

# Enduring wellbeing requires a paradigm shift

[Bill Grace](#)

Adjunct Professor at Australian Urban Design Research Centre

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The growing movement aligned broadly with the wellbeing economy narrative is seeking to re-direct the current economic patterns of production and consumption towards an economy that delivers '[what matters](#)'. According to the Wellbeing Economy Alliance (WEAll):

*"A Wellbeing Economy is an economy designed to serve people and the planet, not the other way around. Rather than treating economic growth as an end in and of itself and pursuing it at all costs, a Wellbeing Economy puts our human and planetary needs at the centre of its activities, ensuring that these needs are all equally met, by default."*

While the objectives of the wellbeing economy movement are clear, achieving them is of course a massive challenge. A major focus has been on government policy leading to initiatives such as Wellbeing Economy Governments (WEGo), a partnership of governments with shared ambitions [1]. Scotland, Iceland, New Zealand, Wales and Finland are members of WEGo, with Canada said to be "participating". While government policy action is important and necessary, it is not sufficient to transition the national economies of these countries away from their long-established trajectory.

The entire world is part of a global market in goods and services, notwithstanding ebbs and flows of protectionism and cycles of surplus and shortage. We are all deeply embedded in a capitalist system that has gradually evolved ever since powerful people captured control of natural and human resources, i.e. since (most) people moved away from a self-sufficient and democratic life of hunting and gathering (Kemp, 2025).

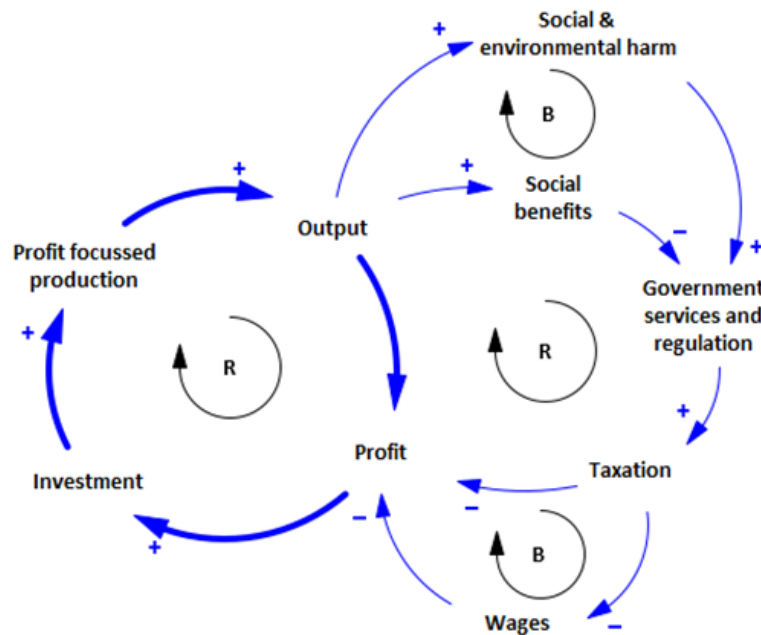
The term *Capitalism* triggers a range of cognitive responses, depending on the context, the purpose in which it is used and by whom. A couple of British academics have helpfully trawled through the literature to devise a definition which is useful for the purpose here. Harris and Delanty (2023) give us an economic perspective with seven elements.

1. The pursuit of profit and its private appropriation.
2. Free enterprise and the competitive market.
3. Wage labour.
4. Property rights.

5. The financial infrastructure of money and investment that makes possible credit and debt.
6. A highly variable degree of state regulation.
7. A propensity for growth as the productive re-investment of profit

Unless we are considering a wholesale nationalisation of private enterprise and overturning of the global political order (which hasn't gone well in the past), it is these elements that need to be addressed in any successful overhaul of the status quo to deliver the objectives of a wellbeing economy. A normative conceptualisation of the capitalist economy leads to images of farms and factories, but here I use the term to incorporate all human effort in the production of goods and services used by people. We are all recipients of some component of the output of this production, and around two-thirds of adults are contributors to the monetised component of it. Production, in turn, requires an investment in its establishment and ongoing operation, which necessitates some combination of human and physical capital. Together, these represent the "capacity" of a producing entity.

The prevailing wisdom is that the purpose of investment in capacity is 1 above (the pursuit of profit and its private appropriation) made possible by 2- 6, with 7 as the outcome. This is the world that most economists see as the natural order of things and if government regulation and taxation is a necessary evil to keep it going, so be it. Employment and wages flow from this production system over which employees (in most circumstances) have little influence. Despite initiatives such as WEGo most governments won't upset this status quo even if some (e.g. Scandinavian) tax more highly and provide more services. As market economists have continually pointed out, these arrangements have led to large improvements in (average) living standards over time, at least in Western countries. As wellbeing economy advocates have continually pointed out, they have also led to serious environmental harm, climate change, exploitation and inequality. The dynamics look something like the following causal loop diagram with reinforcing feedback as its engine, offset by the balancing feedback of taxation and wages [2].



### *The prevailing system*

The current profit maximising mindset leads to more investment which gives rise to the reinforcing feedback that results in growth in both output and profit (Element 7 above). Current production patterns result of course in social benefits but also significant environmental and inequality related social harm (Wilkinson & Pickett, 2009). The balance between these outcomes determines the demand on government to offset the harm (**failure demand**) and fill the social benefit gaps that are not sufficiently profitable to be serviced by the private sector. That leaves us with the perennial debate about the balance between profit and wages (a "zero-sum" game) and the level of taxation, and almost no focus on the social quality of the production. In this worldview, taxation is a drain on investment, which is best incentivised by reducing corporate tax rates [3].

**We have an economy in which investment is attracted to activities that derive profit from what "can be sold" to people rather than investment that is attracted to servicing the "needs" of people, while necessarily remaining profitable.**

This is the mindset that continues the myth that productivity in this system is the only way to lift growth and, therefore, living standards, which (by the way) are more than adequate for three-quarters of Australia's population. While these myths remain prevalent, we will never achieve the objectives of a wellbeing economy.

If you need any convincing that profit focus is the essential motivation of private enterprise then you need look no further than the Corporations Act 2001. This law fails to mention any corporate objective of social welfare, requiring directors only to act in the "best interests of the corporation". Corporate law has found that this means the social responsibility of a corporation is to maximise profits, as famously

stated by the economist [Milton Friedman](#). According to Corcoran (1997) that derives originally from the principles of the British Companies Act (1862):

*"It is a laissez-faire statute which promotes a strict rule of profit maximisation. It actively discourages corporate concern for social welfare when social welfare must be purchased at a cost to profit maximisation, even when the social welfare is that of its own employees."*

The courts have generally found that the [role of a corporation is to maximise profits](#). Since the notion of Corporate Social Responsibility has emerged, we have seen genuine efforts by many corporates to improve their social and environmental performance. However, this is mostly based around how to continue business-as-usual profit-maximising while donating to charity and supporting social and environmental causes (inventing the term "greenwashing" in the process).

None of this is a reflection on the individuals in profit-maximising businesses, most of whom act ethically and diligently but ultimately play the role assigned by their employer and are subject to the ultimate reality that profit maximising is the core focus. This is just as true for executives as it is for the rest of the workforce. It is also true that businesses have to make a profit, i.e. ensure that revenue exceeds costs every year (on average). However, there is a difference between profitability "[for purpose](#)" and profit maximisation.

Of course, there are already many exceptions to "profit-focussed investment" everywhere, including in the care sector, where faith-based, small private and public entities seek only to service community needs (often while struggling to survive). The current concern over the quality of private providers in the early childhood and aged care sectors illustrates what happens when "profit-focussed investment" moves into these sectors on the back of taxpayer support.

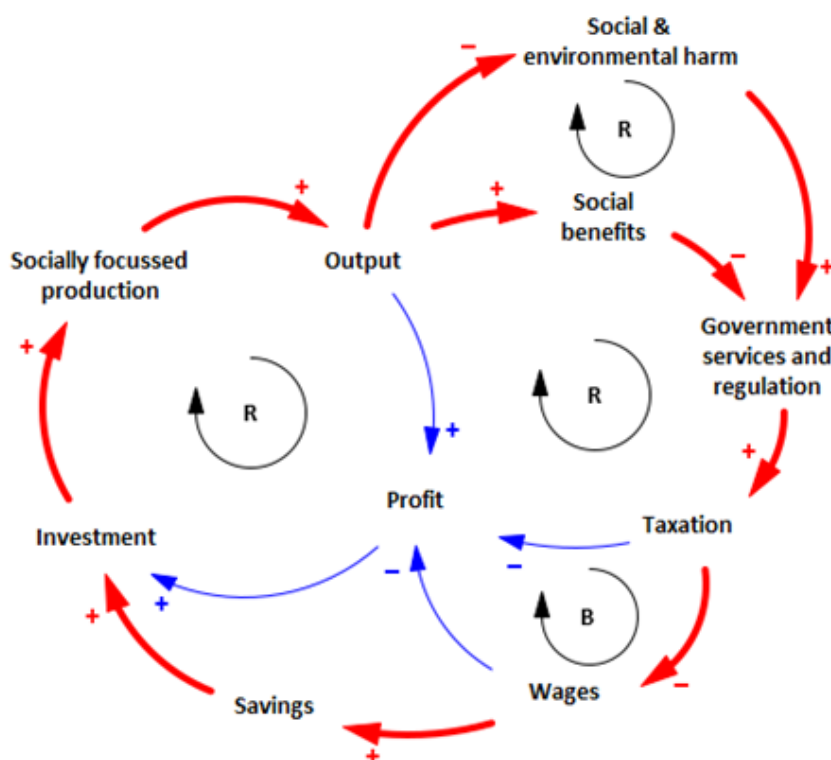
Then there is the social enterprise sector. According to [Social Enterprise Australia](#) there are over 12,000 social enterprises that employ 200,000 people. [People and Planet First](#) is a wellbeing economy initiative at the global level that verifies organisations as social enterprises against five standards:

1. **Purpose** -Exists to solve a social or environmental problem
2. **Operations** - Prioritises purpose, people, and planet over profit in operational decisions
3. **Revenue** - Has a self-sustaining revenue model
4. **Use of Surplus** - Reinvests the majority of any surplus towards its purpose
5. **Structure** -Chooses legal structures and financing that protect and lock-in purpose long term.

Imagine if these principles applied to the entire economy. If for Purpose we substitute the Wellbeing Economy Alliance objective "*deliver quality of life and flourishing for all people, in harmony with our environment*", we have a template for the transition from the economy we have to the one we need. That transition would require two things to occur:

- Such a re-balancing would lead to the economy producing more socially beneficial goods and services and fewer socially and environmentally harmful goods and services. Further, the employment focus of social enterprise means more employment to otherwise under-employed people leading to a reduction in inequality, increased savings / superannuation and reduced taxation burden from unemployment benefits, health and welfare spending. In other words, the corporate tax take may reduce but so would the tax demand for reactive services and regulation.

All this revises our causal loop diagram as follows.



### *The preferred system*

Of course, the *realists* would say that a shift like this could never happen, so we need to understand why they would think so. We deliberate and act on everything in our lives based on our mental model of how the world works, including the economy. These mental models guide our response to events and decision-making. They evolve from our experience of the world and lead to belief systems that underpin our interpretation of what is happening now and expectations about what will happen in future (cognitive dissonance occurs when reality conflicts with our belief system).

As the most influential systems-thinker of all, Donella Meadows (2008) says:

*"The shared idea in the minds of society, the great big unstated assumptions, constitute that society's paradigm, or deepest set of beliefs about how the world works. These beliefs are unstated because it is unnecessary to state them—everyone already knows them. Money measures something real and has real meaning; therefore, people who are paid less are literally worth less. Growth is good. Nature is a stock of resources to be converted to human purposes. Evolution stopped with the emergence of Homo sapiens. One can "own" land. Those are just a few of the paradigmatic assumptions of our current culture, all of which have utterly dumbfounded other cultures, who thought them not the least bit obvious."*

In this book Meadows sets out ways of creating systems change – leverage points. These include a range of measures that reflect how system dynamics operate, including reinforcing and balancing feedback, information flows, rules and regulations and goal setting. The most influential leverage points in her list are about changing belief systems or paradigms:

*"You could say paradigms are harder to change than anything else about a system, and therefore this item should be lowest on the list, not second-to-highest. But there's nothing physical or expensive or even slow in the process of paradigm change. In a single individual it can happen in a millisecond. All it takes is a click in the mind, a falling of scales from the eyes, a new way of seeing."*

Meaningful change will not and cannot occur unless and until this paradigm shift occurs, not in organisations [4] but individuals. Companies are controlled by their owners - individual shareholders. Governments are made up of individual politicians. They are elected by individual citizens who have expectations and attitudes based on their own mental models. Changing the worldview of individuals will be much more effective than changes to policy and regulation. Albeit not easy. As Meadows also says:

*"Whole societies are another matter—they resist challenges to their paradigms harder than they resist anything else."*

As we see with the behaviour of fossil fuel companies and powerful entities more generally, vested interests will actively oppose any change perceived to disadvantage their status. Which makes it even more important to broaden our focus from organisations (whether corporations or governments) to people. The people behind the vested interests and their children and grandchildren will also benefit from the

paradigm shift, if only they can see it. WEAll inherently recognises this imperative, with the following as one of the “essential pillars for systemic transformation”:

*“Changing cultural narratives about what's possible and desirable so millions of people of all ages and from all walks of life are inspired to act at local, national, and global levels in support of a shift towards a Wellbeing Economy.”*

This is a call for a paradigm shift and ultimately more important than trying to influence the behaviour of policymakers embedded in the prevailing system.

**A whole-of-society paradigm shift is necessary for humanity to navigate a soft landing in the age of the climate change and biodiversity crises, resource scarcity, rising inequality and conflict.**

The term *Sustainability* is so broadly used it has become almost meaningless. However, the concept is, and always has been, about wellbeing. In 1980 the term sustainable development was the sub-title for the “World Conservation Strategy: Living Resource Conservation for Sustainable Development” [5] (1980). The first paragraph of the strategy states:

*“Human beings, in their quest for economic development and enjoyment of the riches of nature, must come to terms with the reality of resource limitation and the carrying capacities of ecosystems; and must take account of the needs of future generations. This is the message of conservation. For if the object of development is to provide for social and economic welfare, the object of conservation is to ensure Earth's capacity to sustain development and to support all life.”*

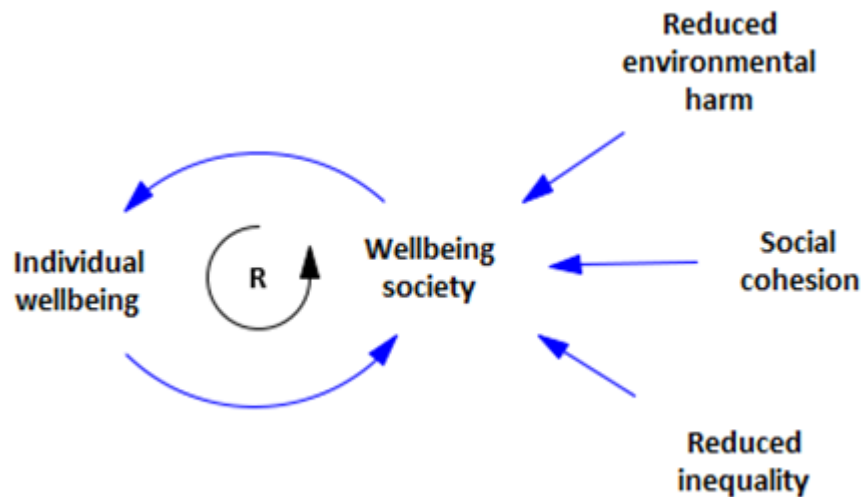
To capture this sentiment, I use the simple sustainability objective of “*enduring wellbeing*” [6], the achievement of which involves management of the global socio-ecological system, comprising:

- the purely social interactions that affect human wellbeing; and
- the interactions between the human world and the biosphere which we inhabit with all other life on earth, and which provides our material necessities.

There can be no *enduring wellbeing* without the achievement of equilibrium in this system as the pioneer of ecological economics Herman Daly told us thirty five years ago with his operational principles for sustainable development (Daly, 1990). While the wellbeing economy movement advocates generally for “sustainability” the messages are sometimes superficial (e.g. terms such as “planetary needs” are meaningless). We need to better articulate the dependence of humanity on ecological integrity and the global system dynamics of population and economy.

**There is a need to more meaningfully integrate sustainability and systems thinking into the wellbeing movement to develop a comprehensive and holistic social philosophy that speaks to all advocates for social and environmental causes.**

This philosophy will be centred around the fact that seeking *enduring wellbeing* is in the best interests of society as a whole and therefore each person as an individual, parent and grandparent. This is essentially a collectivist endeavour but with all of society as the in-group.



In the eighteenth century the Enlightenment marked a massive turning point in human history, a shift away from superstition and dogma to emphasise reason and humanity as the basis for progress. In the 21st century we have extraordinary knowledge and intellectual capacity sitting in universities, think-tanks and not-for-profits. These massively under-utilised assets need to be deployed to promote a new Age of Reason in which we use evidence to create a fairer and more equal society in equilibrium with natural ecosystems.

Clearly, the development, and spread of a broad philosophy based on *enduring wellbeing* may take decades or longer, just as did the influences of the Enlightenment. Given the trajectory that humanity is on it is a project that is becoming more urgent every day.

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[1] Led by the indefatigable [Katherine Trebeck](#)

[2] Causal loop diagrams seek to depict dynamic behaviour, i.e. over time a change in X leads to Y moving in the same direction (+ve polarity) or the opposite direction (-ve polarity). "R" means reinforcing feedback, i.e. amplifying behaviour (e.g. viscous or virtuous cycles). "B" means balancing feedback, i.e. counteracting growth / decline.

[3] Of course, the business sector is always calling for lower taxation, claiming that it depresses investment, although as the [Australia Institute](#) has pointed out there is little evidence to support this.

[4] As J.K. Galbraith famously said "There is no such thing as a corporation".

[5] This is probably the first use of the term "sustainable development"

[6] More on this [here](#)