirituality, art and economics. To perceive and preserve (sustain) nature, there should be no rift between humans and nature. If we can only accept that deep understanding and care of the world in which we live is in itself the true essence of spirituality, then we, as citizens of this planet, can never go wrong in defining and implementing the right kind of development to alleviate and heal the world's suffering.

The HDI has been criticized for its mere focus on material amenities to bring about development. Ratan Lal Basu (2005), in asserting the idea that development in its true sense should also include moral development emphasized that “...human development effort should not end up in amelioration of material deprivations alone: it must undertake to bring about spiritual and moral development to assist the biped to become truly human.” Another criticism on HDI is the lack of an ecological dimension, which was supposedly already supplied by the 1992 Earth Summit, and its focus on national performance without taking into consideration development from a global perspective.<sup>42</sup>

Contemporary perspectives dwell on economic, social and political conditions, which sometimes dismiss the cultural, moral, and spiritual dimensions of human well-being and their relevance to development. Citing the foreword of the Fr. William Ryan’s book “Culture, Spirituality, and Economic Development:”

For the most part, these assumptions and values are not expressed in conventional rational paradigms or in quantifiable terms, but in **myth, ritual, and religion**. These "ontological needs" or priorities include such things as: love of other, one's commitment

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<sup>41</sup> [http://www.metafuture.org/Articles/spirituality\\_bottom\\_line.htm](http://www.metafuture.org/Articles/spirituality_bottom_line.htm) retrieved on Oct. 5, 2010.

<sup>42</sup> [http://en.wikipedia.org/wiki/Human\\_Development\\_Index](http://en.wikipedia.org/wiki/Human_Development_Index) retrieved on Oct. 3, 2010.

and responsibility to family, clan, and community; self-worth, one's sense of dignity, honour, and respect; sexuality and gender, roles and relationships -- both individual and social; work, both as a means of sustenance and as a creative act; beauty and joy, as expressed in dance, music, art, poetry, and play; a sense of the sacred and the transcendental, spirituality and formal religion; loyalty to the tribe, nation, or other ethnic identity; love of place, a sense of belonging here and not there; reverence for life, matter and spirit in nature, the origin of nature, and its relation to self; the unseen; ancestors; and life and death. (Pierre Beemans)

Beemans suggests that societies see the importance of “ontological needs.” Otherwise, like individuals, societies “lose their inner bearings, their sense of identity” – with disastrous results. How can then societies be suitable environments for nurturing human development?

The discussion of society's ontological needs could be assumed in the discussion of culture. UNESCO defines culture as “the whole complex of distinctive spiritual, material, intellectual and emotional features that characterize a society or social group. It includes not only the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs” (Felipe de Leon, Jr., 2002). As such it shapes the consciousness of the people both as individuals and as a community or society in a particular geographic context that gives people a certain sense of identity and purpose. In a discussion on globalization, Jan Prouk (“*A cultural antidote to globalization*”, n.d.), observed three changes in the world as it entered the new millennium: (1) that outlooks based on traditional cultures have given way to a fascination with the future; (2) that human adaptation to nature has been replaced by technological dominance; and, (3) that security within the primary community (the family, the village), has been superseded by anonymous relationships within markets and states, offering security for some but not for all. Thus according to Prouk:

These cultural changes “have been reinforced by economic developments with their emphasis on capital as the driving force behind material growth and ever larger markets. This has led to a tendency for culture to become standardized. The cultural values of the global market are future, technology, objects and individuals, instead of tradition, nature, spirit and society.

When people have no critical consciousness but merely passively flow with a “standardized” culture, then they lose their own identity and are “massified”. According to Paulo Freire, the “*massification*” of society,<sup>43</sup> occurs when people, manipulated to believe in the “myths” created by the media, i.e. magazines, television, radio and advertising, are unable to achieve critical consciousness and lose their sense of identity and are alienated, thus, unable to participate in decision-making because of the imposition of imported “band-aid” approaches to problems, are driven to hopelessness and dehumanization. According to Freire this massification process further reinforces societal alienation.

Ramirez (1997) observed that “(g)overnments are caught in their political decisions between the concern for economic growth and cultural identity” (p. 48). Focusing on the role of communication technology in the current economic development paradigm, she further observed that:

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<sup>43</sup> [http://fcis.oise.utoronto.ca/~daniel\\_sch/freire/ak.html](http://fcis.oise.utoronto.ca/~daniel_sch/freire/ak.html) retrieved on Oct. 13, 2010.

“The rat race for economic development and for adopting modern communication technology in all institutions while neglecting an equal emphasis on the cultural content – to the detriment of the arts and the humanities – could fragment and further atomize people. An enormous amount of selective information, biased for creating consumer needs and only economic welfare become potent carriers of destructive change.” (p. 48)

Cultural identity is the basis of social participation. In “Culture and Development Planning,”<sup>44</sup> Felipe de Leon, Jr., observed that: “Cultural identity is the fundamental source of social empowerment” (p.372). When people are robbed of their identity, says De Leon, they become passive, or indolent, and become uncreative and unproductive. They feel lost, are prone to depression and are constantly plagued by a pervasive sense of powerlessness. As such they succumb to alcoholism or substance abuse and other forms of escape from a persistent feeling of malaise.

In “Choose Life” (2007), a book published in 1976 after his death, the great contemporary historian Arnold Joseph Toynbee said:

“I agree that the sickness of modern society can be cured only by a spiritual revolution in the hearts and minds of human beings. Social maladies cannot be remedied by organizational changes: all attempts at such remedies are superficial. They reject all organization with another. The only effective cures are spiritual. Every social organization or institution is based on a philosophy or religion and the organization is only as good or bad as the spiritual basis on which it is founded.

I agree that mankind needs a new spiritual basis. If and when a basis is found to heal our present social sickness, a new and more satisfactory form of society can be built on the new and better spiritual foundation. Short of this, I see no possibility of a cure.”<sup>45</sup>

The above statement of Arnold Toynbee is an acknowledgment of a prevailing sense of alienation with the divine into which gradually succumbed the dualistic perspective of the post-medieval period when Descartes proclaimed that it is only the mind which can objectively know reality, and therefore what cannot be known by the mind does not exist, or from Newton’s view of a mechanistic universe, thus paving the way for materialistic development that has removed the sense of the sacred which was replaced by science and technology. In a sense science and technology became the new religion which exalts knowledge as key to the progress of humankind. Arne Naess, the founder of the “Deep Ecology Movement” ascribed the current global ecological crisis to “anthropocentrism” or “homocentrism,”<sup>46</sup> According to Metzner, who is the founder of the Green Earth Foundation, this “humanist superiority complex” which is deeply rooted in the European psyche has resulted into the disastrous consequences of global ecological destruction because of the severance of people’s spiritual connection to the natural world. Thus says Metzner:

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<sup>44</sup> Ad Veritatem, Multi-Disciplinary Research Journal of the UST Graduate School, Vol. 1, Number 2, March 2002.

<sup>45</sup> Choose Life, a Dialogue, Richard L. Gage, Editor.

<sup>46</sup> Ralph Metzner, in “The Split Between Spirit and Nature in the European Consciousness”, n.d.

Humanity in the modern era confronted nature as an alien terrifying world, without even any of the other-worldly solace that religion provided. In the modern atheistic, materialistic worldview, there is no spiritual being anywhere, either in this life or after death, either in nature or above it. Nature consisting of inert, random, machine-like processes, had to be conquered, subdued, controlled and dominated – and a phenomenal technology developed just to do that.

Sohail Inayatullah of Tamkang University, proposing spirituality as the fourth bottom line<sup>47</sup> as he observed among business corporations a growing concern for social justice and environment, aside from profit, as part of their corporate social responsibility agenda, describes spirituality not in terms of the debate on whose God is better or who is true and who is false, but in terms of four interrelated factors, namely: (1) a relationship with the transcendent, seen as both immanent and transcendental; (2) a practice of some form of ritual, either meditation or some form of prayer; (3) a physical practice to transform or to harmonize the body such as yoga, tai chi, chi kung, and other similar practices; and, (4) social – a relationship with the community, global or local, a caring for others.

According to Inayatullah, spirituality cannot be measured because the transcendent is immeasurable, but a layered view could be an appropriate way of measuring the immeasurable such as using the iceberg as an analogy. The social dimension of spirituality is a bit deeper as discussed by Inayatullah – the community, caring, shared experiences, group meditations – the system of spirituality. But even deeper is the worldview of spirituality – ethics, ecology, devotion, multiple paths, transcendence. The deepest is the mythical level or what Inayatullah calls the mystical alchemy of the self.

In an essay entitled: “A Mystical Cosmology: Toward a Postmodern Spirituality”, Matthew Fox (1995) describes spirituality as “about heart and knowledge and about awakening the being in us” (p.5), which could actually lead to a consciousness of the power within, for true spirituality, according to Fox is about power – “about developing the powers of creativity, justice and compassion in all persons” (p.6). Therefore spirituality becomes alive and not a passive escape from day-to-day realities. It is the “naming, and living out, and the feeding of the vision of the people” (p.7). And, in a similar view with Arnold Toynbee, Matthew Fox proposes that, quoting the historian M. D. Chenu, “a society’s renaissance is by definition a spiritual event, a ‘rebirth based on a spiritual initiative’. Without a growing consensus as to what spiritual values a community shares and what spiritual practices it engages in, there can be no renaissance, no rebirth of the community” (p.7).

The call for a spiritual revolution or a new spiritual basis need not actually be a re-invention of spiritual traditions, but a new way of understanding their wisdom vis-à-vis man’s egotistic superiority complex that has brought the world to its own destruction in its quest for illusive happiness. Yet life is “*Dukkha*” according to the Buddhist philosophy.<sup>48</sup> *Dukkha*, which has no literal translation in English, has been generally understood as “suffering”. Some Buddhist scholars say that it could also mean “temporary”, that everything is temporary including happiness. But “*Dukkha*” as suffering is caused by desire, and that in order to end suffering one

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<sup>47</sup> [http://www.metafuture.org/Articles/spirituality\\_bottom\\_line.htm](http://www.metafuture.org/Articles/spirituality_bottom_line.htm) retrieved on Oct. 5, 2010.

<sup>48</sup> <http://buddhism.about.com/od/thefournobletruths/a/dukkhaexplain.htm> retrieved on Oct. 14, 2010.

should cease to desire, or to be detached from. And to cease from desire is to follow the noble eightfold path, i.e. right view, right intention, right speech, right action, right livelihood, right effort, right mindfulness, right concentration. In Buddhism, it is by ceasing to desire that one is freed of the cravings of the senses and therefore attains enlightenment, peace and ultimately “*nirvana*” or the state of selflessness: there is no more suffering but only eternal bliss.

In a similar vein, the Hindu philosophy looks at the manifest reality as a lesser reality or only an illusion or “*Maya*”<sup>49</sup> that veils the mind from achieving its true self – that of being one with the ultimate reality of the *Brahman*, or the Cosmic Spirit, or pure consciousness. The mind is not apart from reality but one with the whole reality which is the true Self. The individualized self which perceives itself as different from reality is a “*Jiva*” or unenlightened, which allows itself to adhere to the *Maya* or the illusion of the ephemeral. In order to achieve the “*moksha*” or the liberation of the self from the unending cycle of death and rebirth, one must be able to see beyond the “*Maya*” and become one with the ultimate reality, which is pure consciousness or bliss.

In simple terms, people should understand that materialism is only an illusion because it does not really bring about true happiness because it is a passing value. It does not last, therefore, an illusion. On the contrary attachment to material pleasure or wealth brings about suffering for the self as well as for the rest of the world. For the self, attachment brings about insecurity, the fear of loss, and the unhappiness of not being able to secure all the time the material or physical pleasures that one desires. Therefore one is not able to achieve peace or selflessness. And, therefore, one is not able to find happiness. The consequence of being unhappy is to make the rest of the world unhappy, and, consequently, the world suffers, as externalized in the degradation of the environment, conflict over resources, oppression, injustice and violence.

But when are we going to stop our desire to accumulate, to exploit in order to satisfy our cravings? Like “addicts” according to Ralph Metzner, we do not seem to be able to stop our suicidal and eco-cidal behavior despite the horrifying dimensions of global eco-catastrophe that experts have been pointing to for several decades already. Our desire for wealth, for profit, for consumption in large scale continuous unabated to this day, so is the misery of millions and billions of people.

Long before Christianity, the oriental philosophy has already suggested a way to peace and happiness through the noble eightfold path of Buddhism or by dispossessing oneself of its own ego-consciousness, or “*ahamkar*” in Hinduism, or of “*karma*” (which is related to the cycle of death and rebirth due to the inability to see through the *Maya*), and achieve unity with the ultimate reality of the *Brahman* where existence becomes pure consciousness.

Ken Wilber, in “The Spectrum of Consciousness” (1993, Second Edition), affirms the existence of being and consciousness as a spectrum from matter to body to mind to soul to Spirit, and the highest dimension in this spectrum is the Spirit which, according to Wilber, is both immanent and transcendent, both ground and goal. Spirit as immanent is the ground or condition of the entire spectrum. Spirit as immanent is simply itself – the “suchness” or “isness” – of all that is, of each and everything in manifestation. There is no way of communicating with it because there is

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<sup>49</sup> [http://en.wikipedia.org/wiki/Maya\\_\(illusion\)](http://en.wikipedia.org/wiki/Maya_(illusion)) retrieved on Oct. 14, 2010.

nothing It is not, in the same manner that Matthew Fox describes the Godhead as the “total unity” of reality and “utter silence”. However in its transcendent aspect, Wilber describes the Spirit as goal – the highest rung of the ladder of growth and evolution, that it is something we have to work to comprehend, to understand, to attain union with and to identify with. In this sense consciousness as spectrum evolves into Spirit. Wilber explains further the nature of this evolution:

Evolution is the movement of the Spirit, toward Spirit, as Spirit, the conscious resurrection, in all men and women, of the Supreme Identity, an Identity present all along, but an Identity seemingly obscured by manifestation, seemingly obscured by the limited view from a lower rung of the ladder. (1993:xvii)

The search for a more holistic development paradigm is the search for the liberation of the self from the destructive materialistic development paradigm. But as people have been addicted to the materialistic lifestyle of this development model, it will require the consciousness to see beyond the illusion of the Maya. But in order to see beyond the Maya, the consciousness will have to be one with the beyond itself. This is what Wilber said of the consciousness attaining union with the Spirit as the ultimate reality, Itself becoming one with Itself, then it will be the beginning of a spiritual rebirth.

#### *The theory of parts and whole: a cosmic philosophy*

This philosophy, developed by the founder of the Asian Social Institute, Rev. Francis Senden (ASI, 1981), stresses the unity of being or the unity of creation – that the finality of creation is wholeness because every being as part of the whole creation, which is called the universe, finds its fulfillment as part of the whole, by consciously becoming part of the whole. Thus, according to Senden, the self-actualization of every being is in the perfection of the whole, and, therefore, it is only by perfecting the whole – the universe or creation, that every being perfects itself. Metaphysically Senden calls this as “love” which is the logical relationship of beings as parts of the whole towards perfecting the whole. In perfecting the whole every being is mutually supporting one another to become parts of the whole. And metaphysically this kind of relationship is love according to Senden. No created being can exist apart from the whole, and the whole is more the sum total of the parts as explained by Senden.

The theory of parts and whole as discussed by Senden, which I understood as a cosmic philosophy because of its supposition on the finality of creation, when applied to the human being or the human person, has practical applications in the on-going discussion on development. The human being is also a part of its kind – mankind or the humankind – which Senden calls a partial whole. As part of humankind which is a partial whole in the totality of creation, the human person’s self-actualization lies in the perfection of the humankind. Thus the human person cannot perfect humankind apart from it but by being part of it, and, therefore, it is in perfecting humankind that the human person perfects himself. And it is in mutually supporting each other as parts of humankind, in a relationship of love, that human persons perfect humankind.

Senden further discussed the basic relationships of the human person in relation to the whole of reality or creation, of which he identified four, namely: the human person’s relationship with

God or the Creator, his relationship with humankind or society, his relationship with the State or the socio-political order, and his relationship with the material universe. But before he discussed these four basic relationships of the human person, he first described the nature of the human person as having a dual characteristic of “dependence” and “independence”. In fact, according to Senden, all beings are both dependent and independent. As dependent beings, they cannot exist by themselves and cannot continue to exist by themselves. As independent beings they have their autonomy as beings apart from other beings. But the human person as a “dependence independence” is unique among other created beings because, according to Senden, the human person is “spirit-in-matter” which enables him his intellect and his capacity for self-reflection.

As “spirit-in-matter” endowed with rationality the human person has both exteriority and interiority. The human person’s exteriority is related to his dependence on others for his own development as a person into a personality – his self-actualization as a human person. Exteriority is characterized by the human person’s capacity, as “dependence”, for intentionality – of being able to relate with, especially to receive, thus he cannot exist apart from the whole. Fr. Senden calls this characteristic as “heteronomy” – the human person’s dependence on others for his own existence. According to Senden the human person’s exteriority is the basis for his sociability, thus the human person is a social being. Interiority on the other hand is the characteristic of the human person, as an “independence”, for self-reflection (as compared with intentionality), which enables him autonomy (contrasted with heteronomy) as well as the capacity to give (contrasted with the capacity to receive).

Based on the human person’s character of dependence and independence, exteriority and interiority, Fr. Senden proceeded to expound on the human person’s basic relationships as thus:

- (1) In terms of his relationship with God, the human person is absolutely or total “dependence” because according to Senden, as a created being the human person cannot exist without God who caused his existence.
- (2) In his relationship with humankind the human person formally affirms himself (self-affirmation) as being part of, at the same time primarily dependent and secondarily independent. His existence as a human person and his development as a personality is primarily dependent on humankind.
- (3) In his relationship with the State, which is an extension of the human person’s personality, he is primarily independent but has a non-essential dependence on it.
- (4) In relation to the material cosmos, the human person is interdependent, which means that while the human person has supremacy over matter at the same time he is dependent on it, although in terms of dependence and independence the human person is primarily independent and secondarily dependent on nature.

These four basic relationships of the human person, if viewed towards the perfection of the whole, and in a relationship of love, imply the need to cultivate a certain notion of the divine or develop a certain sense of spirituality to remind him of his dependence on a higher being, and in his relationship with humankind to create or enhance relationships that would foster solidarity



and peace and not the division and destruction brought by war and conflict. In terms of his relationship with the State, to promote more humane forms of governance that allow the further development of the human person into personality and which use power to serve the common good not the vested interests of a few. And in his relationship with the material cosmos, to establish more sustainable forms of economic development which is in harmony with creation and which will assign production to responding to the needs of the human person and not to cater to people's greed for profit.

*Case in point: The Philippine Agenda 21*

A perfect example of an applied holistic development paradigm is embodied in the Philippine Agenda 21, or PA 21, which is the Philippine version of the comprehensive action plan on development prescribed by the UN Earth Summit held at Rio de Janeiro, Brazil in 1992. The Action Plan should have been implemented from then until the 21st century, hence, called Global Agenda 21, or plainly Agenda 21.

PA 21 considered specific paths for individuals, families, households and communities; had an action plan for each ecosystem and across ecosystems: coastal/marine, freshwater, upland, lowland, and urban. The paths were grounded on respect and active advocacy for the empowerment of the various social groupings of society to manage the economy, critical resources, society and culture, politics and governance and in the arena of foreign relations. It envisioned a better quality of life for all Filipinos through the development of a just, moral and creative, spiritual, economically vibrant, caring, diverse yet cohesive society characterized by appropriate productivity, participatory and democratic processes, and living in harmony and within the limits of the carrying capacity of nature and the integrity of creation.

PA 21 provides an operational definition of sustainable development as development "that draws out the full human potential across ages and generations. It is, at the same time, ecologically friendly, economically sound, politically empowering, socially-just, spiritually liberating, gender sensitive, based on holistic science, technologically appropriate, builds upon Filipino values, history, culture and excellence and rests upon strong institutional foundations" (PA21 Executive Summary). Furthermore, Philippine Agenda 21 "provides a comprehensive set of economic, political, cultural, scientific and technological, ecological, social, and institutional parameters that flow out of the dimensions and principles of sustainable development" (PA21 Executive Summary). The table below outlines the dimensions of sustainable development and the principles that emanate from these dimensions:

**Table 1. Seven Dimensions and 15 Principles of Sustainable Development**

Seven Dimensions	15 Principles (emanating from each dimension)
1. Human Development	1. Development of Full Human Potential 2. Self-Determination
2. Social Development	3. Gender Sensitivity 4. Sustainable Population 5. Biogeographic Equity and Community-based Resource Management 6. Global Cooperation

	7. Institutional Viability
3. Cultural Development	8. Cultural, Moral and Spiritual Sensitivity 9. Holistic Science and Appropriate Technology
4. Political Development	10. National Sovereignty 11. Peace, Order and National Unity 12. Social Justice, Inter/Intra-generational, and spatial equity 13. Participatory Democracy
5. Economic Development	14. Viable, sound and broad-base economic development 5. <i>Global Cooperation</i>
6. Ecological Development	15. Ecological Soundness 4. <i>Biogeographic and Community- based Resource Management</i>
7. Spiritual Development	All the 15 Principles

(Source: Philippine Council for Sustainable Development, 1999)

These seven dimensions and 15 principles of sustainable development have broadened the notion of development which was traditionally confined only to the economic aspect.

### *Endogenous Development*

According to Chinoy and Hewitt (1975), there are two basic sources of social change, namely, exogenous and endogenous. Change is exogenous if it comes from outside of a particular society or community. What had been the convention was exogenous change that was espoused by modern planners who would come up with a master plan, like the *Medium Term Development Plans*, and implement it on people and communities. It is also known as top-down approach although it is more than that because it is an imposition from outside. Outside interventions always create a relationship of dependency, that is why I do not adhere to this approach to social change. On the other hand Endogenous development emerged as a concept of alternative development. It defines development as what aims at individual and social liberation and self-development, thus achieving social, cultural, and economic transformations. This type of development requires ecological harmony, respect for sovereignty in decision making, respect for existing resources, and meeting the basic needs of individuals.<sup>50</sup>

I believe that for development to become more human, its final goal should be the liberation of the human person from self-serving values that limit one's identity and worth only to the amount of material wealth and goods one has acquired, and from ideologies and systems that prevent the realization of the human potential beyond the realm of the physical – a more endogenous kind of development which is rather the development of the potentials of the individual, community or the country as a whole from within not from without, i.e. development concepts are not imposed or borrowed, or not out of the pressure from the market or of the mainstream economic model.

<sup>50</sup> [http://www.compasnet.org/ed\\_1.html](http://www.compasnet.org/ed_1.html) retrieved on Aug. 6, 2010.

## Understanding Intangible Assets

This study is actually not about poverty itself but about assets, particularly intangible assets at the community level. The idea for discussing poverty is to properly appreciate the concept in order to understand how to better approach it. On the other hand the idea for discussing intangible assets is to be able to understand how “poor” communities can redefine their understanding of their poverty situation, which could actually be not as deprived as traditionally thought of to be, but with understanding intangible assets could help the communities to realize that they have several other sources of capital that they could tap in overcoming their perceived poverty situation or in the community development process.

Over the past several years there is an interesting development in the discussion on wealth and poverty. Traditionally wealth denotes money or financial assets. It also includes land or real property and jewelries of high value. With wealth is the connotation of power. If one is wealthy it also means one is powerful. This is true everywhere as it is observable that the wealthy can influence decision-making and could even become the decision-makers themselves when they choose to run for particular leadership positions.

One of the definitions of wealth in the dictionary is “abundance of possessions or resources” (Webster Dictionary, 2004). In the book “The Economics of Happiness” authored by Mark Anielski (2007), Anielski beautifully discussed the origin of the word wealth and based on its etymology suggested how we might define wealth. Wealth according to him originally comes from the combination of two Old English words “weal”, which means “well-being”, and “th” which means “condition”. And so according to him the literal meaning of wealth is actually the “condition of well-being” or ‘the condition of being happy and prosperous”.

Then Anielski proceeded to argue that wealth could no longer be narrowly defined in terms of money-value of material possessions, thus he says:

As an economist, for me to discover the authentic meaning of the word wealth was both earth shattering and exciting. It meant that wealth could no longer be narrowly defined in terms of the money-value of material possessions but must include the many, often intangible things that contribute to our quality of life including our spiritual well-being, hope, happiness, the joy of our play and the strengths of our relationships. These were the attributes Robert Kennedy astutely noted were missing in our current measure of economic progress, the GDP (Anielski, 2007: p. 16).

Intangible assets are usually not physical and are often difficult to quantify as opposed to tangible assets which are material and easily quantifiable or given monetary value. In knowledge management, intangible assets are largely knowledge assets or intellectual capital.<sup>51</sup> Talisayon identified three components of these knowledge assets or intellectual capital, namely:

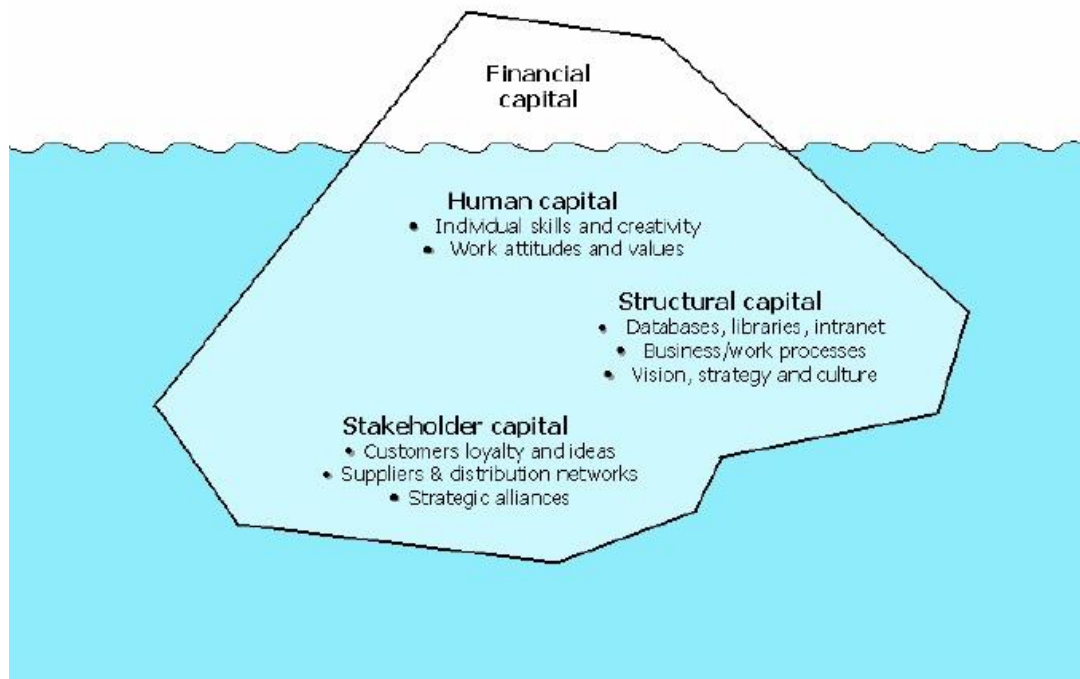
(1) Human capital or “the knowledge that leaves the company at o’clock in the evening.

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<sup>51</sup> Talisayon, in “99 Paradigm Shifts for Survival in the Knowledge Economy: A Knowledge Management Reader,” 2005.

- (2) Structural capital, also called process capital or internal capital, or “the knowledge that is left behind in the company premises at 6 o’clock in the evening.
- (3) Stakeholder capital, also called customer capital or external capital, or “knowledge inherent in external business relationships. This includes “goodwill” or “brand”.

In explaining intangible assets Talisayon used the iceberg metaphor to illustrate that the market value of a corporation is largely hidden because of its intangible assets, thus:



**Fig. 2. Iceberg metaphor of knowledge assets. (Source: Talisayon S D)**

In the same work Talisayon points to the significance of human capital and social capital as major intangibles (to date there are still not standard procedures for converting them to money units). Conventional economics view corporations as producers and households as consumers (of tangible goods and services). However, if we shift focus to intangibles, we realize that households (particularly mothers) and local communities are the prime producers of human and social capital, while corporations are their consumers (=employers)! Thus, shifting focus to intangibles also shift the prime locus of wealth creation! (p. 233-234).

In development theory intangible assets may have some characteristics that are different from the business concept of the term. In the earlier work of Deepa Narayan (2000) in “Voices of the Poor: Can Anyone Hear Us?”, a good discussion on intangible assets is provided where intangible assets were identified to in fact play a more important role in the lives of the poor than income. A range of intangible assets were identified in the study such as physical, human, social and environmental assets. Social solidarity, or social capital, is the most significant of these intangible assets because it enables the poor to cope up with vulnerabilities and shocks. While social solidarity does not pull out the poor from poverty, it gives them something with which to depend upon for survival.

Another example of understanding intangible assets is in the participatory poverty assessments (PPA) that was conducted in Vietnam in 1999 as part of the Global Consultations with the Poor” project by the World Bank,<sup>52</sup> where poor households that were interviewed were asked on their understanding of well-being, which is assumed to be the opposite of poverty. For them, well-being was considered to be tangible and intangible. Tangible well-being is defined in terms of asset endowments wherein households have solid and well-located shelters, stable source of income, which is adequate for the whole family and sufficient enough in case of unexpected shocks, such as illnesses or typhoons, occur. In rural areas, this also means possessing landholdings. In urban areas, well-being includes higher quality of job which also suggests higher chance of getting higher pay for their work. The intangible assets that define well-being were access to information through education or having children in schools, freedom from debt, community and domestic harmony, and respect from the community where they belong to.

I found the work of Dr. Serafin D. Talisayon and Jasmin P. Suministrado (2008) as most helpful in understanding intangible assets. In a recent work entitled “*Community Wealth Rediscovered: Knowledge for Poverty Alleviation*”, Talisayon and Suministrado observed that there is a growing attention being devoted to intangible assets in poverty alleviation and sustainable development programs. Firstly they noted the evolution in the indicators for development by the United Nations Development Programme (UNDP), which has combined education, health and income to arrive at a Human Development Index and Human Poverty Index. Secondly they argue that the Millennium Development Goals (MDGS) are heavily focused on intangible assets particularly goal 2 (education), goals 4, 5 and 6 (health, i.e. as part of human capital), goal 3 (empowerment, as part of social capital), goal 7 (environmental sustainability, for maintaining the natural capital), and goal 8 (global partnership, as part of stakeholder capital).

Talisayon and Suministrado also observed trends at the local level they have noted a shift from the tangible because they are often lacking in the community, to the intangibles which are often abundant. And, secondly they have noted the shift from a needs-based approach in community development to a more strengths-based approached. In this regard they discussed seven (7) frameworks that embody these two shifts, namely:

1. **Asset-Based Community Development (ABCD)**, pioneered by the **Institute of Policy Research at the Northwestern University** (Kretzman, J. & J. McKnight, 1993), points to the existing resources available at the community and how these could be utilized as strengths to facilitate the creation of economic opportunities for the community. Part of the strength/asset is the community itself and how they could participate and work together agents of their own development process compared with their traditional role as beneficiaries of development aid.
2. **Asset-Building Framework**, being spearheaded by the **Ford Foundation**,<sup>53</sup> which proposes that the indicators of a more viable and successful poverty reduction program would be increased community resilience and long term stability and security, and these could be met by building individual and community assets such as financial assets,

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<sup>52</sup> Vietnam Voices of the Poor: Synthesis of Participatory Poverty Assessments. Ho Chi Minh City: November 1999.

<sup>53</sup> See <http://www.fordfound.org/programs/assets> retrieved on April 13, 2008.

natural resources, marketable skills, public assets, social assets and reflective community services and institutions.

3. **Sustainable Livelihoods Approach** (SLA) developed by UK's Department for International Development (Hocking, G., 2003), promotes the livelihood assets pentagon which consists of human, physical, natural, social and financial assets which could be utilized to bring about more income, increased well-being, reduced vulnerability, improved food security, and more sustainable use of the natural resource base.
4. **Community Capitals Framework** by the North Central Region Center for Rural Development<sup>54</sup>

This framework was developed from a research on the characteristics of entrepreneurial and sustainable communities where it was found out

that successful communities gave importance to seven types of capital such as natural, cultural, human, social, political, financial and built. Similar to the Asset-Based Community Development, this framework can be used to look into what already exists in the community or what are its potentials for its self-development, as well as what kind of capital are needed to bring about a desired state for the community.

5. **Peace and Conflict Impact Assessment** or **PCIA** (Bush, 1998). This framework is relevant to conflict-prone areas, premised on the idea that projects cannot bring about positive changes if social relationships, i.e. social capital and stakeholder capital, break down. The focus is on the evaluation of potential impacts as well as the unintended effects of development projects on the peace situation in a particular community.
6. **Hernando de Soto** (2000) in his work "Why Capitalism Triumphs in the West and Fails Everywhere Else" argued that community assets include the various forms of sanctioned access to public goods, e.g. access to land, access to credit. One of his main theses is that for the poor in order not to remain poor must have entitlements to land or real property which are important to be used as collaterals for credit. One of his observations is that the poor farmers in developing world remain in subsistence agriculture because they have only informal access or ownership to the land they till, and, therefore could not have

Box 2. The Livelihood Pentagon in the SLA by DFID:

1. Human Capital – represents the skills, knowledge, and ability to labour and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives.

2. Social Capital – social resources upon which people draw in pursuit of their livelihood objectives, developed through networks and connectedness, membership of more formalized groups, and relationships of trusts, reciprocity and exchanges.

3. Natural Capital – term used for natural resource stocks from which resource flows and services (e.g. nutrient recycling, erosion protection) useful for livelihoods are derived.

4. Physical Capital – comprises the basic infrastructure and producer goods needed to support livelihoods.

5. Financial Capital – denotes the financial resources that people use to achieve their livelihood objectives.

<sup>54</sup> <http://www.ncrcrd.iastate.edu/projects/commcap/7capitals.htm#resources> retrieved on Dec. 10, 2009.

access to credit and other services. The idea behind the thesis is that there are already existing assets in the community available for the poor which could be utilized by the poor if they are given the right access to such assets.

7. **Jeffrey Sachs** in “The End of Poverty” (Sachs, 2008), presented various tangible and intangible assets that the poor communities can utilize to end their poverty situation. Such tangible and intangible assets, which have also been identified in the works of other poverty analysts include human capital, business capital, infrastructure, natural capital, public institutional capital and knowledge capital.

These frameworks as observed by Talisayon and Suministrado share some similarities as they consist of both tangible and intangible assets at the community level, and approach community development from building on what the community already has, in terms of strengths or assets, not on the needs. And they emphasize the importance of the social capital in providing the community with mechanisms to cope up with vulnerabilities and shocks, or in building social and economic enterprises. This was also highlighted in the “Voices of the Poor” discussed earlier in this chapter, where the poor themselves can sacrifice material assets in order to preserve social cohesion because for them social solidarity is a very important asset. From the different frameworks presented, Talisayon and Suministrado were able to draw a summary of intangible assets which exist in particular communities whether in part or in whole. See Table 2 below:

Box 3. Six (6) major capitals which poor communities often lack (from “The End of Poverty” by Jeffrey Sachs):

1. Human Capital – health, nutrition, and skills needed for each person to be economically productive.
2. Business Capital – machinery, facilities, motorized transportation for agriculture, industry and services.
3. Infrastructure – roads, power, water, sanitation.
4. Natural Capital arable land, heavy soils, biodiversity and well-functioning ecosystems.
5. Public Institutional Capital – commercial law, judicial systems, government services and policing.
6. Knowledge Capital – scientific and technological know-how that raises productivity in business output and the promotion of physical and natural capital.

**Table 2. Community Intangible Assets**

<b>Intangible Assets</b>	<b><i>Foundations on Inner Life and Values of the Community (Negative in Italics)</i></b>
Social Capital	trust, loyalty, reputation, sharing, <i>factionalism, ethnic or religious conflict, rich-poor gap</i>
Human Capital	commitment, leadership, previous trainings, skills and expertise, entrepreneurship, indigenous knowledge and wisdom, <i>dysfunctional egoism of leaders, corrupt managers</i>
Cultural Capital	Community and family values, beliefs and practices that enhance development, <i>animosity to outsiders, apathy, fear of innovations</i>
Structural Capital	Community organization procedures, tools and formal/informal systems, <i>inequitable distribution of managerial roles, project created new local elites</i>
Stakeholder Capital	External support systems, linkages to NGOs and civil society organizations (CSOs), goodwill, <i>animosity to outsiders, bad community</i>

	<i>reputation, presence of criminal syndicates</i>
Access to the Natural Capital in the public domain	Proper utilization of the natural resources, <i>overharvesting and destructive harvesting, mismanagement of wastes and waste disposal.</i>

## Intangible Wealth and Human Development

The discussion on intangible assets is contextualized here within the concept of human development which will have to begin with UNDP’s understanding of human development itself:

Human Development is a development paradigm that is about much more than the rise or fall of national incomes. It is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. People are the real wealth of nations. Development is thus about expanding the choices people have to lead lives that they value. And it is thus about much more than economic growth, which is only a means —if a very important one —of enlarging people’s choices.<sup>55</sup>

The UNDP recognizes that development is much more than economic growth or incomes but the full development of the human potential and enlarging people’s choices as it understands that people are the real wealth of nations. According to Mahbub ul Haq (1934-1998), founder of the Human Development Report, the objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. In this chapter there is much discussion on the understanding of poverty in order to point out the effects of poverty on human development, of how poverty limits people’s choices and thus prevents the development of the human potential. Poverty is contrary to the human development ideal of broadening people’s choices that include “greater access to knowledge, better nutrition and health services, more secure livelihoods, security against crime and physical violence, satisfying leisure hours, political and cultural freedoms and sense of participation in community activities” (Mahbub ul Haq).

The dominant global development paradigm anchored on liberal and neoliberal philosophies focusing on economic growth is found to be inimical to human development and is actually creating more ill-being than well-being on the majority of the global population, even as it is found to be destructive of the global environment because of its exploitative strategies on the world’s natural resources. Thus there is a continuous debate on the rationality of the GDP as the measure of development.

New approaches have emerged to measure genuine progress and well-being as a reaction to the materialistic economic growth paradigm. The UNDP itself has pioneered the Human Development Index. Several countries are trying to experiment on applying the so-called Genuine Progress Indicators, or GPI, after some successes in the US and in Canada. The New Economics Foundation in London has developed the Happy Planet Index to measure how much countries are able to provide maximum well-being to their populace with a minimum use of their ecological resources. Other initiatives are following the lead of the Kingdom of Bhutan which

<sup>55</sup> Source: <http://hdr.undp.org/en/humandev/> retrieved on Jan 31 2011.



has established Gross National Happiness, or GNH, as a better measure of well-being than the GDP.

In the light of these recent developments several schools of thought propose a more holistic development paradigm so that a more meaningful development process could be pursued by the international community. Invaluable insights and lessons could be gathered from the works of Eric Fromm, Paulo Freire, Barry Commoner, Thomas Kuhn, Arnold Toynbee, Matthew Fox, Fritjof Capra, Francis Senden, Ken Wilber, and various other thinkers who have inspired to ground development on more solid philosophical and spiritual bases, i.e. vis-à-vis the materialistic model.

The search for a more holistic development paradigm should be culturally-rooted and sensitive to people's values and identities so that development becomes relevant to the real needs of communities, and not a tacit or even explicit accommodation of foreign interests which determine the indicators of development. As the world is continuously shrinking into a global village, there is no avoiding globalization definitely, even the Kingdom of Bhutan has accepted the television and the internet albeit with caution. Yet when people remain rooted in their cultural values and identity as a people, there is no danger of succumbing to the hedonistic tendencies of consumerism propagated by the dominant economic development model.

A culturally-rooted development paradigm is a participatory and endogenous development model. As such the indicators of development could be determined by the people themselves. Concepts of wealth and poverty would have to be defined by local communities and not imposed by external development agencies. Here the concept of intangible assets, not only tangible wealth, would be crucial and meaningful in determining the levels of poverty and development of particular communities.

In "Development as Freedom, Amartya Sen has asked: "What is the relationship between our wealth and our ability to live as we would like?"<sup>56</sup> In order to answer the question appropriately there should be a proper understanding of the concept of wealth because that understanding will help to shed light on the "ability to live as we would like". For as it has been shown that well-being is not measured only by economic growth or incomes but by measures of happiness and meaning, intangible assets will play a key role in the latter.

## **Conclusion**

A very simple yet pragmatic insight on the concepts of wealth and poverty is shared by Daniel Fernandes, the *Lia Nain* (most respected community elder) in *Suco Leuro*, one of the communities in Timor Leste where I conducted my PhD research, when he said: "*The World Bank has a poor definition of poverty. The first wealth is human resources, material wealth is only secondary. It is people that give meaning to all that we do. Without people our natural resources are nothing. For example, why is there light in this house? It is because we are here. If we are not here there will be no light in this house. If we have children who can take care of us and the land when we grow old we are not poor, then I can drink 'tua' everyday and it makes me*

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<sup>56</sup> [http://www.wordiq.com/definition/Human\\_development\\_theory](http://www.wordiq.com/definition/Human_development_theory) retrieved on Jan. 31, 2011.

*happy. I have seven children so I am a big man!”* The very same kind of wisdom that De Mello’s contented fisherman told the industrialist.

So what really is development? Again it all boils down to the problem of meaning, of the pursuit of happiness, of our concepts of wealth and poverty. In the context of the current materialistic development paradigm, even our notion of well-being and despair are wedded to the ebb and flow of the markets (Maser, 2004). Maser says it is largely because people have yet to understand the notion of conscious simplicity. True wealth according to Maser lies in the scarcity of one’s want as opposed to the abundance of one’s possessions. In the light of this discussion this paper poses a very important metaphysical question yet practical in its consequences: “Who really are poor?” Perhaps one answer to this question could be given by the following anecdote which a friend forwarded to me via email. The story goes like this:

*One day,*

*A rich Dad took his son on a trip. Wanted to show him how poor someone can be. They spent time on the farm of a poor family. On the way home, Dad asked, “Did you see how poor they are? What did you learn?”*

*The son said:*

*We have one dog, they have four.*

*We have a pool, they have rivers.*

*We have lanterns at night, they have stars.*

*We buy food, they grow paddy and fruits .*

*We have walls to protect us, they have friends.*

*Then he added, “Thanks Dad for showing me how poor we are”.*

*The lesson: It’s not about money that makes us rich, it’s about the simplicity of our lives.*

So who really are poor?

In order to answer the above question there is a need to redefine our concept of development, that it is not only “freedom from fear” and “freedom from want” but also “freedom to be”. “Freedom to be” means simply “being” – the realization of one’s consciousness as part of the total unity of being – that the self does not exist apart from reality but is part of reality, thereby erasing all trace of dualism or dichotomy.

In its practical consequences when we have realized that we are part of reality and not apart from it, then we will put a stop to the addictive cycle of profit, exploitation, production and consumption, then it is possible to put an end to all the violence that is happening around the world, including our own violence to the earth. Hinduism calls it “*moksha*”, the liberation of the self from the “*maya*”. Ken Wilber calls it the evolution of the Spirit into Spirit which is both immanent and transcendent. Matthew Fox calls it the “Godhead”, the experience of reality’s “total unity” and “utter silence”. To the extent that people have achieved the “freedom to be”, then they can confidently say whether or not they are poor.

### *Gross Domestic Product or Gross National Meaning?*

The GDP remains the conventional measurement of a country's progress and development despite its weaknesses. And despite its weaknesses the leading economies of the world sees that growth is the only way by which countries could alleviate their poverties. But there is no escaping the consequences of growth and the GDP such as the contradictions that have been pointed out by some analysts like the internal contradictions of relationships breaking down among families and communities, the external contradiction of environmental degradation and climate change or the loss of biodiversity, and the systemic contradiction of poverty amidst plenty. Even the *Stiglitz-Sen-Fitoussi* Commission has already pointed out that the GDP is not enough measure for the well-being of society.

We need to formulate better indicators of well-being than just growth and the GDP. The Kingdom of Bhutan has initiated the development of indicators of Gross National Happiness. What is it that could make people happy? And the indicators are far from measuring growth or the GDP. The indicators are related to good governance, sustainable development, environmental protection and preserving cultural traditions. But the formulation of indicators of Gross National Happiness need to be based on a certain philosophy or meaning system. What is it really that could make us happy and why? When we are able to come into a consensus as a society about what is more important in our lives than the GDP, then we are in fact promoting Gross National Meaning, in support of Gross National Happiness, as the true measure of well-being.

The problem of meaning, as propounded by Max Weber, is as real and relevant today more than ever, as the world is engulfed by technology and globalization which tend to homogenize global culture and way of life thus threatening people's identities. The loss of meaning leads to what Emile Durkheim called "*anomie*" or a sense of chaos or lack of direction. A person who loses a sense of direction loses control of himself so that life only becomes drab or dry like a parched land in summer.

Today, as the world is more and more governed by the market which defines life's meaning through consumerism, millions and millions of people seem to live without a sense of direction as they surrender their own identities to fad or fashion carved out by the market through the media. Paulo Freire earlier has called this phenomenon as the *massification* of society where people lose their capacity to think for themselves and therefore lose their critical consciousness.

If a meaningful existence is equated with consumption, then Durkheim's *anomie* would reach a consequence he never imagined in his life, for the desire to consume more leads to more exploitation of the earth's resources which in turn leads to its own destruction as it is already happening now. To avert this looming catastrophe we need to re-examine our current development efforts and ask ourselves whether these will bring about true well-being for society both collectively and individually.

## About the Author

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In 2006 he headed the Asia Monitoring team of the Sustainability Watch Network (SusWatch), monitoring the implementation of the Millennium Development Goals (MDGs) in 15 countries in Africa, Asia and Latin America (2005-2006). SusWatch was based in Kampala, Uganda and was supported by the Danish International Development Agency (DANIDA); co-edited with Liliana Hisas the *Sustainability Watch 2006 Report: Implementation Barriers to Sustainable Development, A Civil Society Assessment in 15 Countries in Asia, Africa and Latin America* (Central Grafica, SRL, Bolivia, October 2006).

He obtained his PhD in Applied Cosmic Anthropology from the Asian Social Institute, Manila, where he also earned his Master's Degree in Sociology. He also holds a Master's Course in National Security Administration from the National Defense College of the Philippines (NDCP) and is a commissioned Lieutenant Colonel in the Army Reserve Command of the Armed Forces of the Philippines.

As a student of the global development process, he visited several countries as a participant and/or as a resource person in seminars and conferences, such as the United States, Canada, Bangladesh, China, Germany, Geneva, Indonesia, Cambodia, Senegal, Ghana, The Sudan and Timor Leste.

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