

ECONOMIC DEMOCRACY

B. A. Tariton



FORUM OF FREE ENTERPRISE
SOHRAB HOUSE 23RD D.R. O'N ROAD BOMBAY-1

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B. A. TARLTON

Some fifteen years ago, there was a general feeling in India of confidence in the future. People felt inspired when the politicians spoke of those "sunlit plateaus of prosperity" only a short distance ahead. People were ready to tighten their belts and looked forward eagerly to the take-off into full employment, rising standards of living, and national self-reliance. But today there is widespread disillusion, and even despair. Centralised planning on a large scale has failed to achieve its objectives. Average living standards have not significantly improved. Unemployment and the foreign trade deficit have increased from year to year. And the goal of self-reliance seems farther off now than ever before. In 1956, at the beginning of the Second Five Year Plan, India was still a net international **creditor** to the extent of over Rs. 700 crores, equivalent to more than one year's exports at that time. In 1968 India had become a net international **debtor** to the extent of well over Rs. 5,000 crores, equivalent to more than four years' exports at the post-devaluation level.

If we add to all this the recent inflation plus the severe industrial recession, the prevailing mood of doubt and pessimism is easy to understand. It is also understandable that the economic policies of the past two decades should now be subject to searching criticism. Already the mighty Planning Commission has been cut down in size and confined to advisory functions. The massive Fourth Plan has been put in cold storage for three years, perhaps as a preliminary to shelving this type of planning altogether. A fierce public debate has begun between those who want still more state control and direction of the economy and

"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

—Eugene Black

* The author was economist in Associated Chambers of Commerce and Industries, Calcutta. This text is based on a lecture delivered under the auspices of our Calcutta centre in 1968.

those who want a competitive market economy with free enterprise. Meanwhile the politicians are adopting "a pragmatic approach", which is a polite way of describing the present kaleidoscope of government decisions to control, this and to decontrol that. India today is indeed standing at the crossroads of economic policy. And the signpost has been daubed with so much ideological tar that it is difficult to see which way to go!

One may well ask what is the relevance here of discussing a few ideas about economic democracy. The short answer to this is that we can never underestimate the power of ideas. Throughout history men have been prepared to give their lives for the sake of ideas. They have also been prepared to take the lives of others: Only a generation ago millions of people were systematically exterminated in Europe because of the racial ideas of the German national socialists. And today in China we have the extraordinary spectacle of how the lives of 700 million people can be completely subordinated to the ideas of one single man, Mao Tse-Tung.

Likewise, we can never underestimate the power of words which express ideas and which can also confuse or conceal them. For instance, over a year ago, in an attempt to regulate supplies of raw cotton to the textile industry, the Government of India issued the Cotton Control Order. This gave government agents the power to seize supplies of raw cotton at government-controlled prices—a process which was officially referred to as "requisitioning". Let us now compare this with the present emphasis on food "procurement." Government agents may still compel the farmer to hand over his produce at fixed prices but it does not sound so oppressive if we call this "procurement" instead of "requisitioning". Perhaps it does not matter politically if one offends a few cotton producers and traders but one can hardly afford to upset the entire farming community. So while we may "requisition" raw cotton, we only "procure" rice or wheat!

Let us now examine this word "democracy", which we may broadly define as "government by the people". We find it is generally used as a term of praise. Most people

regard democracy as a good thing, as something we should all have more of. To call something democratic is to show that we approve of it, though this has not always been the case, particularly in earlier centuries. The result in this century has been a fierce scrum between opposing sides to get possession of the word and to apply it to such widely different system or societies as those of the U.S.A. and the Soviet Union. And in the process the meaning of the word has been rather obscured.

It seems to me that this confusion can be largely removed if we distinguish clearly between two different concepts or ideas of democracy. These I shall describe as the "classical" and "liberal" concepts of democracy.

The classical concept of democracy is based on the traditional view that in all forms of government a particular person or group or class rules over society as a whole. Thus "aristocracy" means rule by the nobility, "theocracy" means rule by the priests and "plutocracy" means rule by the wealthy. If the dominant group consists of technicians or scientists, we have "technocracy", and if the officials or administrators are in control we have "bureaucracy". But if political power passes into the hand of "the common people" then we get "democracy" in the classical sense where the unprivileged masses rule over the other groups or classes in society.

This concept of democracy goes back to ancient times and is found in the writings of Plato and Aristotle. The word "democracy" is in fact based on the Greek word "demos" meaning "the common people." Democracy in this sense is tied to the notion of class struggle and is not incompatible with dictatorship. It is in this sense that we may refer today to the "people's democracies" of China, the Soviet Union and East Europe. Democracy here is often defined as "the dictatorship of the proletariat", meaning (at least in theory) the rule by the proletariat over the bourgeoisie.

The liberal concept of democracy has emerged only in modern times, over the past two or three hundred years. It differs from all other ideas or theories of government by

vesting political authority equally in every citizen. Government by the people does not mean government by the "common people" or proletariat but government by **all** the people, by everyone in society, regardless of any rank or class. The objective is self-rule, as opposed to all other forms of government where a specific group of people (whether a majority or not) rules over all the rest.

This is the kind of democracy which Lincoln defined as "government of the people by the people for the people." It asserts that there shall be no second class citizens in society. Everyone is equal before the law, including those who hold the highest government office. The institutional framework for this is a separate judicial system free from any political control. Likewise, everyone is given an equal share in making the law. The institutional framework for this includes full adult suffrage and periodic elections.

Democracy in this liberal sense is opposed to any kind of dictatorship or totalitarian rule. Its ideal is the mature self-governing individual. Majority rule is not the rule of a specific majority group or class but is a purely functional majority relating to specific issues at a particular time. This type of government must not oppress any individual or minority, for this is the condition on which all citizens agree to accept the majority decision. It is also the condition which makes it possible for any minority on one particular occasion to become the majority on another occasion.

Accordingly, government or state power is made subject to certain strict limits. Indeed, the government is constitutionally bound to protect the basic rights of each individual to **think** and act **as** he pleases provided that he does not deny these rights to others. As a learned judge once put it, "Your rights end at the tip of my nose." These rights include liberty of speech and of political organisation. The institutional means for realising these rights is greatly improved by the development of independent newspapers free from state control.

It is this liberal concept of democracy which has been adopted by independent India and which inspires its Constitution. It is evidently well suited to Indian culture and

traditions which emphasise, as Mahatma Gandhi always did, the value and dignity of the individual, the importance of voluntary action, and the tolerance of widely different customs and beliefs. The result has been, and continues to be, the greatest experiment in political democracy that the world has ever seen.

But what about economic democracy? How shall we govern ourselves, not as citizens but **as** producers and consumers? What kind of economic system is appropriate for a democratic society and for India in particular?

This was a favourite question of Nehru's. His answer (which was very different from Gandhi's) lay in a form of socialism based on centralised economic planning and the extension of government ownership and control throughout industry and commerce. The reasoning here is straightforward. Private ownership or control over business undertakings means that some people will be employed by others. To this extent they will not be their own masters and may be exploited by their employers. However, if all undertakings are owned or controlled by the state, which in turn is controlled by a democratically elected assembly, then all citizens will become their own economic masters.

This is the theory, but what is the result in practice? For India the process of introducing socialism began in earnest with the 1956 Industrial Policy Resolution and the Second Five Year Plan. It still continues, though in a hesitant and half-hearted manner, as for instance in the recent "social controls" over banking and general insurance.

The extent to which this process has gone is **not** generally realised. During the Second and Third Plans the paid-up capital of government companies rose from Rs. 66 crores to over Rs. 1,240 crores. This represents a rise **from** 6% to **43%** of the total paid-up capital in the corporate sector. If we take account of the increasing investment by government financial institutions and by the Life Insurance Corporation in non-government companies, it is probable that the Government of India already holds more than half the total capital invested in the corporate sector.

Nor does this take account of the still larger investment in government industrial and commercial undertakings outside the corporate sector. These include the ordnance factories and the largest undertaking of all, the Indian Railways. Whereas the nationalised railways of Britain, France, Belgium and other countries have been organised as a separate company or corporation, the Indian Railways continue to be run as a department of the Central Government.

Apart from capital invested, government undertakings have been receiving large sums of public money in the form of grants or loans, sometimes free of interest and usually at subsidised rates. For example, the Union Budget for 1966/67 provided Rs. 244 crores for these loans and in practice this provision was exceeded by 50%. The total new loans made that year to government undertakings were more than three times the total new investment in their share capital. This total also exceeded the total government revenue from corporate taxation—revenue derived mainly from the generally more efficient non-government companies.

There is no doubt that this experiment, in "economic democracy" has been extremely costly. Government undertakings have absorbed not only huge domestic resources but also the lion's share of foreign aid. As for the results, it is officially recognised that this massive investment in government undertakings has been extremely unproductive. Despite various subsidies, preferential treatment and monopoly privileges, these undertakings have given an average return of less than 1% on the capital employed as against the planned target of "not less than 11% to 12%". Indeed, if we include the current losses of the Indian Railways, the government-run undertakings as a whole constitute a net national liability.

Most of us would agree that India, with mass poverty and mounting foreign debts, cannot afford this enormous waste of productive assets. Yet the performance of government undertakings has shown little improvement despite the most searching inquiries by parliamentary committees. This has placed the Indian democratic socialist in a peculiar

dilemma. Almost every scheme to improve the working of government undertakings has stressed the need to give greater independence and responsibility to the management. However, if this is done, what becomes of the so-called "social control" over these undertakings, as exercised by the people through Parliament? What does it mean to the ordinary citizen to say that he owns these enterprises when his power is confined to one vote every five years to elect an assembly which itself can do little to control the day-to-day working or even the long-term policy of these undertakings? Can this be described as economic democracy in any real or practical sense?

Of course, this is not the only type of socialist organisation which claims the coveted title of "economic democracy". In Yugoslavia, during the past few years, the power of the state to direct the economy has been drastically reduced in favour of a market economy. At the same time the ownership and control of business undertakings has been decentralised and placed in the hands of the respective workers in each unit.

This Yugoslav system seems to approach closer to the objective of self-government in economic affairs, at least as far as labour is concerned. The workers seem to have much better opportunities to influence the policy and day-to-day management of the undertakings in which they work than say, the workers employed by government undertakings in India. Profit-sharing systems also ensure that the Yugoslav workers share more directly in the benefits of efficient working. However, attempts to introduce this form of economic democracy in India have not been particularly successful. Several schemes for workers' participation in management have been tried, both in government and non-government undertakings, but have not inspired much enthusiasm either with labour or with management.

These problems of economic democracy can be solved if we go back to first principles. We have already seen how liberal democracy rejects the notion of class struggle and vests political authority equally in all citizens regardless of their rank, wealth or function in society. We have

also seen how this authority is rooted in personal liberty and how it is exercised through periodic elections and the pressure of public opinion.

There is one further condition for liberal democracy. If the Political authority of each citizen is to be a practical reality, he must be given a genuine choice when he casts his vote. Where only one political party is permitted to operate and only one list of candidates can stand for election, the individual citizen is clearly deprived of a proper political choice and hence of his authority. He becomes a pawn in the hands of the state and of the self-appointed leaders who claim to govern the country in his name. The reality of self-government is lost.

Here in India, however, the basic freedoms of thought, of self-expression and of political organisation have been firmly established. The voter has acquired a widening choice of candidates, parties and programmes from one general election to the next. And now that several non-Congress governments have come to power, we can expect the politicians to pay increasing attention to their constituents, both at election time and in between. In this way the central and state governments become more responsive to public opinion and every man can feel more certain that he is his own political master. Self-government becomes a matter of genuine experience for all. The quality of life, involving the dignity and self-respect of each citizen, is improved.

Let us now apply these thoughts to the economic life of each citizen. Let us also bear in mind the basic objective of all economic activity. This does not lie in any of those high-sounding phrases such as the "mobilisation of resources for development" or "the achievement of a surplus in the balance of payments." The objective of economic activity is no more and no less than human consumption. Economics may in fact be defined as a systematic study of the ways in which people seek to satisfy their almost unlimited wants from the limited resources at their disposal.

Accordingly, just as the individual citizen is the object of political decisions, so the individual consumer may be regarded as the object of economic decisions. Again, just

as political democracy regards the individual citizen as the ultimate authority, we might well expect an economic democracy to vest similar authority in the consumer. Let us push this comparison still further. If the consumer is to exercise real authority, if he is to influence decisions to invest, produce and sell, he must be given a genuine choice between different products and services. The suppliers must also be responsive to the wishes of the consumer.

What does this add up to in practice? What kind of economic system gives the consumer the maximum control over what shall be produced and sold? Quite evidently, the consumer has little or no choice when the only producer or trader is the state. Just as political self-government is a sham where only one party can put up candidates for election, so is economic self-government where there is only one supplier of goods and services.

On the other hand, if the market contains many independent producers and traders, each competing to sell more, the consumer can fully make his presence felt. We may therefore require a system of competitive free enterprise. Secondly, if the supplier is to know the wishes of the consumer, it is necessary for prices and profits to register promptly and correctly the ever-changing pattern of demand. To achieve this, a market system with freely moving prices is required. Thirdly, if supply is to respond properly to consumer demand, the suppliers must depend for their survival and success on getting the financial votes of the consumer. This means a system based squarely on the profit motive, with high rewards for success and with bankruptcy and oblivion for those who persistently fail to please the consumer.

Theoretically, we can have several state-owned units competing against each other and so providing alternatives to the consumer. But if each unit has a guaranteed life, and is not judged strictly by its profitability, it may still not go out of its way to woo the consumer. The competition will be superficial only and the customer will still be powerless to influence the pattern of production.

This is a matter of everyday experience. When a consumer enters a shop or department store in a competitive

market economy he can feel ten feet tall. The customer is always right and can expect good service. But in a state-controlled economy such as the U.S.S.R. the individual may spend much of his leisure time in queues. Likewise in India we have come to associate queues with government controls. It is generally at the shop which is state-owned or controlled that people must queue up for what they require, whether it is for rice or wristwatches

So from the viewpoint of consumers we may conclude that the road to economic democracy lies through free enterprise in a market economy, i.e., in the opposite direction from centralised socialist planning. It further appears that genuine economic democracy, like political democracy, goes hand in hand with individual liberty. Just as we demand freedom of speech and organisation in the political sphere, so must we be free to engage in any economic activity. This means that we should be free to buy and sell, to spend or save, to invest in any business (whether agricultural, industrial or commercial), to work or not to work, to employ or to be employed, to change one's job and to travel as we please.

This claim to economic freedom springs from a belief in the intrinsic worth or sanctity of the individual, regardless of his contribution to society. No man has to justify his existence by what he does for others. Provided his existence is not directly anti-social, he has the fundamental right to live his life as he pleases and to go his own way. The same holds good for any group of individuals such as a club, a political or religious society, a business firm and so on.

This means, firstly, that a man is free to work or not to work. It means that a man, if he chooses, may withdraw himself from society and lead a life of solitude, abstinence and meditation. It means that the state should not assume the right to imprison beggars, gypsies, or hippies in corrective labour camps simply with a view to making them "useful members of society."

Secondly, it means that a man is free to choose the type of work he shall do and shall be free to change his mind. For example, considerable public resources may be

invested in the training of doctors. No doubt this places each trainee under some moral obligation to continue with a medical career. But does it give society any right to prevent a trained doctor, if he wishes, from leaving his profession to become an artist or a yogi? Take any other example. What right has any government to decide that engineering will be given priority over poetry, or that driving a tractor is better than riding a racehorse? In Calcutta citizens would surely agree that collecting garbage is socially more important than collecting stamps or butterflies. But does this give us the right to abolish stamp collecting or to close down the business of professional stamp dealers as the Red Guards did in Peking?

This is not to say that people should not be useful to society, nor that society should not reward people according to the services they perform. It is simply to say that any service which they perform for others should be purely voluntary or should result from **impersonal** pressures such as the necessity to earn a living for oneself and one's family. No person or group of persons should assume the right to coerce people into serving others in the name of certain collectivist or totalitarian doctrines which regard society as more important than the individual.

We may, therefore, reject the traditional slogans of communism and socialism which require each individual to serve society according to his abilities. The truly democratic society does not demand "From each according to his abilities" but rather "From each according to his own free will"

Of course, freedom alone is not enough. There must also be real opportunities for choosing different kinds of work and for changing over. It is evident here that job-seekers have a much wider choice of employment in a free enterprise economy, where there are many independent employers competing against each other. Through union organisation, workers can also bargain for wages and conditions of work with the strongest employer—even with General Motors of the **U.S.A.** a company whose annual turnover of more than 20 billion dollars exceeds two thirds of the total national income of India. The opportunities

to change one's job are also multiplied where there are many different employers in the market. And in a free enterprise economy every man has also the opportunity, if he has the initiative and ability, to start his own business by becoming self-employed or by employing other people.

Contrast this with the plight of the worker where all undertakings are owned or controlled by the state. Unions are relatively powerless to defend his interests for they are faced by an employer who wields political power and who claims to act always in the public interest. The ultimate right to strike may then be denied. Again, if the worker falls foul of the management in one state undertaking, he may be blacklisted for life throughout the economy. Where then could he turn to start life afresh? But in a free enterprise economy, as we have seen, he would still have many other opportunities.

Likewise, the free enterprise economy does not restrict the freedom to invest or to engage in any productive enterprise. This freedom, however, is severely restricted in communist countries. Even in the more liberal form of socialist organisation pioneered by Yugoslavia, the profits earned by a particular unit cannot be freely invested in another industry. To give a practical example, the workers of an engineering unit which is making huge profits can decide, if they wish, to build a luxury seaside guest house for use by themselves and their families. But although it may be unoccupied for long periods, the workers may not run it also as a hotel for tourists, as this would be equivalent to equity investment in another industry. According to Marxist theory, the engineering workers would then be exploiting the workers employed in the hotel business by taking away the profits earned on the investment. This would constitute the ultimate "revisionist" sin of converting a socialist economy right back to capitalism.

This brings us to the fascinating controversy over private property. As we have seen, both the socialist and the communist restrict the individual right to own or control productive resources, particularly land and equity capital. This restriction is generally imposed in the name of demo-

cracy and social equality. Yet there are many who hold the opposite view that the freedom to own and manage private property is a vital feature of democracy. In this view a man should be free to accumulate as much private property as he has the good fortune or ingenuity to acquire by legal means. This notion is a logical extension of the liberal concept of self-government—that a man may own and develop his own business, his own farm, his own mine or factory.

Of course, this implies a society in which some men may be employed by others. The employers can then exercise considerable power to govern the kind of work to be performed by others, what their wages and conditions of work shall be, and whether they should work at all in the business. In practice, however, this power of the private employer is subject to strict Limits set by legislation for factory welfare, minimum wages, safety and so on. It may be further limited by the organisation of joint stock companies and by the organisation of labour into unions. And ultimately the employee has the option of seeking employment elsewhere.

On the other hand, a society which forbids its members to own land or other productive assets and which prevents people from developing their own private business, imposes severe limits to human freedom and to individual ambition and enterprise. Such a society may lack originality, variety and adventure. And because it is less able to mobilise the personal initiative, enthusiasm and drive of its citizens, this type of society must condemn its members to generally lower standards of living.

This is not mere speculation. We have only to look at the tremendous gains in living standards made by the free enterprise economies of the U.S.A. and Japan. The same holds true for the developing countries of Asia. It is the free enterprise economies of Malaysia, Thailand, Taiwan and South Korea which have risen to the top of the Asian economic ladder while the centrally directed economies of India, Burma and Indonesia have remained at the bottom. Perhaps the most fantastic performance of all is that of Hong Kong where free enterprise has been combined boldly

with free trade. It is not generally realised that Hong Kong's first textile mill was set up only in 1947 while her electronic manufacturing industries have been developed almost wholly in the 1960s. Yet, Hong Kong's textile exports' are three times as big as India's if we exclude jute fabrics. Likewise, exports of Hong Kong's electrical products alone have now risen (without any subsidies) to double the entire engineering exports from India as a whole.

Competitive free enterprise does in fact combine self-interest and voluntary action with the public interest in a most effective way. On the one hand, the business man is under constant pressure to improve his products and services. On the other, he must endeavour to reduce his costs of production and marketing and so economise in scarce productive resources.

Correspondingly, losses serve society by driving the less efficient producers or traders to make better use of the resources at their disposal. If the losses still continue, the inefficient go out of business and control of productive resources passes into the hands of the more efficient. In this way, the wasteful use of productive resources (in relation to consumer demand) is automatically checked and eliminated.

Somehow, it is difficult to believe that this automatic working of the market mechanism can be more efficient than the conscious direction of investment and production by central planning bodies. Yet this is undoubtedly the experience in practice. President J. F. Kennedy of the U.S.A. expressed this in the following words: ".....the free market is not only a more efficient decision maker than even the wisest central planning body, but even more important, the free market keeps economic power widely dispersed. It is thus a vital underpinning of our democratic system."

We may recall here the wisdom of Mahatma Gandhi who regarded all forms of collectivism as a threat to the dignity and freedom of the individual. Gandhi did not fear economic power concentrated in private hands for he realised that such power is limited (as we have seen) and

can be directed towards the common good. He feared more the concentration of economic power in the hands of the state, since the combination of political and economic power can lead to far greater violence and coercion of the individual. Owners of Private property can therefore provide a valuable counterweight to offset power concentrated in the hands of the politician or the administrator.

We may, therefore, reject the view that Indian industry and commerce should be closely controlled and directed by the state. We may recognise that a system of free enterprise is more suited to the Indian temperament and traditions of land ownership, of the family business, of numerous artisans, small traders and cultivators and of enterprising business.

We may also recognise that the man who performs the greatest service in India today is the entrepreneur—the man who brings together money, materials, manpower and know-how to create new wealth and employment. It is this man, the business man, whether a farmer, manufacturer or trader, who is the real architect of economic democracy. It is he who increases the consumer's range of choice and compels his competitors to improve their performance in serving the consumer and in reducing costs. It is he who increases the investor's range of choice by competing in the money market for capital and credit. It is he who increases the range of job opportunities for us all by entering the market for skilled and unskilled labour, for office staff and for technical and managerial personnel.

This is not to say that the business man does all this purely from a sense of civic duty or a saintlike devotion to his fellow man. Indeed, why should we expect or want any such favours? Adam Smith summed this up admirably some two hundred years ago. In his famous treatise on "The Wealth of Nations", he wrote: "It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their own advantages. Nobody but a

beggar chooses to depend chiefly upon the benevolence of his fellow citizens."

It follows that if we wish to increase our range of choice in the economic sphere, whether we are spending or 'saving or earning our living, and so increase our power to influence our economic environment, we should give the business man greater freedom to invest, produce and sell and stronger incentives to do so. We should remove the barriers to enterprise which have resulted from the Industrial Policy Resolution of 1956, the Industries (Development and Regulation) Act, the Essential Commodities Control Act, and so on. We should not fall prey to those ideologies which appeal to human envy but should recognise clearly the importance of profits as a reward for business enterprise and efficiency.

We may then appreciate more the service which the business man renders to society and the many risks which he must face. This was delightfully expressed in a notice published recently by the U.S. National Chamber of Commerce in Washington. It is entitled "The Risky Life" and it opens with a reference to the elections in the U.S.A. It reads as follows:

"With general elections less than a year away, the politician faces growing uncertainty and risk.

"Will the people—the consumers—buy what he's selling? Will he profit from his endeavours by being voted into office again?

"Of course, the politician has to meet the test of the political marketplace only on election day—not every day, every year. A politician can simply declare that something is for the public good, unlike a businessman who has to prove it. And a politician spends and invests other people's money, not his own.

"Come to think of it, there's another line of work where the risk come even faster and thicker—in business."

As for the businessman in India, he must face several other difficulties. During the period of centralised planning, he has become virtually a prisoner in the dock. His movements are severely restricted and he is accused of all

manner of evils. If he employs labour he is branded as an exploiter and a bloodsucker. If he invests in equity, he is called a gambler or a parasite. If he engages in any form of trade, he is liable to be labelled as a profiteer, if not as a blackmarketeer. If he shows any sign of affluence he will surely be referred to as a tax evader, however honest he may be. And if he is honest, he will be taxed at rates which would be regarded as penal in almost every other country in the world. As if this were not enough, he may also be accused of corruption in his private life. The average popular film, for example, frequently portrays the businessman as a grotesque figure who apes foreign dress and manners, who neglects his family and who spends his leisure in nightclubs and the like.

The irony of the situation is that the prisoner may often have a much better record of public service than that of his accusers. But the prisoner has been so browbeaten or brainwashed that he has neither the confidence nor the courage to lay the blame where it is due. And far too often he has tried to compromise, to seek relief by the backdoor, instead of acquitting himself squarely before the bar of public opinion.

Fortunately a bolder spirit now seems to be emerging from the business community. Perhaps it is due in part to the trials of the current economic recession. As this spirit grows it will strengthen the movement for a more liberal economic policy. The ordinary business man will have the moral fibre to stop asking for favours from the government or for one-way promises of loyalty or productivity from labour. He may cease to ask only for protection and subsidies and will demand instead that taxes levied on his business shall not be excessive. More fundamentally, he will demand the basic freedom to decide for himself where to invest and what to produce, where to sell and at what price. He will request the politician, the planner and the administrator to get off his back and to concentrate on their own special tasks of preserving law and order and of building the economic and social infrastructure.

Free enterprise has an unanswerable case as a superior way of life and as a more efficient way of mobilising human and material resources to achieve higher standards for all. The main task of the business man today is to convey this message properly to the Indian public. In so doing he should concern himself less with the negative task of defending his rights as an employer or as a property owner. As a member of a democratic society, he can demonstrate the positive value of his contribution to the economy as an innovator, as a creator of wealth and employment, and as a pioneer in the search for better ways of economising in scarce productive resources and of satisfying the wants of his fellow citizens.

The views expressed in this booklet are not necessarily the views of the Forum of Free Enterprise.

"Free Enterprise was born with man and shall survive as long as man survives."

—A. D. Shroff

(1899-1965)

Founder-President.

Forum of Free Enterprise.

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