



CAPITALISM, CONSUMERISM AND CLIMATE CHALLENGES

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ABSTRACT

This paper is an attempt to understand the evolution of capitalism as a system. As a system, it has withstood challenges over centuries. The challenges range from existential, political, social, economic and environmental. However, the capitalist system has some 'in-built' strength which makes its evolution happen and adapt to the times. In present times, the world has a lot of environmental challenges – global warming, melting glaciers, forest fires, rising sea levels, extinction dangers, depleting ozone layers and so on. Given the challenges, it is pertinent that the sustainable development goals should be the primary concern of every country. This year marks the 50th year of the setting up of the United Nations Environmental Programme (UNEP) (formed in 1972). And, this year the theme for 'World Environment Day' is 'One Earth'. Therefore, it calls for a united effort to address the issues and avert the environmental crisis.

KEYWORDS: *Capitalism, consumerism, sustainable development, disruptive innovation, climate*

INTRODUCTION

Compared to our ancestors, we definitely do not live in a healthy world. This year since April, India is experiencing 'the hottest summer months' in 122 years, when temperature hovered above 40 degree centigrade. This would lead to greater power consumption and a pressure on the power supply and shortages of water etc. The two years, since the Pandemic and the consequent supply –chain disruption has been devastating for the world. The Ukraine-Russia war has further escalated the uncertainty for nation states to undertake revival plans. Rising food and fuel prices have put a lot of pressure on the budget of common man. In addition to inflation, countries were already facing challenges of unemployment, inequality and climate. This has been challenging times for governments' around the world. Since majority of the countries have a capitalist structure, it calls for urgent attention to 'examine the challenges to the system and suggest measures to strengthen it. This paper is an attempt to link the capitalism system and the rapid pace of consumerism with the present environmental challenges. The paper concludes that adoption of sustainable practices and technology can help strengthen capitalism to overcome the challenges.

CHALLENGES AND EVOLUTION

Given the challenges, it is pertinent that the sustainable development should be the primary concern of every country. This year, the theme for 'World Environment Day' is 'One Earth'. This year also marks the 50th year of the setting up of the United Nations Environmental Programme (UNEP) in 1972. From colonialization phases to the globalisation phase, the World has seen many challenges –political, social,

economic, environmental aspects. The world has witnessed several wars, both physical and ideological. The world also saw the 'breaking of Berlin Wall' and unification of Germany and the disintegration of the Soviet Union. The world also witnessed the impact of ICT and the World Bank and IMF aided LPG adoption phase. Thereby, opening up of economies followed. The adoption of trade as an engine of growth led to emergence of 'Asian Tigers' and India too moved to a high growth trajectory. Countries, around the world, perhaps were gaining like never before. In 1997, the Asian currency crisis happened, in 2008 –the Global Financial Crisis and then the recent pandemic which, perhaps is the toughest challenge to the capitalist model. In fact, it accentuated challenges to an already slowing down economic system of the World. The imposition of lockdown and closing of borders terribly affect supply-chain logistics and contributed to slowdown in production. The pandemic also brought realisations- the need for focus on health as a priority. Hence, growth and development needs 'Earthification' to cater to the needs of all forms of lives.

FROM GRATIFICATION TO EARTHIFICATION

Our ancestors always valued the idea of peaceful coexistence and hence, had lesser challenges to their lives. With competitive modernisation and urge to grow faster, there arises 'destruction and neglect' of the environment. Before it is too late, we must practice 'responsible behaviour' towards Mother Nature and restore the imbalances done. The pace of capitalism, as a system has been fast and furious. From state capitalism in China to welfare state capitalism in Nordic countries, many variants of capitalism are a proof of the success of the system. The 3Ps of the Capitalism system- Price



mechanism, Profits and Private Property are the strong points for its success, as they provide incentives to the humans. However, the problem of excessive production and consumption has led to rising pollution and hence needs to be curtailed. The mad rise in consumerism may have led to increasing profits for companies and growth in GDP but it is at a cost. The capitalism system and its crony capitalism has led to 'accumulation of wealth in the hands of the minority at the cost of the majority'. So, there arises a need to address the present environmental challenges by toning down the 3Ps and embracing the Sustainability path. (The UNDP laid down sustainable development goals (SDGs) in 2015, which are also based on 3Ps- People, Planet and Poverty)

ADAPTABILITY AND THE WAY FORWARD

1. The strength of capitalism lies in its own evolution theory- The origin of capitalism as an economic system can be traced back to the 16th century. It emerged out of feudalism and mercantilism. Modern capitalism can be attributed to the 18th century treatise 'An Enquiry into the Nature and Causes of Wealth of Nations' by Adam Smith. The success of capitalism lies in its adaptability. From the Great Depression 1929 to the Global financial Crisis (2008) and the present pandemic challenges, it has steered through challenges. The world is witnessing environmental challenges like never before. It is, at this juncture that the real test of capitalism lies.

2. Technology to the rescue: The evolution of digital technologies has led to dramatic transformation in established industries and the global business landscape. Information technology (IT) is revolutionising business organisations by creating and nurturing every stages of production to after sales services. One of the greatest change is happening in the finance world. Fintech is rapidly revolutionising the face of the banking/financial system. In December 2021, at the launch of the 'Infinity Forum, a forum on Fintech, Prime Minister Modi called for a 'Fintech revolution'. This revolution will be driven by Income, Investment, Insurance and Institutional Credit. Incidentally, India has the highest Fintech adoption rate at 87% (world average rate is 64%). Presently, India has 2100 Fintech companies, of which 67% were set up in the last five years, is a remarkable feat.

3. Disruptive innovations have taken the world by storm. Countries have adopted skills and knowledge as the driving forces of economic growth and social development. The launch of the National Skill Development Mission by the Ministry of Skill Development and Entrepreneurship on July 15, 2015, is a great step towards holistic skill training and entrepreneurship. Disruptive entrepreneurship is urgent need of the hour. From Joseph Schumpeter's Theory of Innovation' and 'Creative Destruction' to the present day 'Start-ups', there exists a constant urge towards novelty. Schumpeter's captains of industry play a stellar role since ages. Entrepreneurship and innovations are the mainsprings of the expansion of modern economic systems. Technological advancement opens new horizons for growth and innovative action by economic agents. Entrepreneurs of the present world face challenges of

disruptive change every now and then and like knights -in- armour are always on the move.

4. Start-up Ventures: The latest kid in the world of innovation and entrepreneurship are the start-up ventures. They seem to have brought a revolutionary change in the model and way of doing business. The successful start-ups can be source of employment and economic growth. The role of technology, innovation and sound government policies can go a long way for ensuring profits and success of start-ups.

5. Linking the different forms of capital - In the modern times, capital has so many more forms. Traditionally, capital meant machines, equipment and then it expanded to cover finance. The modern version includes social, infrastructural capital, human capital and governance capital. Hence, the traditional conflict between labour and capital has given way to those between the different forms of capital- financial capital, physical capital, social capital, Governance capital. There is a need to channelize financial capital into the other forms of capital. Time to organise the structure of capitalism by linking all the different forms of capital.

6. Minimum Government and maximum governance- The original model of Capitalism as a system, believed in 'freedom of enterprise and Laissez Faire'. The emergence of the concept of 'welfare state' and also the emergence of communism has led to the need for Government's role in economic activities. With time, countries designed different variants of capitalism. Mixed Economy is one such variant. There arises a need for effective governance by the state. With the rapid pace of innovation in technology, there appears to be a possibility to achieve the goal of good governance. In present times, Countries like India swear by the motto 'Minimum Government and maximum governance' and essentially work towards developing a harmonious environment for the private sector to grow and expedite economic growth.

7. The concept of entrepreneurial ecosystems - The development of 'entrepreneurial Eco system' is a good idea which can aid the growth and progress of the local/regional entrepreneurship. Entrepreneurial ecosystem is a blend of social, economic, cultural and political components within a region. From ideation to the launch of the product and thereafter the growth is enabled through close interactions among the components.

8. Rise in women Entrepreneurship- Along with rising inequality, Gender disparity is a concern, though it is improving with rising education and opportunities. The close relationship between women and economic development and the need for gender equality has been openly accepted by nations. There is a growing recognition that women too have unique talents and can be entrepreneurs and hence create employment opportunities. Examples of Kiran Majumdar Shaw, Indra Nooyi, Falguni Nayar and many others prove this point.

9. Social entrepreneurship has also emerged at a fast pace: The scope and significance of social entrepreneurship needs no elaboration. While much progress has been observed in outlining conflicting logics and tensions, relating to trade-offs between the social and financial goals, growing disparity in



society calls for a healthy interaction between the state, the society/ private sector to address the social gaps.

10. Need for cli-entrepreneurs: Climate change, energy transition and widening inequality are the big challenges faced by all the countries across the world. Climate crusaders and Entrepreneurs will play a major role in the transitions ahead and strengthen the future path towards a better world. The government and the civil society need to support the efforts and partner with cli-entrepreneurs to achieve the goals of sustainable ecological balance.

11. Need for Conscious consumption- Recycle, Reuse, Reduce and Regenerate

As it is rightly said, 'charity begins at home', so we need start the benevolence from home.

One of the most important way to care for the environment is through 'conscious consumption'. It is imperative that we set goals to achieve 'the minimalist lifestyle' and contribute our bit to 'save mother Earth.

12. Reducing Carbon-footprints: The development and mechanisation may have made our lives easier but again, it is at a cost. The need for power/ electricity is so much that there are energy crisis in many parts of the world. It is a vicious cycle. Perhaps, this is a warning sign for us to reduce our carbon-footprints and adopt sustainable energy practices.

13. Harmonious co-existence with other inhabitants of the Earth: Over centuries, in the quest towards progress, mankind has violated rules of nature. It is, time that we relinquish our supremacy over other species and correct the blunders. Many species are, already on the verge of extinction and demand attention from humans.

14. Re-forestation: One of the best way to check 'climatic challenges' is through re-forestation. It is urgent that every government around the world should focus on sound forestation policy, as forests are the 'lungs' of the country.

15. Water Conservation: Water is the most important ingredient for our survival. There needs to be a conscious effort at preventing wastage of water. While we are worried about global warming, melting glaciers and rising sea levels, there is also a need for 'preservation and conservation of water. We need to revive the ancient practices of water conservation-rain water harvesting and ground water recharging. In Ancient India, Baolis, Johads, tanks were essential part of architecture and speaks volume about their knowledge of water management.

Conclusion: The real test of capitalism will be through a solid rapprochement between man's relentless desires and nature's rules. Humans may have explored space and dived into the deep oceans but anything done without 'regards for nature' is tantamount to self-gratification and sheer exploitation. Hence, it is imperative to have a toned approach in everything –from production to consumption, so that we can avoid the path towards our own destruction. The acceptance of SDGs is the best and the only way to 'preserve the Earth and its inhabitants'.

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