

COPY

C.C. DESAI
MEMBER OF PARLIAMENT
(LOK SABHA)

5740

6, ANBAR ROAD,
NEW DELHI-11

March 21, 1970.

Dear Shri Cooper,

I am answering by this letter the charges you have made in your letters dated 18th February 1970 and 9th March 1970, reference being to the notes attached to your letters which I assume to be your charge-sheet against me.

2. I shall try to reply as nearly as possible according to the sequence in your first note. In doing so, I would like to point out that you are mixing up policy with principles, as also discipline with legitimate freedom of thought and speech. Policies derive normally from principles. But I do not think that the stand you have taken on many issues is in consonance with our principles. As far as the principles of the party go, I am in complete agreement with them. However, many of our policies have been evolved without due regard to our basic principles. The basic concept of Swatantra Party is free enterprise and an abhorrence of licence-permit-quota Raj. The party stands for the principle of free enterprise; but it need not necessarily have a brief for private enterprise as it stands today. By and large, private enterprise in India today is a creature of the licence-permit-quota Raj, nurtured on monopolies through faulty licensing and nourished by protected markets which pay scant regard to the interests of the consumer. Private enterprise today just seeks to use our party as a lever against the prejudice of the present Government against private enterprise. The pillars of private enterprise in our country today do not desire free competition. They only want to expand at the cost of either the public sector and/or small private sector firms. That private enterprise, especially the industrialists (as against the trading class, for whom we never appear to specially speak out) do not care for a free competitive society is obvious by their large and unconscionable patronage to both wings of the original Congress Party as against the miserly support to our party. The latest example is Shri Marubhai Amersey's election against Shri Patil where the entire big industrial group supported Shri Patil while only the trading class stood by us.

3. You say that I have acted persistently against basic party policies and acted repeatedly in an indisciplined manner. I strongly resent your assumptions and do not consider the subsequent attempt by you to prove your points as having any bearing on party principles. I am glad that in the next para you reiterate your faith in a free economy and a total elimination of permit-licence-Raj. But you have failed to pinpoint how my stance goes contrary to those principles. It is a well

known fact that the imbalance in our economy, and the consequential social tensions which we witness today, have a lot to do with the failure of the Government to distribute equitably the fruits of economic expansion witnessed in our country. Let me make it clear that I hold no brief for the private sector as it stands today, expanding in a horizontal fashion in a few hands, leading to concentration of economic power in a few families, ignoring the interests of the consumer or wage-earner and thereby necessitating the expansion of an inefficient public sector. By blindly standing for the cause of the private sector, we are liable to alienate the man in the street or the common man and do a lot of harm to the country and more so to the image of our party. You are quoting from a resolution of the Parliamentary Board (for the constitution of which I see no provision in the Constitution of the Party) when you say that managing methods should remain the prerogative of shareholders and Government should have no say therein. We are, it looks, prepared to let our industrialists have all the rewards of the licence-permit Raj without even a whimper of protest from our side while we are ready to forget by far the more important interests of workers, consumers and the great bulk of small shareholders who are opposed to entrepreneurs taking away the lion's share of profits through all the evils of the managing agency system. Have we ever bothered to understand the needs of properly rewarding the shareholders, especially the small shareholders? Why are we so keen only to look after the interests of a minute minority of our people who exploit the licence-permit Raj and then take away the bulk of the rewards of a non-competitive economy without thinking (a) of the worker whose blood and toil helps to produce the profits, (b) of the consumer who is groaning under the burden of rising prices, and (c) of the investor who looks to them, often vainly, to give him a fair deal. Is the managing agency system necessary to modern corporation economy? Is there such a system prevalent anywhere in the industrially advanced countries of the world? And why not? Because modern capitalism has done away with the adjuncts of the 18th century methods of running industries which were sought to be perpetuated by a few big industrial houses in the country with the support of our Party, but which efforts were defeated by the unanimous will of Parliament minus the Swatantra Party. The managing agency system breeds inefficiency because it perpetuates the hereditary principle or one family rule. Even if the son of an industrialist is a congenital idiot, he will have to be suffered by the shareholders under the managing agency system. And this is precisely why modern American corporations have never tolerated this unjust relic of the British imperialism of the 18th and 19th centuries. I should have thought that the Swatantra Party would like to be with the mainstream of modern economic thought as seen in the Western world and not degenerate into a protective society interested only in

perpetuation of exploitation, by a few business houses at the cost of the country or the common man.

4. In the next para you quote the aforesaid resolution saying that "the inevitable consequences would be interference by the Government with the form of management of agricultural farms, leading to statutory imposition of Cooperative or even Collective farming instead of farms which were privately owned and managed as such". I have had many a laugh whenever I think about the naivete of our Parliamentary Board in resorting to this reasoning typical of Shri Masani. Government of India need not go via this devious, weak way to achieve such a purpose. And besides, no amount of legislation is going to take away land from the farmer. The Indian farmer is, thank God, capable of defending himself without the aid of the Indian industrialists and we in the Swatantra Party are deliberately drawing ourselves away from the farmers by such confused thinking or untenable logic. I came from a farm area; my people have been farmers; I am from a farming stock myself; and I have been elected from a rural, farming constituency and refuse to be beguiled by the lip sympathy of our Central Parliamentary Board and resolutions drafted, I regret to say, by the champion of urban industrialists - Shri Minoo Masani.

5. Referring to page two, point one of your note, I stand by what I have said about the managing agency system being out of place in the society of today. I am only trying to prove my point that managing agency system is an anachronism and that the Swatantra Party would do well to take the same modern stand if it wants to disprove the oft-repeated charge that it believes in stagnation, laissez-faire and outmoded capitalism.

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7. Referring to points 3 to 7, I even today fail to understand your objections. Instead of charge-sheeting me on such frivolous grounds, it would do the party a lot of good if we have a free and frank debate within the party on interpretation of our principles and the false pro-monopoly industrialist twist given to our noble ideology by Shri Masani. I maintain that the publication of this article in the Company Law Journal is not indiscipline but a sincere effort on my part to uphold party principles and to educate people of our party, even Shri Masani, for the good of the Party. I am proud of my stand on the abolition of the managing agency system. I have held these views before I joined the Swatantra Party and have always consistently propagated them and have thus contributed to the saving of the image of the Party from being tarnished by the reactionary views of people like Mr. M.R. Masani.

8. Anyway, holding of certain views, even if they are not in strict conformity with the official party thinking, is not, I submit, indiscipline but healthy, free thinking, wholly in accordance with the principles and constitution of our Party. Free thinking on progressive lines should be encouraged rather than frowned upon as acts of indiscipline amounting to gagging antics by the Bosses of the Swatantra Party. I hope that the Party will not encourage this tendency on the part of Mr. M.R. Masani to curtail the freedom of expression of those who disagree with him.

9. You have dwelt at length on my conduct in the Select Committee of Parliament on the Monopolies and Restrictive Trade Practices Bill. I resent this interference with the discharge of my parliamentary duties. I could even raise a question of privilege. The last lines of the Resolution by the Central Parliamentary Board of our party read as follows: "The Board, therefore, calls upon Swatantra Members of Parliament to fight this pernicious Bill, while making it clear that the Party stands for opposition to monopoly in whatever sector it may raise its head". This is a classic instance of eating the cake and having it too. Our lip sympathy to the cause of Free Enterprise had to be upheld and a few words in obeisance to the principle; but our monopoly industrialist friends should also be protected and so the bulk of the resolution. We always get very much hecked up if our industrialists are not allowed to enjoy the fruits of monopoly, licences and permits; but have we ever bothered about the large mass of our supporters - the traders and the farmers? When the ruling Congress passed a resolution on take over of internal trade in raw cotton and oil-seeds, did our Party led by Shri Masani, ever bother to espouse the cause of the one crore and fifth lakhs of small and big traders and their dependents? A flat No, because they do not enjoy monopolies; it is they who are upholding Free Enterprise and a competitive society. But what does Swatantra Party under Mr. Masani's leadership care for their plight? I am shocked and deeply perturbed when such blatant espousal of the cause of monopoly industry is undertaken by our party whilst neglecting the real free enterprise in our country. Such hypocrisy is going to hurt the only party which has a different economic programme to that of all the other parties in the country. You say: "Yet Mr. Desai's attitude when the Select Committee was examining witnesses was completely out of line with that of the Party. It was not as if he only put questions to witnesses to draw them out. He went out of his way to demonstrate his disassociation from the Party". I see no substance in this charge; it is a perversion of my statement and a judgment on mannerisms. As Mr. Masani himself appeared as a witness, I told him that he must forget for the time being that he was the leader of my Party and he must allow me to discharge my duty as a conscientious member of the

Select Committee. There was no question of disassociation with the Party. Once a prejudice is built up, you see things in a person which are not there. The whole perspective changes. As the Party is made out to be so very much troubled by the Bill, don't you think that it was the business of the Party to educate our members on different clauses by your comments and objections? Then you take objection with my words: "This Bill seeks to give relief to a large number of small industrialists and to a large number of people who suffer from the evils of monopoly... This Bill is intended to cover a great majority of the people and I do not see any serious objection to the principles of the Bill". I am sure that if you give the above words for dissection to any impartial observer, no fault will be found in them. If you think the words are wrong, then, I am afraid, you can be charged with having pre-monopoly leanings. Then you take objection with "If the Monopolies Commission were made the sole authority, then it may amount to a parallel Government". This is the stand the Tories have taken in England and I am simply shocked when I see you taking objection to my stand. Blindly reiterating the stand that there are no monopolies in the private sector makes you open to the charge that you are completely one with the licensing, permitting and quotaing policies of the Government. You may flatter a few monopolists, expecting help from them, but you condemn yourself and the Party in the eyes of the man in the street. After all, who can deny that it is these policies which have led to concentration of economic power in a few hands, which would not have happened under a free competition system.

10. Then you take exception to my following words: "There is considerable force in the contention that small industrialists do not get due share and consideration at the hands of the banks. I have personal knowledge experience is that these big industrialists appropriate the bulk of the advances leaving small industrialists in the lurch". I am scandalized that you can object to my espousal of the small entrepreneurs' cause. If you only take the trouble of looking at the break-up of advances made by banks, you will realise the truth of my contention. When the licensing system encouraged growth and expansion in the hands of a few, this was the natural consequence. I am fighting and will continue to fight for a free competitive society when I want bank advances to be broad-based and not concentrated in the hands of a few powerful groups or directors. When you cite such examples, the only conclusion one can draw is that your purpose is only to protect the big industrialist and the monopolist and that you do not desire a broad-based competitive economy where growth is shared by as many as possible as embodied in the principles of the Swatantra Party.

11. You show personal animus when you say : "It may be mentioned here that Mr. Desai sought to cover up his behaviour in the Select Committee by putting in a Minute of Dissent in line with the party's decision". This is libel and only goes to prove how far you are prepared to go when blinded with personal animus and when you have no valid case. To my way of thinking, with which I am sure anybody will agree, it is the minute of dissent rather than expressions used in cross-examination which are the part of a man's principles and convictions. But Mr. Masani, blinded as he is by malice, does not see this obvious fact.

12. You are objecting to my views expressed at the meetings held by the Planning Commission with industrialists. In our country taxation has been so arranged that large chunks of savings of people are taken away by higher prices and direct personal taxation. Institutions are founded which then come into the market to take shares in new ventures. As the licensing policy goes on favouring a few business houses, these institutions largely support ventures by such houses by taking a big part in their shareholdings. The vicious circle is thus completed and very little chance is given to technocrats and new and small industrialists to share in the growth of economic activities. Business houses already established thus get hardly any competition from new entrepreneurs and they go on expanding horizontally as well as vertically. If the cycle has to be broken, some point in the cycle has to be taken up for special treatment. Only such a method can do away with the ills of a non-competitive society. If you are objecting to these views you prove yourself to be the champions of monopolists and an enemy of expansion of the private sector based on free competition and equal opportunity. Surely, if you are a sincere believer in party principles, you must see that more and more people enter the private sector and enjoy the fruits of economic expansion, at the same time providing competition to established houses and then finally catering to the consumer. I claim that in the whole Swatantra Party I have done more than anyone else to support small industrialists and to fight against the oppression by the monopolist industrialist friends. My record in this is an open book.

13. Then you refer to my attitude towards the question of managerial remunerations. Taxation being as high as presently in our country, I see no point in denying benefits to the small shareholder by allowing the managerial class to syphon off profits by larger and larger remunerations. Managerial remuneration should be such as to fit into our social structure. It should not be such as to lead to ostentatious or luxurious living completely out of tune with the rest of the society. A larger remuneration does not give any substantial benefit to the manager as his take-home salary remains the same under present high taxation. If the new technocrats have to be given a chance in business management, it is necessary

that they compete with the "establishment" on fairer terms. If your persistent advocacy for a small and privileged class of people at the cost of so many newly educated succeeds, it will only create more social tensions and a direct incitement to communism to infiltrate everywhere. Surely this is too clear and obvious to need any further reinforcement at my hands. I do not believe in dogmatism on my part on any issue. If you find that I am out of the mainstream of the Swatantra thought, don't you think that instead of charge-sheeting me, a more honest way is to democratically convince me if I am wrong? Have any of you ever tried this?

14. The Swatantra Party gives its members a right to democratically dissent. This is what Rajaji has been saying so often in the past. My motivation in support of the Communist motion of censure against the imposition of President's rule in West Bengal was as you well know the interests of and implication on our own Government in Orissa. I only symbolized the feeling of many of our party members regarding their fears of creating precedents which would hurt some day our own Government in Orissa. There was no party whip on the subject and members were allowed to act in their own discretion and so no indiscipline was involved.

15. Then you talk of inciting indiscipline in Gujarat. This is the unkindest act of all ! Raking up of old matters is not going to serve any purpose. The party, at your instance, took disciplinary action against three of our senior and respected MLAs. The matter regarding me was fully discussed at a meeting of the General Council in Madras and the decision was to take no action against me because I had never worked for the rebel candidate or transgressed the limits of discipline. I only voiced the strong feeling of some of our MLAs. I predicted the result but flatly deny that I ever worked for the winning candidate. I have never admitted to anyone, leave aside Rajaji, that I worked against the party candidate. Did you expect me to admit a lie? This is one more instance of your confusing issues and getting worked up to serve the personal animus of our leader against me. As to the Presidential election, the zeal with which I have worked to get Mr. Reddy elected is second to none. If you want any proof of this, better refer to Mr. Reddy himself. I cast my first preference vote for Mr. Deshmukh and my second preference vote for Mr. Reddy. I can give innumerable witnesses who will bear out my statement and my zeal in trying to get Mr. Reddy elected. Your attempts to cast doubts on me are nothing short of libel and are contemptible. I have not been ambivalent and I flatly refuse your charge.

16. Events in Gujarat and our party's stand taken now fully vindicate my stand as also my political judgement. By not understanding the issues at stake and running away from the interests of our Gujarat Party you are doing a lot of harm to our cause. You refer to some of my statements on the Gujarat situation. I am not an office-bearer of the Gujarat unit. I am a Swatantra Member of Parliament and even Mr. Masani will concede that I am an important Member of Parliament from Gujarat. I cannot evade responsibility associated with my position in the public life of the country. Mr. Masani may not like my statements, but personal likes and dislikes should not find place in public judgements.

17. The recent contemptuous statements of Shri Morarji Desai and Shri Hitendra Desai about the Swatantra Party bear eloquently against your peculiar, blind, pro-Syndicate stance. A party that desires to be more socialist than socialists and which goes on condemning and harassing the Swatantra Party at every opportunity regarding it as untouchable, cannot earn any esteem from any of us and deserves no mercy from us. If you fail to grasp and understand our Party's thinking in Gujarat and impose your twisted, dictatorial thinking on the Gujarat unit, the consequences will be disastrous. Even today, I sincerely hope and pray that you do not fall a prey to preconceived notions out of sheer animus against me and do irreparable harm to our Gujarat Party which is basically our strongest unit.

18. The above is a detailed seriatim explanation of the charge-sheet levelled against me. I shall now conclude with a few general observations on the subject. The charge-sheet falls basically into two categories, namely, economic issues and political issues. In regard to economic issues, I have always taken the line which is anti-monopoly, anti-concentration of economic power in a few hands and in favour of the interests of (a) workers who are the essential constituent of any industry, (b) consumers who must be saved from the burden of rising prices and (c) the great body of small shareholders whose life's savings are invested in the companies and who expect to reap the benefit of the protected markets and various facilities given by Government, holding at the same time that managerial remuneration should rank only after these interests of workers, consumers and small shareholders have been satisfied. I consider that this stand is fully in conformity with the principles of Swatantra Party and that my espousal of the case of the worker, or of the consumer or of the small shareholder is the only right policy that should be followed by the Swatantra Party unless it wishes to identify itself with monopolists, purse-strings, and big industrial houses and in that process lose its soul. In any case,

expression of a view does not amount to indiscipline and is indeed well within the conscience clause embodied in the Constitution of our Party. I am indeed proud of my stand on the abolition of the managing agency system, strict regulation of managerial remuneration consistent with meeting the needs and interests of workers, consumers and shareholders and denunciation of the concentration of economic power in a few hands encouraged by the present licence-quota-permit Raj under the Congress Government. In economic thinking, I refuse to be regimented by policies which are conceived in the interests of monopolists or big business for fear that our stand may dry up the purse-strings controlled by these industrialists. That factor may weigh with the leaders of the Party but it just cannot be accepted as the basis for the programme of the party.

19. As regards political thinking in relation to Gujarat, events have proved that my attitude has the wholehearted support of the Gujarat Swatantra Party and particularly of the members of the legislature from Gujarat and that the party bosses in Bombay are out of tune with the thinking in Gujarat. Party bosses should have learnt the lesson after their sad experience of the Rajya Sabha election in Gujarat in 1968 when they tried to foist on the Party an unwanted candidate in the name of discipline; but it seems that instead of learning the lesson, they are only nursing their grievance so as to flout the interests and wishes of the Swatantra Party in regard to a vital subject relating to its very existence in Gujarat.

20. The word 'indiscipline' sounds strange in my ears considering that I have been for 35 years in a service where the two most important tests were loyalty and discipline and even Mr. Minoo Masani will admit that I had a distinguished record of service right up to the last day of my retirement. One may differ in holding or expressing views; but surely that does not amount to indiscipline. To sustain a charge of 'indiscipline', it may be shown clearly that the person concerned acted against official whip or mandate. There have been some cases in which I have not agreed with the Party's thinking or decision; but even in such cases, I have refrained from voting against the party. To vote against a party mandate or whip is indiscipline whereas no such excuse can be found or proved against me. To think differently is no indiscipline nor is it a crime; and instead of being discouraged, it should be encouraged and given due credit, because it is out of free thinking that ideas emerge and progress is possible. On the other hand, such a charge-sheet as has been given to me shows clearly that the party leaders are guilty of bossism the like of which has been the bane of many other political parties in the country today. Whatever may be the status or standing of any particular office-bearer of the Party, he must not be allowed to equate himself with the

Party; he must submit to democratic as distinguished from dictatorial functioning in the Party. I wish to reiterate that such gagging antics will not serve the purpose and will do no credit to any Party or any leader whatever he may think, living in his ivory tower. A party can survive and prosper only on the basis of free thinking, the question of discipline being invoked sparingly and being limited to actual defiance of party whip or mandate. To ask some question in a Select Committee even if it is not strictly within the principle of that party is surely no act of indiscipline! It is a way of cross-examination or conducting the proceedings. The test is the views expressed in the final report and therefore the minute of dissent counts rather than what inconvenient or embarrassing question I put to some representatives of big industrial houses or monopoly concerns who appeared as witnesses.

21. Thus, overall, I plead not guilty to any of the charges levelled against me. There has been no act of indiscipline whatsoever; there has been and there shall be free thinking which is well within the fundamental principles or the directives of the Swatantra Party. The charge-sheet is founded on malice and prejudice which should find no place in Party deliberations or Party decisions.

22. In my letter dated March 2, 1970, I pointed out that I would have to consult the Gujarat Swatantra Party and particularly Swatantra MLAs from Sabarkantha before sending my reply to your letter dated February 18. In your reply dated March 9th, you say that "the considerations mentioned by me are not relevant to this matter". I am afraid I do not take the same view of importance of consultation with the Gujarat Swatantra Party. I belong basically to the Gujarat unit. I represent a Gujarat district in Parliament. My political moorings are in Gujarat. The political issues raised in your letter relate to Gujarat developments. I know that Gujarat members are deeply perturbed by this act of witch-hunting on the part of Mr. Minoo Masani. My intention is to pour oil over troubled waters rather than fan the flames of disharmony. While I shall continue to pursue my objectives, it is for the Party to consider how best to proceed in the matter. Individuals, whatever may be their importance, are nothing beside the Party. I am, therefore, sending a copy of the charge-sheet together with a copy of my reply, to Bhailal, the leader of us all in Gujarat; to the President of the Gujarat Swatantra Party and to the Leader of the Gujarat Swatantra Assembly Party to consider whether there is any substance in the charge-sheet or whether I have done anything which is wrong, dishonourable or deserving of disapprobation. I shall be ready to explain my point of view personally at any meeting of the Gujarat Swatantra Party, if they so wish.

Yours sincerely,

Sd/- C.C. Desai

Shri R.C. Cooper,
General Secretary, Swatantra Party,
Bombay-1.

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7. Referring to points 3 to 7, I even today fail to understand your objections. Instead of charge-sheeting me on such frivolous grounds, it would do the party a lot of good if we have a free and frank debate within the party on interpretation of our principles and the false pro-monopoly industrialist twist given to our noble ideology by Shri Masani. I maintain that the publication of this article in the Company Law Journal is not indiscipline but a sincere effort on my part to uphold party principles and to educate people of our party, even Shri Masani, for the good of the Party. I am proud of my stand on the abolition of the managing agency system. I have held these views before I joined the Swatantra Party and have always consistently propagated them and have thus contributed to the saving of the image of the Party from being tarnished by the reactionary views of people like Mr. M.R. Masani.

8. Anyway, holding of certain views, even if they are not in strict conformity with the official party thinking, is not, I submit, indiscipline but healthy, free thinking, wholly in accordance with the principles and constitution of our Party. Free thinking on progressive lines should be encouraged rather than frowned upon as acts of indiscipline amounting to gagging antics by the Bosses of the Swatantra Party. I hope that the Party will not encourage this tendency on the part of Mr. M.R. Masani to curtail the freedom of expression of those who disagree with him.

9. You have dwelt at length on my conduct in the Select Committee of Parliament on the Monopolies and Restrictive Trade Practices Bill. I resent this interference with the discharge of my parliamentary duties. I could even raise a question of privilege. The last lines of the Resolution by the Central Parliamentary Board of our party read as follows: "The Board, therefore, calls upon Swatantra Members of Parliament to fight this pernicious Bill, while making it clear that the Party stands for opposition to monopoly in whatever sector it may raise its head". This is a classic instance of eating the cake and having it too. Our lip sympathy to the cause of Free Enterprise had to be upheld and a few words in obeisance to the principle; but our monopoly industrialist friends should also be protected and so the bulk of the resolution. We always get very much hecked up if our industrialists are not allowed to enjoy the fruits of monopoly, licences and permits; but have we ever bothered about the large mass of our supporters - the traders and the farmers? When the ruling Congress passed a resolution on take over of internal trade in raw cotton and oil-seeds, did our Party led by Shri Masani, ever bother to espouse the cause of the one crore and fifth lakhs of small and big traders and their dependents? A flat No, because they do not enjoy monopolies; it is they who are upholding Free Enterprise and a competitive society. But what does Swatantra Party under Mr. Masani's leadership care for their plight? I am shocked and deeply perturbed when such blatant espousal of the cause of monopoly industry is undertaken by our party whilst neglecting the real free enterprise in our country. Such hypocrisy is going to hurt the only party which has a different economic programme to that of all the other parties in the country. You say: "Yet Mr. Desai's attitude when the Select Committee was examining witnesses was completely out of line with that of the Party. It was not as if he only put questions to witnesses to draw them out. He went out of his way to demonstrate his disassociation from the Party". I see no substance in this charge; it is a perversion of my statement and a judgment on mannerisms. As Mr. Masani himself appeared as a witness, I told him that he must forget for the time being that he was the leader of my Party and he must allow me to discharge my duty as a conscientious member of the

Select Committee. There was no question of disassociation with the Party. Once a prejudice is built up, you see things in a person which are not there. The whole perspective changes. As the Party is made out to be so very much troubled by the Bill, don't you think that it was the business of the Party to educate our members on different clauses by your comments and objections? Then you take objection with my words : "This Bill seeks to give relief to a large number of small industrialists and to a large number of people who suffer from the evils of monopoly... This Bill is intended to cover a great majority of the people and I do not see any serious objection to the principles of the Bill". I am sure that if you give the above words for dissection to any impartial observer, no fault will be found in them. If you think the words are wrong, then, I am afraid, you can be charged with having pro-monopoly leanings. Then you take objection with "If the Monopolies Commission were made the sole authority, then it may amount to a parallel Government". This is the stand the Tories have taken in England and I am simply shocked when I see you taking objection to my stand. Blindly reiterating the stand that there are no monopolies in the private sector makes you open to the charge that you are completely one with the licensing, permitting and quotaing policies of the Government. You may flatter a few monopolists, expecting help from them, but you condemn yourself and the Party in the eyes of the man in the street. After all, who can deny that it is these policies which have led to concentration of economic power in a few hands, which would not have happened under a free competition system.

10. Then you take exception to my following words: "There is considerable force in the contention that small industrialists do not get due share and consideration at the hands of the banks. I have personal knowledge experience is that these big industrialists appropriate the bulk of the advances leaving small industrialists in the lurch". I am scandalized that you can object to my espousal of the small entrepreneurs' cause. If you only take the trouble of looking at the break-up of advances made by banks, you will realise the truth of my contention. When the licensing system encouraged growth and expansion in the hands of a few, this was the natural consequence. I am fighting and will continue to fight for a free competitive society when I want bank advances to be broad-based and not concentrated in the hands of a few powerful groups of directors. When you cite such examples, the only conclusion one can draw is that your purpose is only to protect the big industrialist and the monopolist and that you do not desire a broad-based competitive economy where growth is shared by as many as possible as embodied in the principles of the Swatantra Party.

that they compete with the "establishment" on fairer terms. If your persistent advocacy for a small and privileged class of people at the cost of so many newly educated succeeds, it will only create more social tensions and a direct incitement to communism to infiltrate everywhere. Surely this is too clear and obvious to need any further reinforcement at my hands. I do not believe in dogmatism on my part on any issue. If you find that I am out of the mainstream of the Swatantra thought, don't you think that instead of charge-sheeting me, a more honest way is to democratically convince me if I am wrong? Have any of you ever tried this?

14. The Swatantra Party gives its members a right to democratically dissent. This is what Rajaji has been saying so often in the past. My motivation in support of the Communist motion of censure against the imposition of President's rule in West Bengal was as you well know the interests of and implication on our own Government in Orissa. I only symbolized the feeling of many of our party members regarding their fears of creating precedents which would hurt some day our own Government in Orissa. There was no party whip on the subject and members were allowed to act in their own discretion and so no indiscipline was involved.

15. Then you talk of inciting indiscipline in Gujarat. This is the unkindest act of all ! Raking up of old matters is not going to serve any purpose. The party, at your instance, took disciplinary action against three of our senior and respected MLAs. The matter regarding me was fully discussed at a meeting of the General Council in Madras and the decision was to take no action against me because I had never worked for the rebel candidate or transgressed the limits of discipline. I only voiced the strong feeling of some of our MLAs. I predicted the result but flatly deny that I ever worked for the winning candidate. I have never admitted to anyone, leave aside Rajaji, that I worked against the party candidate. Did you expect me to admit a lie? This is one more instance of your confusing issues and getting worked up to serve the personal animus of our leader against me. As to the Presidential election, the zeal with which I have worked to get Mr. Reddy elected is second to none. If you want any proof of this, better refer to Mr. Reddy himself. I cast my first preference vote for Mr. Deshmukh and my second preference vote for Mr. Reddy. I can give innumerable witnesses who will bear out my statement and my zeal in trying to get Mr. Reddy elected. Your attempts to cast doubts on me are nothing short of libel and are contemptible. I have not been ambivalent and I flatly refuse your charge.

11. You show personal animus when you say : "It may be mentioned here that Mr. Desai sought to cover up his behaviour in the Select Committee by putting in a Minute of Dissent in line with the party's decision". This is libel and only goes to prove how far you are prepared to go when blinded with personal animus and when you have no valid case. To my way of thinking, with which I am sure anybody will agree, it is the minute of dissent rather than expressions used in cross-examination which are the part of a man's principles and convictions. But Mr. Masani, blinded as he is by malice, does not see this obvious fact.

12. You are objecting to my views expressed at the meetings held by the Planning Commission with industrialists. In our country taxation has been so arranged that large chunks of savings of people are taken away by higher prices and direct personal taxation. Institutions are founded which then come into the market to take shares in new ventures. As the licensing policy goes on favouring a few business houses, these institutions largely support ventures by such houses by taking a big part in their shareholdings. The vicious circle is thus completed and very little chance is given to technocrats and new and small industrialists to share in the growth of economic activities. Business houses already established thus get hardly any competition from new entrepreneurs and they go on expanding horizontally as well as vertically. If the cycle has to be broken, some point in the cycle has to be taken up for special treatment. Only such a method can do away with the ills of a non-competitive society. If you are objecting to these views you prove yourself to be the champions of monopolists and an enemy of expansion of the private sector based on free competition and equal opportunity. Surely, if you are a sincere believer in party principles, you must see that more and more people enter the private sector and enjoy the fruits of economic expansion, at the same time providing competition to established houses and then finally catering to the consumer. I claim that in the whole Swatantra Party I have done more than anyone else to support small industrialists and to fight against the oppression by the monopolist industrialist friends. My record in this is an open book.

13. Then you refer to my attitude towards the question of managerial remunerations. Taxation being as high as presently in our country, I see no point in denying benefits to the small shareholder by allowing the managerial class to syphon off profits by larger and larger remunerations. Managerial remuneration should be such as to fit into our social structure. It should not be such as to lead to ostentatious or luxurious living completely out of tune with the rest of the society. A larger remuneration does not give any substantial benefit to the manager as his take-home salary remains the same under present high taxation. If the new technocrats have to be given a chance in business management, it is necessary

16. Events in Gujarat and our party's stand taken now fully vindicate my stand as also my political judgement. By not understanding the issues at stake and running away from the interests of our Gujarat Party you are doing a lot of harm to our cause. You refer to some of my statements on the Gujarat situation. I am not an office-bearer of the Gujarat unit. I am a Swatantra Member of Parliament and even Mr. Masani will concede that I am an important Member of Parliament from Gujarat. I cannot evade responsibility associated with my position in the public life of the country. Mr. Masani may not like my statements, but personal likes and dislikes should not find place in public judgements.

17. The recent contemptuous statements of Shri Morarji Desai and Shri Hitendra Desai about the Swatantra Party bear eloquently against your peculiar, blind, pro-Syndicate stance. A party that desires to be more socialist than socialists and which goes on condemning and harassing the Swatantra Party at every opportunity regarding it as untouchable, cannot earn any esteem from any of us and deserves no mercy from us. If you fail to grasp and understand our Party's thinking in Gujarat and impose your twisted, dictatorial thinking on the Gujarat unit, the consequences will be disastrous. Even today, I sincerely hope and pray that you do not fall a prey to preconceived notions out of sheer animus against me and do irreparable harm to our Gujarat Party which is basically our strongest unit.

18. The above is a detailed seriatim explanation of the charge-sheet levelled against me. I shall now conclude with a few general observations on the subject. The charge-sheet falls basically into two categories, namely, economic issues and political issues. In regard to economic issues, I have always taken the line which is anti-monopoly, anti-concentration of economic power in a few hands and in favour of the interests of (a) workers who are the essential constituent of any industry, (b) consumers who must be saved from the burden of rising prices and (c) the great body of small shareholders whose life's savings are invested in the companies and who expect to reap the benefit of the protected markets and various facilities given by Government, holding at the same time that managerial remuneration should rank only after these interests of workers, consumers and small shareholders have been satisfied. I consider that this stand is fully in conformity with the principles of Swatantra Party and that my espousal of the case of the worker, or of the consumer or of the small shareholder is the only right policy that should be followed by the Swatantra Party unless it wishes to identify itself with monopolists, purse-strings, and big industrial houses and in that process lose its soul. In any case,

expression of a view does not amount to indiscipline and is indeed well within the conscience clause embodied in the Constitution of our Party. I am indeed proud of my stand on the abolition of the managing agency system, strict regulation of managerial remuneration consistent with meeting the needs and interests of workers, consumers and shareholders and denunciation of the concentration of economic power in a few hands encouraged by the present licence-quota-permit Raj under the Congress Government. In economic thinking, I refuse to be regimented by policies which are conceived in the interests of monopolists or big business for fear that our stand may dry up the purse-strings controlled by these industrialists. That factor may weigh with the leaders of the Party but it just cannot be accepted as the basis for the programme of the party.

19. As regards political thinking in relation to Gujarat, events have proved that my attitude has the wholehearted support of the Gujarat Swatantra Party and particularly of the members of the legislature from Gujarat and that the party bosses in Bombay are out of tune with the thinking in Gujarat. Party bosses should have learnt the lesson after their sad experience of the Rajya Sabha election in Gujarat in 1968 when they tried to foist on the Party an unwanted candidate in the name of discipline; but it seems that instead of learning the lesson, they are only nursing their grievance so as to flout the interests and wishes of the Swatantra Party in regard to a vital subject relating to its very existence in Gujarat.

20. The word 'indiscipline' sounds strange in my ears considering that I have been for 35 years in a service where the two most important tests were loyalty and discipline and even Mr. Minoo Mhasani will admit that I had a distinguished record of service right up to the last day of my retirement. One may differ in holding or expressing views; but surely that does not amount to indiscipline. To sustain a charge of 'indiscipline', it may be shown clearly that the person concerned acted against official whip or mandate. There have been some cases in which I have not agreed with the Party's thinking or decision; but even in such cases, I have refrained from voting against the party. To vote against a party mandate or whip is indiscipline whereas no such excuse can be found or proved against me. To think differently is no indiscipline nor is it a crime; and instead of being discouraged, it should be encouraged and given due credit, because it is out of free thinking that ideas emerge and progress is possible. On the other hand, such a charge-sheet as has been given to me shows clearly that the party leaders are guilty of bossism the like of which has been the bane of many other political parties in the country today. Whatever may be the status or standing of any particular office-bearer of the Party, he must not be allowed to equate himself with the

Party; he must submit to democratic as distinguished from dictatorial functioning in the Party. I wish to reiterate that such gagging antics will not serve the purpose and will do no credit to any Party or any leader whatever he may think, living in his ivory tower. A party can survive and prosper only on the basis of free thinking, the question of discipline being invoked sparingly and being limited to actual defiance of party whip or mandate. To ask same question in a Select Committee even if it is not strictly within the principle of that party is surely no act of indiscipline! It is a way of cross-examination or conducting the proceedings. The test is the views expressed in the final report and therefore the minute of dissent counts rather than what inconvenient or embarrassing question I put to some representatives of big industrial houses or monopoly concerns who appeared as witnesses.

21. Thus, overall, I plead not guilty to any of the charges levelled against me. There has been no act of indiscipline whatsoever; there has been and there shall be free thinking which is well within the fundamental principles or the directives of the Swatantra Party. The charge-sheet is founded on malice and prejudice which should find no place in Party deliberations or Party decisions.

22. In my letter dated March 2, 1970, I pointed out that I would have to consult the Gujarat Swatantra Party and particularly Swatantra MLAs from Sabarkantha before sending my reply to your letter dated February 18. In your reply dated March 9th, you say that "the considerations mentioned by me are not relevant to this matter". I am afraid I do not take the same view of importance of consultation with the Gujarat Swatantra Party. I belong basically to the Gujarat unit. I represent a Gujarat district in Parliament. My political moorings are in Gujarat. The political issues raised in your letter relate to Gujarat developments. I know that Gujarat members are deeply perturbed by this act of witch-hunting on the part of Mr. Minoo Masani. My intention is to pour oil over troubled waters rather than fan the flames of disharmony. While I shall continue to pursue my objectives, it is for the Party to consider how best to proceed in the matter. Individuals, whatever may be their importance, are nothing beside the Party. I am, therefore, sending a copy of the charge-sheet together with a copy of my reply, to Bhailal, the leader of us all in Gujarat; to the President of the Gujarat Swatantra Party and to the Leader of the Gujarat Swatantra Assembly Party to consider whether there is any substance in the charge-sheet or whether I have done anything which is wrong, dishonourable or deserving of disapprobation. I shall be ready to explain my point of view personally at any meeting of the Gujarat Swatantra Party, if they so wish.

Yours sincerely,

Sd/- C.C. Desai

Shri R.C. Cooper,
General Secretary, Swatantra Party,
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