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New Economic Thought: Towards a Fair and Sustainable Economic System

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Abstract
This article addresses the challenges faced by the working class under current economic systems, whether capitalist or socialist, and highlights the significant gap between capitalist profits and low wages for workers. The article proposes a new vision for an economic system that addresses these challenges by balancing the interests of workers and capital owners, while ensuring sustainable economic growth and equitable wealth distribution. The proposed solutions include improving workers' wages, enhancing the independence of labor unions, and reducing the dominance of capital over the economy. This paper employs a theoretical analysis of existing economic systems and proposes practical solutions based on historical and contemporary economic theories. The findings suggest that a hybrid economic model, combining the strengths of capitalism and socialism, could lead to a more just and sustainable economic future.

Keywords: Working Class, Economic Justice, Labor Unions, Inflation, Wealth Distribution, Fair Economic System, Sustainable Growth, Hybrid Economic Model

Introduction
The working class is the fundamental building block of any society, as all economic studies—whether feasibility, marketing, or production—rely on it. However, there is a clear conflict between the interests of workers and capital owners, leading to ongoing struggles over wages and working hours. Despite the existence of labor unions, their role remains limited due to the dominance of capital over political leadership in many countries. This paper aims to explore these challenges and propose a new economic framework that balances the interests of workers and capital owners while promoting sustainable growth.

Challenges Facing the Working Class
Workers suffer from low wages and insufficient incentives, making them vulnerable to inflation, which erodes most of their income. Additionally, retirement systems in many countries do not provide adequate protection for workers after retirement, leaving them in a difficult economic situation. These challenges highlight the need for a new economic system that addresses these issues fairly. The paper will analyze these challenges through a theoretical lens, drawing on historical and contemporary economic theories.

Current Economic Systems: Capitalism and Socialism
Although capitalist systems have achieved significant economic growth, they suffer from major flaws, particularly in their treatment of workers. On the other hand, socialist systems have failed to achieve the necessary balance between social justice and economic growth. Therefore, there is a need for a new economic system that combines the advantages of both systems. This section will critically analyze the strengths and weaknesses of both capitalism and socialism, using case studies from various economies.

Methodology
This paper employs a theoretical analysis of existing economic systems, drawing on historical and contemporary economic theories. The analysis is supported by case studies from both capitalist and socialist economies, highlighting the successes and failures of each system. The proposed solutions are based on a synthesis of these theories and practical examples, aiming to create a hybrid economic model that addresses the shortcomings of both capitalism and socialism.

Proposed Solutions

To achieve a fair and sustainable economic system, the following conditions must be met:

- **Availability of Goods and Services at Competitive Prices:** The prices of goods and services at the production stage must be reasonable to ensure sustainable economic growth.

- **Improving Workers' Wages:** Wage rates and incentives must be adequate to ensure a decent standard of living for workers.

- **Suitable Working Environment:** A healthy, social, and recreational work environment must be provided for workers.

- **Independence of Labor Unions:** Labor unions must be independent and neutral, free from the influence of political systems and capital owners.

- **Reducing Capital Dominance:** The dominance of capital over economic events must be minimized [1].

- **Controlling Inflation:** Efforts must be made to achieve zero or near-zero inflation.

- **Equitable Wealth Distribution:** The gap between the rich and the poor must be reduced through equitable wealth distribution [2].

- **Structural Adjustment of Economic Establishments:** Structural reforms in economic institutions will be addressed in upcoming articles, God willing.

Case Studies and Practical Applications

To support the proposed solutions, this section presents case studies from various economies that have attempted to implement hybrid economic models, combining elements of capitalism and socialism. These examples demonstrate how the proposed solutions can be applied in real-world economic systems.

The Nordic Model: Balancing Capitalism and Social Welfare

Country: Sweden, Norway, Denmark, Finland, and Iceland

Key Features

- **High Taxes and Redistribution:** The Nordic countries impose high taxes on individuals and corporations, which are then redistributed through extensive social welfare programs, including universal healthcare, free education, and generous unemployment benefits.

- **Strong Labor Unions:** Labor unions in these countries have significant influence over wages and working conditions, ensuring that workers receive fair compensation and benefits.

- **Economic Freedom:** Despite high taxes, these countries maintain a high degree of economic freedom, allowing businesses to thrive and innovate.

Outcomes:

- **Low Income Inequality:** The Nordic countries consistently rank among the lowest in income inequality globally.

- **High Standard of Living:** These countries also rank highly in terms of quality of life, education, and healthcare.

- **Sustainable Economic Growth:** Despite high taxes, the Nordic economies have maintained strong growth rates, proving that social welfare and economic growth can coexist.

Relevance to Proposed Solutions

The Nordic model demonstrates how improving workers' wages, enhancing the independence of labor unions, and equitable wealth distribution can lead to a more just and sustainable economic system.

German Co-Determination Model: Worker Participation in Corporate Governance

Country: Germany

Key Features

- **Co-Determination (Mitbestimmung):** In Germany, workers have a say in corporate decision-making through a system known as co-determination. In large companies, workers elect representatives who sit on the company's supervisory board, ensuring that their interests are considered in major decisions.

- **Strong Labor Unions:** German labor unions play a crucial role in negotiating wages and working conditions, ensuring that workers are treated fairly.

• **Social Market Economy:** Germany operates a "social market economy," which combines free-market capitalism with social welfare policies.

Outcomes

• **High Productivity:** Germany is known for its high productivity levels, which are partly attributed to the cooperative relationship between workers and management.

• **Low Income Inequality:** The co-determination model has helped reduce income inequality and ensure that workers benefit from the company's success.

• **Economic Stability:** Germany has maintained economic stability even during global crises, such as the 2008 financial crisis.

Relevance to Proposed Solutions

The German co-determination model illustrates how reducing capital dominance and enhancing the independence of labor unions can lead to a more equitable and stable economic system.

Universal Basic Income (UBI) Experiments: Ensuring Basic Livelihood

Country: Finland (2017-2018 Experiment)

Key Features

• **Universal Basic Income:** Finland conducted a two-year experiment where a randomly selected group of unemployed individuals received a monthly basic income of €560, regardless of their employment status.

• **Objective:** The goal was to assess whether a basic income could reduce poverty, simplify the welfare system, and encourage people to seek employment without fear of losing benefits.

Outcomes

• **Improved Well-Being:** Recipients reported lower stress levels and improved mental health, as they no longer had to worry about meeting basic needs.

• **No Significant Impact on Employment:** While the basic income did not significantly increase employment rates, it did not discourage people from seeking work either.

• **Simplified Welfare System:** The experiment highlighted the potential for a simplified welfare system that reduces bureaucracy.

Relevance to Proposed Solutions

The Finnish UBI experiment demonstrates how equitable wealth distribution and controlling inflation (by ensuring a basic standard of living) can improve overall well-being and reduce economic insecurity.

South Korea's Economic Transformation: From Poverty to Prosperity

Country: South Korea

Key Features

• **State-Led Industrialization:** In the 1960s and 1970s, South Korea implemented state-led industrialization policies, where the government played a central role in directing economic development.

• **Investment in Education:** The government heavily invested in education, creating a highly skilled workforce that could support advanced industries.

• **Export-Oriented Growth:** South Korea focused on export-oriented growth, becoming a global leader in industries such as electronics, automobiles, and shipbuilding.

Outcomes

• **Rapid Economic Growth:** South Korea transformed from one of the poorest countries in the world to a high-income economy within a few decades.

• **Reduced Poverty:** The economic growth led to significant reductions in poverty and improvements in living standards.

• **Technological Innovation:** South Korea is now a global leader in technology and innovation, with companies like

Samsung and Hyundai dominating international markets.

Relevance to Proposed Solutions:
South Korea's economic transformation shows how structural adjustment of economic establishments and investment in human capital can lead to sustainable economic growth and equitable wealth distribution.

New Zealand's Well-Being Budget: Prioritizing Social and Environmental Outcomes
Country: New Zealand

Key Features
• **Well-Being Budget:** In 2019, New Zealand introduced a "well-being budget," which prioritizes social and environmental outcomes over traditional economic metrics like GDP.

• **Focus on Mental Health, Child Poverty, and Climate Change:** The budget allocates resources to address mental health, reduce child poverty, and combat climate change.

• **Long-Term Planning:** The well-being budget emphasizes long-term planning and sustainability over short-term economic gains.

Outcomes
• **Improved Social Indicators:** New Zealand has seen improvements in mental health services and reductions in child poverty rates.

• **Environmental Sustainability:** The country has made significant strides in reducing carbon emissions and promoting renewable energy.

• **Public Support:** The well-being budget has received widespread public support, as it aligns with the values of many New Zealanders.

Relevance to Proposed Solutions
New Zealand's well-being budget demonstrates how controlling inflation (by ensuring access to basic needs) and equitable wealth distribution can lead to a more sustainable and just economic system.

Quantitative and Statistical Analysis
To further support the arguments presented in this paper, a quantitative and statistical analysis is provided below. This analysis draws on global data and studies to highlight the economic disparities and the effectiveness of proposed solutions.

Income Inequality: Global Trends
• **Gini Coefficient:** The Gini coefficient is a commonly used measure of income inequality, where 0 represents perfect equality and 1 represents perfect inequality. According to the World Bank (2020), the global Gini coefficient has remained high, with significant disparities between the richest and poorest populations [3].

• **Nordic Countries:** The Gini coefficient in Nordic countries is among the lowest globally, ranging from 0.25 to 0.30, indicating a more equitable distribution of income.

• **United States:** In contrast, the United States has a Gini coefficient of around 0.48, reflecting higher income inequality.

• **Wealth Distribution:** According to Oxfam (2021), the world's richest 1% own more than twice as much wealth as the bottom 90% of the global population [4]. This disparity highlights the need for equitable wealth distribution policies.

Labor Union Influence and Wages
• **Union Density and Wages:** A study by the International Labour Organization found that countries with higher union density (the percentage of workers who are members of labor unions) tend to have higher wages and better working conditions [5].

• **Germany:** With a union density of around 18%, Germany has seen a steady increase in real wages over the past decade.

• **United States:** In contrast, the union density in the United States has declined to around 10%, contributing to stagnant wages for many workers.

Universal Basic Income: Economic Impact
• **Finland's UBI Experiment:** A study by Kangas et al. (2019) found that recipients of the UBI in Finland reported a

15% increase in life satisfaction and a 10% reduction in stress levels [6]. While employment rates did not significantly increase, the experiment demonstrated the potential for UBI to improve well-being and reduce economic insecurity.

Economic Growth and Social Welfare

• **Nordic Model:** According to the OECD (2021), Nordic countries have consistently ranked among the top in terms of GDP per capita, while also maintaining high levels of social welfare [7]. For example, Norway's GDP per capita is approximately $75,000, with a poverty rate of less than 5%.

• **South Korea:** South Korea's GDP per capita increased from 100*h*1960100inthe1960stoover30,000 in 2020, demonstrating the effectiveness of state-led industrialization and investment in human capital.

Conclusion

These case studies and quantitative analyses illustrate how the proposed solutions can be applied in real-world economic systems. The Nordic model, German co- determination, Finland's UBI experiment, South Korea's economic transformation, and New Zealand's well-being budget all provide valuable insights into how a hybrid economic model can achieve sustainable growth, reduce inequality, and improve the well-being of workers. By learning from these examples, policymakers can design economic systems that balance the interests of workers and capital owners while promoting long-term sustainability.

Declaration of Generative AI and AI-assisted Technologies in the Writing Process

During the preparation of this work the author used [deepseek.com] in order to [citation, formatting and Spelling correcting]. After using this tool/service, the author reviewed and edited the content as needed and take full responsibility for the content of the publication.x

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