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ARE THERE MONOPOLIES AND CONCENTRATION OF ECONOMIC POWER IN INDIA?

FORUM OF FREE ENTERPRISE
"SOHRAB HOUSE", 235 DR. D. N. ROAD, BOMBAY-1

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

—Eugene Black

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INTRODUCTION

"Monopoly of any kind, whether state or private, is undesirable. Should any single organisation arrogate to itself the right to do everything, it would upset the delicate mechanism of a free and democratic social order. Under monopoly conditions, the consumer would be forced to buy only that which is offered to him; the worker would find himself gradually deprived of his right to choose his job, to demand higher wages, and to deny his labour; the investor and the entrepreneur would be denied the opportunity to promote the development of industries of their choice." This is an excerpt from the Manifesto of the Forum of Free Enterprise issued in July 1956 when the organisation was started. Monopolies destroy free enterprise and freedom of the people, and the Forum of Free Enterprise has been unequivocal in condemning monopolies.

Recently, there has been much talk in the country on monopolies and concentration of economic power. Much of this ill-informed talk has led to confusion of the basic issues involved. As is customary with the Forum of Free Enterprise, in its effort to educate the thinking public of this country, this booklet is produced for a dispassionate study of the question whether there are monopolies and concentration of economic power in the country.

Our grateful thanks are due to the editors of "The Hindu," and "The Economic Times" for extending their permission to reproduce some excellent articles which appeared in those papers.

A NAIVE ANALYSIS OF ECONOMIC POWER

By

H. Venkatasubbiah

It was known even before the Union Finance Minister said so that different members of the Committee on Distribution of Income and Levels of Living (Mahalanobis Committee) wrote different chapters and these, therefore, are capable of leading to different conclusions. The top members of the Committee are men of rather different persuasions as economists and it was to be expected that they should hold strong views about the interpretation of data on such intimidating subjects as wealth, income, economic power, concentration, etc. Moreover, current political controversies have an emotional involvement in the theme of equality and inequality from which even highly learned men may not find it easy to detach themselves. Indeed, that they were able to sign a report at all—however preliminary it may be—is something, considering the vicissitudes through which their Committee passed in the past four years since it was constituted.

By its third term of reference, the Committee was asked to ascertain the extent to which the operation of the economic system has resulted in concentration of wealth and the means of production. In equating concentration of wealth with concentration of economic power, as the Committee has done, it has made its own thinking somewhat naive. When the Committee talks of concentration of economic power in the private sector what it really has in mind is the concentration of capital resources and entrepreneurship in the private sector and more particularly in the so-called inner circle of it, consisting of a relatively small number of controlling industrial groups. Countervailing measures, like the rapid expansion of the public sector, high rates of personal and company taxation, and various direct controls on industrial development, have not, the Committee suggests, resulted either in deflecting capital and enterprise sufficiently from the private sector, or even in enlarging its inner circle so as to diffuse the ownership and direction of private capital and enterprise.

But when the Committee implies, on the strength of these phenomena, that the private sector must be exercising economic power in proportion to its wealth, it may be mistaken. The Committee concedes that the economic power of the private sector need not always be anti-social, but it dose not appreciate that in Indian conditions the power equations are much more complicated. If they were straight equations with wealth, it may perhaps be easier to render them innocuous. Economic power, like political power, is in many cases personal. Some small capitalists may be more powerful than some big capitalists, simply because they happen to have access to cells of Ministerial power. Caste is also a factor in economic power as much as in political power.

Wealth does give economic power, but it must not be inferred from this that it is necessary to be wealthy in order to be economically powerful. Economic power is also power to influence productive relationships. In this sense, workers' organisations, which are not as wealthy as employers' organisations, can be immensely powerful in determining productive relationships. They can also be more powerful in determining political decisions. The influence of the British Trade Union Congress on the Labour Party could conceivably be more than the influence of the British Iron and Steel Federation on the Conservative Party. Again, the economic power of wealth can vary with the source of the wealth.

The Mahalanobis Committee has not precisely defined economic power, but it has at the back of its mind the power to influence economic and social decisions affecting society as a whole. The power of a wealthy agricultural class to influence such decisions may be less than that of a wealthy industrial class. Economic power depends not only on the amount of wealth, but on the organisation of wealth. In certain Western democracies, such as those of Britain, France and the United States, private agricultural wealth is highly organised and its economic power is equal to, if not sometimes more than, the power of their industrial wealth. The Mahalanobis Committee is largely guided by the concentration of industrial wealth in India partly because it had no adequate data on non-industrial wealth and partly because it was told by the Planning

Commission to examine "financing control of industrial and economic activity."

It is a truism that property interests are generally conservative and conservatives are not known to be ardent social reformers. But it should not be assumed that capitalism is necessarily reactionary and therefore concentration of economic power in the private sector leads to " social reaction." Historically, capitalism was a liberal force and was the agent of the transition from a feudal to a modern society. But it was not an egalitarian force, and so developing countries are trying to make their own industrial development, and the resulting social structure more egalitarian by introducing a public sector in industry. Sometimes it draws on the private sector for experience.

But the Mahalanobis Committee is suspicious of this arrangement. To it the arrangement is a puzzle. It suggests that directors drafted from private industry to public undertakings may be using their opportunity to strengthen their own companies. " How far this helps the public sector by enabling it to obtain business expertise and how far it helps to increase the concentration of economic power in the hands of the selected individuals in big business are questions that are pertinent, but that we are not in a position to answer," says the Committee. The truth of the matter seems to be—as the Committee might have easily ascertained—that industrialists will be quite glad not to be asked to serve on the boards of Government companies. Since on the Committee's own showing, these sinister and " interlocked " personalities are busy concentrating wealth, they have no time for public undertakings whose fortunes are controlled in the last resort by their sole shareholder, the Government of India. The Committee's argument that economic power should be both diffused and used for the social good is perfectly legitimate, and it was not necessary to create an air of mystery for sustaining it.

Economic power includes the power to make decisions on the best and most economical uses of capital. These decisions have to be made by the public sector as well as by the private one. If such power is totally eliminated from the private sector, and concentrated in the public sector, the country will have a one-sector economy. But this is not the Indian objective, As the Mahalanobis Committee recognises, the objective is a mixed economy wherein "the private sector has an important role to play." So some economic power—in the sense of power to take economic decisions—must rest with the private sector also. Without it, capital is liable to become unproductive. What the Committee is opposed to is a concentration of this decision-making power for the disposition of capital. This is a matter for Company Law. The Mahalanobis Committee has mentioned in this context the Vivian Bose Commission's enquiry into the affairs of some companies of the Dalmia-Jain group, about which the country has not yet heard the last as developments of the week show. But the Committee has not ignored some of the advantages of bigness and concentration of decision-making power in the industrialisation of developing countries. It says that "industrialisation has its own logic, and neither the economies of scale nor that of full utilisation of scarce talent can be ignored with impunity." The problem then, is really not one of preventing concentration of decision-making power so much as effectively policing it, and making the private sector socially more responsible.

For the rest, the Committee believes that the most effective way to check concentration of economic power in the private sector is to build up countervailing economic power and this is built by enlarging the public sector in industry relatively to the private sector. Thus, according to the Committee, the most effective answer to one form of concentration is another form of concentration. The point has often been made that the virtue of the public sector is co-terminus with the virtue of those who control it politically, and if these men can do violence to the spirit of a democratic Constitution, they can do violence to the principles and practice of public undertakings as well. If these failed owing to bad decision-making by the Governmental or quasi-Governmental authority, in whom their economic power is concentrated, it is still possible for the Government and the Mahalanobis Committee to seek a scapegoat in the industry of the private sector. There is thus no escape from the social responsibility of the public sector either.

The Mahalanobis Committee observations lead to the conclusion that the private sector's scope for industrial expansion should be restricted both absolutely and relatively to the public sector's in the Fourth and subsequent Plans. The question is not whether the Government is obliged to let the private sector in industry expand. Assuming that it has no such obligation, the real problem to be faced in a Fourth Plan, that will be much bigger than the third, is whether the public sector in industry can take on the industrial expansion that would normally occur in the private sector, on top of the large number of industrial schemes that are bound to be set apart for its attention in the normal course of expansion of the public sector from Plan to Plan. Such a tilting of the balance in favour of the public sector would mean establishing a large number of consumer goods industries by the Government. The Central Government is not in a position to divert its attention from basic and heavy industries to consumer goods industries which, therefore, must be established by State Governments.

These have in fact been publicly exhorted to interest themselves in such industries by the Central leadership. Whether they can do so without prejudice to their other activities like organising agricultural production, irrigation, roads and road transport, social services and expansion of their existing State industries, must be carefully examined. The other alternative is to get consumer goods industries organised as co-operatives. Here again, the working of the existing industrial co-operatives does not inspire confidence that efficient and competitive mass production can be successfully organised in the co-operative sector, notwithstanding the elimination of private gain from the productive process.

One could do as one pleased if there were no problem of growth. The problem is not only there, but is central to Indian planning. It is the declared purpose of planning to reconcile growth and social justice, and the Mahalanobis Committee has made little or no effort to be constructive and helpful to the planners. It has not even done any appreciable original work by way of data collection and interpretation, although it has drawn attention to other important phenomena such as that there is fair degree of concentration of personal wealth held in the form of land both in the urban and rural sectors, and that there is more inequality of wealth distribution than of income distribution. There is not much reason to suppose that its promised second instalment will be less of an alibi than the first now out. (*Reproduced, with kind permission of the editor, from " Hindu " of May* 9, 1964.)

GOVERNMENT'S OBSESSION WITH "MONOPOLIES"—A THREAT TO ECONOMIC PROGRESS

By

Arvind Narottam Lalbhai

The Governmental obsession with monopolistic tendencies and concentration of economic power in the Indian economy is posing a greater threat to the progress of the country than even the so-called monopolies which, as facts show, simply do not exist. The textile industry is among the several industries which has been hamstrung, checkmated and retarded by the Government's policies which prevented its expansion for the protection of the handloom and power-loom industries, diversification under misplaced fears of concentration of economic power. Unless the Government realises its mistakes in assessing the situation, economic growth is bound to be extremely slow.

It is a great misfortune that we are more concerned with symptoms rather than the diseases. We feel self-complacent by treating the symptoms by palliatives. If there is a shortage of sugar, we think more in terms of distribution channels, controls and price fixations. But we do not think in terms of increasing the supply and thereby respecting the law of supply and demand. We think seriously that controls, price fixation and distribution of commodities through co-operative stores and fair price shops will solve the problem. We do not think in terms of allowing the prices to rise according to the law of supply and demand and thereby induce entrepreneurs to expand their productive capacities or to set up new plants. The thinking in those terms requires the firm determination to enlighten and educate the public that this is the only effective way to hold the level of Prices. The determination is not there. During the intervening period prices are bound to rise. But, that being a passing phase, should not cause unusual concern. If the policy of competitive economy and free markets is allowed to operate, the prices are bound to register a permanent and substantial fall in the long run. We are not prepared to think in terms of shifting emphasis from heavy capital industries to agricultural produce and consumer products industries nor are we taking effective measures against the rate of population growth which substantially offsets the rate of economic growth.

What holds good in the matter of holding the level of prices, holds good equally in respect of other fields of economic activities and the fiscal policy pursued by the Government.

Instead of being moved by the stark poverty of millions of people in the direction of encouraging higher and higher volume of economic activities which will ensure higher employment, fall in prices, adequate supply of commodities and even larger amount of taxes, we feel more concerned with the concentration of economic power in the hands of a few individuals and avoidance of monopolistic trends. An unwise policy aimed at mitigating the fear of concentration of economic power in a few hands is pursued; the fear is only imaginary. But in following such a policy economic development is slowed down. One wonders and feels indignant whether our concept of socialism is one of distribution of poverty.

The concept of monopoly conveys the existence of one or a few large concerns which have acquired such a dominant control over the production of a commodity that they are in a position, if they so desire, to manipulate the supply and price of that commodity in their own interest with the full awareness that there is a large demand for the same in the country. In such a monopoly there is no effective competition from other parties and this is the source of the strength of the monopolists. In our country, the monopoly so defined does not really exist. But in fact, a situation similar to that is allowed to persist not because of the entrepreneurs having joined hands for the purpose, but because of the Government's unwise policy of imposing controls in the name of planned economy and avoidance of wastage of scarce resources. The policy, apart from encouraging really discourages the growth of competitive economy which is the only antitode to monopoly. This gives a very curious picture of self-contradiction that though the Government, on the one hand is anxious to prevent the growth of monopolistic trends, it pursues a policy which leads to the opposite result. The position becomes still more aggravated when judged in the context of the facts that while the imports are curtailed in advance, in very many cases the targets of production are not hit in time which creates scarcity conditions and provides a sellers' market. It gives suppliers an opportunity to dictate prices, ultimately leading to inflation. The very fact that such a policy of the Government itself creates a sellers' market does not make the manufacturer think seriously in terms of reducing cost.

People in authority have wrong notions about profit. Profit is not being hailed as an index of efficiency but is being condemned as a sin against the society by labelling it as profiteering. It is high time that a firm line of demarcation is drawn between profit and profiteering. Profit is not only an index of efficiency but is also a must for the continuance and growth of all economic activities. Profit is a legitimate return on funds employed in the business and a reward for the efforts put in by the managerial personnel. One fails to understand as to how any economy can ever progress without its entrepreneurs making adequate profits from the economic activities carried on by them. The word profiteering needs to be correctly understood and well defined. Simply because certain industrial managements happen to be competent and make more profits compared with others even in the same industry, those who make more profits cannot be labelled as profiteers. If the entrepreneurs join hands either in curtailing production and thereby creating an artificial shortage leading to soaring prices or if they jointly decide not to charge prices below a certain level, and if in this way they make huge profits they can be accused of profiteering. If an entrepreneur happens to be inefficient and does not make any profit, he is not by any means serving the society. In fact, he does a greater amount of disservice by not avoiding waste, raising efficiency and reducing costs. Such a level of performance deserves to be branded as anti-social. Of the latter class, undertakings in the public sector provide overwhelming evidence. Many a time the working of the undertakings in the public sector has been analysed by the application of various management accountancy ratios which really provide a very sad and disappointing reading. In spite of this painful realisation, the Government is thinking more and more in terms of setting up undertakings in the public sector. All these ideological obsessions make them forget the fundamental that the super-structure of a socialist pattern of society cannot rest on the mud foundations of waste and inefficiency, but only on the solid foundation of prosperity.

A thoughtful person really feels uneasy when he ponders over all unrealistic talk about concentration of economic power in a few hands. We forget that an era of industrialisation has just dawned in India and that we have to make leeway of hundreds of years within a period of few years and that in fact economic concentration in a few hands at least for a few years to come shall do more good than harm for the industrial growth and prosperity of the country. In fact this trend should be encouraged by the Government rather than discouraged as the history of developed nations under a democratic set-up unequivocally indicates the process of economic growth only in this manner.

Let us have a look at the mechanics of building up savings and reinvesting them in further economic activities. If the savings of the industry are distributed among a large number of people who have not attained a higher standard of living, what is likely to happen is that those savings will not be mobilised but dissipated over essential commodities of life. This will only lead to inflationary spiral. The large masses of people being in this group, a small increase in their earnings is not likely to be saved by them for investment. But if such savings remain available with entrepreneurs whose standards of living are quite above the level, those savings will be re-invested unless there are other fiscal disincentives. It may be that certain business houses have abused their economic power but the law as it stands today gives wide powers to the executive to take care of and to guard against such malpractices. Our thinking is that of the proverbial frog in the well. Let us look at the size of the Corporations in America and we will realise that we are only a dwarf before them. The well-known monthly magazine "Fortune" of international repute, published from New York, collects data, analyses them and prints every year the salient facts of 500 largest United States Corporations. In order to make us to realise as to where we stand, the relevant information regarding the 1st and the 500th of the list of the directory published by it in August 1963 are reproduced on page 13.

The interesting part of the story is that the number of employees employed by them is to be judged in the context of tremendous progress achieved in the States towards automation. If we want to carry on the same volume of business and economic activities that they are carrying on, we have to simply imagine as to how many times more the number of employees we will require. This will give us an idea as to how vain and fruitless are the talks of concentration of economic power in a few hands in India.

In this connection, it is in the fitness of things to study the measures taken by the Government of the United States towards prevention of monopolies and cartels. What the Government of the States has been always careful to see is to check and prevent the formation of monopolies as explained at the outset so that the consumers are not exploited either by curtailing production or a common understanding of fixing up a certain price. Of course, of late there have been disturbing trends so far as the attitude of the judicial department of the Government is concerned. But, so far as Courts are concerned, one has not heard of a decision which prevents diversification of trade or business by the same entrepreneur by employing his surplus fund from one business in another nor has there been a restriction on the expansion of the same trade or business.

In our country these two-fold restrictions have been more pronounced. Everybody knows that economies of scale always help in achieving reduction of costs. In our country, expansion is not so easily possible as the Government is very strict over the increase in the capacity of plants. Further licences have got to be sought for. Of all the industries one which has been most hard hit by this policy is cotton textiles. Since 1951 any proposal for expansion of cotton textile units was frowned upon and looked down with disfavour. Only during the last two or three years, there has been a change in the Governmental thinking and expansion to a limited extent is permitted and we have seen the price that the nation had to pay for the same. Having realised the folly now the Government has come forward to impress upon the textile mills to expand their capacity by 7-1/2% and 10% of the spindleage and loomage respectively and now the Government is in earnest to see that expansion programme materialises immediately. Such a sporadic way of working does not help towards a steady growth of the industry. Looking to the rise in prices and non-availability of adequate finances, one wonders as to how many textile units will be in a position to respond to the call of the Government immediately. Even those textile mills which have adequate resources will not be able to expand immediately because of the very fact that delivery schedules of the machinery manufacturers is quite long. Spindles will not be available before 30 months after orders are placed. Can we ever extinguish the fire by digging a well when the house is on fire ?

Equally serious is the policy of the Government in the matter of diversification of economic activities. Of late, the Government has taken a stand of not permitting companies to invest their funds in any economic activity other than the one for which the company was mainly formed. The Government insists that separate companies should be formed for each different economic activity and there again are the restrictions of the Company Law against the investment of the surplus funds of one company into the other. This is the most strangling situation under which the company cannot undertake any other economic activity in addition to its main business nor can it invest its surplus funds beyond a certain limit in any other company. No entrepreneur can succeed if he puts all his eggs in the same basket and does not diversify his economic activities. Apart from the fact that diversification helps the entrepreneur in meeting the vicissitudes of business, it also helps the economic growth of the nation. Diversification under the economic laws has been hailed as the libido of prosperity.

Even assuming that there is concentration of economic power in the hands of a few, one fails to understand as to whether the remedy pursued by the Government is really a satisfactory answer to it. Nobody can deny the inefficiency of the undertakings in the public sector. To be fair, it should be clearly understood that the blame for the inefficiency is not to be laid at the doors of managerial personnel in charge of the plants. But it is due to the very nature of the set-up; the managerial personnel on the spot do not have the authority to take decisions but have to look to Delhi. And even where the authority is being delegated there is a tremendous amount of inertia for taking a decision which inertia has been developed because the way in which the public undertakings are being hauled up in the Parliament and the State Legislatures. Autonomy of the undertaking is seriously impaired by non-constructive criticism by certain members of Parliament and State legislatures and a section of the press. No one can ever be free from committing a mistake but what is important is the *bona fides* of the people taking the decision. The legitimate place that the undertakings in the public sector enjoy in industrialised countries under a democratic set-up is only in respect of public utilities and in the case of gigantic projects which may not be within the reach of a few enterpreneurs and other private investors. Industrially advanced countries under democratic set-up do not think in terms of taking upon themselves the responsibilities of investing public funds in, and managing the industrial undertakings. And hence, the remedy of greater participation of the State in business is going to do more harm than good. Even if a few enterpreneurs in the private sector wield a high degree of economic power, they do not have political power at their command. Now what is happening is that when the State sets up business and industrial undertakings both economic and political powers are wielded in one. The bureaucrats who have been enjoying only political power so far are now clothed with economic power also. A private monopoly or concentration of economic power in the hands of private citizens can always be controlled by the State. But the monopolies and concentration of economic power in the hands of the agents of the State are beyond any effective control by any agency. If capitalism is bad, State capitalism is worse and here lies the greatest danger even for the future of democracy in India.

Rank	Company	Sales $	Assets $	Net Profit $	Invested Capital $	Employees
1	General Motors	14640241000	10239463000	1459077000	6650972000	604718
500	Interlake Iron	83285000	129519000	5376000	92011000	1590

The figures are in dollars. So when they are converted into rupees the figures will work out as follows :—

		Rs.	Rs.	Rs.	Rs.
1	General Motors	69541144000	48637449000	6930615000	315911170000
500	Intertake Iron	395603000	615215000	25536000	43705200

(Reproduced, with kind permission of the Editor, from "Economic Times" of April 15, 1964.)

APPENDIX

The reader who wishes to understand monopolies in their proper perspective is referred to "Economics of the Free Society" by Wilhelm Roepke, eminent economist. Reproduced below are a few select quotations from the chapter on Monopoly in this excellent book. (Published by Henry Regnery Company, Chicago, 1963; Price: $4.95).

"One of the particular accomplishments of modern economic science has been its investigation and definition of the several possible intermediary stages ('market forms') which may lie between pure monopoly and pure competition. But however useful such a procedure, it has had the unfortunate consequence of leading many to conclude that the concepts 'monopoly' and 'competition' are, for practical purposes, unusable since, in fact, only the intermediate forms exist. Such blurred distinctions serve not only the monopoly interests but also the collectivists who would view only with uneasiness the restoration of a genuinely competitive economy, inasmuch as they need monopoly as a sort of Exhibit A in their arguments for the establishment of a state monopoly as the only remaining solution to the problem. It is certainly possible to define competition and monpoly in such a way that competition can be shown to be unreliable; consequently, every attempt to take active measures to restore this narrowly defined 'competition' to life will be doomed to failure from the start. Such a definition is, however, meaningless. To supply a definition which makes sense, we must begin with what is a decisive question for the ordering of economic life, *i.e.*, how the actual productive forces of the national economy should be allocated as among the several alternative uses. Then monopoly appears as that market form which frees the producer (to the extent to which he controls supply) from the influence of the consumer over the uses of the productive forces. This arbitrary power of the producer attains its maximum extension when production, in accordance with the collectivist programme, is concentrated in the hands of the state which then becomes the most dangerous and most powerful of all monopolists. Not the least reason for fearing a state monopoly is the fact that this most powerful of monopolies is simultaneously the one easiest to disguise with slogans."

" A criticism which, at the present writing especially, is very widespread is that our economic system is now and will. continue to be dominated by monopolies. To this our emphatic reply must be that there is no necessity for such a development. Indeed, it is astonishing how, in every case, competition sooner or later triumphs over monopoly, if only it is given the chance. To say that 'competitive capitalism' is necessarily 'monopoly capitalism' is simply untrue. The truth is that there is hardly a monopoly worth the name at whose birth, in one way or another, the state has not acted as midwife. Indeed, the history of heavy industry monopolies in Germany has shown that even where the state directly intervened to establish a monopoly, vigorous coercive measures were necessary to force the several producers under one roof. There would probably be few monopolies in the world today if the state, for numerous reasons, had not intervened with all the weight of its authority, its juridical prestige, and its more or less monopoly—favouring economic policy (including the policy of restricting imports) against *the natural tendency towards competition*. Constant and vigorous assertion of this truth is necessary since an exactly opposite view is generally affirmed, and in a manner such as to suggest the inanity of further discussion of the point. Decades of Marxist propaganda have greatly contributed to the diffusion of the bias."

* * *

" A consensus may be said to exist on the point that monopoly is basically undesirable because it involves the exercise of a degree of power in the economic and social life of the community which, even where the power is not consciously abused, appears incompatible with the ideals of freedom and justice and in addition creates the danger of disturbances of economic equilibrium and a lessening of productivity. Most people quite correctly associate with the concept of 'monopoly' notions of exclusiveness, privilege, arbitrariness, excessive power, and exploitation. These characteristic attributes of monopoly are simultaneously the grounds for one of the most weighty and irrefutable objections to collectivism. As mentioned above, such an economic order, by its extreme concentration of production and distribution in the hands of the state, establishes a complete and all-embracing monopoly against which, in virtue of the apparatus of state coercion on which it rests, there is no appeal. The basic nature of such a system, moreover, is unaffected by possible decentralization of the governmental administration machinery or by the practice of inciting the state-run plants to compete with each other. The idea that in this case the state's exercise of monopoly power provides a guarantee that such power will be employed in the interest of the general welfare is revealed as a fiction."

* * *

" There is no question but that the outmoded old-liberal view that the desirable situation of free competition is self-perpetuating so long as the state refrains from economic interventions of any kind has been shown to be a fateful error. At the same time, there is a kernel of truth in the notion. Maximum international trade has been shown to be a highly effective corrective for monopolistic tendencies. But it would be unrealistic to count on the realisation of this ideal, and even in a such case it would be an unjustified simplification to regard the problem of modern monopolism as solved. Consequently, the governments of the free nations of the world cannot avoid the obligation of making the restraint and reduction of monopoly the object of a specific anti-monopoly policy. The obligation is indeed one of the most urgent confronting those anxious to defend the free economy successfully against a collectivism whose appeal and propaganda are based largely on the alleged monopoly elements in ' capitalism.' "

(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

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HAVE YOU JOINED THE FORUM?

The Forum of Free Enterprise is a non-political organisation, started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets and leaflets, meetings, essay competitions, and other means as befit a democratic society.

Membership is open to all who agree with the Manifesto of the Forum. Annual membership fee is Rs. 10|- and Associate Membership fee, Rs. 5|- only. **Bona fide** students can get our booklets and leaflets by becoming Student Associates on payment of Rs. 2|- only.

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