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### RELEVANCY OF MODERN DEMOCRATIC SOCIALISM TO BUSINESS ENVIRONMENT

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#### ABSTRACT

In the past few decades, the supports towards the idea of Democratic Socialism especially among youth has skyrocketed. The exiting of Democratic Capitalist system which was adopted globally failed to narrow the class gap and is being viewed as constant economic and social exploitation by private companies. While past iteration of Socialism & Communism has been regarded as a major failure, it is still yet to be proven whether the ideas of Democratic Socialism will produce the same outcome. The main purpose of this paper is to offer a comprehensive study of Democratic Socialism which comprises its definitions, history, variations, and explanation on how democratic socialism is conducive to business environment. Methodology – This paper adopted qualitative research design paired with secondary sources data extraction for data collection process. Findings and Significance - This study is fundamental to the development of Democratic Socialism as a theory since it can be described not only as one of the vaguest theories but also as one with the biggest potential to business community. This paper provides at least a clear definition of what Democratic Socialism truly is and what its characteristics are. This paper also contributes to the body of knowledge on how few countries or governments managed to successfully assimilate the idea of Democracy and Socialism to form Democratic Socialism and put forward the relevance of democratic socialism to be practised in today's world.

**Keywords:** Democratic Socialism, Democratic Capitalism, Democracy, Capitalism, Business Environment

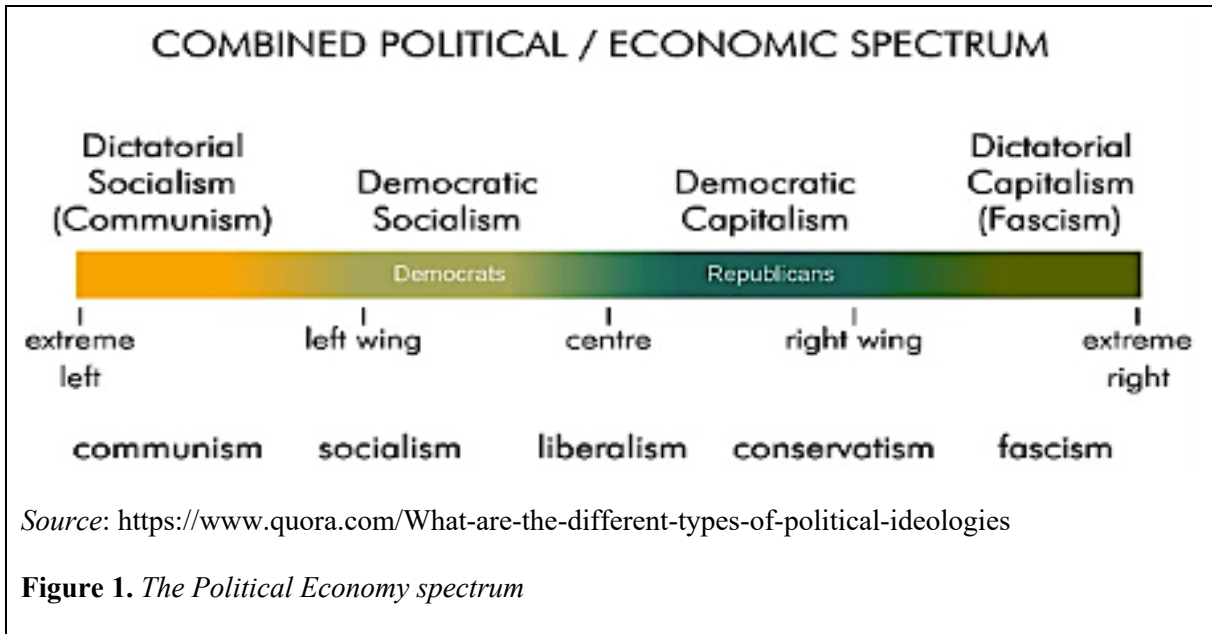
## INTRODUCTION

In the realm of 21<sup>st</sup> century, continuous alterations of existing ideology are needed to keep up with the ever-changing pace of humanity. Since the end of World War II in 1945, majority of states are inclined towards democratic capitalism system which is heavily promoted by the so called “first world” states as the best system compared to Soviet’s Communism which is often associated with the concept of fascism. Theoretically, democracy and capitalism cannot be co-existing under one governmental umbrella due to their conflicting nature. Democracy operates based on social needs and entitlement of collective decisions by democratically elected parties. On the contrary, capitalism promotes a free market ideology (Laissez-faire) controlled by an invisible hand: free from government intervention with profit as their end-goal (Streeck, 2011, p.7). Hence, the absence of pure Democratic Capitalist states is caused by conflict of interest and negative instability that might be triggered between these ideologies. On the other side of the spectrum, socialism is defined as extreme, threatened individual freedom and forced collectivization.

According to World Population Review (2019), there are nine countries in the world which have a government from a socialist based party which are Armenia, Bolivia, Ecuador, Iceland, Nicaragua, Northern Ireland, Portugal, Serbia, and Venezuela. These states are known as Democratic Socialist states because these countries practise Socialism alongside Democracy. This is different from the normal practices of a Socialist state who practises a totalitarian regime style such as Stalin’s Soviet and Mao’s China. Although there are nine states who are run by a socialist ruling party in a democratic way, not all of them are practising Democratic Socialism ideology. For example, Portugal is famous for being a European state ruled by a Socialist government, but they practise Social Democracy ideology rather than Democratic Socialism although both are quite similar. Venezuela is one of the states who declared themselves as Democratic Socialist in 2003 under Hugo Chavez administration. Under Chavez, socialist approach known as “Bolivarian missions”, he managed to increase the rate of equality, expanding social services, and increasing minimum wages which reduced poverty by 20 percent (Labrador, 2019, p. 20).

During the Cold War period, which was very much dictated by a bipolar world system, newly formed states were given only two options: Socialism or Capitalism. The collapse of Soviet Union in 1991 closed the opportunity for new democratic states’ quest of exploring within the ideology spectrum even further with the rise of United States’ (US) hegemonic power. In theory, Socialist economic system is a very impeccable substitute of flawed Capitalism but in practice it was a bit ambiguous when we tried to compare successful Scandinavian Socialist Democratic such as Norway and Sweden with Venezuela. One of the biggest problems today is the lack of understanding of the true meaning of Socialism among society and even among scholars which hinders the process of effective understanding.

The values promoted by Socialism were already practised by a number of states in the world today such as universal healthcare, free education, and retiree pensions which are all against the idea promoted by Capitalism. The rise of popularity among millennial towards Socialism and the rise of Socialist politician such as Alexandria Ocasio-Cortez, Bernie Sanders and Jeremy Corbyn, indicated that the world is changing and our understanding towards certain ideologies also needs to be reevaluated. Below is the explanation of Democratic Socialism and its relevance.



## THEORETICAL FRAMEWORK

Theoretical framework is the systematic usage of theories, concepts, assumptions, expectations, and beliefs to support and enlighten research arguments and hypothesis. According to Lois Yamauchi, Eva Ponte, Katherine Ratliffe, and Kevin Traynor (2017), theoretical framework can be considered as a key part of a research design (p. 2-4). This argument is supported by Miles and Huberman (1994), who defined theoretical framework as a structure or a visualization of intended research product which aimed to explain the main subjects to be studied through visual or words such as the variables, theories, key factors, concepts, and the relationships between them which may be labelled as “conceptual framework” or “context idea” of the research (p. 5).

## SOCIALISM

Socialism is the opposite of Capitalism in the spectrum of economic ideologies. It is a political and economic theory of social organization that believes the means of production, distribution and exchange of goods and services should be owned and regulated collectively by the community with the government acting as the governor. Bernard Chavance (2000, p. 3), described Socialism as a system of planned coordination of economy of social ownership while Azira (2015, p. 2), described Socialism as centralized government controlled economic system of means of production and distribution. Socialism views capitalism as irrational system because it leads to inequalities, market anarchy, and suffering such as crises and unemployment. Under Socialism, all citizens share the economic resources equally and private property is allowed unlike Communism.

Socialism is also one of the most misunderstood ideologies ever existed in academia world. People often associate Socialism as another way to spell Communism: a system where they define as one authoritarian leader with an absolute control of the state’s production which is blatantly false. Ironically, the term they used for Communism is a definition for traditional monarchy/feudal system that is widely practised throughout world history. According to Hoppe (2010, p. 2), Socialism can be defined as a political and economic ideology that emphasized on redistribution of wealth of individuals for common benefits by

government. Socialism aims to reduce private ownership of wealth and the economic gap between Bourgeoisie (capitalist who owns the mean of production) and Proletariat (working class) caused by Capitalism which aims at maximization of profit as end goal that leads to instability of society. The basic concept of Socialism is, all the means of production are owned and governed by the citizens, and the profits distributed by the government for the citizens' welfare. The most popular and understandable example of Socialist policy is universal healthcare: a public health system regulated by government using public money (taxes) to provide a free and accessible health and financial protection for the citizens.

The history of Socialism ideology can be traced back in Plato's 'The Republic' and 16<sup>th</sup> century English philosopher, Thomas More in his book 'Utopia'. In modern era, Socialism sentiment can be seen during pre-French Revolution period which is stated by Morris Hillquit (1909) in his book 'Socialism in theory & practice' that mentions about Swiss philosopher Jean Jacques Rousseau (1754) who was a strong critic of Capitalism by blaming private property as the roots of all crimes in his writings (p. 3). However, the rise of Socialism ideology can be clearly seen especially during Industrial Revolution era with the birth of utopian socialist philosophers such as Charles Fourier and Robert Owen who widely criticized Capitalism system that caused rise of poverty and inequality in society during Industrial Revolution era. They also promote social reformation with the idea of classless redistribution of wealth and formation of utopian society that pitch the idea of total abolishment of private property. Socialism ideology in modern era unlike in the past did not just come from political scholar but also from scholar from another field such as Albert Einstein, a famous physicist who heavily criticized the idea of what Capitalism is. Einstein (1949) stated in his article 'Why Socialism?' that Capitalism is the source of evil because it promotes inequalities and unnecessary competition (p.5). Furthermore, he complained that the rich (Bourgeoisie) are too powerful because they are financing and lobbying the legislative to manipulate state's policies in accordance to their favours. Einstein also stated the problem of chronic capitalism which is corruption of Capitalist government and how profit (money) cannot buy happiness.

Socialism is not something that can be easily described as one standard practice or by one fixed textbook definition, it only provides the most basic idea of what makes some ideology a Socialism: an ideology which opposed to Capitalism and aimed to abolish or reduce social classes and private ownership. Throughout history there are various forms of socialist ideology that emerged such as Communism, Marxism, Democratic Socialist, and Anarchism which are all slightly or completely different from one another (Siden, 2017, p. 22). By referring to Figure 1, one can see that Socialism and Capitalism is obviously a different ideology located in right and left ideology spectrum respectively. In simplest term, Socialist is anti-Capitalist and Capitalist is anti-Socialist. Communism is one of the ideologies derived from Socialism. Communism aimed to establish a Communist society which are stateless, moneyless, and classless where acquisition of wealth is no longer the driving force in life and members of society only work to better themselves and for the progress of humanity. Within Communism there are two other ideologies, Classical Marxism and Anarchism. The differences between Classical Marxism and Anarchism are Classical Marxism believes that Socialism is society's transitional period from Capitalism towards Socialism based on Karl Marx Development theory while Anarchism does not believe in transitional phase, and direct implementation of Communism is needed after the overthrow of Capitalist (Siden, 2017, p. 2).

Under Classical Marxism, there are Orthodox Marxism which is the continuation of Classical Marxism by others such as Vladimir Lenin and Mao Zedong years after Marx's death by completing his incomplete ideologies based on their personal perspectives and Revisionist Marxism of Neo-Marxism which changed some fundamental ideas in Classical Marxism. According to Mio Siden, (2017, p. 4) Democratic Socialist and Social Democracy are examples of Revisionist Marxism and have been among the most confusing ideologies due to the similarity in their names. Democratic Socialist is very vague in

nature and can exist within multiple ideologies such as Communism and Revisionist Marxism. Democratic Socialist is anti-capitalist in nature with the objective to establish society with socialist-based mode of production that coexist with democratic system and can be achieved through election or revolution while Social Democracy is a Capitalist-friendly ideology that balances between Capitalism and Socialism-like ideologies adapted by states like France and Canada (Siden, 2017) (Capitalist states with some socialist based policies).

## DEMOCRATIC SOCIALISM

In a simple term, Democratic Socialism is a system where the basic idea of Socialism and Democracy is combined to form a Socialist based society with a democratically elected government. Evan (2016, p. 1)), described Democratic Socialism as a political philosophy that advocates collective social ownership of the means of production alongside political Democracy, Democratic socialists argued the compatibility between Capitalism and Democracy because Capitalism does not hold to democratic values of liberty, equality, and solidarity. Levi Evan (2016, p. 2), also stated that unlike Socialism under authoritarian regime, Democratic Socialists believe that goods and services production should be produced based on individual and societal needs. Moreover, Democratic Socialists believe businesses and enterprises should be worker owned or publicly owned so that all decisions can be democratically made by workers and consumers who would be directly affected by any decision taken by businesses and enterprises. Like Socialism, under this economic system private sector would still exist but will be regulated with government policies that would restrain decisions like manufacturing outsourcing. Maggie Astor (2019) stated in her New York Times article that, Democratic Socialism has so many definitions according to different groups of people (p. 3). Right-wing supporters may define Democratic Socialism as Communism with a different name although Democratic Socialism is against the practice of authoritarian regime by Communist. On the other side, Left-wing supporters describe Democratic Socialism as Social Democracy, which is pro-Capitalism but with government playing an important role in regulating stricter regulations and distributing state's resources equally. Based on both sides' arguments, Astor defined Democratic Socialism as an ideology which falls in between Communism and Social Democracy.

According to Democratic Socialists of America (2019), Democratic Socialism is an ideology that believes democratically elected government should govern the economy and society based on public needs, and not to make profits for capitalists and themselves (p. 4). To create an equal and just society, existing government and economy structure must undergo heavy transformation through implementation of greater economic and social Democracy so that citizens can involve in decision making processes that affect their lives. Based on variation definitions of Democratic Socialism above, it is still unclear whether Democratic Socialism is different from Socialism as we know today or there are slight differences between them. While it is obvious that Democratic Socialism is a combination of Socialism and Democracy, many are still unable to explain regarding the role of opposition within this ideology. Moreover, the term Democratic Socialism and Social Democracy is often used interchangeably by many scholars in explaining Democratic Socialism although Democratic Socialism and Social Democracy is different with the latter described as the supporter of Capitalism.

There is also prominent differences between Democratic Socialism and Democratic or Socialist type of government. First, a Democratic Socialism is a government that is elected via legitimate democratic means and practises a true Democracy which forbids them to install a single party system within national borders. Any practices of or like an authoritarian regime disqualifies one state from being labelled as a democratic state. Second, the belief of Socialism is not just there to be paired with existing democratic system but to be used to complement each other. Thus, is produced a slightly different style of traditional

Socialist economic system. Some of the differences are, the government no longer controls the economic ecosystem but rather only majority of it. Government under Democratic Socialism shall only pursue total control of means of production and services of essential industries to ensure the inexistence of unnecessary disturbance within these crucial industries. Some of the essential industries are raw foods, healthcare, and education. Another difference from traditional Socialist style, Democratic Socialism allows private entities to still exist and operate within a non-essential industry to encourage competitions and innovations but will democratically be regulated to avoid any oppression and inequalities.

Furthermore, the regulations of market are controlled by government similar to traditional Socialism, but any new policies are based on collective interest of the community as promoted by democracy. The ownership of companies under Democratic Socialism is not just limited in the hands of government but also possible to be owned by a community which is different from traditional Socialism. The existence of democratic practices within a Democratic Socialism allows government to embed a democratic decision-making style on every level of governmental units so that the very reason of why the government itself is in the first place to serve the interest of people and to protect their rights which are the goals of both Democracy and Socialism.

Lastly, a Democratic Socialism implements a comprehensive welfare program to combat class differences among community and these programs shall be financed by a comprehensive taxation system that sets a fair tax rate based on different level of incomes. Simultaneously, a Democratic Socialist government should also introduce a minimum wage system that rewards a worker's wage based on the quality and the quantity of the work. Basically, a Democratic Socialism aims to create a fair, equal, and justice society by using both beneficial Democracy and Socialism values. A functioning Democratic Socialism shall possess a balance implementation of both Democracy and Socialist values and not overpowered any of the two.

### **THE GENESIS OF DEMOCRATIC SOCIALISM**

Democratic Socialism is an evolved version of Socialism developed during the end of 19th century and became widespread across Europe and American continents throughout 20th century. Democratic Socialism was developed based on the earlier ideas and values of Utopian Socialism and Marxism such as the idea of economic cooperation and actions based on collective interest. Democratic Socialist believes government economic intervention is necessary to resolve some of the economic problems caused by Capitalist laissez-faire system such as increasing gap of income and wages between bourgeoisie and proletariat, harsh and inhumane labours working conditions, and basic workers' rights like other socialist ideologies (History Crunch, 2015, p. 1). However, unlike other socialist and communist ideologies, Democratic Socialism still maintains some of Capitalist societies' key values such as citizens' right to vote and individual rights and freedom because democratic socialist aims to revolve society by using democratic means and not a violent revolt as proposed by Karl Marx's Development theory which states that the proletariat need to violently overthrow bourgeoisie's capitalism to be replaced by Marxist values (Parthasarathy, 1994, p. 3).

Moreover, Democratic Socialism aims for economic revolution to settle problems caused by Capitalism using government intervention such as introduction of socialist-based public and economic policies, and government-funded social programs such as universal healthcare provided for all citizens of the country. Apart from that, there are many examples of other social programs including retiree pensions, free public education, and social welfare. Basic education for all citizens is the reflection of Democratic Socialist policies of state's collective interest because public education allows low-income citizens to send their children to school to receive the same level of education as middle income and high-income citizens

(History Crunch, 2015, p. 1). Democratic Socialist ideology was popular in the Great Depression era in 1930s during the worldwide economic recession that caused high unemployment rate worldwide for ten years. Democratic Socialist ideas and values were used to combat this economic recession. For example in the United States, Franklin D. Roosevelt introduced the New Deal which is a series of government policies and initiatives that aimed to create working opportunities for American working-class by using public funds (Parthasarathy, 1994, p. 4). Today, Democratic Socialism is still popular especially in western democratic nations who have considerable socialist-based political parties and prominent socialist politicians that uphold the idea of Democratic Socialist such as Jeremy Corbyn and the Labour Party in England, Canada's New Democrat Party, Australian Labour Party, and Bernie Sanders and Alexandria Ocasio-Cortez in the United States.

The development of Democratic Socialism in modern era is heavily related to the economy theory known as Keynesian. This ideology was established during the Great Depression era to explain the causes of worldwide economic collapse and recession, and to provide a suitable public policy to revive production and combat high level of unemployment because existing economic theory at that time was difficult to explain (Jahan, Mahmud, and Papageorgiou, 2014, p. 4). Keynesian economic theory was established by a British economist, John Maynard Keynes who led an economic revolution that exposed Capitalist's propaganda that free market would automatically offer full employment for citizens if they were flexible in their salary demands. The main argument of this theory is that the absence of self-balancing mechanisms in free market system will lead to high level of unemployment, thus government intervention through public policies is necessary to ensure full employment and stability of prices (Jahan, Mahmud, & Papageorgiou, 2014, p.4).

### **THE DIFFERENT FACES OF DEMOCRATIC SOCIALISM**

Democratic Socialism cannot be properly described since its idea exists in many different forms (Classical Marxism, Revisionist Marxism or Orthodox Marxism). The true meaning of Democratic Socialism remains unclear since different scholar produced different definition of it unlike clear-cut definition of Capitalism or Communism. According to Charles Scaliger (2015, p. 3), Democratic Socialism is a system which requires implementation from the grassroot level, which he labelled as 'Socialism from below' meaning the decision-making process and decisions made by the people through Democracy which differ from the implementation of other Orthodox Marxism such as Stalinism and Maoism totalitarian style regime.

Moreover, Scaliger stated that Democratic Socialism consists of principles of economic and social such as race and gender equality, environment, common ownership, universal healthcare, free education, egalitarian (reduction or removal of inequalities of people), and formation of working class-controlled society. Unlike examples of existing policies of Socialist states such as Soviet Union where the government totally controlled the means of production and only produced what they think are appropriate for the people, Democratic Socialist believes the goods and services production should be human needs centric and are decided based on people's opinions. They also believe that businesses and enterprises should have social ownership which means that it should be publicly owned, or worker owned. This idea will enable all business-related decisions to be achieved democratically by workers and/or consumers who are the ones directly affected by any possible outcome. Furthermore, Scaliger suggested that private sectors will still exist under Democratic Socialism, but the government would implement certain policies and laws that restrain them from achieving decisions such as outsourcing of manufacturing or violating amount of supply.

Lastly, Democratic Socialism is different from Communism and Classical Marxism with regards to their methods of achieving main goals. Communism and Classical Marxism aim to directly replace Capitalism using revolutions to overthrow government while Democratic Socialism aims to replace Capitalism system by slowly adapting to the idea of Socialism within society using Democracy as tools. To analyze the idea presented by Scaling, one must be certain about the level of people's involvement within Democratic Socialist system because it remains unclear about how the usage of Democracy would enable them to freely choose their favorable government, leader, and systems if the choices given are only Socialism. The crucial idea of freedom promoted by Democracy contradicts with Socialism's idea of public ownership and collective production for common benefits. This argument is supported by research paper of Michael Makovi titled *The Impossibility of Democratic Socialism* (2015) which stated that Democracy and Socialism are not compatible because they are unable to promise liberty by force collectivism which is against human nature (p. 3).

Carlyle King (1946) described Democratic Socialism as a philosophy and instrument used to organize society. From philosophical standpoint, society should live and work cooperatively to produce plenty for all (p. 5). As instrument, provide society with ways to successfully implement Socialism economically, politically, and culturally. King later explains that Socialism exists because it is meant to complement the idea of Democracy. This is because Capitalist Democracy is incapable in providing huge amount of consumers' goods, profit-interest policies that resulted in recurring wars, and economic recessions. Moreover, King explained that maximization of profit hindered society from living in peace and plenty. Thus, Socialism offers the true meaning of freedom for society: free from unnecessary wants and fear of losing profits. Bernie Sanders, United States senator and presidential candidate envision a Democratic Socialist state like current Scandinavian countries which have a low poverty rate and fairer tax system which guarantee basic life needs for working people. Basically, Democratic Socialist aims to create a government that serves for betterment for working families, rather largely owned, and controlled by wealthy entities and large corporations (Scaling, 2015, p. 3). Bernie Sanders's ideology is shared with Alexandria Ocasio-Cortez, a 29-year-old who defeated a 10-term incumbent New York Congressman, Democratic Caucus Chair Joe Crowley which can be described as the rise of support of Democratic Socialism among millennial (Waxman, 2018, p. 2).

## **HOW DEMOCRATIC SOCIALIST STATES HELP BUSINESS ENVIRONMENT**

### **I. Scandinavian Countries**

Norway is one of the examples of Scandinavian states who practises Democratic Socialist ideology. According to Ryan Cooper (2018), one of the examples of Norwegian government's implementation of socialist approach is total protection program for workers by labour union with 70% (percent) of workers covered by union contracts, and government employing over one-third of total available workers (Cooper, 2018, p. 2). Operation of Norwegian state government is financed by enormous sum of sovereign wealth fund and gigantic financial assets of 331% of GDP (compared to United States 25%). Furthermore, 87% of Norwegian GDP came from state-owned enterprises, and government owned 59% of all domestic wealth in Norway. In terms of socialist practices and policies implementation, Norway is indisputably more socialist compared to Venezuela and significantly more socialist than People's Republic of China (PRC) where their government owned only 31% of national wealth (Cooper, 2018, p. 3). With a GDP over \$70,000 per capita, Norway is substantially richer compared to United States. Moreover, in the social sector, Norway ranked as the happiest (2017) and second happiest (2018) country in the world.



Another Scandinavian country is Sweden where its government Democratic Socialist economic policies known as 'supply-side' plays an important role in controlling rapid expansion of public consumption. Furthermore, Swedish government enacted an active labour-market policy overseen by the Labour Market Board which functions to channel large resources into training and relocation programmes for unemployed workers impacted by previous failed wage policy for re-employment (Iversen, 1998, p. 15). The active labour-market policy managed to assist the recovery process and development of job growth without the need for fiscal expansion which directly relieved some of the pressure on fiscal policies (Rehn, 1985, p. 18). Lastly, tax and interest-rate policies helped Swedish economic development and stability through a combination of high profit taxes and low interest rates which lured a high percentage of Foreign Direct Investment (FDI) which reduced the rapid expansion of public consumption (Iversen, 1998, p. 20).

## II. Chile

The establishment of Democratic Socialism in Chile began in November 1970 when a Marxist socialist presidential candidate Salvador Allende managed to win the office and elected as Chilean 73<sup>rd</sup> President. During his presidential campaign, he often promised to settle problems regarding class struggle and his manifesto were based on the idea of abolishing private capital and be replaced by social ownership and democratic control (Fleet, 1973, p. 10). His campaign rhetoric that was majorly based on the beliefs of liberty, Democracy, self-respect, social welfare, and economic security managed to inspire thousands of Chilean where majority of them are from working class and labourers. Allende managed to gain their support because they are poor and desperate to change their livelihood. They did not rally behind Allende because he was an influential leader, but because of the bright future and possibilities he promised. Unidad Popular (Popular Unity) is a coalition formed between Allende's Socialist Party with Communist and leftist parties to form a ruling government in Chile. During the beginning of their rule, Unidad Popular used the revenue generated by state-controlled basic industries which consist of mining of copper to finance and execute redistributive policies to the public through social welfare programs (Ben, D'aprile, & Allende, 2018, p. 6).

The most important policies enacted by Unidad Popular upon assuming office are supporting workers' union regulations for strong workers' protections, enhancement of school facilities, child and student's nutrition-enhancement program, national health-care scheme, escalation in social housing construction, enactment of violence against public demonstrations, the beginning of workers-own company, and nationalizing Chile's copper exports industry. The impacts of policies enacted by Unidad Popular was massive and instant with workers beginning to get involved in decision making process in a workplace, many people including children could afford to meet a doctor for medical check-up, and wages increased to an average of 30% in a single year (Fleet, 1973, p. 2). However, further Allende socialist policies implementation was stalled by Pro-capitalist and right-wing parties in the legislature and by some parties in Unidad Popular coalition, especially Communist Party who claimed that the government was moving too fast while the other partners argued they were going too slowly in the process of socialist policies implementations. United States-led trade blockade against Chile was effectively disturbed by economic development due to capital strikes and amplified consumer demand due to increase of average wages which led to supply shortages. Furthermore, American copper companies also sell their products at far below industry price which creates instability of national copper price (Ben, D'aprile, & Allende, 2018, p. 6).

Despite US-led trade blockade and sabotages by opposition, the public for Unidad Popular only grew sturdier which eventually led to right-wing supporters resorting to obstruction, violence, and illegal campaigns. Unfortunately, the working class was not solid enough to prevent Chilean capitalists with a strong support by US-backed Chilean military from launching a coup against Allende in 1973 removing

elected government from power and elected a new capitalist-based government led by General Augusto Pinochet and the rest is history.

### **III. India**

The history of Democratic Socialism in India began on 8<sup>th</sup> December 1954 when Indian Parliament declared that starting from that day, they aimed to transform the construction of Indian economic policies towards the idea of “Socialist Pattern of Society” (Dattaray, 1965, p. 5). This declaration by Indian Parliament marks the beginning of Indian government’s determination to limit the future economic advancement only based on social interest for collective benefits and not for private gains anymore. In India’s Second Five Year Plan, it is stated that any decision taken by Indian government regarding the issue of production, distribution, investment, consumption, and any related sector related to Indian socio-economy must be made for social purposes (Dattaray, 1965, p. 7). The value of Socialism is long embedded within Indian culture and tradition such as “Socialist Pattern of Society” which emphasized on fulfilment of positive goal for all. For example, the collective enlargement of standard of living, equal opportunities for disadvantage groups, and promotion of cooperation in all sectors between members of the community. Moving on, India has established Democracy as their religion in political life. The socialist values adopted in India’s Second Five Year Plan is there because Indian government believes that the combination of democratic freedom values and socialist collective benefits values may be the key factor for Indian socio-economic development. However, Indian economic planning is not entirely accordance to the traditional beliefs of Socialism which is against the establishment of private entity. Indian economic planning allows private sector to co-exist with public sector with limited accessibility for resources. Although private entity may exist, public sector is given the leading role to decide the direction of Indian economic development apart from working closely with private entity. This allows Indian government to focus on the welfare of Indian citizens such as establishment of government bodies tasked to supervise the development of small and medium enterprises (SME’s) in agriculture and social services industry (Bilgrami & Bilgrami, 1965, p. 3). Furthermore, in 1964 during Indian National Congress 68<sup>th</sup> session in Bhubaneswar, they unofficially decided to adopt Democratic Socialism as their economic ideologies. Praja Socialist Party and Samyukta Socialist Party who led Indian National Congress are famous for their socialist approach through democratic means (Bilgrami & Bilgrami, 1965, p. 4). Although Indian version of Democratic Socialism is not officially or constitutionally defined, the practices of Democratic Socialism are still visible until today. Nowadays, the practices of Democratic Socialism by Indian government are very similar and can be compared with Scandinavian states ideology of Social Democracy. This proves that the practice of Social Democracy can be considered as an evolution version of traditional Democratic Socialism as opposed to the general idea of Social Democracy that belongs to Capitalism spectrum.

### **RELEVANCE OF DEMOCRATIC SOCIALISM TO BUSINESS SOCIETY**

In general, to determine the relevance of Democratic Socialism to business society, one must determine its benefits and function with regards to its implementation in today’s world. Moreover, the process to adopt this ideology also needs to be considered because it will not be easy, but it is also not as hard as it sounds. For example, if Malaysia intends to implement Democratic Socialism, Malaysia will not necessarily have to undergo the process of political reforms but rather only minor economic reforms since their existing economic practices are already very similar to values promoted by Democratic Socialism such as free universal healthcare system, food subsidy, and free education programs. Most of Democratic Socialism values were already adopted by many Democratic Capitalist states as their measure to combat the negative effects brought by Capitalism such as socio-economic problems.

Basically, Democratic Socialism values were already practised by many states without them realizing that it is a democratic socialist idea.

Moreover, most state governments today are already heavily involved in their economic market which is totally against the idea of Smith's Capitalism. Although states may argue that their actions were accordance to the ideas of John Maynard Keynes's Keynesian theory, the theory itself is also one of the biggest contributing factors of the foundation of Democratic Socialism as a theory which emphasized on the importance of government's role in regulating the market. The baseless hate towards anything related with Socialism among communities must be stopped immediately because one should not immediately reject an ideology just because it is practised by an immoral individual and need to fairly judge things before jumping to conclusion. As we move forward, the youth realized that Capitalism was causing more harm towards the stability of society compared with Socialism, hence why most of them tend to lean towards new forms of Socialism known as Democratic Socialism which took the valuable ideas within Socialism and combined it with Democracy with significant level of alterations. Since the past iteration of Socialism was heavily affiliated with violence and often paired with authoritarian style regime, which is the main factor of its failure, Democratic Socialism aimed to take the opposite direction with their idea of pairing Socialism with Democracy: a political ideology proven to be the best for the community.

One can argue that in a few years, some countries would adopt the idea of Democratic Socialism even more because of the spread of socio-economic problems caused not only by Capitalism but uncontrolled situation such as pandemic which desperately screams for government's assistance to maintain and secure it stability. As the world's leaderships were replaced by younger generations day by day, it is increasingly possible that Democratic Socialism will be the way forward. Today, one can already find the revolution happening in European states which lean even more towards Socialism than ever before, followed by the rise of Democratic Socialism in United States led by Bernie Sanders and Alexandria Ocasio-Cortez that spark the fire of revolution.

## **CONCLUSION**

To conclude, this paper provided a comprehensive argument whether Democratic Socialism is relevant in 21<sup>st</sup> century especially to the business world. It is crucial for the global community to consistently seek constant improvement in existing political and economic system. This paper also re-evaluated the existing system to help improve the economic and political system to construct a justice, lawful, and equal society. As stated by Aristotle "At his best, man is the noblest of all animals; separated from law and justice he is the worst". The instinct of pursuing ultimate equal and just society is what differentiates human from animal, thus if human decided to continue living in an unjust and unequal living condition, we are no better than an animal. Therefore, it is important to not just seek a better political-economic alternative but also to help the progression of a human race itself.

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