

Article

# Cultural Values and Sustainable Tourism Governance in Bhutan

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**Abstract:** Governance is recognized as a means to promote sustainable outcomes by democratizing the policy process and potentially harmonizing competing policy interests. This is particularly critical for sustainable tourism policy with its multiple sectors and multiple stakeholders at multiple scales. Yet little is known about the kinds of governance processes and instruments that are able to effectively harmonize competing power interests to better balance economic, ecological, and social concerns. This study analyzes the case of Bhutan and its Gross National Happiness (GNH) strategy as it is applied to sustainable tourism policy. Based on semi-structured interviews and focus groups with 57 state and non-state governance actors, it explores whether Bhutan's unique GNH governance framework successfully harmonizes competing interests in the pursuit of sustainable tourism policy. It argues that the implementation of Bhutanese tourism policy is characterized by diverse and unexpected applications of power by multiple policy stakeholders. These complex power dynamics are not shaped in a meaningful way by the GNH governance instruments. Nor are they rooted in a common understanding of GNH itself. While this situation should subvert sustainable tourism policy, a commitment among state and non-state governance actors to a common set of Buddhist-infused cultural values shapes and constrains policy actions in a manner that promotes sustainable tourism outcomes.

**Keywords:** Bhutan; Buddhism; sustainable tourism policy; governance; Gross National Happiness

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## 1. Introduction

Sustainable tourism has emerged as a key part of national sustainability policies and strategies. As a concept, however, it continues to face challenges. Despite being an area of focus since the 1980s, research on sustainable tourism has continued to be characterized as a “muddy pool” [1] or as “patchy, disjointed and at times flawed” [2]. One of the key challenges is the issue of balance that is inherent in the concept of sustainable tourism itself. Building on the Brundtland Commission’s definition of sustainable development, the United Nations World Tourism Organization (UNWTO) conceptualizes sustainable tourism around this notion of balance:

Sustainable tourism development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments. Sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability [3] (p. 11).

Others confirm the centrality of balancing economic, ecological and socio-cultural systems as a means towards tourism that is sustainable [4–6]. What this balance should look like, however,

and how it might be achieved through policy remains elusive. Some have argued that the focus of sustainable tourism has privileged environmental sustainability at the expense of other factors [7]. Others argue that sustainable tourism tends to default to a preoccupation with economic growth often couched within neoliberal terms [8,9]. Socio-cultural components, on the other hand, do not receive sufficient attention [10].

The issue of how to better balance economic, ecological, and social considerations in sustainable tourism policy is, therefore, a central one. What is often missed, however, is the connection between this process of balancing the multiple components of sustainability and the competing power relations within which this search for balance exists. This is particularly critical given the broad range of tourism policy stakeholders at multiple scales with potentially competing economic, ecological, and socio-cultural interests. There is a rich literature on the intersection of politics and tourism, generally [11–17], but only recently has focused attention been paid to the links between governance, sustainable tourism policy, and power dynamics [4,6,18,19]. Governance, defined as the interactions among public, private and civil society actors in the exercise of power and authority, is viewed as a potentially effective means to shape power dynamics and collective action among diverse policy actors to promote sustainable outcomes. It has the potential to enhance democratic decision-making processes and provide tailored policy instruments to harmonize sustainable tourism policy interests [20] (p. 412).

The record of governance practice, however, is less clear. Bramwell [18] (p. 461) argues that the practice of tourism governance has faced difficulties given its focus on multiple policy fields and multiple tourism actors. Hall [4] goes further, stating that the record of tourism governance is largely one of policy failure. As a concept, governance may be key to fostering collective action to promote sustainable tourism policy, but how it might do so in practice continues to require deeper exploration.

This paper addresses this gap through an analysis of Bhutan's unique Gross National Happiness (GNH) strategy and its accompanying governance framework as they are applied to sustainable tourism policy. Bhutan is often portrayed in the popular media as a "last Shangri-la" that has achieved sustainable tourism policy through its GNH approach. Little is known, however, about the actual performance of the GNH governance framework and its influence on sustainability policy. Is it responsible for harmonizing competing policy interests that drive sustainable tourism outcomes or is something else at play? If it is, are its governance instruments replicable elsewhere? If not, what is the engine behind the achievement of sustainable tourism outcomes? Is it even accurate to characterize Bhutan's tourism outcomes as sustainable? This paper explores these questions. It is structured around an analysis of the competing political dynamics of tourism policy implementation, the role of the GNH governance framework in attempting to harmonize these interests in a manner that promotes sustainable balance, and the actual policy outcomes that emerge from the process. The paper argues that Bhutanese policy has achieved notable success in generating sustainable tourism outcomes but the GNH governance tools, while holding significant promise, are not responsible for them. Rather, a common commitment among tourism governance stakeholders to Buddhist-inspired cultural values appears to shape and constrain potentially competing power interests in policy implementation. State and non-state governance actors may have different interests and attempt to impose their own priorities on tourism policy, but these differences are a matter of operational degree rather than kind. They are shaped and harmonized by a common commitment to the Bhutanese cultural values of integration and interdependence that promote balance across economic, social, and ecological systems. Sustainable tourism outcomes are the result.

## 2. Bhutan as a Case of Tourism Governance and Sustainability Policy

Bhutan offers a particularly intriguing case for an exploration of governance and the implementation of sustainable policy. All policy in Bhutan, including tourism policy, is rooted in the country's Gross National Happiness development strategy. GNH is based on the simple notion that happiness should be the foundation for development. Moreover, happiness is a multidimensional

and integrated concept, as opposed to the historical focus on development as economic growth. Initiated in the 1970s by the country's fourth king, GNH was originally conceptualized as a synthesis of four interdependent pillars: equitable socio-economic development, environmental conservation, cultural preservation and promotion, and good governance. More recently the pillars have been expanded into nine domains, but the four pillars continue to be recognized as the broad framework through which GNH policy is operationalized [21] (p. 18). Key to the GNH framework is an understanding of the pillars as holistic and integrated. All policy, including tourism policy, must take into account the interrelationships across social, economic, ecological, cultural, and governance systems. This focus on integration is explicitly rooted in Buddhist values [22] (p. 19). Interdependence, harmony, balance, sustainability, and compassion are the value foundations upon which GNH rests as Bhutan's national strategy. Significantly, these values, while Buddhist, are defined as cultural values, embodying the heart of a constructed national Bhutanese culture within a multi-ethnic and multi-religious society. Respondents in this study referred to these cultural values in a variety of ways, including Buddhist values, Buddhist-Hindu values and, most frequently, Bhutanese values.

Tourism policy was initiated in 1974 in Bhutan at roughly the same time as GNH was inaugurated as the country's national development framework. Since then, the implementation of tourism policy has been accompanied by the gradual evolution of a distinct governance framework. Bhutan was an absolute monarchy from 1907–2008. Under the fourth king, absolute power was increasingly devolved and decentralized until democratization in 2008. In terms of tourism governance, this process witnessed a gradual but deepening engagement with a range of state actors, international donors and, increasingly, non-state actors. While this broadens and democratizes policy decision-making, it also opens up the governance process to potentially competing political dynamics. Since democratization in 2008, Bhutan has introduced a set of GNH policy instruments as part of its governance framework that attempt to ensure competing policy interests are shaped and harmonized by the pillars of Gross National Happiness. They require that the multiple dimensions of GNH be incorporated and integrated into all policy at the design, implementation, and measurement stages. The intended result is the sustainable balancing of socio-economic, environmental, cultural, and governance dimensions within all policies.

The GNH Commission is the key GNH governance structure. It is the apex body responsible for the operationalization of GNH in policy design, planning and implementation. Specific policy instruments include the GNH policy selection tool, a draft GNH project selection tool, GNH committees, and the GNH index. The policy and draft project selection tools are instruments that require governance actors to evaluate and rank draft policies and projects against a set of screening questions based on the domains of GNH. The tools ensure that regardless of the policy, it will explicitly take the balancing of the GNH domains into account. GNH Committees are structures meant to exist within each ministry and agency in the central government as well as within sub-national governments. The committees are meant to act as links to the GNH Commission and to ensure that GNH is mainstreamed into policy implementation at all levels of government. The GNH Index is a composite measurement tool that measures policy outcomes in a multidimensional way. It is based on the nine domains of GNH and includes 33 variables with over 120 indicators. The multidimensional nature of the GNH Index ensures that policy outcomes are measured in a way that is sensitive to sustainability rather than relying solely on GDP per capita. Such multidimensional measurements can then feed back into the policy design and implementation processes. Taken in total, the GNH structures and tools represent a unique set of policy instruments that put the search for balance inherent in sustainability at the heart of the governance and policy process in Bhutan.

Bhutan's evolving governance approach therefore prioritizes a broadened set of state, non-state and donor actors to better democratize sustainable development decision-making while incorporating the unique set of GNH policy tools to ensure broadened decision-making remains structured around GNH's multidimensional approach to sustainability. All of this is rooted in a

foundation of cultural values that emphasize interdependence, balance and harmony. Bhutan's GNH approach represents a sustainability governance model for tourism and other policies that seems to hold significant promise. However, does it successfully shape potentially competing political dynamics among tourism policy actors in a manner that generates sustainable tourism outcomes? The following sections turn to an analysis of this question.

### 3. Study Methods

Semi-structured interviews were undertaken with key informants representing the multiple state and non-state tourism actors in Bhutan. This included government respondents at the central, *dzongkhag* (district) and *gewog* (village block) levels; private sector tourism actors; civil society organizations involved in tourism; and international donors. As Bhutan is made up of 20 *dzongkhags* and 205 *gewogs*, purposive sampling was used to identify four *dzongkhags* and 19 *gewogs* for participation in the research. Both *dzongkhags* and *gewogs* were selected to reflect equal representation across the country's four regions and roughly equal distribution across high, medium, and low levels of poverty defined in terms of household consumption.

Semi-structured interviews were supplemented by a number of focus group interviews. The focus groups explored, expanded, and triangulated themes that came out of individual interviews. A general interview guide with open-ended questions was used to frame both the semi-structured interviews and focus group discussions. The guide promoted in-depth discussion of respondents' understandings of GNH, their practices and interactions with other tourism governance actors in the implementation of tourism policy, the nature and impact of various GNH governance instruments on shaping these practices, and the tourism policy outcomes that result.

In total, 57 tourism stakeholders were interviewed through individual or focus group interviews. All respondents and their geographic locations remain anonymous in the study. No personal information was collected for semi-structured interview respondents nor were their names or geographic location shared with other respondents. Personal information was also not collected for focus group participants nor were the names or geographic location of focus group participants shared with other participants in the study.

The interviews and focus groups were further supplemented by analysis of policy documents, site visits to relevant tourism sites and participant observation in a public stakeholder meeting. Interviews and focus group discussions were recorded and transcribed. The transcripts were imported into NVivo software as were field notes from site visits and relevant policy documents. The data were then coded with NVivo through an iterative process that identified individual themes that were aggregated into broader themes related to the GNH intentions of tourism policy, the nature of policy implementation and the resulting tourism outcomes.

## 4. Gross National Happiness, Governance, and Sustainable Tourism Policy

### 4.1. Early Years: Monarchy and the Emergence of Sustainable Tourism Policy

Tourism policy was initially formulated and implemented in the Bhutanese political context of the 1970s. The fourth king began his reign as an absolute ruler. The civil service was powerful but its interests generally paralleled those of the king [23] (p. 242), [24] (p. 224). A representative National Assembly existed alongside the monarch and held fairly significant formal power but in practice it deferred to the monarch's political agenda [23] (pp. 243–244), [24] (p. 156). The monarchical regime focused on tourism policy rooted in the GNH pillars. It prioritized the maximization of foreign currency exchange and employment opportunities while simultaneously minimizing the potential negative impacts of this economic growth on traditional culture and the environment. Multiple policy documents outline this policy intention in remarkably consistent terms over time [25] (p. 18), [26] (pp. 67–71), [27] (pp. 16–17). A key tool for balancing the GNH pillars of maximized economic growth and minimized cultural and ecological disruption was, and remains, a daily tariff system. Tourists

must take an all-inclusive package tour for which they pay an expensive daily tariff, initially set at \$130/day, in foreign currency. The tariff serves multiple cultural, environmental, economic, and social purposes. First, its high daily cost limits the number of tourists who can visit the country as a means to minimize negative environmental and cultural impacts. Second, the high cost also drives economic development despite limiting tourist numbers. Third, a government royalty built into the tariff serves as a means to fund education and health care in the country. In the early years of Bhutanese tourism, this policy approach was termed *high value, low volume*. It represented the government's priority of balancing the socio-economic, cultural, and environmental pillars of GNH by deriving high economic value through the high cost tariff while simultaneously keeping the volume of tourists low to protect cultural and environmental concerns.

In addition to the tariff, implementing the *high value, low volume* strategy involved strict regulations around tourist-related cultural and trekking activities. Much of the country in the early years of tourism policy was also closed to tourists. Moreover, the entire tourism experience—marketing, transportation, guiding, accommodations, food—was delivered by the Department of Tourism. This tightly-controlled implementation of tourism policy ensured that economic growth did not overrun cultural and ecological concerns. Indeed, by the late 1980s, concern about growing tourist numbers led to an increase in the daily tariff in order to slow the growth in numbers, yet maintain their economic impact.

Tourism governance evolved in the 1990s. The tourism industry was privatized in a limited manner in 1991 by allowing a relatively small number of private tour companies to replace the government as the front-line providers of tours. Further pressure from the private sector led to full privatization by 1999 that opened up the tourism sector without any limits on the number of tour companies that could register as private sector companies. This resulted in a mushrooming of tour operators to 600 by 2012 [28] (p. 163). Privatization was accompanied by a set of government regulations and a code of conduct to ensure private sector stakeholders engage in their work in a manner consistent with the GNH pillars [29] (pp. 13–37), [30].

The motivation to privatize was an increasing recognition by the monarchical government of the economic potential of tourism and a need to better spread its benefits and employment opportunities [31] (p. 110). Significantly, entry of the private sector into the tourism industry led to the development of civil society organizations (CSOs) to promote private sector interests. The Association of Bhutanese Tour Operators (ABTO) was the first, created in 2000 and later registered as a CSO in 2007. ABTO's creation in 2000 foreshadowed the emergence of increasingly muscular non-state tourism governance actors alongside a growing policy conflict over the appropriate operational balance of the economic pillar with the cultural and environmental pillars of GNH.

#### 4.2. Evolving Policy and Evolving Governance

Changes in Bhutanese society led to a rethinking of the role of tourism policy at the beginning of the 2000s. A gradual move away from an agricultural economy was combined with rising population growth and a growing youth population less interested in agricultural work. Tourism became increasingly viewed as a strategy to address these socio-economic changes. *Bhutan 2020*, the country's development vision, called for a dramatic increase in tourism revenues by 2017 as a means to promote relevant employment opportunities through economic growth [32] (pp. 26–27). The *high value, low volume* approach was replaced by *high value, low impact*. The revised policy approach represents a subtle shift away from minimizing the volume of tourist arrivals to a new emphasis on increasing them to promote greater economic growth, while continuing to keep the negative impact on culture and the environment low. *High value, low impact* therefore represented a rebalancing of the GNH pillars in tourism policy. Several key government documents outline what this evolution in balance looks like [25,26]. On the one hand, greater focus on economic growth through increased tourist arrivals still requires protecting Bhutanese culture and the environment from the potential excesses of such growth. On the other hand, protecting traditional culture and

the environment is also a means to promote Bhutan as a unique niche tourism destination as fuel for economic growth. Cultural and environmental concerns are therefore to be protected from economic growth while simultaneously driving it. Within this apparent contradiction is a potentially virtuous sustainability circle where GNH pillars mutually reinforce one another: marketing a protected culture and environment will attract increased numbers of tourists which, in turn, requires further protection of the country's culture and environment to continue to promote Bhutan as an exotic tourism destination. Sustainability is still the goal but requires a rebalancing of the GNH pillars to further emphasize growth to address changing economic conditions while still maintaining the integrity of the environmental and cultural pillars.

The delicate balance inherent in the *high value, low impact* strategy shift was accompanied by a further evolution in tourism governance. Consistent with the good governance pillar of GNH, the new approach promoted broadened and deepened participation by communities, *dzongkhag*, or district, level governments and the private sector. A number of new tourism related civil society organizations also emerged in addition to ABTO. The Handicrafts Association formed in 2005, the Hotel Association in 2008 and the Guide Association of Bhutan (GAB) in 2009. In this context of broadening actors, the Department of Tourism was replaced in 2008 with the Tourism Council of Bhutan (TCB). The creation of TCB demonstrated an attempt to further broaden participation in sustainable tourism governance, at least in theory. Described by a senior official within TCB as "a governance experiment" and "a bold step", it is a governance model based on the recognition of the multi-sectoral nature of sustainable tourism that requires broader stakeholder participation. TCB is an autonomous council of state and non-state stakeholders. It brings together representatives of multiple central government ministries, autonomous commissions, the private sector, and civil society organizations. It is chaired by the Prime Minister and is mandated to formulate and implement tourism policy, develop regulations, diversify tourism products, and lead tourism human resources development.

The expansion of tourism governance actors through TCB to incorporate non-state actors would appear to democratize the process of implementing the *high value, low impact* policy shift. It also opens up this democratic space to potentially competing priorities among state and non-state governance actors that may undermine sustainable tourism outcomes, a situation for which the GNH policy tools were developed to address. The following two sections explore how this dynamic has played out in practice in the interactions across sub-national governments and TCB as well as between the private sector, CSOs, and TCB.

#### 4.3. Sub-National Governments and Tourism Policy

The move to the *high value, low impact* strategy involved, among other aspects, increasing the involvement of *dzongkhag*-level governments and administrations in the implementation of tourism policy. Of the four *dzongkhags* analyzed in this study, diverse applications of power and inconsistent roles were evident, particularly among the two *dzongkhags* with significant tourism activity. In one case, the *dzongkhag* played a critical role in the development and implementation of new tourism products within the district. The *Dzongdag*, or chief executive of the *dzongkhag* administration, stated that "TCB helps us and provides funding, but we are in control of what tourism will look like". TCB's supporting role in this case is providing marketing, funding and training where appropriate. In contrast, the other *dzongkhag* with significant tourism activity was characterized by almost no involvement by the *dzongkhag* administration. Officials stated that their priorities are elsewhere, particularly as private sector actors and TCB, in their view, maintain the most power in implementing tourism policy. According to a *Dzongkhag* Planning Officer, "[tourism] is driven by the tour operators and there is no need for us". As a result, TCB and private tour operators tend to dominate the process of tourism policy implementation in this *dzongkhag*.

At the *gewog*, or village block, level, a somewhat different situation exists. The decentralization of implementing tourism policy does not significantly go beyond the *dzongkhag* level. Yet local

government administrations at the *gewog* level again have different patterns of power applied to local tourism activities. In most instances, *gewog* officials play a very limited role. Some play no role at all. In the case of planning a tourist festival to be held in his *gewog*, a *gewog* official flatly stated “we make the seating arrangements; no planning”. In a few cases, however, *gewog* officials are freelancing outside of official channels in developing and implementing local tourism activities. According to one elected *gewog* official, there are “too many formalities working with them [TCB] so I am exploring these things on my own”. This local official represents several who are moving ahead and implementing unofficial tourism activities with TCB playing no role. The case of freelancing *gewogs* is significant. While limited in number, these initiatives, unconstrained by official channels, open up the opportunity for local tourism initiatives that do not reflect the GNH balance intended in official tourism policy. They open up the opportunity for unsustainable practices as local governments apply power despite it not being formally granted to them.

Several things are notable about the involvement of sub-national levels of government. First, the engagement of lower levels of government, where it occurs, is not structured in any meaningful way by the relevant GNH policy tools like the GNH Committees, draft GNH project selection tool and the GNH Index. Again, these tools are meant to ensure that the multidimensional and sustainable focus of GNH is incorporated into all aspects of the tourism policy process as a means to harmonize potentially competing power interests. Sub-national state actors, however, tend to be unaware of their existence or unconvinced of their usefulness. A freelancing *gewog* official, for example, stated “A GNH committee does not exist in the *gewog*. I tell the [village representatives] we just need to work as one, with equality we serve the benefit of the people”. Similarly, a high ranking *dzongkhag* official claimed, “I don’t think we need any GNH committee as it is a philosophy which everybody is aware of and where everybody is involved in this. So I don’t know what work that committee would do”.

The second notable issue related to the involvement of sub-national governments is that many officials at the *dzongkhag* and *gewog* levels maintain different understandings, and often misunderstandings, of the very nature of GNH itself. Many officials are quite open that they simply do not understand GNH despite the fact that they are charged with implementing it as part of Bhutan’s national development strategy, including tourism. One official at the *gewog* level, embarrassed by his lack of understanding of GNH, sheepishly admitted, “I know I should know what GNH is, but I don’t. I think it has something to do with four pillars”. A high ranking *dzongkhag* official was more blunt: “Even I am confused about GNH”. There are multiple causes for the confusion around GNH among these governance actors. Often it relates to the GNH Index measurement tool with its expansion from four GNH pillars to nine GNH domains with 33 variables and over 120 indicators. One of the GNH policy tools itself has therefore muddied a clearer understanding of the larger strategy.

The diverse applications of power across sub-national governments combined with misunderstandings of GNH and the lack of use of its policy tools would seem to undermine the implementation of tourism policy that sustainably balances the GNH pillars. It opens the possibility for different sub-national state actors to impose inconsistent and potentially competing interests on the implementation of tourism policy unconstrained by GNH. However, this is not the case. Multiple *dzongkhag* officials indicate that they do not use the GNH tools because their decisions and actions are naturally structured by a common set of Buddhist-based cultural values—interdependence, harmony, balance, and sustainability. According to one official, “... the system [GNH tools] is not there. ... It [GNH] is just done because Bhutanese have a set of values focused on that”. For these *dzongkhag* officials, they are already doing what the GNH tools intend to do as it is an inherent part of their value system. Similarly, *dzongkhag* officials that demonstrate a misunderstanding of the nature of GNH also speak of how they implement tourism policy based on the same cultural values that are the foundation of GNH. Without understanding GNH, their decisions are structured in a way that is consistent with it. This extends to those *gewog* officials who are freelancing by implementing their

own tourism activities outside of official channels. In these cases, their unofficial tourism activities clearly target a balance of economic, cultural, and environmental concerns. In describing his unofficial tourism plans, one elected local official stated, “our culture is also very traditional. We want to attract tourists in a way that does not affect tradition and architecture and environment in the valley”. These officials again, unprompted, describe their cultural values, rooted in Buddhism, as the driver of this. While they do not do this in reference to the GNH pillars, the values they describe and the influence on their actions is again consistent with GNH. An intriguing situation therefore exists. The GNH governance framework has had some success in broadening the input of sub-national government actors in implementing tourism policy yet has failed to engage these same officials in using the GNH policy tools as a means to promote sustainable tourism outcomes. At the same time, a common commitment among these officials to a common set of cultural values—the same values that underlie GNH—structures their actions in implementing sustainable tourism policy.

#### 4.4. Non-State Actors and Tourism Policy

The increasing engagement of sub-national governments in the *high value, low impact* strategy is paralleled by an intention by government to more broadly engage non-state actors in tourism governance. Complicating this situation was the 2009 recruitment by the central government of McKinsey and Company, an international consulting company, to assist with the accelerated implementation of a range of policies, including tourism policy. McKinsey moved forward in partnership with TCB and other stakeholders to implement the greater focus on economic growth. One of the strategies suggested by McKinsey was controversial among many private sector and CSO governance actors. The daily tariff and required tour package have always been the hallmarks of tourism policy in Bhutan. However, in order to put greater focus on the economic development pillar of GNH, McKinsey suggested a complete liberalization of the tourism industry with a target of 250,000 tourist arrivals by 2013, approximately a ten-fold increase from tourist numbers in 2009 when McKinsey made the proposal. Liberalization would occur by dropping the tariff and package tours in an effort to dramatically increase the number of tourists to fuel accelerated economic growth. Government respondents were clear that this was rooted in the need to rebalance economic, environmental and socio-cultural concerns as the Bhutanese economy evolves in the context of increased urbanization and youth unemployment. Changing conditions required changing the balance across the GNH pillars. The values underlying GNH, according to these respondents, drive this rebalancing.

The proposal was approved by the prime minister and cabinet. Some TCB members from the private sector and civil society complained that they were not consulted in any meaningful way despite being a part of TCB. One stated that “they often turn a deaf ear towards us”. Another suggested “they do listen, but whether they take us seriously is debatable”. A third was more blunt, stating TCB was “trying to play a dirty game”. Moreover, many private sector and civil society representatives disagreed with the proposal. Their reasons for opposition are intriguing. Some tour operators opposed it as they perceived it as a strategy that would cut into their profits now guaranteed through the daily tariff. Others, however, made a much more subtle argument rooted in competing perceptions of how the GNH pillars should be balanced in practice. The majority of private sector actors interviewed opposed McKinsey’s proposal because it was perceived as accelerating the economic pillar of GNH at the expense of sustainability. “TCB is too focused on numbers” and “TCB always has an agenda that is just based on profit” were common comments. One respondent went further, stating that the policy pivot to increased focus on economic growth “frightens me”. Many outlined their concern that Bhutan’s cultural heritage would be eroded or its pristine environment would suffer. One tour operator, referencing the impacts of a liberalized tourism policy in a neighbouring country, stated, “as Bhutanese, we feel so much for preservation of culture and identity. If we liberalize we’ll be no different than Nepal”. At first glance, this argument sounds counter-intuitive coming from the private sector. Yet many respondents demonstrated a

nuanced understanding of the interconnectedness among economic, cultural and ecological issues. By dropping the tariff as a means to dramatically increase tourist arrivals to 250,000, many argued that the subsequent erosion of traditional culture and the environment, unwanted on their own, would in turn also decrease the attractiveness of Bhutan as an exotic tourist destination, threatening the future economic potential of Bhutan's tourism industry. According to one tour company operator: "Profit is not everything. Our philosophy and belief is: if we are profitable as a society, as a community, as a tour company, we need to take care of these [cultural and ecological] things. If not we'll kill the golden goose". Another claimed that environmental and cultural damage of 250,000 tourists would "destroy the whole image of Bhutan" as a niche tourist destination. A third suggested that the perceived overemphasis on economic growth in McKinsey's proposal will lead to "the final outcome where tourism will be a messed up business in the country". Respondents from non-state organizations made this case, often vigorously and emotionally, with an appeal to Buddhist-inspired cultural values of interdependence and harmony. The need for better balance across economic, environmental, and cultural systems was argued as being a foundational part of the Bhutanese value system. McKinsey's proposal was viewed as a threat to that balance.

Again, some non-state actors made this case with explicit reference to GNH while others made no reference to GNH or claimed not to understand it. In the case of the former, some claimed the government's position was abandoning GNH, leaving the private sector to take up the cause. "Even though GNH is supported by government," stated one private sector respondent, "who is doing it? So we have to try". In the latter case, several respondents made implicit GNH arguments while claiming not to understand it. For example, a representative of a civil society organization who opposed the increased economic focus of TCB's strategy argued for better integration of economic, cultural, and environmental considerations based on Buddhist values. At the same time, he also claimed "GNH is too complicated for us ... It is a good philosophical guide but I don't really understand it". This respondent was making a GNH argument without realizing it.

The opposition of many non-state governance actors to McKinsey's proposal demonstrates a debate over the proper balancing of GHN pillars in practice in order to pursue a sustainable tourism path. The position of McKinsey and TCB prioritized greater economic growth in order to re-balance the GNH pillars to promote sustainability in light of changing economic and social conditions in Bhutan. Those in opposition, however, viewed the strategy as not a re-balancing of the GNH pillars but an unbalancing that undermines sustainability. The same set of cultural values structured both positions.

The different perspectives on how to move forward with a sustainable tourism policy took a dramatic turn in 2010. A meeting of tourism stakeholders involved the prime minister, as the chair of TCB, outlining the new direction under McKinsey's proposal. While some non-state stakeholders supported the strategy or remained neutral, many opposed it vocally. Most intriguingly, behind the scenes, respondents from the Department of Forests and Parks Services (DoFPS) supported these non-state actors in their opposition to the strategy. This represented a delicate balancing act as DoFPS officials disagreed with the strategy yet, as government officials themselves, felt it inappropriate to publicly oppose the government. The alternative was to offer moral support to the private sector actors opposed to McKinsey's proposal. According to one DoFPS official: "Personally, from our side, because I know many tour operators, we exchanged a lot of dialog and said that 'you guys go against the government.' For us, we work in government and it is very difficult for us". The DoFPS respondents emphasized that they supported the private sector given their concerns over the policy shift's implications for the upending of the balance across economic, environmental, and cultural concerns. The expanded set of tourism governance actors therefore demonstrated a diverse and fractured set of power relations rooted in differences over the appropriate balance of GNH pillars. An official government position rooted in GNH was supported by some non-state actors while an opposing set of non-state actors promoted an alternative GNH argument supported by another government entity.

Faced with a group of stakeholders opposing the policy direction using an alternative argument on sustainability, the Prime Minister reversed the proposal despite cabinet approval. Not only was the daily tariff maintained, it was increased to \$250/day for high tourist season and the target number of new tourist arrivals was decreased from 250,000 to 100,000. This reversal represented a significant triumph to many respondents within the private sector and civil society. One private tour operator stated “we had a better case than McKinsey who were paid US\$9 million by the government”. A policy change rooted in GNH—accelerating economic growth through increased tourist numbers to address changing socio-economic conditions—was overturned based on opposition that also appealed to the GNH pillars or values in a more integrated way. The policy conflict was not over broader tourism policy or GNH itself, but how the economic, cultural and environment pillars of GNH should be balanced in practice to best promote sustainability. It represented a dynamic process of finding the appropriate balance of GNH pillars where an expanded set of governance actors differed over the operational nature of the balance but whose differences were constrained by common cultural values that prioritize sustainable balance.

Intriguingly, the issue of removing the tariff arose again in late 2015. The National Council, the upper house in Bhutan’s parliament, recommended after a year-long review to maintain the \$65 government royalty component of the \$250 tariff but remove the rest of it. Doing so, it argued, would address the emerging problem of tour operators undercutting the cost of the tariff by charging tourists less and would also address the perceived unequal distribution of tourism benefits across the country [33]. The argument was justified as a means of ensuring the core GNH values underlying the *high value, low impact* strategy are not undermined [33]. While no final decision has yet been made at the time of writing, the recommendation was immediately met with opposition. The opposition was again rooted in an argument of what the proper balance of economic, social, cultural, and environmental concerns should look like [34]. The same pattern therefore emerges: differences arise over the operationalization of balancing GNH pillars in tourism policy but the issue of interdependent balance itself is not disputed.

#### 4.5. Cultural Values: Constraining and Shaping Policy Actions

The analysis above suggests that the implementation of sustainable tourism policy in Bhutan is characterized by diverse and fractured expressions of power. Governance actors apply or try to apply their interests to the policy implementation process in different ways in different contexts. Some sub-national governments successfully influence tourism policy while others do not; non-state actors engage with policy implementation through both cooperation and opposition to the government. Overall, the democratization of Bhutan’s tourism governance framework has led to a situation where both state and non-state actors impact the direction of policy implementation. Within this context, two issues remain significant. First, the GNH specific policy tools are notable for their on-going absence in shaping how power is applied by governance actors in the implementation of tourism policy. These tools are meant to ensure that the multidimensional and sustainable focus of GNH is incorporated into all aspects of the tourism policy process. While debate among governance actors occurred on the proper balance of GNH pillars, this was not structured by the GNH policy tools as should be the case. Indeed, some government officials were highly ambivalent about the tools. Second, and even more curious, is that while many governance actors framed their positions in terms of how to best balance the GNH pillars, others did not. Multiple governance actors, both state and non-state, did not understand the nature of GNH itself. In these cases, GNH arguments were often being made without understanding their connection to GNH. A common commitment to cultural values appears to fill this void. Whether national government, sub-national government or non-state actors, a commitment to these values—balance, harmony, moderation, interdependence—structures governance actors’ perspectives and actions whether or not they understand GNH and its governance tools. Differences over the balance of the economic, cultural, and environmental GNH pillars are therefore a matter of operational degree rather than kind. Fractured expressions of power are shaped

and constrained by cultural values in the policy implementation process. The remaining question, though, is whether or not this is enough to generate sustainable tourism policy outcomes.

## 5. Tourism Policy Outcomes

An analysis of the outcomes of tourism policy suggests that the fractured process of policy implementation constrained by cultural values has had notable success in achieving sustainable outcomes consistent with the initial Gross National Happiness policy intentions. This is despite the lack of use of GNH tools or common understanding of GNH itself. Economic growth has been balanced by successes in environmental and cultural protection. Bhutan received 274 international tourists in 1974 when tourism policy began [26] (p. 15). This number rose significantly after privatization of the industry in the 1990s with 7158 tourist arrivals in 1999 and 44,252 in 2013 [35,36]. This increase is dramatic within the Bhutanese context but it pales in comparison to some of its South Asian neighbours. Maldives, for example, a country with just over half the population of Bhutan and a fraction of Bhutan's area, received over one million tourists in 2013 [37]. The relatively small numbers of tourists in Bhutan, however, have generated significant economic outcomes given the high cost of the daily tariff. Tourism is the largest contributor of foreign currency in Bhutan [36] (p. 174). It has regularly fueled double digit percentage growth in government revenues [28]. Tourism related employment has also increased. The number of direct and indirect jobs in the industry reached 21,289 in 2010, representing significantly more than the government's goal of 18,000 jobs [38] (p. 41). By 2012, this increased to 28,982 jobs [39]. Significant challenges still remain with many seasonal jobs and a small percentage of tour operators dominating the industry [28] (p. 163). The sustainability of the tourism industry also remains susceptible to international influences beyond Bhutan's control. For example, the ongoing political unrest in Thailand and the 2015 earthquake in Nepal, two key access points for travelling to Bhutan, have damped tourist arrivals [40]. Overall, however, tourism policy has been fairly successful in generating the intended economic outcomes.

Economic outcomes have been balanced by successes in environmental protection. Again, the GNH driven intention of tourism policy is to use a high tariff to promote economic growth while continuing to limit the negative impacts on Bhutan's environment and culture. Trekking represents the biggest threat to Bhutan's environment. Nepal's experience is particularly notable given the deforestation, trail erosion, contamination of water, and solid waste problems arising from tourist trekkers [41–44]. Bhutan's relatively small number of high paying tourists combined with strong regulations around garbage and fuel wood have helped avoid this problem. There is some evidence of the destruction of vegetation for firewood and minor erosion of trekking trails but deforestation has not been a significant issue [31] (p. 120), [45] (p. 499). Garbage on trekking trails has historically not been a problem [31] (p. 120) although it is an increasing concern, particularly as more packaged foods are available from India.

The economic and environmental outcomes of tourism policy have been balanced by the protection and promotion of Bhutanese culture. Given that most tourists visit Bhutan for a cultural experience, traditional culture is perhaps most at risk of erosion from tourism. Again, however, cultural outcomes associated with tourism, like environmental outcomes, have a relatively good record. The intention of tourism policy is to both protect Bhutan's culture from the excesses of tourism while actively promoting it as an exotic experience to attract tourists. In this context, the promotion of culture for tourism purposes has successfully uncovered latent cultural practices that had disappeared from Bhutanese life [31] (p. 259), [46,47]. Moreover, relatively little erosion of traditional culture has occurred. Many of the problems that have emerged in tourist destinations with mass tourism—begging, theft, sex tourism—are not evident in Bhutan [31] (pp. 121–122), [46] (p. 259). This is not to suggest that there are no challenges to Bhutanese tradition culture. Evidence exists of religious and cultural practices being monetized or changed to attract tourist dollars as an emerging sense of materialism develops [47]. Given the overall intent of the policy, however,

Bhutan has achieved significant success in protecting traditional cultural practices and uncovering latent ones.

The balanced economic, ecological, and socio-cultural outcomes of tourism policy suggest that the cultural values that structure the perceptions and actions of tourism policy actors play an important governance role. At the same time, a significant issue intrudes. Regional tourists from India, Bangladesh, and Maldives are exempted from the policy. They do not require the daily tariff and tour package. The vast majority of these regional tourists come from India. For years, accurate figures for regional tourists did not exist. More recently, better tracking found a yearly figure of 63,426 regional tourists, almost half the number of overall international tourists [36] (p. 176). What can be made of this? It would seem to be inconsistent with the GNH intentions of Bhutan’s tourism policy. Being exempt from the daily tariff and package tours suggests increasing numbers of regional tourists may flood the Bhutanese tourism market undermining the ecological and cultural traditions Bhutan’s tourism policy has historically focused on protecting. The issue is a complicated one, particularly in the case of India which is a dominant trade and geopolitical partner for Bhutan. The key to this apparent contradiction can likely be found in the nature of Gross National Happiness. GNH is a sustainability strategy but it is also a geopolitical strategy. It was constructed as a national strategy that integrates the four pillars as a multidimensional sustainability framework and locates this framework as a key part of the identity of the Bhutanese state itself. The uniqueness of this national identity is meant to differentiate and protect Bhutan as a sovereign entity in a region where sovereignty has not always been maintained. Past regional experience where sovereignty was lost, subsumed or threatened in Tibet, Sikkim, and Darjeeling has had a powerful influence on Bhutan’s leaders [48] (p. 36). At the same time, the uniqueness that GNH bestows on Bhutan as a sovereign nation still requires that the country navigate the geopolitics of the region. Accordingly, the cultural values of balance and compromise that underlie GNH do not separate economic, ecological, or cultural concerns from issues of state sovereignty in a region of geopolitical giants. In fact, it is quite the opposite. The maintenance of the Bhutanese state itself is part of the larger sustainability equation [49,50]. Compromise in geopolitical issues with its neighbours is a part of this. Policy compromise may therefore be a necessary component of GNH balance in the context of geopolitical concerns.

None of this changes the potential threat to ecological and cultural concerns that increasingly unregulated regional tourists represent. Their ability to travel without restrictions may contribute to cultural and environmental disruption. However, it also does not suggest that future problems with sustainability are inevitable as regional tourists, and Indian tourists in particular, travel to the country. Indeed, Bhutan’s experience with McKinsey illustrates that actions by foreign actors that appear to stray from the required balance of GNH are checked by those who feel the cultural values of integration, balance, and harmony are being violated. This already appears to be emerging with the increase in Indian tourists. Multiple state, private sector, and civil society respondents indicated the need to address the issue now to maintain sustainability. The common set of values that has enabled a dynamic and on-going balancing of GNH pillars in the implementation of tourism policy, even when this involved clashes over operational issues, suggests that new external challenges do not automatically represent a threat to the sustainability balance of GNH.

## 6. Conclusions

Governance holds the potential to broaden and democratize decision-making to promote sustainable policies. Challenges still remain, however, in understanding how it can best navigate potentially competing power dynamics among an expanded set of policy stakeholders. Bhutan’s experience with its GNH approach to tourism policy and governance offers several insights. It demonstrates that while opening up the governance process to multiple state and non-state actors broadens and democratizes the decision-making structure, it also can generate competing interests that lead to diverse and fractured expressions of power as different actors attempt to imprint their

priorities on the policy process in different ways. Sub-national governments in Bhutan either took the lead in implementing tourism policy, abrogated responsibility to TCB, or freelanced outside of official channels. Non-state actors engaged with the state as part of TCB but also opposed TCB, supported by another government agency, over how the GNH pillars should be properly balanced. This is not unexpected. Governance is a complex process of interacting stakeholders that drives often unexpected and emergent priorities and alliances [51]. What Bhutan uniquely offers in this context is its GNH policy tools. Unfortunately little can be said about these instruments and their applicability elsewhere given their general lack of use by tourism governance actors. This is a missed opportunity. The existence of diverse expressions of power demonstrates that policy implementation interactions are complex. The GNH tools were constructed to be sensitive to this complexity and the need for integration. The Bhutanese government needs to institute the use of these instruments on a much broader scale in the process of policy implementation. Without a concerted effort to better apply them in practice, their ability to shape fractured expressions of power to promote sustainable policy is largely unknown. The need to do so has further immediacy given the lack of a clear understanding of GNH itself among many governance actors.

This situation—fractured expressions of power, unused GNH policy tools, contested understandings of GNH itself—should have dire consequences for achieving sustainable tourism outcomes rooted in GNH. Tourism outcomes illustrate that this is actually not the case. Outcomes consistent with GNH are generally being achieved. A key finding emerging from the Bhutanese case is the central role of Buddhist-inspired cultural values in this situation. The values of interdependence, harmony and balance continue to shape policy actors' decisions and actions, even when they disagree over the operational nature of the sustainable balance of GNH pillars. The GNH policy tools may be unused and GNH not commonly understood, but a common commitment to a common set of values helps fill this void and promote sustainable balance. There is a degree of dynamism as governance actors often disagree over the specific nature of the balance in practice, but the necessity of the balance itself is not questioned given its roots in a common set of cultural values. This looks quite different than the policy context in the West where the economy and environment are often pitted as opposing interests.

The role of cultural values in governance rests uncomfortably within the larger development and governance literature. Cultural explanations are often marginalized or, at best, treated as a poor cousin that merely shapes structural, institutional or public choice explanations [52–54]. The Bhutanese case suggests something different. It suggests that cultural values not only matter to governance and sustainability, they can matter significantly in promoting sustainable policies by shaping and harmonizing policy actions in the context of fragmented applications of power. This is not to suggest that cultural values always matters. Nor does it suggest that cultural values do not evolve and change. However, it does suggest that cultural values be taken seriously on their own terms as a key component that drives the success of sustainability policy. The challenge, of course, is identifying which cultural values are able to shape governance to promote sustainable policy. Is it restricted to Buddhist-inspired cultural values rooted in interdependence and balance? Are Western values necessarily a barrier to sustainability? The Bhutanese case does not answer these questions but it points to the need for future research to treat cultural values as a potentially key vehicle in the promotion of sustainable policy outcomes.

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