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PAPERS ON DEFENCE.

- X791-20k2-1. N3t G6
1. Report of the Indian Defence Expenditure Tribunal, 1933.  
1767 (Chairman: Sir Robert Randolph Garran.) pp.1-24.  
V2:194.N3t
  2. Some Facts and Figures about Indian Defence, 1935-36.  
(Government of India.) pp.25-48.  
MVA.2.N3 G6
  3. Statement relating to Defence. Issued in connexion with  
the House of Commons Debate on March 11, 1935.  
(Cmd.4827.) pp. 49- 53.  
V3:194.N35 G5
  4. Statement relating to Defence. 1936. (Cmd.5107.) pp.54-  
V3:194.N36 G6
  5. This Munitions "Business." (A Pamphlet issued by the  
National Council for Prevention of War, Washington.  
By Paul Harris. pp.64-83.)
  6. Report of the Committee to Consider Suggestions for the  
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Colony, 1936. (Chairman: Col. J. A. Campbell.)  
pp.84-115. X9(MV4;3).73.N3t G5  
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  7. Defence Loans. Memorandum on the Proposed Resolution.  
1937. (Cmd. 5368.) pp. 116-117.  
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  8. Statement relating to Defence Expenditure. 1937.  
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**Tribunal on Certain Questions in regard to  
Defence Expenditure in dispute between  
the Government of India, The War  
Office and The Air Ministry**

**REPORT**

though payments for goods supplied or for services rendered, appear as receipts under other heads of the Government of India's budget:—

	Rs.
Railway Transport charges . . . . .	1·00 crores.
Posts and Telegraphs . . . . .	·15
Printing and Stationery . . . . .	·13
Total	1·28 crores.

In addition there is the cost of the Territorial Force (Rs. 22 lakhs) and the cost of certain schools (Rs. 11 lakhs), including the Prince of Wales's College at Dehra Dun, which, however valuable they may be from the political point of view, contribute little or nothing towards the actual defence of India.

If all these charges are deducted, it comes to this—that the present real cost of the Army does not much exceed Rs. 32 crores. Even if another Rs. 2 crores were added to cover the cost of a return to more normal conditions, including a rise in prices, the figure would be Rs. 34 crores, or about 19 per cent. of the net revenues of the country. The full Rs. 45 crores are about 26 per cent. of those revenues. The present cost of the Army in England is about Rs. 53 crores, but this figure excludes the cost of War Pensions, which are included in the Indian budget and which in England account for the enormous sum of about £45 millions a year.

5. There are, however, those who contend—not presumably from any desire to raise the cost of defence, but possibly in order to enlarge the target of their attack—that there are at present items outside the Defence Budget which should really find a place inside it. It may be suggested that some of the expenditure on the Ecclesiastical Department might be more legitimately debitable to the Defence Budget on the ground that it supplies the Army with chaplains. The cost on this account might be about Rs. 20 lakhs.

Then there is the cost of the various irregular forces on the Frontier, which is now debited to the budget of the Foreign and Political Department, and the cost of what are known as 'strategic railways'. The former item may be put at rather under Rs. 1½ crores and the latter at about Rs. 2 crores.

6. It cannot, of course, be denied that some of the irregular forces maintained for the Watch and Ward of the Frontier are semi-military formations. On the other hand, the organisation as a whole, like the organisation of any local Government, provides nothing more nor less than the machinery which the political authorities consider necessary for the civil administration of the tribal area; and the transfer of its cost to the Defence Budget would involve a similar transference of control from the civil to the military authorities and a radical alteration in the present policy of Frontier administration. Whether changes of this kind would be either wise or popular it is not the object of this article to discuss. Suffice it to say that it would certainly be neither legitimate nor desirable to switch the whole of the Rs. 1½ crores mentioned above over to the Defence Budget as a mere accounting change, and that the only real justification

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### TERMS OF REFERENCE.

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(1) To consider and report whether there should continue to be contributions by India towards the recruiting and training expenses at home of the British Army in India ; and to report the basis on which the contributions, if continued, should be calculated.

(2) To examine India's claim that a contribution should be made from Imperial revenues towards military expenditure from Indian revenues, and to report the basis on which any contribution approved should be assessed.

(3) To examine the War Office claim that India should pay a direct contribution towards the cost of the Regular and Supplementary Reserves, and to report the basis on which any contribution approved should be assessed.

(4) To consider whether the Sea Transport Contribution paid by the War Office to India should be continued or modified after 31st March 1932.

(5) To examine and report *mutatis mutandis* on such of the questions raised in the preceding paragraphs as are relevant to the contribution at present paid from Indian revenues in respect of Royal Air Force personnel in India.

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LIST OF MEMBERS OF THE TRIBUNAL.

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SIR ROBERT RANDOLPH GARRAN, K.C., K.C.M.G., *Chairman.*

THE RT. HON. VISCOUNT DUNEDIN, P.C., G.C.V.O.

THE HON. SIR SHADI LAL, Kt.

THE HON. SIR SHAH MUHAMMAD SULAIMAN, Kt.

THE RT. HON. LORD TOMLIN, P.C.

MR. F. E. GRIST, India Office } *Joint*  
MR. G. D. ROSEWAY, War Office } *Secretaries.*



7. Against a menace of this character and extent is constantly opposed a force of about 42,000 regular troops. In addition there are the irregular formations—the various bodies of lightly-equipped and mobile Scouts and Levies—to whom a reference has already been made. The strength of these latter forces may be put at about 15,000 men; but, valuable as their work undoubtedly is, their training and organisation impose obvious limitations on their utility; and it is on the regular armed forces that the ultimate responsibility for the peace of the Frontier must lie. That the menace is not an unreal one is proved by the fact that in the last 70 years there have been no less than 26 major campaigns on the Frontier, not to mention innumerable raids and small punitive expeditions.

It is interesting to note in this context that the average cost of operations on the Frontier under the close-border policy from 1895 to 1919 was in the neighbourhood of Rs. 50 lakhs a year. The 3rd Afghan war and the occupation of Waziristan from 1919 to 1924 cost nearly Rs. 11 crores a year. Since 1924, under the present policy of civilization and the quartering of troops in tribal areas, combined with the existence of the air arm, the expenditure on operations up to April 1934 had fallen to Rs. 12½ lakhs a year.

8. Finally, there is the Field Army—the small mobile force of about 69,000 fighting men which stands between India and the danger of external aggression. Complete freedom of expression is difficult where foreign relations are concerned; and it would obviously be impossible to describe with any precision the duties allotted to this small force in time of war. There are, however, one or two points on which the critic ought to be clear and with regard to which doubts and misconceptions should be removed.

9. In the first place, the possibility that, in certain circumstances, the Field Army may be called upon to play an aggressive part is in no way inconsistent with the principle that the Army in India is maintained for defensive, and not for offensive, purposes. The last thing that the Government of India or His Majesty's Government wish to do is to provoke hostilities against any nation in the world. It is a truism, however, that offence is often the best defence; and the position of India would, indeed, be precarious, if she were to deny herself the right to take offensive action of any kind against an aggressor, to whatever extent such action might have to be limited.

10. In the second place, it is a plain fact that the focus of world unrest has shifted eastwards, and ever further eastwards, since the Great War and that the Army in India at present occupies the front line of resistance to any threat to the Empire as a whole. Beyond the North-West Frontier of India lies the quarter from which, throughout the ages, as noted by the Simon Commission, the danger to India's territorial integrity has come. The political aims of Russia in the Continent of Asia have never been made a secret and it is an indisputable fact, proved by recent experience, that to the other natural problems of the Frontier has now been added the danger of Communist propaganda. The menace of Czarist Imperialism may have disappeared, but its place has been taken by a more insidious and, perhaps, an even graver peril.

11. Finally, it must not be supposed for a moment that India's Field Army is maintained at a strength sufficient, or anything like sufficient, to withstand and repel aggression from a Great Power. A threat of the kind

which have in the past reported on some of the matters which we have had to consider ; notably the Report of the Royal Commission on the Administration of the Expenditure of India (Cd. 131 of 1900), hereinafter referred to as the Welby Commission ; the Report of the Committee on Indian Home Effective Charges, presided over by Mr. Justice Romer (1907-08), hereinafter referred to as the Romer Committee ; and the award of Lord Cave (1927) in an arbitration on the subject of the Sea Transport Subsidy, which is the subject of Head IV of the Terms of Reference.

4. We have also received valuable assistance from the arguments of Counsel for the India Office on the one hand, and for the War Office and the Air Ministry on the other, during an extended hearing.

5. Before dealing seriatim with the several questions submitted to us, we think it will be convenient to clear the ground by disposing of certain arguments of a general character to which the Tribunal has thought proper to allow no weight in making its recommendations.

#### 6. *Generous Treatment.*

There have been suggestions, both in the Memoranda of the India Office and in the arguments of Counsel, that for various reasons the British Government ought, in its financial adjustments with India, to act in a spirit of generosity, or liberality ; and that the Tribunal, in framing its recommendations, should frame them on that assumption—in other words, should advise the British Government to be influenced by that spirit.

We are all agreed that this is no part of the functions of the Tribunal. We think that the Tribunal, in advising what payments "should" be made to India, as also in advising what payments "should" be made by India, ought not to be influenced by appeals to generosity on one side or the other. Whether the British Government itself should be influenced by any such considerations is a matter for decision by the Government and the Parliament which are responsible for the administration of public funds. The question of generosity is not related to any principle of fairness or equity, and we do not think that it ought to be taken into account by the Tribunal in advising what payments ought to be made by either party to the other.

#### 7. *The Dependent Position of India.*

It has also been suggested to us that we should give consideration to the fact that India, though already entrusted with considerable powers of self-government, is in the sphere of military administration still to a great extent in a dependent position, and is not able, in negotiations upon matters relating to military expenditure, or of army organisation involving military expenditure, to exercise the powers of an "independent bargainer."

We are all agreed that this is not a matter that ought to influence the Tribunal in considering the question what payments should be made by one party or the other. In negotiations between the two Governments, it would be quite natural and proper for India to say: "We are not on terms of equality; we appeal to you to recognise this, and to deal with us, not with the strong hand of the predominant partner imposing his will, but in accordance with principles of fairness and equity." But such an appeal has no relevance to the deliberations of an independent Tribunal which has the task of advising what ought to be done—in other words, what is fair and right between the parties. That is a question which cannot be affected by the fact that one of the parties, in relation to the other, is not in the position of an "independent bargainer."

#### 8. *Political Sentiment in India.*

It has also been represented to us that the Tribunal ought to be influenced by the fact that some of the charges made against India are the subject of strong political feeling in that country, which the British Government, as a matter of policy, ought to take into account, and which the Tribunal ought to advise the British Government to take into account.

We are all agreed that the Tribunal, in advising whether a certain contribution ought or ought not to be made, should not take this into consideration. Political sentiment considered apart from the question whether it has a sound basis in reason, is irrelevant to the question of what is fair and right. Right is not made wrong merely by being thought wrong by a large number of people. Nor has any evidence been placed before this Tribunal to enable it to gauge the strength or the persistence of this political sentiment.

It may, of course, be that the Government, in deciding whether a particular form of charge is politic, may give consideration to questions such as this; but they can only be considered by the Government, which has the means of ascertaining the true position, and the task of formulating a policy in the light of its knowledge. They cannot affect the Tribunal's view of what financial obligations ought to be borne by India.

#### 9. *Capacity to pay.*

Another matter that we were invited to consider was India's capacity to pay the full cost of her defence, including the contributions claimed by the War Office.

A majority of us (Sir Shah Muhammad Sulaiman dissenting) consider that this also, in the sense in which the claim is made, is not a matter which can be considered by the Tribunal. Of course, absolute incapacity of a party to meet a charge would be the best possible reason for not making it; but that is not the position that is put. What is suggested is the relative incapacity of India, measured by the relative poverty of the inhabitants as compared, say, with Great Britain and the Dominions. We consider that

this is irrelevant to the matters before us. The questions, in the aggregate, that we have to consider are: Given a certain necessary provision for the defence of India, what contribution should India make to the cost? We do not think that, in apportioning the cost, we should be influenced, by questions of comparative capacity, towards shifting any part of the burden from the shoulders of one party to the shoulders of the other.

Moreover, no evidence has been placed before the Tribunal to enable it to perform the extremely difficult and complicated task of measuring India's capacity to pay.

Sir Shadi Lal's views on the subject are set out in Note 1 attached to this Report.

Sir Shah Sulaiman considers that the financial and economic conditions of India are relevant to the question whether any contribution should be paid towards her military expenditure. His views are set out in Note 2 attached to this Report.

#### 10. *Ratio of Military Expenditure to Revenue.*

Related to the question dealt with in the last preceding paragraph is the comparison between India and other countries as regards either—

- (a) the percentage of military expenditure to the total public revenue; or
- (b) the percentage of military expenditure to the total public revenue available for social and other current purposes.

Figures were produced to us directed to showing that military expenditure in India bore a far higher proportion to the total public revenue than in any other part of the Empire; and it was suggested (in accordance with a precedent established in the case of certain oversea garrisons, e.g. at Hong Kong and the Straits Settlements) that a proportion of, say, 20 per cent. of the total revenue should be fixed as a maximum, and that India should be relieved, by a contribution from Imperial revenues, of all defence expenditure over that maximum.

A majority of us (Sir Shah Sulaiman dissenting) consider that the comparison of military expenditure with revenues is not a matter which should be taken into account by the Tribunal. It seems to us that the reasons stated in paragraph 9 apply, but even more strongly. Defence is not a luxury, but a necessary protection that has to be paid for. The extent of the protection necessary varies greatly in different countries, according to their geographical and political situation. India (owing, not to her connection with the British Empire, but to her geographical position and her internal instability due to racial and religious differences) is peculiarly vulnerable, and her defence expenditure absorbs an unusually high percentage of her revenue. That this curtails considerably the amount of revenue which might otherwise be available for beneficial social expenditure is true, but is no reason for this Tribunal to advise that India should be relieved of and Great Britain burdened

with expenditure determined to be vital for the preservation of India's existence.

It may be added that comparisons of public revenue are a very imperfect index of economic position, and that percentages of military expenditure to revenue show extraordinary fluctuations according to the basis on which they are compiled. For instance, a Table was produced comparing the percentage of "Current Defence Expenditure" to "Net Revenue," and showing a percentage of 29·0 for India and 22·0 for Great Britain. In preparing that Table the liabilities due to the Great War, such as interest and sinking funds on war debt and war pensions, have been deducted from the total revenue to produce the "Net Revenue" upon which the percentage is taken. That basis was criticised by Counsel for the War Office on two grounds :—

- (1) that the proper comparison is not between *net* revenue and *current* defence expenditure, but between *total* revenue and *total* defence expenditure—including the expenditure on the service of war debt ; and
- (2) that defence expenditure includes not only service of the debt due to the Great War, but also the dead-weight of the service of debts incurred in previous wars.

With these adjustments and other minor modifications said to be both favourable to India, the position between India and Great Britain is, according to figures prepared by the Treasury, entirely reversed, the percentage being then 36·3 for India and 52·5 for Great Britain. It is not necessary for us to express any opinion as to which of these two bases is more appropriate to the argument, because in our view the argument itself is irrelevant ; but we state the two contentions to show the very shaky foundations upon which such an argument, if thought relevant, would have to be built.

Sir Shadi Lal, while not accepting all these reasons, holds that comparisons of the revenues of various countries cannot furnish any logical ground for recommending a contribution from Imperial revenues.

Sir Shah Sulaiman does not concur in this paragraph, and considers it important to examine whether India is not bearing an unduly heavy share of the total cost of defending the Empire, and regards a comparison with the other parts of the Empire as the practical method of determining that question. His view is set out separately (*see* Note 2 attached to this Report).

#### 11. *Scope of the Enquiry.*

All the Terms of Reference are in the form of questions whether contributions in respect of certain matters "should" be made from Indian or from Imperial revenues, as the case may be. We have stated certain matters which we think are irrelevant to the task imposed on us. It may be desirable to define affirmatively what we think to be the general class of matters which we think should be

taken into consideration by the Tribunal, in advising what contributions should or should not be made or continued.

All the questions in one aspect relate to matters of policy, and probably none of them is referable to any absolute standard of right and wrong; but we conceive that we are asked to advise what, in our opinion, is on the whole a fair, just and equitable adjustment, taking into consideration all relevant circumstances.

#### 12. *Question of Retrospection.*

The Memoranda furnished by the parties contemplate that, as to some of the questions submitted, the Tribunal will, or at least may, make recommendations having, within certain limits, retrospective effect.

During the hearing, it was agreed by Counsel for all parties that the Tribunal should not be asked to deal with the past, but only to make recommendations in the nature of principles for guidance in the future, leaving all adjustments to date to be negotiated between the parties.

13. Having thus to some extent defined the scope of the enquiry, we now proceed to deal with the several questions submitted to us. Following the order which was found by Counsel to be convenient, we will deal first with Head II, India's claim for a contribution from Imperial revenues to Indian Military Defence Expenditure. The several heads are inter-related and are all different aspects or different parts of one broad question: what should be the apportionment between India and Great Britain of the military expenditure necessary for the defence of India? The fundamental considerations underlying this broad question all arise under Head II, upon the answer to which the answer to some of the other questions to some extent depends.

### HEAD II.

#### **Contribution from Imperial Revenues to Indian Military Defence Expenditure.**

##### 14. The Tribunal is required—

“To examine India's claim that a contribution should be made from Imperial revenues towards military expenditure from Indian revenues, and to report the basis on which any contribution approved should be assessed.”

##### 15. *Grounds of India's Claim.*

India's claim under this head is based mainly on the following grounds (excluding the grounds which have been mentioned above as being irrelevant):—

- (1) That the Army in India serves an Imperial as well as an Indian purpose, and is always available and sometimes employed for purposes other than the defence of India.

- (2) That other parts of the Empire do not contribute to the same extent to the defence of the Empire.
- (3) That the Imperial Government has a predominant voice in determining the cost and the organisation of the Army in India.

16. The following is a short summary of the principal relevant facts :—

- (1) India is a part of the British Empire, not yet completely self-governing, but progressing towards that status and already entrusted with a considerable degree of self-government. In the view which we take, no detailed survey of the constitutional position is necessary.
- (2) The Army in India, excluding the Auxiliary and Territorial Forces and the Imperial Service Troops, consists first of Indian troops (of a strength at present of some 150,000), for which India bears the whole charges ; and secondly of British troops (of a strength at present of some 58,000), for which India bears in full the direct charges for maintenance and also the charges for sea transport and a sum on account of " home effective charges " incurred by the War Office for the recruiting and training of British officers and soldiers on the Indian Establishment. India also pays a share of pension charges in respect of these troops.
- (3) The forces in India do not comprise the whole of India's protection. Behind them are the military and naval forces maintained by Great Britain at home and elsewhere, including the Reserves.
- (4) It is common ground between the parties that the scale on which the military forces in India are maintained in respect of numbers, composition, equipment, &c., is no greater than is required for the defence of India and the maintenance of internal security. It appears, as was admitted by Counsel for both Departments, that the defence of India which is contemplated in determining the scale of the forces, is the maintenance of internal order and protection of its frontiers against local aggression.
- (5) The duties of the Army in India include the preservation of internal security in India, the covering of the lines of internal communication, and the protection of India against external attack. Though the scale of the forces is not calculated to meet external attack by a

Great Power, their duties might well comprise the initial resistance of such an attack pending the arrival of Imperial reinforcements.

- (6) The defence of India and the defence of the Empire cannot be dissociated. In a sense, everything done in the defence of India is also done in the defence of the Empire, and everything done in the defence of the Empire, whether in India or elsewhere, is also done in the defence of India.

#### 17. *Division of Responsibility for India's Defence.*

It was strongly urged on behalf of India that, under present arrangements, Indian revenues are bearing a disproportionate part of the cost of the defence of the Empire. The main difficulty in determining the soundness of this contention was to find, as a basis on which to work, the principles upon which the responsibility for Indian and Imperial defence ought to be divided.

#### 18. *The Indian Case.*

The Indian case was that the Tribunal ought to weigh all the advantages which Britain gained from the defence of India—not only because the frontier of India was also a frontier of the Empire, but also because the protection of India comprised the protection of large British commercial and financial interests, and assisted in the protection of Imperial lines of communication.

#### 19. *The War Office Case.*

The War Office case was that the broad lines of division between Indian and Imperial responsibility for defence should be that India assumed responsibility for the "minor danger" of the maintenance of internal security and protection of its frontiers against local aggression, and that Great Britain assumed responsibility for the "major danger" of an attack by a Great Power upon India, or upon the Empire through India. It was argued that this was the basis upon which establishments in India were maintained; and that if this division of responsibility were accepted, the corresponding apportionment of cost followed as a logical consequence. It was further argued that the attempt to weigh in the balance the value of the advantages derived, on one side or the other, from the defence of India by the Empire and the defence of the Empire by India, was a barren and impossible task. These were "imponderables," incapable of evaluation as a basis for monetary contribution.

20. A majority of us (Lord Dunedin, Lord Tomlin and the Chairman) accept the view placed before us by Counsel for the War Office of the general division of responsibility between India and the Empire on the basis of protection against the minor and the major danger. But none of us thinks that this disposes of the question of a contribution. Sir Shadi Lal and Sir Shah



Sulaiman, while not accepting the view of Counsel for the War Office, concur in this conclusion.

It is doubtless impossible to weigh imponderables, but we all think there are certain aspects in which the advantages derived by Great Britain from the Army in India are distinctly ponderable, though there may be difficulty in assessing them precisely in terms of money.

#### 21. *Contribution recommended.*

We think that the answer to the question, whether a contribution should be made from Imperial revenues towards military expenditure from Indian revenues, is:—Yes, but in respect of certain limited matters only. The precise extent of the limitations, as to which we are not unanimous, is dealt with in paragraphs 22 and 23.

#### 22. *Grounds for a Contribution.*

The majority of us think that the grounds in respect of which a contribution should be made are the following two only:—

- (1) That the Army in India is a force, ready in an emergency to take the field at once, which does not exist elsewhere in the Empire, which is specially available for immediate use in the East, and which has on occasion been so used.
- (2) That India is a training ground for active service such as does not exist elsewhere in the Empire.

Sir Shadi Lal and Sir Shah Sulaiman, while concurring in the two grounds stated above, think that certain further grounds should be added which in their opinion would very much broaden the basis of the contribution. (*See* their Notes Nos. 1 and 2 attached to this Report.)

#### 23. *Amount of Contribution.*

As to the amount of the contribution, we are unable to place it on an arithmetical basis. The India Office has tentatively suggested several alternative formulæ on which a contribution might be based, viz. :—

- (1) A fixed percentage of India's total expenditure on defence; say one-half, about £18,000,000 per annum (suggested by some members of a Sub-Committee of the First Indian Round Table Conference); or, alternatively, some lower percentage.
- (2) The extra cost of maintaining the British troops in India over the cost of maintaining a corresponding number of Indian troops; estimated at £10,000,000.
- (3) The existing defence expenditure of India relating to the cost of British troops—say £16,000,000; or, alternatively, a percentage of this.

- (4) The excess of India's defence expenditure over a certain percentage of India's assessable revenue.

None of these formulæ appears to the majority of us to have any satisfactory foundation in principle, or to afford any guidance as to the amount of the contribution. We can only suggest that the amount of the contribution should be fixed in relation to the grounds on which we have recommended that it should be paid. Sir Shadi Lal and Sir Shah Sulaiman consider that the contribution should have some relation to the cost of the British troops in India, and Sir Shah Sulaiman further thinks that another suitable basis of its assessment is by fixing a maximum percentage of the Central Revenue, for which there are historical precedents.

24. We now pass to the other Heads of the Terms of Reference, and we approach them directly on their own merits—that is to say, upon the assumption that no general contribution is due to India from Imperial revenues.

## HEAD I.

### Home Effective Charges (Military).

25. The Tribunal is required—

“ To consider and report whether there should continue to be contributions by India towards the recruiting and training expenses at home of the British Army in India ; and to report the basis on which the contributions, if continued, should be calculated.”

26. *The Capitation Rate.*

The Home Effective Charges are charges made against India by the War Office for the recruiting and training of officers and soldiers for India. The amount is calculated actuarially as follows: The broad basis underlying the calculation is that the normal number of the recruits and the men under training required to produce the whole of the establishment of a particular arm, are first (actuarially) calculated, and then their initial charges and the cost of training them are divided between the two Governments proportionately to the number of trained men with the Colours produced on the Indian and British Establishments respectively. The total charge so obtained is reduced to a capitation rate per head of the establishment. This capitation rate is calculated periodically, and the annual charge against India is arrived at by multiplying the current capitation rate by the strength of the British Army in India for the year.

### 27. Principles of Calculation in Dispute.

No question was raised before the Tribunal as to the general accuracy of the calculations as such, but in reference to the ascertainment of the amount of the charge three questions of principle were raised. The India Office contended :—

- (1) That in making up the items of the charge, the charge against India should be based, not on the proportion between the Indian and the British establishment, but on the "extra cost" involved to Great Britain in training the additional number of men required for India.
- (2) That the period of training charged for should be six months, instead of twelve months as claimed by the War Office: and that
- (3) The charge should be subject to a "rebate" proportionate to the term served by a soldier in the Reserve, after the termination of his Colour service.

Certain counter-claims were also made by India against the War Office.

### 28. Principle of "Extra Cost."

As regards the principle of "extra cost," we are all agreed that the principle should not be applied under this head. The British Army in India numbers about one-third of the British military forces. Those forces are maintained and organised for the common purposes of Great Britain and India; and we can see no reason why practically the whole of the "overhead" cost should fall upon Great Britain and India be given all the advantages of the British organisation for merely the "extra cost" entailed by the increased output. There would also be extreme difficulty in ascertaining the extra cost involved in training the one-third of the British establishment which is maintained in India. We think that the sound principle is to apportion the cost of the organisation proportionately to the respective establishments.

### 29. Period of Training.

The question of the period of training which should be charged for is a more difficult one. It has been the subject of findings by several Committees. The Seccombe Committee (1869-72) recommended six months in the case of infantry and eight to nine months for other arms. The Bouvérie Committee (1874-75) and the Northbrook Commission (1879-92) made substantially the same recommendations. The Welby Commission, in its Final Report in 1900, paragraph 270, did not suggest any alteration in this respect. Up to that time it does not seem that the War Office had suggested charging for a longer period. But since 1907 the Army Council have contended that twelve months is a reasonable period to take.

The view of the War Office is that, in view of modern requirements, it would impair the efficiency of the Army if recruits were sent to India with less than twelve months' training. On the other hand, the Indian Government is prepared to take recruits with six months' training provided they are not less than 20 years of age. We regard this as a military question on which we are not qualified to express an opinion. In fact, recruits are not sent to India with less than twelve months' training, and for administrative reasons connected with the organisation of drafts the average period is longer.

The substance of the Indian claim is that, after six months' training, the recruit, who is serving in the Home battalion, is a military asset to the Empire; and that as India is prepared to take him at that stage, she should not be charged with the cost of his further training.

A majority of us (Lord Dunedin, Lord Tomlin and the Chairman) think that both the India Office and the War Office put their case too high. India, in asking for a six months' recruit coupled with the requirement that he must be 20 years of age, is asking for something which the War Office, for reasons of military organisation, states that it cannot supply. She has consequently to take the twelve months' recruit that the War Office does supply. On the other hand, the contention of the War Office that the recruit from the sixth to the twelfth month is not a military asset cannot, we think, be sustained. We think that he has some military value, though not the whole value of a fully trained soldier. On the whole, we think that a fair settlement of the question would be made by charging for the training of the recruit for a period of nine months. This recommendation applies to all arms of the Service, except that in the case of boys and technical personnel who actually undergo training for more than nine months, the actual periods of training should be charged.

Sir Shadi Lal and Sir Shah Sulaiman do not concur in this paragraph. Their views are set out in Note No. 3 attached.

### 30. "*Rebate*" for Reserve Service.

The principle of the "*Rebate*" claimed by India is that, seeing that the recruit, after his preliminary training and his service with the Colours in India, serves in the Reserve at Home, the War Office ought to bear a share of the cost of training proportionate to the period of service with the Reserve at Home; and accordingly, that Reserve service as well as Colour service should be included in dividing the recruiting and training charges.

The War Office claims that, as India has an interest in the Reserve, from which she expects reinforcements in the event of Indian mobilisation, Reserve service should be left out of account, and the charges should be apportioned on the basis of Colour service alone.

We are all agreed that the denial of the "Rebate" would mean in effect an indirect contribution by India to the Reserves, and that therefore, in accordance with the principles which are hereinafter set out under Head III, the Indian claim for "Rebate" should be allowed.

31. *War Office Views as to Comparative Value of Reserve and Colour Service.*

It is contended by the War Office that, if the period of Reserve service were taken into account, it should not be taken as equivalent to Colour service, but should be reckoned at a discount of, say, one-half. The case for making this distinction, for the purpose of the allocation of the recruiting and training charges, between Colour and Reserve service, was presented from several angles :—

- (1) It was admitted that a rebate had hitherto been allowed ; but it was said that, historically, the rebate had never applied to the full Capitation Charges ; only to the direct maintenance costs of the recruit, not including the costs of depôts. Though no precise logical basis could be found for this line of division, it was in effect a discounting of the Reserve service.
- (2) The Bouverie Committee, in 1874-75, had recommended that Reserve service should count as one-half only.
- (3) The Romer Committee had, indeed, in 1907-08, accepted the principles that India should pay the cost of training, and should not pay part of the cost of the Reserve ; but Counsel for the War Office disputed the inference drawn by the India Office that this involved acceptance of the principle of rebate, submitting that the Committee had not arrived at the consideration of that question, which would have been under the head of the "adequacy" of the payments made.
- (4) The reservist was not, in an emergency, equal in value to a soldier with the Colours ; he had gone out of training, and lost part of his efficiency.
- (5) In peace, the serving soldier, at home and abroad, was a member of the Empire garrison, available to police the Empire, and preserve the peace. In India specially, this was an important part of a soldier's duty.
- (6) Men with the Colours, unlike reservists, were immediately available to be sent anywhere at a moment's notice.
- (7) The reservist did not, *de die in diem*, give such valuable service as the man with the Colours, and therefore had not the same value. In fact, he did nothing but await a call.

### 32. *Recommendation: Reserve Service to rank equal with Colour Service.*

We have given careful consideration to these arguments, but do not accept the conclusion attempted to be drawn from them. A comparison of the relative value of the serving soldier and the reservist, or of the service which they give *de die in diem*, does not appear to us to be relevant. The question at issue is: who shall pay the cost of the recruit's training? The answer, we think, is: the country in which he gives his service; and, if he serves in both, then both countries on a "time" basis. We think that the whole of his normal service—with the Colours and in the Reserve—should be counted for this purpose, seeing that the recruit's original training is just as necessary for his service with the Reserve as for his service with the Colours. Whether he is fighting in the field, drilling in barracks, or waiting in the Reserve, is immaterial for this purpose. During the whole time, he is a necessary unit in the organisation. His training has reference to the whole period and its cost, in our opinion, should be spread over the whole period, without regard to the kind of service he is giving during any particular part of the period. The only relevant factor is the time factor. We therefore recommend that Reserve service should, for the purpose of apportionment of the training charges, rank equal with Colour service.

### 33. *Section D of the Army Reserve.*

Counsel for the India Office carried their claim for a rebate further, by suggesting that extended service in Section D of the Reserve should also be taken into account. Such service is, however, the exception rather than the rule. We are all agreed that this service should not be taken into account.

### 34. *India's Counter-claims.*

In regard to the Home Effective Charges, the India Office made certain counter-claims in respect of—

- (a) Schools of training.
- (b) Army education.
- (c) Vocational training.
- (d) Boys.

As regards (a) and (d), we understand that there is no difference of principle between the India Office and the War Office, and that any necessary adjustments can be effected in the revision of the detailed calculations. As regards (b) and (c), we are all agreed that, these advantages being part of the inducements offered to recruits to enlist, their cost is properly chargeable against the Government employing the troops.

## HEAD III.

## Direct Contribution by India to the Reserves.

## 35. The Tribunal is required—

“ To examine the War Office claim that India should pay a direct contribution towards the cost of the Regular and Supplementary Reserves, and to report the basis on which any contribution approved should be assessed.”

36. The indirect contribution to Reserves claimed by the War Office on the principle of “ no rebate ” on the Capitation charges has been shortly dealt with under Head I ; but, though it involves a little repetition, it will help to a clear understanding of the position if the whole question of Reserves, including the “ rebate ” on the Capitation charges, is reviewed under this head.

37. *Army Reserves : Nature of Claims.*

Of the relevant facts as to the Reserves, and the claims of both parties as to the allocation of their cost, a short summary is here necessary in order to explain the conclusions at which the Tribunal has arrived.

The great bulk of the Reserves are maintained for the Expeditionary Force and other general requirements of mobilisation. But in the event of mobilisation in India, any requirements of the British Army in India during the first six months thereafter would also have to be met from the Reserves at Home after allowing for the drafts under training for India.

The War Office states that it is now maintaining a larger Reserve than is necessary for the purposes of the Expeditionary Force, and that it is doing so to meet the requirements of India, and it refers to the excess as Reserves “ specifically maintained for India.”

The India Office claims that no Reserves are specifically maintained for India ; that if such Reserves are being maintained it is not at India's request and should not be at India's cost, and that India has expressly stated that she does not wish Reserves to be maintained specifically for her.

Finally, India contends that, even if the Reserves are being maintained on a larger scale specifically on her account, there is no guarantee that she would get them when the emergency came for which they were wanted ; that they are primarily for Imperial defence, and that they should not be a charge on Indian revenues.

It is clear that no competent authority has yet decided that additional Reserves are to be maintained for India ; the dispute at present is one between the War Office and the India Office. The India Office, however, does not wish to prevent the Tribunal from expressing its views on the matter, on the hypothesis that a competent authority directs Reserves to be specifically maintained for India.

### 38. Details of Claim.

The claim of the War Office relates—

- (1) to the Reserves generally ;
- (2) to the Reserves specifically maintained for India.

The claim for a *direct* contribution to the pay of the Reservists generally is in addition to the indirect contribution claimed by the exclusion of Reserve service in calculating the British share of the training charges.

As regards Reserves specifically maintained, Counsel for the War Office claimed that the whole cost should be paid by India ; the training and recruiting charges (by disallowing the "rebate" in respect of Reserve service), and the reservist pay of 9*d.* per day.

The exact nature of the claims is illustrated as follows :—

Take five typical recruits, who go to India after 18 months' service. Their whole time of service after the completion of the period of training for which, in accordance with this Report, India should be charged, consists of 9 months with the Colours at Home, 5½ years in India, and 5 years in the Reserve. Assume that, as a result of actuarial calculation, one reservist in five is specifically maintained for India. Then, as regards the calculation of the Capitation charge :—

- (a) If, as claimed by the War Office, there is no "rebate" for Reserve service—i.e. if Colour service only is taken into account—the proportions of the cost of training charged to Great Britain and India will be as 9 months is to 5½ years.
- (b) If, as claimed by the India Office, there is a "rebate"—i.e. if Reserve service is deemed equivalent to Colour service—the proportions charged to Great Britain and India will be—
  - (1) for the four reservists notionally assigned to the Expeditionary Force, as 9 months *plus* 5 years is to 5½ years—i.e. approximately half-and-half ;
  - (2) for the one reservist notionally assigned to India, as 9 months is to 5½ years, *plus* 5 years—i.e. as ¾ is to 10½.

In addition, the War Office claims, for the one reservist, the whole of the direct charges—roughly 9*d.* per day pay ; and, for the four reservists, a contribution towards the direct charges, which Counsel suggested should be at the rate of about one-third of the cost of the general Reserves.

### 39. General Reserves : Recommendation.

As to the general Reserves, it is clear that they stand on the same footing as the Expeditionary Force, in connection with which they are maintained ; and Counsel for the War Office admitted



that, if the principle of division of liability contended for by him were accepted, and no contribution were allowed under Head II, he could not logically support a direct contribution under this head for the general Reserves. As, however, we have recommended a contribution, within certain limits, under Head II, we must deal with this claim.

We are all agreed that it should not be sustained. The majority of us have accepted the principle of the division of responsibility between Great Britain and India, on the basis of the major and the minor danger, and have also accepted generally the allocation of expenditure in accordance with the division of responsibility; though we have all advised that that did not preclude a contribution to India, on exceptional grounds, in respect of certain ponderable advantages derived by Great Britain.

In this converse claim for a contribution by India for the advantages reaped by her from the general Reserve, no such exceptional circumstances seem to us to exist. Whilst these Reserves do undoubtedly increase the protection of India as part of the Empire, we regard their maintenance as part of the Imperial obligation, and do not recommend that India be called upon to make any contribution towards them, direct or indirect.

#### *40. Reserves specifically maintained : Recommendation.*

As we have already pointed out, there has been no decision, by a competent authority, to maintain such Reserves for India. We note the invitation extended to us by the parties to advise on the hypothetical basis of such a decision being given. But India's chief argument on this point—in addition to the fact that she does not ask for these Reserves—is that she has no absolute guarantee that, in the emergency in which she might need them, she would get them; and furthermore that no such guarantee could be expected—because in face of the major danger the destination of the Reserves must be controlled by the Imperial authorities in the interests of the Empire as a whole.

The answer to the hypothetical question asked, therefore, might depend on the nature of the provision made and the extent of the assurance given by the Imperial authorities that India should have the first call on any Reserves specifically maintained for her. We do not think that the question has arisen in a form which enables us to make a definite recommendation. We can only advise that, at the present stage of the dispute, the claim, in the form in which it is presented, should not be allowed.

## HEAD IV.

**Sea Transport Contribution.**

41. The Tribunal is required—

“ To consider whether the Sea Transport Contribution paid by the War Office to India should be continued or modified after 31st March 1932.”

42. *Sea Transport Subsidy.*

The full cost of the transport of British troops to and from India has from early times been charged to India. The subsidy of £130,000 paid to India in respect of this service dates from a recommendation of the Welby Commission in 1900, and has since been paid by the War Office towards the cost of the transport of the British troops to and from India.

43. *Ground for original Grant.*

The ground upon which the recommendation proceeded may be shortly stated. Prior to 1870 recruits were enlisted in the Army for ten years' service with the Colours ; and, even after the expiry of that period, many of them could engage for further service with the Colours for eleven years in order to earn pension. In 1870 the War Office abandoned this system and substituted for it a system under which the recruits were enlisted for seven years' service with the Colours and five years with the Reserve. The new system which reduced the period of Colour service has been described as the “ short-service system,” in order to distinguish it from the system which it replaced and which is called the “ long-service system.”

44. One of the matters dealt with by the Welby Commission was the effect upon Indian finances of the introduction of the short-service system in 1870. The new method of recruitment reduced the period of active service in India, and it therefore became necessary, in order to maintain the prescribed strength of the British troops on the Indian Establishment, that a larger number of persons should be raised, trained and transported to India every year. This imposed on India an additional burden resulting from an increase, not only in the cost of raising and training men, but also in the cost of transport of a larger number of soldiers to and from India and in the voyage pay of the drafts. Moreover, a soldier on leaving the Colours received what was called “ deferred pay,” which was subsequently replaced by a gratuity on discharge, and an increase in emoluments during Colour service. On the other hand, as there was no pension payable to him after discharge, there was a saving on pensionary charges.

45. *Welby Commission Calculations.*

The Welby Commission, with actuarial assistance, calculated the actual increase of expenditure on the one hand and the prospective

saving of expenditure on the other hand under the short-service system as compared with the system which it superseded, and embodied the result in the following table :—

Increase of Expenditure		Saving of Expenditure.	
	£		£
Increase of pay, formerly deferred pay .. ..	210,000	Eventual saving on pension list .. ..	643,000
Increased charge of transport	73,000		
Increased charge of recruiting, over that of the 10-year system, say 150,000 or 200,000			
	<u>£433,000 or 483,000</u>	Total .. ..	<u>£643,000</u>

They estimated that the full saving of £643,000 would be substantially reached "about the year 1920, entirely in 1955."

#### 46. *Effect of Short-service System.*

It seems that the main difficulty, to meet which the change was introduced, was that the long-service system was not producing sufficient recruits to maintain the existing establishments. Accordingly, the short-service system was substituted, which was intended to have and, in fact, had the double effect of enabling the peace establishment in England to be reduced and of providing sufficient recruits to enable a Reserve to be created. The change, while it was expensive to India, was economical for the War Office. This appears from paragraph 103 of the War Office Memorandum, which runs as follows :—

" 103. The period of enlistment for short service with the Colours is fixed for each arm in relation to two factors which pull as a rule in opposite directions, viz., drafting and mobilisation.

" For drafting it is desirable that the period of service abroad should be as long as possible, in order to reduce the number of drafts required and lessen the cost of transport. This factor therefore works in the direction of prolonging the term of enlistment with the Colours, and rules out, for instance, a five-year term which for some arms might otherwise be advantageous.

" For mobilisation, on the other hand, it is generally desirable that the term of service should be no longer than is necessary to produce a fully trained soldier, so that the maximum numbers in the Reserve may be produced from the minimum peace establishment. This factor therefore tends to shorten the possible term of Colour service."

It is common ground that India would have preferred to retain the long term of service with the Colours, which reduced her

expenditure in various directions, and that the short-service system has imposed a greater burden on her finance.

#### 47. *Welby Commission's Recommendations.*

The Welby Commission, while declining to reduce the capitation rate, recommended a subsidy of £130,000 (half the cost of the transport) to be paid annually by the War Office to India in order to compensate her for the additional expenditure resulting from this short-service system. This recommendation, which is embodied in paragraph 335 of their Report, is in the following terms :—

“ We have, however, pointed out that short service will eventually relieve, not increase, the charge on the Indian taxpayer; but that result is not yet attained. In the meantime we recommend, as a measure justifiable in the circumstances, that half the cost of the transport of troops to and from India should be defrayed by the Imperial Government.”

In the summary of their Report they repeat the same recommendation in paragraph 363 :—

“ It is urged by India that the exigencies of recruiting at home put India to heavy expense in bringing out yearly a larger number of recruits than would be necessary if soldiers remained longer with the Colours than at home. We have shown, in our examination of the financial results of short service, that this contention is true, and, although we have shown that on the whole short service will eventually, taking all its conditions and consequences together, result in a saving, not an increase, of expense, yet that result is not attained as yet, and pending the revision of the Capitation Rate we think that the United Kingdom might undertake half the cost of the transport of troops to and from India.”

#### 48. *Lord Cave's Arbitration.*

The recommendation of the Welby Commission was accepted by the British Government, and the subsidy was paid by the War Office to India, apparently without demur, until 1926, when, in consequence of the decision requiring the British Government to pay a larger share of the cost of Aden, the War Office proposed that the contribution should be discontinued as from the 1st April 1927. This was resisted by the India Office, with the result that the dispute was referred to the arbitration of the Lord Chancellor, Lord Cave.

#### 49. *War Office Case before Lord Cave.*

The case stated by the War Office before the Arbitrator was as follows :—

“ (1) That the subsidy was recommended temporarily for a specific reason, namely, because the eventual relief to

the Indian taxpayer resulting from the smaller charge for pensions under the short-service system had not at the time been attained and would not be for some years.

" (2) That it follows that as the pension list in 1926 consisted, without question, predominantly of men enlisted under the short-service system, the subsidy under the terms on which it was granted ceases to be payable."

#### 50. *Lord Cave's Award.*

After considering the above contention of the War Office, and examining the statements and documents placed before him by the parties, the Arbitrator recorded the following decision :—

" I read the words ' in the meantime ' contained in paragraph 335 of the Welby Report as meaning ' until short service shall have reduced or not increased the charges on the Indian taxpayer ' ; and on a consideration of the figures submitted to me by the two Departments I am not satisfied that this result has yet been reached. The charges classed in the above table under the heading ' Increase of Expenditure ' have grown ; and, while the saving on the pensions list due to short service is considerable, it still falls short by about £160,000 of the amount estimated by the Commission. If so, it follows that the condition on which, according to my view of the meaning of the Welby Report, the subsidy was to cease, has not yet been fulfilled."

Lord Cave, however, added that though no case had been made out for the immediate discontinuance of the subsidy, the India Office admitted that " owing to improvements in pension rates and conditions introduced in and since 1919, the annual saving on pension rates may shortly be greatly increased " ; and he accordingly suggested that " this being so, the question of the continuance of the subsidy should be further considered in five years' time."

#### 51. *India Office Contention.*

The argument advanced before us on behalf of the India Office was that the subsidy was given until the savings in pensions due to the short-service system balanced the increase of training and transport charges due to that system. Until the War Office could prove that affirmatively, the subsidy should continue.

#### 52. *War Office Contention.*

The argument for the War Office was that originally (in 1900) the subsidy was intended to give only temporary relief pending the revision of the Capitation Rate (contemplated to take place periodically) ; and that Lord Cave's Award also contemplated the reconsideration in five years' time of the question of continuance of the

subsidy. The Welby Commission, it was contended, did not lay down, as a condition precedent to reconsideration, that the savings should be proved to balance the increase in cost. Comparison on the basis of extra charges and savings was challenged as being based on hypotheses which were fallacious in 1900 (30 years after the introduction of short service) and still more fallacious in 1932. One side of the equation was based on an estimate of what would be the cost to-day of a system abolished 60 years ago. It would be impossible to prove affirmatively that a balance had been reached; and a subsidy intended to be temporary would, on the India Office view, become permanent. Moreover, the whole assumption was unreal because a return to the long-service system was impossible; recruits would be unobtainable on those terms. India must accept facts as they were; and under present conditions there was no justification for continuance of the subsidy.

53. *Recommendation as to continuance.*

A majority of us (Sir Shadi Lal, Sir Shah Sulaiman and the Chairman) consider that a case has not been made out for the discontinuance of the subsidy. We think that the substantial ground on which the subsidy was given was the financial disadvantage accruing to India from the introduction of the short-service system; and that there is no reason to suppose that this disadvantage has disappeared.

It is true that the Welby Commission used words suggesting that the disadvantage might eventually—

- (1) be offset by compensatory savings; or
- (2) be allowed for in a revision of the Capitation Rates.

(1) *As to the offset*, Lord Cave in his Award found that this—the condition on which, in his interpretation of the Welby Report, the subsidy was to cease—had not yet been fulfilled. The War Office challenges his figures, and indeed suggests that the calculations of the Welby Commission were, and any calculations on the subject must be, based on speculative hypotheses. This may be so; and we think that further calculations of this kind would not have been of much assistance to the Tribunal. But it is admitted that the change to the short-service system did materially increase the charges against India, and we are unable to find, in a careful and comprehensive survey of the whole position, any substantial affirmative ground for the discontinuance of the subsidy.

(2) *As to the revision of the Capitation Rate*, we do not think that it was intended either by the Welby Commission or by Lord Cave that the mere fact of the revision of the Capitation Rate should automatically bring about the revision of this subsidy. They seem rather to have meant that if, in the revision of the Capitation Rate, allowance were to be made in respect of the matters on which the

subsidy was based, the subsidy would need reconsideration. It does not appear that any such condition has happened.

Stress was laid by the War Office on the fact that Lord Cave's Award contemplated reconsideration of the subsidy after five years. But the special reason given by Lord Cave for that suggestion was an admission by the India Office that, owing to recent improvements in pension rates and conditions, "the annual saving on pension rates may shortly be greatly increased." It is a fair inference that if that special reason had not existed, the suggestion would not have been made, and we do not think that the Award can be dismissed as having expired by effluxion of time.

We accept the statement that a return to the long-service system is impracticable. If we were now considering the grant of a new subsidy, not the continuance of an existing one, that fact might have considerable weight. But in view of the origin and history of this subsidy, its continuance for more than 30 years, its comparatively recent endorsement by an arbitral award, the great increase in training and transport charges, and the absence of any convincing proof that the relevant circumstances have changed, we recommend the continuance of the subsidy.

Lord Dunedin and Lord Tomlin do not concur in this recommendation; see their Reservation attached to the Report.

## HEAD V.

### Air Ministry Claims.

#### 54. The Tribunal is required—

"To examine and report *mutatis mutandis* on such of the questions raised in the preceding paragraphs as are relevant to the contribution at present paid from Indian revenues in respect of Royal Air Force personnel in India."

55. It was admitted by Counsel for both Departments that the principles applicable to the Military Forces would apply to the Air Force, except where some special circumstances, applicable to the Air Force alone, justified a departure from or an exception to those principles, or made their application unfair.

#### 56. *Separate Contribution to India.*

No argument was addressed to the Tribunal in support of a general contribution to India, such as that claimed under Head II in relation to the Military Forces. Indeed, Head V does not seem to contemplate such a claim, restricted as it is to matters relevant to the contribution by India; and, in any case, the main grounds on which we have recommended a contribution in the case of the Military Forces have not the same weight in regard to the Air Force.

57. *India's Claims.*

There were four principal claims made by India in respect to the Air Force :—

- (1) That the charge against India should be restricted to the "extra cost" incurred by the Air Ministry in training personnel for India.
- (2) That the cost charged against India for the supply of trained personnel should not be increased by reason of measures necessitated by purely Imperial requirements. (Instances given were the short-service officer and the airman pilot.)
- (3) That India should not be charged, in the Capitation Rate, for any longer period than is actually undergone by men in training, and should receive some allowance for partly trained recruits.
- (4) That rebate should be allowed in respect of service rendered in the Royal Air Force Reserve by officers and men transferred to it from service in India.

58. *"Extra Cost" Principle.*

As regards the principle of "extra cost," the main additional argument, differentiating the case of the Air Force from that of the Military Forces, was the smaller fraction of the Force serving in India. Approximately only one-tenth of the Air Force is serving in India, as against approximately one-third in the case of the Army.

As against this it was argued for the Air Ministry that, the Air Force being a recently created arm, the construction, staffing and equipping of its training establishments was designed to meet general Imperial requirements, including those of India.

The figures relating to the present establishment are given as follows :—The Regular Air Force consists of 75½ squadrons, of which 29 are the regular part of the Home Defence Force, 8 are in India, and 38½ are available for Imperial purposes generally.

It was further argued for the Air Ministry that the Air Force is not only a very economical, but a very mobile one, available at very short notice in any part of the Empire ; and also that India derived great benefit from the expensive research departments maintained in Britain. It was therefore urged that the principle of extra cost was specially inapplicable to the case.

59. A majority of us (Lord Dunedin, Lord Tomlin and the Chairman) concur in the view that there is nothing in the circumstances of the Air Force that renders the principle of extra cost any more applicable than in the case of the Military Forces ; and, indeed, that the case of the Air Ministry is even stronger in this respect than the case of the War Office.

Sir Shadi Lal and Sir Shah Sulaiman do not concur and consider that, inasmuch as the cost of recruiting and training 10 per cent.



extra airmen cannot involve a 10 per cent. increase in the total cost of the British educational and training institutions, the principle of extra cost should be applied.

60. *Measures necessitated by Imperial Requirements.*

It was urged for the India Office that the short-service system with reference to officers and airmen pilots was dictated by Imperial requirements, and that a system of longer service would be more advantageous to India.

Against this, the Air Ministry replied that the short-service system was a necessary condition of efficiency. The disproportionate number of pilots required in the service made it necessary, in order that the career should be attractive enough to obtain recruits, that pilots should be passed rapidly into the reserve; and the fact that flying was a young man's job strengthened the case for this policy.

Sir Shadi Lal and Sir Shah Sulaiman consider that, as India has no large hostile air force to guard against and her needs are limited, she should not be made to bear any additional costs incurred by Imperial requirements. But we are all agreed that no case has been made out for an allowance under this head.

61. *Period of Training.*

Counsel for the Air Ministry conceded the principle that India should not be charged in respect of training for any longer period than is actually undergone by the men under training. In particular, it was conceded that in the case of unskilled airmen the four months' training actually received should be all that would be charged for. On this question, therefore, no report is necessary.

No case was established before us that partially trained recruits have any military value to the Air Force, and we therefore make no recommendation on the subject.

62. *Reserves.*

The Air Force Reserve presents certain features which differentiate it from the Army Reserve. Its most important part consists of trained pilots. These come from three sources:—

- (1) Pilots engaged as reserve pilots direct from civil life, without having passed through the Royal Air Force.
- (2) Officers who, when they joined the Royal Air Force, agreed to serve in the Reserve on completion of their service with the Colours.
- (3) Airmen pilots, who, according to the requirements for the time being, are given the chance after the completion of their Colour service of engaging in the Reserve.

The numbers of the Reserve are not fixed on the basis of a Reserve adequate to meet wastage in the case of a major war; but they are fixed with reference to the probable needs of the

Empire as a whole. There is no special provision earmarked for India ; but the Reserve is a pool available alike for Home Defence and for all Imperial purposes.

We see nothing in these facts, or in any facts which have been brought before the Tribunal, to make inapplicable to the Air Force the recommendations that we have made in this connection in respect of the Army.

63. *Recommendations regarding Reserves and Reserve Service.*

We therefore recommend that, for the purposes of calculating the Air Force Home Effective Charges, Reserve service should be taken into account as equivalent to Colour service and a rebate allowed as in the case of the Military Forces, and that no direct contribution should be made by India towards the cost of the Air Force Reserve.

64. We desire to express our appreciation of the valuable services rendered to the Tribunal by the Joint Secretaries, F. E. Grist, Esq., of the India Office, and G. D. Roseway, Esq., of the War Office.

R. R. GARRAN.

\*DUNEDIN.

†SHADI LAL.

‡SHAH MUHAMMAD SULAIMAN.

\*TOMLIN.

F. E. GRIST

G. D. ROSEWAY

} *Joint Secretaries.*

17th January 1933.

## NOTE No. 1.

**Brief Summary of Sir Shadi Lal's Note on a Contribution from Imperial Revenues.**

The Tribunal, while precluded from calling in question the scale on which the defence forces in India are maintained with reference to the duties allotted to them, are competent to consider whether some of the duties allotted to, or performed by, the military forces in India are the concern, not of India, but of the Imperial Government; and whether the Army in India serves, *inter alia*, purposes which are either wholly Imperial or partly Imperial and partly Indian. It is mainly, though not exclusively, with reference to these Imperial duties and purposes that India's claim to a contribution from the Imperial exchequer is to be determined.

It is true that India's military expenditure imposes a heavy burden upon her resources and prevents her from providing money for extending education and promoting other "nation-building" activities. It appears that the ratio of the military expenditure of India to her public revenue is higher than that in any other part of the Empire or in any foreign country. The statistics supplied to us also show that in respect of certain Colonies, where British troops are stationed, the Imperial Government have adopted the rule that the cost to be levied from them should not exceed one-fifth of the total assessable revenue of the Colony concerned.

These and other matters of a like nature do not, however, logically lead to the conclusion that the British Government are liable to make a contribution to India. They are considerations of high policy which come within the cognizance of the executive authorities, but cannot sustain the decision of a Tribunal, which, though not exactly judicial in character, is nevertheless guided by judicial and logical principles. Confining myself to strictly logical considerations, I hold that India has made out a strong case for a contribution from the Imperial Revenues. The troops maintained by India, apart from the service rendered by them to that country, are of considerable value to Great Britain and the British Empire on the following grounds :—

- (1) They constitute a reserve of experienced officers and men who are located at one of the most important centres of the Imperial interests and are available to the British Government for Imperial purposes. They are not a force having merely a moral effect, as the Expeditionary Force in Great Britain has been so far in relation to India, but a well-equipped and experienced Army which is ready to take action at once, and can be quickly despatched to a theatre of war to serve an Imperial interest. Since 1856-57, the British and Indian troops maintained by India have been employed by the Imperial

Government on no fewer than fourteen campaigns outside the boundaries of India. It is significant that there has not been a single occasion, since the assumption by the Crown of the direct charge of the administration of India, when their services were requisitioned by the Imperial Government but were not placed at the disposal of that Government. India has been treated, to use the language of the late Lord Salisbury, as "an English barrack in the Oriental seas." The usefulness of the troops in India to the Imperial Government has been enhanced by the fact that the centre of Imperial interests has, since the Great War, shifted to the East where an Army consisting of seasoned men having experience of Eastern conditions and located at a comparatively short distance from the possible scenes of operations is of incalculable advantage to the Empire. Without it, the Imperial Government would have to strengthen the British garrison in the East or to maintain a reserve for Imperial purposes. In either case, the Imperial Government would have to incur considerable expense which is now saved by reason of the troops in India being available for an emergency.

- (2) Service in India affords the British troops valuable opportunities of active service in frontier wars. The experience thus gained in India tends to increase the general efficiency of the British Army and to enhance its value for purposes of war. The War Office, while admitting the benefit derived by the British Army from "the experience of the comparatively large British element in the Army in India" seeks to set off against it the benefit conferred upon the Indian Army "by the admixture of British troops and by the service at home and in the Colonies of the remainder of the British Army from which India's British troops are drawn." But this latter benefit is of a comparatively trifling value.
- (3) The Army in India is maintained and employed for hostilities on its frontiers. As admitted by responsible British politicians, these hostilities are sometimes dictated by Imperial interest and should, at least partially, be treated as an Imperial purpose. It is hardly fair that India alone should shoulder the whole burden of the frontier wars and that the Imperial exchequer should not bear its share in the cost of the Army required for such hostilities.
- (4) The possibilities of a war with a great Power cannot be excluded from consideration in determining the strength, organisation and equipment of the Army in India,

though it is admitted that such a war would be predominantly, if not wholly, an Imperial concern.

- (5) The British troops in India protect and promote, *inter alia*, British commercial and financial interests. They also maintain British supremacy in India, which is a British interest of the first magnitude.
- (6) The Frontiers of India are, as admitted by the War Office, not only frontiers of India, but also Imperial frontiers of the first importance; and their protection is an Imperial, no less than an Indian, interest.

These factors establish a strong case for the grant of a contribution, though they are not susceptible of exact mathematical evaluation. There are, however, cogent reasons for relating the subsidy to the cost of the British troops on the Indian Establishment. This cost, imposing as it does a very heavy burden of nearly sixteen million pounds per annum on India, would furnish ample justification for the payment of a substantial amount. The logical method of assessing the contribution would be that, as British troops are kept in India, partly at any rate, for Imperial purposes, the contribution should be related to their cost.

When India acquires complete control over her military affairs and the Indian Ministry responsible to the Indian Legislature is invested with authority to determine the strength and the composition of the Army needed for her defence, the question of the continuance or discontinuance of the contribution from Imperial revenues may require reconsideration.

#### NOTE No. 2.

##### **Brief Summary of Sir Shah Muhammad Sulaiman's Note on a Contribution from Imperial Revenues.**

The economic and financial conditions of India, the heavy burden of her military expenditure particularly in comparison with other parts of the Empire and even foreign powers, some Imperial purposes served by the Army in India, the Imperial dangers that it averts and the assistance that it affords to the Empire as a Reserve, are relevant and important when examining India's claim for a contribution. The claim is based on the following principal grounds :—

- (1) Great Britain has great political and financial interests in India;
- (2) there is an Imperial aspect of the defence of India's frontier which is of vital importance to the Empire;
- (3) the defence of India is of great importance in the general scheme of Imperial defence;

- (4) the Army in India is a asset in the Military strength of the Empire and has been used as a Reserve on numerous occasions in the past ;
- (5) the Imperial Government exercise a powerful influence on questions of military policy and organisation in India ;
- (6) more favourable treatment in the matter of defence expenditure is accorded to other parts of the Empire than to India ;
- (7) the Indian revenues expended on defence bear a very high proportion to the total revenues and to funds available for social services.

As regards (1), while no doubt India has derived very great benefits from its connection with England, on the other hand India opens a vast field for British enterprise and enriches the Mother Country by her trade. India pays no tribute to England, but large sums derived from Indian revenues are expended in England for interest on public debt and the pensions of retired public servants and soldiers, and in purchasing stores, armaments, railway materials, etc. There are thus mutual advantages in the connection between Britain and India.

As regards (2), from the physical or geographical point of view India is not specially vulnerable, although admittedly she has hostile tribesmen as her neighbours. These, however, are not a serious menace. In any case, the Frontier of India is a frontier of the Empire. It is one of the points where the British Empire may be open to attack by a great military power, and the mere fact that India happens to lie in this part of the Empire is no reason for making her bear the whole cost of the defence of this entrance to the Empire.

As regards (3), India's large and ready army is a source of great strength to the Empire and its location helps to promote British interests throughout the East. With a frequent chance of active service in minor frontier affairs, India furnishes a unique military training ground for the British Army, and as with the shifting of the focus of the world unrest, the centre of Imperial strategy has moved eastward, the potential value of the army in India has enormously increased.

As regards (4), it is clear that when conditions in India are normal, troops can be spared for operations outside India without serious risk and the Indian Army therefore serves as a great reserve of forces for the Empire ; in fact troops from India have taken part in practically every campaign in which British troops have been engaged since the Mutiny, and no request for the loan of troops has ever been refused by India. Thus the Indian Army may be regarded as available for averting to some extent the major as well as the minor, or purely local, danger, and provides a force which can be promptly dispatched to any quarter in which military assistance may be required in an emergency.

As regards (5), as the British troops in India are closely linked with units on the British Establishment and form an integral part of the British Army, their organisation, training, equipment and rates of pay are dependent on War Office standards. Although the Indian Army is maintained primarily for the needs of India, there can be no doubt that in the event of an Imperial emergency His Majesty's Government, after considering the advice of the Committee for Imperial Defence, would have the final word in the disposal of these forces.

As regards (6), as compared with the strength and cost of the Defence Forces maintained by the various component parts of the British Empire India bears a disproportionate part of the burden of the cost of Imperial defence.

In certain colonies it has been decided that no more than a fixed percentage of revenue should be recovered in respect of the cost of the defence forces provided by His Majesty's Government. India's contribution to the cost of the British Navy is fair when compared with the amounts borne by the Dominions and Colonies.

As regards (7) military expenditure in India and India's internal and external debt have grown considerably. There is a great disproportion between the revenues devoted to military expenditure and those available for social services and the burden of military expenditure is unbearably heavy on a comparatively poor and backward country like India with the result that her beneficial services are being starved on account of it.

It would not be suitable to equate the contribution with the whole cost of the British troops in India. It might be related in some way to the cost of the British troops or alternatively the total military expenditure might be limited to a certain fixed proportion of the public revenue. Either a fixed share of the costs of the British troops in India or the excess over a fixed maximum percentage of Indian revenues would be a fair and suitable way of fixing the contribution and would furnish the required basis of assessment, but the fixing of the exact amount or share or percentage is a matter of high policy.

#### NOTE No. 3.

**Note by Sir Shadi Lal and Sir Shah Muhammad Sulaiman, on the Period of Training.**

1. The period for which training charges should be levied has for many years been the subject of dispute between the War Office and the Government of India. The War Office claim that the requisite period of training in the case of an infantry soldier is one year, and that accordingly India should pay for that period; while the Government of India have consistently urged that the only period.

for which the War Office are entitled to demand training charges is that during which the soldier receives preliminary or recruit training. As early as 1873 the Government of India, in paragraph 30 of their Despatch dated 15th May, recommended "that the charge for the cost of training the infantry recruit should be limited to three months during which he remains at the depôt." This training now occupies a period of about 18 weeks, but the Government of India have expressed their willingness to pay for a period of six months. The dispute, therefore, resolves itself into the issue whether the period of training for which payment has to be made by India should be held to be six months or twelve months.

2. Now, this very issue has been considered by no fewer than five Committees or Commissions, and the verdict has been either expressly or impliedly in favour of the shorter period. As long ago as 1861 the Tulloch Committee fixed the first capitation rate, and the period of training adopted for the purposes of calculation was only four-and-a-half months for infantry. In 1872 the Seccombe Committee held India liable to pay charges for six months, which was the period required for training an infantry recruit sent out with a unit to India. Practically the same conclusion was reached by the Bouverie Committee (1874-75), who recommended that the Indian Government should pay training charges for six months for a soldier going out to India whether with a unit or a draft.

The question was examined again by Lord Northbrook's Commission (1879-92), who made elaborate calculations of the cost to be borne by India, and adopted six months as the period for which training charges should be levied. The Welby Commission (1896-1900), in their exhaustive examination of the question of the capitation rate, calculated the training charges on the basis of six months' training, although they were cognisant of the view of the War Office that a recruit should be regarded as being under training for 18 months.

There was another Committee appointed in 1907 with Mr. Justice Romer as its Chairman, and the question of the adequacy or otherwise of the capitation rate, which involved the issue as to the period of training, was one of the points referred to it. The Committee merely endorsed the general principle that India should continue to pay the cost of raising, training, equipping, and transporting the annual drafts and reliefs, but in view of the compromise arrived at between the Secretary of State for India and the Secretary of State for War, they did not deal with the question of the period of training. There is nothing to show that the compromise accepted the contention that the period of training should be raised for the purpose of determining the liability of India.

3. Not only was the principle of six months' training enunciated and endorsed by so many Committees and Commissions, but it



was also accepted by the War Office for many years, during which they themselves calculated the capitation charge on the basis of a training period of six months for infantry. The War Office, no doubt, drew the attention of the Welby Commission to the fact that it took from one year to 18 months to train a soldier, but the Commission proceeded on the basis that India should be charged for only six months' training. The claim for a year's training was placed also before the Romer Committee but, as stated above, there was no occasion for expressing an opinion on it.

4. The result is that the principle of the shorter period of training has held the field, and there has been no decision so far to the contrary. The question arises whether any strong grounds have been shown such as would justify us in disturbing the practice which has prevailed for several decades. It is true that a recruit, after completing his training at a *depôt*, joins a battalion in England and does not in practice go out to India with the drafts until he has completed one year or sometimes even a longer period after the date of his enlistment. This is the practice which is followed by the War Office except in the case of soldiers who go out with units or who may have to be sent out with an expeditionary force. It has been contended that, owing to the complexity of modern warfare, a recruit cannot be considered to be a completely trained soldier unless he has been trained for a total period of twelve months. This is, no doubt, a matter for determination by military experts, but we find a great divergence of opinion among them. While the experts of the War Office support the contention of their Department, there are several high military authorities, including Lord Kitchener, Sir Beauchamp Duff, Lord Rawlinson and Sir Philip Chetwode, who hold that a period of six months' training is adequate in the case of men required for India. Indeed, Lord Rawlinson pressed in 1924 that all that India should be liable to pay for was the *depôt* training, which in the case of infantry was 20 weeks (since altered to 18 weeks). These eminent soldiers, who have served in India, have all known the conditions of military service in that country, and their opinion on this subject is entitled to very great weight.

5. Moreover, the Government of India have declared in emphatic terms that, even if it takes longer than six months to complete the training of a soldier, they are prepared, nay, would prefer, to take recruits with only six months' training, and complete their training in India in accordance with Indian requirements. There is no valid answer to this declaration, for it cannot be denied that the Government of India are in the best position to determine a matter relating to the military needs of India. As admitted by the War Office in paragraph 69 of their Memorandum, the Army Council "do not and cannot constitutionally compel the Army in India to adopt any particular standard of organisation or equipment.

As in the case of the size of the Army in India, so in the case of its composition and character, the Army Council realise that the Government of India alone is competent to judge, from the point of view of external defence and internal order, whether any particular change should be adopted." Again, in paragraph 70 they repeat that "in any case the governing factor as regards British troops in India is, as already stated, the needs of India as determined by the Government of that country." Even as regards the training of recruits for India, it is recognised by the War Office (paragraph 18 of their Memorandum) that they act as the agent of the Government of India. Surely an agent has no right to dictate to his principal that he should have, not the article which suits him, but something else which is much more expensive and which benefits the agent at the expense of the principal.

It is clear, therefore, that the War Office have no right to extend the period of training beyond six months when the Government of India, in view of the needs of that country, want soldiers who have received training only for that period.

6. We now come to the practical difficulties which, according to the War Office, prevent them from supplying India with the article she needs. It appears that the Government of India consider that soldiers of mature age should come to India and have accordingly decided that they should not arrive in India until they have attained the age of 20 years. It is, however, pointed out by the War Office that the majority of the recruits, when enlisted, are of ages varying from  $18\frac{1}{2}$  to  $19\frac{1}{2}$  years, and after completing their initial training they have to wait before they attain the age of 20, and it is, therefore, not possible for them to comply with both the demands at the same time. It is, however, admitted by Counsel for the War Office that about 36 per cent. of the recruits enlisted each year have attained the age of  $19\frac{1}{2}$  years at the time of their enlistment, and that only about one-third of the total number of recruits are sent out to India every year. In these circumstances, the War Office, inspired as they must be by goodwill towards, and a desire to help, India, should not find it very difficult to supply the major portion of her requirements out of the men who, on completing their training for six months, are not under 20 years of age.

7. Another practical difficulty, upon which much emphasis has been laid, is that, as the drafts go out to India in convenient batches and only during the trooping season, namely, from September to March, it is not possible to send out a soldier as soon as he has completed his first six months' service. The recruit must join a battalion on the completion of the preliminary training, and there would, therefore, be, in the case of most men, an interval of some months between the time of joining a battalion and that of his departure for India. We are told that the waiting period after

the expiry of the first six months' service would amount on the average to at least four months; and it has been argued by the War Office that even if six months were adopted as the period of training, India would still be liable to pay the cost of this period of four months. Assuming that it is impracticable to send the soldier to India immediately on completion of six months' service, the fact remains that during the waiting period he is a military asset to England.

After the expiry of the eighteen weeks of depôt training, a recruit forthwith joins a Home battalion, forms a part of it, is borne on the Home Establishment, and the cost of his pay and maintenance is voted by Parliament. After completing his six months from the time of his enlistment, he is, in fact, available to the War Office for use in all possible contingencies in which the services of a soldier can be required :—

- (a) In peace time he is available for all civil disturbances and riots as well as for other internal duties, like every other soldier in the battalion.
- (b) When his unit goes abroad, he goes with it, and is not detained because he has not had a full year's training. There is in this respect no distinction between him and the other soldiers of the unit.
- (c) On mobilisation, he forms part of the Expeditionary Force just as any other soldier, because it is admitted that "all fit men in the Home battalion with over six months' service and aged 19 years and upwards are now regarded as available" for it. He can, therefore, be utilised in actual warfare.

Thus the Army Council can use him on every conceivable occasion. Indeed, he is not earmarked for India until shortly before he is actually sent out. The claim of the War Office, if allowed, would mean that India would pay for the period during which he is serving as a soldier in the British Army in England.

It is not the case that the strength of a Home battalion is increased above establishment because of the Indian drafts. On the contrary, it is maintained at such a low strength that without the Indian drafts it would hardly be a battalion at all. The Indian drafts, while they are in a British battalion, help to some extent to make good its deficiency of strength.

This aspect of the matter is placed beyond doubt by the following statement contained in the General Annual Report of the British Army for 1922. "One of the main features of the scheme for the reorganisation of depôts is that the recruits should arrive at depôts in batches instead of in dribbles. The advantage to be gained is that the recruits will now arrive at their battalions in batches completely trained in every respect to take their places in the ranks."

8. These facts, which cannot be seriously disputed, make it clear that a soldier, during the period of his service in the Home battalion after completing the depôt training, renders absolutely no service to India, nor is he then earmarked for India. On the contrary, he is an effective soldier who, as explained above, is available to the War Office for all purposes both in peace and war. The position of the two countries in respect of such soldiers is stated in his memorandum by General Sir Beauchamp Duff, who was a member of the Romer Committee, and subsequently Commander-in-Chief in India :—

“ The second stage of a soldier's career (i.e. after the recruit training) is of no advantage to India but of material benefit to England. . . . The case for India is as follows. Soldiers are of actual value only in time of war or disturbance ; at other times their cost is merely an insurance which is paid in order that they may be available in time of need. It is, therefore, by what would take place on the outbreak of war, and according to which country would then lay claim to their services, that the benefit of their existence must be judged, and the incidence of their cost must be decided. Now Mr. Haldane, in his speech of 8th March 1906, told us quite clearly what he contemplated. He said that in the case of war ‘ the reserves are called out to fill up the Home battalions and the drafts to India would be stopped, and thus we should have an effective fighting force.’ It is, therefore, perfectly clear that from the time they become efficient soldiers to the time they embark for India these men are reckoned as available in time of war as part of the striking force of the Empire and not as being earmarked for India. Their cost during this period is, therefore, an Imperial and not an Indian charge, and this has hitherto been recognised and admitted by the grant of a rebate in respect of men retained in England after the conclusion of the training period.”

Again, he states :—

“ England deliberately reckons that she will be able to retain these men and use them for her own purpose. She organises her striking force on this basis and maintains so many thousand trained men less in time of peace in consequence.”

9. In these circumstances it is inequitable that India should be compelled to pay for any period in excess of six months during which England gets the benefit of the soldier's services. It must be remembered that while the depôt training lasts only for 18 weeks, the Government of India have already agreed to pay for 26 weeks (six months). The extra eight weeks agreed to are a sufficient concession made by India to allow for any additional battalion, musketry or gunnery training that may now be considered necessary. If the Army Council retain the recruit as part

of the Home battalion and receive from him the services of a soldier, they should be prepared to pay for the period during which the soldier in fact serves them.

10. It has been neither urged in the case submitted in writing to the Tribunal, nor suggested in the arguments advanced on behalf of the War Office, that if the claim for twelve months' period fails, some intermediate period should be fixed. There is no material before us on which India's liability for nine months can be founded.

No doubt the recruit improves after the expiry of his first six months, but he goes on improving during the next five years that he spends in India with the Colours. There is accordingly no justification for extending the liability of India beyond six months on account of any improvement that may take place during the time a soldier serves thereafter in a British battalion at Home.

In our opinion the War Office have not made out a case which would warrant a reversal of the previous decisions on the subject and render it necessary to upset the practice which has prevailed for nearly half a century.

11. The above discussion relates to soldiers in the infantry, but the principles governing it apply *mutatis mutandis* to soldiers of other arms.

In the case of arms other than infantry, the periods are already longer.

The Tulloch Committee (1861), while fixing 4½ months for infantry, had fixed 6 months for cavalry; which periods were raised by the Bouverie Committee to 6 months and 9 months respectively. These periods were accepted by the Northbrook Commission and the Welby Commission.

The Government of India are prepared to pay for :—

6 months for infantry,  
9 months in the case of other arms, and  
12 months for signals.

In our opinion these periods are adequate.

SHADI LAL.

SHAH MUHAMMAD SULAIMAN.

11th January 1933.

**Reservation by Lord Dunedin and Lord Tomlin on Head IV of the Terms of Reference, the Sea Transport Contribution.**

The payment of the subsidy dates from the Welby Commission. That Commission dealt, as the terms of reference indicate, with the administration and management of the military and civil expenditure incurred under the authority of the Secretary of State for India in Council, or of the Government of India, and of the apportionment of charge between the Governments of the United Kingdom and of India for purposes in which both are interested. One of the matters brought before the Commission by the Government of India was that the introduction of short service had increased the cost of transport of troops to India, as it obviously had, by making that transport more frequent. Under the heading "Liberal Treatment" the Welby Commission recommended a subsidy of £130,000 being calculated as half the cost of transport, to be paid in the meantime, while at the same time pointing out that eventually short service would result in a saving in the number of pensions, and subsequently in the summary of their Report they stated that that saving was not as yet realised and that, "pending a revision of the capitation rate, we think that the United Kingdom might undertake half the cost of the transport of troops to and from India." Next came the Romer Committee, and they had to answer two questions :—

- (1) Whether India should pay the cost incurred in this country of raising, training and equipping the annual drafts and reliefs sent to India.
- (2) Whether India should, under existing circumstances, contribute to the cost of the Home Army Reserve.

These two questions they answered categorically, "Yes" to the first and "No" to the second. Upon that the two Secretaries of State for War and India, Mr. Haldane and Mr. Morley, came to a compromise of all claims by agreeing that the existing capitation rate should remain as it was, but India should pay an additional £300,000 a year, "all other payments by the India Office to the War Office or the War Office to the India Office remaining as now, including the arrangements as to transport."

Lastly, an arbitration was held in 1927 before Lord Cave, the question being whether the payment of £130,000 should be discontinued or continued and increased.

Now Lord Cave, as his Award shows, clearly recognised what we think ourselves, namely, that the cessation of the original payment authorised by the Welby Commission was subject to two riders :—

- (1) If the savings expected in pensions were realised, and
- (2) If a general review of the capitation rate were set on foot.

There was no question raised before him as to a general review of the capitation rate. That being so, Rider 2 did not apply, and as to Rider 1, he held that it had not so far been true that the saving had been effected, and he therefore continued the payment for five years, after which he said the question could again be reopened.

Now in this state of matters we find it impossible to hold, there being admittedly in this very enquiry a general review of the capitation rate, that the question is not open on its merits. We think it is impossible to hold the payment as a *res judicata*. If it is open we are not at all insensible to the fact that in one sense the short-service system bears harder on India than on the United Kingdom, because it has as one of its concomitants an increased cost of transport to India, a charge which falls on India and not on the United Kingdom. But all that is, to our minds, put out of consideration by the undoubted fact that without the short-service system the recruits simply could not be got. We therefore, though reluctantly, for we realise the feeling of hardship, are driven to the conclusion that there is no ground for the subsidy continuing, transport being just as much a necessity before the soldier takes his place in India as is his training.

16th January 1933.

DUNEDIN.  
TOMLIN.

# Some Facts and Figures about Indian Defence

1935-36

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## INTRODUCTION.

There is probably no branch of the Government's expenditure in India against which the politically minded taxpayer is more ready to prefer a charge of extravagance than what is popularly known as the Army Budget. A closer acquaintance with the details of that expenditure generally compels the admission that the funds provided for a particular object are well and carefully spent. But it is only the few who gain an insight into the details; the majority regard—and, perhaps, even prefer to regard—the Army Budget as a closed book; and the general impression is thus retained that the total bill is so large that some of the items in it must be capable of reduction. Above all, there is the feeling, which has been expressed in the most authoritative quarters, that, however well the money may be spent, it is more than India can afford. A large reduction of expenditure is therefore held to be essential and—the wish being the father of the thought—the next step is to argue that India, with her natural mountain barriers and with no covetous naval power in the offing, is comparatively safe from attack and that, therefore, her defence expenditure is not only more than she can afford, but more than she requires.

2. Many stock arguments are used, and used almost threadbare, to support these views. The Army in India, it is said, is maintained for Imperial purposes, and the British soldier costs five times as much as the Indian. (This is not true: the pay and allowances of the British private come to about three times as much as those of the Indian sepoy, but a British battalion, although its strength is greater, costs only a little over  $2\frac{1}{2}$  times as much as an Indian battalion.) A wealth of varying statistics is quoted—and they cannot all be correct—to prove that the ratio of military to civil expenditure is higher in India than in any country in the world. Further, one is told that the expenditure is non-productive; that its magnitude involves the starvation of the 'nation-building' services; and that much of it finds its way out of the country and therefore represents a perpetual drain on the national resources. Finally it is urged that prices have dropped to pre-war levels and so there is no reason why there should not be a return to the pre-war military budget of about Rs. 29 crores, as against the present budget of something under Rs. 45 crores.

3. These, perhaps, are the criticisms most frequently heard. On the other hand, there are probably many, and it may even be some among the critics themselves, who in their heart of hearts would be sorry to see any reduction in the strength of the armed forces in India, who reflect that the peace which India has enjoyed for so long and which has led to a great increase in her prosperity has been due largely to the Army; that without the security which the armed forces have given her even such expansion of 'nation-building' services as has been achieved would have been impossible; that the "building" process which is leading to India's evolution as a nation owes more to the Army than to any other section of the population; and that, generally, the insurance, though high, has not been excessive.

Apart from the fact that it is for the insurer and not for the insured to fix the premium, the rate of insurance is obviously not a matter on which opinions should be expressed without some knowledge of the facts.

4. In the articles that follow an attempt will accordingly be made to put the case for the Army as fairly as possible; to answer some of the main criticisms in the light of hard facts; and to give information on various aspects of the problem, which may provide food for thought both to the supporters and the critics of the Army.

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## I. THE SCOPE OF THE DEFENCE BUDGET.

When comparisons are made between the level of military expenditure in India and in other countries, it is often overlooked that the Army Budget, or, as it is now more properly called, the Defence Budget, covers the cost of India's defence, not only by land, but also by sea and air. The official view still regards the present budget of Rs. 44·91 crores as an emergency budget, which reflects the present economic depression and cannot be maintained indefinitely, if, as everyone hopes, a recovery takes place involving a rise in prices. Taking the present figure, however, as it stands, it will be of interest to analyse it and see how much the taxpayer really has to pay for the current defence of his country.

2. Fifty-seven and a half lakhs of rupees are provided in the current year's budget for the Royal Indian Navy; but this sum includes Rs. 9 lakhs for non-effective charges and covers the contribution of £100,000 (or about Rs. 13 lakhs) which India makes towards the protection afforded by His Majesty's Navy. £100,000 is about one five hundredth part of the total cost of that Navy. Can any critic contend that the burden of India's naval expenditure is excessive or contemplate with equanimity the withdrawal of the protection that she now enjoys at so trifling a cost?

3. Then there is the Air Force, the present effective and non-effective cost of which comes to Rs. 1·94 crores. There is a school of thought which considers that this expenditure might be greatly increased and that a more than equivalent reduction could then be made in the cost of the Army. This is not the context in which to enter into the merits of this controversy. For the present purpose it will be sufficient to postulate that an expenditure of anything under two crores on the air arm cannot be called excessive. Two crores would be about one twelfth of the corresponding budget figure in England last year (£17½ millions) and there are other nations that spend considerably more on their air arm. The combined cost of these two items—sea and air defence—comes to Rs. 2·52 crores. Taking the total net revenues of India to be in the neighbourhood of Rs. 175 crores, the proportion works out to under 1½ per cent.

4. Deducting Rs. 2·52 crores from our figure of Rs. 44·91 crores we are left with well under Rs. 43 crores for the Army; but this does not complete the picture. Of this Rs. 43 crores nearly Rs. 8 crores represent the cost of pensions, including Great War Pensions, and other non-effective charges—an item which is incapable of reduction without a breach of faith which would be universally condemned—and this leaves Rs. 35 crores for what may be called current effective military expenditure. Even from this figure certain deductions can justly be made, if it is desired to ascertain the true cost of the Army. Substantial sums, for instance, amounting to nearly a crore of rupees return direct to the exchequer in the form of customs duty (Rs. 10 lakhs), income-tax (Rs. 70 lakhs) and other taxes (Rs. 15 lakhs). Further there are the following items, which.

though payments for goods supplied or for services rendered, appear as receipts under other heads of the Government of India's budget:—

	Rs.
Railway Transport charges . . . . .	1·00 crores.
Posts and Telegraphs . . . . .	·15
Printing and Stationery . . . . .	·13
<b>Total</b>	<b>1·28 crores.</b>

In addition there is the cost of the Territorial Force (Rs. 22 lakhs) and the cost of certain schools (Rs. 11 lakhs), including the Prince of Wales's College at Dehra Dun, which, however valuable they may be from the political point of view, contribute little or nothing towards the actual defence of India.

If all these charges are deducted, it comes to this—that the present real cost of the Army does not much exceed Rs. 32 crores. Even if another Rs. 2 crores were added to cover the cost of a return to more normal conditions, including a rise in prices, the figure would be Rs. 34 crores, or about 19 per cent. of the net revenues of the country. The full Rs. 45 crores are about 26 per cent. of those revenues. The present cost of the Army in England is about Rs. 53 crores, but this figure excludes the cost of War Pensions, which are included in the Indian budget and which in England account for the enormous sum of about £45 millions a year.

5. There are, however, those who contend—not presumably from any desire to raise the cost of defence, but possibly in order to enlarge the target of their attack—that there are at present items outside the Defence Budget which should really find a place inside it. It may be suggested that some of the expenditure on the Ecclesiastical Department might be more legitimately debitable to the Defence Budget on the ground that it supplies the Army with chaplains. The cost on this account might be about Rs. 20 lakhs.

Then there is the cost of the various irregular forces on the Frontier, which is now debited to the budget of the Foreign and Political Department, and the cost of what are known as 'strategic railways'. The former item may be put at rather under Rs. 1½ crores and the latter at about Rs. 2 crores.

6. It cannot, of course, be denied that some of the irregular forces maintained for the Watch and Ward of the Frontier are semi-military formations. On the other hand, the organisation as a whole, like the organisation of any local Government, provides nothing more nor less than the machinery which the political authorities consider necessary for the civil administration of the tribal area; and the transfer of its cost to the Defence Budget would involve a similar transference of control from the civil to the military authorities and a radical alteration in the present policy of Frontier administration. Whether changes of this kind would be either wise or popular it is not the object of this article to discuss. Suffice it to say that it would certainly be neither legitimate nor desirable to switch the whole of the Rs. 1½ crores mentioned above over to the Defence Budget as a mere accounting change, and that the only real justification

for any departure from the present system would be if it could be demonstrated that the alteration would lead to an actual reduction of expenditure without loss of efficiency.

7. The loss on the so-called strategic railways amounts to about Rs. 2 crores. Here again further reflection must show how irrational it would be to debit this sum to the Defence Estimates.

In the first place there are many thousands of miles of railway in India which serve a strategic as well as a public purpose. In fact the main lines from the great ports of India to the north are of infinitely greater importance to the Army than some of the trans-Indus lines on which a loss is incurred. Why should the category of 'strategic' lines be confined to the latter alone?

In the second place, if the cost of these particular lines were to be charged to the Defence Estimates, there can be no doubt that the services required for purely military purposes would be far less than those now provided for the public. Trains would be run perhaps once a week where they are now run every day and working expenses would be reduced to a minimum.

Finally, it cannot be too strongly emphasised that in no other country in the world is the cost of railways (except of course for purely military sidings and so on) debited to the Defence Estimates; and it is universally recognised that the provision of the communications required for the defence of a country is a normal function of the State.

The truth is that the cost of the defence of a country can never be measured exactly by the size of its defence estimates, and there is no reason, why, in India alone, an attempt should be made to do so.

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## II. THE FUNCTIONS OF THE DEFENCE FORCES.

In the previous article an attempt was made to show that the actual current cost of the defence of India was not so high as might be supposed from a casual perusal of the total figures in the Defence Estimates. It is now necessary to give some account of the tasks that the armed forces are called upon to perform in order to preserve the peace and security of the country. We may then go on to examine the strength, structure and organisation of these forces; and so, eventually, be in a better position to judge, firstly, whether the forces in themselves are excessive and, secondly, whether their cost is capable of reduction.

2. To deal first of all with the sea, it is, of course, a fact that the duties of an Indian naval force in peace are neither spectacular nor even, perhaps, of great immediate practical value to the State. Assistance from the sea was, it is true, employed with great effect at a critical moment in the Mappilla Rebellion of 1921; but occasions for naval intervention of this kind are mercifully rare; and the main function of the Royal Indian Navy, as indeed of any naval force in the world, during peace time, is to be ready for war. On the other hand the enormous coast line of India would be peculiarly vulnerable in war, if any naval power were to succeed in establishing a base in Indian waters; and the exploits of the *Emden* in 1914 are sufficient to show what tremendous moral, not to mention material, damage can be inflicted even by isolated raiders. Many thousands of people fled from Madras within a few days of the *Emden's* visit.

The task of India's naval forces in peace is to prepare and guard against these dangers as far as possible, by training personnel for sea warfare and by organising and perfecting the defence of India's coasts and harbours and the protection of trade in Indian waters in time of war. In addition the Royal Indian Navy undertakes much useful marine survey work and also performs certain transport duties in peace.

It is only necessary to add that the Royal Indian Navy is at present equipped for these duties, though it could certainly not carry out all of them unaided and that the change of designation from 'Royal Indian Marine' to 'Royal Indian Navy', which took place last year, has entailed no alteration in the functions of the force or its ability to discharge them. Nor has the change involved any increase in its strength or cost. It is merely a change of status which has added greatly to the prestige of the force and, it is hoped, provided a much needed stimulus towards Indian interest in naval matters.

3. Turning now to the Army, which, for the purposes of this article, may be taken also to include the Air Force, one cannot do better, in searching for a clear definition of its functions, than go back to the series of well-known resolutions which were passed by the Legislative Assembly in 1921.

The Legislative Assembly at that time, while repudiating what they took to be the Imperialistic ideas underlying the Report of the Esher Committee, recommended that the purpose of the Army in India must be held to be "the defence of India against external aggression and the maintenance of internal peace and tranquillity". That definition holds as good today as it did 14 years ago; and the easiest way of understanding its implications is to examine the three well-known categories into

which the armed forces are divided for the purpose of carrying out the duties assigned to them. These are—

- (1) Internal Security troops;
- (2) Covering troops; and
- (3) The Field Army.

The classification itself is designed primarily for war conditions. Indeed, every single unit of the Army has a specific function assigned to it in war. Taking the total fighting strength of the Army as 179,000 and the total strength of the Air Force as 2,100, the numbers assigned to Internal Security duties and Lines of Communication in war are roughly 70,000, the Covering Troops account for about 42,000 and the strength of the Field Army is about 69,000. In peace, the Field Army is also available for Internal Security duties, but the minimum requirements for that purpose must be calculated on the assumed absence of the Field Army from its peace stations.

4. The duties of Internal Security troops are well known and need little description. They are probably the most unpopular that fall to the lot of the soldier, but they are necessary in every country in the world and in India, perhaps, more than most. Religious and communal differences unfortunately cannot be ignored, any more than the existence of the Terrorist movement; and there are sections of the population whose liability to sudden, and sometimes fanatical, outbursts is only too well-known. In addition, there are treaties with Indian States, which involve an obligation that cannot be disregarded to maintain troops in certain areas; and, indeed, in the last resort, the armed forces must be responsible for the preservation of peace and tranquillity in all parts of India, including the States.

Above all, the guarding of the lines of communication within India itself, from the great seaports to the most probable theatres of war, presents a problem which is probably without parallel in any other part of the world. In what other country is it necessary for the State to guarantee the protection of some four to five thousand miles of internal railway lines? And yet, will any critic contend that the risks of sabotage and tampering with railway communications by ill-disposed persons is so remote, in the event either of internal disturbances or of war on the frontier, as to make it unnecessary to employ a large number of troops for this purpose alone?

5. There are those who hold that, under a new dispensation, and with the growth of nationalism and the spread of education, the dangers of internal disorder will greatly diminish. One can only hope devoutly that this may be the case. We must, however, take matters as they stand today. Ask any District Magistrate, British or Indian, ask any Home Member of a local Government, whether he would contemplate with equanimity the withdrawal of troops from the area for whose peace he is responsible. The answer will be the same and it will be an answer that would also be given by the great majority of merchants and land-holders in India.

It is only necessary to give a few facts and figures. The Mappilla rebellion of 1921 involved the employment of 6,000 troops. It took fourteen months and 11,000 troops to suppress the recent Burma rebellion.



Over 47,000 troops were used in the operations of 1930-31 against the Red Shirts and Khajuri Plain Afridis. The Terrorist movement in Bengal has made it necessary to transfer two brigades to that part of India and it is hard to say how long they will have to stay there. In addition, troops stood by or were engaged in the prevention or suppression of internal disorders on 118 occasions in 1930-31, 103 occasions in 1931-32, 39 occasions in 1932-33, and 25 occasions in 1933-34. What would happen if disturbances of this kind were to break out simultaneously in different parts of India, or if such troubles were to arise at a time when the Field Army was engaged on the Frontier? The former contingency may be unlikely, but it is not impossible. The latter is certainly less unlikely at the moment than it was in 1914. It may be urged that the means of communication and rapid transport have improved so greatly in recent years that some reduction should be possible in the forces allotted for Internal Security. That argument, however, cuts both ways. If it is easier today to move troops quickly from one place to another, it is also easier for those who desire to foment trouble to widen the scope of their operations by the same means. News spreads quickly; it is no longer possible for a disturbance to arise and be suppressed without everyone knowing about it; and the danger that the trouble may spread is one that must always be faced. Bearing in mind that every unit in the Army is allotted specific duties to perform both in peace and war, it is no exaggeration to say that, when emergencies arise and troops have to be moved from one place to another, prolonged and anxious study of the map is necessary before deciding where they are to come from. It would, indeed, be an amazing contention that 70,000 men represent an excessive force to interpose between government and anarchy, scattered as they are throughout a country of such enormous distances and with so vast and varied a population as India.

6. We may now turn to the Covering Troops, whose duties both in peace and war may be summed up in the expression "the control of the frontier tribes". Between what is known as the administrative border and the true frontier of North West India—the Durand Line—there lies a belt of tribal territory, roughly one thousand miles in length and inhabited by a population who, from time immemorial have pursued "the good old rule, the simple plan, that those should take who have the power, and those should keep who can". Every grown man is a potential warrior; their combined fighting strength may be put at nearly half a million; and they possess between them at least 250,000 rifles, most of which are modern weapons of precision. The man behind the gun is probably as good a marksman as is to be found in any part of the world; and the character of the country is such as to lend itself admirably to the guerilla warfare in which its inhabitants excel. The arid and rocky nature of the soil precludes the possibility of earning a livelihood from the pursuits of peace; and for centuries these men have looked upon their more wealthy, but less virile, neighbours in the plains of India as their legitimate prey. The picture of an impregnable mountain barrier with one or two well-marked passes that can easily be defended by a handful of men is, unfortunately, entirely untrue. There are at least seven well-known routes, following, as a rule, the course of the larger river valleys, by which the plains of India are accessible to large bodies of men from across the administrative border; and there are innumerable mountain tracks, which, though impassable by organised military formations, are open to small and swiftly-moving bands of raiders.

7. Against a menace of this character and extent is constantly opposed a force of about 42,000 regular troops. In addition there are the irregular formations—the various bodies of lightly-equipped and mobile Scouts and Levies—to whom a reference has already been made. The strength of these latter forces may be put at about 15,000 men; but, valuable as their work undoubtedly is, their training and organisation impose obvious limitations on their utility; and it is on the regular armed forces that the ultimate responsibility for the peace of the Frontier must lie. That the menace is not an unreal one is proved by the fact that in the last 70 years there have been no less than 26 major campaigns on the Frontier, not to mention innumerable raids and small punitive expeditions.

It is interesting to note in this context that the average cost of operations on the Frontier under the close-border policy from 1895 to 1919 was in the neighbourhood of Rs. 50 lakhs a year. The 3rd Afghan war and the occupation of Waziristan from 1919 to 1924 cost nearly Rs. 11 crores a year. Since 1924, under the present policy of civilization and the quartering of troops in tribal areas, combined with the existence of the air arm, the expenditure on operations up to April 1934 had fallen to Rs. 12½ lakhs a year.

8. Finally, there is the Field Army—the small mobile force of about 69,000 fighting men which stands between India and the danger of external aggression. Complete freedom of expression is difficult where foreign relations are concerned; and it would obviously be impossible to describe with any precision the duties allotted to this small force in time of war. There are, however, one or two points on which the critic ought to be clear and with regard to which doubts and misconceptions should be removed.

9. In the first place, the possibility that, in certain circumstances, the Field Army may be called upon to play an aggressive part is in no way inconsistent with the principle that the Army in India is maintained for defensive, and not for offensive, purposes. The last thing that the Government of India or His Majesty's Government wish to do is to provoke hostilities against any nation in the world. It is a truism, however, that offence is often the best defence; and the position of India would, indeed, be precarious, if she were to deny herself the right to take offensive action of any kind against an aggressor, to whatever extent such action might have to be limited.

10. In the second place, it is a plain fact that the focus of world unrest has shifted eastwards, and ever further eastwards, since the Great War and that the Army in India at present occupies the front line of resistance to any threat to the Empire as a whole. Beyond the North-West Frontier of India lies the quarter from which, throughout the ages, as noted by the Simon Commission, the danger to India's territorial integrity has come. The political aims of Russia in the Continent of Asia have never been made a secret and it is an indisputable fact, proved by recent experience, that to the other natural problems of the Frontier has now been added the danger of Communist propaganda. The menace of Czarist Imperialism may have disappeared, but its place has been taken by a more insidious and, perhaps, an even graver peril.

11. Finally, it must not be supposed for a moment that India's Field Army is maintained at a strength sufficient, or anything like sufficient, to

referred to, if it ever materialises, will be a threat against the British Empire as a whole; and the rôle of India's Field Army will be to hold the fort and to take such offensive-defensive action as may be possible pending the arrival of reinforcements from England. India's partnership in the Empire entitles her to full support in a major danger of this kind, quite apart from the fact that, owing to her geographical position and the state of world politics, her territories may happen to have to bear the brunt of the attack. An even more important consideration is whether India would be exposed to the same dangers if she were not part of the Empire. There are those, no doubt, who profess to believe that India, as an independent and peace-loving nation, concerned only with her own internal development and maintaining no army to speak of, would not be subjected to the covetous gaze of any outside power, European or Asiatic. It is, of course, always possible that the millenium may arrive, but history does not support a belief of this kind.

12. These then, very briefly, are the sort of considerations that the Government of India have to bear in mind in deciding the price to charge for their insurance policy. It would be easy to paint a more lurid picture. The dangers resulting from the civil disobedience campaign and from communal disturbances might be stressed. The difficulties of the Frontier problem might be developed into an essay by itself. A special feature might be made of the entirely new danger of anti-Government propaganda spread among the frontier tribes by the internal opponents of the Government. One could point to the fact that, even now, Peshawar and Rawal-Pindi are within bombing range of the river Oxus. There is no need, however, to rattle the sabre, and rouse unnecessary fears. The case is strong enough as it stands, if only the critic would not shut his eyes to obvious dangers and would consent, before condemning military expenditure in India, to form some clear conception in his own mind of the risks involved and of the manner in which and the extent to which he himself would guard against them, if the responsibility for the safety of the country were to rest, as it may one day, upon his own shoulders.

There is no point in proclaiming that this nation or that is not in any way animated by warlike motives, when the hard fact is that it has doubled its army or trebled its military expenditure; and it is even more futile to argue that it is wrong for India to spend so many millions on defence because Canada or Australia, for instance, spend only a fraction of that amount. The problems with which India is faced are without parallel in any other part of the Empire; and the argument is on a par with the assertion that it should be unnecessary to wear warm clothes in the Arctic Circle because people on the Equator are able to do without them.

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### III.—THE STRUCTURE AND STRENGTH OF THE DEFENCE FORCES IN INDIA.

Having now obtained some idea of the tasks to be performed, the next step is to examine the structure and strength of the forces placed at the disposal of H. E. the Commander-in-Chief to enable him to perform them. These forces are—

- (1) The Army in India, consisting partly of the Indian Army and, partly, of units of all arms of the British Army serving in India.
  - (2) The Royal Air Force in India—a purely British Service—to which recently has been added the beginnings of a purely Indian Air Force.
  - (3) The Royal Indian Navy, which is a purely Indian Service.
- All defence forces are divided into two main classes—
- (a) Fighting Services, and
  - (b) Administrative and Ancillary Services, which supply the needs of the Fighting Services and enable them to fight.

In the present article we are concerned mainly with the Fighting Services. The Administrative and Ancillary Services will form the subject of a subsequent article, but it may be mentioned here that, with a few exceptions, they are all Indian Army organisations, serving the needs of the British and Indian Army fighting units alike, and also to a considerable extent those of the Royal Air Force and the Royal Indian Navy.

2. Until quite recently the fighting units of the Indian Army were confined, speaking generally, to the Infantry and Cavalry arms. This has now been altered. The Indian Army of the future will comprise all arms, including Engineers and Artillery, but the opportunity may here be taken to correct a prevalent misconception. The new policy does not, and cannot, involve the "Indianisation" of particular units of the British Army. It is as impossible to "Indianise" a Battery of Royal Field Artillery—which is a unit of the British Army—as it would be to "Indianise" a battalion of the King's Own Scottish Borderers or the York and Lancaster Regiment. An entirely new Regiment of Indian Artillery has had to be formed, which will gradually replace certain Batteries of Royal Artillery, but will not form part of that Regiment. So also with other branches and arms of the Service, including Administrative Services such as the Royal Army Veterinary Corps.

It need only be added that the Auxiliary and Territorial Forces and the Indian States Forces do not form part of the regular Army in India, although the cost of the former forces is met from the Defence Estimates, and certain supplies of equipment are made free to selected units of the Indian States Forces.

3. To start with the naval forces as usual, the position is that before the war, the Royal Indian Marine, the predecessor of the Royal Indian Navy, maintained a fleet of 12 vessels, of which five were employed as station and lighting ships or for other purposes at Aden, on the Burma coast, in the Persian Gulf and the Andaman Islands; two were used for marine survey and five were transports or used for transport work.

None of these ships was armed, nor were the personnel trained in combatant duties. The total cost was about Rs. 67 lakhs. Some of the ships and many of the officers and men took an active part in the war; but they did so as individuals and not as a combined Indian Force.

The reorganisation that took place after the war contemplated a combatant force consisting of one depot ship, four sloops, two patrol vessels and four small trawlers, besides the two survey ships. The cost was estimated at Rs. 63 lakhs, and at that time it was hoped that it would be possible to lease the R. I. M. Dockyard in Bombay. The Dockyard has been retained and the Royal Indian Navy at present consists of one depot ship, five sloops, one patrol vessel and one survey ship. The second survey ship and the four trawlers have been scrapped owing to retrenchment; and the total cost for 1935-36 stands at Rs. 57½ lakhs. There is no likelihood of there being any material change in the present policy as a result of the recent conversion of the force into a Navy. On the other hand, there has been a great increase in efficiency. One new sloop, "Hindustan", had to be built in 1927 to make up the numbers required on reorganisation; and another, "Indus", has just been completed to replace one of the old patrol craft, which is no longer serviceable. These two new sloops are of the most modern type and cost about Rs. 22 lakhs each. Both they and the older vessels are armed with 2 (or in one case 3) 4-inch guns and 4 three-pounder guns. The sloops themselves are small vessels of about 1,300 tons with a speed of about 15 knots, while the patrol craft is under 700 tons with a speed of about 20 knots. It will be many years, probably, before India can afford to possess a single cruiser or light cruiser. A 7,000 ton cruiser costs over Rs. 2 crores to build. The two newest battleships in the Royal Navy cost about Rs. 10 crores each. When these gigantic figures are considered and when, further, it is remembered that a single battleship like 'Nelson' costs about as much to maintain per year as the whole R. I. N. and carries a complement which exceeds the total strength of the Indian force, it will be realised that India's naval development is still very much in its infancy. H. M.'s Indian ships, however, possess the honour of flying the White Ensign, like the Royal Navy and the Dominion Navies; and the whole force—consisting of about 100 officers and 1,200 ratings—is animated with a spirit of the greatest keenness. The personnel, except for the officers, are Indian almost to a man. The officer ranks are being steadily Indianised at the rate of one Indian to every two British officers.

4. Before the war there was no Air Force in India. In the post-war reorganisation, six squadrons of the Royal Air Force were allocated to India and this number was increased in 1928 to eight *plus* one bomber transport flight of two aircraft. A squadron contains twelve machines, so that the total fighting strength (apart from reserves) comes to 98 aeroplanes. The personnel required to 'fight' these machines may be put at about 164 officers and 980 other ranks. Four of the eight squadrons are Army Co-operation squadrons, that is to say, they carry out reconnaissance and photography for the Army and, in particular, discover hostile batteries and targets and direct artillery fire against them. The remaining four squadrons are Bombers, that is to say they are employed to drop bombs on selected objectives. They may also be used for long distance reconnaissance and photography and sometimes, for dropping supplies. The first flight of the first squadron of the Indian Air Force has now been inaugurated, but the Force is still too young to be counted among the effective units at the disposal of the Government of India.

It need only be added that the whole of the eight squadrons of the R. A. F. are allotted to the Field Army; but that does not prevent their use, both in peace and also, possibly, in war, for the control of the tribal area in conjunction with the Covering Troops.

5. So far as the Army in India is concerned, the general position can best be appreciated by a glance at the following tabular statement:—

UNITS.	1914.	1934.
Cavalry Regiments . . . . .	48	26
Infantry Battalions . . . . .	171	143 (active.)
Artillery Batteries (Horse, Field, Light, Mountain, Medium, Heavy and Anti-aircraft)	102	78½
Engineer Companies or Troops . . . . .	23	29
Signal Units . . . . .	5	13
Pioneer Battalions . . . . .	12	N¼
Armoured Car and Light Tank Companies . . . . .	N¼	8
<b>TOTAL FIGHTING STRENGTH</b>	<b>2 38,000</b>	<b>1,76,000</b>

*Note.*—The 78½ Artillery Batteries do not include the 4 Batteries of the Indian Regiment of Artillery which are now under formation.

6. A study of the above figures reveals two important facts. In the first place, the proportions between the different arms are not those required by the Divisional organisation used in war, but are adjusted according to the actual necessities of the case. The War Division contains its complement of Field and Light Artillery, Field Companies of Engineers and Companies of Armoured Cars, not to mention Ammunition Columns and Signal Units. It requires, in fact, as many batteries of Artillery as it does battalions of Infantry. But the Artillery and Engineers in the Army in India, speaking generally, are only sufficient to meet the needs of the four Divisions and four Cavalry Brigades of the Field Army and to leave a small surplus over for the Covering Troops, which are not organised on a Divisional basis. Artillery and Engineers are not required to the same extent for the Lines of Communication or for Internal Security. Hence the large preponderance of Cavalry and Infantry units. This fact should be remembered by those who contend that the Army in India is organised and maintained largely for Imperial purposes, i.e., to take the field with a British Army in war. The plain fact is that about half the Army in India would be incapable of taking the field in the war formations required for any campaign of modern dimensions.

7. In the second place, the majority of those who complain that the cost of the Army has been so greatly increased since 1914 may be under the impression—and perhaps not unnaturally—that there must have been a great increase in the strength of the Army since that date. To such persons it may come as an unpleasant shock to realise that the fighting strength of the Army in India is now some 59,000 men less than it was before the war. The reasons for this will be explained in their proper place. It is of course obvious that the decrease in the number of men

must have been partially balanced by the great accession to fighting strength and fire power caused by the addition of the air arm and the appearance of other modern inventions, such as armoured cars, light tanks, and improved automatics. On the other hand, it has often been said that the appearance of India's Army in France in the earliest stages of the war was sufficient, and only just sufficient, to save the Allies from speedy defeat; and, without entering deeply into the question whether it was for their own country or some other that those gallant men gave their lives, it is worth reflecting for a moment what the fate of India would have been if the numbers then available had not been forthcoming. Thoughts of what might have happened in the past may lead on to fears of what may happen in the future if the strength of the Army in India is still further reduced.

8. The published Defence Estimates now contain details of the cost of the various types of fighting units in the Army and Air Force, that is to say the cost of the pay and allowances of the officers and men together with the normal proportionate cost in peace of their upkeep, food, clothing, equipment, housing and transport. Thus the present cost of a British Cavalry Regiment is just over Rs. 15½ lakhs a year, while that of an Indian Cavalry Regiment is rather over Rs. 7 lakhs; a British Infantry Battalion costs about Rs. 16½ lakhs, and an Indian Infantry Battalion about Rs. 6½ lakhs; a Battery of Artillery costs anything from Rs. 4½ lakhs for a Field Battery down to about Rs. 2.25 lakhs for a Mountain Battery; a Field Company of Engineers costs Rs. 2½ lakhs; an Armoured Car Company Rs. 7 lakhs; an Army Co-operation Squadron of the R. A. F. Rs. 15 lakhs and a Bombing Squadron Rs. 11½ lakhs.

Taking these figures and those given in para. 4 and in the tabular statement in para. 5, and by working out a series of simple multiplication and addition sums, a somewhat remarkable result is produced. It will probably come as a surprise not only to the layman, but also to the soldier himself, to find that the cost of the fighting portion of the Army in India comes to something under Rs. 22 crores, that is to say less than half the total Defence Budget. If it is asked where the rest of the money goes, the answer is that more than one-third of the remainder is spent on pensions, while the balance of under Rs. 15 crores is devoted to (a) the Administrative Services and (b) various other services, including Manufacturing Establishments, Staffs, the Military Engineer Service, the Auxiliary and Territorial Forces and the Royal Indian Navy. A defence of most of this latter expenditure will follow in the next article. For the moment the important point is this. If it is desired to effect any large reduction in the cost of the Army in India, the brunt of the reduction must inevitably fall upon the fighting units. Supposing that the amount of the reduction aimed at were put at Rs. 15 crores—and even that would not bring the budget down to the pre-war figure—it would be quite impossible to divide the cut equally between the fighting units and the other services referred to above. You may aim at a ratio of approximately 2 to 1 between Fighting troops and Administrative Services—and you will probably not be far wrong—but this again does not mean that, if you are out to make a total reduction of Rs. 15 crores, you can take Rs. 5 crores from the Administrative and other Services referred to above. About Rs. 11 crores would have to be taken from the Fighting Services. In other

words, unless a disproportionate number of British units were disbanded, the numerical fighting strength of the Army in India would have to be about halved; and even if disproportionate reductions were effected in the British Army, the result would work out something as follows:—

	1934.	In future
Cavalry Regiments . . . . .	26 minus 9 (3 Br. and 6 Ind.)=17	
Infantry Battalions . . . . .	143 minus 61 (30 Br. and 31 Ind.)=82	
Artillery Batteries . . . . .	78½ minus 37	=41½
Engineer Companies . . . . .	29 minus 7	=22
Armoured Car Coys. . . . .	8 minus 6	=2
R. A. F. Squadrons . . . . .	8 minus 4	=4

This would leave the Covering Troops as they are at present, but would involve the reduction of the Field Army by half and would give only four Indian Cavalry Regiments, four British Infantry Battalions and twelve Indian Infantry Battalions to the whole of India for Internal Security and Lines of Communication. Comment, one hopes, is needless.

It will, of course, be retorted that there must be many other ways of reducing the cost of the defence of India without going in for such heroic measures as these. The other ways that the critic has in mind will be reached and discussed in due course— including the substitution of Indian for British troops. For the moment it is sufficient to have given some idea of what fighting troops there are and what they cost.



#### IV.—THE ADMINISTRATIVE AND ANCILLARY SERVICES.

In the last article an attempt was made to give a general idea of the structure and strength of the fighting portion of the armed forces in India and to indicate what an enormous reduction would be involved by a jump back to pre-war figures of cost. The imaginary critic was, perhaps, left with the feeling that the figures quoted to show the effect of a Rs. 15 crore cut prejudged the whole issue by assuming that no reduction was possible in the cost of the units themselves. He was only too ready, no doubt, to suggest other expedients by which similar results might be achieved without getting rid of 61 battalions of Infantry and a proportionate number of other units. Before going on to examine these other expedients, it is necessary to be clear about the Administrative and Ancillary Services to which a passing reference was made in the previous article.

2. The bald facts are that, while the cost of the fighting services has increased between 1914 and 1934 by less than 50 per cent. and the cost of Stores by under 20 per cent., the cost of the Administrative and Ancillary Services has more than doubled; and while the strength of the Fighting Services has actually decreased during the same period, the strength of the other Services has risen from about 58,000 officers and men to nearly 70,000. The percentage of other Services to Fighting Services in 1914 was about 19 per cent. In 1934-35 it was about 28 per cent. Moreover, the proportion of officers to men is about 1 to 59 in the Fighting Services, while it is more like 1 to 26 in the Administrative and Ancillary Services; and the pay of these latter Services, generally speaking, is higher than that of the former, although their duties are probably less arduous and certainly less dangerous in war.

3. These facts demand an explanation. In the first place, there are the Administrative Services properly so-called—the Educational Establishments, the Supply and Transport Services, Remounts, Veterinary, the Medical Services, the Military Accounts Department and the Arsenal, and Depots included under the head of Ordnance. The cost of all these and certain other minor and miscellaneous Services amounted to under Rs. 3 crores in 1914. In 1931-32 they cost nearly Rs. 7 crores and the cost today is about Rs. 6½ crores.

In the second place, there are the Manufacturing Establishments—the Ordnance and Clothing Factories, the Medical Store Depots, the Grass and Dairy Farms, and the Butcheries and Bakeries of the Indian Army Service Corps. In 1914 these accounted for under Rs. 1½ crores. In 1931-32 their net cost was nearly Rs. 2½ crores and the present net expenditure on them is about Rs. 1½ crores.

Thirdly, there are the Administrative Staffs, the cost of which has risen from under a crore of rupees before the war to Rs. 2 crores in 1931-32 and only slightly less than that figure in the present budget.

Finally, there are the Military Engineer Services (including Stores), which cost under Rs. 1½ crores in 1914, nearly Rs. 4½ crores (net) in 1931-32 and over Rs. 3 crores today.

It will be seen that the total cost of these Services rose from under Rs. 7 crores in 1914 to nearly Rs. 15½ crores in 1931-32 and that in the last three years there has been a reduction of about Rs. 2½ crores.

4. Now, in making comparisons, it is always necessary to be sure that the standard against which the comparison is made is in itself a reasonable

and satisfactory one. It is certainly wrong to base criticism on a mere assumption that, because a particular standard was considered sufficient at a particular time, it must therefore always be good enough. The first question to be answered, therefore, is whether the pre-war standards in these matters were really good enough. The answer must, without doubt, be an emphatic negative. Before the war the Army in India, though numerically greater than it is today, was largely a paper Army. There was no reliable machinery for expansion and practically no organisation for the provision of munitions and stores. Certain services were non-existent—for example there was practically no Signal Service—while others were so under-staffed that the fighting units had to be depleted in order to bring them up to strength. The combatant units themselves were short of full war establishments and had to be supplemented by personnel drawn from Internal Security formations. The arms were obsolescent, if not obsolete—*every Indian soldier landing in France had to be given a new modern rifle*—and the standard of equipment was so low that the troops were at a grave disadvantage when pitted against up-to-date forces. The Medical arrangements in particular were markedly inferior to those of other Armies. Training was backward and Staffs were inadequate. The men of the Indian Army received a low rate of pay out of which they had to provide their own food, with an allowance from the Government to make up the difference between the normal rate of a fixed ration and the actual market rate. Clothing, with the exception of full dress uniform, was provided under regimental arrangements and the State only paid a quarterly allowance for upkeep. The equipment had frequently to be supplemented from regimental funds. The State did not provide quarters and only paid an allowance for maintenance. Ninety per cent. of the Cavalry regiments were on a *silladar* basis—a system under which the State provided the sower with a rifle and gave him a lump sum out of which he had to mount himself, feed himself and his horse, house himself, clothe himself and provide his own saddlery and weapons, except the rifle. The Indian Army was, in effect, a contract Army. The State contracted with the Commanding Officers to produce a unit for service when required in return for an annual subsidy; and the efficiency, and even the size, of the unit depended largely on the administrative capacity of the Commanding Officer and his subordinates and on the extent to which regimental funds were available.

5. There is a tendency today to forget all these facts, or, at any rate, to regard them with complacency and comfort oneself with the thought that somehow we "muddled through"; Muddle is the right word. The troops themselves were magnificent material. No one can, or would wish to deny it. But the difficulties that ensued when the Army went to war in 1914 can better be imagined than described; and nothing is to be gained by blinking that fact. The small reserves maintained, by reason of age and physical disabilities, proved totally unfit for service; many of them were actually returned from the base without ever joining their units; and units left behind in India had to be broken up to make good the wastage caused by casualties in the field, until new material could be recruited and trained. The absence of organised Administrative Services, the lack of reserve stocks of supplies, clothing and stores and the breakdown of the medical services, not only hampered operations and delayed achievement, but also increased immeasurably the hardships of the troops, helped to swell the toll of human life and added greatly to the total cost of the war.

6. Before the war there was some excuse for these shortcomings. It was not merely a matter of parsimony. Men did not know, and could hardly be expected to guess, exactly what a modern war meant. With the experience of the Great War behind them, no Government could afford to ignore its lessons or fail to do what lay in their power to avert a repetition of its disasters. It was for this reason—and who dare blame them?—that the Government of India came to the deliberate conclusion in 1920 that far greater value would be obtained from a small army, well balanced, and with its due proportion of Ancillary Services, than from a large army composed only of fighting troops and dependent for its Ancillary Services on improvisation in war. It was for this reason too—and who again will say that they were wrong?—that the Indian Legislative Assembly passed, without division, the famous Resolution in the debates on the report of the Esher Committee in March, 1921, which laid it down—“that to the extent to which it is necessary for India to maintain an Army for these purposes (namely, for the defence of India against external aggression and the maintenance of internal peace and tranquillity), its organisation, equipment and administration should be thoroughly up to date and, with due regard to Indian conditions, in accordance with the present day standards of efficiency in the British Army”.

It is this principle of maintaining a proper balance between Fighting Troops and Administrative and Ancillary Services that has constantly inspired the military authorities since the war. It is a principle that was unfortunately disregarded by the Incheape Committee, which preferred, or, perhaps, was compelled by circumstances, to wield the axe in an arbitrary rather than an expert fashion; and the result was the special Re-equipment Programme of Rs. 10 crores, which has had to be financed through the machinery of the so-called “Contract” Budget of 1928 and the succeeding years. This, however, is another story that will have to be taken up again later. For the moment it will be sufficient if we have succeeded in establishing the conclusion that radical alterations and improvements were essential in the organisation of the Army after the war and that it is futile to appeal to pre-war standards in this particular branch of the subject.

7. That is one aspect of the matter. There is, however, another and, perhaps, an even more interesting one. Granting that it would be foolish to revert to pre-war standards of administration, would it be possible to do so? Everyone knows the association between the services rendered by Indian troops in the Great War and the Declaration of 1917 which led up to the Montagu-Chelmsford, and thus to the present constitutional reforms. If the Army is to receive its proper share of thanks for the approach to these landmarks in the evolution of India's nationhood, is it fair to deprive them of the material advantages of the progress made and to expect them to go back and accept the conditions under which they were serving at the beginning of the war? It was not only among the troops themselves, but also among public men in India, that the conviction took root and grew during the war that their conditions of service were markedly inferior to those of other Forces and that a general levelling up was needed. The development and growth of the Administrative and Ancillary Services and the great increase in their cost was due, not only to the need for remedying defects from the purely military point of view of “winning the war”, but also to the desirability of adding to the amenities of a soldier's life in peace. It is true, no doubt, that the more contented

an army is, the more efficient it will be; but this does not alter the fact that improvements were overdue and that the claims of the Army were in themselves too strong to be rejected. Any deterioration now in the conditions of service would certainly have a most damaging effect on recruitment.

8. It is not necessary to give more than a few examples to show how this particular aspect of the matter has contributed to the increased cost. Much of the extra expenditure now incurred on the Military Engineer Services may be traced to the acceptance by the State of the liability to provide Indian troops with suitable accommodation and furniture. Before the war, units of the Indian Army were accommodated in mud barracks which they were required to maintain themselves in return for a Government allowance. They are now provided with well-built, airy barracks, which are maintained by the M. E. S., and in addition they are given free fuel and light. The capital value of Indian Troops Lines may be put at about Rs. 10 crores and the annual cost of maintenance at not less than Rs. 12½ lakhs.

9. In the old days, when the Indian soldier had to make arrangements to feed himself, there can be little doubt that he was ill-fed, if not under-fed. Today he is well-fed. The modern ration gives a scientifically constructed diet, both in quantity and quality; and there is a continuous test to ensure that supplies are up to sample. This basic diet is provided quite independently of the soldier's pay; and there is little temptation for him to economise on his food to the detriment of his health and efficiency. Purchases are made in bulk as far as possible by a central purchasing agency; but, quite apart from the actual cost of the supplies themselves, the new system must have added a good many lakhs to the cost of the Services which buy, test and distribute them to the soldier. The Supply Branch of the Indian Army Service Corps cost over Rs. 45 lakhs in 1933-34 as against Rs. 37 lakhs in 1914. In spite of the reduction in the number of fighting men, the assumption of responsibility for feeding Indian troops has nearly trebled the number of men to be rationed; and although mechanisation has led to a substantial decrease in the number of animals, the abolition of the silladar system has prevented any great reduction in the number for the feeding of which the I. A. S. C. is now responsible.

10. Finally, the pre-war arrangements for medical attendance on Indian troops can only be described as rudimentary. There were no Station Hospitals; and such accommodation as was provided was set apart within the barracks of the unit under regimental arrangements. The stock of medical and surgical necessities was scanty; the patient on admission brought his own bedding and clothing and subsisted mainly on his own rations. The staff consisted of a medical officer, a sub-assistant surgeon, some untrained ward orderlies drawn from the regiment and a few followers. There are now 81 military Hospitals for Indian troops and 18 Indian wings of British Hospitals. These are provided with adequate staffs and modern accommodation and equipment; hospital clothing and bedding are supplied and the patient receives such diet as may be ordered for him. Apart from the actual cost of these amenities, which must have involved many lakhs of capital expenditure alone, present day principles attach the maximum importance to the prevention of disease and the promotion of hygiene in the life of the Army. The cost of the Medical Services

was Rs. 151 lakhs in 1933-34—almost double what it was in 1914. If anyone maintains that this figure is excessive he should remember that the Medical Service now-a-days concerns itself with every phase of the soldier's life, and not merely with his illnesses. The climate and hygienic conditions of cantonments, the barracks in which the soldier lives, the clothes he is required to wear, the equipment he has to carry, the ration he is given to eat and the character and degree of the physical training he has to undergo—all these are matters of intimate concern to the doctors; and if the increase in cost has been great, it can be claimed with confidence that in no branch of army administration has there been so marked an improvement since the war.

11. In the amenities described above, British troops have of course taken their share. The post-war British soldier, like the post-war sepoy, expects more than his pre-war prototype—and gets it. He is probably a better soldier and a better citizen in consequence. The point, however, that it is now desired to make is that the lion's share of the improvements made in the Ancillary Services of the Army has been for the benefit of the Indian, rather than of the British, soldier.

12. If the length of this article is to be kept within bounds, only a few words can be said in conclusion in answer to two criticisms of a general nature that were suggested in its second paragraph.

In the first place, it is inherent in the organisation of these Administrative and Ancillary Services and in the nature of the duties allotted to them, that the number of officers should be greater in proportion to the number of men than is the case in the Fighting Services. It is not a question of how many men can be put under the command of an officer of the Administrative Services, but rather of how many officers are required to perform a particular number of jobs and of what assistance is needed from subordinates in the performance of those jobs. It is conceivable, of course, that certain duties which are now allotted to officers—in the Supply Services, for instance, or, possibly, in the Military Engineer Service—might be entrusted to subordinates. An immediate saving would no doubt be secured, but he would be a foolish person who expected that the change would lead to true economy in the long run. Similarly, it might be possible to reduce the number of doctors, although, of course, there could be no question of entrusting a doctor's responsibilities to unqualified subordinates. These, however, are questions that must be considered on their merits. The comparison itself is meaningless and false, because there is no analogy in this respect between the Fighting and the Ancillary Services.

13. Finally, there is the question why the rates of pay are generally higher in the Administrative and Ancillary Services than in the fighting portion of the Army. In some instances, of course, such as the Medical and Engineer Services and the Mechanical Transport section of the A. S. C., the special training and technical qualifications required are sufficient in themselves to warrant a higher rate of remuneration. In other cases, especially where recruitment is effected by transfer from the fighting units, the plain fact is that some extra inducement is required to ensure a sufficient supply of recruits. The average soldier prefers regimental life and the chance of fighting or commanding troops in the field. He will not abandon that life unless it is made worth his while to do so. It may be unpalatable, but it is nevertheless a fact, that the extent to which this remains true of the Indianised Army of the future will afford a very fair test of its efficiency and keenness.

## V. THE REASONS AGAINST A RETURN TO THE PRE-WAR STANDARD OF EXPENDITURE.

The foregoing articles have presented a picture of a compact and well-balanced Army, the strength and organisation of which is carefully adjusted and adapted to the particular tasks it is called upon to perform. The critic will no doubt reply—"Even assuming that the strength and organisation of the Defence Forces are not in excess of requirements—and I might be prepared to concede so much if their composition was entirely Indian throughout—I still cannot understand why the cost should be so very much higher to-day than it was in 1914, seeing that the total strength is less than it was before the war and prices have now fallen to pre-war levels. I shall also be anxious to hear what you have to say about the necessity for retaining such a large British element in the Defence Forces, for that, from the Indian point of view, is practically the crux of the whole matter." The latter question requires an article to itself. In the present article an attempt will be made to give an answer to the former.

2. The first point to be made is that, when people talk of the enormous increase in Defence expenditure since 1914 and the very large proportion of the revenues of the country that are devoted to that purpose, they imply, consciously or unconsciously, that the position in this respect has grown worse and worse since before the war. They isolate this particular aspect of the national expenditure and forget to look at the picture as a whole. Actually the implication just referred to is the reverse of the truth. *India to-day spends a smaller proportion of her revenues on Defence than she did in 1914.* In other words, as the following figures will show, although the total expenditure has admittedly increased, the rise on the military side has been less than the rise on the civil side. (It is hardly necessary to expose the fallacy, which has so often been exposed before, of taking the expenditure of the Central Government alone without including the expenditure of the local Governments and then proclaiming that Defence absorbs more than half the revenues of the Government of India. If Defence happened to be the sole function of the Central Government, the revenue would be adjusted accordingly and 100 per cent. of that revenue would be spent on Defence; but that would not prove that the expenditure was excessive.)

3. In 1914 the total net revenues of India, Central and Provincial, (that is to say, the balance after deducting the expenditure on commercial undertakings such as Railways, Irrigation, etc.), amounted to just under Rs. 87 crores. The corresponding figure based on the budget estimates for 1933-34 was Rs. 174 crores. There has thus been an increase of 100 per cent. During the same period Defence expenditure increased from Rs. 29 crores to Rs. 44½ crores, that is to say, by a little over 53 per cent., while civil expenditure rose from Rs. 58 to Rs. 129½ crores, that is to say by about 123 per cent. The proportion of the net revenues of the country devoted to Defence fell from 34 per cent. in 1914 to 26 per cent. in 1934, while the share of the civil departments, over the same period, rose from 66 per cent. to 74 per cent. These figures deserve careful study. They do not, of course, prove by themselves that Defence expenditure is not excessive; but they do effectively dispose of the contention that the *standard* of that expenditure has been growing more and more extravagant;

and, above all, if a return to pre-war levels is demanded on the score of the fall in prices alone, they do suggest that a much larger reduction should logically be demanded, *on that ground*, in the civil departments as well.

It will of course be contended that the increase of civil expenditure has been due to an expansion of the activities of the departments which has, on the whole, been in accordance with the wishes of the tax-payer—and, indeed, that there might well have been an even greater expansion—whereas the increase of Defence expenditure has never received the same measure of popular support. This does not, however, in any way affect the present argument, which is based on the assumption that a fall in prices should lead to an automatic fall in expenditure without restricting the activities of the various departments themselves. A hope of this kind is, in its turn, based on the fallacious expectation that a fall in prices will be accompanied by a simultaneous and corresponding fall in wages—an expectation that never has been, and never will be, fulfilled in ordinary life; and a further analysis of the Defence budget will show what a very large proportion of it goes on “wages” and how absurd it is to demand, in this sphere alone, a departure from universal economic laws. All reasonable people will realise that the whole standard of living and of public expenditure throughout the world has been raised enormously during the last 20 years and that an immediate return to pre-war levels is entirely beyond the sphere of practical politics.

4. Turning now to the Defence Budget of 1934-35, the following statistics will be found both relevant and interesting. The total *gross* expenditure (excluding receipts) came to about Rs. 49½ crores. Of this sum about Rs. 25½ crores or 52 per cent., were spent on the pay and allowances of the services—about Rs. 15½ crores going to the Fighting Services and Rs. 10½ crores to the others. Over Rs. 8½ crores, or 17 per cent., went on pensions; rather under Rs. 7½ crores or 15 per cent., on the manufacture and purchase of Stores of all kinds; about Rs. 2½ crores, or 5 per cent., on transportation by agencies other than the Transport Services of the Forces themselves; between Rs. 2½ and Rs. 3 crores, or 6 per cent., on Works; Rs. 2 crores, or 4 per cent., on the Capitation payments; and under Rs. ½ crore, or 1 per cent., on miscellaneous items. It would be a matter of considerable difficulty to work out corresponding figures for the Rs. 29 crores budget of 1914; but it may be taken from what has gone before that a larger proportion was then consumed on the pay and allowances of the Fighting Services and a smaller proportion on the pay and allowances of the other Services, on Stores and on Works, while the percentages of the other items were about the same, although the amounts were naturally less. This, however, is not important. What we are now concerned with is the extent to which the general level of existing charges is capable of reduction.

5. In considering this question, the first and most obvious point to be made is that certain items lie entirely outside the scope of retrenchment, so far as the military authorities are concerned. Pensions, for instance, have increased by Rs. 3½ crores. This item cannot be reduced and that sum at least must therefore be added to the figure to which a return is demanded. Similarly, Transportation charges depend largely on the cost of railway fares and freights; and a return to anything approaching the pre-war figure of about Rs. 1 crore, as against the present figure of about

Rs. 2½ crores, could only be secured if the Railways were to agree to reduce their rates. The Capitation payments, too, lie largely outside the control of the authorities in India; for they are calculated according to the method advocated by the Tribunal of 1932 whose report was accepted by all parties concerned.

6. In the second place, one cannot disregard the fact that certain entirely new services have come into existence since 1914. The Air Force and the Indian Territorial Force are two cases in point, not to mention the enormous developments in mechanical transport and the appearance of new methods of warfare, such as Armoured Cars, Tanks and Gas. The last mentioned finds no part in the offensive equipment of the Army in India, but it is a danger that must be guarded against; and even protective measures cost money. The same could be said about anti-aircraft defences, the need for which did not exist before the war. It may be contended that motor transport costs more than animal transport—though this is a contention that requires separate examination—but the undoubted fact remains that the former is far more efficient than the latter and, even if it did cost more, it would be just as impossible to expect the Army to go back to nothing but horses and mules as it would be to ask the modern business man or private individual to give up his motor car.

7. Finally, and quite apart from the equity or practicability of reducing the pay of Government servants in advance of a general fall in the rates of ordinary labour, there is the question of the effect that such a reduction would have upon recruitment. It is perfectly true that the rates of pay in all grades, from the Officer down to the Reservist or the humble Follower, have, generally speaking, been doubled, or even more than doubled, since 1914; but it must be remembered that before the war the pay of an officer in the British Army did not purport to be a living wage and few young men took commissions unless they had private means to supplement their pay. A 2nd Lieutenant in England got only £140 a year, against the £333 or £260 that he now receives according as to whether he is married or not; but conditions have changed and a supply of suitable young officers at the old rates would be unprocurable now-a-days. The British Service officer serving in India is supposed to receive a rupee rate of emoluments which will enable him to live in the same degree of comfort, allowing for climatic and other differences, as he could enjoy at home. He therefore gets slightly more than he would get in England. The Indian Army Officer receives the same emoluments as the British Service Officer *plus* an Indian Army Allowance to compensate him for permanent service in a country other than his own. This allowance has always been considerable. In fact, even before the war, the pay of the Indian Army Officer purported to be a bare living wage. The increase therefore in the Indian Army has not been so great as in the British Service. It cannot be said that the cost of living in India, for this class, has appreciably been reduced by the recent fall in wholesale commodity prices.

8. If post-war conditions and the altered outlook upon the Army as a career made these large increases necessary in the pay of officers, it was not to be expected that the private soldier would still be content with the 1s. 1d. a day, which represented his basic pay in 1913-14. After the war the old class of soldier largely disappeared and the pay had to be increased to as much as 3s. It has since been reduced again to 2s., but even this represents nearly 100 per cent. increase on the pre-war rates. The same



considerations apply, though possibly not quite to the same extent, to the Indian sepoy. His basic pay, it is true, has only been raised from Rs. 11 to Rs. 16 a month; but out of his Rs. 11 in the old days he had to feed himself, and the cost of the standard ration was fixed at Rs. 3-8 a month. To-day he is fed free and the real comparison therefore lies between Rs. 11-3-8=Rs. 7-8 and the present figure of Rs. 16. The increase has thus been over 100 per cent. Much the same is the case both with Reservists and Followers. The number of the former has slightly decreased since 1914, but the cost has risen from under Rs. 14 lakhs to Rs. 22 lakhs last year. Nowadays, also, with the reduced period of colour service, the reserve is a real reserve of able-bodied men none of whom are over 35 years old; and the retaining fee that they receive—Rs. 6 per mensem in Class A and less than that in Class B—is hardly capable of reduction. The pay of Followers is 137 per cent. higher than it was before the war. The conclusion of the whole matter must surely be, that, so long as the Armed Forces are retained on a voluntary basis, the pay of their personnel, both British and Indian, must be assessed at market rates.

9. A conclusion of this nature however, does not warrant a non-possimus attitude on the part of the Government or a complacent acceptance of the assumption that the present rates of pay do, in fact, represent "market rates". Nor is that the attitude that they have adopted. On the other hand, it would be equally unjustifiable for them to assume that the economic depression of the past few years had come to stay and to proceed, for that reason, to effect a permanent reduction in the pay of their employes corresponding to the catastrophic fall in wholesale prices that has taken place. Apart from the breach of contract that such action would entail in certain cases, its general effect would hinder rather than help the revival of confidence on which economic recovery must depend. Leaving aside the temporary reductions in pay and allowances which were made to meet the circumstances of the moment and are now being restored, the Government have in recent years examined the whole field of existing pay standards in order to see what permanent reductions can be made in the emoluments of future entrants to their service. Under this heading come the reductions in the pay of British troops already referred to, which have produced a saving of well over a crore of rupees; and the proposals, accepted or under consideration, for a revision of the pay scales and leave rules of the different services. In the latter field the standard must be set by the civil departments; but the Army authorities are prepared to follow suit and considerable reductions may be expected in the future pay of many of their employes. In particular, the Indian commissioned officers of the future, who will be serving in their own country, will not require to retain the salaries now given to British officers of the Indian Army. It will of course take some years before the effect of such economies begins to be felt. In the meanwhile it is, perhaps, noticeable that practically the only class whose emoluments have escaped retrenchment is the rank and file of the Indian Army, whose pay and allowances account for about one quarter of the total pay bill of the Army; and although it is not suggested that savings should be made at their expense, it cannot be denied that the fall in prices has reduced their cost of living.

10. So much for that portion of the expenditure which accounts for over half the total Defence Budget. There remain two items out of those mentioned in para. 4 above with regard to which it may be said that

considerations of this kind do not apply and that might therefore be expected to be capable of very large reduction owing to the fall in prices. These are, firstly, Stores and, secondly, Works.

The answer is that in both these cases full advantage *has been* taken of the fall and very substantial savings have been secured on the purchase of raw materials and, particularly, agricultural products. Under Stores, owing mainly to the fall in prices, the saving has amounted to about a crore of rupees; while under Works there has been a reduction of a crore, due largely, it is true, to the stoppage and postponement of particular projects, but partially also to the drop in the cost of building materials and the cost of labour. Even here, however, a return to pre-war levels is not to be expected. Not only have the responsibilities of the Government been enormously increased (as explained in a previous article) in respect of the number of men whom they have to feed, clothe, house and otherwise provide for, but also retail prices and market wages have not fallen to anything like the same extent as wholesale prices. Consequently payments for labour and for manufactured goods, into the cost of which labour enters as a substantial item, have only dropped to a moderate extent. Moreover there are a number of stores, e.g., scientific instruments, the price of which has remained unaffected by the depression; and there are others which have to be imported, e.g., motor vehicles, any small reduction in the initial cost of which has been more than counter-balanced by the increase of customs duties.

11. The object of this article has been to demonstrate the impossibility of returning to pre-war standards as a corollary to the recent fall in wholesale prices. We may conclude by giving certain figures which really contain the gist of the whole matter. It has been calculated that the purchasing power of Rs. 29 crores in 1914, in terms of wholesale prices, was equivalent to the purchasing power of Rs. 44 crores in 1929. Nineteen hundred and twenty-nine was only six years ago, and the Defence Budget then stood at Rs. 55.10 crores. The budget for 1935-36 is under Rs. 45 crores. It could certainly not have been brought down to that figure if the fall in prices had not taken place; but this fall by itself in the short space of three or four years, could not possibly be expected to produce automatically the reduction of over Rs. 10 crores that has actually been secured, mostly by real retrenchment, as will be explained later.

If the cost of the Army and Air Force is taken together and that of the Naval Forces is omitted—because it has not varied greatly either in England or in India—it is interesting to note that this expenditure in India has risen from about Rs. 28½ crores before the war to Rs. 44½ crores in the present budget, that is to say, by 54 per cent.; while in England it had risen from about £28½ million to last year's figure of £57½ million, or over 100 per cent. On the other hand to take only a few examples, Military and Air Force expenditure in Japan and in the United States of America has been nearly trebled during the same period. England and India are practically the only two nations in the world that made serious efforts to reduce their defence expenditure after the war. Finally, although arguments based on figures of population must be used with caution, it is a fact that the incidence of defence expenditure in India is Rs. 1.8 per head, whereas in England it is over Rs. 30, in the Dominions between Rs. 3.8 and Rs. 8, in France Rs. 29.8, in the United States of America Rs. 18.8, and in Japan Rs. 6.8.

## VI.—THE BRITISH ELEMENT IN THE ARMY IN INDIA.

It is now necessary to give some answer to the second question asked by our imaginary critic at the beginning of the last article—"What is the necessity for retaining such a large British element in the Defence Forces?" There are, of course, two different questions involved. The first is the question of the strength of the British Army stationed in India; and the second is the question of the replacement of British by Indian officers in the Indian Army. The whole subject has been so frequently and so fully discussed elsewhere that it is impossible to throw much new light on it and it would be a waste of time to reproduce all the arguments that have been brought forward on one side or the other. The demand for an expert enquiry into the possibility of reducing the number of British troops in India was made by the Defence Sub-Committee of the First Round Table Conference. The enquiry itself developed, as it necessarily had to, into an examination of the strength and composition of the entire Army in India; and the results of this enquiry received the full consideration of the Committee of Imperial Defence, whose responsibility in all matters affecting the safety of the Empire as a whole (and not only India in particular) was recognised without reservation by the Sub-Committee referred to above. The problem thus involved an examination of the even wider issue of the extent to which the Army in India is maintained for Imperial, as distinct from purely Indian, purposes, which, in its turn was exhaustively discussed by the Tribunal set up in 1932 to make recommendations on the vexed question of the Capitation Rates and also on the claim that His Majesty's Government should make a contribution towards the cost of the defence of India. Finally, the first main question referred to above could not be entirely separated from the second, for the simple reason that the present policy with regard to the "Indianisation" of the Indian Army, as already explained in a previous article, involves the replacement of certain units of the British Army (e.g., in the Artillery) by new units of the Indian Army and thus has a direct bearing on the reduction of the number of British troops serving in India.

2. The results of these enquiries have been published and it is unnecessary to do more than refer the reader to the announcement that was made on the subject of the reduction in the number of British Troops and to the Report of the Capitation Rate Tribunal with the decisions of His Majesty's Government thereon. The position, very briefly, is that it has been decided not to make any immediate reduction in the strength of the British Army serving in India. On the other hand, it should be realised that there has been a reduction of over 20,000 British Officers and Fighting troops on the Indian establishment since 1914 and that the Indianisation of a Division and a Cavalry Brigade will eventually involve the disappearance from India of one Battery of Royal Horse Artillery, two Brigades (eight Batteries) of Royal Field Artillery and one Brigade (four Batteries) of Mountain Artillery. Moreover, the contribution of about Rs. 2 crores which His Majesty's Government has decided to make towards the cost of the defence of India, although it is not ear-marked in any way and has no particular reference to the British portion of the Army in India will, in practice, relieve the Indian tax-payer of payments equivalent to the cost of 11 battalions of British Infantry, that is to say, about  $\frac{1}{4}$  of the British Infantry in India.

3. The reasons for the Indian demand for the reduction of British troops and the Indianisation of the Indian Army are two-fold. They are

partly financial, on the ground that British troops cost more than Indian troops, and partly political, because there is a perfectly natural feeling that until India can stand on her own in the matter of defence, it will be impossible for her to achieve the measure of self-government towards which she is aiming. To take the first of these reasons first, it will be of interest to examine how much India is paying at present for British troops and what the saving would amount to if they were entirely replaced by Indian troops. The Defence Estimates are not compiled in such a way as to give a ready answer to this enquiry, but the information was given in 1932 in reply to a question in the Legislative Assembly that the total cost of the British portion of the Army in India might be taken to amount to Rs. 13 crores. This referred to fighting troops. Statement I in the Defence Estimates also gives the information that the total strength of the British personnel in the Defence Forces (including the Royal Air Force, the Royal Indian Marine and the permanent establishment of the Auxiliary and Territorial Forces) stands on April 1st, 1935, at 7,279 officers (including the 210 Indian Officers with King's Commissions, who are technically counted as British Officers) and 59,296 British other ranks. The Fighting units and Staffs account for 4,571 British officers and 54,446 British other ranks or a total of 59,017; the Administrative and Ancillary Services include 2,845 British officers and 2,914 British other ranks besides, of course, a large number of Indian other ranks; the Royal Air Force has 265 British officers and 1,894 British other ranks; and the Royal Indian Navy contains 98 British officers and 42 British other ranks.

There are five British Cavalry Regiments in India whose strength in British personnel comes to roughly 3,000. There are 45 British Infantry Battalions which account for approximately 40,500 officers and men. There are some 78 Batteries of Artillery with a British strength of about 10,000 officers and men. The difference between the total of 53,500 thus arrived at and the 59,017 mentioned above under Fighting units is accounted for by the number of British officers and other ranks employed in Signals, Engineers (Sappers and Miners), the Tank Corps, Staffs and the 1,700 odd British officers who serve with the Cavalry and Infantry units of the Indian Army.

4. So far as the Cavalry and Infantry units are concerned, a ready comparison is available in the figures of cost which have already been quoted in an earlier article and which are published on page 25 of the current years' Defence Estimates. The five British Cavalry regiments cost Rs. 77.55 lakhs, while the same number of Indian Cavalry regiments would cost Rs. 35.35 lakhs. The saving therefore would amount to Rs. 42.20 lakhs. The 45 British Infantry battalions cost about Rs. 7.48 crores, while the same number of Indian Infantry battalions would cost about Rs. 2.94 crores. The saving would therefore amount to about Rs. 4.54 crores.

The combined cost of the British Cavalry and Infantry units comes to about Rs. 84 crores, that is to say, about two-thirds of the cost of the British Army in India. If a corresponding saving could be secured on the replacement of British by Indian personnel in the remaining units of the British Army and also in the Indian Army itself, the total savings would come to something in the neighbourhood of Rs. 9 crores. It is not to be expected however that anything like this result could be obtained. The real saving comes in on the cost of the British soldier as compared with

that of the Indian sepoy. The pay and allowances of the former come to Rs. 850 a year against Rs. 285 for the latter. In the officer ranks the difference is not nearly so marked. In fact the Indian King's commissioned officer trained at Woolwich or Sandhurst receives the same pay as his British *confrere* in the Indian Army; and although, as already stated in a previous article, the rates of pay for the Indian Commissioned officer trained at the Indian Military Academy have been lowered, it is impossible as yet to say what the reduction will amount to. In any case, as we have already had occasion to notice, the proportion of officers to other ranks outside the fighting units is far higher than it is inside them. Further, in these other units—and also even in the Artillery and Engineers—a considerable proportion of the other ranks are already Indian. At a most liberal estimate, therefore, the possible savings outside the Cavalry and Infantry should not be placed at more than, say, Rs. 3 crores; and this would give a total saving following the disappearance of the entire British element in the Army in India of something under Rs. 8 crores, excluding, of course, the cost of pensions.

5. However rapid might be the process of withdrawing British units and Indianising the Indian Army, it is obvious that many years would have to elapse before this saving could be secured. To take a single example, a British officer of the Indian Army does not normally obtain command of a battalion until he has 25 or 26 years' service, whereas there are very few of the existing Indian officers who have at present more than ten. It is impossible to hasten the process of replacing British officers by Indians without loss of efficiency. There are two further facts that have to be taken into consideration. In the first place, the strength of both British Cavalry and Infantry units is considerably greater than that of the corresponding units of the Indian Army (except in the case of Gurkha battalions) and this must not be overlooked in comparing the cost of the two and substituting the latter for the former. In the second place, the Indianisation of the Indian Army involves, logically, the disappearance of the grade of Viceroy's Commissioned officers and a corresponding increase in the number of full Commissioned officers per battalion. With a homogeneous set of officers the need for this link between British officers and Indian other ranks must cease to exist; and the Indianised battalion of the future will contain the full complement of 28 officers, as is the case in the British Army, instead of the 12 King's Commissioned officers and 20 Viceroy's Commissioned officers who are at present included in its establishment. The pay of the Indian Commissioned officer being necessarily higher than that of the Viceroy's Commissioned officer, the expense will be correspondingly increased; and, in fact, it is now calculated that the cost of the fully Indianised Infantry battalion of the future will be a few thousand rupees more than that of the present battalion with its 12 British Officers.

6. So much for the financial side of the problem. The complete withdrawal of the British Army from India combined with the replacement of all British by Indian personnel, both in the British and Indian portions of the Army in India, would certainly not have the effect of reducing the cost of the defence of the country to pre-war levels; and *yet it may be asserted with some confidence that most Indians would not press for a reduction in the present strength of the Armed Forces if they consisted entirely of Indian personnel.* The implications of this statement deserve careful reflection.

7. Turning now to the political aspect of the problem, it can be agreed at once that there should be nothing but approval, and even admiration, for the sentiment which prompts the demand that India should be placed as early as possible in a position to undertake her own defence without outside assistance. The demand incidentally implies that the Defence Services are the greatest of all the "Nation-building" departments of the State. The subject is a difficult one. It has been said over and over again that there is no disagreement between the Government and their critics as to the ultimate object in view and that the difference lies in the two opposing views as to the pace at which it should be reached. That is true; and no useful object would be served by repeating the well-worn arguments that have been used on either side. It would also be a work of supererogation to controvert in detail the contention that the Army in India, and particularly the British portion of it, is maintained for Imperial purposes at the cost of the Indian taxpayer with the express object of relieving the burden on the British taxpayer. Every argument that has ever been used by Indian politicians on this aspect of the question was fully and ably placed before the Capitation Rate Tribunal; and the report of that highly authoritative body is open for all to read. There are, however, one or two observations to be made which may open up new lines of thought on the whole of this vexed subject.

8. It is commonly said that the present policy is based on a profound distrust of the Indian, the origins of which may be traced back to the Mutiny. Now it cannot be denied that the post-Mutiny policy *was* based on such distrust—and, indeed, it is difficult to over-estimate the time by which the clock of India's progress was put back by that episode in her history. The policy deliberately adopted after the Mutiny was the well-known plan of not putting all one's eggs into one basket. No single class in the Army was allowed to preponderate; a definite ratio was laid down between Indian and British troops; and a system of 'counterpoise' was established—"Firstly, (in the words of Sir John Lawrence) the great counterpoise of the European and, secondly, that of the various native races." To-day, happily, distrust of this kind no longer exists. There is no question about the loyalty of the Indian Army. The tables have to some extent been turned; and such distrust as exists is the distrust felt by politicians of the sincerity of the Government in their programme of Indianisation, and the distrust that unfortunately seems to grow no less between the various communities themselves. The point may be illustrated further by the criticisms that are so often heard of the present policy of confining recruitment for the Army to certain so-called "martial classes". It is frequently argued that the post-Mutiny policy has been responsible for the "demartialisation"—not to mention "emasculatation"—of large sections of the population. If this were true, the argument that is frequently advanced on the opposite side, to the effect that Indians are fit and ready to take the place of British soldiers, would be clearly unsustainable. The real objection is apparently that the post-Mutiny policy has *not* been adhered to. As the dangers receded which that policy was designed to avoid, the military authorities have gradually returned to the policy of recruiting particular classes because they were the best fighting material, instead of putting their eggs into a number of different baskets. And what the critic really means, when he criticises this policy, is that the classes now recruited are the wrong classes from his particular point of view. His fear, like the fear of the Government in the old days, is lest

a particular class should be allowed to predominate in the Army, and, so long as that fear exists, the need for a "counterpoise" remains, although it may be for a different reason. Has the time yet come when the British "counterpoise" can be dispensed with?

9. What has just been said constitutes one of the answers to the question why it is still necessary to retain a certain number of British troops in India; but there is also another reason. Actual experience in the Great War proved conclusively that, gallant as was the behaviour of Indian troops on countless occasions, their value was greatly increased when fighting with British troops; and if this was the case when Indian troops were themselves led by British officers, it is no less likely to be so when they will be officered entirely by men of their own race. It is no disparagement to the coming generation of Indian Commissioned officers to say, as the Commander-in-Chief said not long ago in the Council of State, that we have not got in India, as we have in England, a large supply of young men with long traditions of leadership in the Army behind them, and therefore there must be an element, not of distrust, but at least of doubt, as to the success of the experiment upon which the Government are now fully launched. That is a plain fact. The doubt may be removed—and it is hoped that it will be removed—before many years have passed; but the initial stage of the experiment is certainly not the moment at which to effect a large reduction in the number of British troops serving in India.

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## VII. MISCELLANEOUS SUGGESTIONS FOR REDUCTION OF EXPENDITURE AND THE REASONS FOR NOT ADOPTING THEM.

An attempt has now been made to deal with all the main arguments advanced by the opponents of military expenditure in India and to set forth as succinctly as possible the reasons in favour of retaining the present strength, organisation and composition of the Defence Forces. There are, however, a number of suggestions that are put forward from time to time in the belief that their acceptance would result in large economies; and it is proposed to examine some of them in the present article.

2. It is sometimes argued that, even if no reduction is possible in the number of units, large savings could be secured, without altering the organisation or composition of the Army, by making a small decrease in the number of men per unit. It is pointed out, for instance, that it would save nearly half a lakh of rupees to take one man from each of the 45 British Infantry battalions on the Indian establishment; and obviously, if this figure could be multiplied by even a small number, the total economy would soon swell to very respectable dimensions. The proposal sounds attractive, but it is inherently unsound. A unit of the Army, whether it be a Division, a Brigade, or a Battalion, is not a haphazard collection of individuals, but a cog in the machine, the size and strength of which is precisely calculated in the light of long experience to fit exactly the task that it has to perform. The strength of each unit is built up round the smallest sub-unit—which in the Infantry is the Section—and the number of sub-units in a unit is based on tactical requirements. The Infantry Section, for instance, to take the simplest example, is the largest number of men that experience has shown to be capable of suitable control by the human voice in action. Any alteration in the size of the Section—in peace owing to the absence of men on leave and in war owing to casualties—increases very considerably the difficulties of correct training or tactical handling. Any further reduction of the authorised establishment of the sub-unit would add to these difficulties and detract from the fighting value of the Platoon in which the Sections are incorporated. In the same way, the number of Sections in a Platoon is fixed by tactical considerations, to provide, for example, for forward and reserve troops, covering fire and mutual support. The number of Platoons in a Company and the number of Companies in a Battalion are decided by similar desiderata and are the result of much thought and long experience. The invention of a new weapon of offence, it is true, or the discovery of a new method of defence, may necessitate, or permit, an alteration in the strength of a unit; and advantage is invariably taken of such changes when they occur. Otherwise it is impossible to play about with numbers without affecting the balance and efficiency of the fighting unit. The suggestion must, therefore, be ruled out as impracticable.

3. Another argument that is often heard is that the equipment of the Army in India is in excess of purely Indian requirements; that the scale of equipment is dictated by the War Office; and that large savings could be secured if India were allowed to set her own standard. It has already been shown that the Legislative Assembly accepted a Resolution in 1921 to the effect that the organisation, equipment and administration of the Army in India should be thoroughly up-to-date and, *with due regard to*



*Indian conditions*, in accordance with the present day standards of efficiency in the British Army. The words italicized above are ignored and the hasty conclusion is reached that India is thus compelled slavishly to follow British models. It is a comparatively easy matter to dispel this illusion. It is the type and, not the scale, of equipment in which uniformity is obviously desirable; and there are many instances in which the scale itself has been deliberately altered to suit Indian requirements. Thus an Infantry battalion on the War Establishment in England now has 16 Machine guns and 26 Lewis guns; on the Indian establishment the allotment is 12 Machine and 12 Lewis guns. Similarly, a Division in England contains 60 guns in peace and 84 in War, whereas the Artillery in India is not organised on a Divisional basis in peace and the War Division contains only 48 guns. The battery organisation is similar, but the Division in India has one less Artillery Brigade than the Division in England. It is of interest to note in this connection that it was accepted as common ground between the representatives of the War Office and the India Office, in arguing the case for a contribution from Imperial Revenues before the recent Capitation Rate Tribunal, that the equipment of the Army in India was not in excess of Indian requirements; and the Tribunal itself accepted that position.

4. A similar impression seems to be prevalent in India that the Army authorities have gone to excessive lengths and are spending far too much money on mechanisation, simply because mechanisation has been the fashion in European countries. The public are aware that there is a mechanisation programme in India which is being worked out as part of the campaign for improving the equipment of the Army. They are also aware that Great Britain and other European countries have been experimenting with certain mechanised fighting formations; and it is assumed from this that India is following suit. This is not so. It is true that there are 5 Armoured Car Companies in India, containing a total of 80 armoured cars, and there are also 3 Light Tank Companies with a total of 75 Carden Lloyd light tanks. In two brigades of Field Artillery the guns are drawn by motors instead of horses; and the guns of the Medium Artillery were tractor-drawn before the present programme of mechanisation was started. These developments are fully justifiable in order to keep pace with modern progress and invention. Tractors are able to take heavy guns more easily than horses to most positions that tactical considerations would make it necessary for them to occupy in the sort of warfare that is to be expected on the Frontier. But the deployment across-country of fighting troops in motor vehicles would obviously be an impracticable proposition in such terrain; and no experiments of this kind have been attempted in India. The present mechanisation programme is confined almost entirely to the mechanisation of the Transport Services; and the object in view is to increase the speed and reduce the length of the long, slowly-moving transport column, which in the old days of animal transport formed an easy target of attack on the mountainous roads of the North-West Frontier and thereby constituted one of the chief anxieties of the Force Commander. It is true that the cost of the Transport Services in 1914 was only about Rs. 31 lakhs (for Animal Transport alone), whereas the 1934-35 cost of the Animal Transport Services amounts to about Rs. 39 lakhs, while the M. T. units, with their depots, workshops and inspectorate, cost about Rs. 88½ lakhs. In addition, there is the expenditure on the purchase of vehicles, and also

the cost of M. T. stores including spare parts, tyres, petrol and oil, the normal annual cost of which may be placed at about Rs. 25 and 16 lakhs respectively. On the other hand, the cost of feeding animals, including, of course, all the Cavalry units that were previously maintained on a Silladar basis, has fallen by about Rs. 40 lakhs since 1914; the expenditure on the purchase of animals themselves is no greater than it was before the war; and the cost of hired transport has fallen by Rs. 10 lakhs since the mechanisation programme started.

The increased expenditure is due to the expansion and improvement of the Transport Services themselves, combined with the admittedly heavy initial cost of changing over from animal to mechanical transport. It has, however, been calculated that, when the present programme has been completed, the cost of maintaining the Transport Services as a whole, including the largely increased element of Mechanical Transport, will be no greater than it was before the programme started. At the same time, the increase in efficiency and carrying power will be enormous and will add greatly to the fighting power of the Forces themselves. To those who insist on a reduction of expenditure, it may be pointed out that the only real opportunity for economy lies in the development of an efficient motor manufacturing industry in India. A development of this kind should not only decrease the initial cost of M. T. vehicles, taking into account the heavy customs duties at present levied on imported vehicles, but also would enable very large deductions to be made in the reserve stocks both of vehicles and spare parts which it is now necessary to maintain owing to the fact that many thousands of miles separate the consumer from his source of supply.

5. Finally, there is the notion, which is common to most retrenchment enthusiasts, that the present high cost of the Defence Services is largely due to the excessive number of highly paid Commanders and staff officers. A complaint of this kind is not confined to the Defence Services alone. It is frequently made also with reference to civil officers; but in both cases, examination will show that no hidden gold mine is to be found in this source of retrenchment. Out of the 7,279 officers serving in all Branches of the armed Forces in India, there are 46 officers of and above the rank of Major-General (or corresponding rank in the Royal Air Force and Royal Indian Navy) and 174 Colonels or officers of corresponding rank. Assuming that the average pay of the former is Rs. 3,000 per month and that of the latter Rs. 2,250—and these estimates are on the high side—the total cost of these officers, who represent slightly over 3 per cent. of the total, works out to about Rs. 63½ lakhs, that is to say, a little under 1½ per cent. of the total cost of the Defence Services. It is obvious that even a comparatively large reduction, both in pay and in numbers, assuming that either of these courses were justifiable, would not produce a saving of more than a few lakhs of rupees.

6. On the other hand, it is a fact that the cost of staffs has risen from about Rs. 83 lakhs in 1914 to a little under Rs. 2 crores in 1934-35; the number of staff officers has risen from about 450 to about 560; there has been an even greater increase in the clerical establishments working under these officers; and some explanation for the increase may justifiably be demanded. Before the war, the Army in India was divided into two Armies, at the head of each of which was a General Officer responsible for command, inspection and training, but with no administrative functions or responsibility and, consequently, no administrative staff.

The 10 Divisions constituting the two Armies were directly subordinate to Army Headquarters for administrative purposes. The defects of this system had already begun to be apparent before the war. Army Headquarters, dealing direct with Divisions, was burdened with administrative detail, and Divisional Commanders were similarly overworked to the detriment of training for war. Moreover, the system made no provision for the command or administration of Internal Security units after the departure of the Field Army on active service; and there was therefore no machinery after mobilisation to ensure the continuity of the normal military administration in India itself. These considerations, together with other defects in staff organisation that were brought to light by the war, led to the adoption in 1921 of the present Four-Command system. The four Army Commanders are now responsible for the command, administration, training and general efficiency of the troops in their areas and for all Internal Security arrangements. To enable them to discharge these functions, administrative and financial, authority has been delegated to them from Army Headquarters and they have been provided with staffs proportionate to their new responsibilities. These changes in themselves naturally entailed an increase in the total number of staff appointments, although they might have been expected to lead to some reduction in the previous strength of Army Headquarters. There were, however, other factors tending to a general increase in the number of staff appointments. The assumption by the Government of responsibility for feeding, equipping, mounting and housing the Indian Army involved the centralisation of duties hitherto carried out regimentally and a great expansion of the organisations maintained permanently in peace for the performance of these services. The control of these centralised services necessitated new appointments on the staffs of Army Headquarters, Commands, and Districts. Further, as already explained, it was accepted that the reduction in the strength of fighting units must be accompanied by an improved standard of equipment and training. This in turn connoted an increase in the number of those whose duty it is to think out and co-ordinate the various activities designed to secure a high standard of preparation for war.

7. It may be open to question whether the present strength of staffs in India is not in excess of purely peace requirements. It is also not denied that some further decentralisation might be possible and that a wider delegation of powers from the India Office to the Government of India, from the Government of India to Army Headquarters and from Army Headquarters to subordinate Commands, combined with a decrease in the complexity of Army Regulations, might render possible some reduction of personnel. On the other hand, the complexity of modern warfare is such that success in the field is apt to depend more and more on the efficiency of the staff. From this point of view a liberal supply of trained staff officers is a necessity and not a luxury. It is, perhaps, hardly realised what an immense amount of planning and foresight is entailed in the movement of bodies of troops under modern conditions. The simplest emergency move requires very elaborate staff work to ensure that nothing is forgotten and that everything works smoothly when the day comes. To begin with, the choice of troops needs careful examination. Which are the nearest to the seat of the trouble and most readily available? What will be the effect on normal relief programmes and the resulting local situation after the departure of the troops from their peace station or stations? The orders for the

move are then prepared and must include instructions down to the last detail on a variety of subjects, such as the strength at which the units will proceed, the necessity for the recall of personnel on leave and furlough, the scales of equipment, animals and stores to be taken, the arrangements for the families, depots, unfit personnel, surplus baggage and vacated lines. These in their turn may lead to other subsidiary movements. Further, the characteristics of the area in which the operations are to take place require study to ensure that any special stores, medical appliances, special transport, maps, etc., may be arranged and placed, as far as possible, in the hands of the troops before the force leaves. In Burma and Bengal, for example, motor transport is of little value for mobile columns and special medical arrangements were necessary. The actual details of the method by which the move will be made, whether by rail, M. T., or road, then have to be worked out, so that accommodation and feeding arrangements may be ready *en route* and finality preparations must be made in advance for the reception, accommodation and maintenance of the troops at their destination. All this entails careful co-ordination of engineer work, complete co-operation with the Railways, the provision and location of maintenance installations and often re-adjustments in the holdings of existing installations, to ensure that the operations are conducted as economically as possible.

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## VIII. THE DEGREE OF RETRENCHMENT ACTUALLY ACHIEVED AND THE SYSTEM OF FINANCIAL CONTROL.

1. The preceding articles have endeavoured to explain the difficulties and dangers in the way of making any large reduction in the present strength and cost of the Defence Forces. They have argued that this or that cannot be done. It is now time to turn to the other side of the picture and to give, firstly, a brief account of what could be done, and what has been done, to reduce the bill and, secondly, a more positive justification of Defence expenditure than has hitherto been attempted.

2. For the former purpose, in order to put things in proper perspective, it is necessary to go back a few years. Everyone knows that the military budget before the war was about Rs. 29 crores; but it is apt to be forgotten that after the war, in 1922-23, it stood at no less than Rs. 68 crores. This figure contained over Rs. 5 crores due to the operations in Waziristan, but the peak figure may fairly be put at about Rs. 63 crores. Today the Defence estimates stand at a figure of Rs. 45 crores, which means that there has been a reduction of Rs. 18 crores, or 28 per cent. in the last 12 years. The first step in this reduction came with the Inchcape Committee, which recommended in 1923-24 a Defence Budget of Rs. 57½ crores and looked forward as an ultimate possibility to a rock-bottom figure of Rs. 50 crores. The methods of the Inchcape Committee have already been referred to. Actually the budget for 1923-24 was reduced to Rs. 55 crores, but time soon proved that such sweeping reductions were ill-considered and in 1924-25 the budget rose by a crore of rupees. For the next few years expenditure remained round about Rs. 56 crores, but in 1927-28 the effects of the Inchcape reductions came to a head. The Defence authorities were compelled to bring to the notice of the Government of India that the substantial decrease in the numerical strength of the Forces had been accompanied by a quite disproportionate reduction in the provision for maintaining them; that the essential balance between fighting troops and administrative and ancillary services had been seriously impaired; and that equipment had fallen, and was progressively falling, below the standards required to give effect to the policy which both the Government and the Legislature had accepted as essential. The Government of India thus found themselves in a dilemma. It was estimated that Rs. 10 crores were required to put things right and yet the proclaimed policy was the progressive reduction of military expenditure and it was impossible to contemplate any permanent increase in the Defence Estimates.

3. The solution was found in what is popularly known as the Contract Budget system. The essential features of this arrangement were as follows:—

- (a) a fixed sum of Rs. 55 crores, which represented an increase of Rs. 1 crore over the then assumed level of Standing Charges, was to be placed at the disposal of the Commander-in-Chief for a period of 4 years.
- (b) during this period the military authorities were to carry out a special economy campaign, calling upon all ranks to co-operate in eliminating unnecessary expenditure; and

- (c) during the same period, the Commander-in-Chief was to be allowed to retain and carry forward all savings, whether automatic or secured by special measures of economy, and to apply them to financing a special 10 crore programme of re-equipment.

Towards the cost of this programme, Rs. 4 crores were to be found from the arrangement referred to at (a) above; Rs. 2 crores were expected from automatic savings, such as the reduction in the pay of British troops; and the balance of Rs. 4 crores was to be found from the economy campaign and further unspecified reductions in the scale of commitments. The programme itself was designed to place on a satisfactory footing the mobilisation requirements of the Field Army; to provide for the addition of two new squadrons of the Royal Air Force and the re-equipment of the existing squadrons; and to put through a scheme for the mechanisation of a large portion of the Transport Services and a few fighting units. It was estimated that increases in Standing Charges under certain heads at the end of the four-year period might amount to about one crore of rupees; but the permanent net level of the Defence Budget after the four-year period was to be lowered to Rs. 52½ crores. Thus, taking the original Standing Charges to be Rs. 54 crores and assuming that the provision for increased Standing Charges and other new demands might be placed at Rs. 1½ crores, recurring economies amounting to Rs. 3 crores would be required to reach the new level of Rs. 52½ crores. The programme itself was recognised to be liable to modification in detail, but the arrangement was based on the stipulations that there would be no large variation in the total cost and that, at the end of the period, the Standing Charges of the Army, would be those required for the maintenance of forces of the same general strength as at the beginning of the period, but as re-equipped and re-organised in accordance with the programme.

4. In practice, the stabilisation of the Defence Budget lasted in its entirety for two years only. Since 1930-31, the effects of the general economic depression have involved a departure from both the first and the last of the principles described in the preceding paragraph. The "fixed" allotment (excluding the 'Civil Grant' for the Territorial Forces) was reduced from Rs. 55 crores to Rs. 54.20 crores in 1930-31. In 1931-32 a further reduction to Rs. 51.90 crores took place, while the provision for 1932-33 was Rs. 46.65 crores and for 1933-34 Rs. 46.12. Largely as a result of the contribution made by His Majesty's Government after the Capitulation Tribunal award the provision for 1934-35 was Rs. 44.90 crores and the Budget estimate for 1935-36 is Rs. 44.91 crores, which includes Rs. 53 lakhs for the restoration of the pay cuts. The fact is that the budget of the present year stands at a point more than 10 crores below the level of 1929-30.

5. The principle of the right to carry forward savings has to some extent been retained; but it has been found necessary to meet from the Contract Budget certain special expenditure (amounting in all to some 2½ crores of rupees) which, under the terms of the agreement, would ordinarily have been met by special grants. The most important of these items has been the expenditure incurred in the operations on the North-West Frontier the suppression of the Burma rebellion, the establishment of an additional garrison in Bengal and the cost of moving the troops whose assistance was found necessary from time to time in dealing with the civil disobedience movement.

6. It is the second main feature of the Contract arrangement, and this feature alone, that has remained intact. In spite of the progressive reductions that have been made in the Contract figure, in spite of the enforced surrender and diversion of funds, which have added greatly to the difficulty of their task, the Defence authorities have adhered steadily to their side of the bargain. The efforts of those responsible for the economy campaign were intensified as the economic situation grew worse; the search for savings is not yet ended; and the results achieved are apparent in the budget figures quoted in para. 4. At the same time—and this perhaps is the most important point—the mistakes of the Inchcape Committee have been carefully avoided; the re-equipment programme, instead of being abandoned, has been steadily pursued; rather more than three-quarters of it has actually been completed; and it can truthfully be claimed that the ordeal of retrenchment has so far been survived without serious damage to the efficiency of the Defence Forces. The machine has been stripped of many useful, if not essential parts, but the all-important balance has been preserved and it is still working well.

7. To summarise, the Budget stands today at a figure of more than Rs. 10 crores, and the present Standing Charges of the Defence Forces at a figure of more than Rs. 9 crores, less than in 1928; and yet it has been possible since that year to spend more than Rs. 7½ crores in retrieving the mistakes of the past and to relieve the general exchequer of expenditure amounting to nearly Rs. 2½ crores which in normal times it would have been called upon to defray. It is not pretended that results of this magnitude have been secured by the unaided efforts of the Defence Authorities. Great assistance was received from the Army Retrenchment Sub-Committee and, perhaps, even greater from external causes such as the unprecedented fall in prices, from automatic sources, such as the reduction in the pay of British soldiers, and from particular and non-recurring windfalls.

For much the same reasons it cannot be asserted that the low level now reached represents a new normal standard of obligatory charges. Prices may rise, works cannot be permanently postponed and the provision of new equipment and weapons required to keep the army up to the standard that has been accepted cannot continue to be deferred indefinitely. In fact, a prolongation of the present conditions would soon lead to a definite deterioration in the efficiency of the armed forces and their preparedness for war. Except in times of actual stringency such as we have been passing through, yearly provision of money for new equipment as opposed to maintenance is not only necessary for efficiency, but is in itself economical: otherwise it would soon become necessary to make provision for another large and expensive re-equipment programme.

Nevertheless, it may justly be claimed that the achievement has been remarkable and that behind all the other causes of the reduction of expenditure lies a solid block of real retrenchment, amounting to between 4 and 5 crores of rupees, which has been secured, not without considerable sacrifice, by the deliberate efforts of His Excellency the Commander-in-Chief and his officers.

8. If credit may fairly be claimed for these results, it is equally important to lay to heart the lessons that have emerged from the experience of the past few years.

In the first place, it should have been brought home to all concerned beyond the possibility of a doubt that the Defence expenditure of a country

can never be satisfactorily financed by a series of fits and starts—by a period of expansion followed by a ruthless application of the axe and a period of starvation, which, in turn, has to be succeeded by a special programme of expenditure in order to put things right. Violent fluctuations are not only administratively, but financially, unsound and only lead to greater expenditure in the long run.

In the second place—and this fact, it is hoped, will supply some answer to those who contend that the success of the economy campaign in the Army only proves the correctness of their belief that there was, and still is, ample room for retrenchment—it has been clearly demonstrated, at any rate to the Defence authorities themselves, that successful economy cannot be secured without the co-operation of all ranks and that the co-operation experienced on the present occasion was due, more than anything else, to what may be called the “Contract spirit”. The principle of the ‘Stabilised Budget’, under which the Armed Forces retain some claim over the savings that they have themselves secured, not only confers the inestimable advantage of being able to plan ahead, but also makes it possible to take risks that could otherwise never be faced. For example, it is desired to change over from animal to mechanical transport. With the assurance that the grant for the former will not be reduced, it is possible to disband animal transport units before others are ready to take their place. A risk is taken for a short period, knowing that the money so saved will not have to be surrendered, but can be used for the purchase of the necessary mechanical vehicles. Above all, the grant of this measure of control over their own affairs, as so often happens, has greatly increased both the sense of financial responsibility and the responsiveness to the demand for economy on the part of all concerned. On the one hand, without any relaxation of financial control—and the Retrenchment Committees were satisfied after full enquiry that the Contract system involved no such relaxation—the financial authorities have found it possible on this account to make considerable reductions in their own staff; and the decrease of work thereby secured has contributed towards such reductions in the Staff of Army Headquarters as have been found possible in the last few years. On the other hand, it is no exaggeration to say that the response to the call for economy has exceeded the most sanguine expectations of those in authority; they never guessed that such large savings would be possible; and they attribute the result largely to the realisation throughout the Army that something drastic had to be done and that, if they did not do it—and do it thoroughly—in their own way, economies would be forced upon them which would seriously endanger the efficiency of the armed Forces. The stream of retrenchment is now diminishing and it is probable that the limit has been reached unless there is to be a reduction of troops; but there can be no doubt that the limit would have been reached far earlier but for the “Contract spirit”. It would be most unwise to terminate a system that has demonstrated its value in such a practical way.

9. A common line of criticism, especially since the introduction of the Contract system, has been that the Finance Member has no real say in the regulation of Defence Expenditure. “The toad beneath the harrow knows, exactly where each tooth point goes”—and those who are aware of the facts, without in any way desiring to compare the Finance Department of the Government of India with the agricultural implement or themselves with the animal in question, can only stand amazed at such an indictment. The fact is that the association of the Finance Depart-



ment with the financial administration of the Defence grants is far closer and more detailed than in any other department of the State. Nor has that position been in any way affected by the Contract arrangement. The Military Finance Department, and the Military Accounts Department, although the latter is paid for from the Defence Estimates, are integral parts of the Finance Department of the Government of India under the control of the Finance Member; and the Director of Army Audit is a subordinate of the Auditor General. The working of the whole of this organisation is based on the fundamental principle of joint responsibility on the part of the administrative and financial authorities for the correct and economical expenditure of the grants made; and these, in turn, are limited by the total resources at the disposal of the Government of India and the other demands made on those resources. The representatives of the Finance Department work in continuous and intimate touch with the administrative authorities and, by reason of their dual function, as advisers to these authorities on the one hand and as watch dogs of the Finance Department on the other, they are brought into consultation at the earliest stages of every proposal for expenditure. The Financial Adviser who is a Joint Secretary to the Government of India in the Finance Department, has the right to require that any particular proposal should be submitted for the orders of the Finance Member; and periodical reviews of the progress of expenditure are submitted to that authority throughout the year. The Defence Estimates themselves, though the expenditure is not votable, are never withheld from discussion by the Legislature; and the annual review of the Accounts prepared by the Financial Adviser, together with the Report of the Director of Army Audit and the remarks of the Auditor General thereon, is submitted to the examination of the Military Accounts Committee, which is presided over by the Finance Member, contains three members of the Assembly and reports to the Public Accounts Committee.

10. None of these safeguards has been destroyed by the Contract system; in fact a primary feature of the arrangement was that "there can be no alteration in the existing financial regulations and the machinery for enforcing them. \* \* \* The functions and powers of the Finance Department, exercised through the Financial Adviser and his assistants, must remain unimpaired". The only difference in practice is that the tendency, which is not uncommon in other Departments, to put forward proposals for expenditure and throw upon the Finance Department the onus of rejecting them has been very materially reduced. Under the present system all proposals for "new" expenditure are sifted at a meeting of the Principal Staff Officers at Army Headquarters, instead of being put forward independently and at irregular intervals by, say, the Quartermaster General or the Adjutant General to run the gauntlet of financial criticism. The proposals are examined together, with reference to the amount likely to be available for "New Demands"; the administrative authorities themselves settle the order of preference; and the Military Finance Branch is not ordinarily called upon to examine a particular proposal in detail until it has passed this test. The saving in work is very considerable. Similarly, there is some practical decrease in the number of cases that have to be submitted for the orders of the Finance Member, because demands for "new" expenditure are generally limited to items in the programme already accepted by the Government and individual measures which form part of that programme no longer require acceptance as a matter of policy.

## IX.—SOME POSITIVE ARGUMENTS IN JUSTIFICATION OF DEFENCE EXPENDITURE.

To conclude this set of articles an attempt must be made to answer the criticism that expenditure on Defence is a mere dead weight borne by the Indian taxpayer as an insurance against external aggression or internal disorder and that much of it, owing to its eventual destination, constitutes a perpetual drain on the national resources.

2. As an illustration of this type of criticism may be quoted the following extract from Sir Walter Layton's report on Indian Finance included as Part VIII in Volume II of the report of the Indian Statutory Commission (Simon Report):—

"It is to be remembered that the extent to which taxation is felt as a burden depends very largely on the objects on which a Government spends its revenue. Thus, it has been frequently pointed out that taxation for the purpose of paying interest on an internal debt is, economically speaking, a transfer of wealth within a country, which may—it is true—hamper enterprise, if the method of raising the revenue is unwise, but which need not do so or affect the total saving power of the community. Again, wise expenditure on social services, and particularly on health and education, should be remunerative in the sense of increasing the wealth-producing power and, therefore, the taxable capacity of a country. Security is, of course, essential, if production is to develop; but it cannot be claimed for expenditure on defence either that it is a mere redistribution of income or that it promotes productive efficiency. Indeed, economically speaking, it is the most burdensome form of expenditure, and this is particularly the case where, as in the case of India, the Army contains a large element drawn from elsewhere. If, therefore, the high "defence ratio" in Indian Government expenditure is partly due to the low level of other expenditure, it remains a peculiarly burdensome one, and it would be reasonable to assume that, even if the total expenditure of India were increased, the burden would be more tolerable and more readily borne, provided this particular charge were diminished."

2. The substance of the complaint may be said to be that expenditure on Defence in India is peculiarly burdensome because:—

- A. The Army in India contains a large element drawn from elsewhere.
- B. The expenditure produces no social or, as Indian critics usually put it, "nation-building" value.
- C. The expenditure does not promote productive efficiency.
- D. The expenditure is not even a mere redistribution of income and must therefore be ranked, in point of burdensomeness, even below payment of interest on internal debt.

It has already been granted that Defence expenditure is primarily an insurance premium and no one will deny that some such insurance is necessary; but it by no means follows from that admission that it is nothing but a dead-weight on the taxpayer.

An attempt will be made in the succeeding paragraphs to give short answers to these four main lines of criticism.

3. *A. The Army in India contains a large element drawn from elsewhere.*—The essential point is not the source from which the personnel of the Defence Forces are drawn, but the ultimate destination of the money that is spent upon them. Taking the total *gross* expenditure of the present day at the round figure of Rs. 50 crores, it has been estimated that Rs. 37½ crores, or 75 per cent., are finally spent in India and only Rs. 12½ crores, or 25 per cent., outside India. Of the Rs. 12½ crores spent abroad, India receives full value for Rs. 5 crores in the shape of stores or trained personnel unprocurable in India; the balance of Rs. 7½ crores, for which no direct return is received, is made up of pensions, leave charges and the remittances for educational or other domestic purposes made by individuals serving in India. It is true, of course, that a reduction in the British element of the armed forces would gradually effect a reduction in the sums that so leave India; nor is it denied that those sums are in themselves considerable. How the present policy of Indianisation will automatically involve some such reduction has already been explained; nor is it necessary here to repeat the arguments against an immediate acceleration of the process. On the other side of the account, however, must, in fairness, be taken the very large amounts of British capital invested in India, not, perhaps, to any great extent, by the members of the Defence Forces themselves and their families—they are not counted among the rich—but by those whose confidence in India rests largely on the stability that the presence of these Forces has ensured.

Returning for a moment to the expenditure on imported stores, it is of interest to compare the position as it stands today with the state of affairs before the war. In 1914, 37 per cent. of the ordnance and clothing stores required for the Army in India were purchased abroad, whereas the percentage in 1931-32 had fallen to 11 per cent. Today practically 100 per cent. of the requirements of lethal stores are manufactured in India, that is to say guns, rifles, machine guns, ammunition, etc. Seventy-two per cent. of other stores, such as clothing, foodstuffs, constructional materials and petrol, and 63 per cent. of the Army's Medical Stores are manufactured or purchased in India; and aircraft and mechanical transport vehicles are the only large items that have to be imported. These figures are sufficiently remarkable. They may be improved as time goes on. But, as previously pointed out in dealing with the expenditure on mechanical transport, the improvement is bound up with the development of Indian industries and depends largely on the enterprise of Indian industrialists themselves. The development of this feature has yet another effect. The necessity of guaranteeing supply in war demands that reserves of very many commodities should be kept in peace, thus tying up much capital and costing money in maintenance and turnover. When therefore the supply of a commodity from indigenous sources after mobilisation can be guaranteed much money can be saved. Such possibilities are under continual review.

4. *B. Defence expenditure produces no social or "nation-building" value.*—We have already had occasion to notice that, in the political sense of the word, the armed forces may claim a very high position in the list of "nation-building" departments; and it may be observed, in passing, that service in these forces develops the virtues of courage, sense of duty, obedience and co-operation. The Indian soldier, as a

general rule, is better fed, better clothed, better housed and better educated than he would be in his own village. He leaves the Army a better citizen than when he entered it; and he is instrumental in promoting a higher standard of physique and a higher standard of living in general. The present criticism, however, refers in particular to the contention that Defence expenditure possesses no social value in the matter of health and education. A criticism of this kind reads curiously in the light of complaints made by other critics, who may say to-day that the Medical and Educational expenditure of the Army is excessive, compared with the lower standard that is available to the civil population in general, and who may yet declare to-morrow that the one object of the Army is to confine recruitment to the uneducated classes and exclude from its ranks those who have attained, as a community, the benefits of learning.

The plain fact is, so far as Education is concerned, that the Rs. 37 odd lakhs which find a place in the annual budget for this purpose are sufficient, but no more than sufficient, to discharge the responsibilities of the Army towards their own people. If it came to a question of value for money, it might with some justice be claimed that the return is higher in the Army than it is in some Provinces. It was, for instance, recently brought to the notice of a particularly progressive local Government by their own educational adviser that a very large proportion of the boys attending elementary schools never rose above the first standard, that each school was contributing less than two really literate boys per year, and that a large amount of the expenditure was therefore yielding no practical result. Apart from this, it might also be claimed that the value of some of the educational institutions maintained by the Army extends far beyond their own immediate needs. The King George's Schools, for instance, for the sons of Indian soldiers, provide a model that might well be copied by local Governments and non-official bodies; and, above all, the Prince of Wales's College at Dehra Dun has given practical effect to an idea, which has for many years found favour in theory with Indian opinion, and has demonstrated the possibility of running an institution successfully in India on British Public School lines. Many of the boys at the College do not adopt the Army as a career; and the example of this College may have an important effect on the development of educational institutions in India.

5. So far as the Army Medical Services are concerned, there is much that could be said. The military community is in the main composed of a selected healthy male population. They are in consequence subject to the acute infective type of disease rather than to the more chronic types of illness common especially among the older members of the civil population. On the other hand, infectious diseases ravage the civil population to an even greater extent than they do the military, and the work of military doctors in these fields has been of enormous benefit to the community as a whole. Only a few examples are necessary. Leaving out of account the many outstanding achievements of I. M. S. officers in civil employ, the discoveries of the late Sir Ronald Ross in the sphere of Malaria were not merely of military, nor even of national, importance. Their results have had a world wide value and have done much to reduce human suffering, to render habitable tracts of territory hitherto denied to human occupation, to carry out projects, (as for

example the construction of the Panama Canal) which had previously been tried and had failed because of the excessive incidence of the disease, and in general, to raise the standard of life in the tropics. Of recent years attention has been focussed on the treatment of malaria by synthetic drugs which are more thorough in their action than quinine. Here again the Military Medical Services lead the way and the course of treatment which they have devised in India has been accepted by the manufacturers of the drugs and is recommended by them throughout the world as the most satisfactory treatment.

6. The conception of mass inoculation against typhoid fever, the research work connected with the selection of suitable bacterial strains, and the evolution of the vaccine were entirely military in origin. This work saved countless lives during the war, and inoculation is a measure of protection now widely adopted by the more enlightened inhabitants of countries in which enteric fevers are endemic.

The organism which causes Kala-azar was discovered by Major W. B. Leishman, R.A.M.C. (the late Sir William Leishman). His discovery led to years of research which have produced effective methods of treatment and have elucidated the method by which the disease is transmitted.

These, while probably the more important, are but a few of the many instances in which military research has proved of vast importance to the community at large. If no mention has been made of recent work, it is because the value of such work can only be appraised after the test of time has proved its value. Much research is, however, in progress in subjects such as dysentery, enteric fevers, tropical typhus, sandfly fever, diphtheria, heat-stroke, etc., the results of which will be of general importance.

7. Then again, in the sphere of hygiene, the methods of application evolved by military officers have in many instances served as models to the remainder of the community. Anti-malaria work is a good example. For many years military hygienists ploughed a lonely furrow and much of their work was vitiated by proximity to insanitary areas beyond their control. Slowly the good example has won the day, and now more and more municipal authorities are co-operating in an endeavour to bring their areas up to the same standard. The ultimate benefit is almost incalculable.

The process of water sterilisation by the addition of chlorine in one form or another has been developed to its present standard largely through the experiments of military hygienists. The process has been adopted in many places in Europe, as for example in London, where much of the water supply is now treated in this way. In India communities which have followed the military example and provided themselves with a sterilised water supply have completely eliminated that fatal disease, cholera, which in the more backward parts of the country still takes its heavy annual toll.

"Example is better than precept", says the old proverb. Throughout India are military garrisons and cantonments which serve as models for those who wish to copy, and the standards which they set up cannot fail in time to have a far-reaching influence on the community at large, and to promote in the most effective way its social well-being.

8. *C. Defence expenditure does not promote productive efficiency.*—

A sweeping statement of this kind is demonstrably untrue. The promotion of productive efficiency is not, of course, one of the primary objects of the Defence Forces; but many of their activities do make a substantial contribution towards the material prosperity of the country. A few examples may be given. Were it not for the efforts of the military authorities, the Horse and Mule breeding industry might well have become extinct in India. The primary object of this section of military expenditure is, no doubt, to make India as self-supporting as possible in the matter of the supply of horses and mules for Army requirements; but the breeding operations of the Remount Department involve the production of a certain number of animals which do not quite come up to the standard required. This surplus stock is absorbed by the civil population and supplies a definite civil demand. The horse breeders rely on the sale of their stock, either to Government or in the open market, and much of the money so received returns to Government in the form of land revenue or other dues.

9. Then again, there are the operations of the Grass and Dairy Farms, which though primarily directed to ensuring in peace and war an adequate supply of fodder for Army animals and pure dairy products for military personnel, have actually attained a wider range of public utility. The scientific methods of cultivation employed by the Grass Farms Department have been of direct benefit, by way of example, to the Indian cultivator; and the Okara Farm in the Punjab in particular may be quoted as a model institution. Military Dairies have stimulated the demand for pure milk and butter and are doing much to bring into existence a new Indian industry, which is now trying to supplant its progenitor. Many useful experiments have been carried out with imported breeds of cattle and their crossing with Indian stock. These have been of direct value to Indian agriculture, and many of the calves bred on the Farms are given away to local zamindars, who use them for breeding with positive benefit to their own herds.

10. The Royal Air Force in India, apart from the fact that their services in peace are utilised by many Departments of the Government for purposes other than defence—for example, for survey work, for conveying flood warnings, for the carriage of officials and mails, etc.—have taken a direct share in promoting the material prosperity of the country. R. A. F. landing grounds and air routes have greatly facilitated the growth of civil aviation: meteorology has received a direct impetus with benefit to the community at large; and there are Indian industries—such as the production of Benzol—which owe their existence almost entirely to Air Force requirements.

11. Finally, there is the very large contribution made by the Army and R. A. F. Manufacturing Establishments towards the productive efficiency of the country. Not only do they aim at making India self-supporting in the maintenance of her armed forces, but they have done much to train workmen in the use of up-to-date machinery and methods, to make the greatest possible use of indigenous materials and to set high standards of welfare for the labour that they employ. The Army Factories employ some 12,000 to 13,000 Indian workmen, the Arsenal and Ordnance Depots about 5,000 labourers (some of whom are skilled)

and 3,000 artificers and the Royal Air Force about 600 skilled and semi-skilled labourers. The training that these men receive must be of great value to the community at large; and the provision made, for their housing, education and health, combined with the attention paid to the development of co-operative societies, clubs and recreational facilities, affords an example to similar concerns. The Army are also now making efforts to train Indian personnel of higher social status in the engineering and allied professions by apprenticeship schemes in Ordnance Factories and Arsenals.

12. D. *Defence expenditure is not even a mere redistribution of income and must therefore be ranked, in point of burdensomeness, even below the payment of interest on an internal debt.*—This criticism, it will be noted, is not concerned with productivity. It deals with expenditure in its lowest form, namely, the mere transfer of wealth from one pocket to another within the country, and in this respect it rates Defence expenditure as lower and more burdensome than payment of interest on internal debt. Now nearly 70 per cent. of the total expenditure on Defence is paid out direct to members or ex-members of the Defence Forces in the form of pay, allowances and pensions. In addition, substantial sums are paid out to labourers, either directly in factories and other manufacturing establishments or indirectly through contractors; and there are other classes of persons to whom payments are made, such as house owners. If these payments which amount probably to several crores, are added to the payments to the members of the Defence Forces, the total will amount to about 80 per cent. of the whole expenditure. The criticism therefore amounts to the astounding proposition that money paid to a soldier or an ex-soldier or to a private individual or a labourer in return for services rendered to the Defence Forces *ipso facto* becomes sterilised. Such a conclusion is absurd. It has already been shown that most of the money that goes on pay and pensions is spent in India and the recipients may be presumed to spend their money in approximately the same way as any other citizens resident in India. The most that need be admitted is that the money converted into lethal munitions of war is in a sense sterilised; but even this expenditure creates employment and the amount in question does not much exceed Rs. 1 crore, and therefore represents a very small fraction of the whole. Having regard to the facts given above and to the large number of persons among whom the payments of the Defence Forces are distributed, it is reasonable to claim that Defence expenditure, so far from being sterile, constitutes one of the largest and most effective media in India for keeping money in circulation.



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# STATEMENT RELATING TO DEFENCE

ISSUED IN CONNEXION WITH THE  
HOUSE OF COMMONS DEBATE  
ON MARCH 11, 1935

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*Presented by the Prime Minister to Parliament  
by Command of His Majesty  
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For some years when the Votes of the Defence Services have been debated in the House of Commons, the suggestion has been made that their consideration should be preceded by a Debate on Imperial Defence as a whole. The Government have always been sympathetic to this proposal, but it has not been found possible hitherto to adopt it. In the present year the case for some such procedure is stronger than it was in past years, for the reason that the course of events has rendered unavoidable an increase in the total Defence Estimates, and it is hoped to be able to provide an opportunity for the discussion of Imperial Defence. The following notes are circulated, not to supersede the White Papers accompanying the Estimates of the Defence Departments, but in order to indicate generally the policy of the Government in Imperial Defence, and the reasons for the increase.

I.

2. The establishment of peace on a permanent footing is the principal aim of British foreign policy. The first and strongest defence of the peoples, territories, cities, overseas trade and communications of the British Empire is provided by the maintenance of peace. If war can be banished from the world, these vast and world-wide interests will remain free from the dangers of attack, and the great work of civilisation and trade will proceed unhampered by the fears that have hindered their progress from the earliest recorded times until to-day. That is why every British Government is bound to use its utmost endeavours to maintain peace.

3. In recent years the chief methods by which His Majesty's Government in the United Kingdom have pursued the establishment of peace on a permanent footing have been as follows:—

(1) By unswerving support of the League of Nations, which His Majesty's Government in the United Kingdom regard as essential machinery for promoting the preservation of peace by facilitating and regularising the means of international co-operation.

(2) By the promotion, in co-operation with other nations, of international instruments designed to produce collective security and a sense of security among the nations. Among the more important may be mentioned:—

(a) The Briand-Kellogg Pact of 1928 for the renunciation by every signatory of war as an instrument of policy.

(b) The Quadruple Pacific Treaty and the Nine-Power Treaty regarding the Far East, both designed to promote peace in that area and in the Pacific.

(c) The Locarno Treaties, designed, by a system of mutual guarantee, to maintain the peace in those countries of Western Europe, to the situation of which this country has never been and can never be indifferent.

The latest development in this direction is the Anglo-French proposal of the 3rd February for regional and mutual arrangements to deter aerial aggression and thereby provide additional security from sudden attacks from the air.

(d) Various proposals for increasing security in Eastern Europe and the Danube Basin, with special reference to the maintenance of the independence and integrity of Austria. These involve no military commitments, direct or indirect, by this country.

(3) By efforts to promote international understanding in general, and in particular to bring back into the comity of nations all the countries which have been enemies in the late war. Successive Governments in the United Kingdom have taken a leading part in such measures as the suspension of the Penalties provisions of the Treaty of Versailles; the election of late enemies to membership of the League of Nations, including, in the case of Germany, permanent membership of the Council; the evacuation of the Rhineland five years in advance of the date fixed by the Treaties; the gradual rationalisation and virtual settlement of reparations at the Lausanne Conference of 1932; the Saar plebiscite; the action in connection with the Disarmament Conference referred to below in (4).

(4) The reduction and limitation of international armaments in order to promote the work of pacification and steadily to reduce the means of making war. The best known instances of disarmament are the Washington Treaty of 1922 and the London Naval Treaty of 1930, both of which, in accordance with their provisions are to form the subject of an International Conference during the present year. After six years of preparation the Disarmament Conference, promoted by the League of Nations, opened at Geneva on the 2nd February, 1932, and ever since the present Government have sought unremittingly to obtain a successful result. In pursuit of this object they have been foremost among the nations in taking the initiative as, for example, to mention only a few instances, their declaration in connection with Germany's claim to equality of rights, of the 17th November, 1932 (Cmd. 4189); the British draft Convention of the 16th March, 1933 (Cmd. 4279), and their proposals of January 1934 (Cmd. 4498).

4. Hitherto, in spite of many setbacks, public opinion in this country has tended to assume that nothing is required for the maintenance of peace except the existing international political machinery, and that the older methods of defence—navies, armies

and air forces—on which we have hitherto depended for our security in the last resort are no longer required. The force of world events, however, has shown that this assumption is premature, and that we have far to go before we can find complete security without having in the background the means of defending ourselves against attack. Nations differ in their temperaments, needs and state of civilisation. Discontent may arise out of various causes, from the recollection of past misfortunes, from a desire to recover past losses or from pressure occasioned by the increase of population. All these are fruitful sources of friction or dispute, and events in various parts of the world have shown that nations are still prepared to use or threaten force under the impulse of what they conceive to be a national necessity; and it has been found that once action has been taken the existing international machinery for the maintenance of peace cannot be relied upon as a protection against an aggressor.

5. The National Government intends to pursue without intermission the national policy of peace by every practicable means and to take advantage of every opportunity, and to make opportunities to make peace more secure. But it can no longer close its eyes to the fact that adequate defences are still required for security and to enable the British Empire to play its full part in maintaining the peace of the world.

## II.

6. During the years that all parties in this country have been seeking to carry out the policy outlined above, there has been a steady decline in the effective strength of our armaments by sea and land. In the air we virtually disarmed ourselves in 1919, and, subsequently, from time to time postponed attainment of the minimum air strength regarded as necessary to our security in the face of air developments on the Continent. It is not that British Governments have neglected to keep themselves informed of the position. Every year the state of our armaments has been anxiously considered, and if risks have been run they have been accepted deliberately in pursuit of the aim of permanent peace. Again and again, rather than run any risk of jeopardising some promising movement in this direction by increasing expenditure on armaments, Governments have postponed the adoption of measures that were required when considered from the point of view of national defence alone. In this way we have taken risks for peace, but, as intimated by the Secretary of State for Foreign Affairs in the debate on the Address on the 28th November, 1934, "disarming ourselves in advance, by ourselves, by way of an example—has not increased our negotiating power in the Disarmament discussions at Geneva."

7. Parliament and people, however, have been warned again and again that serious deficiencies were accumulating in all the

Defence Services, and that our desire to lead the world towards disarmament by our example of unilateral disarmament has not succeeded. We have not contributed thereby to general disarmament, and are approaching a point when we are not possessed of the necessary means of defending ourselves against an aggressor.

### III.

8. Last midsummer the position was as follows :—

- (1) The Disarmament Conference had virtually come to a standstill. Further negotiations, it was clear, would be hampered by the fact that Germany was not only re-arming openly on a large scale, despite the provisions of Part V of the Treaty of Versailles, but had also given notice of withdrawal from the League of Nations and the Disarmament Conference. Japan also had given notice of withdrawal from the League. All the larger Powers except the United Kingdom were adding to their armed forces.
- (2) Detailed and prolonged examination had been made into the serious deficiencies that had accumulated in our defence forces and defences. It had been established that, unless a programme was put in hand to re-condition them and to bring them up to date, the country and the Empire would no longer possess an adequate standard of defence. If, therefore, in spite of all our efforts to keep the peace, an aggression should take place directed against ourselves, we should be unable to secure our sea communications, the food of our people or the defence of our principal cities and their population against air attack. Moreover, the great value of the Locarno Treaties to this country is their deterrent effect on would-be aggressors. This is being seriously weakened by the knowledge, shared by all the signatories, that our contribution, in case our obligation is clear to us, could have little decisive effect. The same consideration would, of course, apply to any other method of collective security to which we might be parties.

9. In the above circumstances, His Majesty's Government felt that they would be failing in their responsibilities if, while continuing to the full, efforts for peace by limitation of armaments, they delayed the initiation of steps to put our own armaments on a footing to safeguard us against potential dangers. A co-ordinated programme was drawn up for re-conditioning our defence forces and defences. In the case of the Navy (whose strength is limited by Treaty) and Army, these programmes involve for the most part a process of supplying technical deficiencies, providing up-to-date equipment and

adequate personnel and reserves of war material, without which our forces could not defend our vital interests against an aggressor nor co-operate in any system of collective security.

10. In the case of the Royal Air Force alone was an appreciable increase of units deemed immediately necessary, and for this reason it was announced in Parliament on the 19th July, 1934, and debated by the House of Commons on the 30th July, and by the House of Lords on the 14th November, Increases will also be necessary in the anti-aircraft defences provided by the Army.

11. On the 28th November, 1934, His Majesty's Government drew public attention to the re-armament on which Germany was engaged, and announced a speeding up of the increases in the Air Force already decided upon. The action of His Majesty's Government did not, of course, imply condonation of a breach of the Treaty of Versailles. It merely noted and made public, as a first step, what was known to be proceeding.

12. This re-armament, if continued at its present rate, unabated and uncontrolled, will aggravate the existing anxieties of the neighbours of Germany, and may consequently produce a situation where peace will be in peril. His Majesty's Government have noted and welcomed the declarations of the leaders of Germany that they desire peace. They cannot, however, fail to recognise that not only the forces but the spirit in which the population, and especially the youth of the country, are being organised lend colour to, and substantiate, the general feeling of insecurity which has already been incontestably generated. Nor is the increase of armaments confined to Germany. All over the world, in Russia, in Japan, in the United States of America and elsewhere, armaments are being added to. We could not afford to overlook all these increases, and so have had to begin to meet our deficiencies, but have been anxious not to make the provisions for necessary defence merge into a race in armaments strength.

#### IV.

13. If peace should be broken, the Navy is, as always, the first line of defence for the maintenance of our essential sea communications. Our special problems of defence arise firstly, from the dependence of this country for its existence on seaborne supplies of food and raw materials, and secondly, from the unique conditions of the British Empire, its world-wide distribution, and the fact that all parts of it are, to a greater or less extent, dependent on communications by sea for their well-being, or in some instances for their very existence; furthermore, in the last resort, it is on the transport of adequate forces and their supplies by sea that the different parts of the Empire rely to resist aggression and to ensure the security of their interests and the integrity of their territory.

Thus it is that the security by sea passage to this country, as well as to and from all parts of the Empire, forms the basis and foundation of our system of Imperial defence, without which all other measures can be of but little avail.

14. So long as the Navy is strong enough to perform this task, and the other defence services are equipped to co-operate in the defence of ports and of the narrow seas, our food supplies will be safeguarded; the Members of the British Commonwealth of Nations will be able to render each other mutual support to the extent that each may decide, and the trade of the different parts of the Empire, both with one another and with the rest of the world, will be maintained. Failure to make sufficient provision for the Navy and the other Defence Services would, in the event of war, reduce supplies to the point of starvation, render impossible mutual support within the Empire, lead to a cessation of trade, and inflict incalculable suffering on the community.

15. Developments in the power and range of air forces have increased the vulnerability of this country. This is an added burden of defence, but, when it has been borne, the protection of the sea communications of these Islands as well as of the rest of the Empire remains. The growing power of air forces, however it may have changed other conditions of warfare, has still left our merchant ships on the vast ocean spaces as open to naval attack as before. The necessities of naval defence remain therefore unaltered.

16. The Main Fleet is the basis upon which our naval strategy rests, but the cover it can provide is rarely complete, and it may always be expected that detached enemy units may evade the Main Fleet and carry out sporadic attacks on territories and trade. To deal with these attacks, considerable numbers of cruisers are required over and above those forming part of the Main Fleet.

17. In the Main Fleet the capital ship remains the essential element upon which the whole structure of our naval strategy depends. The age of our battleships renders it necessary to commence their replacement at an early date, but the extent of new construction will be subject to any agreement reached at the forthcoming Naval Conference. The advent of air attack in its present form was unforeseen when our existing battleships were designed, but their anti-aircraft armament is being increased to enable them to perform their primary function.

18. The strength of the Navy, as already mentioned, is at present fixed by the Washington and London Naval Treaties which are due for reconsideration this year. Divergencies in national points of view have developed since the negotiation of those treaties, as evidenced by the recent notice by Japan to terminate the Washington Treaty, and by the programmes effected and contemplated by some of the European Powers.

19. It is the hope of His Majesty's Government to secure an arrangement that will avoid competition in naval armaments whilst leaving us free to maintain a fleet at the strength necessary for our absolute requirements. This involves a calculation of the number of ships of each type which together make up the fleet, and it is essential that the minimum numbers so calculated should be maintained. It is equally essential that our fleet should be kept up to date in all respects, including a sufficient and highly trained personnel, adequate provision of aircraft (which are becoming more and more important to the Navy), the most modern weapons, repair facilities, and the necessary reserves of fuel, ammunition and stores of all kinds at convenient bases. Without these facilities, or if our ships are less well equipped than those of possible enemies, all money spent will be wasted, as the ships cannot perform effectively their defensive functions. Ineffective defence means not only waste, but defeat.

#### V.

20. The bases and fuelling stations of the Fleet and the harbours where merchant ships are loading and unloading require defences against sea-borne and air attack on scales that vary with their geographical position and the other circumstances of each port. Without these defences, the docks, repair facilities, fuel, stores, as well as merchant ships in port, would be liable to destruction or capture, and the action of the Fleet might be paralysed.

21. At the present time the defences of our ports need modernising. Under present day conditions the defence of ports involves concerted action between the three Services, but the heaviest expenditure falls on War Office votes.

22. The Army estimates, besides providing for the improvement and installation of coast defences on a considered scale of priority, make provision for a large expansion of anti-aircraft defences. In addition, the army requires to be modernised by the provision of up-to-date equipment, mechanisation, transport and reserves of war material of all kinds which have fallen below required standards. If these essentials are not provided, our Army, if ever called upon for action, would find itself inadequately equipped, with an insufficient reserve of ammunition, and exposed to heavy loss, suffering and possible disaster which might have been avoided by reasonable foresight and expenditure.

#### VI.

23. The Royal Air Force has, as its principal rôle, to provide (with the co-operation of ground defences) for the protection of the United Kingdom and particularly London against air attack. It also provides Air Forces for general defence purposes in the Middle East,

India and the Far East, as well as for co-operation in Coast Defence (a subject which is being closely studied by the three Defence Services in co-operation at the present time); and, in addition, furnishes specially trained and equipped squadrons for co-operation with the Army and a proportion of the Fleet Air Arm personnel for work with the Navy. The Air Squadrons at home provide, in addition, a reserve of air squadrons for employment in any part of the world in an emergency.

24. Technical development in the air is taking place very rapidly in respect, for example, of such matters as speed, height, endurance, carrying capacity and potentialities for destruction. The range of territory on the continent of Europe from which air attacks could be launched against this country is constantly extending and will continue to extend; and if, in war, an enemy were in possession of the countries bordering the Channel, the area of Great Britain liable to his attacks would be still further increased. The weight of the attack would be much greater, owing to the quicker "turn round" of the bombers and their increased bomb load at shorter ranges. The increase in speed, range and height accentuates the difficulty of obtaining warning in time to bring defensive aircraft into action in favourable conditions to repel attacks. For these reasons the importance of the integrity of certain territories on the other side of the Channel and North Sea, which for centuries has been, and still remains, a vital interest to this country from a Naval point of view, looms larger than ever when air defence is also taken into consideration.

25. The problem of air defence is occupying the attention of the Air Ministry and other Departments concerned. Up to now, however, the only deterrent to an armed aggressor has seemed to be the possession of adequate means of counter-attack. In view of the time required to provide the necessary forces, and the obscurities of the international situation, no Government mindful of its responsibilities could neglect to provide such defence as it deemed necessary to secure the safety of the country.

26. As was stated in the House of Commons on the 30th July, 1934, His Majesty's Government intend to develop, simultaneously with the defensive preparations of the country's armed forces, precautionary measures designed specifically for the protection of the civil population and the safeguarding of essential services against the effects of bombing attack from the air. Corresponding action has already been taken by most of the countries on the continent of Europe, and, by common consent of all those who have studied the subject, this is an essential complement to defensive measures in order to reduce, so far as possible, the inevitable losses and suffering that must result from air attack.

27. The Government desires to emphasise that the measures now proposed are elastic. They will not only be subject to frequent



review in the light of prevailing conditions, but may from time to time be adjusted in either direction if circumstances should, in the opinion of His Majesty's Government, warrant any change.

28. To summarise, peace is the principal aim of British foreign policy. The National Government intend to forward this object not only by methods adopted in past years—support to the League of Nations, security agreements, international understanding and international regulation of armaments—but by any other means that may be available. Notwithstanding their confidence in the ultimate triumph of peaceful methods, in the present troubled state of the world they realise that armaments cannot be dispensed with. They are required to preserve peace, to maintain security and to deter aggression. The deliberate retardation of our armaments as part of our peace policy has brought them below the level required for the fulfilment of these objects, especially in view of the uncertainty of the international situation and the increase of armaments in all parts of the world. An additional expenditure on the armaments of the three Defence Services can, therefore, no longer be safely postponed.

J. R. M.

March 1, 1935.



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# STATEMENT RELATING TO DEFENCE

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*Presented by the Prime Minister to Parliament  
by Command of His Majesty  
3rd March, 1936*

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## STATEMENT RELATING TO DEFENCE

### I.

In March of last year, His Majesty's Government in the United Kingdom acceded to a suggestion which had often been made that consideration by the House of Commons of the estimates for the Defence Services should be preceded by a Debate on Imperial Defence as a whole. Before the Debate, a White Paper, dated the 1st March, 1935, was issued in order to indicate generally the policy of the Government on Imperial Defence, and the conditions which necessitated their proposals (Cmd. 4827). This year it is proposed to follow the same procedure. Indeed, developments which have taken place in the world during the intervening twelve months make it more than ever necessary that the House of Commons, before discussing details of estimates, should make a comprehensive survey of the general problems of defence and should have placed before it the reason and the justification for the scheme of increased expenditure which it will be asked to authorise.

2. The previous White Paper began by pointing out what is the relation between diplomatic and political action on the one hand, and expenditure on the Navy, Army, and Air Force on the other. It said: "The establishment of peace on a permanent footing is the principal aim of British foreign policy. The first and strongest defence of the peoples, territories, cities, overseas trade and communications of the British Empire is provided by the maintenance of peace. If war can be banished from the world, these vast and world-wide interests will remain free from the dangers of attack, and the great work of civilisation and trade will proceed unhampered by the fears that have hindered their progress from the earliest recorded times until to-day. That is why every British Government is bound to use its utmost endeavours to maintain peace."

The White Paper went on to describe the chief methods which British policy is pursuing to secure the establishment of peace on a permanent footing, and amongst them laid emphasis on unswerving support of the League of Nations, on the promotion of collective security, and on repeated efforts and initiatives to promote better international understanding, and to reach international agreement for the reduction and limitation of armaments. These objects and purposes continue to inspire British policy, and the programme of defence expenditure which the country now has to face does not imply any reversal or qualification of them, but is on the contrary the indispensable condition of their attainment.

3. In recent years successive Governments have deliberately taken the course of postponing defence expenditure which would certainly have been justified and might indeed have been regarded as necessary, in order to give the best possible opportunity for the development of a new international order in which such expenditure might be avoided. Our action was thus described in paragraphs 6 and 7 of the White Paper of a year ago.

“6. During the years that all parties in this country have been seeking to carry out the policy outlined above, there has been a steady decline in the effective strength of our armaments by sea and land. In the air we virtually disarmed ourselves in 1919, and, subsequently, from time to time postponed attainment of the minimum air strength regarded as necessary to our security in the face of air developments on the Continent. It is not that British Governments have neglected to keep themselves informed of the position. Every year the state of our armaments has been anxiously considered, and if risks have been run they have been accepted deliberately in pursuit of the aim of permanent peace. Again and again, rather than run any risk of jeopardising some promising movement in this direction by increasing expenditure on armaments, Governments have postponed the adoption of measures that were required when considered from the point of view of national defence alone. In this way we have taken risks for peace, but, as intimated by the Secretary of State for Foreign Affairs in the debate on the Address on the 28th November, 1934, ‘disarming ourselves in advance, by ourselves, by way of an example, has not increased our negotiating power in the Disarmament discussions at Geneva.’”

“7. Parliament and people, however, have been warned again and again that serious deficiencies were accumulating in all the Defence Services, and that our desire to lead the world towards disarmament by our example of unilateral disarmament has not succeeded. We have not contributed thereby to general disarmament, and are approaching a point when we are not possessed of the necessary means of defending ourselves against an aggressor.”

4. These considerations have gained in force during the past year. Conditions in the international field have deteriorated. Taking “risks for peace” has not removed the dangers of war. We have really no alternative in the present state of the world but to review our defences and to provide the necessary means both of safeguarding ourselves against aggression and of playing our part in the enforcement by common action of international obligations. The Government have therefore made a prolonged and exhaustive examination of the present state of the Navy, Army and Air Force, and the proposals they now make represent nothing more than what is found to be essential in present circumstances.

5. It should be emphasised that in questions of defence our situation is different from that of most other great nations. Their forces can without risk be concentrated in limited areas near their own shores. Our world-wide responsibilities render this impossible. The history of the Italo-Abyssinian dispute, and of our own action in regard to it, illustrates how claims upon our defensive strength may arise at short notice in various parts of the world. These claims can only be discharged if we have made adequate provision to meet them, and the scale upon which such provision is to be made must be considered in relation to the continued increase in the armaments of many foreign countries.

6. The development of the dispute between Italy and Abyssinia was regarded from the first with grave anxiety by the League of Nations, which made repeated attempts to avert it. As a Member of the League, no less than as a friend to both parties to the dispute, we were closely concerned. As early as February 1935 we warned the Italian Government of our anxiety at the course that Government appeared to be following, and the warning was repeated at frequent intervals throughout the summer of 1935. In conjunction with the other Members of the League we spared no effort to prevent a final breach.

7. But in the meantime circumstances were developing which compelled this country to take precautionary action in the Mediterranean and Red Sea. The fundamental difference that grew up last summer between the League of Nations and Italy, combined with the possibility of League action, led during July and August last to a campaign of violent and menacing propaganda in Italy largely directed against the United Kingdom as one of the foremost upholders of the Covenant. A point was reached in August last when we could no longer disregard the possibility of an incident occurring which might precipitate an extension of the conflict.

8. His Majesty's Government felt that the best way to secure that no such incident should arise was to guard promptly against it, more particularly in view of the extent to which the Italian garrison in Libya was being reinforced. After considering the recommendations of the Chiefs of Staff Sub-Committee on the military aspects of the situation, the Government decided to strengthen and redispense our naval forces and to increase the defences, garrisons and air forces at Gibraltar, Malta and Aden as well as in Egypt. From the 22nd August onwards the situation was watched from day to day by one of the standing Sub-Committees of the Committee of Imperial Defence,\* under the Chairmanship of the Prime Minister, and this Sub-Committee reported direct to the Cabinet.

The most careful review of these dispositions and arrangements shows that they were justified and indeed necessitated by the emergency with which His Majesty's Government had to deal.

\* Entitled the Sub-Committee on Defence Policy and Requirements.

9. Although in the circumstances created by the Italo-Abyssinian conflict, His Majesty's Government were able to make the dispositions which the situation required, they were embarrassed by the decline in the effective strength of their armaments by sea, land and air, and the accumulation of deficiencies in all the Defence Services, to which allusion was made in the White Paper of 1935 (Cmd. 4827). It was only possible to safeguard the position in the Mediterranean and the Red Sea by denuding other areas to an extent which might have involved grave risks.

10. Even more important than the circumstances of any particular dispute is the bearing on our own defensive arrangements of the rising level of national armaments elsewhere. It is true that an increase in the armed strength of other nations who will co-operate for collective security may increase the power of the League. But an increase of armed strength may also prove an added power in the hands of a possible aggressor. In any event, collective security can hardly be maintained unless every member of the League of Nations is prepared to make a contribution, adequate in relation to its resources, to the strength of the whole. We cannot excuse our own weakness by pointing to the strength of our neighbours. Our weakness would prevent us from playing our due part in enforcing collective security, whereas our ability to make our proper contribution may well be decisive in deterring a potential aggressor from facing the risk of breaking world peace. It is essential, therefore, that the relation of our own armed forces to those of other Great Powers should be maintained at a figure which will be high enough to enable us to exercise the influence and authority in international affairs which are alike required for the defence of vital British interests, and in the application of the policy of collective security.

11. The fact that the level of national armaments has been rising all over the world is deplorable, but it cannot be denied. A plain statement as to recent increases of armaments in certain other countries is as follows:—

12. German rearmament has been proceeding throughout the year at a steady but rapid rate. As to the fact of the rearmament there is no concealment, and it has been referred to with satisfaction in the statements of German public men; but regarding the details there is still a great deal of secrecy. In March last conscription on the basis of one-year service was universally re-established; and the Government announced a peace-time army establishment of 96 Divisions with a strength of 550,000 men. The German Chancellor informed Sir John Simon last March that Germany was aiming at air parity between Great Britain, France and Germany provided that the development of the Soviet Air Force was not such that revision of these figures would become necessary. What has since occurred indicates a continuous development of the German Air Force. The Naval Agreement reached with the German Government on the

18th June, 1935, is in a different category inasmuch as it limits the expansion of the German Navy to a definite proportion of the strength of British Naval Forces. Nevertheless, the new German Navy, even within this limitation, is an addition to the armaments of the world which cannot be left out of account.

13. In France two-year service was reintroduced in the spring of last year. The French Air Force is in process of an important reorganisation and re-equipment. The barrier fortresses on the north-eastern frontier are being extended at great cost to cover also the northern departments. Special borrowing powers have been obtained to meet specific items of defence expenditure.

14. In Belgium the Army expenditure shows a heavy increase and the fortresses on the eastern frontier are being rapidly strengthened and brought up to date.

15. The Italian Army has been for the past six months on a war footing. In October last it was stated that 1,200,000 men were under arms, and further recruits have been called up since that date. The Italian Air Force is being rapidly and completely re-equipped and is also being enlarged.

16. The Soviet forces, according to the latest official figures given by a Soviet Minister on the 15th January last, have now been increased to a total of 1,300,000 men. A further increase in the Soviet Air Force is already in progress.

17. In Japan the re-equipment of the Army continues to be pressed forward in accordance with a comprehensive programme, and greater sums than ever before are appropriated in the budget for 1936-37 for the naval and military services combined. Already in 1935-36 the Army and Navy accounted for 46 per cent. of the total budgetary expenditure, while the deficit on the budget was £45 million.

18. In the United States the total annual expenditure on defence from revenue and loans combined has risen from £108 million in 1933-34 to £180 million in 1935-36. These figures include no provision for non-effective charges (*e.g.*, pensions), which in the case of British estimates for 1935 represented no less than £18 million out of the total of £124 million.

19. His Majesty's Government will continue to do their utmost to improve international relations and to promote agreement for limitation of armaments. The proposals for defence outlined in this Paper do not betoken any abandonment of the international policy hitherto pursued. That policy has been steadily directed to discouraging competition in armaments—the recent Naval Agreement with Germany and the present effort to conclude a new Naval

Agreement with the Washington Powers are instances—and it is true that a general raising of levels all round is no guarantee of peace. But, in determining our own defence programme, it is impossible to disregard the extent of the preparations which have been made by others.

## II.

20. As was stated in the White Paper of March 1935, a co-ordinated plan for the reconditioning and modernisation of our defence forces and defences had already been drawn up. In the case of the Royal Air Force the new programme with further expansions announced to Parliament on the 22nd May last was being carried out with the utmost energy and vigour, but in the case of the Navy and Army the steps actually taken had been directed only to making good the worst deficiencies. The development of the situation in the Italo-Abyssinian dispute, however, rendered necessary the acceleration of some of the measures contemplated and involved expenditure which has been provided for in the Supplementary Estimates presented on the 17th February. The fresh examination of the position which was made during the summer and autumn led to the conclusion that it was necessary to make further changes in the Royal Air Force, to speed up the measures contemplated for the modernisation of the Navy and Army, to provide as rapidly as possible the necessary reserves of stores, ammunition and equipment and to organise the industrial resources of the country in such a way as to allow of immediate expansion of productive capacity in case of emergency.

21. In the following paragraphs a brief outline is given of the objectives aimed at; it must, however, be emphasised that in many respects the situation is constantly changing and that it may therefore be necessary to modify the particular measures to be taken from time to time in one direction or the other and the scheme has been framed with this possibility in view.

22. The overwhelming importance of the Navy in preserving our sea communications and thus ensuring to this country the supplies of seaborne food and raw materials on which its existence depends was fully set out in the White Paper of March last. No less important is the responsibility of the Navy, stressed also in the same document, for maintaining free passage between the different parts of the Empire of troops and supplies of all kinds, thus assuring the very foundation of our system of Imperial Defence.

23. To render the Navy capable in all circumstances of fulfilling these requirements it will be necessary not only to proceed with new construction at a more rapid rate than in recent years, but also to make good existing deficiencies in ammunition and stores of all kinds.



Until the end of 1936 the strengths of all the principal Naval Powers are regulated by treaty. What will remain of this limitation after the conclusion of the present Naval Conference is not yet certain, but it would seem likely that agreement will not extend beyond advance notification of annual programmes, exchange of information and certain measures of qualitative limitation on the sizes of ships and their guns.

24. The agreement concluded in June 1935 with Germany is a stabilising factor which shows clearly the value of quantitative agreements when these can be attained. The failure to arrive at a general agreement, however, does not necessarily imply an intention on the part of other Powers to develop their naval strength in such a way as to upset the balance of security, and the present plans of His Majesty's Government do not take account of any developments of this kind.

25. The London Naval Treaty prohibits the building of new capital ships so long as it remains in force, i.e., till the 31st December, 1936, but the process of replacement cannot be delayed beyond that date, and it is intended to make a beginning early in the calendar year 1937, when two new capital ships will be laid down. The modernisation of certain of our existing battleships will be continued.

26. In cruisers the aim is to increase the total number to 70, of which 60 would be under-age and 10 over-age. Five cruisers will be included in the 1936 programme.

27. A steady replacement programme for destroyers and submarines is contemplated, while in the case of sloops and small craft generally, the present rate of construction will be continued.

28. A new aircraft carrier, of a smaller type, will be laid down at an early date. The growing naval importance of the Fleet Air Arm will necessitate a considerable expansion of its present strength. Compared with other Navies, such as those of Japan or the United States of America, the number of first line Fleet Air Arm aircraft is considerably lower than it should be and it is intended to bring it up to substantially higher figures in the course of the next few years. This increase will of course necessitate a corresponding increase in personnel.

29. Finally, it will be necessary also to increase the personnel of the Navy to man the new vessels and to make good existing deficiencies. The increase must be a gradual process in order to ensure efficiency, and by the 31st March, 1937, the number is expected to rise by about 6,000 men.

30. The Army has three main functions to perform; it has to maintain garrisons overseas in various parts of the Empire, to provide the military share in Home Defence, including anti-aircraft

defence, coast defence and internal security, and, lastly, in time of emergency or war to provide a properly equipped force ready to proceed overseas wherever it may be wanted. The present peace-time serving strength of the regular military field units in Great Britain is approximately 115,000 men.

31. It must be remembered that this force constitutes the only source from which immediate reinforcements to any part of the Empire can be drawn. Compared with 1914, our Army has been reduced by no less than twenty-one battalions of infantry, although our peace commitments are greater than ever before. Owing to this reduction of infantry we are unable to maintain the balance of home and foreign service battalions, and the result is hardship to the units which are given additional foreign service and injury both to recruiting and to the efficiency of our Army. His Majesty's Government propose to raise four new battalions of infantry, which will to some extent mitigate the present difficulties of the policing duties which our Imperial responsibilities place upon us.

32. It is not intended, in connection with the present proposals, to make any further increase in the number of fighting units in the Regular Army beyond these four battalions. But it is urgently necessary that the Army formations already existing should be organised in the most effective form and equipped with the most modern armament and material, together with adequate reserves of ammunition and stores. Plans have been worked out for this purpose and the necessary steps are being taken to put them into operation. Particular attention is being given to our Field Artillery equipments, which will be thoroughly modernised.

33. The Territorial Army, though generally regarded as the second line in our military forces, actually provides the first line in anti-aircraft and coast defence at home. It is recruited on the basis that it will be ready to serve wherever it may be needed, and if the Regular Army should require support abroad, the Territorial Army will be called upon to give that support, serving not as drafts but in its own units and formations. It therefore holds an important place, in our defence organisation, and it is the intention of His Majesty's Government to do all that is possible to encourage its recruiting and increase its efficiency. For the present, owing to the demands upon the capacity of industrial output which must necessarily be made in the first instance by the Regular Army, it is not possible simultaneously to recondition the Territorial Army, but a beginning will be made at once in the task of improving its present inadequate equipment and training.

34. The modernisation of coast defences at defended ports at home and abroad will be proceeded with at an accelerated rate, and the reorganisation of anti-aircraft defences in the South-East of

England which has already been authorised will be extended with a view to covering the important industrial districts in the centre and north of the country.

35. The Government also consider it essential to take immediate steps to improve the housing conditions of the Army, which are at present unsatisfactory, and progress in this matter will be made as rapidly as possible during the next few years.

36. The prime function of the Royal Air Force is to provide an effective deterrent to any attack upon the vital interests of this country whether situated at home or overseas. In the present situation this is the most urgent and important of our defence requirements, and it has rightly received the special attention of Parliament.

37. The programme of the Royal Air Force approved by the House of Commons last year was designed to bring up the strength of the Force at home to a total of 123 squadrons with approximately 1,500 first-line aircraft. That programme is proceeding according to plan, but new developments in design will render it possible to make great additions to the striking power of the Force. The latest types of machine which will shortly come into production show such improvements in speed, range and carrying capacity as greatly to increase the operational effectiveness of the squadrons to be equipped with them. Accordingly, the programme already approved will be varied by effecting certain changes in composition and at the same time some addition will be made to the numbers of aircraft. Including four new auxiliary squadrons to be formed for co-operation with the Territorial Army, the new programme will increase the first-line strength of the Royal Air Force in this country, bringing up the total to approximately 1,750 aircraft, exclusive of the Fleet Air Arm. First-line figures taken by themselves are, however, a misleading criterion of comparative air strengths, as has been explained on many occasions, and in the present case the augmentation of offensive and defensive power which will result from the revised plans is greatly in excess of the numerical increase just mentioned.

38. The problem of co-ordinated air defence is occupying the constant attention of the Committee of Imperial Defence, with the co-operation of all the Departments concerned. Modern methods of defence and the correlation of offensive and defensive weapons are continually under review, and the scheme has been so drawn up as to ensure the necessary degree of flexibility and the full utilisation of the results obtained from continuous scientific research and experiment.

39. The Royal Air Force also has responsibilities in the general scheme of Imperial defence. With our wide Imperial responsibilities, the ability to reinforce a threatened area in sufficient time and in sufficient strength demands the location of air units at convenient places on the strategic air routes. The Government propose an

increase amounting to approximately twelve squadrons for this purpose.

40. Mention has already been made of the four new auxiliary squadrons which will form a nucleus for co-operation with the Territorial Army. The five regular squadrons at present allotted for co-operation with the Regular Army will be reorganised to provide seven squadrons, each of twelve aircraft.

41. Large numbers of young men will be needed as pilots in the Regular Air Force, the Auxiliary Squadrons and the Reserve. Many airmen will be required for enlistment to meet the varied requirements of the Service; and many boys will be needed for apprenticeship in the skilled trades. The available sources of supply will all have to be brought into action, and the full co-operation of the public will be needed for success.

42. It is, of course, self-evident that the provision of air forces will not avail in war unless they are given the means not only to fight but to continue fighting. Skilled pilots require time to train, and aircraft production is a lengthy and complicated undertaking. The provision of adequate reserves in both men and material is an essential and urgent need, for without them the war effort of an Air Force could not be sustained.

43. Particular attention has therefore been given to the provision of these reserves in the shortest possible time, and it can now be said that adequate arrangements for this purpose are in train.

44. In the meantime the passive side of air defence measures has not been neglected. The Air Raid Precautions Department of the Home Office, set up in May of last year, has been actively engaged in the examination of the subject with Local Authorities and satisfactory progress has been made. Plans which have been prepared over a number of years are now approaching the stage when they can be put into operation, and estimates will be submitted in due course for the expenditure which will be required during the current year.

45. Before passing to another subject it must once more be emphasised that the plans for the improvement of our defensive forces in all three Services must be regarded as flexible and subject to variation in details from time to time. The whole field of preparation will have to be kept under constant review, and new conditions, whether arising from changes in the dispositions of other nations or from fresh developments in design and invention, must be met by corresponding variations in our own plans.

### III.

46. In presenting to Parliament a scheme of improved defence so far-reaching in character and likely to involve so heavy a financial

outlay, His Majesty's Government desire particularly to stress the fact that these proposals have resulted from a thorough study of the subject of defence as a whole. The examination of the problem was entrusted in the first instance to a Sub-Committee of the Committee of Imperial Defence. This Committee was composed of the Secretary to the Committee of Imperial Defence, the Permanent Secretary to the Treasury, the Permanent Under-Secretary of State for Foreign Affairs and the Chiefs of Staff of the three Defence Services. Their conclusions were submitted to the Defence Policy and Requirements Committee presided over by the Prime Minister, and on his invitation and in view of the importance of the industrial side of the question Lord Weir became a member of this Committee and gave his active assistance in formulating the recommendations which they made to the Cabinet. The Defence Policy and Requirements Committee has served in effect both as a General Purposes Committee of the Committee of Imperial Defence, and as a Committee of *liaison* between the Committee of Imperial Defence and the Cabinet.

47. Not only the general conception of the defence plans now brought forward, but every detail included in the scheme, have been the subject of close examination and scrutiny by the Defence Policy and Requirements Committee and subsequently by the whole Cabinet. In the opinion of His Majesty's Government they represent a thoroughly considered and well-balanced whole so far as conditions can be foreseen at this moment. In the future they will no doubt require adjustment from time to time as well as continuous supervision and pressure to ensure their execution. For this purpose the existing organisation for defence has been reviewed afresh and the changes which have been approved by His Majesty's Government were announced by the Prime Minister on the 27th February, 1936, in the following terms:—

“ This is a matter to which increasing attention has necessarily been devoted during recent months. It has been my experience that, apart altogether from defence questions, the all-round pressure of work has tended to increase in recent years, with a corresponding increase in the demands upon the Cabinet and, in particular, upon the Prime Minister.

“ When, as was explained in March last, in spite of all the efforts of successive Governments to secure international disarmament, it became clear that we could no longer delay active preparations for remedying the deficiencies in our fighting services, and when, over and above that, we were faced with our responsibilities as a member of the League of Nations in the Italo-Abyssinian situation, it was obvious that in the near future there were bound to be large numbers of important and difficult defence questions requiring unremitting attention. As there appears to be no likelihood of any diminution in the other demands upon the time and attention of the Prime Minister, it has become clear in

the course of a thorough examination of the whole problem that, for the time being at any rate, he must have some special assistance in regard to defence matters. This, of course, does not mean that the Prime Minister can divest himself of the final responsibility for directing the co-ordination of defence, nor can there be any weakening of the responsibility of the individual Service Ministers. Bearing in mind these principles, we have reached certain decisions. Before saying what these decisions are I should, perhaps, explain that the Committee of Imperial Defence—of which the Prime Minister is Chairman—has long been and must still remain an essential link in all matters of defence. This co-ordinating instrument must be in a continual state of development and adaptation to meet the circumstances of the time, and when the Government set themselves to the task of working out the defence proposals now under consideration, they set up last July a special Ministerial Sub-Committee, known as the Defence Policy and Requirements Committee, to keep the defensive situation as a whole constantly under review so as to ensure that our defence arrangements and our foreign policy are in line, and to advise the Cabinet and Committee of Imperial Defence in the light of the international and financial situation as to any necessary changes in policy or in the defence proposals. I have mentioned this important Sub-Committee so that the references to it that I shall make in announcing the decisions that have been reached may be intelligible.

“ It has been decided that, while the Prime Minister will retain, as he clearly must, the Chairmanship of the Committee of Imperial Defence and of the Defence Policy and Requirements Committee, a Minister will be appointed as Deputy Chairman of these Committees, to whom the Prime Minister will delegate the following duties:—

- (i) The general day-to-day supervision and control on the Prime Minister's behalf of the whole organisation and activity of the Committee of Imperial Defence; the co-ordination of executive action and of monthly progress reports to the Cabinet, or any Committee appointed by them, on the execution of the re-conditioning plans; discernment of any points which either have not been taken up or are being pursued too slowly, and (in consultation with the Prime Minister or other Ministers or Committees as required) of appropriate measures for their rectification;
- (ii) In the Prime Minister's absence, taking the Chair at the Committee of Imperial Defence and the Defence Policy and Requirements Committee;
- (iii) Personal consultation with the Chiefs of Staff together, including the right to convene under his chairmanship the Chiefs of Staff Committee whenever he or they think desirable;

(iv) The chairmanship of the Principal Supply Officers Committee.

"It will be the duty of the Deputy Chairman to make such recommendations as he thinks necessary for improving the organisation of the Committee of Imperial Defence.

"The position of the Chiefs of Staff Committee will be as follows—the individuals composing it have a double function: each advises his own political chief, and, acting together, the Committee preserves unimpaired the right to submit confidential reports of their collective military view to the Chairman or Deputy Chairman of the Committee of Imperial Defence. It is not proposed that meetings of the Chiefs of Staff Committee should normally take place under the Presidency of the Deputy Chairman. He will supplement the present activities and initiative of the Chiefs of Staff Committee by guidance and initiative of his own, his function being to ensure that every aspect is fully considered and that difficulties and differences are frankly faced.

"As I said earlier, the Minister will be in a position to make recommendations as to any improvement that he thinks necessary in the organisation of the Committee of Imperial Defence. In any event, and for purposes of co-ordinated planning, the existing Joint Planning Committee, which consists of the Directors of Plans in the three Service Departments, will be supplemented by three officers drawn respectively from the Navy, Army and Air Force, who will be graduates of the Imperial Defence College.

"The three new officers will hold official positions on the staffs of their respective Departments. Their work in their own Departments will be chiefly that of obtaining the necessary material for the preparation of Joint Plans. But their main work will be on collective plans prepared by the Joint Planning Committee for submission to the Chiefs of Staff Committee.

"In addition, steps have been approved for the strengthening of the Secretariat of the Committee of Imperial Defence."

#### IV.

48. It will be seen from the foregoing paragraphs that the new arrangements contemplated are intended to serve two purposes, namely, to provide an improved and strengthened apparatus for the consideration of Defence problems as a whole and to ensure the fullest and most effective use of the industrial capacity and the man power available for production of material in the country. The second of these two objectives requires some further elaboration.

49. The problem before us differs materially from that with which we were faced in the Great War. At that time the whole energies of the country were devoted to winning the war and nothing else. Special powers were entrusted to the Government which

enabled them to exercise complete control over industry and to direct it into any desired channel. To-day we are at peace and moreover we are living in a period of great commercial and industrial activity. What we have to do is to carry through, in a limited period of time, measures which will make exceptionally heavy demands upon certain branches of industry and upon certain classes of skilled labour, without impeding the course of normal trade. This will require the most careful organisation and the willing co-operation both of the leaders of industry and of Trade Unions if our task is to be successfully accomplished. But the Government have every confidence that these conditions will be fulfilled.

50. Consideration of the position showed that there were really two different requirements to be met. One has already been stated in the foregoing paragraph, and concerns the carrying out of a peacetime programme. The other concerns our readiness for war itself. Modern war conditions involve a vast expenditure of munitions and equipment, and in the early months of the Great War there was a tragic loss of life in consequence of the lack of adequate reserves. If we are to avoid a repetition of that tragedy in any future war and to provide by our preparations an increased deterrent, we must prepare ourselves either by accumulating immense reserves or by so organising industry that it can rapidly change over at the vital points from commercial to war production should the necessity arise. The first alternative, however, is only feasible within limits, and beyond that is ruled out not only on account of its cost, but because weapons and methods of warfare are continually changing, and these accumulated reserves might therefore well become obsolete before they were required. His Majesty's Government, therefore, have turned to the second alternative, and they have already taken some preliminary steps towards putting it into operation.

51. Our present sources of supply are the Government factories and the normal Government contractors, who, in peace, manufacture various types of armament. The Government factories are chiefly responsible for a specialised kind of output which is generally non-existent elsewhere. This includes the production of explosives and propellants, the filling of shells and cartridges and the manufacture of fuzes, bombs, mines and torpedoes. To meet present requirements in these categories it will be necessary to extend or duplicate existing Government factories, and both vulnerability of site and the needs of the Special Areas will receive consideration.

52. The normal Government contractors supply warships, aircraft, artillery, machine guns, tanks, lorries and miscellaneous stores of every description. They also supply a great variety of articles for export and home consumption and for both purposes they subcontract for materials, fittings and stores. To some extent it will be possible for them to contribute to the increased output required by extending their plant or workshops. But in the course of investi-



gation it soon became apparent that, even for the purpose of the peace-time programme, the field would have to be extended to other firms not normally engaged in armament work, and at the same time it was clear that this extension would to some extent assist in the establishment of the organisation necessary to ensure rapid expansion of production in time of war.

53. In connection with the approved programme for the Royal Air Force, steps are already being taken to extend the field of production by placing orders with firms who do not ordinarily manufacture for the Force or for civil aviation. This process of extension will have to be further enlarged to meet the programmes for the Navy and Army, but even so something more will be required.

54. In order satisfactorily to provide for our needs both in peace and war, His Majesty's Government have decided to create a reserve source of supply which would be available in case of emergency. The method of procedure contemplated is to select a number of firms who do not normally make warlike stores but who are suitable for the purpose by reason of their experience and their possession of a skilled staff of engineers and workmen. Arrangements would then be made with these firms for the laying down of the necessary plant and machinery for a given output of selected articles and sufficient orders in peace time would be guaranteed to allow of the requisite training in the work of production. The particular circumstances will vary in connection with every firm and with different types of product. Wide elasticity of arrangements must therefore be provided for, but the underlying principle is that each selected firm, while maintaining and developing its normal civil trade, will agree to use its organisation and commercial structure to set up some measure of munition production and thus create the reserve source of supply.

55. There remain two other important features of the Government's plans for the organisation of production which must be mentioned.

56. The first concerns the supply of skilled labour, for which there will necessarily be a largely increased demand. In some of the skilled occupations there is already noticeable the shortage inevitable when large and sudden demands are made upon labour supplies after a period of depression. It will be for the industries concerned, with such guidance as the Government can give, to make sure that vital processes are not held up for want of the necessary craftsmen.

57. The second point concerns costs and prices. His Majesty's Government are determined that the needs of the nation shall not serve to pile up extravagant profits for those who are called upon to meet them. They are confident that industry as a whole has no

desire to exploit the situation, and, indeed, they have already received satisfactory assurances from the Federation of British Industries of their readiness to collaborate. But when regular contractors are required to work nearly to their full capacity on Government orders, and when large numbers of firms are asked to undertake work which is new to them and which will have to be produced on equipment of which they have had no previous experience, the ordinary methods of contracting do not offer adequate safeguards for ensuring that prices bear their proper relation to actual costs.

58. His Majesty's Government have given much time and thought to this matter and they have been materially aided by the experience gained during the last few months by the Air Ministry working under conditions of exceptional pressure. On the one hand, it is important to retain the goodwill of industry, for in peace time firms cannot be compelled to undertake contracts on terms which they consider unreasonable. On the other hand, difficulties are bound to arise in dealing with so many and such various sources of supply, where there are not only contractors, but also sub-contractors and sub-sub-contractors concerned. There will be new problems where firms require financial assistance in order to lay down new plant and hold it at the Government's disposal, and these cases will be particularly urgent, since until they are met it will not be possible to make a start. It will be necessary also to co-ordinate the demands of the three Services so that proper priority shall be observed and competition between them, which might lead to higher prices, avoided.

59. His Majesty's Government believe that all these difficulties can be overcome through the organisation they have in mind. As regards the principal contractors, contact will be made with them by the Service Departments, while in the case of sub-contractors in secondary or ancillary sections of organised industry, it is intended that communications shall pass through small committees to be appointed by the trade organisations themselves. Control to prevent excessive profits will be effectively exercised by inspection of books, adequate technical costings, audits on behalf of the State and arbitration in cases of dispute. The Government are satisfied that this can be done without impairing the confidence and enterprise of contractors undertaking novel and difficult tasks.

60. Co-ordination of Service requirements will be effected through the existing Principal Supply Officers Committee Organisation of the Committee of Imperial Defence, and the new Deputy Chairman of the Committee of Imperial Defence will as Chairman of this Committee be able to supervise the whole system of supply and correct any deficiencies that may be found to arise.

61. Treasury control will, of course, be maintained throughout the whole field. It will be important, however, to see that the work

is not delayed by the over-elaboration of financial safeguards, and new methods of procedure are being worked out which will ensure the effectiveness of financial control without impairing the continuity of progress.

62. From what has already been said as to the necessary flexibility of this programme, and in view of the uncertainty which must exist as to the rate of progress possible over so large a field, it will be realised that any attempt to estimate the total cost of the measures described would be premature at this stage. The original estimates for the coming year, which will shortly be before the House, will themselves require to be supplemented by provision for further defence measures referred to in this Paper; those for the following years must necessarily be larger. In the absence of any scheme of general disarmament it must be anticipated that the annual cost of maintenance for the reorganised Services must remain on a higher level, and will in all likelihood substantially exceed the original estimates about to be submitted.

*March 3, 1936.*

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## FOREWORD

You can have in your city a "REPEAT HEARING" of the Senate Hearings on the Munitions Industry.

This is an unusual opportunity to help the cause of world peace. Nothing so timely or interesting to the public in connection with war preparedness has ever been put in your hands before.

You will be able to inform your fellow-citizens in a striking way of one of the greatest factors making for war today.

You will show them the steps taken by the Senate to learn what can be done to control munition makers and thus greatly help prevent war. You can give your community an opportunity to register the munitions-control sentiment upon your own Senators, the President and the Senate Committee.

A danger faces the munitions investigation. In the highest circles it is considered very likely that all sorts of pressure will be brought to bear upon Senators to weaken this investigation or even to stop it. It is considered likely that pressure will be put upon newspapers all over the country to ridicule or even oppose the investigation and suggestions for control.

This nation-wide campaign of "REPEAT HEARINGS" is under way to bring the fullest publicity to our citizens about these investigations. What you do may contribute greatly to the success of the investigation, *particularly if* you have a hearing or trial as is outlined below, if you arouse your entire community through the press, the pulpit and other ways and if you are instrumental in having similar hearings held in other communities near yours.

### HOW TO START IT

To have a good hearing or trial of the munitions industry, you must have complete facts to give to the public, a carefully arranged room or stage, and a committee in charge of all arrangements.

This committee should be divided into (1) a Committee on Stage Setting; (2) a Committee on Participants; (3) a Committee on Publicity; (4) a Committee on "REPEAT HEARINGS" Elsewhere.

### HOW TO STAGE IT

Real care should be given to the arrangements of the room in which you propose to hold the "HEARING." We suggest an arrangement based upon the actual arrangement of tables and persons in the Senate Office Building, where the hearings were held.

If possible, have your "HEARING" on an elevated stage or platform. Lacking this, be sure to ~~arrange for a large~~ open space at the front of your room where the participants can ~~equally~~ be seen.

You will require the following properties: two tables, each about five feet long by two or three feet wide; one table about three feet long by two feet wide; chairs for "Senators," "Investigators," "munition makers," and the "press"; pads of paper and pencils for "reporters";

several piles of documents and papers for "Senators" and "munition makers"; a clicker, or telegraph key, or typewriter.

Place one of your longer tables at the left of the stage at right angles to the audience. Place your small table directly in front of this table. Place your other long table at the back of the stage, extending from the backstage end of your first long table toward the middle of the backstage. This will give you in rough form two sides of a square, with the left side pointing toward the audience and the adjoining side extending toward the middle of the backstage.

Several "Senators" (the Committee is composed of seven) and the "Investigators" sit at the first long table facing the middle of the stage and with the audience on their right hands. Several munitions makers sit at the short table facing the "Senators" and with the audience on their left. The "press" sits at the second long table, facing the audience. Movement and atmosphere will be aided by the clicking of typewriters offstage or the clicking of telegraph instruments, and the occasional entrance of messenger boys serving the "Senators" and the "press."

At no time should the clicking of the telegraph instruments be loud enough to distract the attention of the audience.

### HOW TO PUBLICIZE IT

Widespread publicity throughout your city should be given to the "REPEAT HEARING" which you propose to hold.

Have your Publicity Committee see that a brief, well-written story of every committee meeting you have is taken to the local editor and given to him, courteously requesting that he use it. Give names of people who will take part, addresses where meetings are held and full information about the "REPEAT HEARING" itself.

Your Publicity Committee may be able to enlist the cooperation of ministers who might be willing to preach a sermon prior to the "REPEAT HEARING." Certainly, the Committee should be able to get announcements made in the churches.

Clubs and societies should be asked to give programs or have speeches made or give announcements about the "REPEAT HEARING."

Mimeographed or printed announcements should be distributed from door to door over as wide an area as possible and people should be urged to attend.

Bulletins in churches, schools and elsewhere can be used. Posters can be made, and clippings from the newspapers, pasted in the middle of large sheets of blank paper, can be used on bulletin boards.

A radio broadcasting company might allow announcements to be made.

*Prominent citizens should be interviewed and their comments, when permitted, should be given publicity in the newspapers.*

Clippings, programs, statements of prominent citizens should be

sent to your own Senators and Congressman, the Senators on the Munitions Investigation Committee and to the President.

Photographs should be taken and put in the papers. Church, farm and labor papers, subscribed to by people in your community, should be sent stories of the "HEARING."

An indispensable part of your meeting should be the following:

At the close of your "HEARING," have a statement urging Congressional appropriations for continuing the investigation read to the audience, approved and sent immediately to the members of the Senate Committee, *your own Senators and Congressman* and the President. Specify how many of those present give approval.

Following the "HEARING," study courses should be encouraged in churches, schools and other places. They could study (1) What Is the Best Thing To Do To Control the Munitions Industry? (2) What Can Ordinary Citizens and Voters Do? Write to any of the national peace organizations for help and further suggestions.

Following your "HEARING," your committee should examine the possibilities of stimulating similar "REPEAT HEARINGS" in nearby communities. You should try to encourage each community to put on its own "HEARING," using its own citizens for the parts. Copies of this program are available for all communities that will attempt to use them. If you cannot get another community to arrange its own "HEARING," consider offering to repeat your own "HEARING" in their community, using the same participants you have already trained.

### ADVICE TO PARTICIPANTS

The following text gives statements to be spoken by the various participants. These need not be memorized; they can be read by each speaker from a sheaf of papers lying before him on the table. Naturally, each participant should be acquainted with the things he is to say and should study them in advance. The "HEARING" as here given requires about one hour and a half, including the opening and closing speeches of the chairman. If this is too long, omit one or two sections. In order to keep the audience from tiring, a five-minute intermission in the middle of the "HEARING" is suggested, with music or a collection for peace.

If the number of your participants is limited, it will not seriously affect the "HEARING" if one participant takes the parts of several "munition makers."

There are no statements for the "press" to make. The function of those representing the press is to (1) listen carefully to the testimony; (2) make rapid notes at significant testimonies; (3) whisper among themselves and give evidence of deep interest or of cynicism at appropriate places; (4) send messages by messenger boys to the telegraph operators backstage. Occasionally a "reporter" can move from his place and hold a whispered conversation with one or more of the "Senators," requesting some document for his newspaper.

Each "Senator" should have a pile of documents on the table

before him. Whenever a letter or memorandum is read into the testimony, the participant should seem to be reading from one of the "documents" before him. When questioning a "munition maker" a "Senator" can frequently submit to him a document for his recognition.

Each "Senator" and each "munition maker" taking part should have a full copy of this text before him during the proceedings. He should follow the lines and promptly play the rôle assigned to him whenever his time comes.

All participants should remain seated throughout the "HEARING," except the Chairman of the meeting when addressing the audience, "Senator Nye" when opening and closing the "HEARING," and the "newspaper correspondents" who may from time to time leave their places and examine some of the documents entered as evidence. Naturally, the messenger boys will move quickly and quietly, and should not be used very often during the "HEARING."

Because of the nature of the testimony, every speaker should speak *clearly* and *loudly* and *not too rapidly*.

The entire "HEARING" should be conducted with decorum and courtesy. It is not a debate nor an attempt to embarrass munition makers. All statements should be made in measured tones and loud enough to be heard at the back of the room. The audience should never take part, even by applause.

The "HEARING" should begin with the calling of the meeting to order by the Chairman for the meeting, *not* the "Senator Chairman" of the "HEARING." This Chairman of the meeting should be a citizen of some influence who can preside well.

He should make a brief statement and turn the meeting over to the "Senator Chairman" of the "HEARING." At the close of the "HEARING," the Chairman of the meeting should take charge again and make a strong statement. As a climax, he should have prepared, and should offer to the assembly, an emphatic message to be sent to your own Senators and Congressman, to the Senate Committee on Munitions, to President Roosevelt, and to your local papers.

## CAST OF CHARACTERS

*The Senate Committee:* Senators Nye (chairman), Barbour, Bone, Clark, George, Pope, Vandenberg.

*Investigators:* Messrs. Raushenbush and Hiss.

*Witnesses for munitions firms:* Electric Boat Company—Messrs. Carse, Spear and Sutphen; E. I. du Pont de Nemours & Co.—Messrs. Lammot du Pont, Pierre S. du Pont, Casey; United Aircraft Export Co.—Mr. Love; Driggs Ordnance and Engineering Co.—Mr. Driggs; Federal Laboratories—Mr. Young; American Armament Corporation—Mr. Miranda; Curtiss-Wright Export Corporation—Messrs. Allard and Webster; Pratt & Whitney Aircraft Company—Messrs. Deeds and Brown.



*Note:* If the number of your participants is limited, it will not seriously affect the "HEARING" if one participant takes the parts of several munition makers or of more than one Senator.

## OPENING STATEMENT OF CHAIRMAN OF MEETING

*Ladies and Gentlemen:*

We have met here this evening to listen to a "REPEAT HEARING" of the United States Senate's Committee Hearings on the Munitions Industry.

In accordance with Senate Resolution No. 206, a committee of seven Senators early in 1934 undertook an investigation of the manufacture of and traffic in munitions. They were served for months by a corps of investigators, under the leadership of Mr. Stephen Raushenbush. On September 4, 1934, official hearings began in Room 318 of the Senate Office Building in Washington, D. C. Those hearings continued for three weeks and produced a volume of testimony running to over two thousand pages.

Tonight, we attempt to present in very brief form some of the highlights of this testimony. The words you will hear are *extracts from the exact testimony taken from the unrevised galley proofs*. Manifestly, much must be omitted. The exact order of the examinations cannot be followed. (Note: the Chairman may say: "Also, it is necessary for one participant to represent several characters.")

This "HEARING" tonight will endeavor to present testimony that corroborates the following charges: Munition makers have formed international profit-sharing combines; stimulated arms races between countries and factions; paid Zaharoff for "assistance"; opposed disarmament conferences; fought arms embargoes, with War Department aid; helped rearm Germany; sold arms to Paraguay and Bolivia; used Government departments as sales agencies; revealed abroad secret patents and designs used in our national defense, sometimes with the aid of the War Department.

Other charges will be evidenced in the testimony. Many charges which were proved in the Senate Hearings can not be reproduced here for lack of time.

(Here the Chairman reads the list of participants, giving the names of the companies they represent. *This is important.*)

We will assume tonight that each witness has been duly sworn before testifying.

At the close of the "HEARING" I shall take charge of the meeting and, before its adjournment, I shall have an important statement to make. I surrender the meeting now to the "Honorable Gerald P. Nye, Senator from North Dakota," who is the Chairman of the Senate Committee on Investigating the Munitions Industry. Senator Nye!

## THE "REPEAT HEARING"

THE CHAIRMAN (Senator Nye): The committee will be in order. This committee, a select committee of the Senate, is met in com-

pliance with and in consideration of Senate Resolution 206, which the Chair asks to have made a part of the record at this point in the proceedings. . . .

For three weeks the committee will engage in what will amount to a very general study, though perhaps not a detailed study, of the American munitions industry. It should not be felt that the appearance of witnesses at this 3-weeks' session indicates that at the end there has been a completion of the study of the specific cases in which those witnesses might be concerned. . . .

**THE CHAIRMAN:** Mr. Carse, what is your connection with the Electric Boat Co.?

**MR. CARSE:** I am president.

**THE CHAIRMAN:** Where are the headquarters of the Electric Boat Co.?

**MR. CARSE:** New York City.

**THE CHAIRMAN:** And where is your plant or plants?

**MR. CARSE:** Groton, Conn.

**THE CHAIRMAN:** You have only the one plant?

**MR. CARSE:** We also have other plants at Bayonne, N. J.

**THE CHAIRMAN:** What is the business of the Electric Boat Co., generally speaking?

**MR. CARSE:** The Electric Boat Co. designs and builds submarine boats, motor boats, and also electric machinery primarily designed for use in submarine boats. We also design and construct Diesel engines primarily for use in submarine boats.

**THE CHAIRMAN:** With whom is the business of the Electric Boat Co. primarily? With whom do you deal primarily?

**MR. CARSE:** With different governments of the world.

**THE CHAIRMAN:** . . . Mr. Carse, there is before you a statement which the committee understands has been approved by you showing the payments made by the Electric Boat Co. to Mr. Henry R. Carse, as president of the corporation during the period from 1919 to 1934; is that correct?

**MR. CARSE:** Yes, sir.

**THE CHAIRMAN:** Down to and including August 15?

**MR. CARSE:** Yes, sir.

**THE CHAIRMAN:** Let that statement be marked as "Exhibit No. 1" and be made a part of the record.

Mr. Spear, I call your attention to a statement which we shall have marked Exhibit No. 2, and which will be made part of the record, showing the payments in salary and expenses made to L. Y. Spear, vice president.

. . . This shows the total salaries to have been paid you in that period to be \$414,218.75; with the total of the expenses being \$28,396.44, or a total altogether of \$442,615.19.

**MR. SPEAR:** Yes, sir.

**THE CHAIRMAN:** Referring back to Exhibit No. 1, Mr. Carse, that statement shows your salary to have been during that period a total of \$459,218.75, and expenses paid to you total \$2,729.57, or a grand total of \$461,948.32; is that correct?

**MR. CARSE:** Yes, sir; that is correct.

## Form International Profit-Sharing Combines

SENATOR POPE: Mr. Chairman, I would suggest that the total of the amount of royalties received by the Electric Boat Co. in connection with this foreign business be inserted in the record. . . . the amount is \$3,869,637.38. That is the total of the figures as shown on Exhibit 5.

SENATOR BARBOUR: Is the range of time over which that is spread stated?

SENATOR POPE: Yes. They cover the years 1916 to 1927.

THE CHAIRMAN: What was the nature of these royalties? For what were these royalties paid?

MR. CARSE: For the granting of a license . . . to use our patents on submarine boats.

THE CHAIRMAN: You have told us, Mr. Carse, that the receipts from royalties was for patent rights.

MR. CARSE: Yes, sir.

THE CHAIRMAN: Did that include other items; that is, did it include such items as that of supervision in other plants than your own in America?

MR. CARSE: Supervision in plants in this country?

THE CHAIRMAN: Yes; did it provide for supervision of plants in Europe?

MR. CARSE: Oh, yes; but that supervision was paid for also. The wages of the men were paid for in addition to the license fee.

THE CHAIRMAN: You mean the Vickers, or the boat builder abroad, paid the salary of that supervisor?

MR. CARSE: Yes, sir.

THE CHAIRMAN: As well as paying you the royalties?

MR. CARSE: Yes, sir.

THE CHAIRMAN: Does the American Navy use your submarine patents?

MR. CARSE: Well, any submarine boat that has ever been built has been obliged to use our patents.

SENATOR BONE: I did not get your last answer. They are obliged to use your patents?

MR. CARSE: Yes, they are obliged to use our patents.

SENATOR BARBOUR: I think Mr. Carse means the committee to understand their patents are basic patents.

MR. CARSE: They were; yes.

THE CHAIRMAN: The payment of royalties by Vickers and others would indicate they recognized your right to those patents and plans. . . . In any event, you made a percentage on all of the submarine building that Vickers did for the British Government?

MR. CARSE: Yes, sir.

THE CHAIRMAN: It resolves itself to this, does it not, Mr. Carse, that, whether you did or whether Vickers built for the British Government, you got a profit out of it?

MR. CARSE: Yes.

THE CHAIRMAN: And to the extent that Vickers is a competitor, you profit even when your competitor gets the business?

**MR. CARSE:** Yes, sir.

**THE CHAIRMAN:** I offer now as a committee Exhibit No. 11, this paper, being an agreement between the Electric Boat Co., and Vickers. . . .

. . . The Electric Boat Company will also agree to the following disposition of any profits which may be gained in the continental business conducted by the Vickers Company, viz:

1st. In the event of any boats being constructed for continental countries in the Vickers' yards in Great Britain, 60% to Vickers Limited and 40% to the Electric Boat Company.

2nd. In the event of such boats being constructed in any other yard in Great Britain or Ireland approved by the Electric Boat Company, 50% to Vickers Limited and 50% to the Electric Boat Company, after deducting the profits allowed to the building firm.

3rd. In case such boats are built in continental Europe, or patents or licenses thereunder are sold, 50% to Vickers Limited and 50% to the Electric Boat Company.

. . . So then you had an agreement, I take it, Mr. Carse, that gave you consideration and profits for whatever boat Vickers built for Britain or for continental Europe.

**MR. CARSE:** Yes, sir.

**THE CHAIRMAN:** Does that continue true today?

**MR. CARSE:** Yes.

**THE CHAIRMAN:** Who was the Whitehead Co., Ltd.?

**MR. CARSE:** That was a concern organized to build submarines down in Trieste, Austria, wasn't it?

**MR. SPEAR:** No; it was not organized to build submarines, but it was organized to build torpedoes.

**THE CHAIRMAN:** Where?

**MR. SPEAR:** In Fiume.

**THE CHAIRMAN:** A little before the war you granted Whitehead a license to build submarines in accordance with patents, secrets, and designs belonging to the said American company. I have before me the agreement of June 11, 1912, which I shall ask to be incorporated as Exhibit No. 13.

. . . That means Austria-Hungary was building these submarines from your patents just before the war?

**MR. SPEAR:** Yes, sir.

**THE CHAIRMAN:** Is it also true Germany got hold of these patents?

**MR. SPEAR:** Yes, sir; and we were allowed some compensation in the Mixed Claims Commission for infringement of our patents by the German Government.

**THE CHAIRMAN:** How many submarines did Germany build under those patents?

**MR. CARSE:** We claimed they used one or more of our patents in every one of their boats, but they did not allow that.

**THE CHAIRMAN:** Did you recover anything from Germany?

**MR. CARSE:** We had a very trivial recovery; yes.

SENATOR CLARK: What was the amount of that claim with the Claim Commission?

MR. CARSE: According to the record with the Navy Department there, Germany had built, or was building, 441 submarine boats, and we thought a royalty of \$40,000 a boat was about fair, and that would amount to about \$17,000,000.

THE CHAIRMAN: Does it not pretty nearly come to this, that about the only thing that is left to be honored at all in time of war is a patent on war machines?

MR. CARSE: They ignored the patents over there.

THE CHAIRMAN: Haven't you stated there was some recovery from them?

MR. CARSE: Based on the judgment of the German court in 1913, and the recovery was only \$125,000.

THE CHAIRMAN: Well, all the same where there was a recovery on the rights to manufacture a machine, there has been no right to recovery for any life or other property. . . .

Mr. Carse, we find that, in addition to having very positive working agreements and understandings as to divisions of profit and territory, the Vickers people even went so far as to assume the right occasionally to reproach your company for your method of doing business abroad. Here is a letter dated July 30, 1932, addressed to you by Mr. Craven, which I introduce as Exhibit No. 21. A portion of that letter reads as follows:

First may I suggest that even in code it is better not to mention any names of ships, as I am rather afraid that such telegrams might get into the hands of our clients, and it would be awkward if they asked me about our agreement with you. I am sure you will appreciate what I mean.

Is the conclusion to be drawn from that statement that the British Admiralty had no knowledge at all of the agreement between Vickers and you?

MR. CARSE: I think that is what Mr. Craven means, that the British Admiralty might raise some objection to an American concern receiving any money on account of business with the British Government, the same as you asked me, apparently with intent, whether we paid Vickers anything on American business.

Vickers have behaved in a straightforward manner with us in all of our arrangements since early 1900.

THE CHAIRMAN: Has the British Government had knowledge of the existence of this understanding between you and Vickers?

MR. CARSE: I do not know. We have never had—

THE CHAIRMAN: Has the United States Navy or has the American Government had knowledge of this agreement between you and Vickers?

MR. CARSE: Undoubtedly.

THE CHAIRMAN: You say "undoubtedly." How do you know that they knew?

MR. SPEAR: I, for one, have talked to them.

MR. CARSE: We have told them many times.

**THE CHAIRMAN:** You, Mr. Spear, have advised them of it?

**MR. SPEAR:** Yes, sir.

**THE CHAIRMAN:** Did it ever occasion any embarrassment at all?

**MR. SPEAR:** Not the slightest.

### Stimulate Arms Races Between Countries

**SENATOR CLARK (to Spear):** Now, in 1920 you were trying to sell the Peruvians some destroyers, were you not?

**MR. SPEAR:** Yes.

**SENATOR CLARK:** At that time, Mr. Spear, the Peruvians were attempting to buy some submarines from the United States Government, were they not?

**MR. SPEAR:** I understand they did.

**SENATOR CLARK:** You were informed by Mr. Chapin that the Navy would not sell any submarines to Peru or Chile on the score this might be encouraging an outbreak of war between Chile and Peru. . . . If the United States Government refused to sell submarines to Chile or Peru on the ground that it might be encouraging an outbreak of war between Peru and Chile, it indicated a very strong opinion on the part of the authorities in the United States that the sale of submarines would foment a war down there, did it not?

**MR. SPEAR:** Not that I know of.

**SENATOR CLARK:** Would not that be your deduction from the language in this letter?

**MR. SPEAR:** My deduction would be that any government would be very chary of it supplying to either side in that dispute something that might be used in the event of an outbreak of hostilities.

**SENATOR CLARK:** The delivery of submarines to either of those countries on the verge of war would be calculated to promote a war?

**MR. SPEAR:** I would not say it would be that, but I would say it was calculated to stop it.

**SENATOR CLARK:** That has not been the experience of mankind throughout the history of the world. . . . Mr. Spear, at the time of the writing of that letter Mr. Chapin had been endeavoring to get the United States Government to send several submarines around South America as a sort of an exhibit of their efficiency, had he not?

**MR. SPEAR:** He says here that he had talked about that subject.

**SENATOR BONE (to Spear):** It was seriously suggested that the Navy, at the expense of the taxpayers, send a fleet down there to promote the sale of wares of a private company. Was that actually done or actually seriously suggested?

**MR. SPEAR:** I do not know that it was ever done.

**SENATOR CLARK (to Spear):** And now, I want to recur for just a moment to the letter of June 3. . . . in which Mr. Chapin describes his interview with Admiral Niblack . . . this is Chapin speaking, and he says (reads):

He (Admiral Niblack) tells me that the whole balance of power has been destroyed by Chile getting 6 submarines and 2 warships from England, and it has caused a great deal of un-

easiness on the part of the Argentine, while Peru is absolutely helpless.

Are you familiar with the fact in connection with the submarines which Chile got from England?

MR. SPEAR: I think that was a piece of misinformation myself. I do not think they did get them.

SENATOR CLARK: This order from Peru you were negotiating in 1920 was expected to be a fairly large order, was it not? You referred in one of your letters to it probably running between eleven and twelve million dollars. . . . Now, to pay for all of this armament procurement, Peru was at that time, through Commander Aubry, endeavoring to float a loan in this country through the sale of its securities?

MR. SPEAR: I think so.

SENATOR CLARK (to Sutphen): I call your attention to a letter dated July 29, 1920, which I asked to be marked "Exhibit No. 60" (reads):

. . . It appears there has been quite an agitation in Bolivia, as you know, and a revolution occurred there recently and in the opinion of the bankers it has been instigated largely by Peru to have Bolivia join with her in opposition to Chile.

So that this unfounded rumor of armament on the part of Chile not only caused Chile to seek to add 50 per cent to its national debt for the purchase of armament but also caused the revolution in Bolivia for the purpose of forcing Bolivia into the alliance. Is that not correct? That is the statement in your letter.

MR. SUTPHEN: Apparently I had that information at that time.

SENATOR CLARK: Mr. Carse . . . I call your attention to a letter dated August 6, 1920 (reads):

. . . Naturally, if Peru were badly defeated, the persons who advanced them money for the armament could not expect any great liberality from the victor. . . .

MR. CARSE: That is the bankers' view.

SENATOR CLARK (reading):

Our business of course is to sell armament, but we have to look at the other side of the question as well.

MR. CARSE: Of course, why should you want to sell some stuff and not get paid for it?

The whole Government is urging in every way the extension of foreign commerce and yet you criticize us for trying to sell things to foreign governments.

SENATOR CLARK: I do not desire to enter into an argument with you at this point, Mr. Carse, but it might be said very briefly that there is a contention in this country that some of the efforts of armament salesmen to sell arms are undesirable and may in the future cost the United States Government in taxes to support a war, and in lives of its citizens, a great deal more than can possibly be gained by the

small profit which you would make in extending the commerce of the United States.

SENATOR BONE (to Carse): The thing . . . is: We are using the Navy as a sales agency. And that is the interesting feature of this thing, and I am rather inclined to think, since this is a private venture, it might be the part of wisdom for the Government to refrain from that expenditure, at least if it is going into the thing as a public policy, and that the people should be advised, so that the people will know about it. The people have the right to know about the policies and weigh the value and merits of the administration on what it is doing.

MR. CARSE: It seemed to me it was more a gesture of good will to the South American countries.

SENATOR BONE: It could hardly be said to be a gesture of good will—building submarines, battleships, and shipping TNT into the country—could it? . . .

In connection with this activity, we are sending men to Geneva and assuring the world that we are trying to promote peace and bring about disarmament. That is what I am trying to get at. On the one hand we are using a Government agency to promote the sale of battleships, munitions of war, and so forth, and with the other hand we are making a gesture of peace at Geneva.

MR. CARSE: Senator, we have always considered that the submarine boat was the greatest means of doing away with war that ever existed.

SENATOR BONE: Well, a submarine blew the *Lusitania* out of the water, and I do not think that promoted peace, do you?

MR. CARSE: No; but that was done by the Germans, who stole our patents.

SENATOR BONE: But that is beside the point. A submarine was actually the thing that immediately brought about war.

#### Pay Zaharoff for "Assistance"

THE CHAIRMAN (to Carse): Did you pay any commissions to anyone for business abroad outside of your Paris representative?

(Mr. Carse conferred with associates.)

THE CHAIRMAN: Did you not pay commissions to Basil Zaharoff?

MR. CARSE: That is what we were talking about. We do not pay him, but under an old agreement there a certain percentage is paid to us and we transmit it to Sir Basil Zaharoff. . . . We later get a commission which we return.

THE CHAIRMAN: You get a commission which you return?

MR. CARSE: Spanish business only.

THE CHAIRMAN: I offer as Exhibit No. 17 a statement by the Electric Boat Co. showing commissions paid to B. Zaharoff, starting in 1919 up to and including 1930, showing the total amount of commissions paid as \$766,099.74.

SENATOR BARBOUR: Mr. Carse, who is this Sir Basil Zaharoff? Is he a Spaniard?

MR. CARSE: Sir Basil Zaharoff is called the mystery man of Europe. He is a very able man. There have been all sorts of stories



about his parentage and early youth and so forth, most of them probably just fables; but I think he probably is a Greek, but he is also Sir Basil Zaharoff, and is a Knight of the Garter of Great Britain.

SENATOR CLARK: He has also claimed to be a Frenchman at various times, has he not, Mr. Carse?

MR. CARSE: I do not think he claims to be a Frenchman, but he has lived in Paris and Monte Carlo. He is a Spanish duke also. He is a very able and a very brilliant man. There seems to be a lot of slurring around about him, but I met him in 1924 and I think he was one of the very greatest men I have had the honor to meet, and I think you will find that the President of the United States in 1919 gave Sir Basil his confidence and advised with him in relation to the matter he was in Europe for.

THE CHAIRMAN: I am surprised to hear that. I was about to remark that the only country that has not recognized Sir Basil or decorated him is the United States.

SENATOR BONE: Will you advise us why these various European governments have sought to bestow these titles on this gentleman?

MR. CARSE: Sir Basil married a Spanish duchess.

SENATOR BONE: I understand that; but you would not bestow a title on a man because he married some woman. What services did he render those countries, if you can advise us?

MR. CARSE: I do not know.

SENATOR BONE: He appears to have been supplying ammunition and munitions of war to all of them, and they were fighting one another, and I was wondering what was in the gentleman's history that led them to bestow upon him these titles. Possibly you can enlighten us.

MR. CARSE: His wife was the cousin of King Alfonso.

SENATOR BONE: It was rather a family affair, more than anything else?

MR. CARSE: It would seem so. I spent a day with Sir Basil at his country home, and I certainly did not put him on the stand and cross-examine him.

THE CHAIRMAN: On September 11, 1923, Mr. Zaharoff wrote you, Mr. Carse, saying:

I quite agree with you that the era of submarine boats is now opening all over the world, and I trust it will bring much business to your company, and you may count upon my little efforts always working in your direction.

Are we to draw the conclusion that his efforts in your behalf were really little or was he engaged in your behalf in a large way, Mr. Carse?

MR. CARSE: Well, I suppose he was a very modest man. . . .

SENATOR CLARK: It is already in evidence, Mr. Carse, that the business that he brought in amounted to something like \$2,000,000 at 5 per cent. In other words, \$2,000,000 was only 5 per cent of the business that he brought? That appears from figures already put into the record.

MR. CARSE: No. I thought it was only \$700,000.

SENATOR CLARK: That is since 1919. There was put in evidence

just a while ago the fact that there was \$1,350,000 in addition to that which had been paid by you to him in commissions.

MR. CARSE: That was before 1923.

SENATOR CLARK: Well, how much was it? How much did his commissions amount to during the period of the contract?

MR. CARSE: You have it there.

SENATOR CLARK: That schedule is since 1919. But we have got an additional figure of \$1,350,000 in connection with which the income-tax matter was taken up.

MR. CARSE: I will have to check that out.

SENATOR CLARK: I should be glad if you would do that and furnish the information for the record, please.

THE CHAIRMAN: I offer in evidence a letter dated November 3, 1925, dated at Paris, addressed confidential to Mr. Spear, signed by Mr. Zaharoff:

Confidential.

My Dear Spear: The Germans are moving terribly in Spain, and unless we all combine against them we may find them installed there one day, and action is necessary.

The United States Ambassador in Spain is a very clever gentleman, and highly esteemed, and I think that you should arrange for instructions to be sent to him from your State Department for him to tell the Spaniards that the United States Government work very harmoniously with the Electric Boat Company, with whom they exchange ideas, and that the United States hope that the Spanish Government is satisfied with the guarantee of the Electric Boat Company, combined with that of Vickers, and will not see any necessity for any other guarantee.

The English Government will be difficult to move in the same direction, but when you inform me that your Government have given the necessary instruction to their ambassador in Madrid I will have no difficulty in persuading the British to do ditto, ditto, ditto.

I hope you are well, and with my homage to Mrs. Spear, and my kind regards to Mr. Carse for himself and family, I am,

Sincerely yours,

(S.) BASIL ZAHAROFF.

This letter, Exhibit No. 32, addressed to Mr. Spear by Zaharoff urges your Mr. Spear to get the State Department to help you against the German competition in Spain. . . .

Mr. Spear, did you approach the State Department in this connection?

MR. SPEAR: I do not remember whether I did or not. I am inclined to think I did, but I do not remember.

THE CHAIRMAN: You say you think you did approach the State Department?

MR. SPEAR: I have no real recollection of it. I would not see anything improper in it, and I probably did, but I do not know.

THE CHAIRMAN: Then surely there was more than one approach to the State Department in matters of that kind.

MR. SPEAR: You mean on the Spanish matter?

THE CHAIRMAN: Well, on any matter?

MR. SPEAR: Whenever we had a matter where we were negotiating with a foreign company and we found other foreign competitors were running in their embassies and legations, we endeavored to get the American Government to do its part to offset what they were doing. I cannot say, however, that we ever succeeded in obtaining an order that way.

THE CHAIRMAN: Why instead of going to the State Department in matters of this kind do you not rather approach the representatives of the Commerce Department?

MR. SPEAR: We also do, or we also have.

THE CHAIRMAN: What could the State Department do that the Commerce Department cannot do?

MR. SPEAR: Well, I should say that the ambassador in these countries, generally speaking, speaks with a more authoritative voice than the representative of the Department of Commerce. In other words, he presumably is listened to to a greater extent than the other representatives of the Government.

THE CHAIRMAN: On the other side, there are those who look upon the State Department as being the one and only Department of Government that exercises any hand in accomplishing maintenance of peace and understanding between countries, taking those steps that will prevent war or misunderstandings, taking the leading part in disarmament conventions and conferences. Is it not at least strange that the State Department should put its hand in as a helper or a salesman in selling munitions of war to another country?

MR. SPEAR: I do not think so, sir. These are questions of international competition. If the orders are placed with us, our Government at least has definite information, can obtain definite information, as to the qualities and characteristics of the vessels built, and it all gives employment to American labor. If, however, the order is placed with somebody else, there is no benefit.

### Oppose Disarmament Conferences

THE CHAIRMAN: Mr. Carse, what is your own personal opinion regarding the effort to accomplish agreements looking to disarmament in the disarmament conference?

MR. CARSE: I take no position at all.

THE CHAIRMAN: Here is a letter dated October 30, 1932, addressed to you by C. W. Craven, of Vickers, which is offered as Exhibit No. 22. In this letter, Exhibit No. 22, Mr. Craven says:

All that you and I gain by the transaction will be that we shall know that if the ship is built Vickers will get the order. If, on the other hand, Geneva or some other fancy convention decide that large submarines have to be abolished, no definite contract will be placed and the Admiralty can retire gracefully without having to pay us anything. I cannot, of course, commence spending any money until, say, March, but, at any rate, our competitors will not receive the enquiry.

Is not that rather a slurring of the disarmament program?

MR. CARSE: No; I do not think so.

THE CHAIRMAN: What is the meaning of the reference to "fancy convention?"

MR. CARSE: Some people sometimes use words and phrases. I think there was perhaps a division of opinion in regard to these conferences. Some people, members of the conference, favored certain things and others favored other things. You cannot blame private citizens and so forth for having differing opinions. They have presented a design for a submarine boat which had been approved by the British Government, subject to the result of the Geneva Conference, and if the conference did not decide against the building of submarines of this size, they would get the order, and if they did decide against it, they would not get the order. So that she had to wait until the end of the Geneva Conference.

THE CHAIRMAN: Is there not to be read in this paragraph which I have quoted to you a desire that the conference fail?

MR. CARSE: Naturally a person would not wish some action to be taken by any conference that would be detrimental to his interest.

THE CHAIRMAN: Now Mr. Craven expressed the same thought as related to *H.M.S. Clyde*, in a letter under date of January 6, 1933, addressed to Mr. Henry R. Carse, which I will offer as Exhibit No. 23. In Exhibit No. 23 Mr. Craven stated as follows:

At the same time the Admiralty also promised us the order for *H.M.S. Clyde* (another repeat of the *Thames*), but in this latter case they will not give us a contract until after the end of March. In other words, they will have the right to withdraw their promised order for the second ship if Geneva or any other troublesome organization upsets the large submarine. In view of this, I am not saying anything publicly about the *Clyde*, and I would suggest that it would be wise that Spear should not let the information get into the hands of your Navy Department until after I can tell you that we really have a proper contract. Cammell Lairds will get the two small S boats. On the whole, I am very pleased, because it is impossible in these days of starvation of shipbuilding to get all the submarine orders.

Who are the "other troublesome organizations" to which he refers?

MR. CARSE: I suppose they have pacifists in England, the same as they have in the United States.

THE CHAIRMAN: Yes, but pacifists in England could not upset their submarine program.

MR. CARSE: They might very well. Who can tell what any organization might do? He does not refer to Geneva there except "or other troublesome organizations."

THE CHAIRMAN: That was January, 1933, and we were approaching the renewed disarmament conference.

MR. CARSE: People have different opinions about that.

THE CHAIRMAN: You do not think Craven was referring to that?

MR. CARSE: No, sir.

THE CHAIRMAN: Not at all?

MR. CARSE: No; because he expected to get the order when Geneva

had adjourned unless some other troublesome organization should come into the picture.

SENATOR CLARK: No; he does not do that, Mr. Carse. He does not describe the other organization. He puts Geneva in the same class. He states: "In other words, they will have the right to withdraw their promised order for the second ship if Geneva or any other troublesome organization upsets the large submarine." So that he regarded the Geneva Conference as a troublesome organization, evidently.

MR. CARSE: I could not speak the English words for the man who wrote that.

THE CHAIRMAN: Perhaps it is better to let the language stand by itself without our undertaking to say what it does mean.

MR. CARSE: I would say so.

THE CHAIRMAN: At any rate, Mr. Carse, in this case there was a premium for Vickers and for yourself in the event that the conference failed to come to any agreement?

MR. CARSE: No; that is not it. Not come to any agreement, but if any agreement that they made did not prohibit or prevent the construction of submarine boats of the size indicated.

THE CHAIRMAN: Lieutenant Spear, did you withhold from the Navy Department and did you refrain from letting the Navy Department know what Britain's plans were, as stated in this letter?

MR. SPEAR: I said nothing about it to anybody until after it became an established fact.

THE CHAIRMAN: Why was he afraid that the information would get into the hands of the Navy Department?

MR. SPEAR: I could not tell you that. I do not know. . . .

THE CHAIRMAN: All in all, you and your associates or your company have had pretty direct understanding with Vickers all the way through regarding their plans and your plans as related to ship-building?

MR. SPEAR: In general; yes, sir.

SENATOR CLARK: Mr. Spear, you say that this information was confidential information of the British Admiralty. It was not so confidential to prevent Vickers giving it to you, a private concern in this country, was it?

MR. SPEAR: No.

THE CHAIRMAN: . . . Who is Aubry?

MR. CARSE: Luis Aubry was our agent in South America. He was naval attaché for Peru at Washington, and after resigning from there he took up our agency in South America and secured orders for some submarine boats in Peru and went to Brazil and Argentina endeavoring to procure business there.

Back at the time of that letter he resigned from our employ and went to Paris as the naval attaché of the Peruvian Government in Paris, and called on Sir Basil Zaharoff. I guess perhaps I gave him a letter. I am not certain. But he called on Sir Basil Zaharoff and Sir Basil Zaharoff was very much pleased with his acquaintance and arranged to have him go to Madrid and he was received very cordially down there.

THE CHAIRMAN: I offer for the record Exhibit No. 41, being a

record of the receipts of salaries, commissions, and expenses from the Electric Boat Co. of Capt. Luis Aubry.

**SENATOR CLARK:** . . . Mr. Spear, Commander Aubry proposed to you, did he not, that he get himself appointed the Peruvian representative to the Geneva Disarmament Conference? I direct your attention to paragraph 11 . . . (reading):

It is very important that you should let me know the date at which you are going to launch the subs for many reasons, the main one being that Admiral Woodward is very much interested for obvious reasons; either myself or my wife will have to take the sponsors to the States; and then I am planning to be appointed by the Government, if you permit, delegate for Peru in the disarmament conference that is going to take place in Geneva in June, 1925. I feel that I can do something good for Peru there, as well as for the cause for the submarines in South America. My flag will be "No quotas in submarines" construction in South America, and classify it as a "defensive weapon."

At that time, of course, Mr. Spear, Commander Aubry was your paid representative in South America, was he not?

**MR. SPEAR:** Yes.

**SENATOR CLARK:** And he was really presenting a proposition to you for you to pay his expenses to this disarmament conference, was he not?

**MR. CARSE:** If he had gone, he would have had to resign as our representative, or else his Government would not have given him an official appointment.

**SENATOR CLARK:** Well, he says in the next paragraph:

In this respect, not only do I require your opinion but also your authorization I request in this respect as soon as possible, because I will have to make some initial work here outlining a plan for the Government in case I decide to go; which, otherwise, I will not have to make.

Evidently he expected you to pay his expenses, did he not, Mr. Carse?

**MR. CARSE:** His expectations were not realized.

**SENATOR CLARK:** I understand, but you took it that he was putting a proposition up to you to pay his expenses, did you not?

**MR. CARSE:** I do not know.

**SENATOR CLARK:** In the next letter, from Mr. Carse to yourself, Mr. Spear, dated November 19, 1924, there is an indication that Mr. Carse was perfectly willing for Commander Aubry to act as a delegate to the disarmament conference for all purposes of disarmament except the submarines, but was not willing to pay for it. I offer that letter as Exhibit No. 66.

The letter reads as follows:

Dear Mr. Spear: Your favor of the 17th instant to hand in regard to Peruvian business, and I can see no objection on our part to Aubry serving as delegate to the Disarmament Conference,

only I hardly think we should pay his traveling expenses, plus \$15 per diem.

MR. CARSE: Well—

SENATOR CLARK: Now, Mr. Carse, do you know whether Commander Aubry actually served as the Peruvian delegate to the Disarmament Conference?

MR. CARSE: I do not think he did; not so far as I know. I never heard of what went on over there.

SENATOR CLARK: In other words, when you would not pay his expenses and \$15 per day, he did not want to go?

MR. CARSE: We were not taking any part in attempting to influence a world conference. We have not got quite that amount of conceit.

### Fight Arms Embargoes with War Department Aid

SENATOR GEORGE (to Lamot du Pont): . . . I offer a copy of a letter from Mr. N. E. Bates, Jr., the South American agent of du Pont, but the joint agent of both the du Pont and the Imperial companies, addressed to Imperial Chemical Industries, Ltd., under date of June 11, 1934, and draw particular attention to the paragraph of the letter which refers to the embargo or the restriction of sales by American munition makers to certain South American countries, Paraguay in this case. That letter states in part as follows . . . —referring to an inquiry for prices upon military powders and explosives:

Although the inquiry distinctly states that prices are wanted c.i.f. Montevideo, we suspect that the material is for Paraguay and since we wish to cooperate with our Government in observing the embargo, we deemed it best not to quote.

A subsequent report by Mr. Bates for the South American agency confirms the same statement and discloses that the joint agency asks that the Imperial quote directly on this material.

The cablegram here to the Imperial asks that it make quotations upon this war material, this munitions, because of the embargo and because of the desire of one of the principals represented by the joint agent to meet the obligations of the Government and avoid any breach of the embargo. That is also in the record.

SENATOR BONE (to Lamot du Pont): It might be pertinent to inquire if the agent in this case, living strictly up to the obligation which would be due to his American principal, nevertheless finds himself in an embarrassing position of having the spirit defeat the very purpose of the embargo by having the other principal actually quote terms upon the war material, military explosives, for one of the countries which the United States desired to exclude shipments from, so far as this country is concerned.

MR. LAMMOT DU PONT: That is the usual embarrassment, Senator, of anyone who acts as an agent for two people.

SENATOR VANDENBERG: Mr. Chairman, I would like to get just a little bit more information about the situation in the Argentine with respect to the apparent nullification of the embargo. Here is another

letter from Mr. N. E. Bates, Jr., signed for the du Pont Co. and dated June 11, 1934, and addressed to the Imperial Chemical Industries. I will read one paragraph:

We replied to the above cablegram—  
the cablegram being an inquiry apparently from Paraguay—  
asking you—  
that is, the I. C. I.—  
to inform Ferriera—  
evidently the spokesman for Paraguay—  
that we could not quote because of the embargo on munitions and military explosives promulgated by President Roosevelt on Paraguay and Bolivia. Since there is no embargo obtaining in England, we telegraphed I.C.I., London, to quote to you direct, so that you in turn may quote Ferriera—  
which I assume means Paraguay.

Is Mr. Bates or the du Pont Co. under any contractual obligation to notify I.C.I. of an inquiry of that character?

MR. LAMMOT DU PONT: I think Mr. Bates is, because he was one of those joint agents.

SENATOR VANDENBERG: But Mr. Bates signs this letter with the E. I. du Pont de Nemours & Co.'s signature. Is your company under any obligation to do that?

MR. LAMMOT DU PONT: I think not. He signed that letter with one of his official titles.

SENATOR VANDENBERG: Does not that put your company in a very equivocal position, to be faithfully observing the embargo so far as its own shipments are concerned and yet immediately communicating with I.C.I. so that it can achieve the same net results?

MR. LAMMOT DU PONT: That is what I said before is the embarrassment of any joint agent. He must follow the rules of one of his principals and also follow the rules of the other principal.

SENATOR VANDENBERG: But this communication is signed by your company, Mr. du Pont.

MR. LAMMOT DU PONT: That is a very difficult proposition to determine, as to how Mr. Bates should have signed that letter. He was writing to one principal. The act he disclosed was the act of the agent of another principal. Do you get the point?

SENATOR VANDENBERG: I do; and at the same time the exhibit indicates a pious observance of the embargo as a patriotic American upon one hand and then an immediate nullification of that piety on the other hand. . . . I am not yet quite clear about this embargo matter. . . . In other words, there was a very definite anxiety to observe the American embargo, so far as any shipments from America were concerned; is that correct?

MR. LAMMOT DU PONT: That is evident.

SENATOR VANDENBERG: That is evident; yes. But I fail to see how it reflects any desire to aid our Government in maintaining the embargo, except as you consult the letter rather than the spirit of the situation if immediately a way is pointed out to Paraguay to evade the



embargo. It does not seem to me that that action is in good faith an effort to aid our Government in maintaining an embargo.

MR. PIERRE S. DU PONT: Surely you do not take the position that the intent of the embargo was to interfere with these countries obtaining munitions?

SENATOR VANDENBERG: Yes; in so far as we could control the situation. . . .

MR. RAUSHENBUSH: May I ask this question? Who pays Mr. Bates' salary?

MR. LAMMOT DU PONT: The du Pont Co. does.

MR. RAUSHENBUSH: The du Pont Co. pays Mr. Bates' salary?

MR. LAMMOT DU PONT: Yes.

MR. RAUSHENBUSH: I would like to ask one more question. I did not quite understand earlier in the testimony about the commission arrangement between I.C.I. and du Pont. Does du Pont get any kind of commission from the business which the agent whose full salary you pay, Mr. Bates, gets in South America and turns over to I.C.I.? Does du Pont get any commission on that?

MR. LAMMOT DU PONT: I think the contract will determine that definitely. My impression is that du Pont does get a commission.

MR. RAUSHENBUSH: The du Pont Co. would have gotten a commission, then, or did get a commission, if this business went through to Paraguay?

MR. LAMMOT DU PONT: I presume so.

SENATOR POPE: Mr. du Pont, following this designation of your attitude in 1934 with reference to the embargo act, what would you say was the attitude of your company as to previous bills or resolutions introduced in Congress providing for embargoes on war materials?

MR. PIERRE DU PONT: I was not aware there were any such. I have not been very active in that department of the business, and I do not know of any.

MR. LAMMOT DU PONT: Senator, I do not know of any.

SENATOR POPE: You were not aware of any such resolutions introduced in Congress, the Fish resolution, for instance, in 1932?

MR. LAMMOT DU PONT: I do not recall it.

SENATOR POPE: What was your attitude, if you had an attitude, towards the enactment of such a measure as that?

MR. CASEY: If all countries agree, we would have no objection.

SENATOR POPE: You would have no objection?

MR. CASEY: If all countries agreed, but if other countries are allowed to ship, then we think it is discrimination.

SENATOR POPE: Now, Mr. Casey, I am referring to a . . . memorandum . . . dated Wilmington, Del., April 7, 1932, and Washington, D. C., April 6, 1932, apparently being a report of actions by Mr. Simmons on April 6. It says:

I called by appointment on General Hof to discuss House Joint Resolution 282, proposing a resolution whereby the United States Government would join all other nations in renouncing the sale or export of armaments, munitions, or implements of war.

I think you said a few minutes ago so far as you knew, you would have no objection to an embargo for all nations?

**MR. CASEY:** Yes, that is right.

**SENATOR POPE:** This memorandum further reads:

Since Mr. Fish has introduced somewhat similar resolutions on several other occasions, the Ordnance Department had not taken the bill very seriously and was not aware that it had been reported out of committee and put on the House Calendar.

**SENATOR BONE:** Keeping in mind it is the policy of your company not to oppose embargoes where all of the nations enter into an agreement to impose a general embargo, I call your attention particularly to this joint resolution numbered 282 which has been referred to in this memorandum, and a copy of which has been introduced into the record. This resolution provides:

That the American delegates participating in the general disarmament conference now being held at Geneva, Switzerland, be requested to propose a multi-lateral agreement renouncing the sale or export of arms, munitions, or implements of war to any foreign nations, in accordance with the intent and purpose of the Kellogg-Briand pact renouncing war as an instrument of national policy.

Now, keeping that in mind, I want to read you further from the report or memorandum submitted to you by Mr. Aiken Simmons, as follows:

General Hof called up General Macfarland, of the office of the Assistant Secretary of War, and invited his attention to the above (now that is, H. Res. 282 and the fact it had been reported out of committee), at the same time calling attention to a letter which the Assistant Secretary of War had written to Mr. Morin under date of March 6, 1928, protesting against H. J. Resolution 183, of somewhat similar purport. General Hof suggested that with slight modification the above letter would serve the purpose at the present time.

At General Hof's suggestion, called on Colonel Macfarland and discussed the matter with him. He also was not aware that the resolution had come out of committee.

Called on Admiral Larimer, Chief of the Bureau of Ordnance, U. S. N., and discussed the same matter with him. Admiral Larimer called up Capt. H. K. Cage, chief of the Material Division, Office of Chief of Naval Operations, and called his attention to the resolution and its status, of which neither of these officers had been aware until their attention was called thereto. Captain Cage will take proper action to have the bill opposed on the floor of the House.

. . . Do you know what appropriate action was taken by Captain Cage of the War Department?

**MR. CASEY:** I have not the slightest knowledge. We never went any further with the matter.

**SENATOR POPE:** Who is the president of the Federal Laboratories Co.? Do you know?

**MR. CASEY:** John Y. Young.

SENATOR POPE: I offer in evidence a letter from Mr. Aiken Simmons to Mr. Young, under date of December 28, 1932, just after Christmas, as Exhibit No. 482. That letter reads as follows:

My dear John: Thank you for the very handsome dressing case which came to me on Christmas morning. I will find it very useful.

I spent a very quiet but very pleasant Christmas despite the rotten weather. Regarding the attempts of Mr. Hoover and the "cooky pushers" in the State Department to effect embargoes on munitions sent out of the country, I do not believe that there is the least occasion for alarm at present. The President and the State Department both lack authority to do anything now and in the spirit that Congress is in and with the large amount of oral business ahead I feel quite sure that no further authority will be granted.

Wishing you a very prosperous New Year.

. . . I am interested in that rather "luscious" term, "cooky pushers." Do you know what Mr. Simmons meant by "cooky pushers" in the State Department?

MR. CASEY: I have not the slightest idea, and I could not be responsible for a statement of that kind. That is a little letter thanking him for a little brief case.

SENATOR POPE: Do you think it might have anything to do with those people who might have been favorable to embargo acts and similar legislation?

MR. CASEY: I could not tell.

SENATOR POPE: Do you know whether he included Secretary Stimson in that category?

MR. CASEY: Again I cannot say. I have not the slightest idea.

SENATOR POPE: Did he ever talk to you about who were the "cooky pushers" up there?

MR. CASEY: No; in fact, I never heard the expression before, because I never saw the letter.

SENATOR POPE: You think, in the light of this statement here, just after Christmas Day, when he was at peace with the world and he said:

I do not believe that there is the least occasion for alarm at present. The President and the State Department both lack authority to do anything now and in the spirit that Congress is in and with the large amount of oral business ahead I feel quite sure that no further authority will be granted

that he was making that as a disinterested party, without knowledge of what Congress might do?

MR. CASEY: Yes, sir.

#### Stimulate Arms Races Between Factions Within a Country

SENATOR VANDENBERG: I show you the next exhibit, being a letter from Mr. Young to Mr. Carlos Mendieta at New York. . . . That is the same Mendieta who became President in January, 1934?

MR. YOUNG: That is right.

SENATOR VANDENBERG: Was Mendieta connected with the Cespedes government which immediately succeeded the Machado government?

MR. YOUNG: No; not that I know of.

SENATOR VANDENBERG: This letter, addressed to Colonel Mendieta, says: ". . . I just wanted to express our congratulations to you and your associates on the marvelous outcome in Cuba." . . . Why should you be congratulating Colonel Mendieta unless he was part of the "new deal"?

MR. YOUNG: He expected to be, sir.

SENATOR VANDENBERG: And was not?

MR. YOUNG: I think that was the case.

SENATOR VANDENBERG: At any rate, you were very happy about this change. . . .

MR. YOUNG: I was.

SENATOR VANDENBERG: Why?

MR. YOUNG: I have a great admiration for the man.

SENATOR VANDENBERG: Your congratulations on the marvelous outcome in Cuba, then, does not refer to the election of President Cespedes?

MR. YOUNG: I never knew Cespedes.

SENATOR VANDENBERG: That is probably one of the reasons he could not hang on. (Laughter.)

MR. YOUNG: Thank you, Senator.

SENATOR VANDENBERG: The second paragraph of that letter states (reading): "I am so glad you did not have to go through with the big program discussed with you, General Menocal, Dr. Gomez and Mr. Texidor." . . . What was the "big program" you discussed with them?

MR. YOUNG: They were talking about an attempt to force Machado out.

SENATOR VANDENBERG: And the big program involved the acquisition of a large amount of munitions?

MR. YOUNG: That is what they wanted to do. . . .

SENATOR VANDENBERG: What I am getting at is, evidently, while Machado was still President—and if I am wrong on this you will please correct me—while Machado was still President, you were discussing with General Menocal and Dr. Gomez and Colonel Mendieta an armaments order which was to be part of the program to overthrow General Machado.

MR. YOUNG: Did you say "discussing"?

SENATOR VANDENBERG: Yes.

MR. YOUNG: Yes.

SENATOR VANDENBERG: Did you ever sell anything to this group prior to the downfall of General Machado?

MR. YOUNG: Not a penny's worth.

SENATOR CLARK: These men knew, did they not, Mr. Young, that you were one of the purveyors of munitions to the Machado Government?

MR. YOUNG: They knew we were shipping to the present Government.

SENATOR VANDENBERG: Mr. Young, I show you now what appears to be a memorandum signed by J. W. Y. That is yourself, is it not?

MR. YOUNG: That is right; yes, sir.

SENATOR VANDENBERG: It reads as follows:

In conversation with Mr. Texidor on Tuesday, Nov. 17th, I promised him a commission of 10 per cent on all business done with the Menocal-Mendieta group and commission of 15 to 20 per cent, depending on the product, on all business done with the Grau group.

On November 10, 1933, the Grau administration is still in control, is it not?

MR. YOUNG: Yes, sir.

SENATOR VANDENBERG: And at this time the Menocal-Mendieta group are anti-Grau, are they not?

MR. YOUNG: That is right, sir.

SENATOR VANDENBERG: And you are instructing your agent that if he does business with those who are on the outside, he can get 10 per cent commission on it, and if he does business with the Government, he can have a 15 to 20 per cent commission; is that right?

MR. YOUNG: That is right, Senator.

SENATOR VANDENBERG: You are offering to do business with both sides?

MR. YOUNG: No, sir.

SENATOR VANDENBERG: Well, how can I interpret it in any other way?

SENATOR CLARK: . . . According to your own story and according to this memorandum, you had given Texidor authority to negotiate with Mendieta on a commission of 10 per cent and with Grau on a commission of 20 per cent. That certainly gave Texidor the right to negotiate with them, did it not?

MR. YOUNG: It did, sir.

SENATOR CLARK: And if he had taken orders from both parties, what would you have done about filling those orders? . . .

MR. YOUNG: I . . . did not come up against that problem.

SENATOR CLARK: What would you have done if orders from Grau had come in?

MR. YOUNG: I repeat that I did not have that question to settle.

SENATOR VANDENBERG: Let us see whether you did or not, Mr. Young. I show you a letter from yourself dated November 21, 1933, addressed to the State Department. This is 11 days after the memorandum which we have been discussing. . . . This letter reads as follows: "Referring to our letter of November 17 relative to an order for thirty Thompson sub-machine guns for the Government of Cuba, . . . wish to advise that this order has been increased to sixty guns. . . ." Does that indicate that you are selling Thompson sub-machine guns to the Grau Government?

MR. YOUNG: It does.

SENATOR VANDENBERG: So you did sell to the Grau Government?\*

MR. YOUNG: Not through Texidor.

SENATOR VANDENBERG: Oh! . . . Now, I offer as the next exhibit

an invoice to Martinez Saenz, from the Federal Laboratories, Inc. The Martinez Saenz to whom this invoice is directed has previously been identified as in opposition to the Grau Government. . . . This is an order for gas masks, riot guns, incendiary bombs and so forth and so on, sold to Martinez Saenz, is it not?

MR. YOUNG: That is right, sir.

SENATOR VANDENBERG: So that here again you are selling to the "outs" on the threshold of their arriving as "ins." . . . What I am trying to establish, and I say to you I am not intending to be zealous in any sense, but I am simply trying to establish the fact that here is a distinctly delicate situation respecting the diplomatic relationship between the United States and the Republic of Cuba and American munition makers were holding conferences with important officials in Havana, primarily interested in armament orders, and suggesting to the same Cuban officials the propriety of a future course of action with respect to their government. That is a correct statement, isn't it?

MR. YOUNG: The statement of facts you made is true. . . .

SENATOR VANDENBERG: This conclusion certainly is fairly drawn from the examination in which we have just been engaged: That you as a representative of the munitions business, during this episode in Cuba, clearly demonstrated that the business of importing munitions is inseparably tied with the public interest and cannot be separated at all from the public interest and the policies of the Government of the United States. That is true, isn't it?

MR. YOUNG: I should think so.

### Help Re-Arm Germany

THE CHAIRMAN (to Love): Mr. Love, your business in Germany has picked up materially, has it, of late years?

MR. LOVE: Senator, we do not have much business; our foreign department is so new that we have not been established long enough to make a comparison. It is steadily growing for the reasons I have pointed out—that many of the major air lines over there are equipping with United States engines and propellers; and I think it would show a steady and continuous growth.

THE CHAIRMAN: I gather your sales to Germany or German concerns are entirely of a commercial nature, having no relation to arming the German people?

MR. LOVE: Yes; we have never sold any military planes to Germany or any war equipment, such as guns or ammunition.

THE CHAIRMAN: What would prevent your selling them planes for military purposes?

MR. LOVE: I think it is against the Treaty of Versailles, is it not, and such a thing never occurred to us.

THE CHAIRMAN: This sale of 176 engines and 2 large Boeing transports, the 6 two-seaters and other equipment, up to August 31 of this year total \$1,445,000, as compared with last year's total business with Germany of \$272,000. How are we to account for that large increase? In addition to that, let me add that there was still on order on August 31 and undelivered 21 engines and one more large

transport. How are we to account—to what are we to attribute such a great increase?

MR. LOVE: Last year there were no shipments of planes and this year there are.

THE CHAIRMAN: In 1933, last year, you made sales to Germany in the amount of \$272,000, and from January 1 to August 31 of this year there is shown to have been sales by your company to Germany of 176 engines, two large Boeing transports—is it true that these transports are readily convertible into large bombing planes?

MR. DEEDS: I would not say that they were. It would take considerable engineering project and expenditure of money, thousands of dollars, to convert them.

SENATOR VANDENBERG: Do you know in fact where these 176 engines went?

MR. DEEDS: I do not.

MR. HISS: Mr. Deeds, there is a type sold known as the Hornet S-4D-2. You say that has no military use?

MR. DEEDS: No; I did not. I said that practically any engine that is installable in an airplane can be used for military purposes.

THE CHAIRMAN: Have you at any time, Mr. Deeds, felt that you were aiding in this cause of rearmament over there?

MR. DEEDS: We have sold engines that are suitable for the equipment of their planes.

THE CHAIRMAN: Have you understood that they were to be used in airplanes that had a military purpose, or would become a military plane?

MR. DEEDS: We have understood exactly the contrary.

THE CHAIRMAN: I offer in evidence now Exhibit No. 592, which is a letter dated March 15, 1933, addressed to Mr. F. B. Rentschler, president United Aircraft & Transport Corporation, Hartford, Conn., indicating that copies of this went to Mr. Mead, Mr. Brown, and U.A.E. Who is that?

MR. BROWN: United Aircraft Exports.

THE CHAIRMAN: Let us read this letter for the most part, being dated March 15, 1933:

. . . Germany's determination to have an air force, as previously recorded, is now taking definite form rather rapidly. One of the large bank buildings, practically half a block long, five stories high, has been taken over by the Aviation Bureau. My friend, Dr. Milch, technical director of Luft Hansa, has been made State Secretary for Air Traffic. My conversations with the various departments indicate that their interests extend far beyond matters of traffic.

THE CHAIRMAN: By the way, what is Luft Hansa?

MR. DEEDS: It is one of the largest air lines in Europe.

THE CHAIRMAN: One of the largest commercial air lines in Europe?

MR. DEEDS: One of the largest commercial air lines in Europe and a German commercial air line.

THE CHAIRMAN (continuing reading):

My conversations with the various departments indicate that their interests extend far beyond matters of traffic.

Is not the committee to assume that this was a pretty direct report from Mr. Hamilton, to the effect that some of these activities were indicating a determination to build up her air forces for military purposes?

MR. BROWN: Perhaps, but I think at the same time, in reading this letter over, I would naturally assume that Germany had made arrangements with the other powers to have an air force.

THE CHAIRMAN: Mr. Brown, having been sent a copy of this letter at the time, is not this pretty strong indication of a military purpose in connection with the enlargement of the aviation facilities in Germany?

MR. BROWN: Yes, it is; but what I read in Mr. Hamilton's letter is the same as I have read in the press in this country.

THE CHAIRMAN: Have you reported conditions, such as this, which have come to your notice, to the Navy Department or the State Department or the Commerce Department?

MR. BROWN: It never occurred to me that I should.

THE CHAIRMAN: Of course, you would appreciate—

MR. BROWN: We report, you understand, to the Navy on the production which we ship out of this country.

THE CHAIRMAN: Yes; but you would, at the same time, appreciate that your Government would not want to be compromised as respects any possible violation of the treaty, would you not?

MR. BROWN: I would not want to be a party or take any part in having our Government compromised.

### Reveal Abroad Secrets Used by War Department

SENATOR POPE (to Driggs): In connection with your foreign business—and I include, of course, the South American countries—you have had certain cooperation from the United States Government?

MR. DRIGGS: Yes.

SENATOR POPE: And what would you say as to the sort of cooperation that was given to you by the Government in connection with your foreign business, in your efforts to get orders in foreign fields?

MR. DRIGGS: Well, the War Department informed us—which we knew to be their policy—that they wished to encourage private ordnance manufacture, so as to have a capacity in this country in case of necessity.

SENATOR CLARK: Do I understand, Mr. Driggs, that the War Department agreed to release to you and through you to a foreign country in the sale of your guns to a foreign country, the plans of a gun that had heretofore been held secret by the War Department?

MR. DRIGGS: Merely in this way, Senator: That these designs had been developed here —

SENATOR CLARK: They were developed by you or by the War Department?

MR. DRIGGS: Both. . . .

SENATOR POPE: Now, I call your attention to a letter dated May



8, 1928, addressed to you and written by C. B. Robbins, Assistant Secretary of War, and I offer it in evidence as exhibit No. 206. This letter . . . begins as follows:

Reference is made to your letter dated Washington, D. C., March 14, 1928, in which you request authority to utilize the latest United States Army designs of antiaircraft material in your manufacture of antiaircraft material for sale in European countries. . . .

It is the desire of the War Department to encourage the manufacture of munitions in the United States by commercial manufacturers. The War Department would be willing to release to your company the designs of our latest antiaircraft material with the exceptions of certain secret portions, provided you had a contract with a foreign government for a production quantity of antiaircraft material which you would agree to manufacture in the United States. You can readily appreciate that an order from a foreign source for only two or three of these new antiaircraft materials would only serve to disclose to the foreign power the latest United States developments in antiaircraft artillery, and would not develop any munitions manufacturing capacity in your plant. The size of the order will, therefore, have to receive the approval of the War Department before any design information is released to your company. . . .

SENATOR VANDENBERG: And the policy of the Department has been to give a foreign power a military advantage in return for a commercial advantage to the United States?

MR. DRIGGS: It all depends upon the country. If it is a country which is promoting peace, where its lack of resistance might result in war, it is a very great contribution to peace, I consider.

MR. RAUSHENBUSH (to Lamot du Pont): . . . On March 23, 1932, you prepared a memorandum covering relations between Mitsui and du Pont with respect to hydrogen process. Will you tell us again just what that is? That is not the ammonia process but the other one?

MR. LAMMOT DU PONT: The hydrogen process referred to, I think, is the contact conversion process referred to there.

MR. RAUSHENBUSH: The memorandum was addressed to the Assistant Secretary of State, Mr. Rodgers, the 28th of March, 1932, and simply summarizes your relations with Mitsui in regard to this contact conversion process . . .

1932 was a time when there was a great deal of friction between China and Japan, was there not?

MR. LAMMOT DU PONT: I think so.

MR. RAUSHENBUSH: And the nations of the world were considering the possibility of boycotting one of the belligerents; was not that about the time?

MR. LAMMOT DU PONT: I do not recall that.

MR. RAUSHENBUSH: It was not a matter of giving Japan a new military supply or source of supply; it was simply cheapening the way in which they could produce it.

**MR. PIERRE DU PONT:** That would be a military advantage and also a peace advantage in enabling them to produce fertilizer more cheaply.

**MR. RAUSHENBUSH:** From the military angle, a country that can produce a great deal of ammunition cheaply in peace time can prepare at less expense for a war, of course, than otherwise.

. . . it is the dealing in these processes which cheapens munitions, even if they do not give a country new sources of munitions, they seem to some of the members of the committee who have spoken to me about it, to constitute transactions of equal importance with the sending of divisions of an army; for instance, one gas process or one process might be equal to a division, . . . or perhaps two divisions, in a way.

### Sell Arms to Paraguay and Bolivia

**MR. HISS (to Mr. Webster):** The war involving the Chaco territory . . . has been going on in actual force since 1932 and is still continuing; is that not correct?

**MR. WEBSTER:** Yes, sir.

**MR. HISS:** Your company's sales of planes as reported to the committee show that the country of Bolivia in 1932 and 1933 purchased a total of 24 planes from your company. Between the countries of Colombia and Peru there has been a dispute involving the Leticia Territory. . . . There has been intermittent fighting, or there was, during 1932 and 1933. On May 24, 1934, a treaty was finally signed by both nations. During 1932, 1933, and up to April of 1934, according to the information your company has furnished the committee, a total of 50 airplanes was sold to Colombia. During that same period, 1932 and 1933, 4 planes, one of which was listed as a commercial plane, were sold to Peru; 3 were sold in 1933, all 3 of those being military planes. . . . In the year 1933 you sold to China, according to your records, a total of 54 planes. . . .

I offer in evidence as Exhibit No. 342, a letter dated August 14, 1933, from C. W. Webster to C. K. Travis. You say in this letter, Mr. Webster:

If Webster & Ashton are able to work fast enough they may be able to get the additional 9 or 16 planes closed before the war ends. . . . The consul general in New York seems to feel quite certain that the mess will be cleaned up within a month. I certainly hope we will be able to get some more business before this happens.

Webster & Ashton referred to in this letter are your agent in Bogota, Colombia?

**MR. WEBSTER:** No, in Bolivia.

**MR. HISS:** I offer as Exhibit No. 343 a letter dated September 13, 1933, from Cliff to Mr. Webster. . . . The letter proceeds as follows:

The war will probably last for months yet according to the looks of things. It will all depend upon how long Paraguay can keep going . . .

Then, at the bottom of page 3, the letter continues:

We cannot neglect Bolivia; they are our best customers at the present time. A small country but they have come across with nearly half a million dollars in the past year and are good for quite a bit more if the war lasts.

THE CHAIRMAN: Mr. Webster, on the face of these facts or assertions, there was a large advantage accruing to you and your people through any prolonging of the conflict, was there not?

MR. WEBSTER: It meant additional sales.

MR. HISS: . . . Exhibit No. 360 is a letter of February 10, 1933, from Mr. Webster to Mr. Leon, who was then in Buenos Aires, Argentina. That letter reads in part as follows:

Newspapers the last few days have been carrying stories about the pending and probably political and revolutionary upheaval in Uruguay. I believe it would do no harm to slide over to Montevideo as soon as convenient and contact the proper officials in an effort to promote the sale of aircraft or any class of munitions . . . Also, in this connection, do you think it advisable to make a personal contact with Paraguayan Government officials in Asuncion? I know that this is a rotten trip to make up the river, but it seems to me that the Bolivia-Paraguay trouble has not yet reached its peak and the conditions instead of becoming better are gradually getting worse. If such is the case, it will be absolutely necessary for Paraguay to find the money for the purchase of aircraft and other munitions. If we are able to sell them anything, we will have to work very carefully and quietly, and possibly work through you, as an individual, as the Bolivian Government would naturally raise "merry hell" if they believed that we were dealing with their enemies.

. . . As Exhibit No. 363 I offer a letter dated March 15, 1933, from Van Wagner to you, Mr. Webster, from which I wish to read . . . :

We cabled you on the 13th that the Peruvian Ambassador demanded immediate action with regard to delivery of the *Hawk* and *Falcon*, and the following day received your cable: "O.K. delivery." . . .

From this message we understood that the \$36,000—held by the Chase National Bank—had been placed to your credit without restrictions. Now, the whole trouble is in getting permission to fly the ships out of the country. . . . With the present action taken by the Chilean Foreign Minister to foment peace in S. America, he cannot possibly give his consent to allow war material to leave Chile, especially to a country engaged in warfare.

Did your company regard his actions for peace as "fomenting peace," Mr. Webster?

MR. WEBSTER: I do not believe so. That is an expression Mr. Van Wagner used. . . .

MR. HISS: Were the *Hawk* and *Falcon* ever released so that they were able to go to Peru?

MR. WEBSTER: Yes, sir.

**MR. HISS:** In spite of the "fomenting of peace?"

**MR. WEBSTER:** Yes, sir.

**SENATOR BONE:** Do you think that munitions firms generally would regard that as a sort of antisocial activity?

**MR. WEBSTER:** I would not doubt it a bit, sir.

**SENATOR BONE (to Young):** . . . I want to call your attention to a letter dated August 1, 1932, written by Leon & Bonasegna, agents in Buenos Aires, to the Federal Laboratories. . . . I direct your attention to the paragraph . . . which reads as follows:

Regarding Bolivia and Paraguay. As far as Bolivia is concerned, we are daily awaiting advices from our agent in La Paz, giving us some definite reply in connection with the business we have pending with that Government. . . . As far as Paraguay is concerned . . . we are in daily touch with the military attaché of this city for that country, and we expect some time between today and tomorrow to have some news from him; in fact, the writer has an appointment with the attaché for this afternoon . . .

So that it is apparent that at that time your agents down there were endeavoring to make sales to both Paraguay and Bolivia . . .

**MR. YOUNG:** We did not discriminate.

**MR. HISS (to Webster):** Can you identify Mr. Jonas?

**MR. WEBSTER:** Mr. Jonas is employed by, and represents, the Remington Arms Co., and I think also the Winchester Co., in South America.

**MR. HISS:** Does not Mr. Jonas also represent the Federal Laboratories Co.?

**MR. WEBSTER:** I know he did at one time. Whether he does now or not, I do not know.

**MR. HISS:** The second paragraph of this letter reads as follows:

The Paraguay and Bolivia fracas appears to be coming to a termination, so business from that end is probably finished. We certainly are in one hell of a business, where a fellow has to wish for trouble so as to make a living, the only consolation being, however, that if we don't get the business someone else will. It would be a terrible state of affairs if my conscience started to bother me now.

**SENATOR BONE (to Young):** Now, again, on August 11, 1932, . . . Mr. Jonas writes to Leon & Bonasegna in Buenos Aires from New York. . . . Mr. Jonas has this to say . . . (reading):

Your letter addressed to Federal Laboratories dated July 26th . . . with reference to the Paraguay and Bolivia situation was forwarded to me for attention. . . . I immediately took a plane to Washington and visited both the Paraguay and Bolivia Legations. Unfortunately for us, however, it looks as if the trouble they are having is going to be settled amicably. (Laughter.)

. . . That is signed by Mr. Jonas.

**MR. RAUSHENBUSH:** For Mr. Jonas, it might be said that he is unfortunately an intellectually honest man.

### Use Government Departments as Sales Agencies

MR. HISS (to Allard): . . . Has your company ever borrowed from the United States Army pilots to help in demonstrating your planes abroad?

MR. ALLARD: Yes, sir.

MR. HISS: Have you found that they have been helpful in making sales?

MR. ALLARD: Certainly— . . .

MR. HISS: In addition to borrowing pilots from the Army for demonstration purposes, has your company found that other governmental departments or institutions have been helpful in promoting the sale of aircraft abroad?

MR. ALLARD: Very definitely.

THE CHAIRMAN: So to that extent we do find agencies of the government fighting for these orders for munitions, do we not?

MR. WEBSTER: We find agencies of the government—yes—trying to sell the products of their respective countries.

THE CHAIRMAN: That is right.

MR. HISS: In connection with the use of Army flyers' help in demonstration of your planes, in addition to Captain Cannon, who is mentioned as part of the European tour, Lt. James E. Parker was also on that tour, was he not?

MR. ALLARD: That is right.

MR. HISS: And Lieutenant Doolittle, who is now, I believe, Major Doolittle, has been on other tours for your company?

MR. ALLARD: Yes, sir.

MR. HISS: He is now resigned?

MR. ALLARD: Yes, sir.

MR. HISS: How about when he made the trip to South America?

MR. WEBSTER: He was in the Army at that time, when he went to South America. He was not in the Army when he went to Europe.

MR. HISS: Lieutenant Doolittle or Major Doolittle has been helpful in the sale of aviation equipment since he left the Army, as well as while he made these good-will tours; is not that correct?

MR. ALLARD: That is correct.

THE CHAIRMAN: This is the same Major Doolittle who has served on the so-called "Baker Board"?

MR. ALLARD: That is correct.

MR. HISS: Is it not the official policy of the War and Naval Departments to encourage the American aircraft industry in the development of foreign business?

MR. ALLARD: I believe it is so stated.

MR. HISS: . . . Have the military attachés of the United States proved helpful in putting Curtiss-Wright planes across?

MR. WEBSTER: Yes, sir; in putting all types of American planes across.

THE CHAIRMAN: It makes one begin to wonder whether the Army and Navy are just organizations of salesmen for private industry, paid by the American Government.

MR. HISS: . . . if you are actually in production on a Navy con-

tract you can at times secure a release from the Navy contract and divert the planes or engines in production to a foreign contract, through the cooperation of the Navy or the Army?

MR. ALLARD: It has never been done to my knowledge, but we have asked if it could be done in several instances.

MR. HISS: You remember yesterday Senator Nye referred to the diversion of 29 planes then under contract with the Boeing Co. or their subsidiary, the United Aircraft, which was sold to the Brazilian Government on release of the United States Navy?

MR. ALLARD: Yes, sir.

MR. HISS: That has never occurred in your case?

MR. ALLARD: No, sir; it has not.

MR. HISS: This letter is on the same subject, and I quote from it as follows:

You, no doubt, realize that United had under construction for the Government a number of Corsairs and Boeings which the Navy released to permit them to offer excellent deliveries to Brazil. Unfortunately, Curtiss-Wright had no Government contracts which could be diverted for such prompt deliveries. The fact remains, however, that United, having taken this Brazil business, is not in as good a position to give deliveries on other orders for other countries as we are.

MR. HISS: Does that not indicate that it was difficult to secure releases from the Government on these contracts?

MR. ALLARD: I do not know that it indicates it was difficult or not, but we could try.

MR. HISS: The sentence I call your attention to is (reading):

Curtiss-Wright had no Government contracts which could be diverted for such prompt deliveries.

MR. ALLARD: I know that is his language, but we had no ships under contract for the Army that we could endeavor to get diverted.

MR. HISS: Mr. Allard, I asked you a few minutes back whether you had been able to secure endorsements from Army or Navy officials of your products. I do not exactly remember what your reply was to that question. May I repeat it?

MR. ALLARD: I think I said that I did not consider them endorsements. We receive statements from certain Army and Navy officials with reference either to the number or type of ship and engine in question, which have been purchased as to what their experience with them is.

MR. HISS: There is no doubt that the prestige of the United States Army or Navy does carry weight, particularly in South American countries?

MR. ALLARD: All over the world.

MR. HISS: Therefore a letter of recommendation from the Army or Navy would be very helpful in making sales?

MR. ALLARD: Any statement of fact.

MR. HISS: Mr. Webster, in referring to any letter from the Army or Navy as to the value or quality of your products, you objected to reference to them as being recommendations, did you not?

MR. WEBSTER: Yes, sir; I believe it is contrary to the policy of the Army or Navy to recommend. They simply state, "We are using this in service." They never recommend.

MR. HISS: The relations of your company with the Department of Commerce have always been very friendly. Is that not correct, Mr. Allard?

MR. ALLARD: I hope so.

MR. HISS: Exhibit No. 398 is a letter of December 10, 1929, written by Mr. Burdette S. Wright, a vice president of the parent company and a director of the Export Co. to Mr. Leighton W. Rogers, Chief of the Aeronautics Trade Division—

MR. ALLARD: He is not a director of the Export Co.

MR. HISS: Is he an officer of the Export Co.?

MR. ALLARD: No, sir.

MR. HISS: To Mr. Leighton W. Rogers, Chief of the Aeronautics Trade Division, Bureau of Foreign and Domestic Commerce, Washington, D. C. That letter states (reading):

Dear Mr. Rogers: The Curtiss Aeroplane Export Corporation has recently consummated contracts for the sale of military pursuit airplanes to the Dutch East Indies and to the Siamese Government. These contracts have finally been obtained after several months of work through the combined efforts of our representatives and those of the Bureau of Foreign and Domestic Commerce.

We wish you to know how much we appreciate the splendid cooperation of your division and of the Bureau and of the assistance given by your men in the field and in your office in Washington. It is very probable that the contracts might not have been obtained had it not been for the service which your organization was able to extend, as, of course, there are certain angles of situations and information which can be obtained by an official representative of the United States Government, which would be impossible for a private individual to gain.

. . . Exhibit No. 400 is a letter of January 31, 1930, from Burdette S. Wright, an officer of the parent corporation, to Mr. Leighton W. Rogers.

The third paragraph of that letter reads as follows:

My company has expressed its appreciation in no uncertain terms of the assistance which it has received from the Department of Commerce and in sales problems, especially exports, from the Aeronautics Trade Division. As an example, your aeronautics specialist in South America was instrumental last year in paving the way for, and in the consummation of, a sale for six of our airplanes in Brazil—a market from which we have not received any business for years. Such contributions to marketing constitute aid of original and outstanding value. . . .

We have known for some time that the Department was asking Congress for funds to enable it to carry on and extend this foreign field work for the aeronautics industry, and this letter is being written to ask you about the status of that request for appropriations. Frankly, the company wants the assistance which these appropriations will bring into being.

Your company is in favor of increasing the appropriations for maintaining commercial attachés abroad, Mr. Allard?

MR. ALLARD: We were at that time.

MR. HISS: Has your policy changed since that time?

MR. ALLARD: I do not think so; no.

SENATOR BONE: (to Miranda): I call your attention in this letter to a . . . statement which I read as follows:

To safeguard the interests of the Colombia Government and save the time of the consulate and of the War Ministry in Bogota, the United States Government has "loaned" to the Colombian consulate one of its naval officers, to act as adviser on the merit of the material offered.

Is that correct?

MR. MIRANDA: Yes.

SENATOR BONE: Can you tell us the name of that officer?

MR. MIRANDA: Commander Strong.

SENATOR BONE: He was a commander in the United States Navy?

MR. MIRANDA: Yes, sir.

SENATOR BONE: Do you know when he resigned from the Navy?

MR. MIRANDA: I understand he resigned from the Navy in February of this year.

SENATOR BONE: So he was with the Navy a year and several months after this letter was written, and a year and several months after this Government loaned him to Colombia as adviser.

SENATOR CLARK: Wasn't this the situation, Mr. Miranda, there were hostilities between Peru and Colombia, and the United States sent a mission to Peru and only loaned Colombia this one man and Colombia got the worst of it?

MR. MIRANDA: The naval mission to Peru was many years ago.

SENATOR CLARK: The naval mission was down there in 1930 when President Leguia was run out.

MR. MIRANDA: But this was 1932.

SENATOR CLARK: The naval mission was down there telling them to buy submarines to protect itself from Colombia.

MR. MIRANDA: No; from Chile.

SENATOR BONE: Now, Mr. Miranda, I have this further question to ask you. You go ahead in this letter I have just referred to and say:

Inasmuch as our guns have been the standard used by the Army and Navy for more than forty years, and their efficiency has been amply demonstrated in past wars (particularly the World War). Commander Strong is thoroughly acquainted with our equipment, not only has he approved our proposals but



strongly recommended the acquisition of our material as being the finest obtainable.

It appears that Commander Strong went down to Colombia as a sales agent, with his mind made up that Driggs ordnance was the best, and he went down there only as military adviser and also to use your or Driggs' armament.

MR. MIRANDA: I know that he explained the whole thing.

SENATOR BONE: Well, you tell us, if you can, what that meant.

MR. MIRANDA: As I said before, when the difficulty between Colombia and Peru came up I went to Mr. Driggs and said, let me go down to see the consul and see if I can stir up some business. So I went down and took my catalog down and spoke with the consul, and the consul said, well, we have now an expert to pass on all of the material we are going to buy, and he called in Commander Strong and introduced him to me. He said all of the material we are going to buy is going to be passed on by this expert. Now, then, the only guns available in this country at the time were the Driggs gun, and Commander Strong told me, "I remember the Driggs gun, I remember it was in our book at the Naval Academy." He said he remembered it and spoke very highly of the Driggs gun, that he was familiar with it in the Navy. There was no other gun he could recommend; he had to recommend the Driggs gun or let the business go to Europe.

SENATOR BONE: What is your opinion of the Government sending a man down to Colombia?

MR. MIRANDA: He was not down there. He was here in New York all the time.

SENATOR BONE: Then the only advice he could give would be to buy the Driggs gun?

MR. MIRANDA: That is about all.

SENATOR BONE: . . . If these great major powers of the world continue deliberately to stimulate militarism in the smaller countries so as to secure the business, then of course we can expect the smaller countries to continue their attitude toward increased armies, and this race for better preparation for national defense continues right along. Is not that a fair assumption?

MR. MIRANDA: I feel that way about it.

SENATOR BONE: Then, unless there is a change in the attitude of the national governments, the big governments and the people of the world generally toward this armament race, it will continue in its present form. That is right, is it not?

MR. MIRANDA: I believe so.

SENATOR BONE: Just as a businessman, divorcing, if you can, yourself from your own business, and just limiting it to that and talking to the men on this committee who are trying to find out all they can about this matter, to recommend or suggest to the people of this country what should be done—what in your opinion is going to happen if this race continues throughout the world? You do not have to confine your answer to the United States or any country, but just tell us what you think will happen to the world if this continues?

MR. MIRANDA: I think an armament race naturally leads into

war. After that, when they are thoroughly armed, they want to try it out.

SENATOR BONE: In other words, when the boys and girls are all ready, they want to go out and see what the thing they have got can do. Is not that right?

MR. MIRANDA: That is the way I would understand it.

SENATOR BONE: The world was pretty thoroughly prepared in Europe in 1914, and they had to try it out. The world, of course, as you are aware, is now spending more money than it ever did in preparation for war. Just as a businessman, Mr. Miranda, do you think that that can continue and leave a fair margin of economic and financial security for the nations of the world?

MR. MIRANDA: I do not think so.

SENATOR BONE: Would you think that there was a margin of danger and a very great element of insecurity and that sort of thing for the various governments of the world?

MR. MIRANDA: It is logical that there should be.

THE CHAIRMAN: The committee being about to adjourn these hearings, the Chair desires to announce the plan of the committee to resume its work some time late in November or after the 1st of December. Knowing what remains to be done and developed through hearings, the committee feels that it has thus far only scratched the surface in its work under the Senate resolution calling for this investigation.

The committee means to go as deeply into the entire subject as its means and its ability will permit, revealing without reserve all pertinent facts which it shall encounter.

These last three weeks of investigation and hearings have afforded something of a résumé of the munitions industry in general. The facts uncovered here have had the tendency to paint a rather sordid picture of the industry and many who have had contact with it. Some instances have been encountered which find the traffic in arms and ammunition weaving its way through governments and official public positions both at home and abroad. Much testimony and much evidence taken into the record reflects upon governments and their officials. . . .

The committee, in conclusion, desires to express its very keen appreciation of the cooperation that has been shown it during these three weeks of hearings, and during the period of adjournment, about to be taken, a subcommittee of one has been named and authorized to function, if emergency calls for such functioning.

The committee therefore stands adjourned until further call of the Chair.

#### CLOSING SPEECH OF CHAIRMAN OF THE MEETING

*Ladies and Gentlemen:*

We have come face to face with real drama tonight. When we consider that we have listened to the exact words of official testimony given to the Committee of the United States Senate we should appreciate that we have had a rare privilege.

In our emotions of the past hour we may overlook some deeper-

lying meanings of this testimony? The significant fact is not that this munition firm or another influenced certain officials or violated a certain law. More important than that is the fact that a system of private power exists which in many instances is more weighty than the power of our own or any other government. The munitions system, run for profit and uncontrolled by any nation, has been proven to be powerful enough to overturn governments in some countries, to upset the balance of power in entire hemispheres and to make a mockery of peoples in their attempts to prevent war.

We are not dealing with fiction. We are dealing with facts. This system exists today in our own country. This system must be controlled. For it is as evident as any truth we know that if this system continues, war will be the inevitable result.

This is not to say that the munitions industry is the sole cause of war, but if uncontrolled its operations will produce war. The price of peace lies in the thorough investigation and control of this industry.

Control, to be effective, must be international. Proposals for such control, with a thorough system of licensing, supervision and full publicity covering every order from the time it is received, are now under discussion among the Great Powers, having been proposed by our own country. But international control must be the coordination of separate national controls. Other countries are considering measures of national control. The United States investigation and control are indispensable as a part of this world-wide effort. This necessitates that the Congress, when it assembles in January, 1935, shall authorize needed appropriations to *carry through* the investigations and then determine the measures necessary to control this dangerous industry. Nothing is more vital to the cause of peace than that such action by Congress be demanded now by voters.

The time to control the munitions industry is now, in time of peace. It is now that the munitions industry, in cooperation with the military forces of this and other nations, is dominating policies of governments. It is now that this uncontrolled power for destruction is fomenting wars. No proposal to take the surplus profits out of war in war time is sufficiently useful to merit our support, nor should such a plan divert us from the serious task of controlling the munitions business *now*, in peace time.

You may feel that we can do little about it. Actually, we can do a great deal. Similar meetings, like this one tonight, are being held throughout America. Such meetings are composed largely of voters or those soon to have the power of suffrage. These meetings are drawing up their own messages and sending them to their Senators and Congressmen and to the President. They are laying plans for further education of all the voters in their own communities in order that those at Washington who should control the munition industry may know that their constituents desire and indeed demand it.

It is for that reason that I offer to you tonight a statement demanding congressional appropriations for further investigation of the munitions industry and the adoption of measures of control in peacetime. (The chairman of the meeting then reads the message he has prepared and in the most appropriate way seeks its acceptance by as many as possible of those present.)



6

COLONY AND PROTECTORATE OF KENYA<sup>(1)</sup>

P

Report of the Committee appointed by His Excellency the Governor on the 4th April, 1936, to Consider Suggestions for the Reorganization of the Defence Forces of the Colony.

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The expenses incurred in connection with the Committee were approximately £50, and the cost of printing and publishing this Report is estimated by the Government Printer at £30. These figures take no account of the time spent by officers of Government not specially seconded for service with the Committee.

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# REPORT

## CHAPTER I.

### INTRODUCTORY.

YOUR EXCELLENCY,

On the 4th April, 1936, Your Excellency was pleased to appoint as members of a Committee to Consider Suggestions for the Reorganization of the Defence Forces of the Colony—

- (1) Colonel J. A. Campbell, D.S.O. (Chairman), Commander, Northern Brigade, The King's African Rifles;
- (2) The Hon. T. D. H. Bruce, Solicitor General;
- (3) Mr. R. W. Hemsted, C.M.G., O.B.E.;
- (4) Lieutenant-Colonel A. Dunstan Adams, M.C., Commanding 1st (Nairobi) Battalion, The Kenya Defence Force;
- (5) Captain F. V. Ward, President, Kenya Rifle Association;

with the following terms of reference:—

- (a) To examine the suggestions for the reorganization of the Defence Forces of the Colony contained in the Colonial Office despatch of 5th February, 1936, and to submit for the consideration of the Government and of the Secretary of State a report thereon. Appendix I.
- (b) To prepare such draft legislation as may be necessary in accordance with paragraph 7 of the despatch.

2. Mr. C. M. Deverell was appointed Secretary of the Committee. The meetings were, by the courtesy of the Attorney General, held in his office.

3. The Committee on the 25th April published a notice in the Official Gazette and the local Press inviting all persons desirous of placing their views before the Committee to do so either orally or by memoranda. The notice intimated that the oral presentation of views was preferred by the Committee. On the 8th May a communique was published through the Press and Wirelless, requesting persons interested to place their views before the Committee not later than the 30th May.

As a result of these invitations twenty-four persons, most of whom also submitted memoranda, appeared before the

Committee and, in addition, eighteen memoranda by persons who did not appear before the Committee were received and considered.

We would take this opportunity of thanking all those who so assisted us in our deliberations.

4. Twenty-one meetings of the Committee were held between the 24th April and the 18th June, 1936.

5. At an early stage in our deliberations we came to the conclusion that the task before us could best be considered under the following heads :—

- (1) The Defence Problem of the Colony.
- (2) The Kenya Defence Force in relation to the Defence Problem.
- (3) The Organization suggested in the Colonial Office despatch in relation to the Defence Problem.
- (4) The Organization which, in our opinion, is best suited to meet the Defence Problem.
- (5) The financial implications of our proposals.
- (6) The draft legislation necessary to give effect to our recommendations.

6. Throughout our deliberations we have been guided by the following general considerations—

- (a) that it was the task of the Committee to recommend what in our opinion was the minimum organization required to meet the Colony's defence problem;
- (b) that, although our terms of reference contained no financial limitations, we should keep before us the desirability of recommending proposals which, while compatible with (a), should not involve the Colony an unreasonable expense.

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## CHAPTER II.

### THE DEFENCE PROBLEM OF THE COLONY.

7. The Explanatory Memorandum to the Defence Force Bill published in the Official Gazette of the 12th January, 1927, makes it clear that the purposes for which the Kenya Defence Force was established were two fold. In the first place for defence against External Aggression and secondly for the defence of life and property in the event of Internal Disturbance.



Whatever differences of opinion there may be as to how the European British subjects of this country should be organized for its defence, we have found no one who quarrelled with this description of the two fold nature of the defence problem.

8. We are of the opinion that the parts which the European British subjects of Kenya are called upon to play in relation to these two aspects of defence are distinct, and that no organization which does not reflect this distinction will be satisfactory.

We propose to consider these two aspects separately.

9. We are of the opinion that, in considering the part which the European community of this Colony is best adapted to play in the event of External Aggression, it is impossible to ignore the lessons of the East African Campaign of the late War—that for reasons of climate, knowledge of local conditions, and mobility, European troops were less suited to war in tropical Africa than African troops officered by Europeans. The comparatively small force which the European community could put into the field to oppose External Aggression must also be borne in mind.

10. We have therefore come to the conclusion that in any future war in East Africa the primary function of the European community in the event of External Aggression should be to supply officers, non-commissioned officers, and instructors for the expansion of the King's African Rifles which, in our view, must follow the threat of External Aggression.

11. While we regard this as the primary function of the European community in the event of war, we consider that the possibility of eventually establishing some form of auxiliary, air, artillery, and ancillary units, should not be lost sight of, and we will have more to say regarding these suggestions at a later stage of our Report.

12. While we do not consider internal disturbances of any magnitude as likely to occur in this Colony under normal peaceful conditions, we cannot ignore the changed European situation and the possibility of a major war with its consequent reaction on internal affairs.

We are, therefore, of opinion that some form of organization of the European community is necessary to protect life and property in the event of a serious or local disturbance.

We have given careful consideration to this part of the problem before us and have arrived at the following conclusions—

- (a) that the forces best suited to suppress any such disturbance are the Regular Forces at the disposal of Government, be they King's African Rifles, Royal Air Force or the Kenya Police;
- (b) that the part which the European community may be called upon to play in the event of a disturbance will therefore be limited to protecting life and property for the short time which must elapse before the Regular Force arrive upon the scene.

13. The dual purposes then which we consider devolve upon the European community are—

- (1) to provide a nucleus of officers, instructors and technicians in the event of External Aggression;
- (2) to hold the fort in outlying districts, in the event of Internal Disturbance, until the Regular Forces in the Colony arrive.

In this connection we consider that the mere knowledge that a European Defence Organization exists, cannot fail to have a steadying effect on the native population in times of unrest.

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### CHAPTER III.

#### THE KENYA DEFENCE FORCE.

14. The Kenya Defence Force was established by the Defence Force Ordinance, 1928. The Ordinance makes provision for the compulsory registration of all European males of British nationality in the Colony up to the age of fifty years and for their division into three classes according to age. All British European males of fifty or over can volunteer for enrolment in a fourth class, and any person in any class can volunteer for enrolment in any class preceding his proper class. The Ordinance also allows persons other than British subjects to join the Force with the prior consent of the Governor.

15. The Ordinance lays down the maximum annual training for the three classes as follows :—

- (a) In the case of Class I, composed of men between the ages of eighteen and thirty years, one hundred hours.
- (b) In the case of Classes II, III and IV, not less than twelve hours a year.

In practice there has never been sufficient funds available to apply the training prescribed to classes other than Class I. So that, except in cases where persons over thirty have volunteered to serve in Class I, persons over the age of thirty have only been affected by the Ordinance in so far as they have been compulsorily registered as members of the Force and have been acquainted with the details of local defence schemes.

16. We do not propose to examine the organization of the Defence Force in relation to the problem of Internal Defence save to say that in our opinion there is nothing inherent in its organization to render it unsuitable for the strictly limited functions which we have agreed to assign to it in the event of Internal Disturbance.

17. We will now consider the Defence Force from the aspect of External Aggression and the training of officers, non-commissioned officers, and instructors for additional African battalions.

We consider for the following principal reasons that the present Defence Force is unsuitable to provide the training outlined above :—

- (a) The officers and non-commissioned officers are not themselves sufficiently proficient or conversant with recent developments to train the members of the Force as potential officers or instructors.
- (b) Even if they were sufficiently up to date, the maximum training laid down by the Ordinance is entirely inadequate for the required degree of military proficiency to be attained;
- (c) That for financial reasons it is not possible to provide the degree of training required to create officers, non-commissioned officers and instructors on a compulsory basis for all Class I men.
- (d) That there is an insufficient permanent staff available with the necessary knowledge to provide the training required.

18. We do not intend to imply from the above that no training of any value has been given through the Defence Force. We consider that some of the training which was given was of value for the purposes of Internal Defence. We have also been impressed by the training which some enthusiastic members of the Force have voluntarily undertaken, and we consider that such training was of considerable value.

We do, however, suggest, that, apart from the training over and above that laid down in the Ordinance given to volunteers, no training of any value for the purpose of producing officers and instructors has been provided.

19. At a later stage of our Report we will give our views as to the nature and minimum extent of the training which we consider necessary for this purpose. It will suffice here to reiterate that we consider such training can only be provided in this country on a voluntary basis, because the expense of providing compulsory training for the relatively large number of men in Class I, would be beyond the resources of the Colony and because, for reasons of occupation and situation, it would be impracticable for many persons, particularly in upcountry districts, to give up sufficient time for the training required.

20. To summarize our conclusions in this Chapter. We consider that the organization of the Defence Force is not unsuited to meet the requirements of Internal Defence. But that the degree of compulsory training provided by the Defence Force is totally inadequate to train a reserve of officers and non-commissioned officers.

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#### CHAPTER IV.

##### THE ORGANIZATION SUGGESTED IN THE COLONIAL OFFICE DESPATCH.

Appendix I. 21. Before examining this Chapter, it is advisable to turn to the Secretary of State's despatch of the 5th February, 1936; which is printed as Appendix I to this Report. The Secretary of State suggests—

- (a) that the Defence Force be disbanded;
- (b) that it be replaced by a Territorial Force Regiment comprising an infantry unit or units and a battery of Coast artillery for employment at Mombasa;
- (c) that a Reserve should be formed to the Territorial Regiment by the compulsory enrolment of all able-bodied European males of British nationality;
- (d) that the Territorial Regiment should be under the command of the Commander, Northern Brigade, the King's African Rifles, and staffed from that Brigade.

It will be observed that the Secretary of State has not indicated whether the Territorial Force should be on a voluntary or a compulsory basis. We are, however, satisfied that

a volunteer unit is intended, and we propose to assume that this is the case for the purposes of this Report.

22. We have indicated in the last Chapter that in our opinion the present Defence Force is not the best organization that can be devised to enable the potential European man power of this Colony to be utilized to the best advantage. It follows that we are accordingly in agreement with the Secretary of State in concluding that the Defence Force in its present form should be disbanded.

23. We also agree that what is required to take the place of the Defence Force is a Volunteer Force on the Territorial Model with a Compulsory Force composed of the residue of the able-bodied European man power of the Colony.

24. We consider that the primary function of the Volunteer Force should be to make the most of the excellent material available by training suitable men to take their places as officers, non-commissioned officers and instructors, and that the Compulsory Force should be trained primarily for defence in the event of Internal Disturbance.

25. We do not consider that it is practicable for the Coast Defence Battery at Mombasa to be manned by European volunteers and we will make suggestions in this connection in the succeeding Chapter.

26. We do not agree with the suggestion contained in paragraph 4 of the Secretary of State's despatch that the Staff Officer should be supplied from the Northern Brigade, King's African Rifles.

We consider that the Staff Officer should not be below the rank of Captain, and that owing to the prevalence of junior officers now serving with the Northern Brigade, the range of selection would be limited. Even if a Captain could be spared from the Brigade, which is not possible at the present time, there is only one who will not have completed his present tour before the Force is on its feet.

We consider that the best results will be obtained by appointing a specially selected officer of the rank of Captain in the British Army as Staff Officer to both the new Forces.

We consider that this officer should be appointed to the new Force and not to the King's African Rifles so that there can be no complaint that he owes a divided allegiance, but is, on the contrary, appointed solely to assist in the organization and training of the new Forces.

27. It will be observed from the previous paragraphs that we are in general agreement with the Secretary of State as regards his proposals for the establishment of a Territorial Force Regiment. We have now to consider his proposal to establish a Reserve formed by the compulsory registration of all able-bodied European British subjects not members of the Territorial Force.

As we understand this suggestion, the Reserve Force will exist merely on paper, it will receive no training, but will consist solely in the compulsory registration of the man power of the Colony which, in an emergency, could be placed under military discipline and control.

28. We have stated that we consider that the danger of serious internal disturbance is somewhat remote and that the part to be played by the Compulsory Force in such an event is a very limited one, for these reasons we have had to consider carefully whether, in view of the financial state of the Colony, we would be justified in recommending that the Compulsory Force should receive training at all. It has been suggested to us that, were it merely instructed in musketry through Rifle Clubs, no other training would be required.

In arriving at the conclusion that such training would be inadequate we have been influenced by the following considerations—

- (1) that, if a force is to have any practical value, it must be acquainted with its leaders and duties so that in time of emergency there will be no risk of confusion;
- (2) that musketry training without training in fire direction and control and without a knowledge of elementary organization is of little use;
- (3) that in this country, owing to the very scattered European population in up country districts, the only practical way in which to impart instruction is by camps. Once the men have been collected for a camp it is a waste of time and money not to impart as much instruction as is possible in the time available;
- (4) that it is unfair to the Volunteers, if the non-Volunteers escape without any training;
- (5) that in the event of war the Compulsory Force will have had a ground-work of training, will be able to use its weapons and have, at least, some military knowledge;

- (6) that we can rely only on a portion of this Force joining Rifle Clubs, which are entirely voluntary, and the nature of such training would incline more towards shooting practice than towards instruction in service shooting;
- (7) that experience in the past has shown that much useful instruction can be imparted in a short period with the material available. Considerably better results will be obtained with the necessary staff available to organize training on the lines desired;
- (8) that the registration of the Reserve would be useless unless the resulting roll were kept up to date by inspection by properly appointed officers and that the expense entailed would not be justified unless the Force received some training;
- (9) that the Reserve, without training of any kind might, by precipitate and rash action in time of emergency, be an embarrassment to the authorities rather than a help.

29. We consider that the training which the Compulsory Force should be given, should be directed primarily to making them efficient in the use of their weapons and thoroughly conversant with their local defence schemes and rallying points, and the part which each individual would be called upon to play in the event of a local disturbance.

30. We do not consider that there is any good military reason for regarding the Compulsory Force as a Reserve to the Volunteer Force; and it will be seen that, in a later stage of our Report, we recommend that a separate Reserve be formed for the Volunteer Force; for these reasons, and because we consider that the purposes of these two Forces are quite distinct, we propose to call the Compulsory Force "The Kenya Auxiliary Force".

31. While, therefore, we accept the suggestions of the Secretary of State in general, we consider that some training is essential for the Auxiliary Force. We also consider that, owing to the peculiar conditions which prevail in Mombasa where the European population is continually changing, it will be difficult, if not impossible, to supply sufficient volunteers to man the Coast Defence Battery.

## CHAPTER V.

## THE ORGANIZATION PROPOSED.

*General.*

32. It should be clear from the preceding Chapters that the organization, which we recommend, might better be described as the reorganization of the existing Defence Force with a Volunteer Force super-imposed. It should also be clear that we regard the creation of a reservoir of officers and instructors as of primary importance and that we consider that the organization and training of the Kenya Defence Force is entirely inadequate for this purpose.

33. We recommend that the Kenya Defence Force be disbanded and replaced by a Volunteer Force up to the strength of a battalion, to be known as "The Kenya Regiment (Territorial Force)" drawn from men between the ages of 18 and 35, and in special cases up to 45, with a Compulsory Force to be called "The Kenya Auxiliary Force" consisting of the balance of able-bodied European British male subjects in the Colony.

34. We recommend that service in the The Kenya Regiment (Territorial Force) should be for a minimum period of four years, and that every member of this Force should put in twelve days' camp every year, and at least 100 hours of training parades.

35. We recommend also that The Kenya Auxiliary Force should be divided into two classes as follows:—

Class I—men of 18–30 years of age.

Class II—men over 30 years.

We recommend that Class I men should be compelled to attend a five days' camp once every year and that Class II men should be compulsorily registered, but should receive no training other than that necessary to acquaint them with the part which they are called upon to play in their local defence schemes, and such voluntary instruction through Rifle Clubs, as is necessary to make them proficient in the use of the service rifle.

36. We recommend that any member of Class I of the Auxiliary Force should be eligible to join the Volunteer Force and that service to the satisfaction of his Commanding Officer for a minimum of four years in this Force should entitle a member to exemption from service in Class I of the Auxiliary Force. Any such member would be registered in Class II of



the Auxiliary Force on completion of his service in the Volunteer Force, but would not be subject to the obligation of compulsory training imposed on Class I.

37. We recommend for the reasons given by us in paragraph 26 that the following regular personnel should be seconded to the Kenya Regiment (Territorial Force) and not to the King's African Rifles :—

1 Staff Officer (Captain).

1 Regimental Sergeant Major.

1 Permanent Staff Instructor per Company.

This regular staff, assisted by a cadre of specially selected officers and other ranks from The Kenya Regiment (Territorial Force), will be responsible for the training of the Auxiliary Force under the direction of the Commander, Northern Brigade, King's African Rifles, with the new title of "Commander, Northern Brigade and Local Forces, Kenya and Uganda".

It is our opinion that the Permanent Staff should, as far as possible, be drawn from the same Regiment of the Regular Army, preferably from the Brigade of Guards.

For the purpose of clarity we propose to consider the new Forces separately.

#### *1—The Kenya Regiment (Territorial Force).*

38. Before turning to the details of the Volunteer organization which we recommend, we desire to draw attention to certain general considerations which have influenced us in coming to the conclusion that the primary duty devolving upon the European male population of this Colony is to provide officers and instructors for native troops.

39. In the first place it is impossible to ignore the tendency of Powers possessing Colonial Empires to recruit the indigenous man power of the territories under their control for purposes of war. The native armies thus established form an offensive force very different in character to those encountered in the past, when large primitive and undisciplined hordes were customarily dispersed by small, but highly trained, European forces.

It would be foolish to ignore the possibility of this Colony at some future date being attacked by a highly organized native army greatly outnumbering any force which this Colony could possibly put into the field at the present time.

In such an event it is probable that for a considerable time we would have to rely upon our own internal resources to repel such an attack, and could only do so by expanding our existing native forces, the officers being drawn from the European community.

40. We do not believe that the European youth of this country will be more backward than elsewhere in the Empire in accepting the responsibility which is so clearly theirs, and we feel that as soon as they realize that it is only by submitting themselves voluntarily to a course of training in excess of any which may be compulsorily enforced that they can be adequately trained as officers and instructors, the response from them will be such as to enable an effective Territorial Force to be established without delay.

41. Although we have emphasized repeatedly that the primary function of this Force should be to train a nucleus of officers and non-commissioned officers, we also consider that it will provide an efficient striking force which could be used when necessary to support the regular forces at the disposal of Government.

42. We are aware that the success or failure of a force of this nature depends largely on the support which it obtains from public opinion, and we consider that it is essential to the success of this Force that it should be given the active sympathy and support of every section of the community. We realize that in the case of employers some sacrifice may be entailed by releasing employees for as much as twelve day camps a year. But we are confident that when it is realized that the Force is to be an efficient one with its training properly directed by Regular Serving Officers for purposes recognized by all as essential, the response from the public will not be less generous than is the case in other parts of the Empire where Territorial Forces are invariably regarded with affection and sympathy.

43. In order that The Kenya Regiment (Territorial Force) may build up an *esprit de corps* and obtain, and retain, the respect of the public, we regard it as essential that it should be properly equipped, and we consider it imperative that the capital expenditure necessary to purchase the required uniforms and equipment should be forthcoming.

44. We are of the opinion that the ultimate strength of the Regiment should be one Battalion with ancillary units, but that at the beginning a force of two Companies should

be aimed at. As far as can be foreseen one of these Companies would be raised in Nairobi District and the other drawn from up country districts. Each of these Companies would have a Permanent Staff Instructor seconded from the Regular British Army and would be under the control of the Permanent Headquarter Staff consisting of the Staff Officer (Captain, Regular British Army) and the Regimental Sergeant Major. For the rest of the establishment see Appendix II.

The Regiment should be concentrated in camp for a period of twelve days once a year and should in addition, attend a minimum of fifty parades of two hours duration.

The minimum attendance for training recommended above should be strictly enforced.

45. During the period of peace training in camp we recommend that the officers and men should be paid at rates set out in Appendix II which approximate closely to British Army rates.

We recommend that, if the Regiment is called up for active service, members should be given British Army rates of pay and allowances.

The travelling expenses of all members to and from camp should also be paid as well as their messing expenses. In addition we recommend that a small allowance should be made to each man to meet the expenses incurred in attending drills other than those in camp.

46. We do not propose to recommend the details of the training which should be given to this Force save to say that it should be organized so as to fit the Regiment to fulfil the roles for which it is raised.

We consider that it is essential that the camps should be made as interesting and attractive as possible, and that everything should be done to make them as enjoyable as they are instructive.

47. We consider that the defence of Mombasa is a matter which must receive special consideration in the light of the decision to make Mombasa a defended port, and the prevailing state of uncertainty in international affairs.

It is apparent that in the event of war Mombasa will become the port for Eastern Africa as a whole, and that it will therefore be of vital importance to ensure that its defences are maintained at the maximum degree of efficiency. We

have considered carefully the suggestion contained in the Colonial Office despatch of the 5th February, 1936, that the fixed defences of Mombasa should be manned by the Kenya Regiment (Territorial Force).

We understand that on investigating this proposal Government came to the conclusion that, in view of the floating nature of the population at Mombasa and the manual nature of much of the work of the battery, which could be performed more efficiently in the prevailing climatic conditions by native ranks, the best arrangement would be to obtain the services of a Regular Artillery Officer, to be seconded to the King's African Rifles, as the Battery Commander, assisted by a Regular Sergeant Instructor, Royal Engineers, and some eleven officers and other ranks drawn from the Kenya Regiment (Territorial Force), the rest of the unit being composed of native ranks of the King's African Rifles.

After carefully considering this scheme, we recommend strongly that the Mombasa Coast Defence Unit be composed entirely of regular soldiers. We consider that, apart from the defects inherent in a mixed unit of Regulars and Volunteers, it will be found impossible to secure the services of sufficient permanent volunteers in Mombasa, to make a mixed scheme successful, and that the majority of suitable volunteers available might be required for essential services in the event of war.

We feel that, with an increased Regular British Personnel and a more extensive use of native non-commissioned officers drawn from the King's African Rifles than is at present contemplated, it will be possible to establish an efficient regular unit at relatively little extra expense.

If our recommendation on this point is accepted, we would suggest that such volunteer material as may be available in Mombasa and not employed in the Kenya Naval Volunteer Reserve, should be formed into a unit of the Kenya Regiment.

48. Since the Volunteer Force will have as its primary object the provision of a reserve of officers and non-commissioned officers, to be used in the event of External Aggression, we consider that its members should be confined to British subjects in contradistinction to the Auxiliary Force to which we recommend that non-British subjects may, with the consent of the Governor, belong.

49. In accordance with the usual practice, we recommend that all members of the Kenya Regiment (Territorial Force)

shall be required to take an Oath of Allegiance to the Crown in the form which will be set out in the Regulations to be made in the Ordinance hereinafter referred to.

50. We are strongly of the opinion that the high privilege of holding their Commissions direct from His Majesty the King afforded to officers of the Territorial Army in England should be accorded to the officers of the Kenya Regiment, and we recommend that representations to this effect should be made in the proper quarter.

51. While we are of the opinion that service in this Force should normally be limited to active service within the limits of the Colony, we consider that it should be open to all members on enrolment voluntarily to accept liability for service without the Colony, and we propose to recommend that provision be made for this in the legislation.

52. We recommend that service in the Kenya Regiment should be for four years and that on the completion of four years' service members may be re-engaged for further periods of two years and, on completion of such service, should automatically be required to serve in a Reserve to the Regiment for a further period of four years. The minimum training which members of the Reserve should be compelled to undergo should be one day or eight hours a year.

In addition to the Reserve to which all members must automatically pass, we recommend that provision should be made in the legislation for the establishment of a Special Reserve for the voluntary enrolment of such persons who, by virtue of past service in the Regiment or elsewhere, or special qualifications, it is desirable to retain for service with the Regiment should the necessity arise.

53. We recommend that when a member of the Kenya Regiment has completed his full period of service in the Regiment or the Reserve to the satisfaction of his Commanding Officer he should, regardless of his age, pass automatically into Class 2 of the Auxiliary Force and be exempt from all further training other than that laid down for Class 2.

Any member who is dismissed from the Regiment before he has completed his full period of service will, of course, automatically enter Class 1 of the Auxiliary Force, if of the appropriate age.

54. We consider that an integral part of our scheme for the training of the European man power of the Colony should

be the establishment of School Cadet Corps, which would undertake the preliminary training of the youth of the country on a voluntary basis.

We understand that, for reasons of age, the Prince of Wales School is at the moment the only institution in Kenya where it would be practicable to establish a force on the lines of the Officers' Training Corps at home. We understand that there are some one hundred boys at the Prince of Wales School between the age of fourteen and eighteen, and further that an unofficial organization already exists at this School which could easily be converted into an Officers' Training Corps, and that suitable officers are available to undertake the training of such a Corps.

55. The assistance which should be given to the Cadet Corps should take the form of instruction by the Permanent Staff of the Kenya Regiment, the loan of rifles, the free issue of ammunition for weapon training courses, and financial grants towards camp and equipment expenses.

In Appendix IV we give our estimate of the expenditure which will be required to establish and maintain this Unit.

56. Many of the memoranda which have been placed before us have contained suggestions for the establishment of ancillary units such as tank, machine gun, artillery, and air units. Most of these suggestions, however desirable in themselves, we have been forced to discard at the present time since the expense involved would be entirely beyond the Colony's resources.

57. We have, however, given particular attention to the possibility of establishing an Auxiliary Air Unit, because we feel that there is in Kenya at the present time quite exceptional material from which the personnel for such a unit could be drawn; and because we believe that in the geographical conditions prevailing in this country an auxiliary air unit would be of inestimable value both for defence against external and internal aggression.

58. We are convinced from the evidence that we have had before us that nothing less than a self-contained unit possessing aircraft especially designed and equipped for war would be of any value.

We are aware that the establishment and upkeep of such a unit, and other ancillary units, however small, would be quite beyond the Colony's resources.

We are also aware that, as a general principle, the expense involved in the defence of the Colony is an obligation to be met by the Colony. But we feel that circumstances to-day, and the strategical position of the Colony, are such as to justify Government representing to the Imperial Government the desirability of making a grant from Imperial Defence Funds for the establishment and maintenance of such units in the Colony.

*II—The Kenya Auxiliary Force.*

59. Although every conceivable variety of opinion as to the type of organization required for the defence of the Colony has been expressed before the Committee, the large majority of witnesses have insisted that whatever organization is required should be of a compulsory nature. In some cases this insistence was for compulsory training, in others merely for compulsory enrolment.

60. We are entirely in agreement with the compulsory system as applied to this Force, which is primarily designed for internal defence, because we consider that unless everyone is compelled to conform to the Defence Scheme which has been devised for the defence of any district it will be found that, in an emergency, some individuals will prefer to defend their own property rather than to pool their resources at a common rallying point for the general good.

61. We have been informed by a number of persons that, provided courses of musketry were given annually and residents were acquainted with their local defence schemes, no further training would, in fact, be required for the purpose of internal defence.

We considered this view carefully, but for the reasons which have already been furnished in paragraph 28 we have come to the conclusion that some training is necessary. We believe that in the conditions which prevail up country where the population is scattered over an extremely wide area such training can be carried out most effectively and economically by means of annual camps. Apart from these considerations, we regard camps as having a valuable psychological effect, in that they create and foster a corporate spirit which mere parades, however often repeated, fail to provide.

62. It will be observed from the estimate of the expenditure which will be required for the Auxiliary Force, set out in Appendix III, that the items which cover the travelling

expenses of members and stores to camps form no less than 38 per cent of the total Recurrent Expenditure.

We are strongly of the opinion that the Colony is entitled to require of the Railway Administration that it should make at least no profit on the transportation of men and stores of either of the Colony's Defence Forces. We feel that it is to the advantage of Uganda that an efficient European Force should be established in this Colony, and we therefore recommend that Government should approach the Railway Council with a view to obtaining a concession from the Kenya and Uganda Railways and Harbours Administration of such a nature that at least no profit accrues to it through the transportation of men and stores of the European Forces.

63. We have already indicated in paragraph 35 that we consider that members of the Auxiliary Force over the age of thirty years should receive no compulsory training other than that necessary to acquaint them with the part which they are called upon to play in their local defence schemes, and such voluntary instruction through Rifle Clubs as is necessary to make them proficient in the use of the service rifle.

We consider that the first of these objects can best be brought about by written orders and occasional lectures to the local inhabitants by their Section Commanders directed to acquainting each resident in the part which he must take in the local scheme. Test alarms should be arranged as funds permit.

We consider that such schemes should be carefully worked out on the spot by the local Auxiliary Force officers, and that each scheme should be submitted to the Commander for approval, so that the maximum degree of standardization may be reached compatible with the peculiar requirements of each district.

64. Although we believe that most members of the Auxiliary Force over the age of thirty, who live in up country districts, know how to shoot, we consider it desirable that every encouragement should be given to them to fire an annual course, to be drawn up by the Commander. We consider that the most satisfactory manner in which this course can be given is through the Rifle Club organization.

The manner in which Government should help these Clubs has occupied our attention, and we desire to make the following recommendations,



65. (1) We recommend that an annual grant of £10 should be made to the Kenya Rifle Association for the upkeep of each of the up country ranges, at present thirteen in number, and that an annual grant of £30 should be made for the upkeep of the Nairobi Range.

(2) We recommend that in lieu of the assistance which is given by the British Government to the National Rifle Association by the detachment from the Crown Forces of working parties, markers, register keepers, range officers, and clerical workers for the Bisley Meeting, an annual grant of £100 should be made to the Kenya Rifle Association towards the local Bisley and other competitions.

(3) We recommend also that a grant of free ammunition should be made for the musketry training of both classes of the Auxiliary Force. We understand that there is at present a supply of ammunition in the country which could be used for this purpose, and that the cost of providing free ammunition would not, therefore, arise for some years.

(4) In addition to the above, we recommend that provision should be made for the sale at cost price of good quality Mark VII ammunition to the Kenya Rifle Association for the purpose of target practice shooting.

66. We have indicated in paragraph 36 also that we consider that Class I members of the Auxiliary Force should be compelled to undergo five days' training in camps annually. We recommend that this training should be conducted by the Regular Staff of the Kenya Regiment assisted by a cadre of competent officers and non-commissioned officers from the Territorial Force, who have volunteered for this service. It will thus be possible to give, in the time available, a much more concentrated form of appropriate training than was possible in the Kenya Defence Force camps.

While we do not propose to go into the details of the training which should be provided for this class, it is obvious that it should be framed in the light of the task which the Force is designed to undertake, and that all unnecessary exercises should be avoided. We foresee that the more practical the training is the more it will appeal to the members of the Force, who will realize that their efforts are being directed to meet concrete contingencies which directly affect themselves and their neighbours.

67. We do not consider that beyond providing the travelling, clothing, equipment and messing expenses of this class when in camps, any remuneration of its members is required, since we regard the duty of internal security as an obligation which naturally falls to the youth of any community. But we recognize, however, that in view of the varied climatic and commercial conditions obtaining in this Colony, it is not possible to require all members to attend one camp; and we therefore recommend that there should be four annual camps a year, one of which every member of this class must attend.

68. We are of the opinion that it will be found more satisfactory and more economical in the long run to use permanent camps rather than to rely on tentage which is costly to move and quickly deteriorates. These camps should be at Nairobi (2), Eldoret and Nakuru.

We recommend that the Royal Kenya Agricultural and Horticultural Society should be approached with a view to an arrangement being reached by which the Society's Show Grounds would be made available for these camps.

69. We consider that the organization of the Auxiliary Force should be on the lines of that provided for the Kenya Defence Force, with the addition that the Permanent Staff and Instructional Cadre from the Kenya Regiment will be larger and more efficient.

70. We most strongly recommend that the Commander, Northern Brigade, as the officer at present responsible to the Government for the Military Forces of the Colony, should be in command of both the Kenya Regiment and the Auxiliary Force with the title of Commander, Northern Brigade and Local Forces, Kenya and Uganda, and that, in view of the more extensive command envisaged (including the Royal Air Force Unit, the Coast Defences of Mombasa, the Kenya Regiment (Territorial Force) and the Kenya Auxiliary Force), he should hold the appointment of Brigadier.

It has been represented to us by some persons that the European Defence Forces should have a local officer, as Commandant of the Local Forces, between the Commander and Commanding Officers of Units and the District Commandants. We understand that the idea behind this suggestion is that the Commandant would ensure that the interests of the Local Forces were not subordinated to the King's African Rifles.

We find it impossible to appreciate this argument, and we believe that, apart from such an appointment being cumbersome and unnecessary, actually the contrary is true, and that the very fact that the Commander is solely responsible for the efficiency and discipline of the Local Forces and is unable to delegate this responsibility to anybody else, is the best possible guarantee that he will give his personal attention and time to ensuring that the Local Forces are properly conducted. Further, it should be appreciated that the Commander, as a Colonel or a Brigadier, does not belong to the King's African Rifles or to any other Regiment.

71. We have now to consider the difficult problem of whether rifles should be issued individually to members of the Auxiliary Force or not. The views which have been expressed before us by up country residents on this question have been almost equally divided between recommending the individual issue of rifles and the issue to local armouries or specially selected individuals. The individual issue of rifles is open to three serious objections—

- (1) they are liable to be stolen ;
- (2) they are liable to be lost ;
- (3) they are liable, through the neglect of their holders, to become unserviceable.

Although rifles were not issued to individuals by all District Commandants in the Kenya Defence Force, yet, after an exhaustive inquiry, more than one hundred of the rifles which were issued have never been recovered, and a large number of rifles were returned in an unserviceable state due to the neglect of the holders.

It is clear from this unsatisfactory experience that, unless some scheme of inspection were introduced, it would be impossible to recommend the issue of rifles to individuals.

The difficulty in arranging a satisfactory system of inspection is that it would entail heavy expenditure in travelling allowance. No system of inspection would, of course, remove the danger of the rifles being stolen.

72. The chief objections to retaining rifles in armouries are as follows :—

- (a) Unless the armouries are erected in some place such as Police Lines, it would be impossible to guard them, and the risk of a large number of arms coming

into wrong hands in the event of a sudden disturbance would be serious.

- (b) If they are kept in armouries outlying farmers may be unable to secure their arms, in the event of a sudden disturbance.

73. After careful consideration of this problem, we have the following recommendations to make :—

- (1) That sufficient arms should be made available in every district for issue to all members of the Auxiliary Force.
- (2) That properly constructed armouries should be erected at selected Police Stations in up country districts. The keys of such armouries should be in the possession of the Officer in Charge of the Police Station and the local Auxiliary Force Commander. The duties of the Police should not extend beyond the guarding of these armouries.
- (3) That arms should *not* as a rule be issued to individuals, but should be retained in these armouries.
- (4) That in special cases, on the advice of the District Commandant and with the approval of the Commander, rifles may be issued to members in outlying farms. Before recommending such an issue, the District Commandant should first satisfy himself that—
  - (a) the applicant has no rifle of his own ;
  - (b) he is a fit and proper person to have a rifle.
- (5) That, if the Civil Authority has good reason to believe that a state of unrest exists making it desirable to issue rifles temporarily as a precaution to any section or district, he should, after consultation with the local Auxiliary Force Commander, authorize the issue.
- (6) We recommend also that, in addition to the rifles issued to the members of the Kenya Regiment, rifles should be issued to keen members of Rifle Clubs who are recommended by the Council of the Kenya Rifle Association.

74. We assume that as a general rule local Defence Schemes will be based on two stages. In the first stage neighbouring persons would converge on a local rallying point, in

the second each collection of persons at a rallying point would move in convoy to a defended locality which would normally be where the armoury was situated.

We are of the opinion that, even in the event of a disturbance so sudden that the issue recommended in (5) of section 73 could not take place, sufficient private arms and ammunition would be available in most districts to enable the persons to reach the rallying points in safety.

We are aware that in not recommending the issue of arms to individuals generally some risk may be run, though, as we have shown above, we regard this risk as a very small one, but we consider that the risk involved in issuing rifles to all members is a greater one, and we believe that the solution we have proposed is, in all the circumstances, the most suitable.

75. When dealing with the Kenya Regiment, we stated that the success of that Force depends to a large extent on the support it received from the community. Though the Force at present under consideration is a compulsory one, it depends, only to a slightly lesser degree, for its success on the same kind of support.

While we have no reason to believe that this support will not be forthcoming, we consider that it is illogical to make provision for the compulsory training of employees without ensuring that employers do not bring undue pressure to bear to obstruct or prevent their employees from attending the compulsory camps.

We have accordingly made provision in the legislation on the lines in force in South Africa to deal with employers who attempt to prevent their employees from attending such service or training as may be prescribed.

76. We attach great importance to the proper registration of the man power of the Colony and recommend that, in addition to the annual return to be made by the District Commissioners, all employers should be required to give particulars of all persons in their employ eligible for service in this Force.

We consider that such returns should contain information regarding the qualifications and the nature of the employment of all persons, so that in the event of an emergency the authorities may be in a position to determine what part may be most usefully played by each person.

77. Our attention has been drawn to the existence of a number of amateurs capable of transmitting and receiving

wireless messages, and we consider that every encouragement should be given to them by the Auxiliary Force Authorities with a view to utilizing them in defence schemes.

78. We consider that the closest co-operation should be maintained between the Auxiliary Force Commanders and all departments of Government.

79. Before concluding this Chapter, which deals with the Force which we recommend to take the place of the Kenya Defence Force, we should like to place on record our appreciation of the considerable sacrifices both of time and money which have been made by the officers and men of that Force. We trust that nothing that has been stated in this Report will be taken as meaning that we consider the failure of the Defence Force to be due to any shortcomings in the officers and men, and we hope that the new Forces may have the advantage of the experience and keenness of those who have performed such valuable service for the Colony in the Kenya Defence Force.

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## CHAPTER VI.

### THE FINANCIAL IMPLICATIONS OF OUR PROPOSALS.

80. The financial implications of our proposals will best be understood by reference to Appendices II and III which set out our estimate of the expenditure which will be required for the Kenya Regiment and the Auxiliary Force respectively.

81. It will be observed from Appendix II that the total estimated recurrent annual cost of the Kenya Regiment on a basis of two Companies is \*£5,854. Every additional Company raised will cost £1,772 in the first year.

82. The total estimate of the expenditure required to establish and maintain the Auxiliary Force, set out in Appendix III, amounts to £5,047 of which £3,403 is non-recurrent and only £1,744 recurrent.

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## CHAPTER VII.

### THE DRAFT LEGISLATION NECESSARY TO GIVE EFFECT TO OUR RECOMMENDATIONS.

83. As the Forces, which we recommend should be raised, are required for different purposes and are also based on entirely different principles, in that one is voluntary and the

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\*See notes to Appendices II and V.

other compulsory, it appears to us that two separate Ordinances will best give legal effect to our proposals.

We therefore recommend that two Ordinance on the lines of the draft Bills which form Appendices VI and VII of this Report should be enacted with as little delay as possible.

84. The Kenya Regiment (Territorial Force) Ordinance is modelled on the Territorial Force Ordinance (Chapter 42 of the Revised Edition of the Laws of Kenya), which it repeals. Certain important alterations have been made in the present Ordinance, and a large number of minor ones. In these circumstances, we have deemed it best to draft a completely new Bill, and to repeal the old one, thus giving the persons concerned a clear picture of the law.

85. The Kenya Auxiliary Force Ordinance is modelled on the Defence Force Ordinance, 1927, as amended. In respect to the amendments made in the present Defence Force Ordinance the same considerations apply as in the case of the Territorial Force Ordinance (Chapter 42 of the Revised Edition of the Laws of Kenya). A considerable number of important alterations have been made, and there are a large number of minor alterations. In these circumstances, we have deemed it best to draft a completely new Bill, and to repeal the old one.

86. It is obvious that a great part of the legislation necessary to govern the operation of both these Forces must be in the form of Regulations under the Ordinances.

We believe that the Regulations under the existing Ordinance are in the main what is required for the new Forces. However, in the case of the Kenya Regiment we are of the opinion that the Regulations which exist under Chapter 42 are hardly sufficient, and we consider that before submitting draft Regulations for this Force it would be desirable to give careful consideration to the numerous Territorial Regulations which have been made at home. To do so would, however, mean that this Report would be considerably delayed and, since we regard it as eminently desirable that the new Forces should be established with the minimum of delay, we have decided not to include subsidiary legislation with this Report. In the event of our recommendations being accepted, we should, however, be glad to give any assistance in our power to enable the necessary Regulations to be prepared.

87. Before concluding this Report, we desire to place on record our keen appreciation of the excellent work done by our Secretary, Mr. C. M. Deverell. His ability and untiring zeal have been of the greatest value to us in our deliberations and in the preparation of this Report.

We have the honour to be,  
Your Excellency's most obedient servants,

J. A. CAMBPELL, Colonel,  
*(Chairman).*

T. D. H. BRUCE,  
*(Member).*

R. W. HEMSTED,  
*(Member).*

A. DUNSTAN ADAMS, Lt.-Col.  
*(Member).*

F. V. WARD,  
*(Member).*

C. M. DEVERELL,  
*(Secretary).*

18th June, 1936.

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## APPENDIX I.

COPY.

DOWNING STREET,

5th February, 1936.

SIR,

I have the honour to refer to your Secret despatch of the 15th of September on the subject of the Kenya Defence Force. I note that in regard to the question of stores, you are taking separate action, and I presume that you will report separately if necessary on this point. In this despatch I propose to deal with the organization of the Defence Force generally.

2. As I informed you in my telegram of the 4th of February, I have now come to the conclusion that, in the interests of the general security of Kenya, the best, and indeed the only possible, course is to disband the existing Defence Force and replace it by some more suitable military organization which will enable the potential European man power of Kenya to be utilized in the best possible way.

3. In existing circumstances my opinion is that the most suitable organization will be that of a Territorial Force Regiment comprising an infantry unit (or units) and a battery of artillery for employment in manning the gun defence of Mombasa. The establishment of the infantry unit should be as for a Battalion of the King's African Rifles, with necessary modifications as regards non-combatants. The Officer Commanding the Northern Brigade of the King's African Rifles should be appointed to command all local forces in Kenya and Uganda, and his present style should be altered by adding the words "and Officer Commanding Local Forces, Kenya and Uganda". In the Ordinance constituting the Regiment provision should be made to vest the command in "the Officer Commanding Local Forces, Kenya and Uganda".

4. As regards the staff, the necessary staff should be supplied from the Northern Brigade, King's African Rifles, the necessary additions to establishment of that force being made to provide for this. The Staff Officer should be appointed to the staff of the Officer Commanding Northern Brigade with the title of Staff Officer, Local Forces. In order to make the change as smoothly as possible, I suggest that it would be advisable in the first place to appoint as Staff Officer, Local Forces, an officer now serving in one of the Battalions in the Northern Brigade. This will secure that the first incumbent of that post will have a knowledge of the problem, the people, and the country, and it would be preferable to appointing an officer from this country who had no such local experience. The officer selected for the appointment of Staff

Officer Local Forces would be replaced by an officer sent from England to complete establishment.

5. I suggest that a suitable designation for the proposed Force would be "The Kenya Regiment (Territorial Force)". The actual strength of the units can be regulated according to possibilities, and, in the first instance, I suggest that the establishment should aim at one infantry battalion and one battery of artillery.

6. In your Secret despatch of the 12th of December, 1934, you stated that you were in agreement with the suggestion that a "security force" should be organized and maintained. I think, however, that the title would be somewhat misleading, though I agree that, in the circumstances of Kenya, everyone who is physically fit should be compulsorily registered for military action in an emergency. Since all house-holders will continue to be placed under liability for military service, it will probably be better to make them members of some definite military organization, which would automatically place them under military or Government orders when a state of emergency is declared. This would have the further advantage of ensuring that, when called upon, they come under military control and discipline in the emergency, with the responsibility for carrying out orders given to them. To secure this end the best course would appear to be to establish for the Kenya Regiment (Territorial Force) a Reserve, and that all house-holders not being members of the Regiment or of the King's African Rifles Reserve of Officers should be required to enrol in it. The Reserve could be divided into classes according to age and obligation for military training. It would give each man a definite military status if he is called upon for service, and would probably prove the most satisfactory course in the end.

7. I make these suggestions as points for your consideration. They had the support of Brigadier Norman when he last considered the matter, and you will, no doubt, have discussed the whole question with him. In any event, the first thing to do would appear to be to prepare legislation to give effect to the changes, and I request that you will submit it to me in draft as you propose.

I have the honour to be,

Sir,

Your most obedient, humble servant,  
(Signed) J. H. THOMAS.

GOVERNOR,

BRAGADIER GENERAL,

SIR JOSEPH BYRNE, G.C.M.G., K.B.E., C.B.,

etc.,                      etc.,                      etc.

**APPENDIX II**  
**KENYA REGIMENT (TERRITORIAL FORCE)**

Item No.	Estab-lish-ment	DETAILS	Estimate
<b>HEADQUARTERS—LOCAL FORCES</b>			<b>£---</b>
<i>Personal Emoluments</i>			
1	1	Captain—Staff Officer, Local Forces (Regular Army) .. .. .	750
2	1	Regtl. Sgt. Major (Permanent Staff Instructor) at £450 by £10 triennially to £470 .. .. .	450
3	1	Clerk (H.Q. Office) .. .. .	150
4	1	Clerk (Store) .. .. .	162
5	1*	Asian Armourer (Consolidated Rate of Pay) .. .. .	158
6	4	Store Porters at Sh. 24 per mensem.. .. .	58
7	..	Pension Contributions—Regular Army Personnel .. .. .	123
<b>Total Personal Emoluments, Headquarters</b>			<b>1,851</b>
<b>HEADQUARTERS, BATTALION</b>			
8	1	*Major at Sh. 30 per diem for 12 days .. .. .	18
9	1	Captain—Adjutant at Sh. 20 per diem for 12 days .. .. .	12
10	1	Quartermaster at Sh. 15 per diem for 12 days .. .. .	9
11	1	Regtl. Sgt. Major at Sh. 9 per diem for 12 days .. .. .	5
12	1	Regtl. Q.M. Sgt. at Sh. 8 per diem for 12 days .. .. .	5
<b>Total Personal Emoluments, Battalion Headquarters</b>			<b>49</b>
<b>ONE RIFLE COMPANY</b>			
13	1	Captain at Sh. 20 per diem for 12 days .. .. .	12
14	2	Subalterns at Sh. 15 per diem for 12 days.. .. .	18
15	2	Subalterns at Sh. 10 per diem for 12 days.. .. .	12
16	1	C.S.M. (Permanent Staff Instructor) at £390 by £10 triennially to £410 .. .. .	390
17	1	C.S.M. at Sh. 8 per diem for 12 days .. .. .	5
18	1	Company Q.M.S. at Sh. 7 per diem for 12 days .. .. .	4
19	4	Sergeants at Sh. 6 per diem for 12 days .. .. .	14
20	6	Corporals at Sh. 4/50 per diem for 12 days.. .. .	17
21	10	Lance-Corporals at Sh. 3/50 per diem for 12 days .. .. .	21
22	96	Privates at Sh. 2/50 per diem for 12 days.. .. .	144
23	..	Pension Contributions for Regular Army Personnel .. .. .	18
<b>Total Personal Emoluments, One Company</b>			<b>655</b>
<b>Total Personal Emoluments, Two Companies</b>			<b>1,310</b>
<b>Total Personal Emoluments, Headquarters, Battalion Headquarters and Two Companies</b>			<b>3,210</b>
<i>Carried forward</i> .. .. .			<b>3,210</b>

\*Lt.-Col. if and when expanded to full Battalion.

## APPENDIX II—(Contd.)

## KENYA REGIMENT (TERRITORIAL FORCE)

Item No.	Estab-lish-ment	DETAILS	Estimate
		<i>Brought forward</i> ..	£ 3,210
		<b>OTHER CHARGES</b>	
24	..	Passages (One Officer at £69, plus Family Allowance £40: Three B.W.O.'s at £55, plus One Family Passage Allowance at £30	304
25	..	Local Travelling and Transport .. ..	500
26	..	Outfit Allowances .. .. .	195
27	..	Uniforms and Equipment .. .. .	860
28	..	Messing for 255 at Sh. 2/50 per diem for 12 days .. .. .	383
29	..	Stationery and Publications .. .. .	25
30	..	Telephone .. .. .	15
31	..	Conservancy, Water and Lighting .. ..	50
32	..	Contingencies and Miscellaneous Stores ..	100
33	..	House Allowance for Staff Officer (B.W.O.'s being allotted Government Quarters) ..	112
34	..	Training Grant (Conjectural) .. .. .	100
		<b>Total Other Charges</b> .. .. .	<b>2,644</b>
		<b>TOTAL HEADQUARTERS, BATTALION HEAD-QUARTERS AND TWO COMPANIES</b> .. £	<b>5,854</b>

NOTE.—Item No. 24—Provision will be required in the FIRST and subsequent TRIENNIAL YEARS.

Items No. 26-7—Initial expenditure required in the FIRST year. In the second and subsequent years only a small provision will be necessary for Recruits and replacements.

## APPENDIX III

## KENYA AUXILIARY FORCE

Based on Four Camps Annually—NAIROBI 2, NAKURU 1, ELDORET 1,  
and Four Auxiliary Force Districts

ESTIMATE BASED ON TOTAL STRENGTH OF 1,000 CLASS I MEN

Item No.	DETAILS	Estimate
		£
	<b>NON-RECURRENT</b>	
1	Outfit Allowances—Officers .. .. .	200
2	Clothing and Equipment (To last four years) ..	2,200
3	Camp Furniture (Additional to existing Kenya Defence Force Furniture) .. .. .	291
4	Tents .. .. .	712
	Total Non-recurrent Expenditure..	3,403
	<b>RECURRENT</b>	
	Local Travelling and Transport .. .. .	500
	Transport of Camp Stores .. .. .	120
	Fuel .. .. .	28
	Lighting .. .. .	20
	Water .. .. .	8
	Conservancy .. .. .	24
	Messing .. .. .	500
	Hire of Ground and Insurance .. .. .	28
	Labour and Fixing Camp .. .. .	16
	Instructors' Pay and Rations (Cadre from Kenya Regiment (Territorial Force); .. .. .	200
	District Commandants' Allowances (£50 each) ..	200
	Total Recurrent Expenditure .. .. .	1,644
	<b>TOTAL KENYA AUXILIARY FORCE, 1st YEAR</b>	<b>5,047</b>

## APPENDIX IV

## PRINCE OF WALES SCHOOL

## OFFICERS' TRAINING CORPS

Item No.	DETAILS	Estimate
1	Clothing and Equipment for 100 Cadets .. .. .	116
2	Publications .. .. .	4
3	Messing—7 days at Sh. 2/50 per diem .. .. .	91
4	Training .. .. .	15
	£	226

NOTE.—First Year .. .. . £226  
Second and Subsequent Years .. .. . £146

Arms and Web Equipment will be issued from stock now  
on charge.

APPENDIX V  
TOTAL ESTIMATE OF EXPENDITURE

	£
<b>A. NON-RECURRENT—</b>	
Kenya Auxiliary Force . . . . .	3,403
Officers' Training Corps . . . . .	80
	£ 3,483
<b>B. RECURRENT—</b>	
Kenya Regiment (Territorial Force) . . . . .	*5,854
Kenya Auxiliary Force . . . . .	1,644
Officers' Training Corps . . . . .	146
Assistance to Rifle Clubs . . . . .	260
	*7,904
<b>TOTAL EXPENDITURE REQUIRED IN FIRST YEAR . . . . .</b>	<b>11,387</b>

\*N.B.—See Note to Appendix II. Included in the estimate of the expenditure required for the Kenya Regiment (Territorial Force) are three items (24, 26 and 27) which cannot be properly regarded as recurrent.

Item 24.—Passages. This provision will only be required every three years.

Items 26 and 27.—Outfit Allowances, Uniforms and Equipment. This expenditure will be required in the first year. In subsequent years provision will only be required for recruits and replacements. It is impossible to estimate at this stage what figure should be estimated for recruits, but it is considered that a round figure of £5,000 would give a more accurate picture of the probable recurrent expenditure required for the Kenya Regiment (Territorial Force).

## APPENDIX VI.

**A Bill to Provide for the Establishment of a Regiment to be known as the Kenya Regiment (Territorial Force).**

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows :—

## PART I.

1. The Ordinance may be cited as the Kenya Regiment (Territorial Force) Ordinance, 1936, and shall come into operation upon such date as the Governor may by notification in the Gazette appoint, and shall be applied to such military districts as the Governor may appoint and establish by notification in the Gazette. Short title and commencement.

2. In the Ordinance, unless the context otherwise requires, the following expressions shall have the following meanings :— Interpretation

“active service” —every member of the Regiment when called out for the purpose of repelling external aggression or for aiding the civil authority in the protection of life and property and preventing and suppressing internal disorder in the Colony shall be deemed to be on active service;

“Act or Ordinance” shall include all regulations made thereunder;

“cadets” means all boys serving in cadet units subject to the provisions of this Ordinance;

“commanding officer” means the officer in command of any district, unit or detachment;

“member” means any warrant officer, non-commissioned officer or man enrolled in or belonging to the Regiment;

“military district” means a military district appointed and established under this Ordinance;

“officer” means any person appointed by the Governor to hold commissioned rank in the Regiment;

"peace training" means all such training as may be prescribed under this Ordinance other than training on active service;

"permanent staff" means all officers, warrant officers, non-commissioned officers, armourers, clerks and storekeepers or any other persons appointed under section 42 of this Ordinance;

"prescribed" means prescribed by regulations;

"regulations" means regulations made under the provisions of this Ordinance;

"unit" means any portion of the Regiment which may be declared by the Governor to be a unit for the purposes of this Ordinance.

## PART II.

### CONSTITUTION OF REGIMENT.

Formation of  
Regiment.

3. (1) It shall be lawful for the Governor, by notification in the Gazette, to establish under this Ordinance a regiment for the Colony to be known as the Kenya Regiment (Territorial Force), throughout this Ordinance referred to as "the Regiment", and to accept on behalf of His Majesty the services of any qualified persons to become officers or members of the Regiment.

(2) Upon such notification the Regiment shall be deemed to be lawfully established.

(3) The Regiment shall be under the Supreme Command of the Governor, and under the Command of the Commander, Local Forces, Kenya and Uganda, who shall be responsible to the Governor for the organization, discipline, and efficiency of the Regiment.

(4) The officers of the Regiment shall be commissioned by His Majesty the King.

(5) The Governor may, by notification in the Gazette, declare any portion of the Regiment to be a unit for the purposes of this Ordinance.

(6) Upon such notification a unit shall be deemed to be lawfully constituted.

Membership.

4. Every member of the Regiment must be a British subject of European race or origin between the ages of eighteen and forty-five years, and shall upon enrolment take the oath and complete the attestation form as prescribed.



Provided always that the age limit may be extended by regulations for such classes of warrant officers, non-commissioned officers and men as the Governor may decide.

5. Every officer and every person who has tendered his services and whose services have been accepted and who has been enrolled as a member of the Regiment shall be liable to be called out for active service within the limits of the Colony, and to undergo such peace training as may be prescribed from time to time: Provided that notwithstanding anything in this Ordinance contained, any officer or member of the Regiment may, when taking an oath as prescribed, sign a declaration in the form prescribed to the effect that he is willing to serve under this Ordinance outside the Colony in the event of the Governor deeming such a course expedient.

Liability of those who have tendered and have been accepted.

6. Every member enrolled under the provisions of this Ordinance for service in the Regiment shall except as hereinafter provided serve for a minimum period of four years, and thereafter shall serve for four years in the Reserve formed under the next succeeding section:

Period of service.

Provided that the Governor may, on the recommendation of the Commander, Local Forces, Kenya and Uganda, curtail, to such extent as he may think reasonable, the period of service to be undergone, under this section, by any person who produces evidence of previous service with the Kenya Auxiliary Force established under the Kenya Auxiliary Force Ordinance, 1936, or with any of His Majesty's Forces, regular or auxiliary, of such a nature as to satisfy the Governor that his service with the Regiment should be so curtailed.

7. The Governor may establish a Reserve to the Regiment (to be known as the Kenya Regiment (Territorial Force) Reserve) in such manner as may be prescribed, and such Reserve shall form part of the Regiment.

Establishment of Kenya Regiment (Territorial Force) Reserve.

8. The Governor may form a Special Reserve to the Regiment in such manner as may be prescribed and those persons who offer their services and whose services are accepted, shall be liable, when the whole or any part of the Regiment is called out for active service, to render services with such portion of any local force as the Governor may decide. The Special Reserve shall be subject to such peace training as may be from time to time prescribed.

Special Reserve to the Regiment.

## PART III.

## CADETS.

**Cadet Units.** 9. The Governor may appoint Cadet Units, the description, numbers in, enrolment in, and organization of which, shall be such as the Governor may from time to time prescribe. Cadet Units shall not form part of the Regiment, but shall be affiliated to it and regarded as a training unit for the Regiment. Cadet Units shall be composed of boys between the ages of fourteen and eighteen years.

**Cadets' liability for peace training.** 10. All boys who, with the consent of their parents or guardians, have enrolled as members of a Cadet Unit shall be liable to undergo such an annual course of peace training as may be prescribed.

**Certificate of efficiency.** 11. A cadet who has undergone the prescribed course of instruction for any one year, and passed the prescribed tests, shall be reckoned as an efficient cadet for that year, and if he is reckoned efficient for not less than three years, and his conduct under instruction in cadet training has proved satisfactory, he shall be entitled, on attaining the age of eighteen years, to receive a certificate of efficiency. Holders of such certificates may be transferred to the Regiment as trained men.

## PART IV.

## ADMINISTRATION.

**Military districts.** 12. The Governor may appoint and establish military districts throughout the Colony with the number and designation of units of the Regiment to be allotted to and trained in any military district.

**Calling out of Regiment for active service.** 13. The Governor may, by notice in the Gazette, call out the whole or any part of the Regiment for active service and when so called out they shall be held to that service until such time as the Governor may, by notice in the Gazette, declare that they are relieved from that service.

**Not entitled to discharge when on active service.** 14. Notwithstanding anything to the contrary in this Ordinance contained, no officer, or member of the Regiment while called out or employed on active service shall be entitled to obtain discharge therefrom during the continuance of such service.

**Power to disband or discharge.** 15. The Governor may at any time discontinue the service of any unit of the Regiment or cause the same to be disbanded, or released from service any officer or discharge any of the members of such unit.

16. The executive military command and inspection of the Regiments or units thereof shall be vested in such officers as may be appointed by the Governor. Officers in executive command.

17. (1) Before any person can be confirmed in his appointment as an officer, he shall satisfy the Governor that he is fully qualified to hold an appointment, and pass such tests as may be prescribed. Appointment and promotion of officers.

(2) No officer of the Regiment shall be promoted to a higher rank in the Regiment until he has proved in the manner prescribed, that he is fully qualified to undertake during peace training and in time of war all the duties that may be required of an officer in that higher rank.

18. The Governor may cancel the commission of any officer at any time, provided that the commission of an officer shall not be cancelled without the holder thereof being notified in writing of any complaint or charge made, and of the action proposed to be taken against him, nor without his being called upon to show cause in relation thereto, and provided further that no such notification shall be necessary in the case of an officer absent from duty without leave for a period of three months or more. Cancellation of commission.

19. (1) The Governor may place officers of the Regiment on the retired list, and officers on that list may, with the approval of the Governor, retain their rank and wear the prescribed uniform. Retirement of officers.

(2) The ages of compulsory retirement of officers of the Regiment shall be as prescribed.

20. An officer of the Regiment, except when on active service, or in anticipation of being called out on the same, may, by writing, under his hand, tender his resignation of his commission, but shall not, unless otherwise ordered by the Governor, be relieved of the duties of his appointment until the acceptance of his resignation is notified in the Gazette. Resignation of commission.

21. (1) A uniform, with distinctive marks or badges, shall be prescribed for every unit of the Regiment and issued to members thereof, to be maintained at their own expense for such periods and under such conditions as may be prescribed. Uniforms, arms, and accoutrements.

(2) Arms, ammunition, and equipment, shall be issued under prescribed conditions to members of the Regiment, and each member to whom a rifle has been issued shall be bound to

keep it in his personal possession, and be responsible for its maintenance in good order and condition, and to produce the same for inspection whenever called upon to do so.

(3) When called out for active service, or when undergoing peace training, members shall bring with them their equipment and any ammunition which may have been placed in their custody.

Pay and allowances.

22. The Regiment shall be paid at a prescribed daily rate for the days on which they are called out for active service under the provisions of this Ordinance, and they may also be granted such monetary or other allowances as are laid down in regulations.

Duration of peace training.

23. (1) Each officer and member of the Regiment shall reckon his service as an officer or member from the date of his appointment or enrolment, as the case may be, and shall during each complete year, reckoning from that date, undergo such course of annual peace training, instruction, and other such exercises as may be prescribed.

(2) The time occupied in proceeding to or returning from a camp or place of assembly or instruction shall not be reckoned as part of any period of peace training, instruction, or service prescribed under this section.

(3) Every member of the Regiment who in any year without leave or permission, as prescribed, evades or fails duly to perform with proper zeal the full course of training allotted to him for that year, shall be guilty of an offence against this Ordinance.

## PART V.

### PROVISIONS FOR ACTIVE SERVICE.

Comandeeering.

24. When the Regiment or any portion thereof is called out for active service, the Governor may authorize and appoint officers of the Regiment or of the public service in the Colony, to obtain and take possession of buildings and other premises, supplies of foodstuffs, forage, transport, animals and vehicles, and all other articles, necessary for the maintenance in the field of the Regiment or any portion thereof, and of other forces acting in co-operation therewith. A written requisition may, under this section, be made on any person in manner prescribed, but so that every person so requisitioned upon shall be entitled in due course to receive compensation for everything obtained or taken from him.

25. (1) The Officer in command of the Regiment on active service in the field when so empowered by the Governor may requisition the authorities controlling any transport system in the Colony to supply suitable engines and rolling stock and marine transport and every other form of transport necessary for the conveyance of officers and members of the Regiment or other forces, together with their animals, guns, baggage, stores, supplies and vehicular transport, and to convey the same by air, road, rail or water to and from any points within or outside the territory, as may be necessary.

Transport facilities.

(2) The Governor may, under like circumstances, authorize any officer to assume control over any transport system within the territory or any portion thereof.

## PART VI.

### DISCIPLINE.

26. (1) Officers and members of the Regiment, at all times, and officers of the Regiment and Special Reserve, when called out for active service, shall be subject to military law.

Officers and members of Regiment and Special Reserve on mobilization to be under Army Act.

(2) The provisions of the Army Act, 44 and 45 Vict., Ch. 58, and all Acts amending or substituted for the same (hereinafter together referred to as the Army Act), so far as applicable, shall apply to officers and members of the Regiment and Special Reserve when they are on active service or called out for the same, subject to the following modifications:—

(a) The words "the Regiment" may be read therein for the words "regular forces", the words "officer or member of the Regiment" for the words "officer or soldier", and the word "Governor" for the words "His Majesty" and "Secretary of State".

(b) No sentence of a court-martial upon the trial of an officer or a member of the Regiment and Special Reserve shall be carried into execution unless confirmed by the Governor.

(3) For the purposes of discipline the provisions of the Army Act, so far as applicable, shall apply to the permanent staff appointed under section 42 of this Ordinance, subject to the modifications set out in sub-section (2) (a) and (b) of this section.

27. Notwithstanding the provisions contained in section 26 of this Ordinance, no officer or member of the Regiment or Special Reserve shall be liable to be punished for any offence under the provisions of this Ordinance as well as under the provisions of the Army Act.

Officers and members not punishable under this Ordinance as well as under the Army Act.

Refusal to  
undergo peace  
training an  
offence.

28. Any member of the Regiment who shall refuse or neglect to undergo such peace training as shall be prescribed from time to time shall be guilty of an offence, and shall be liable, on conviction, to a fine not exceeding fifty pounds or to a term of imprisonment not exceeding six months, or to both such fine and imprisonment.

Penalty for  
contravention  
not otherwise  
provided for.

29. Any officer or member of the Regiment who shall be guilty of an offence against this Ordinance or who shall be guilty of contravening or failing to comply with any of the provisions of this Ordinance for which no penalty is specially provided, or any of the regulations, shall, upon conviction by his commanding officer or any court having jurisdiction, be liable to a fine not exceeding ten pounds or to a term of imprisonment not exceeding one month, or to both such fine and imprisonment :

Provided that where a commanding officer is below the rank of captain, he shall have power of conviction under any of the regulations, but shall not have power of conviction for an offence against this Ordinance, as provided for under this section, and, in such case, the power of conviction under this section for an offence against this Ordinance shall vest in any officer of, or above the rank of captain, who shall be appointed by the Commander, Local Forces, Kenya and Uganda, for that purpose.

Power of  
Governor to  
confirm or  
reduce  
sentence.

30. The records of evidence taken before a commanding officer or such other officer as provided for in the proviso to the last preceding section and the finding and sentence inflicted by the commanding officer or such other officer as aforesaid, in the exercise of the jurisdiction conferred upon him by the last preceding section shall be submitted forthwith to the Governor, who may quash the conviction, or confirm or reduce the sentence, and the sentence so confirmed or reduced shall be notified by the commanding officer or such other officer as aforesaid to the member of the Regiment convicted, by means of registered letter, and every fine so notified which is not paid within fourteen days of the date of the posting of such notification, may, together with any costs incurred by reason of such non-payment, be recovered in any magistrate's court having jurisdiction, on mere production to such court of a properly authenticated copy of such notification under the hand of such commanding officer, or such other officer aforesaid.

**31.** It shall be lawful for any commanding officer or any other officer as aforesaid in the exercise of the jurisdiction conferred upon him by section 29 of this Ordinance, to summon in writing any member of the Regiment under his command alleged to have contravened or failed to comply with any of the provisions of this Ordinance, or the regulations made thereunder, and any witnesses alleged to be material to the charge, to appear before him, and to administer oaths to such witnesses, and generally to investigate the charge in such manner as the Governor may be regulations determine; and any person so summoned as a witness who shall fail to attend at the time and place mentioned in such summons, or having attended, shall refuse to give evidence, shall be liable on conviction before a magistrate, to a fine not exceeding ten pounds, or, in default of payment thereof, to imprisonment not exceeding one month.

Commanding officer may summon witnesses, etc.

**32.** Nothing in this Ordinance contained shall prevent any offender from being prosecuted otherwise than under the provisions of this Ordinance, in all cases in which he would by law, without this Ordinance, be liable to such prosecution, but no person acquitted of any crime or offence under the provisions of this Ordinance or under the Army Act, shall be liable to be again tried for the same crime or offence.

Reservation of right to prosecute otherwise than under Ordinance.

**33.** Whenever the Regiment or any portion thereof and other of His Majesty's forces are associated together under one command, any act committed by officers or members of the Regiment, which would if committed in respect of, or in relation to, the officers or members or institutions of the Regiment, be an offence against this Ordinance, or the Army Act, so far as applicable, or any modifications or adaptations thereof effected in terms of this Ordinance, shall, if committed in respect of, or in relation to, the officers or members or institutions of His Majesty's forces be deemed to be a similar offence, and shall be triable and punishable as prescribed by this Ordinance or by the Army Act, so far as applicable.

Offences by officers or members against members of other of His Majesty's forces.

**34.** (1) Any officer or member of the Regiment called out for active service, who refuses or neglects to assemble or march as ordered, shall be liable on conviction to a fine not exceeding one hundred pounds, or to a term of imprisonment not exceeding two years, or to both such fine and imprisonment.

Penalty for refusing or neglecting to assemble when called out for active service.

(2) Any officer or member of the Regiment called out for active service as provided under the preceding sub-section shall, as from the date of such calling out, also be subject to the provisions of section 26 (1) and (2) of this Ordinance.

**Aiding or inducing members of the Regiment to dereliction of duty.**

**35.** Any person who—

- (1) agrees with, or induces, or attempts to induce any officer or member of the Regiment to neglect or to act in conflict with his military duty in that force; or
- (2) is a party to, or aids or abets, or incites to the commission of, any act whereby any lawful order given to any officer or member of the Regiment or any law or regulation with which it is the duty of any member of that force to comply may be evaded or infringed; or
- (3) supplies, or is a party to supplying, any officer or member of the Regiment with intoxicating liquor when that officer or member is on military duty and prohibited under regulations or instructions from receiving or taking intoxicating liquor;

shall be guilty of an offence against this Ordinance.

**Personation.**

**36.** Any officer or member who fraudulently personates or represents himself to be an officer or member of the Regiment travelling on service of that force, with the intent to obtain conveyance at special rates or to evade payment of any toll, shall be guilty of an offence against this Ordinance.

**Offences against commandeering regulations.**

**37.** Any person who commits any offence against the regulations providing for and regulating the requisitioning in time of war of accommodation or supplies in pursuance of section 24 of this Ordinance shall be guilty of an offence and shall be liable on conviction to imprisonment for a period not exceeding five years.

**Wrongful disposal of property.**

**38.** Any officer or member of the Regiment who, without proper authority and permission, gives, sells, pledges, lends or otherwise disposes of any moneys, animals, ammunition, accoutrements, clothing, supplies or any other article entrusted to or held by him for the service of the Regiment shall be guilty of an offence against this Ordinance, and, in addition to any penalty for such an offence which may be imposed under this Ordinance, he may be ordered by the court or other authority competent to impose that penalty to make good the loss or deficiency caused by the gift, sale, pledge, loan or other disposition; and every such gift, sale, pledge, loan or disposition shall be null and void.

**Penalty for contravening the Ordinance in any way.**

**39.** Any person who is guilty of an offence against this Ordinance or who wilfully contravenes or fails to comply with any of the provisions of this Ordinance, or the regulations made



or prescribed thereunder, shall, when no other penalty is provided for, be liable to a fine not exceeding ten pounds or to a term of imprisonment for a period not exceeding one month, or to both such fine and imprisonment.

40. For the protection of persons acting in the execution of this Ordinance, every civil action against, and every criminal prosecution of, any person in respect of anything done in pursuance or in contravention of this Ordinance shall be commenced within six months after the cause of the proceedings has arisen and notice in writing of any civil action and the cause thereof shall be given to the defendant one month at least before the commencement thereof.

Limitation of action.

41. Any officer or member of the Regiment or any person employed in the public service, who discloses any information or any other secret or confidential information relating to the defence of the Colony, which comes within his cognizance shall, unless acting under the due authority and in the execution of his duty (the burden of proof whereof shall be upon him) be guilty of an offence against this Ordinance.

Disclosure of information.

## PART VII.

### MISCELLANEOUS.

42. The Governor may from time to time constitute for the Regiment a permanent staff, consisting of such officers, warrant officers, non-commissioner officers and men as he may deem necessary.

Power to constitute permanent staff.

43. (1) In the case of any member of the Regiment who shall be temporarily or permanently disabled by reason of any wound or injury received or sickness contracted by him when on active service as provided in section 13 of this Ordinance, the Governor may award such member such gratuity or yearly pension as to him may seem fit, but, except with the sanction of the Legislative Council, no such gratuity shall exceed two hundred and fifty pounds and no such pension shall exceed one hundred pounds per annum.

Governor may award gratuity or pension in certain events.

(2) The Governor may assign to the widow or family of any such member who may be killed in action or on active service as provided in section 13 of this Ordinance a pension or allowance of such amount as may be prescribed.

(3) No pension or gratuity payable under this Ordinance shall be assignable or transferable, nor shall the same be attached, arrested or levied upon for or in respect of any debt or claim due by the recipient thereof or his wife.

## Regulations.

**44.** The Governor may from time to time make regulations for all or any of the matters or things following connected with the Regiment :—

- (1) The numerical establishment of units of the Regiment and cadets, and the various grades, ranks and appointments therein.
- (2) The appointment, promotion, transfer, leave, resignation and release from service of officers.
- (3) The enrolment, posting, transfer, leave, promotion, reduction, discharge and dismissal of warrant officers, non-commissioner officers and men, and the disbandment of any units.
- (4) The appointment and posting of the permanent staff, together with rules for their control, discipline, pay, allowances, leave, transfer, release from service, discharge and dismissal.
- (5) The discipline of the Regiment.
- (6) The assemblage of courts of inquiry, and rules regarding the attendance of witnesses.
- (7) Exemption of officers or members of the Regiment from carrying out the full course of peace training for any one training year.
- (8) The issue and care of arms, accoutrements, ammunition, supplies, animals and transport, clothing and equipment for the Regiment and for cadets.
- (9) The conveyance by air, road, rail, or water of members of the Regiment and their transport and equipment when travelling on duty.
- (10) The general government and management of the Regiment.
- (11) Drill and peace training instruction.
- (12) Peace training, including camps of exercise.
- (13) Pensions, gratuities and compensation for losses sustained on duty.
- (14) The formation and control of the Regiment Reserve.
- (15) The formation and control of Cadet Units.
- (16) All matters which are by this Ordinance required or permitted to be, or which are necessary or convenient to be prescribed, or for assuring the discipline and good government of the Regiment, or for carrying out and giving effect to this Ordinance.

Repeal.  
Cap. 42.

**45.** The Territorial Force Ordinance and all regulations made thereunder are hereby repealed.

## APPENDIX VII

**A Bill to Provide for the Establishment of the Kenya Auxiliary Force.**

BE IT ENACTED by the Governor of the Colony of Kenya, with the advice and consent of the Legislative Council thereof, as follows :—

## PART I.

## ESTABLISHMENT, ORGANIZATION AND ADMINISTRATION.

1. This Ordinance may be cited as the Kenya Auxiliary Force Ordinance, 1936, and shall come into operation on such date as the Governor may appoint by notice published in the Gazette. Short title and commencement

2. In this Ordinance unless the context otherwise requires, the following expressions have the following meanings :— Interpretation

“active service”—every member of the Auxiliary Force when called out for the purpose of repelling external aggression or for aiding the civil authority in the protection of life and property and preventing and suppressing internal disorder in the Colony shall be deemed to be on active service ;

“peace training” means all such training as may be prescribed under this Ordinance other than training on active service ;

“prescribed” means prescribed by regulations ;

“regulations” means regulations made under the provisions of this Ordinance.

3. (1) There shall be established in the Colony in connection with the Kenya Regiment (Territorial Force) Ordinance, 1936, a force to be known as the Kenya Auxiliary Force (throughout this Ordinance referred to as the Auxiliary Force), which shall be under the supreme command of the Governor, and the members of which shall be liable, in accordance with the provisions of this Ordinance, to be called out for active service within the limits of the Colony and to undergo such peace training as may be prescribed. Kenya Auxiliary Force.  
No. of 1936.

(2) The Governor may from time to time constitute for the Auxiliary Force a permanent staff, consisting of such officers, warrant officers, non-commissioned officers and men as he may deem necessary.

Organization  
of the  
Auxiliary  
Force.

4. (1) The Auxiliary Force shall be under the command of the Commander, Local Forces, Kenya and Uganda (hereinafter referred to as the Commander), who shall be responsible to the Governor for the organization, discipline and efficiency of the Auxiliary Force.

(2) The headquarters of the Auxiliary Force shall be in Nairobi, or at such other place as the Governor may from time to time appoint.

Auxiliary  
Force  
Districts.

5. (1) For the purposes of this Ordinance the Governor shall divide the Colony into districts to be known as Auxiliary Force Districts and shall designate the same respectively by such names as he may think fit, and may at any time alter or abolish such districts or designations and may appoint others in place thereof respectively.

(2) The Governor may appoint in each Auxiliary Force District a District Commandant and such other officers as he may deem expedient.

(3) Every such District and the members of the Auxiliary Force resident therein shall be organised in accordance with the provisions of this Ordinance and of any regulations made thereunder.

Power of  
Governor to  
dispense with  
services.

Power of  
Governor to  
delegate  
authority.

6. The Governor may at any time dispense with the services of any officer or member of the Auxiliary Force.

7. The Governor may, for all or any of the purposes of this Ordinance, by writing under his hand delegate all or any of the functions, powers and duties under this Ordinance or any regulations made thereunder to such person or persons as he may deem expedient.

## PART II.

### CONSTITUTION AND ENROLMENT.

Division of  
the Auxiliary  
Force into  
Classes.

8. Members of the Auxiliary Force shall be divided into the following Classes, namely:—

Class I—Persons who have attained the age of eighteen years and have not attained the age of thirty years.

Class II—Persons who have attained the age of thirty years.

9. (1) Subject to the provisions of this Ordinance every male British subject, both of whose parents are of European origin or descent, who has attained the age of eighteen years and who is ordinarily resident in the Colony shall attend at the office of the District Commissioner of his administrative district within one month of attaining the age of eighteen years or becoming so resident as aforesaid, as the case may be, and shall enrol himself as a member of the Auxiliary Force in the Class appropriate to his age, and if such person shall fail so to enrol himself he shall nevertheless be deemed to be enrolled as a member of the Auxiliary Force :

Compulsory enrolment of male British subjects of 18 years and over.

Provided that any person failing to enrol himself as provided for in this section shall be guilty of an offence, and shall be liable, on conviction, to a fine not exceeding ten pounds or to imprisonment for a term not exceeding one month, or to both such fine and imprisonment.

(2) Subject to the permission of the Governor, any male person, not being a British subject but otherwise qualified in regard to age and origin or descent, may volunteer to serve in the Auxiliary Force, and in such case such person shall attend at the office of the District Commissioner as aforesaid and upon taking an oath in manner prescribed by regulations made under this Ordinance shall enrol himself as a member of the Auxiliary Force in the Class appropriate to his age.

(3) Notwithstanding anything in this section contained, members of the Medical and Veterinary professions in actual practice shall only be enrolled or deemed to be enrolled and liable to serve in the Auxilliary Force in their professional capacity.

(4) For the purpose of ascertaining what persons are liable to serve in the Auxiliary Force and the best use which can be made of their services in time of emergency, regulations may be prescribed requiring employers to give particulars of all persons in their employ and the nature of their employment, from time to time.

10. Notwithstanding anything in the last preceding section contained, any person liable to be enrolled and to serve in the Auxiliary Force or who volunteers for service therein may, with the permission of the Commander, elect to enrol as a member of the Class preceding the Class appropriate to his age :

Right of persons to elect as to Class in which they are enrolled.

Provided that upon such enrolment such person shall be liable to perform all the duties and shall be subject to all the obligations imposed by this Ordinance and by any regulations made thereunder upon the members of the Class in which he is enrolled.

**Exemptions.**

**11.** Notwithstanding anything to the contrary in this Ordinance contained, the Classes of persons set out in the First Schedule to this Ordinance shall be exempted from such of the obligations imposed by this Ordinance as are specified in such Schedule.

**Exemptions  
for health  
reasons.**

**12.** (1) All persons who are certified under the hand of a medical officer to be medically unfit for service under this Ordinance by reason of bodily or mental infirmity or unfitness shall be exempt from service in the Auxiliary Force.

(2) The Governor in Council may by order exempt any person or any class of persons from all or any of the obligations imposed by this Ordinance or by any regulations made thereunder.

**Preparation of  
lists of persons  
liable to serve.**

**13.** (1) The District Commissioner of each administrative district shall, within two months after the commencement of this Ordinance, and during the month of January in each succeeding year, prepare a list, in the form given in the Second Schedule to this Ordinance, containing the names of all persons in the district who are liable for enrolment and service or who volunteer for service under the provisions of this Ordinance.

(2) When such list has been prepared the District Commissioner shall cause a copy thereof to be affixed in a conspicuous manner at his office and court-house, and shall cause a notice to be inserted in at least one newspaper of the day on which and the place at which he will hold a court for the purpose of hearing objections to such list, which day shall not be earlier than two weeks nor later than four weeks (unless for special reasons) after the date on which the copy of such list was affixed as aforesaid.

(3) Upon the date and at the place so notified the District Commissioner shall hold a court, and shall, on due proof by the oath of such person as he shall see fit to examine or by statutory declaration or affidavit, correct all errors in such list, either by adding thereto the names of persons liable to enrolment and service or by striking out the names of persons who have been exempted. Such court may be adjourned from

day to day until all questions as to the correctness of the list have been determined. The decision of the District Commissioner upon any question arising in regard to the correction of the list shall be subject to appeal to the Court of a First Class Magistrate.

(4) As soon as all questions as to the correctness of the list have been determined as aforesaid, the District Commissioner shall forthwith transmit such corrected list to the Commander.

14. Any member of the Auxiliary Force who leaves the Auxiliary Force District to reside in another Auxiliary Force District shall forthwith notify the District Commissioner and the District Commandant of each such District and any such member who fails to make such notification shall be guilty of an offence and shall be liable on conviction to a term of imprisonment not exceeding one month or to a fine not exceeding ten pounds. Change of residence.

### PART III.

#### ARMS, EQUIPMENT AND TRAINING.

15. Such rifles, ammunition, equipment and uniform as may be prescribed shall be provided by the Government for members of the Auxiliary Force and will be issued in accordance with regulations. Government to provide rifles and ammunition.

16. Every member of the Auxiliary Force in possession of a Government rifle, ammunition, equipment and uniform as hereinbefore provided shall be responsible for the same and for keeping the same in a good and efficient condition, and shall be liable for any loss of or damage to such rifle, ammunition, equipment or uniform, due to his act, neglect or default. Duties in regard to Government rifles, etc.

17. (1) The peace training of each Class of the Auxiliary Force shall be carried out in accordance with regulations made under this Ordinance and every member of the Auxiliary Force shall undergo such peace training in any year as shall be notified in accordance with the provisions of section 19 of this Ordinance. Peace training.

(2) The time occupied in proceeding to or returning from a camp or place of assembly or instruction shall not be reckoned as part of the prescribed period of peace training.

18. A District Commissioner may, with the approval of the Commander, exempt any member of the Auxiliary Force in his District from the performance of the whole or any part Power to exempt from peace training.

of his compulsory peace training under the provisions of section 17 of this Ordinance.

Notification of time and place of peace training.

19. The date and place of every course of peace training shall be notified by the Commander and notice of such date and place published in the Gazette and in the Auxilliary Force Orders and in such other manner as may be prescribed shall be sufficient notice to every member of the Auxilliary Force.

Penalty for non-attendance at peace training.

20. If any member of the Auxiliary Force without reasonable cause or excuse, after due publication of the notice prescribed by the last preceding section, fails to attend at the place mentioned in such notice for the purpose of undergoing the prescribed course of peace training, or fails to complete such course, then and in any such case such member shall be liable, on conviction before a magistrate of the first and second Class, to a fine not exceeding twenty pounds or to imprisonment for a term not exceeding three months or to both such fine and imprisonment :

Provided that no such conviction shall be deemed to exempt the person convicted from all or any of his duties and obligations under this Ordinance or any regulations made thereunder.

#### PART IV.

##### MOBILIZATION.

Calling out and mobilization of the Auxiliary Force.

21. (1) Whenever in the opinion of the Governor it shall be necessary to repel external aggression, or to aid the civil authority in the protection of life and property and to prevent and suppress internal disorder in the Colony, the Governor may, by proclamation, call out and mobilize the Auxiliary Force or such part or parts thereof as he may deem necessary for active service :

Provided that a proclamation under this sub-section may call out the members of either Class or both Classes mentioned in section 8 of this Ordinance, but so that the members enrolled in Class II shall not be called out until the members enrolled in Class I have been called out :

Provided further that the Governor, may by such proclamation, in lieu of calling out and mobilizing the Auxiliary Force or any part thereof as aforesaid, order the Auxiliary Force or such part or parts thereof as he may deem necessary to hold itself in readiness for immediate mobilization.

(2) In the case of sudden and imminent danger in any province or district, when it is not possible to obtain the authority of the Governor without undue delay, the civil officer



in charge of such province or district may, for the defence of the province or district or any part thereof or for the protection of life and property therein, by proclamation in the name of the Governor call out the members of the Auxiliary Force resident in such province or district, but in such case such officer shall forthwith report to the Governor such calling out and any subsequent step taken by him.

**22.** Members of the Auxiliary Force shall, when they are on active service or when called out in a manner provided by the last preceding section or when ordered to hold themselves in readiness for mobilization in manner provided by the second proviso to section 21 (1), be subject to the provisions of the Army Act, 44 and 45 Vict. Ch. 58, and all Acts amending or substituted for the same, so far as applicable, but so that the Regulations under section 31 of this Ordinance may prescribe that any provisions of those Acts shall not apply to the Auxiliary Force :

Discipline of the Auxiliary Force on mobilization to be governed by Army Act, 44 and 45 Vict. Ch. 58.

Provided that—

- (a) the words "the Auxiliary Force" shall be read therein for the words "Regular Forces", the words "member of the Auxiliary Force" for the words "officer or soldier", as the case may be, and the word "Governor" for the words "His Majesty" and "Secretary of State";
- (b) no sentence of a court-martial upon the trial of a member of the Auxiliary Force shall be carried into execution unless confirmed by the Governor or such officer as he may appoint on his behalf.

**23.** On the mobilization of the whole or any part of the Auxiliary Force for active service, every resident (whether he is or he is not a member of the Auxiliary Force) shall be liable to provide transport and supplies in his possession if so required; and any person who without reasonable cause or excuse, fails to comply with the requirements of this section shall be liable on conviction before a magistrate of the first or second class, to a fine not exceeding one hundred pounds or to imprisonment for any term not exceeding six months or to both such fine and imprisonment.

Liability of population to provide transport, etc.

**24.** No member of the Auxiliary Force shall be liable to be called out for ceremonial parades or for any purpose other than as provided in this Ordinance.

Auxiliary Force not to be called out for ceremonial parades.

Penalty for  
breach of  
duty.

25. Any member of the Auxiliary Force who, after any proclamation has been published in pursuance of the provisions of section 21 of this Ordinance, without reasonable cause or excuse fails to attend or absents himself without the permission of some competent authority, or refuses or neglects to obey any lawful command of his superior officer, shall be liable, on conviction before a magistrate of the first or second class, to a fine not exceeding one hundred pounds or to imprisonment for a term not exceeding six months or to both such fine and imprisonment :

Provided always that no such conviction shall be deemed to exempt the person convicted from service or from any future liability to serve under the provisions of this Ordinance.

## PART V.

### MISCELLANEOUS PROVISIONS.

Temporary  
absence of  
members,  
exemptions  
from service  
of certain  
persons.  
No. of 1936.

26. The provisions of this Ordinance shall not apply to any member of the Auxiliary Force during his temporary absence from the Colony, nor to any person while serving in the Kenya Regiment (Territorial Force) established under the Kenya Regiment (Territorial Force) Ordinance, 1936, or in the Reserve or Special Reserve thereof :

Provided that except as hereinafter provided every person on the date of the completion of his service with the Kenya Regiment (Territorial Force) or with the Reserve or Special Reserve thereof shall be deemed to be a member of the Auxiliary Force in Class II thereof as provided for in section 8 of this Ordinance and to be subject in all respects to the provisions of this Ordinance :

Provided further that the provisions of the above proviso shall not apply to any officer or member of the Kenya Regiment (Territorial Force) (excluding the Reserve thereof) between the ages of eighteen and thirty who has been permitted to resign therefrom before having completed the full term of his service therewith, nor to any such officer or member of the Kenya Regiment (Territorial Force) (excluding the Reserve thereof) whose service with the Regiment has been unsatisfactory. A certificate signed by the Commanding Officer of the unit to which such officer or member belongs to the effect that such officer or member was permitted to resign or a certificate signed by the Commanding Officer of such Unit and approved by the Commander, Local Forces, Kenya and Uganda, to the effect that the service of any officer or member

of the Kenya Regiment (Territorial Force) has been unsatisfactory shall be sufficient for the purposes of this proviso, provided that in the latter case the certificate shall be shown to the officer or member of the Auxiliary Force concerned before being sent to the Commander, Local Forces, Kenya and Uganda. Any such officer or member who has been permitted to resign or whose service has been unsatisfactory shall be deemed to be a member of the Auxiliary Force in Class I thereof and to be subject in all respects to the provisions of this Ordinance, except that the amount of peace training to be done by him shall be in the discretion of the Commander.

27. Nothing in this Ordinance contained shall be deemed to prevent any member of the Auxiliary Force from volunteering to serve in any of His Majesty's Regular or other Forces.

Right of members to volunteer service in His Majesty's Forces.

28. (1) It shall be the duty of every employer to give all proper facilities for enabling any person in his employ to enter upon and carry out any service or peace training in the Auxiliary Force for which he is liable or eligible.

Co-operation of employers.

(2) Any employer who—

- (a) fails to give the facilities aforesaid; or
- (b) by dismissing an employee or by reducing his wages or in any other manner whatever penalizes him for entering upon or carrying out any service or training as aforesaid: Provided that this paragraph shall not be construed to require an employer to pay any person in his employ any wages or salary for the time he is absent from work for the purpose of peace training or during the time he is engaged on active service; or
- (c) by words, conduct, or otherwise directly or indirectly compels, induces, or prevails upon, or attempts to compel, induce, or prevail upon, any person in or seeking his employ to do or refrain from doing any service or peace training under this Ordinance for which he is liable or eligible,

shall be guilty of an offence and shall be liable, on conviction before a first or second class magistrate, to a fine not exceeding fifty pounds or to imprisonment for a term not exceeding three months, or to both such fine and imprisonment.

(3) In proceedings under this section the burden shall lie upon the employer of proving that any person in his employ who has been dismissed or has suffered a reduction of wages, or has been in any other manner penalized, was dismissed,

reduced or penalized for some good reason and that such reason, is, in no way connected with the service or peace training, aforesaid.

Governor may award gratuity or pension in certain events.

**29.** (1) In the case of any member of the Auxiliary Force who is temporarily or permanently disabled by reason of any wound or injury received or sickness contracted by him when on active service as provided by section 21 of this Ordinance, the Governor may award to such member such gratuity or yearly pension as to him may seem fit, but, except with the sanction of the Legislative Council, no gratuity shall exceed two hundred and fifty pounds and no such pension shall exceed one hundred pounds per annum.

(2) The Governor may assign to the widow or family of any such member who may be killed in action or on active service as provided in section 21 of this Ordinance a pension or allowance of such amount as may be prescribed.

(3) No pension or gratuity payable under this Ordinance shall be assigned or transferable, nor shall the same be attached, arrested or levied upon for or in respect of any debt or claim due to the recipient thereof or his wife.

Penalty.

**30.** Any person who contravenes or fails to comply with any of the provisions of this Ordinance for which no other penalty is provided shall be guilty of an offence and shall be liable on conviction to a fine not exceeding fifty pounds.

Power to make regulations.

**31.** (1) The Governor may from time to time make regulations providing for all or any purposes whether general or to meet particular cases that may be convenient for the administration of this Ordinance or that may be necessary or expedient for carrying out the objects or purposes of this Ordinance, and where there may be in this Ordinance no provision or no sufficient provision in respect of any matter or thing necessary or expedient for giving full effect to this Ordinance, providing for or supplying such omission or insufficiency and without prejudice to the foregoing powers, providing for all or any of the following matters—

- (a) the general government, discipline, peace training and management of the Auxiliary Force;
- (b) the establishment of units of the Auxiliary Force and the various grades, numerical establishment, ranks and appointments therein;
- (c) the attendance at drills, inspection, classes and courses of instruction of members of the Auxiliary Force.

and the examination of members of the Auxiliary Force as to proficiency in military professional subjects, and the granting of certificates of proficiency in military professional subjects;

- (d) the appointment to, seniority of, promotion in and tenure of commissioned or non-commissioned ranks in the Auxiliary Force;
- (e) the leave of absence, suspension, reduction and discharge of members of the Auxiliary Force;
- (f) the condition as to physical fitness for service in the various units of the Auxiliary Force;
- (g) the fixing of rates of pay and allowances and issues of rations to members of the Auxiliary Force when called out under section 21 of this Ordinance;
- (h) the enrolment of all persons liable for service in the Auxiliary Force;
- (i) the convening, composition, procedure and power of boards of officers and courts of inquiry;
- (j) the payment of compensation to widows and families of members of the Auxiliary Force as provided in section 29 of this Ordinance;
- (k) the requisitioning of means of conveyance and transport for service with the Auxiliary Force when called out under section 21 of this Ordinance;
- (l) the conveyance by air, road, rail, or water of members of the Auxiliary Force and their transport and equipment when travelling on duty;
- (m) the requisitioning of goods, provisions, supplies and accommodation for members of the Auxiliary Force when called out under section 21 of this Ordinance;
- (n) the issue and care of arms, accoutrements, ammunition, supplies, animals and transport, clothing and equipment for the Auxiliary Force;
- (o) the compiling of registers of transport and the duties of members of the Auxiliary Force in connection therewith;
- (p) the establishment and conduct of camp, regimental, or district institutions for providing recreation and refreshment to members of the Auxiliary Force;
- (q) the returns, books, forms and correspondence relating to the Auxiliary Force;
- (r) all matters which are by this Ordinance required or permitted to be prescribed.

(2) Such regulations may provide as a penalty in respect of any breach thereof for a fine not exceeding fifty pounds which may be recovered in any court of competent jurisdiction at the instance of the District Commandant of the Auxiliary Force District in which the person infringing the same resides.

Member of permanent staff may institute proceedings and appear thereat.

**32.** Any member of the permanent staff of the Auxiliary Force may institute proceedings against any officer or member of the Auxiliary Force for offences against this Ordinance or the regulations made thereunder, and may thereafter appear in any magistrate's court and prosecute the person against whom such proceedings have been instituted, and for such purpose every member of the permanent staff of the Auxiliary Force shall have the right of audience in any magistrate's court. This provision shall be in addition to and not derogation of any similar provisions or part thereof relating to any person under this Ordinance or under any other Ordinance.

Repeal.  
No. 12 of 1928.  
No. 17 of 1930.  
No. 47 of 1931.

**33.** The Defence Force Ordinance, 1927, as amended by the Defence Force (Amendment) Ordinance, 1930, and the Defence Force (Amendment) Ordinance, 1931, and all regulations made thereunder are hereby repealed.

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**FIRST SCHEDULE.**

(1) The following persons are exempted from all the obligations imposed by the Ordinance—

Ministers of Religion who have undergone a ceremony of ordination in a recognized church;

Judges of the Supreme Court;

Members of the Executive and Legislative Councils;

Officers and non-commissioned officers of the King's African Rifles;

Officers of the Regular Army Reserve of Officers;

Officers of the Territorial Army Reserve;

Officers and personnel of the Royal Naval Reserve or the Reserve of the Royal Marines;

Serving officers and men of the Kenya Royal Naval Volunteer Reserve;

Officers and non-commissioned officers of the Police Force; European officers of the Prisons Service.

(2) Duly accredited members of missionary bodies are exempted from the obligations imposed by the Ordinance except from the liability to perform after mobilization services of a non-combatant nature.

(3) Administrative officers and resident magistrates are exempted from all the obligations imposed by the Ordinance except where specified duties are assigned to them under the Ordinance.

**SECOND SCHEDULE.****REGISTRATION LIST**

ADMINISTRATIVE DISTRICT.....

AUXILIARY FORCE DISTRICT.....

No.	Name	Residence	Calling	Nationality	Previous Military Service (if any) and Technical Qualifications	Class in which Enrolled



# DEFENCE LOANS

7

## Memorandum on the Proposed Resolution

X75.3.N4  
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*Presented by the Financial Secretary to the Treasury to Parliament  
by Command of His Majesty  
February 1937*

LONDON

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1937

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Cmd. 5368



## DEFENCE LOANS.

### MEMORANDUM ON THE PROPOSED RESOLUTION.

#### I.

THE proposed resolution is to the effect :—

That it is expedient—

(1) to authorise the Treasury, during the five years ending on the thirty-first day of March, nineteen hundred and forty-two, to issue out of the Consolidated Fund sums not exceeding in the aggregate four hundred million pounds to be applied as appropriations in aid of the monies provided by Parliament for the Navy, Army (including Royal Ordnance Factories) and Air services for those years :

Provided that the amount so issued in respect of any service for any year shall not at any date exceed the aggregate of the amounts proposed to be so issued in respect of that service by the estimates upon which this House has before that date resolved to grant sums to His Majesty to defray expenses for that service for that year ;

(2) to authorise the Treasury, for the purpose of providing money for the issue of sums as aforesaid or for replacing sums so issued, to raise money in any manner in which they are authorised to raise money under and for the purposes of subsection (1) of section one of the War Loan Act, 1919, and to provide that any securities created and issued accordingly shall be deemed for all purposes to have been created and issued under the said subsection (1) ;

(3) to authorise the Old Sinking Fund to be used in the said five years for providing money for the issue of sums as aforesaid instead of being issued to the National Debt Commissioners ;

(4) to provide for the repayment to the Exchequer, out of monies provided by Parliament for the said services in such proportions as the Treasury may direct, of the sums issued as aforesaid with interest at the rate of three per cent. per annum as follows :—

- (a) until the expiration of the said five years interest only shall be payable ;
- (b) thereafter the sums so issued shall be repaid together with interest by means of thirty equal annual instalments of principal and interest combined ;

(5) to provide for the application of sums paid into the Exchequer under the last foregoing paragraph, so far as they represent principal, in redeeming or paying off debt, and, so far as they represent interest, in paying interest otherwise payable out of the permanent annual charge for the National Debt.

3.

## II.

1. This Resolution is required for the introduction of a Bill to authorise the Treasury to borrow money for the purpose of meeting in part the expenditure necessary to bring the Defence Services up to the level of safety deemed necessary by the Government.

2. It is proposed to authorise the Treasury to issue from the Consolidated Fund sums not exceeding in the aggregate £400 millions. The powers of issue are to be limited to the period of five years commencing on the 1st April, 1937.

3. For the purpose of providing for, or replacing, these issues the Treasury would be authorised to borrow in any manner in which money may be raised under the War Loan Act, 1919. If, however, during the period in which issues may be made, there is an Old Sinking Fund, *i.e.*, an achieved surplus of Budget income over expenditure, the Treasury may, in lieu of issuing such a surplus to the National Debt Commissioners for the redemption of debt under the Sinking Fund Act, 1875, apply it for the purpose of providing money for the Defence services. Any sums so applied will reckon as part of the £400 millions for the issue of which authority is sought and the power of the Treasury to borrow money will be reduced *pro tanto*.

4. In order that full Parliamentary control over the provision for the Defence Services may remain unimpaired, the whole of the proposed expenditure on Defence will continue to be shown in Estimates laid before the House of Commons by the Ministers responsible. The sums proposed to be issued from the Consolidated Fund under the powers now sought will be shown in the Estimates as Appropriations in Aid of Votes for the Navy, Army and Air Services and the Royal Ordnance Factories, the sums being allocated to those Votes for each Service which are principally affected. Further the sums which may be appropriated in aid under this Act must not in the course of any financial year exceed the sums shown in the Estimates laid in connection with the Vote or Votes to which the House of Commons has given its approval by the appropriate Resolution in Supply.

5. Provision will be made for the repayment of the sums issued in this way, with interest at 3 per cent. per annum, by means of charges on Defence Votes. During the period of borrowing, that is up to the 31st March, 1942, interest only will be payable: thereafter annuities will be set up on the Defence Votes sufficient to repay the sums issued with interest thereon in a period of thirty years. The allocation of these charges between the Defence Services will be determined by the Treasury. Interest so provided will be paid into the Exchequer and issued therefrom in payment of an equivalent amount of interest which would otherwise fall to be met from the permanent annual charge for the National Debt. At the close of the borrowing period repayments in respect of principal will commence

and will, after receipt into the Exchequer, be applied in redeeming or paying off debt of such description as the Treasury think fit.

6. In the White Paper on Defence presented to Parliament on the 3rd March, 1936 (Cmd. 5107), it was stated that, owing to the necessary flexibility of the programme, and in view of the uncertainty as to the rate of progress possible over so large a field, it would be premature at that date to attempt any estimate of the total cost of the measures described in the Paper. It was added that in the absence of any scheme of general disarmament, it must be anticipated that the annual cost of maintenance for the reorganised Services would remain on a higher level. Since the proposals were first formulated, experience has shown the desirability of modifying them in certain particulars, while considerations of general policy have emphasised the pre-eminent importance of certain parts of the scheme and have rendered necessary certain measures of acceleration. The need for retaining the utmost degree of flexibility is no less important to-day than twelve months ago, and it would be misleading to attempt to state, even in general terms, the total cost of a programme which it is intended should be spread over a period of years and which will necessarily be subject to substantial modifications from time to time.

7. It must therefore be understood that the figure of £400 millions in the Resolution does not purport to represent the cost of the new programme. It represents a maximum aggregate sum which may be provided from borrowed monies or from Old Sinking Fund towards the total cost of Defence in the course of a period of time limited by the Resolution to a maximum of five years. These limits on the sums to be borrowed and on the period of borrowing are not themselves final, as either may be modified by subsequent Parliamentary enactment if conditions so require. It should be mentioned, however, that, while the Resolution authorises the appropriation of sums to any Defence Votes, it is not proposed to apply borrowed monies to an extent which would result in relieving the Budget from recurrent expenditure on the maintenance of the Forces.

8. The sums to be issued from the Consolidated Fund will be appropriated in aid of those Votes which will bear the major part of the new expenditure. Examples of these Votes are Navy, Votes 8 (Shipbuilding, Repairs, Maintenance, &c.), 9 (Naval Armaments), and 10 (Works, Buildings, &c.); Army, Votes 9 (Warlike Stores), and 10 (Works, Buildings and Lands); Air, Votes 3 (Technical and Warlike Stores) and 4 (Works, Buildings and Lands).

*February 11, 1937.*



STATEMENT 8  
RELATING TO  
DEFENCE EXPENDITURE

*Presented by the Prime Minister to Parliament  
by Command of His Majesty  
February 1937*

LONDON

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Cmd. 5374

X76(MV4).3.N37

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## STATEMENT RELATING TO DEFENCE EXPENDITURE

### I.

IN the statement made in the House of Commons on the 11th February, the Chancellor of the Exchequer explained that, while defence expenditure during the ensuing years could not equitably be met entirely from revenue, and must in part rest on appropriations from capital, neither the total amount which must be raised from capital, nor the total period over which such capital expenditure must be spread, could at present be predicted.

2. Constitutional usage requires that the Bill now proposed to be introduced should specify upward limits which cannot be exceeded except by further statutory authority. The authority which His Majesty's Government seek for the issue of sums not exceeding in the aggregate £400 millions, to be applied as appropriations in aid of the moneys provided by Parliament for the Defence Services over the five years from 1st April, 1937, to 31st March, 1942, does not imply that the whole of this sum will in fact be raised. The figure of £400 millions represents the maximum aggregate sum to be provided from borrowed moneys or from the Old Sinking Fund towards the total cost of Defence which Parliament will be asked to authorise. The whole Defence programme will, however, remain flexible and will be subject to such modification as circumstances may demand. If conditions should permit, the programme will be curtailed or its execution will be spread over a longer period. If events, which cannot now be foreseen, should show that amendment is called for, either in the maximum amount or in the period of years specified in the proposed Resolution, the necessary measures will be submitted to Parliament.

3. In the meantime, as explained in the Memorandum dated the 11th February on the proposed Resolution (Cmd. 5368), Parliament will retain full control over Defence expenditure. The whole of such proposed expenditure will continue to be shown in the Estimates laid before the House of Commons, and will be subject to the normal methods of Parliamentary scrutiny and authorisation. It will also be provided that the sums which may be appropriated in aid of Defence expenditure under the Bill must not in the course of any financial year exceed the sums shown in the Estimates laid in connection with the Votes approved by the House of Commons by Resolution in Supply.

## II.

## GROWTH IN COMPLEXITY AND COST OF NEW ARMAMENTS GENERALLY.

4. In the White Paper presented to Parliament in March, 1936, (Cmd. 5107) an outline was given of the objectives aimed at, with an indication of the principal measures necessary for the reconditioning of our forces, as part of the co-ordinated plan which had been drawn up. As that paper shows, great importance has from the outset been attached to dealing with the problems of Defence by elastic means susceptible of adaptation in the light of changes in world conditions and of the new needs which arise from the intensive application of scientific research and invention to the problems of Defence.

5. The essential features of the White Paper of March 1936 remain unchanged, although certain measures of acceleration have been approved by Parliament. On the present occasion, therefore, it is unnecessary to repeat in detail the information given a year ago on the programme of His Majesty's Government. Rather the opportunity is taken to indicate the width of the field necessarily covered by the Defence programme in consequence of the extent of the deficiencies to be made good, the underlying strategic requirements and the changing conditions of modern warfare.

6. Recent years have witnessed an immense elaboration of the mechanical equipment of Fighting Services in many countries. Modern forces, whether on land, at sea, or in the air, must, if they are to be effective, be provided with arms and defences more ingenious and formidable and far more costly than any conceived a generation ago. Moreover, it is not sufficient to equip a force in the first instance; it must be assured also of the swift and steady replacement of its equipment and supplies as war proceeds. This is a circumstance which has a most important bearing on the cost of the Defence programme.

7. The growth in the destructive powers of Air Forces and their increasing range compel the adoption of a whole system of new measures, necessarily involving heavy cost, for air defence at home and overseas and for the protection of the civil population.

8. While the necessity for modern equipment and for protection against air attack is common to many nations, the wide dispersal of the territories comprised within the British Empire and the dependence of these islands upon supplies from overseas lay a special responsibility upon British Forces and, above all, upon the Navy to preserve the freedom of communication overseas, which is vital to our existence. The modernisation of the defences of strategic points in various parts of the Empire is, in itself, a formidable item in the cost of the Defence programme.

## III.

## THE NAVY.

9. There is no need to amplify the statement of the Navy's functions contained in the White Papers presented to Parliament in 1935 and 1936 (Cmd. 4827 and 5107). Heavy expenditure must be incurred over the next few years if the Navy is to be brought up to the strength necessary to ensure that it will be in a position to perform these functions.

10. New construction constitutes one of the main heads of this expenditure. In normal times it is of great advantage to arrange new construction programmes so as to ensure that the number of new vessels of each type to be laid down shall be approximately the same in each year. If this plan can be followed the costs of construction are spread evenly, and the Navy never finds itself at any time in the position that an undue proportion of the fleet consists of old or obsolescent ships.

11. In present circumstances, however, an even spread of new building is impossible, and for some years the country will be constrained to undertake a series of heavy building programmes. The main reasons for this course are, first, that a considerable number of our existing ships are war-built and are, or will shortly become, over-age, and second, that no vessels of certain types were built for a number of the years immediately after the war.

12. Of our fifteen capital ships, only three are of post-war construction. Until the expiry of the London Naval Treaty on the 31st December, 1936, it was not possible to lay down any new vessels of this class. Two such ships (costing approximately £8,000,000 each) were included in the 1936 new construction programme, and preliminary steps have been taken which will permit of the ordering of three further capital ships early in the financial year 1937-8 as part of the new construction programme for that year, as soon as that programme has received Parliamentary authority.

13. In regard to cruisers, it was stated in the White Paper of March last that our aim was to increase the total from about 50 to 70, of which 60 would be under-age and 10 over-age, and that 5 cruisers would be included in the 1936 programme. Later, a measure of acceleration was deemed necessary, and the number of cruisers in the 1936 programme was raised to 7. It is anticipated that 7 will be included in the 1937 programme.

14. Some acceleration was also decided upon in the construction of aircraft carriers. Two of these vessels, instead of one as originally contemplated, were laid down in 1936, and two further vessels of this type will probably be included in the 1937 programme.



15. The result of this increased building programme upon Navy Estimates may be indicated by a consideration of the average cost of the new construction programmes in recent years, the figures being those of the complete cost of all vessels laid down in any particular year. The average cost for the years 1931-4 was less than £12 millions, but the cost of the 1936 programme, including the measures of acceleration referred to in the preceding paragraph, will be nearly £50 millions. It is contemplated that the cost of the 1937 programme will be substantially higher.

16. In addition to new construction, heavy expenditure must also be incurred in modernising existing vessels. This applies, not only to capital ships, but also to cruisers. The provision of improved anti-aircraft defence is required. At the same time the acquisition in sufficient quantity and proper quality of the ammunition, fuel, stores and various equipment of all types which the Navy requires has also to proceed.

17. The programme will involve a further large increase in the strength of the personnel of the Navy, as well as expenditure on the provision or adaptation of new quarters, and on important new works services needed in the Dockyards and other Naval Establishments, more particularly in connection with storage for ammunition, oil fuel and other reserves.

18. The Fleet Air Arm is being substantially increased in numbers of aircraft, and considerable measures of re-equipment are also necessary to keep pace with the evolution of more powerful types.

#### IV.

##### THE ARMY.

19. It was stated in the White Paper of March last that the only increase in the number of fighting units in the Regular Army then proposed was the creation of four new battalions of infantry. These units are required for maintaining our overseas garrisons. Two of them are to be raised in the near future. Certain additional increases are necessary. These include two new Army Tank battalions, one of which will be raised in the near future, and certain ancillary troops necessary to enable a modern force to operate effectively in the field.

20. While recruiting has already shown some slight improvement, it has been decided to adopt certain measures designed to improve conditions in the Army and to make the Service more attractive. Details of this scheme will be announced shortly. The adoption of these measures will bring about a considerable increase in normal maintenance costs, as a result of the increased numbers which it is expected will be borne on the strength, and of the additional expense arising from the measures designed to stimulate recruiting.

21. The main increase in expenditure on the Regular Army falls, however, under the heading of equipment. Viewed from the standpoint of the variety and extent of our Imperial responsibilities, or of comparison with continental forces, our Regular Army is small in numbers. It is, therefore, all the more important that its equipment and organisation should be brought up to the highest standard in all respects. Accordingly, steps are now in active progress for the modernisation of the equipment of the field artillery, infantry and all branches of the service. The progress of mechanisation, involving the provision of a complete system of motor transport and of armoured vehicles of all types, is being accelerated. The requirements of modern war demand the accumulation of immense reserves of ammunition to cover the first months before productive capacity can be increased, and the necessary arrangements for this provision are being made.

22. For the time being the urgent needs of the Regular Army have had to take priority over those of the Territorial Army. But in any survey covering a period of years account must be taken of the requirements of the latter, more especially since the training of the Territorial Army is at present severely handicapped by the lack of modern equipment. Plans are being drawn up to remedy this situation, and steps will be taken, as soon as the supply position permits, to enable the Territorial Army to train with the same types of weapons as those with which the Regular Army is equipped.

23. During the next few years it will be necessary to make provision in Army Estimates for heavy capital expenditure on works services in order to bring barrack accommodation up to modern standards and to provide the additional storage, workshops and buildings required for modern mechanised forces.

## V.

### THE AIR FORCE.

24. It was stated in the White Paper of March 1936 that the prime function of the Royal Air Force is to provide an effective deterrent to any attack upon the vital interests of this country whether at home or overseas. It may be added also that in recent years the range and performance of modern aircraft have undergone rapid development and this country has become increasingly vulnerable to air attack. The strength of the Royal Air Force has become a matter of paramount importance, and no effort has been or is being spared to bring that Force up to the strength and standard of efficiency which His Majesty's Government deem requisite for our safety. This aim entails both substantial expenditure of a capital nature, and a large increase in recurrent costs. The programme for the Royal Air Force includes the acquisition and preparation of large numbers of new aerodromes, with the building of over 75 operational,

training and other stations at home and abroad. The increase in the number of squadrons entails corresponding additions to the capacity of training and other ancillary establishments generally. The personnel of the Force has already risen from 31,000 in 1934 to over 50,000 in 1936, while a further large increase is contemplated in the coming financial year.

25. As regards equipment, the main requirement of the Royal Air Force consists, of course, of the very large numbers of airframes and aero-engines necessary to equip the new squadrons and to provide sufficient reserves to ensure that the first-line strength can be adequately maintained on active service. Further, the development of new types, which is constantly proceeding, tends to result in the production of more efficient, but at the same time more costly machines.

26. Other items required by the programme of expansion include the provision of specialised equipment for aircraft, stores of bombs and other ammunition, adequate reserves of fuel, additional motor transport and the storage accommodation required for reserves of all kinds.

27. It must be appreciated that the scale of expenditure on the maintenance of the Royal Air Force which obtained before the present measures of expansion were put in hand will be very largely increased to provide for the future upkeep of the Force, even when the initial expenditure on the expansion programme has been met.

## VI.

### RESERVE FACTORY CAPACITY.

28. The measures briefly referred to in the preceding paragraphs would not, however, suffice to meet the needs of the Defence Services, unless adequate preparations were made in peace time to ensure a sufficient supply of munitions and stores in time of emergency. For this reason, steps are being taken to build up what has come to be known as a "war potential." Thus in the aircraft industry, over and above the expansion of the capacity of the existing aircraft firms, steps have been taken to build "shadow" aircraft factories. These factories will be available in any emergency to provide aircraft in large quantities, and since they will be used in the first instance to supply aircraft required for the expansion scheme, the engineering firms who are co-operating in the scheme will thereby gain invaluable experience in the technique of aircraft manufacture.

29. The same principle is being adopted in regard to the supply of other types of munitions. Extensions of plant are being laid down by firms not normally engaged on the production of munitions, and the orders placed with these firms fulfil the double purpose of making good existing deficiencies, and of providing means for the rapid

expansion of output in war time. These extensions of capacity are being made under arrangements which ensure their retention over a period of years, after the existing orders have been completed, in a form capable of rapid turnover to munitions in the event of emergency.

30. In making plans for the industrial resources required by the Forces it is necessary to have regard to the risks of air attack. Steps have been requisite in various instances to ensure that sources of essential supplies are sufficiently dispersed, and in some cases a degree of duplication of essential services is necessary even at the cost of some increase in expenditure.

31. A number of new Government factories for the manufacture of explosives, and for the filling of shells and bombs, are being built or planned. These factories represent in part the removal to safer localities of existing establishments, and in part the additions required to bring capacity up to the increased needs of the three Services.

32. Steps are also being taken to see that national establishments and industries, vital to the Defence Services, are not paralysed by the shortage of certain essential raw materials. The accumulation of essential reserves for these and other purposes is in hand, and will of course involve very substantial expenditure. The provision of adequate supplies of fuel of the types required by each of the three Services and for civilian needs, as well as their protection and replenishment in the event of war, have received special consideration.

## VII.

### HOME AND OVERSEAS DEFENCE.

33. The needs of Home Defence now require a number of specific measures, each of much importance. Foremost among these is the provision of anti-aircraft defence. Two divisions of the Territorial Army have been re-formed and greatly expanded for this essential service, and further expansion is to take place during the forthcoming year. This expansion involves the provision of new Territorial Army headquarters in many districts hitherto largely unrecruited, in addition to the modernization and in some instances entire replacement of existing drill halls. New and more efficient types of guns are being manufactured, together with large numbers of searchlights and other equipment, and reserves of ammunition are being accumulated. Balloons and equipment for balloon barrages are being manufactured. Plans are being made to ensure that the organisation for air defence will be readily adaptable to meet whatever type of air attack this country might be called upon to face.

34. Amongst arrangements for the protection of the civil population against air raids, stocks of respirators and other equipment are being accumulated to provide against the contingency of gas attack. The preparation of local schemes of air raid precautions and

the organisation of the necessary personnel for air raid services are now being undertaken on an increasing scale throughout the country. His Majesty's Government have undertaken to provide instruction of the police and other personnel so as to make them capable of acting as instructors in anti-gas measures in their own areas. One anti-gas school has been in operation for almost a year, and in order to cope with increasing requirements in this respect a second school is now being established.

35. The fire risks from incendiary bombs dropped from aeroplanes present a problem which is beyond the capacity of normal peace time fire brigade organisations. Arrangements are being planned to accumulate the additional fire-fighting appliances required to meet this risk, and to train reserve personnel.

36. The defences of our overseas bases also require additions to meet the menace of attack from the air, and increased protection will be provided at important ports abroad in the form of anti-aircraft batteries and searchlights. In addition, the modernisation of coast defences at home and abroad will involve considerable expenditure.

## VIII.

### ESSENTIAL CHARACTER OF THE PROGRAMME.

37. It will be seen that the programme which must be carried out before our defences can be restored to a level of safety covers a wide range. It includes the provision of great quantities of material for all three Services, in the form of ships, guns and ammunition, aeroplanes, tanks and equipment of all types. It also involves large additions to the personnel of the Services, and heavy expenditure on the purchase of land and the erection of buildings, barracks, workshops and arsenals.

38. To enable this programme to be carried to a successful conclusion, arrangements must be made with industry for the extension of its capacity to supply munitions for the Defence Services. The development of air power has raised entirely new problems of defence both at home and abroad, requiring not only increased quantities of the obvious defensive weapons and equipment, but also a certain amount of redistribution and dispersal of resources, all of which naturally adds to the cost.

39. From the outline here sketched in, the formidable nature of the task confronting His Majesty's Government is apparent. Since they first embarked upon it, the conditions which governed its extent and pace cannot be said to have become more favourable, and at present at any rate there would in the view of His Majesty's Government be no justification for any reduction or slowing down of the programme. It is their firm belief that in the form here presented it is a contribution indispensable to peace, and one which it is the duty of the people of this country to make.

## IX.

### THE COST.

40. As stated in the Memorandum on the proposed Resolution dated the 11th February, 1937 (Cmd. 5368), it is not practicable to state the total cost of a programme which it is intended to spread over a period of years, and which will necessarily be subject to substantial modifications as conditions change. Nevertheless, some indication can now be given of the order of magnitude of the expenditure which must be contemplated.

41. Taking into account the rapid growth of defence expenditure in the last two years, and the fact that an appreciable time necessarily elapses between the date when increases in capacity are laid down and the date when full production is achieved, it is probable that the level of expenditure over the next two or three years at least will be very much heavier than in the current year. It is not at present possible to determine what will be the peak year of defence expenditure; that must depend on circumstances which cannot at present be foreseen, and upon decisions to be taken in future years. Taking the programme as it stands to-day, however, it would be imprudent to contemplate a total expenditure on defence during the next five years of much less than £1,500 millions.

42. Deeply as they deplore the necessity for this vast expenditure on armaments and other defensive measures, His Majesty's Government are convinced that it must be undertaken. It has been forced upon them, partly by the circumstances of the time, and partly by the long interval during which comparatively small demands have been made upon the national finances for the purposes of the Defence Forces. It would be neither practicable nor just that the whole burden of making good these deficiencies in the short period of five years should be thrown upon the taxpayer during that time, and His Majesty's Government are satisfied that, in proposing to spread a part of it over a longer period, they are pursuing a course which is fully justified both in equity and in the general interests of the nation.

*February 16, 1937.*

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