

FREE ENTERPRISE IN A FREE SOCIETY

“Onlooker”

X marks the spot. And X today is where the capitalist lies. These thoughts are reasonable as the Budget makes its annual appearance and as Mr. T. T. Krishnamachari like a clever conjuror with rabbits concealed not only in his hat but in pockets and files takes his bow.

The socialistic pattern of society has shone on us like a benediction since Avadi. On Congressmen particularly its effect has been little short of hypnotic. Men who until the day before had some difficulty in distinguishing between Karl Marx and the Marx brothers were soon prattling prettily on the proletarian heaven which would soon descend on our plutocratic world.

Jupiter, it is said, sprang fullarmed from the head of Jove. Mr. Krishnamachari, also in battle array, has leaped catapultlike from the head of Mr. Nehru. Yet are socialism and capitalism and all the other isms of which most of us talk interminably every day as advanced and modernistic and contemporary as now we appear to imagine? The truth is that in the economic structure of today all these terms are outdated and a little *passé*.

In India we have got into the dangerous habit of compartmentalised thinking, of posing capital as the enemy of labour, of looking on wages as sacrosanct and profits as something intrinsically evil, of endowing public or governmental enterprise with the right to slash salaries and forbid strikes while the private enterprise is legislatively or by ordinance required to raise wages, grant bonuses, make retrospective payments and concede all manner of over-generous emoluments to labour. Capitalism is the evil monster which must be kept under control. Labour is the blue-eyed boy of a government which smiles on it only in relation to capital and frowns on it only in relation to itself. Meanwhile public or governmental enterprise has assured for itself the status of a protected monument.

What is all this but a public and pathetic exhibition of arrested economic thinking? No one in his senses, whether a member of the public or private sector, believes that free enterprise can be allowed to operate today on the *laissez faire* pattern of the nineteenth century no more than any rational student can conceive

of the wholesale application of Marx's socialistic tenets to present-day conditions. Even Khrushchev does not believe it! Marx has been confounded by the Marxists even as capitalism has provided its own gravediggers. Yet here are some of our outstanding political leaders still talking of capitalism and socialism in the idiom and terminology of the nineteenth century.

The proletariat is certainly withering away but not in the way Marx conceived it for the socialists were wrong in assuming that capitalism inexorably leads to the development of a proletarian class bent on the destruction of capitalism. That is not so in Switzerland and it is certainly not so in the United States or Canada. Why? Because in these countries capitalism is no longer the old system of privilege whereby the few exploit the many. On the contrary, as this type of capitalism expands the proletariat withers away and an ever-increasing proportion of people share in the ownership of industry as also in the rewards of their increased productivity.

This is the result of reforming capitalism instead of destroying it. If capitalism is destroyed then totalitarianism comes into being either in the form of Communism as in Russia and China or in the form of Fascism as in Italy or Germany or certain South American countries. The lesson is that one can legislate for

freedom as well as for despotism. By reforming capitalism we can ensure the new freedom. By destroying it legislatively (as we are tending to do in India) all that we are ensuring is the destruction of the old freedom and the entrenchment of the new despotism. We are shedding one system capable of reform, in order to embrace another incapable of change save by violent revolution.

What is there so wrong or evil in private enterprise that our younger generation should be taught to shrink away from it as from something intrinsically evil? After all, capitalism has grown within the framework of free institutions. It is only Communism that thrives within the trammels of a dictatorship devoid of free institutions in a society where the freedom of the individual has no place.

Yet in India we have the strange spectacle of certain intellectuals who in their legitimate and righteous disgust over the many sins of commission and omission of our capitalists urge their extinction and demand the rapid ushering in of a socialist millennium while simultaneously these same intellectuals froth at the mouth over the mere mention of Soviet Russia or China or the possibility of a Communist government in India. Do these highly virtuous gentlemen not realise that their unthinking vendetta against capitalists and

capitalism must logically lead to the extinction of free enterprise thereby paving the way for precisely the political system they abhor and dread ?

Here indeed is an example of that naive, confused and arrested economic thinking, so seized with the political dangers of Communism as to overlook completely its economic implications. This type of mind forgets that economic freedom is no different from political freedom, that loss of one must inevitably mean loss of the other, for by pushing free enterprise out of the door, one allows untrammelled governmental enterprise (which is another name for totalitarianism) to come in through the window and take complete possession of the floor.

If there is to be freedom under law (which means democracy) then the umbrella of the law must equally protect the sectors of free and public enterprise. The alternative to despotism is not necessarily anarchy. It can and must be freedom ensured by a constitutional democratic government.

In a properly constituted society, labour and capital do not represent rival wolf-hounds straining at the leash to get at each other. Rather do they symbolise two watch-dogs eternally vigilant to see in their own longterm interest that the government does not undermine one in order to secure a

stranglehold on the other, as both the Communist and Fascists in obverse ways try to do. In other words, labour and capital are not in the modern economic idiom rival and hostile forces. They are in fact, or should be, complementary forces for their interests are mutual and composite, not competitive. In a democratic society, neither can do without the other.

That is the pattern and relationship we should endeavour to set up in the economic and political democracy which we hope will be India. Only the neo-Communist could welcome the elimination of capitalism and capitalists and their treatment as moral lepers in a sanctimonious society bounded by bhoodan and by the not so impecunious whirr of handlooms.

Nowhere—least of all in America — does capitalism flourish unfettered and free. Like political freedom free enterprise operates today within governmental rules and regulations. In the United States the arsenal of weapons at the disposal of the government, to quote President Eisenhower, is formidable. It includes credit controls administered by the Federal Reserve System; the debt management policies of the Treasury; authority of the President to vary the terms of mortgages carrying Federal insurance; flexibility in administration of the budget; agricul-

fural supports; modification of the tax structure; and public works.

The intelligent capitalist has never quarrelled with reasonable government regulations and curbs since otherwise the national economy would be reduced to anarchy, a state which has never suited free enterprise as we understand it today. As has been well said by an American economist, the aim of the U.S. Congress "is to maintain free enterprise and to check the tendencies which exist in capitalism as in all other economic systems, the development of which threaten economic freedom." The same thing has been differently stated by the Italian, Luigi Einaudi, former President of

the Italian Republic whom some rate as Europe's foremost living economist. "The goal," writes Einaudi, "is not the abolition of regulations but the establishment of regulations within which the citizen can act freely."

Here is the ideal which we should set for India, always remembering that free enterprise, as free labour, can only exist under a free government. The relationship between freedom in the political sphere and freedom in the economic sphere can only be ignored at the peril of freedom in both spheres—a truth which our ever-vocal wiseacres on the extreme right and extreme left must recognise.

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