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Say goodbye to capitalism: welcome to the Republic of Wellbeing

If governments and companies are serious about meeting the Sustainable Development Goals then they'll need to ditch their bad habits

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Imagine a country genuinely committed to pursuing the sustainable development goals (SDGs), set to be agreed on by the international community later this month. It would place emphasis on human and ecosystem wellbeing as the ultimate objective of progress. This country - let's call it the Republic of Wellbeing - and its business sector would need to embark on a profound transformation to achieve durable, long-term change.

Around the world today, companies and governments do precisely the opposite: they put more emphasis on short-term economic dynamics, or what Hillary Clinton criticised as "quarterly capitalism". If we are serious about meeting the SDGs then this cannot continue.

For the SDGs to drive policy, the Republic of Wellbeing would have to incorporate sustainability into its constitution. This is something that Latin American and Caribbean countries have promoted through the Quito Declaration, following the examples of Ecuador and Bolivia, which passed a law in 2011 granting all nature equal rights to humans. New Zealand has also attributed personal rights to ecosystems such as the Whanganui River, and citizens have sought legal avenues to defend nature as a common good, with recent successes in the US and the Netherlands.

Government functions would also have to change. The separation of offices, portfolios and tasks may have made decision-making in companies and governments more efficient in terms of sectoral outputs but it has reduced their capacity to approach problems holistically. Managers, like ministers, are rewarded for spending cuts in their area of work, even if that increases costs for their colleagues and for society at large. In response, integrated approaches to governance are needed for the Republic of Wellbeing to manage the interconnectedness of equitable and sustainable wellbeing.

Current statistics, such as the gross domestic product and stock market indices, reinforce short-termism and separate "the economy" from the rest of society. To remedy this, the Republic of Wellbeing would have to introduce measures of genuine progress which deduct the costs of negatives such as traffic jams and air pollution from economic growth, as has been done in the US states of Maryland and Vermont. It should also adopt indicators of social wellbeing, as Paraguay did two years ago.

As decisions in the public and private sector are often based on cost-benefit analyses, the Republic of Wellbeing would need to adopt accounting parameters (for example, discount rates) that are either neutral or give more weight to impacts and costs in the future than in the present. Total-cost accounting, including full environmental and social costs, is essential to identify businesses that are adding to the economy vis-a-vis those accumulating income at the expense of society, as is the case with most fossil fuel industries.

For instance, sportswear business Puma has pioneered environmental profit and losses labelling for its products, and many companies have signed up for natural capital reporting. Based on new performance assessments, the Republic of Wellbeing would need to create a system of rewards and sanctions, including the withdrawal of limited liability status for businesses that perform poorly.

Innovative forms of regulatory impact assessment, increasingly in vogue in the European Union, would need to become routine procedures, further strengthened by the involvement of citizens in assessing how laws and markets impact upon sustainable development objectives. This year, for example, France adopted a new law requiring government to publish annual reports on inequalities, quality of life and sustainable development for current or planned legislation. In the Netherlands, the Central Planning Bureau (CPB) for Economic Policy Analysis and the Environmental Assessment Agency map out the effects of electoral programmes on the economy and the environment.

Lastly, the Republic of Wellbeing would need to be vocal in global institutions to ensure that international norms, principles and agreements are conducive to human and ecosystem wellbeing. Policy inspired by the SDGs will demand a restructuring of the global economy to focus on reducing ecological footprints and inequalities, cancelling debt for poor nations, as well as incentivising the transfer of innovative technologies. Financial markets and international trade will need to be redesigned to support rather than impede sustainable social progress, as a recent UN inquiry demonstrates.

While global governance in the 20th century was led by nations and companies championing the classical model of industrialisation with high social and environmental costs, the 21st century system needs to be driven by those able to marry economic dynamism with a high quality of life and the promotion of human and ecosystem wellbeing.

The SDGs have the potential to provide a new vision for global progress. In connecting human and ecosystem wellbeing, they should help the international community question its narrow pursuit of economic growth to focus on equity, health, food, poverty, education and climate change. To achieve that, a list of general objectives is not enough. We need a profound reorganisation of governance systems to turn the SDGs into a transformative plan of action.

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