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Mr. M.R. Masani, M.P., has written this fourth article in our series on Business vs. Bureaucracy. The first three were written by Mr. Babubhai M. Chinai, M.P., the late Mr. S.G. Barve and Mr. H.V.R. Iengar, former Governor of the Reserve Bank of India.

Mr. Masani, who has close associations with the world of business, has had a brilliant career. After qualifying as a Barrister from Lincoln's Inn, London, he embarked on his public career in 1932 and has since held important public offices. He was Mayor of Bombay and India's Ambassador to Brazil. He is a member of the Executive Committee of All-India Management Association and of the Governing Body of the National Productivity Council. He is general secretary of the Swatantra Party.

Mr. Masani is concerned that Government and business find each other so hard to understand. This situation has its roots in history, but he thinks it unfortunate that after Independence the attitude of the Government is not much friendlier.

In his view the driving force of Government's attitude to business is not so much social justice as the aggrandizement of Government in economic life.

He regrets that business, instead of standing up for its own way of life, is inclined to accept the assumptions of the other side and then plead for fair-play.

The quality of Government-business relations, in the writer's view, will be quite crucial to the economic progress of India. What has to be worked out basically is the problem of co-existence between the two.

What could management do to promote such co-existence? In the first place, professional management is an important answer to the barriers to understanding. Mr. Masani would like to see more managers crossing from one sector to the other. This movement would be good because of the cross-fertilisation of ideas and techniques to which it would lead. What is wrong with our politics and government today is the very great extent to which talent outside their ranks is neglected.

The second and third tasks of management should be the acceptance of the social obligations of business and a more active participation in the functions and duties of citizenship.

## BUSINESS VS BUREAUCRACY



Both Government and business are today on trial. When politicians say that the image of business is not so good, one is tempted to ask—what kind of image do they think they project among the common people? There is not very much to choose now-a-days between what the common man thinks of the businessman and of the politician. Whatever advantage the politician may have had in the past is well on its way out. This is perhaps not so much because both are bad but because people expect more and more from both government and business. People expect more of life. We have all heard of the revolution of rising expectations and this is of course taking place in our country also. Since people expect more of life, they naturally expect more from government and more from business.

What is perhaps perplexing and a matter of concern is that each finds the other so hard to understand. This is a phenomenon that often baffles one—why one brother in bureaucracy, another in politics and the third in business should find it so difficult to get under the other's skin and to understand what makes the other man tick. Not that there is no dialogue going on—the so-called dialogue, however, invariably becomes a debate. Inevitably, whenever you find this confrontation, whether it is at the annual meeting of Assocham or FICCI or elsewhere you find a kind of debate going on, each saying his piece, talking at cross purposes but without any serious attempt to understand the other side and to evolve any kind of consensus.

## GOVERNMENT ATTITUDE TO BUSINESS

Now, this is something that goes back in history. The relations between the British government in India and Indian industry were always somewhat chequered. There was a distinct hostility on the part of the then regime to the development of Indian industry. That was understandable and perhaps natural, but it was quite bad and there was an example of this when J.N. Tata, one of our great pioneers, went to the London money market to raise capital for what was later on to become the Jamshedpur Steel Plant. He found that he was turned down by everybody he approached and he came back empty-handed. Indeed, one British tycoon said to him very scornfully; "I shall wager to eat every pound of steel you can produce in India", because he never believed that the Indian could produce steel. As somebody said later on, he would have died of indigestion! Anyway, J.N. Tata found the Indian money market in Bombay more responsive and today we have this very fine pioneer industry of ours.

The unfortunate point is that after our independence

the attitude of the Government does not seem to have been much friendlier. Perhaps this is a matter of history and personality. There is no doubt that, as things turned out, the head of the new government suffered, as somebody once put it, somebody who was very close and high, from an obsession against two C's—Colonialism and Capitalism. This really has set the pattern for the gulf between government and business which still persists.

## INSTINCT OF ENVY

Another feature that marks the government attitude to business is the instinct of envy. There is no doubt that the political class has played on the instinct of envy of the small man. You find that in a hundred ways, creeping out of noble professions of helping the poor or about socialism, the whole idea of ceilings which is nothing but an embodiment of envy. Let's stop somebody from getting bigger, more prosperous, happier than we are, let's pull him down, let's put curbs on him. This whole idea of ceilings is nothing but a rationalisation of the instinct of envy. Nationalisation is also another form of the same thing. A final manifestation was provided recently when a certain political party called on the government to abolish the rights and privileges given to the former ruling princes not as a gift but in return for their surrendering their sovereignty and their territory. Someone asked: "Why should these people be allowed to fly flags or have red number plates on their cars?" Now, what harm is being done to anybody if somebody flies a flag on his car? I never feel any inferior to anyone flying a flag on his car, whether he is a diplomat or a former ruler, but this resentment that somebody is flying a flag on his car that I can't fly is very much a part of the attitude of government and politics towards business today.

I suspect that the driving force of government's attitude to business is not so much social justice as a strengthening of the State—the aggrandisement of government in economic life, the grabbing of as much patronage, power and perquisites as possible. In other words, an adaptation to our country of the phenomenon that the eminent Yugoslav Communist, Milovan Djilas, has described in regard to his own country and the Soviet Union in his book called *The New Class*.

## ATTITUDE OF BUSINESS TO GOVERNMENT

What about the attitude of business to Government? I think it breaks down into two aspects. The first is rather captious and carping criticism or grumbling, the grouse mostly in private conversation, in the board rooms and at dinner parties, which goes on through



the five years between one election and another. This is undoubtedly one reaction. The other is servility and sycophancy, getting on the socialist bandwagon or the ruling party's bandwagon for the sake of making a Quick Rupee and getting more than one's fair share of licences and permits, a subject on which the Hazari report recently has evoked somewhat needlessly excited controversy. This is not a very healthy reaction.

There is indeed a fair amount of brain-washing, even in the business community in regard to fundamentals. Far from standing up for its own way of life, business is inclined to accept the assumptions of the other side and then plead for fair play. I came across an example of this when I read a memorandum submitted by a particular industry recently to some of us in Parliament and to the Ministers in regard to the threat to nationalize their business. It was a good memorandum, it made out a very good case against nationalisation, but while doing so, it made certain fundamental concessions and conceded ground that should never be conceded. For instance, it said it was worth examining whether the proposed steps would serve:

1. The best interests of the consumer,
2. Whether it would benefit the Indian economy, and
3. Whether it would be a correct step towards the socialist pattern of society.

Now, why the industry should accept the assumption that socialism is good and discuss whether this was the right way or was not foxed me a little. The memorandum went on to say: "We have to lay the strong foundations of a socialist pattern of society in a democratic set up". It ended by coming to the conclusion that nationalisation would not be a step forward in the direction of achieving the socialist pattern of society.

#### BRAIN-WASHING

So here you get an example of what Enoch Powell calls the brain-washing that goes on in his own country. I was in London three months ago when he came forward with a speech saying that British business was being brain washed into accepting the assumptions of socialism. I thought to myself: "He should come to India to see the real thing"!

Now, too often, this attitude is nothing but a very short term and selfish one. It reflects failure to stand up for the real beliefs which must lie at the back of the businessman's mind because, if he does not believe in free competitive enterprise, then he really does not belong to the world of business.

The quality of business-government relations is going to be quite crucial to the economic progress of

our country. It is not a case of good boys *versus* bad boys or good guys *versus* bad guys. It would be absurd to say that everyone in politics and government is bad and everyone in business is good or *vice versa*. We are the same human beings, we come from the same homes, we have been to the same schools. It would be very strange if all of us become good by going into one vocation and bad by going into another!

There is very little to choose between the two on the score of virtue. There are good businessmen and bad businessmen just as there are good governors and bad governors. If there is the profit motive on the one side, there is party advantage on the other. If there is unscrupulous business advertising on the one side, there is lying party propaganda on the other. As both respond to modern problems and the demands to which I referred earlier, it is natural that each should seek to enlarge his area of responsibility. The Government is undoubtedly trying to expand very rapidly its area of responsibility, and it would be natural that business should also seem to do so. It does so by entering the world of philanthropy, of education, of town planning, of community relations, and so on.

#### DIVISION OF LABOUR

But while there is little to choose in the way of virtue, I think there is a great deal to choose on the score of the special capabilities of government on one side and business on the other to do specific jobs. There it is possible to have a division of labour.

Henry Ford, in the beginning of this year, spelt out his idea where government should prevail and where business should prevail. He said, "By and large, government does well when it works in harmony rather than at cross purposes with the dynamic forces of free enterprise. By and large, government does well when it sets the rules of the game but it does poorly when it seeks to control business activity in detail." "By and large", he said, "business does well when it sticks to what it knows best and has the strongest incentives for accomplishment". Now these are broad propositions and very few people would quarrel with them. Even those in government would not be able to quarrel with them, but when it comes to applying them, there is a clash because of the self-interest on each side that comes on top.

The answer obviously should be pragmatic. There are no absolutes in this matter. One should learn by experience of the experiments that are made. John Marsh, whom some of us know, who visited our country and who is now Director of the British Institute of Management, talking on this subject of absolute answers *versus* the pragmatic approach, said that he had known three men in his life who had infallible answers. He said one was in jail and the other two had gone abroad!



We have to work out what is basically a problem of co-existence between government and business in regard to the economic life of our country.

The question may well be put as to what Management men can do about all this. To what extent is it in their hands to influence the climate to which I have referred?

I believe business as a whole and particularly Management can do a great deal. I would start by saying that, if there were three answers to this question, the first is that professional Management is itself a very important answer to the barriers to understanding that exist. What is objected to by people in politics, probably mostly in ignorance of realities, is the fact that they feel that business is not professional and that business is private in the bad sense of the word, that it is a matter of a small oligarchy and above all that it is hereditary.

## HEREDITARY PRINCIPLE

Obviously the hereditary principle can be carried too far. There was, for instance, the man who at the obituary meeting for the poet William Wordsworth made the profound remark that he hoped Wordsworth's son would carry on his father's good work. Obviously he was going too far! But in business and industry I don't think it can be said that there is no room for the hereditary principle. Indeed, Professor Parkinson has written a whole book on the subject called *In-Laws and Out-laws* in which he points out how much virtue there is in the hereditary principle. He says, for instance, there are several ways in which one can build oneself up in business. One is to model oneself on the man you have succeeded and another is to take a correspondence course. But he said the best method of all was the simplest. It consisted of marrying the right girl. He goes on to say that, for the sake of his own status, your father-in-law then simply cannot afford to have you anything less than the Managing Director, though he might do so with the greatest misgivings. Robert Kennedy is a great progressive. He conceded the same thing, in so far as politics is concerned, when he said some time ago, when his brother was President: "It's a great help if your last name happens to be the same as that of the President". And we can vouch for this in our political life also.

Indeed, in the Soviet Union too, in business and in politics, the hereditary principle is now coming out very strongly. This is not known very much in this

country but it is a fact that there is no tax on inheritance, no estate duty in the Soviet Union, and a man can bequeath and does bequeath millions of roubles to his children without paying a single rouble to the State.

According to studies made of Soviet industry, it comes out that directors and highly placed executives in business "have begun to acquire many social traits which are characteristic of the richer groups of the population in the Western Countries and do not only fit in with the idea of the Communist society, but even affect it internally. Among these are the traits of the gradual realisation of their own deservingness and a sort of traditional acceptance of their privileged position which encourages them to play a dominating role in society and apply a double moral standard to those around them. Since a certain measure of the parents' prestige is passed on to their children, even without the private ownership of industrial capital, the privileged stratum is to a certain extent creating its own succession in industry and business which may further affect the development of Soviet society. Unfortunately, it is not possible to establish what percentage of industrial directors' children choose to follow their fathers' profession, but their advantages over other young people are evident. The children of privileged well-off parents are able to avoid restriction on entry to higher educational establishments and to use their fathers' official and Party connections for any eventuality in life. These advantages mean much more to young Soviet people than they mean to children of managers in the West".

So the hereditary principle is not as wicked as all that. It seems to be a permanent feature of human society, but there is no doubt that it should increasingly take its place.

## PROFESSIONAL MANAGERS

Now here I would like to suggest that when I talk of professional management, it should be professional management common to the State and free sectors of our economy. They have common responsibilities, common methods, and there is great need for developing an *esprit de corps* among managers, whether they work in a government enterprise or a private one. I for one would like to see more managers crossing from one sector to another and back again. Of course, it has to be a two way traffic, it can't only be one sector draining the other but, given mutuality, it will be extremely healthy for more managers in private enterprise to take government industrial jobs and for those who have been in government industrial jobs to come over to private enterprise.

I think this is different from "crossing the floor" in Parliament or in State Assemblies which is getting a bad name these days. There is no question of apostasy for the sake of office when a manager crosses from one enterprise to another. He still wants to do his job as a manager to serve the enterprise and to raise the standards. In other words, they are the same profession and the question of crossing the floor should not have any of the overtones that it has in politics. It would result in broadening the experience of the individual and also be good because of the cross fertilisation of the ideas and techniques to which it would lead. The main beneficiary would be the Government sector as of now. Social mobility is a good thing and this would be one form of social mobility.

What is wrong with our politics and government today is the very great extent to which we neglect talent outside the ranks of government and politics. Take, for example, two people one can think of. One is McNamara, the present U.S. Defence Secretary, who has brought to bear great talent on the problems of modernising defence and making it effective in the way of cost. Have we got anything in our own political life in the last twenty years to compare with the drafting of a man like that to take on major responsibilities in Government? Or take Beeching, the British counterpart, who was taken from private industry and asked to rationalise the British Railway system which was falling down very badly and the magnificent Beeching report which he produced. Why can't we in our country have this kind of drawing on talent from across the barriers?

## SOCIAL OBLIGATIONS

The second task of Management is an acceptance of the social obligations of business. It was Gandhiji who, with his theory of Trusteeship, first enunciated this principle. I felt privileged to participate in a Seminar convened by my good friend, Jaya Prakash Narayan, on the Social Responsibilities of Business in New Delhi from March 15 to March 20, 1965. The Declaration adopted at the conclusion of the Seminar is a notable document of which we may be proud. If only the bulk of Management would act in accordance with that Declaration, a considerable change in the image that business presents to our people would take place. Similarly to be welcomed is the establishment of a Fair Trade Practices Association not long ago in Bombay.

The third task of Management is a more active participation in the functions and duties of Citizenship. If today, an increasing number of people look to the leadership of the Armed Forces to help the country

out of the current mess, it is because they believe that the Armed Forces possess efficiency and are animated by patriotism and integrity. Would they be prepared to concede the same virtues to Management? I imagine that they would concede efficiency to business but doubt its honesty of purpose and its readiness to put the country first.

This scepticism can only be removed if businessmen are prepared to stand up and be counted in support of their beliefs, and this they could only do when they are prepared actively to participate in the public life of the country.

## "BUSINESS IN POLITICS"

In the past few years there has been a notable development in the U.S.A. which is known as the "Business in Politics" Movement initiated by companies like GEC and Ford who set up departments for government and political affairs in their enterprises. The movement has since spread rapidly and widely.

The normal form of training in citizenship is for about a score of executives and supervisors to set aside a couple of hours every week for ten weeks or so, sometimes on the Company's time and sometimes on their own time, to study the working and progress of political parties, how campaigns are run and elections conducted. They invite guest speakers from the major parties. They go out for field work. They are trained to write letters to Congressmen and to go out and register voters.

The National Association of Management course has been accepted by hundreds of companies and thousands of executives have gone through it. The U.S. Chamber of Commerce has a practical political course which has been used by a large number of firms and hundreds of local Chambers of Commerce. Mr. Charat Ram has performed a service by bringing out a series of booklets telling the story of this development, which Indian Management may well adapt to our own conditions.

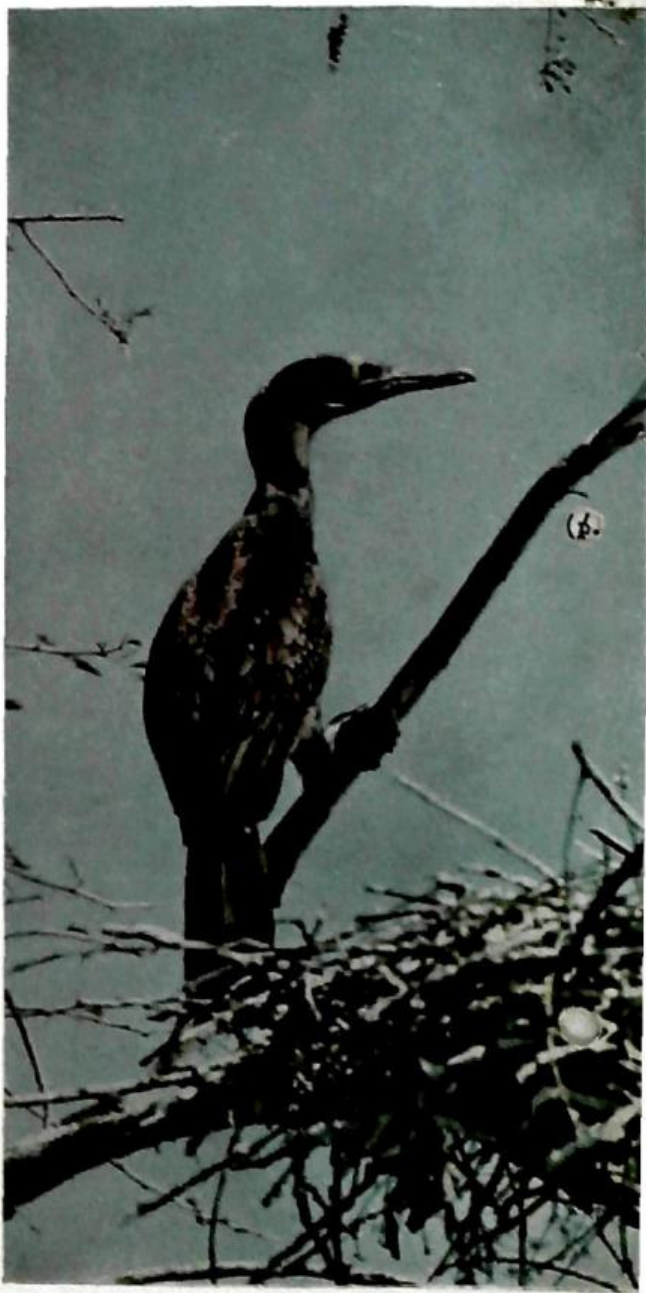
I should like to conclude by quoting the advice which my friend Graham Hutton, the well-known British economist, gave some time back at a meeting of the British Institute of Management :

"Better be bloody, bold and resolute than timidly trying never to be unpopular, never to lose a vote anywhere, never to go against the masses. The British people always respect leadership, guts, firmness and a dash of eccentricity".

I do not think our own people are very different from the British in this respect.



*Little Egrets were once bred on farms so that their delicate breeding plumes could be collected to beautify our ladies. The fashion has passed, but the plumes can still be appreciated on the birds themselves.*



*The Large Cormorants, with their distinctive white faces, choose to nest at the very top of trees with the Painted Storks.*

