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For favour of Publication

Bombay, March 16.

"The authors of the Super Profits Tax appear to have the mind of a small town money-lender, since they seem to be unable to distinguish between interest and profit," observed Mr. M.R. Masani, General Secretary of the Swatantra Party, while speaking on the Union Budget at a public meeting at Ponatwadi, Kalbadevi, this evening, with Dr. (Mrs.) Shantabai Gulabchand in the chair.

According to the speaker, the attempt to link profits with capital showed an amazing ignorance of the economics of business. Profits were the result of various factors, one of which was investment of capital, another labour, a third managerial enterprise and a fourth technical skill. Productivity was the result of a combination of these elements. To attempt to link profits with capital alone was to ignore the human contribution made by labour, technicians and management. The absurdity of describing anything over six per cent in the way of profits as a "super profit" became evident when companies which employed a small capital but a great deal of human skill were examined. Thus architects, stockbrokers and management consultants only had nominal capital. Their profits were the result of the enterprise, intelligence and skill of their members. The imposition of a super-profits tax would mean that the system of joint stock enterprise would be eliminated from all fields of endeavour where massive capital investment was not required.

Turning to the steep increase in excise and customs duties, Mr. Masani described them as a sadistic squeeze on the poor and a blow to economic stability and development. He forecast a steep rise in prices and described the Budget as viciously inflationary. Verbal protests to the contrary would have no effect on the laws of economics. Price controls under the Defence of India Rules would be like treating the symptom after creating the disease. After forty years of shooting squads and secret police terror, the Soviet dictatorship had been unable to wipe out black-markets in scarce articles. He doubted very much the capacity of Mr. Morarji Desai to succeed where Stalin and Khrushchev had failed.

Not for publication:

M. R. Masani
(M. R. Masani)