

Basic
Documents

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

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

Eugene Black

A Manifesto *

WE BELIEVE that democracy is an essential element in the Indian way of life. Free Enterprise is an integral part of it and as such it should be permitted to play its legitimate role in our national life.

WE BELIEVE that today the case for Free Enterprise is going by default. In recent years it has been the target of sustained and unjustified attacks. The contribution which it has made to national progress has not been given the recognition that is due to it. There is urgent need to educate public opinion on the fundamentals of Free Enterprise and on the contribution which it can make to national welfare. That is why this Forum has come into being.



WE BELIEVE that the beginning of intelligent living is the beginning of Free Enterprise. It is not something new; it is as old as man. The man who first discovered fire was a Free Enterpriser as also the man who invented the locomotive. Today, the man who builds up industries is

* Published on July 18, 1956.

a Free Enterpriser ; so also is the small trader. The shopkeeper and the merchant, the farmer and the artisan, the worker and the manager, the doctor and the lawyer, the salesman and the company director—all these are Free Enterprisers.

WE BELIEVE that it is the legitimate expectation of reward for honest, productive effort which motivates Free Enterprise. This expectation of reward for endeavour is inherent in human nature. The desire to earn a fair wage or to make a legitimate profit is necessary and healthy, and is in sharp distinction to profiteering which is anti-social and evil.

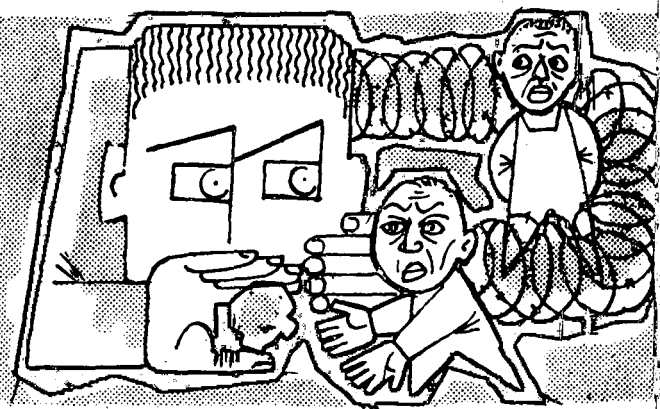
WE BELIEVE that Free Enterprise is a natural phenomenon and has been responsible for the progress



of mankind. In our own country, the development of the steel, textile, sugar and cement industries as well as those of shipping, banking and insurance, despite the handicaps under which they have laboured, stand as testimony to the qualities of Free Enterprise. The fact that Free Enterprise has the capacity to fulfil its respon-

sibilities is proved by its record in the first Five-Year Plan during which a number of industries exceeded the targets allotted to them.

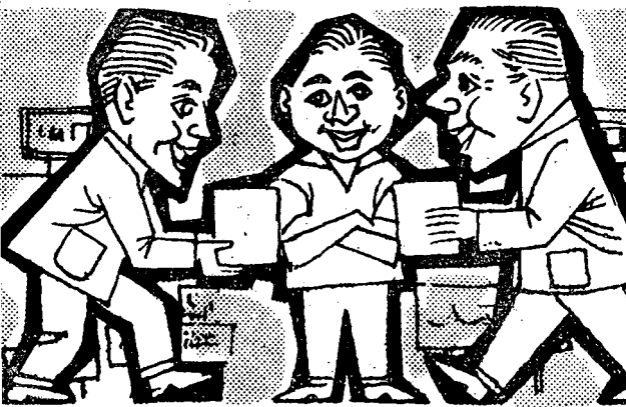
WE BELIEVE that Free Enterprise must and can operate only within the framework of values and principles of a democratic society. Within this framework it moves as a well-balanced wheel satisfying the needs of the consumer, worker and investor. Under this system, only those goods and services can be produced which the consumer is prepared to accept. Free Enterprise has, therefore, to be competitive and to carry on constant research to win a widening circle of consumers by providing better and cheaper goods and services. As with the consumers, so also with the workers. They have the freedom to choose alternative



employment ; they have the right to demand higher wages ; and they have the right to deny their labour. The investors, having risked their savings to start and develop industries, have the right to ensure that these industries are efficiently run and so earn for them a fair return. Free Enterprise is thus economic democracy in

action. Unless it is allowed to play its part the entire fabric of democratic society would be in jeopardy.

WE BELIEVE that in the circumstances prevailing in our country today, there is ample room for State enterprise to function alongside of Free Enterprise in the service of the people. 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

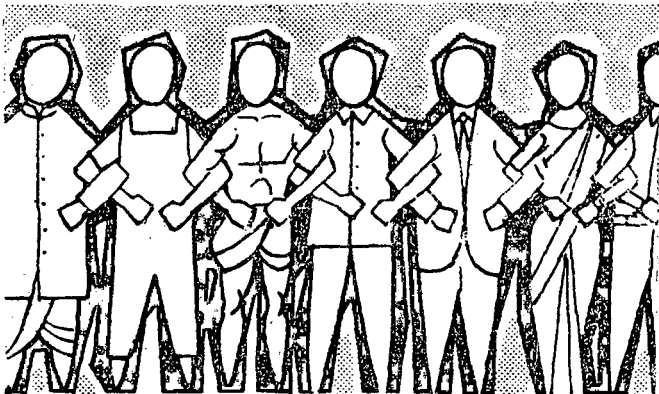


higher wages, and to deny his labour; the investor and the entrepreneur would be denied the opportunity to promote the development of industries of their choice.

WE BELIEVE that despite our basic democratic character, there have of late been many dangerous

trends. The latest example is the displacement of normal trade channels by the intrusion of State trading. This process can result in depriving the country's individual traders, large and small, of their livelihood, concentrating at the same time a dangerous amount of power and patronage in a few hands. We have to guard against such tendencies if our traditional way of life is not to be destroyed.

WE BELIEVE that Free Enterprise must have clean hands. We realise that within its fold, as in that of every system, there are black sheep, and it will be our constant endeavour to develop and foster healthy traditions within Free Enterprise. We also accept, without reservation, our obligations towards the community as



embodied in regulation by a democratic government.

WE BELIEVE that Free Enterprise is your enterprise and contributes to your prosperity. It is the lifebreath of a free society. It is not a creed ; it is a way of life which all who cherish freedom must safeguard.

The Forum of Free Enterprise is a non-political and non-partisan organisation. The Forum will disseminate authoritative information to educate public opinion. It will bring to public notice the achievements of Free Enterprise in this country and the manner in which it can make its contribution to the economic development of India in order to raise the standard of living.

We invite all those who believe in the value of voluntary enterprise, whether they be in service, professions, agriculture, trade or industry, to join us in developing the activities of the Forum.

Code of Conduct

This code of conduct for Free Enterprise has been prepared by the



Forum of Free Enterprise and is now placed before industrialists, businessmen and those belonging to different professions and vocations in India in the belief that they will find it worthy of acceptance and of application in their daily activities. The Forum pledges itself to do all it can to create a widespread awareness in

the ranks of Free Enterprise of the obligations that are contained in this Code. We feel that Free Enterprise, which has been tested and proved by time and experience of all democratic societies, should maintain its reputation by insisting on high standards of integrity which are dictated by social purpose. Honesty, hard work, courtesy and continuous initiative are the foundations on which the edifice of Free Enterprise rests.

PRODUCERS and distributors owe it to the consumers of their products that they shall always be of the highest quality and available at reasonable cost. They shall maintain fair measure and guard against adulteration. Customers are entitled to courtesy, promptness and good ser-



vice and every endeavour shall be made to see that they receive them.

EMPLOYERS owe it to labour to recognise that welfare is not conceived in terms of philanthropy, but as a social obligation. Men and women engaged in production shall do so with dignity, honour and a

sense of security. Fair wages should be paid for work done. Working conditions shall be as pleasant as possible. Opportunities should be made available for the worker to gain technical skills and better his economic prospects and social status. Procedures should be instituted for the removal of legitimate grievances so that the employee is satisfied that he gets a fair deal. The employers should welcome the existence of stable and democratic trade unions. They should recognise that in the sphere of employee-management relations, as in other spheres, checks and balances are essential for the working out of rational and democratic solutions. They should accept the role of labour as one of creative co-operation and recognise the need



for providing increasing opportunities for consultation of employees and their progressive association with Management to help in the promotion of increased productivity from which all will benefit.

MANAGEMENT owes it to those who invest in their enterprise that they receive a fair return on their investments, commensurate with the risk they take. At the same time, reserves must be created for expansion and modernisation of the plant and machinery and in their utilisation the Management remains accountable to the investor. Money must also be provided for research. The earning by the shareholder of a fair return or profit by the entrepreneur under competitive conditions and after payment of fair wages must be regarded as a legitimate reward for the risk and the work of promotion and development which the community urgently needs. Certain malpractices have crept into the system of company management. They are to be condemned and should be removed. Hoarding, black-marketing and profiteering are anti-social and evil. Honest business practices can be promoted and encouraged by an honest and efficient administration in a democratic State.

PROFESSIONAL MEN—lawyers, teachers, doctors, auditors, or writers—owe it to those who avail themselves of their services to maintain the highest standards and traditions. They should discharge their duties truly and faithfully, and should always subordinate considerations of personal gain to the larger objective of service.

WE ALL owe it to the community that we accept our obligations as good citizens. We shall bear our share of taxation honestly. We condemn unequivocally any attempt at

tax evasion. We shall actively participate in the promotion of social, cultural and civic improvements. Wealth or power shall not be a justification for vainglory or ostentatious display, but an opportunity for rendering service to the community.

What the Forum stands for

Since the Forum of Free Enterprise came into being with the object of educating public opinion on the values of Free Enterprise and the significant contribution which it can make to the rapid progress of economic development, a great deal of enthusiasm for its cause, and interest in its work, has been generated. Along with this, controversy has been provoked as to whether the tenets of Free Enterprise are consistent with the social and economic ends which the country seeks to attain. The Forum is convinced that they are; and in this statement reiterates its attitude towards some of the basic issues which have been raised, so that no misconception or doubt on its point of view can be left in the public mind.

We consider that "Laissez Faire", or Nineteenth Century Capitalism, has no place in contemporary Indian life. These systems, whatever their usefulness might have been, have outlived it. Today they are as dead as the dodo and can make no contribution to the industrial, social and economic advancement we seek. Equally do we hold that the Marxist approach to socialism through State ownership of the means of production is outmoded in time and thoroughly discredited in practice.

Capitalism of today, or as we prefer to call it "Free Enterprise", operating within a planned economy, is the most alive and the most vigorous economic system in the world. Its motive power is rooted in the fulfilment of the individual controlled and bounded always by the values and principles of the society in which he lives. Thus, Free Enterprise contributes to the normal and material betterment of society by the voluntarily harnessed efforts of the people which compose it. From this must spring a happier and a richer life for all. Reverse the process by introducing authoritarian planning, which places the State above the individual, and the result will inevitably be confusion, frustration and the loss of liberties.

"Socialistic Pattern of Society"

As far as we know, this phrase has not yet been defined in specific terms. The Forum unreservedly accepts the concept of a fuller and better life for all, equality of opportunity, eradication of unjust privilege; in fine, the establishment of a Welfare State. Indeed we hold that these objectives will be attained more rapidly, more effectively, and with a greater degree of enthusiastic co-operation of the people, through Free Enterprise, than through any other system. Inherent in our acceptance of these social aims is also that of a planned economy and the common existence and mutual inter-dependence of a State-controlled and Free Enterprise Sector. What we do not accept is the theory that this State-owned sector should continuously expand until it dominates the national economy, for then, as night follows day, will there be a regimentation of life, totally at

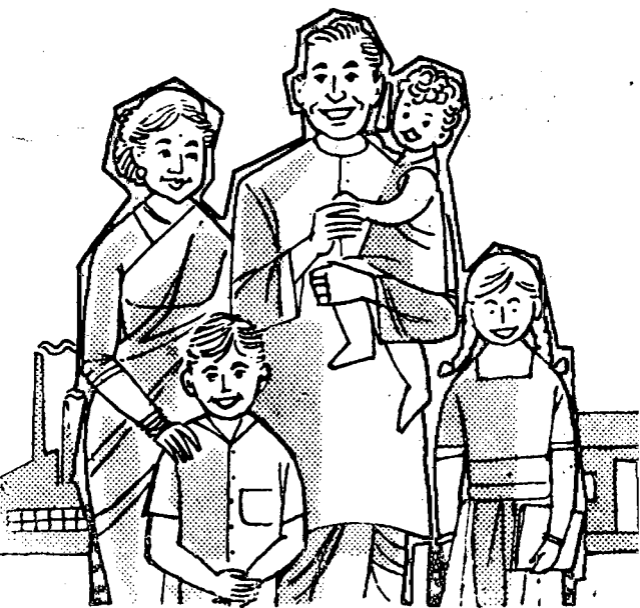
variance with India's outlook and traditions, which have always recognised the place and worth of the individual in society.

The Bhakra-Nangal Dam, the Fertiliser Factory at Sindri, the Aarey Milk Colony in Bombay, to take only a few examples, are State achievements which are matters of pride not only to their authors but to the whole country. On the other hand, the Nationalisation of Life Insurance, the introduction of State Trading and the acquisition of the Kolar Gold Fields are equally, in our opinion, examples of unwarranted State intervention. It is this trend which must be curbed and halted if the free way of life in our country is to be preserved and its economic progress assured.

A good deal has been said recently on the need to avoid obscurantist thinking in this age of atomic power and of breath-taking scientific advancement. It is important that we define our stand on this issue. We believe that the challenge of our times is to evolve a synthesis of these techniques and their effective use by free members of a democratic society. In many ways our country is blessed by the fact that she is embarking on her plans of industrialisation at a time when superb scientific aids are available to her. Possibly for the first time in history conditions prevail when the question of Bread or Freedom need not even be asked. For, today, science offers us not only Bread and Freedom, but also Speed of attainment thrown in for good measure. It would be a tragedy indeed if this bountiful opportunity were distorted and misconstrued to impose Centralised State Control as

the instrument of applying the benefits of science to a regimented society. This, and not our approach, would be a demonstration of obsolete thinking.

For the reasons which we have given, we claim that socially responsible private initiative, or Free Enterprise as we term it, is the most dynamic and effective system available to attain the moral and material ends which all of us so ardently hope for: That is why the Forum has pledged itself to the task it has undertaken and that is why it will continue its effort in the certainty that in our good country the values of Free Enterprise will ultimately prevail.



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147

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. *Bona fide* students can get our booklets and leaflets by becoming Student Associates.

Write for further particulars (state whether Membership or student Associateship) to the Secretary, Forum of Free Enterprise, 235, Dr. Dadabhai Naoroji Road, Post Box No. 48-A, Bombay-1 BR.

Forum of Free Enterprise

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