

The Dilemma and New Changes of the Western Capitalist System

Today

Guangxin Zang

Yunnan University, Kunming 650000, China.

Abstract: The Western capitalist system is an important part of the economy and society of the contemporary world, and it has played a huge role in the past few centuries. Nonetheless, with the continuous development of globalization, technological revolution and social change, the Western capitalist system is also facing a series of difficulties and new changes. This paper aims to explore the dilemma facing the Western capitalist system today, and to analyze and discuss the new changes.

Keywords: Western Capitalism; Institutional Dilemmas; New Changes

Introduction

The capitalist system is based on the market economy, private property and free competition, and regulates the allocation of resources and economic activities through market mechanisms. It has driven scientific and technological innovation, economic growth and social development over the past few centuries, creating great wealth and opportunities for people. This paper intends to explore the dilemma and new changes facing the Western capitalist system today. The Western capitalist system has long been the dominant force in economic, political and social development, however, over time, this system has also faced a series of challenges and changes.

1. The dilemma of the capitalist system

1.1 Income inequality and widening of the gap between rich and poor

One of the core principles of the capitalist system is the protection of individual liberty and private property rights. This provides a broad space and opportunity for individuals to pursue economic interests and realize their personal dreams. Individuals in a capitalist economy can pursue wealth and success through effort, entrepreneurship, investment, etc. However, it is this mechanism of freely pursuing economic interests that has also led to income inequality and the widening gap between rich and poor. The capitalist economy encourages individuals and businesses to increase their wealth by accumulating capital and pursuing profits. Large corporations and wealthy people tend to have easier access to capital and resources, which in turn leads to higher returns. This accumulation effect leads to the concentration of wealth and exacerbates the gap between the rich and the poor.

1.2 Weakening of social mobility

The capitalist system is often considered to be an economic model with high social mobility, that is, everyone has the opportunity to improve their own economic situation through effort and talent. However, in the current situation, social mobility is gradually weakening, and mobility between social classes has become more difficult. This makes poverty and inequality more difficult to address. In a capitalist economy, the unequal distribution of resources and opportunities is one of the main reasons for the weakening of social mobility. The rich and large corporations have more resources and opportunities and easier access to high-quality education, investment, and entrepreneurial opportunities. Poor people face greater difficulties in improving their economic situation due to lack of resources and opportunities.

1.3 Market competition and economic fluctuations in the capitalist system

Market competition and economic fluctuations in the capitalist system often lead to economic instability and uncertainty about employment. Market competition is one of the core mechanisms of the capitalist system, which encourages competition between enterprises and promotes economic development and innovation. However, market competition and economic volatility also often lead to economic instability and employment uncertainty, which in turn triggers public dissatisfaction with the economic and political system. Capitalist economies often experience cyclical expansions and recessions. The volatility of the economic cycle leads to erratic economic growth, fluctuations in market demand and investment levels, which affect corporate profits and jobs. During a recession, businesses are under pressure to lay off workers or stop expanding, leading to massive job losses and economic instability.

1.4 Environmental and resource pressures

For a long time, the core goal of the capitalist system was to achieve economic growth and maximize profits. To achieve this, many businesses and individuals pursue short-term economic benefits while ignoring the long-term impact on the environment. This has led to problems such as overexploitation of natural resources, environmental pollution and ecological damage. Overexploitation and depletion of resources, capitalism's pursuit of economic growth and profit maximization, leads to overexploitation of natural resources. This includes the overexploitation of mineral resources, deforestation, and overutilization of water resources. For a long time, this overexploitation has put many resources at risk of depletion and depletion, bringing severe challenges to sustainable development in the future.

In order to pursue economic benefits, many enterprises emit large amounts of pollutants and waste in the production process, resulting in the pollution of air, water and soil. At the same time, large-scale industrial and urban development has disrupted the balance of ecosystems, leading to species extinction and ecological environment degradation. These environmental problems pose a major threat to the sustainable development of human society and ecosystems.

The high energy consumption and carbon emissions of the capitalist economy have led to an increase in greenhouse gases in the atmosphere, exacerbating the problem of climate change and global warming. This has led to an increase in extreme weather events, rising sea levels, and destruction of ecosystems, with major impacts on human society and ecosystems. The growing severity of these environmental problems has led to an awareness that the capitalist system needs to focus more on sustainable development. In order to solve these problems, it is necessary to pay more attention to environmental protection and sustainable use of resources in economic development, promote the development of green technology and renewable energy, and strengthen environmental supervision and the formulation of laws and regulations to achieve dual sustainable development of economy and environment. At the same time, global cooperation and joint efforts are needed to address global environmental challenges.

2. Emerging changes

In the current Western capitalist system, there are also some emerging changes, which provide some hope and opportunity to overcome the above dilemma.

2.1 The rise of social entrepreneurship

More and more entrepreneurs and businesses are incorporating social responsibility into their business objectives, reflecting the rise of social entrepreneurship and the focus on sustainability. These companies not only pursue economic profits, but also strive to make a positive impact on society and the environment. First, these companies promote social innovation and social entrepreneurship. Social innovation refers to solving social problems and challenges through innovative methods and models, while social entrepreneurship refers to entrepreneurship with a sense of innovation and social responsibility. These entrepreneurs pursue social and environmental win-wins in their business operations, solving social issues in innovative ways. Second, these companies fulfill their social responsibility by launching innovative products and services that solve social problems. They use social issues as business opportunities to develop products and services related to environmental protection and social welfare. These products and services meet market needs and have a positive impact on society. For example, some enterprises have developed environmentally friendly products, clean energy solutions, social welfare platforms, etc., to contribute to society.

In addition, these enterprises are actively involved in social welfare. They participate in social welfare projects such as education,

health, poverty alleviation and environmental protection through donations, volunteer services and partnerships. They recognize their role and responsibility in society and promote social progress and sustainable development through active participation in social affairs. The rise of this trend is closely related to the public's expectations and needs for businesses. There is a growing focus on corporate social responsibility and sustainability, questioning purely economic profit centered business models. At the same time, companies are aware that actively fulfilling their social responsibilities has an important impact on their sustainable development and reputation.

2.2 Sustainability concerns

In today's society, the emphasis on environmental sustainability is increasing, which reflects the increased awareness and concern for environmental issues. Governments, businesses and the public are beginning to recognize and act accordingly on the importance of protecting the environment, reducing carbon emissions, promoting renewable energy and sustainable development. First, governments play an important role in environmental protection, and some countries have developed stricter environmental regulations and policies to limit and reduce negative impacts on the environment. These policies include reducing carbon emissions, improving energy efficiency, and promoting renewable energy. The government has also established environmental protection departments and agencies to regulate and manage environmental issues, and provide corresponding support and incentives.

Secondly, enterprises are becoming more and more aware of the importance of environmental protection and have adopted a series of environmental protection measures. Some businesses have developed sustainability strategies that integrate environmental sustainability into their business objectives and values. They promote the efficient use of resources, reduce the emission of waste and pollutants, and actively seek environmentally friendly production and business practices. Companies are also investing in research and development and adopting renewable energy technologies to reduce their reliance on traditional energy sources. In addition, public awareness and awareness of environmental issues have gradually increased. People are becoming more and more aware of the threats to human life and health caused by environmental pollution and climate change. The public expresses their support for environmental sustainability by participating in environmental organizations, participating in environmental actions and supporting environmentally friendly products. They have become a force for environmental protection and sustainable development, and have a higher degree of recognition for environmental initiatives and environmentally friendly products.

2.3 Development of the digital economy

The rapid development of digital technology has indeed had a profound impact on the economic and social landscape. The internet and digital platforms offer new opportunities for entrepreneurs and innovators, promote the development of new industries, and create new jobs. At the same time, the digital economy also provides more opportunities for society to connect and participate, and promotes the inclusiveness and participation of society. First, the emergence of the Internet and digital platforms has provided a broader stage for entrepreneurs and innovators. Through the Internet, entrepreneurs can more easily communicate and cooperate with the global market. Digital platforms such as e-commerce and sharing economy platforms provide entrepreneurs with low-cost and efficient business models. This convenient entrepreneurial environment has promoted the rapid development of emerging industries, such as e-commerce, online media, digital payment, artificial intelligence, etc., bringing new growth points to the economy.

Second, the development of digital technology has created a large number of jobs. The rise of new industries has driven the demand for related jobs, such as digital marketing, data analysis, software development, etc. At the same time, the application of digital technology also brings transformation and innovation opportunities for traditional industries, prompting them to adapt to the requirements of the digital era. This provides more employment opportunities in the labor market, driving economic growth and social development. In addition, the development of the digital economy has brought more opportunities for social connection and participation. The popularity of the Internet has made the spread of information more rapid and widespread, and people can access all kinds of information anytime, anywhere.

2.4 The rise of social finance and investment

In recent years, more and more investors and financial institutions have begun to pay attention to the social and environmental impact of enterprises, reflecting the rise of social finance and sustainable investment concepts. Traditionally, investors have focused primarily on the economic returns of businesses, but now they are aware of the impact of corporate social responsibility and

sustainability on long-term value.

Social finance refers to the methods used to achieve social goals and solve social problems through financial instruments and investments. Sustainable investing refers to the integration of environmental, social and governance (ESG) factors into investment decision-making in pursuit of long-term sustainable development. The promotion of these concepts has prompted investors to focus not only on the financial performance of a company, but also on its social responsibility and sustainability. Investors increasingly recognize that a company's social and environmental performance has a significant impact on its long-term success and returns. Social issues such as environmental pollution, human rights issues, and labor rights not only negatively impact corporate reputation, but also lead to legal risks, supply chain disruptions, and increased operating costs. As a result, investors are beginning to require companies to disclose their performance on ESG to better assess risks and opportunities.

This trend is driving companies to focus more on the importance of social impact. Enterprises realize that actively fulfilling social responsibilities and pursuing sustainable development will not only help to gain recognition and support from investors, but also improve employee satisfaction, enhance brand value, gain consumer favor, and gain advantages in market competition. As a result, companies are beginning to integrate social impact into their strategies and business objectives and take steps to drive sustainability goals.

3. Conclusion

To sum up, in the context of globalization and technological progress, the dilemmas and changes faced by the Western capitalist system have become more complex and urgent. Despite the great success of the capitalist system over the past few centuries, it also faces a series of challenges and problems. By recognizing and responding to these dilemmas, and taking advantage of new changes, we can create a more inclusive, sustainable and innovative capitalist system that can make a positive contribution to the development of human society.

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