

THE Servant of India

Editor: S. G. VAZE.

Office: KIBE WADA, BUDHWAR PETH, POONA CITY.

VOL. III., No. 17.]

POONA—THURSDAY, MAY 27, 1920.

[ANNUAL SUBSN. : RS. 6

CONTENTS.

	PAGE
TOPICS OF THE WEEK	193
ARTICLES :—	
The British Budget	195
A Reoantation	196
SPECIAL ARTICLES :—	
Meston Committee's Report. By Professor V. N. Godbole, M. A.	197
The Treaty with Germany.—II. By Professor V. G. Kale, M. A.	199
A LETTER FROM LONDON	201
CORRESPONDENCE:—	
The Land Tax. By A Student of Economics	203

TOPICS OF THE WEEK.

THE *Hindu*, which not long since preferred the Governor to remain president of the reformed council, now rends the air with the cry that the Governor can, under the proposed rules, interfere on occasion with what should be solely within the jurisdiction of the president. The provision is one which will, in the judgment of our contemporary, rob the popular legislature of all power conferred upon it by the Act. We confess we find it a little difficult to follow the reasoning. We are at a loss to know why an arrangement which is most conducive to the growth of popular power when the Governor has entire control of the business of the council becomes so subversive of it when the Governor can only regulate the procedure with respect to certain matters from outside. We have already expressed our disapproval of the draft rules in regard to some of the points to which reference is made by our contemporary, but there is no need to criticise them in the way the *Hindu* is doing in its new-born enthusiasm for the prerogatives of the legislature under the new constitution.

THE only ground on which a question can be disallowed is that it relates to a matter which is not primarily the concern of the local Government. No one can quarrel with this provision, and it must not be regarded as involving any deduction from the power of the council. The power of disallowance is wider in regard to resolutions and must be curtailed so as to be brought into conformity with the standing orders of the Bombay Council. Under them, as we explained in our last issue, the Governor does not come in at all in respect of questions and resolutions; the power

of disallowing or amending (the latter is peculiar to the Bombay rules) questions or resolutions is vested in the president. In regard to motions of adjournment with a view to the raising of a debate on a definite matter of urgent public importance, it must be remembered that they belong to the class of general resolutions, and if they did not refer to urgent matters, would need the usual notice and come under the disallowance power given under Rule 23. The motions for adjournment which are now possible under the rules fall in a different category and have no bearing on the subject we are now considering. The power of calling attention in this way to an urgent matter is new to the Indian constitution, and any limitation imposed upon it cannot rightly be regarded as the partial withdrawal of any right already conferred in its fulness. What we have said so far in regard to the provincial council also applies to the legislative assembly or the Council of State.

RULE 19 (2), in regard to the introduction of Bills either in the provincial or central legislature, is as follows:

If the Bill is a Bill which under the Government of India Act requires sanction, the member shall annex to the notice a copy of such sanction, and the notice shall not be valid until this requirement is complied with.

The comment of the *Hindu* on this is that "they (the Governor and the Governor-General) can further refuse permission for the introduction of Bills in practice on all important subjects—a power which they have not under the Minto-Morley Act and Rules thereunder." Of course, no authority is cited for this statement. If private members become so helpless in respect of this matter, it is at least clear that it is not the effect of the rule quoted above but of the Act, for the rule does nothing more than carry out what the Act prescribes. But there is no need to conjure up such frightful results. The Bombay rule leaves no room for doubt. It runs:

If a motion for leave to introduce a Bill is opposed, the President, after permitting if he thinks fit a brief explanatory statement from the member who opposes and from the member who moves the motion, may without further debate put the question thereon: if leave to introduce the Bill is granted, the Member who gave notice of the motion shall forthwith introduce the Bill.

WE are unable to see any justification for Rule 3 empowering the Governor or the Governor-General to nominate a panel of four chairmen to preside over the provincial or central legislature

in the absence of the president and deputy president. If the Act requires the election of the deputy president from the outset and of the president is the first four years of the new régime, it follows that the chairmen who are to take the chair only when the president or deputy president is absent should be elected by the legislature. In England if the Speaker is unavoidably absent, his duties are performed by the chairman of ways and means, who and the deputy chairman are appointed by the house. In regard to the appointment of chairmen of standing committees, the rule is that the committee of selection nominates a chairmen's panel, who appoint from among themselves the chairman of each standing committee.

REFERRING to the concluding passage of Mr. Sastri's article in the *Citizen*, in which he criticised the policy of non-co-operation in respect of the Turkish terms of peace, the *Tribune* says that "in these words Mr. Sastri sums up not only his personal attitude in this matter, but the general attitude of the bulk of the non-Muslim community in India." This is, we think, a correct measure of the situation. There are, of course, a few organs of public opinion, which are not particularly noted for their sense of responsibility, which represent as if the whole of India was behind the non-co-operation movement. Mr. Tilak's vernacular paper, for instance, disapproving Mr. Gandhi's advice not to act in an individual capacity before the Khilafat Committee had determined upon concerted action, commends the resignation by Messrs. Yakub Hussain and Bhurgri of their membership of the council, but it has no word to offer to those who look up to Mr. Tilak for guidance in this matter. The *Mahratta* also, which till now was a warm advocate of non-co-operation, almost resiles from the position as occasion for action draws nearer. In spite of Mr. Shaukat Ali's repeated assurances that Mr. Tilak has promised active support, we shall be very much surprised if the movement counts many adherents among the Deccan Nationalists—if any action is expected of the adherents.

MR. PAL too is daily becoming more sensible of the risks attending the non-co-operation movement and expresses thinly disguised disapprobation of the inauguration of the movement in the present circumstances. Desiring to lead Mussulman feeling into other channels, he asks the Muhammadans to try for a reconstruction of the Ottoman Empire upon a federal basis, or a free commonwealth of the people of western Asia with Constantinople as the seat of their federal or imperial Government and with Khalifa as the constitutional head of it. This requires the education and organisation of the world opinion in favour of this solution, and, Mr. Pal says, "this must be our first duty under the changed circumstances brought about by the terms of the Turkish peace settlement" We are not sure that the Muhammadans will be in a

mood to appreciate the far-off ideal which Mr. Pal sets before them in the first agony of their grief at the collapse of the Turkish Empire. But if Mr. Pal's desire is that the Muslim brethren should desist from the movement of non-co-operation, it would be better for them to tell them so.

AT the annual Home Rule conference held recently in Poona, Mr. Tilak's party bodily adopted the draft programme which was published over the signature of Mr. Tilak some time ago. A speaker made a pointed reference to permanent settlement, and said that the Deccan Nationalists had pinned their faith to it. Every other item is preserved intact, and we do not know that the omission of the separation of judicial and executive functions, which we were inclined to think was due to inadvertence, has been supplied. Mr. Tilak said that the conference would consider the question as to whether his league should participate in the Khilafat movement, but the conference broke up without deciding the issue. The very fact, however, that the League is engaged in nominating its own candidates for council election immediately on the break-up of the Ottoman empire, shows clearly that it does not contemplate any action in pursuance of the non-co-operation policy. The least that a potential non-co-operator can do at the present time is to shut out from his mind all thoughts of council elections.

MR. V. P. MADHAVA RAO is for an immediate repeal of the Government of India Act, from which he expects nothing but an alternation of popular violence and bureaucratic repression and the resulting misery and disorder on a wide scale. We must admire his candour and hope no attempt will be made to minimise the significance of his counsel. Mr. Pal is far less pessimistic; if he sees no merit in the Act, he at any rate does not apprehend such serious results. No wonder if Mr. Madhava Rao, who ought to suggest correspondingly stronger action, is not content with anything less strong than what Mr. Pal proposes. It is only to be expected that the Liberals who are out to make the Act a success should be characterised as the allies of the bureaucracy. It is the stock-in-trade of every Nationalist journal; and we have grown fairly accustomed to it. It was reserved for Mr. Madhava Rao, however, to compare the Liberals who are willing to work the Reform Act to the Indian officials who, in the Punjab tragedy, practised unspeakable cruelties upon the people and who, along with Dyer, Johnson and others, are recommended for a dismissal by the Congress Commissioners! A budding Nationalist has called the Liberals Rakshasas and *matrigamins*; and the leader of the Congress deputation, vastly his superior in age, cannot be outdone by a mere stripling. Such is the depth of the degradation which Nationalist public life has reached. The *Kesari*, Mr. Tilak's paper, is even excelling itself in its attacks on Mrs. Besant.

THE BRITISH BUDGET.

THE leading characteristic of the budget proposals contained in Mr. Austen Chamberlain's financial statement is undoubtedly their unexampled courage, as every member hastened to assure the Chancellor of the Exchequer. They demonstrate the extraordinary resilience and resourcefulness of British finance. Never before did responsible minister of any country impose such a huge burden upon a people and never before did people make such a heroic sacrifice. The task before England was not merely to make things balance, but to liquidate an appreciable portion of her national indebtedness, which is such a serious drag upon her future progress. This year she proposes to reduce her debt by £234,000,000, and this is done by taking a pretty big slice out of large incomes. What proportion a rich man has to give up in taxes will become clear from the following observations of Mr. Chamberlain: "Take a man with an income, then, of £26,000 a year. He pays 13s. out of every 20s. in these three taxes to the State, and he gets 7s. for himself. On an income of £50,000 he pays 14s. out of every 20s. to the State; on £100,000 he pays 15s. 3d., and on £150,000 he pays practically 16s. out of every 20s. to the State." The three taxes are the Income Tax, Super-tax, and Death Duties. They, together, no doubt constitute "a terrific contribution," but there are more taxes besides, the chief among which are the Excess Profits Duty and the Corporation Profits Tax. The latter is a new tax levied at the rate of 1s. in the £ on the profits and income of concerns with limited liability, engaged in trade or similar transactions. It is subject to the limitation that "in no case is it to exceed one-tenth of the sum available as dividend or reserve for the benefit of the shareholders after deduction of fixed charges in the nature of a fixed debenture interest or a fixed preference interest on debenture and preference shares already issued." Although linked to the Excess Profits Duty this is to be a permanent tax, and therefore is in the nature of the Income Tax. It is a most valuable addition to the financial armoury. The *raison d'être* of this tax is to be found in the evasion of the Super-tax in regard to profits first placed to reserve and subsequently distributed in the form of bonus shares. It may, therefore, be regarded "as a composition in lieu of Super-tax." As Mr. Asquith said, "in principle it is a thoroughly sound tax." The Excess Profits Duty is raised from 40 to 60 per cent., and the addition is expected to yield £10,000,000 this year, £65,000,000 next year, and £25,000,000 the year after; that is, it will produce £100,000,000 altogether. The proposed enhancement is subject to the proviso that a levy is not made on the increases in war wealth. No elaborate argument is needed to justify the addition. As a matter of fact, the Government made a great mistake in lowering the duty last year. For the conditions of supply and demand still remain such that the producers are in a position wholly to com-

mand the market: "There is such a condition of scarcity as practically gives a monopoly in great areas of production, or all the conditions of monopoly as regards prices in great areas where in normal times there is acute competition. In other words, the demand so far exceeds supply that there is no competition. The buyer will pay any price that the producer will charge. He is prepared to pay. That is what forces prices up." In these words Mr. Chamberlain described the present conditions, and of course it is notorious how in several quarters the necessities of the country were exploited during war time and are being exploited at present. If the accretions of war wealth are not to be intercepted, it is but fair that they should be subjected to a high rate of the Excess Profits Tax.

Though, without doubt, this represents a prodigious effort on the part of England, the Radical members of Parliament are not entirely satisfied with it. They maintain that the war liabilities should be met by a levy on war wealth or by a general levy on accumulated capital. They complain, in the first place, that too much reliance was placed upon borrowing during the continuance of the war, and sufficient use was not made of the enormous financial resources which England had at her disposal. As Mr. Clynes said, in some years of the war she borrowed as much as 16s. of every £ she had to spend. This was, in their opinion, unnecessary, but whatever view one may hold about that policy, the Radicals contend, that now the whole of the financial resources should be applied to the redemption of the debt accumulated during the years of the war, and instead of liquidating these liabilities by small amounts in a generation or two, the country should pay them off either by using a portion of the wealth made during and on account of the war or by using, only for once, a portion of the general capital reserves. Being a debt piled up in a few years, they maintain that it should be done away with in one stroke or very speedily. Both these proposals are no doubt of a radical character, but they must not be summarily dismissed. Mr. Bonar Law admitted a year ago that the proposal for a levy on capital deserved serious consideration and the Government are now themselves considering a levy on war wealth. The latter impost is certainly more just, though the former is easier to assess and collect. "A general capital levy," in the words of Mr. Chamberlain, "strikes with the same proportion everywhere, the man who has lost, the man who remains in the same position as he was, the man who has gained, and perhaps gained enormously," while a levy on increases of war wealth mulcts only those who have realised enormous profits out of the war. As the Chancellor of the Exchequer remarked:

We are not richer after the war than we were before; we are poorer. But there has been a great redistribution of wealth. The financial sacrifices demanded by the war have fallen unequally. It is not as a moral judgment that I should suggest that we should seek on the individual profits of particular persons in attempting to assess a levy on increases of war wealth; it is some approach to an

equalisation of war sacrifice. You do not get it by a general capital levy. A general capital levy goes directly counter to it, but if you take after making, I will say not only a fair, but a generous allowance for saving and such as may cover to a large extent such an abnormal circumstance as, say, the value of money, if you then say, that allowing for all these things here where the great bulk of the community are worse off, certain people by good use of opportunities which they were fortunate enough to possess, became very much better off, is it not fair, if you can collect your tax, that some greater sacrifice should be asked from those fortunate people than from their less fortunate or actually unfortunate neighbours?

Coming as this does from the Chancellor of the Exchequer, the above may be taken to be a complete justification of a levy on war wealth. The alternative proposal of a capital levy will have the effect, in Mr. Chamberlain's judgment, of exaggerating the hardships which war has brought, but it is doubtful if he has at all considered the proposal seriously in all its bearings. The scheme for the taxation of reserve capital is something like this, that "persons worth less than £1,000 will be exempt; those worth between £1,000 and £5,000 will be taxed lightly, and the scale will rise by degrees right up to the millionaire; big fortunes will be taxed very heavily." If the rate of the levy is thus graduated, the argument from unequal incidence loses much of its force. Again, there is no essential difference, in so far as incidence is concerned, if the people pay off the debt with a portion of their capital and if they pay interest and sinking fund out of their income. The only difference is that by the former method you do quickly what you take a long series of years to achieve by the latter. It is objected that it will diminish the capital in the country just at a time when it is wanted most for stimulating production, but it need have no such result. The capital will be there; only it will pass hands. As it was put some time ago by a prominent Labour member, it will only transfer the title-deeds from the individual to the Government. The practical objections that are taken to this tax, that it would be difficult to realise it and that it would result in securities being thrown on the market when there are no buyers to purchase them, etc., have been answered and a feasible scheme has been drawn up. The proposal for a capital levy cannot, therefore, thus be lightly put away. The chief complaint, however, against the budget is that the "demobilisation of the bureaucracy" is not proceeding at a sufficiently rapid pace; in other words, that it does not effect the drastic economies in expenditure, especially in Civil Service estimates, which are now absolutely necessary.

A RECANTATION.

WHEN a man who has been preaching one set of extreme opinions for some time begins to preach the exact opposite, he is naturally suspect. He cannot complain if his motives are rather closely examined. It may even be that unworthy or selfish motives will be attributed to him. He will have to live down his recantation for some consi-

derable time before he is believed. Such, we are afraid, is bound to be the case with Mr. Har Dayal, whose recent book "Forty-four Months in Germany and Turkey" has been lying on our table for a couple of months. But the book is so remarkable that even with all possible discount it is bound to give ample food for thought; and we recommend a perusal of it to all who are tempted to entertain opinions because they appeal to their feelings, and not because they appeal to their reason as being founded on facts.

Mr. Har Dayal was one of the brightest products of the Punjab University and went to Oxford with a Government of India scholarship about ten years ago. Being a very sensitive man, he felt the degradation of foreign rule very keenly and began to hate England not wisely but too well. He resigned his scholarship after a couple of years as he considered it a sacrifice of his self-respect to be in the least indebted to what he called the oppressors of his country. He imbibed more and more extreme opinions, thought Shyamji Krishna-varma too moderate, and finally turned an anarchist. With the single idea of doing harm to the British and trying to end their rule in India, he apparently fell into very questionable company. At the outbreak of the war he thought his chance was come. Germany as the enemy of England was in his opinion destined to be the saviour of India. That Turkey was the ally of Germany was so much more fortunate as in that case he could get the Mahomedans to acquiesce wholeheartedly in the success of Germany and Turkey. Thus early in the course of the war he found his way to Berlin where he appears to have been received with open arms by the German Government and to have been made use of to help their propaganda among the Asiatic subjects of Britain and France. But he found the Germany of his fancy altogether unrecognisable in the Germany of actual sober fact in Berlin. The result was that he felt constrained to change his opinions and then came under suspicion. He was not allowed to leave the country for a long time, and he says he had "to resort to falsehood and dissimulation in self-defence, and I look back upon that time as a period of utter degradation." At last after some trouble he reached Stockholm in October, 1918, and severed all connection with Germany by voluntarily returning his German passport to the German Legation there in February, 1919. In the early part of his career in Germany he spent a few months in Turkey and thus he can speak from personal experience of both Germany and Turkey during these stirring times which are calculated to show the people in their true colours. Allowing for the violent reaction from which he was suffering, his views should be studied by Indians. We know that there have been a small number among the people of this country, who at the back of their minds entertained feelings akin to what Mr. Har Dayal held in the beginning. Their idea was that Indians were at the lowest rung of the ladder of national degrada-

tion and any change—even a change from British to German or Turkish rule—would be a change for the better. Mr. Har Dayal explodes such views once for all and is now a confirmed believer in the progress of India under the ægis of Britain.

To those who have seen Germany at close quarters some of his new opinions would not be at all surprising. With all their intellectual ability the Germans as a race are eaten up with imperialism, have an overweening idea of their own superiority and are thorough believers in the gospel of force. Towards non-Germans they do not behave as human beings, they cannot enter into their ideas, they are hardly willing to credit them with ordinary human feelings. "Despotism, bureaucracy and caste are the foundations of German society." There is no freedom in Germany, and people who have once tasted the free atmosphere of England or America are unwilling to return to their fatherland, however often they may toast it; for as a merchant said: "But England has much better political institutions. There, in London, I am I (Ich bui ich), but here . . ." "The history of Germany during the last fifty years," says the author, may be described as the tragedy of a whole society. The nation is utterly sick in head and heart. "It has lost its wits and it has killed its conscience. 'When the Gods destroy, they first make mad.' It will take a very long time to restore this demented and demoralised people to health and sanity."

In these days of very strong feeling for the Turks and the Sultan as the Mahomedan Caliph, Har Dayal's remarks on Turkey sound almost sacrilegious. But his words breathe sincerity. The Turks, he tells us, are altogether an inferior people. They can fight but cannot organise or rule. During over four hundred years that they have had a powerful European Empire they have produced no great literature, no great leader of thought, no great man of science. All the countries over which they ruled have been suffering from a permanent blight. "Turkish rule has been characterised by the grossest corruption, oppression and disorder." Massacre and rape form the main ingredients of the Turkish system of rule; "it is pure, unadulterated Ottoman savagery, worthy of Chengizkhan and Halaku." Indians, says Har Dayal, make a great mistake in identifying Islam with Ottomanism. The Turks also, although they occasionally flatter the few Indian Muslims in Constantinople, really despise all others. They will not risk anything for other Muslim peoples. "The Muslims of India and Egypt must realise that they worship a false idol when they waste their sympathies on Turkey as the head of Islam."

Finally, says our author, "the dissolution of the British and French Empires in Asia and Africa would result only in a change of masters for the people of those regions. The weak and disorganised oriental nations cannot establish or maintain free national States in this era of armed imperialism. They must live and die as friends

and *protégés* of the great Powers. Under these circumstances English and French imperialism is a thousand times preferable to German or Japanese imperialism. The English and the French have free institutions at home; and they are morally the most advanced of all the great nations of the world. The peoples of Asia and Africa must make common cause with these two nations and try to assimilate their culture and ideals." "The Muslims of India and Egypt should lay aside their religious bigotry and work with the English and the French for the acquisition of modern citizenship. Religion is a private affair in the modern world. . . . The Caliphate is in liquidation. They should give up the dreams of Pan-Islamism, and set to work as loyal British and French citizens to raise themselves to the level of European civilisation."

Some of these remarks may appear unkind. Some will even think that the author has changed so entirely in order to make his return to India possible with all his past. But it is good to learn even from a tainted source. From all accounts Mr. Har Dayal is, or has been till very recently, sincere. He may be exaggerating, but the views that he puts forward require careful consideration and should not be brushed contemptuously aside. His present estimation of the British may require some discounting with the recent experiences of the Punjab. But this at any rate can be safely said that for one Jallianwalla Bagh under the British and one General Dyer there would have been a hundred under German or Turkish rule in this country. People have not yet forgotten the "no quarter" speech of the ex-Emperor when he bade adieu to "the mailed fist" in the form of Count von Walderssee on his mission of revenge in China at the time of the Boxer rebellion. The words of the famous German, "Scrach a Russian and you find a barbarian," apply with tenfold force to the Germans and the Turks, though perhaps even the little scratching is not necessary in these days of unabashed imperialism. Hence it is right for us to see that any steps that we take in the course of our political struggle are not calculated at any rate to throw us from what some people perhaps regard as the frying pan of British rule into what is assuredly the fire of German or Turkish rule.

MESTON COMMITTEE'S REPORT.

THE Committee advises that the whole of the income tax should be credited to the central Government, and it accepts as valid the arrangements given in the Montagu-Chelmsford Report in favour of such a division. Bombay is the only province which objected strongly to this arrangement as it was reluctant to hand over to the central Government a head of revenue which has shown itself to be a rapidly improving one. Another ground for retaining the income tax as a provincial head in Bombay which was urged by that Government was that large commercial activities which were

responsible for the great yield of the tax were in the main provincial.

The second argument we reject as groundless. Much of the commercial activity in Bombay is the result of its having the first port in India within its jurisdiction, which is a matter of mere chance. Besides, the commercial activity of a province is due to the general sense of security for which the provincial Government is not in any special sense responsible. There is, therefore, nothing to justify the Bombay claim for one-half of the receipts from the income tax.

The Committee has recommended that general stamps should be made a provincial head even if it increases the deficit of the all-India budget. We think it immaterial which head is provincialised and which is handed over to the central exchequer as long as the complete separation of the finances of the central Governments and those of the provincial Governments is adhered to. If this recommendation is accepted and four crores are transferred to the provinces the total deficit of the central Government works out at the figure of ten crores. This sum has to be distributed between the different provincial Governments in order to arrive at an equitable percentage of initial contributions to be made by the provinces. The Committee regards as vital the obligation to have each province with a reasonable surplus on the basis of its present financial position as to revenue and expenditure. This is as it should be. It is no use burdening the provinces with contributions which would leave them in a precarious position with regard to the undertaking of necessary reforms. Already certain provinces are living from hand to mouth, and an excessive contribution would handicap them at the start.

The report points out that the initial contributions are bound to be arbitrary and inequitable. We can easily see eye to eye with the signatories of the report; because the theoretical equitability would make a revolutionary change in the existing figures of revenue and expenditure of the various provinces. Besides it would be difficult to arrive at an equitable contribution without knowing what the normal expenditure would be. Because a province has shown laudable economy during the war, it would be unjust to regard its present scale of expenditure as the basis of calculation. To quote from the report, "ought a province to be penalised by an increase of its contribution for strict adhesion to economy during the war, while another province which has increased its expenditure more freely is rewarded by a reduced contribution?" Secondly, even the normal revenue is difficult to calculate when there are many heads of revenue which are giving an elastic revenue from year to year and the income from which is liable to all the vicissitudes of a period of economic disturbance and unsettled exchange with foreign countries. Take for instance the revenue from excise; it might possibly jump up by leaps and bounds or, in the hands of a minister who is a champion

of 'dry India,' might shrink to a small figure. In order, therefore, that there should be a minimum of disturbance in the existing financial arrangements, it is necessary that the ideal of an equitable distribution should be abjured.

As all the provinces gain in revenue by the classification proposed in the M.-C. Report the Committee has thought it just that they should be asked to give part of it back to the central Government in the form of contributions. The Committee especially urges that new increment of revenue is a windfall due to the desire to secure to the provinces more freedom from the tyranny of centralised finance. The central Government, in view of its foregoing a part of the revenue, has a right to expect the provinces to make up its deficit which is caused not by any fault or deficiency of its own, but by the necessity of the decentralization system inaugurated by the Reform Scheme.

We think the Committee is right in its justification of the initial contributions. Considering that the Committee itself proposes that these contributions should be extinguished after a few years the case for the initial contributions is very strong. On the basis of statistical information placed at its disposal the Committee has arrived at the following figures of increased spending power accruing to the different provincial Governments under the new scheme:—Madras 6 crores; Bombay 1 crore; Bengal 1 crore; U. P. 4 crores; Punjab 3 crores; Burma $2\frac{1}{2}$ crores; Bihar $\frac{1}{2}$ crore; C. P. $\frac{1}{4}$ crore; Assam $\frac{1}{2}$ crore (the figures are approximate). Accordingly, they recommend that the contributions should be respectively $3\frac{1}{2}$ crores; $\frac{1}{2}$ crore; $\frac{1}{4}$ crore; $2\frac{1}{2}$ crores; 2 crores; $\frac{1}{2}$ crore; Nil; $\frac{1}{4}$ crore; $\frac{1}{2}$ crore.

On behalf of Burma and Bihar and Orissa it has been urged that the provinces, being infant provinces are committed to a larger scale of expenditure on account of administrative conveniences in which they are behindhand compared to the other provinces. Accordingly, Bihar and Orissa is left altogether exempt during the year 1921-1922 while Burma is made to pay only about $\frac{1}{4}$ of the increased resources vis-à-vis the other major provinces which pay roughly 60 per cent of their increased resources. Similarly, C. P. and Assam are made contribute about 40 p. c. instead of the 60 p. c. contributed by the major provinces. The latter two are said to have a small margin and to have a greater need for development.

This special treatment of the four provinces is, in our opinion, based on a vicious principle. It can only be justified on what has been styled the 'joint family system' in Indian financial arrangements of the past few decades. But both on grounds of equity and on the ground of the development of a sense of responsibility, the taxing of the major provinces in order to assist the infant provinces is objectionable. In emergency such provinces might be given assistance by liberal contributions, but normally a backward province ought to develop its resources and to rely on its

own revenue. Their treatment as infants might weaken their self-reliance. The contributions from the Punjab, U. P., and Madras are very heavy, but there is a reason for it. All these provinces gain very largely by the new arrangement, and they have no cause for complaint since they are giving back a part of what may be termed an 'unearned increment' in finance. On the contrary, Bombay and Bengal having already developed their resources are not likely to have a large accrual of new income under the new, redistribution. Moreover, these two provinces contribute through customs and income tax a large sum to the imperial resources.

We now come to consider the ideal or the equitable scheme of contributions. Gradually the contributions must be so altered that the provinces would pay in accordance with their capacity to pay. Accordingly, the Committee recommend another scale of ratios which should be reached within a reasonable time. Of course, equity in these matters is as difficult to secure as the equity in taxation outlined in Adam Smith's first rule.

The Committee has tried to evaluate the indirect contribution of the various provinces through the channels of income tax, customs, salt duty, &c. But at best such a valuation is bound to be inadequate for want of statistics. The second item, namely, the capacity of a province to pay, is equally difficult to evaluate. The wealth of the various provinces has been estimated but on a very slender basis. Gross population, cultivated area, provincial revenue, amount of income tax, the amount of textile goods consumed—all these have been suggested as good measures of the general taxable capacity and the wealth of a province. After giving weight to the various factors mentioned above, the Committee has arrived at a workable gauge of the relative capacities of the several provinces. The liability to famine which largely detracts from the ability of a province to pay has also been taken into account in fixing the ratio in the computation of the standard or equitable contributions. The percentages recommended are as follow:—Madras 17; Bombay 13; Bengal 19; U. P. 18; Punjab 9; Burma $6\frac{1}{2}$; Bihar 10; C. P. 5; Assam $2\frac{1}{2}$. This scale is the one to be placed before the eyes, in adjusting the provincial budget year after year, so that after seven years the initial ratios give place to the standard or ideal ratios.

As the data before the Committee are not available to us it would be difficult to pass any judgment on these ratios. But certain general reflections suggest themselves. A province-like the Punjab with growing resources and with a progressive commercial life is made to contribute a very small percentage. Similarly, Burma seems to have been regarded as a pet child. The same remark holds good with regard to the C. P., which in our opinion ought to contribute nearly 10 per cent. Apart, however, from such minor adjustments the

general justice of the scale of contributions recommended by the Committee is undeniable.

It seems from the proposed scale and the time-limit attached to it that after seven years the equitable limit would be reached. Presumably it is going to be in operation for another ten years giving us seventeen and odd years during which time the contributions will continue to exist. This is directly contradictory to the statement made by the Finance Member in March last that the contributions would disappear within a few years as a result of the new exchange of Re.1=2 shillings recommended by the Currency Committee and to attain which every nerve is being strained. The new exchange will lead to a reduction in the home charges to the tune of some 10 crores of rupees and thus wipe out the whole deficit of the Government of India. Are we to believe the Hon. Mr. Hailey's promise or are we take our cue from the Meston Committee's Report when we forecast the future of provincial finance? A province like Bombay is vitally interested in the question of the extinction of the deficit as it requires all the money it can spare for the schemes of social reform which have long been overdue.

It may be said in passing that although all the provinces eagerly look to the time when the Government of India will cease to demand any contributions from them the provinces have no right to expect such a complete separation of finances as a sort of inalienable right. During the last few months a habit has been fostered of regarding the contributions as a sign of inferiority and as a tyrannical levy of the central Government. The habit must be eradicated. The central Government of any country has an inexpugnable right of asking the constituent Governments to contribute to the cost of the so-called federal services. In India, especially when the provincial Governments are posterior in order of time and have been almost literally created by the central Government, the system of contributions is perfectly justifiable. As long as the contributions are fixed and are equitable so that the provincial Governments know exactly where they stand and the arbitrary interference of the central Government is avoided, there is nothing to take exception to in the method of contributions.

V. N. GODBOLE.

THE TREATY WITH GERMANY.

II.

THE differences which marked the attitudes of England and France before the recent San Remo Conference, the adjustments which resulted from the deliberations at the latter, and the urgent necessity that is being felt of determining, once and for all, the amount of reparation to be exacted from Germany, go a long way in indicating the main conclusions of Prof. Keynes' book. The chief counts of his indictment are the lack of sincerity that attended the discussions of the terms of the German treaty, the utter futility of some of

the conditions imposed by the Allies on the vanquished enemy and the indifference shown towards the economic and other effects of the treaty upon the condition of Europe. When the Big Four met in Conference at Paris, Clemenceau, who had exceptionally clear ideas as to what France wanted and as to the manner in which the French aims were to be secured dominated the discussions. "He had one illusion—France; and one disillusion—mankind, including Frenchmen, and his colleagues not least." He was anxious to strengthen France against every possibility of a revival of vindictive Germany, and all his plans were laid to gain this supreme end to which everything else, the ideas of the League of Nations and self-determination included was to be subordinated. It is interesting to reflect how the high-souled and high-principled President of the United States of America could reconcile himself to what Prof. Keynes' styles as the Carthaginian Peace which is not practically right or possible and which it is difficult to square with the famous Fourteen Points. President Wilson sat in the Conference equipped with nothing but his great abstract principles and ideals and pitted against the determined and obstinate Clemenceau and the clever, subtle Mr. Lloyd George. The terms of the Treaty were so worded that the President was brought round to consent to them without, as he thought, doing violence to his conscience or his avowed principles.

Referring to the conditions of the Treaty by which Germany was to surrender her mercantile fleet, her colonies and her property and the property of her nationals outside her borders, Prof. Keynes says: "In short, not only are German sovereignty and German influence extirpated from the whole of her former oversea possessions, but the persons and property of her nationals resident or owning property in these parts are deprived of legal status and legal security." He proceeds to examine figures with regard to the pre-war output of German coal mines and has no difficulty in demonstrating how the Allied claims to coal imposed by the treaty, cannot possibly be carried out if German industry is to receive and is to contribute to the fulfilment of the other conditions laid down. He has no hesitation in characterising the transaction of the Saar as an act of spoliation and insincerity. He similarly describes the treaty provisions relating to the transport and the tariff systems of Germany as "pin-pricks, interferences and vexations, not so much objectionable for their solid consequences, as dishonourable to the Allies in the light of their professions." The Allied statesmen forgot that in exacting tariff concessions from Germany and in refusing her reciprocity, they rendered it impossible for her to conserve her limited resources for the purchase of necessaries and the discharge of reparation. The comment of Prof. Keynes on this is as follows: "What an example of senseless greed overreaching itself, to introduce, after taking from Germany what liquid wealth she

has and demanding impossible payments for the future, a special and particularised injunction that she must allow as readily as in the days of her prosperity the import of champagne and of silk!"

Even admitting that the Allies were entitled, in justice and fairness, to take away from Germany her colonies, her trade, her shipping, her coal, her gold and a large part of her territory in Europe, one fails to understand how it did not occur to them that the impoverished, demoralised and starving population of Germany would be absolutely unable to carry out the reparation terms of the Peace Treaty which would require adequate means of wealth production and of payment. And Allied ministers had been feeding their people with high hopes of recovering from Germany a good deal of the cost of the war so as to ease their burdens of national debts and the interest charges. It did not strike them that it was necessary to consider scientifically what would be Germany's capacity to pay for reparation which was put down at exorbitant figures. Mr. Lloyd George went so far as to make the German payment of reparation an election cry, and now responsible ministers are finding it no easy task to wriggle out of the impossible promises made by them to the tax-payers. Prof. Keynes devotes a lengthy chapter to an examination of the reparation clauses of the treaty and to a scrutiny of their practicability, and his conclusion may be anticipated from what has been stated above. His description of 'Europe after the treaty' ought to make all thinking people in Allied nations pause and reflect upon the present and the immediate future of Europe. Territorial adjustment and balance of European power are insignificant considerations in comparison with the economic breakdown, the starvation, the misery, the desperation and the unrest which prevail in a major part of the continent, threatening to pull down the whole fabric of western civilization. In their report addressed to the Economic Conference in Paris a year ago, the German Economic Commission uttered the following warning: "We do not know, and indeed we doubt, whether the delegates of the Allied and Associated Powers realise the inevitable consequences which will take place if Germany, an industrial State, very thinly populated, closely bound up with the economic system of the world, and under the necessity of importing enormous quantities of raw material and food stuffs, suddenly finds herself pushed back to the phase of her development which corresponds to her economic condition and the numbers of her population as they were half a century ago. Those who sign this Treaty will sign the death sentence of many millions of German men, women and children."

The pathetic appeal is, of course, open to the obvious retort that Germany has brought the retribution complained of on her head by her own wicked ambition, militarism and disregard for innocent neighbours. But the problem now is: how is Europe going to be rehabilitated? How are industry and

trade to be restored to their normal condition? How are peace and international co-operation to be re-established? Economic chaos at present reigns supreme in Europe. Transport services are disorganized, industries are paralyzed, currencies are hopelessly inflated and famine stares millions of people in the face. The task of regeneration is, therefore, colossal and the statesmanship of Europe ought to rise to a height of the crisis through which the world is passing. Prof. Keynes suggests to those who believe that the Peace of Versailles cannot stand, remedies under the following heads: revision of the Treaty; the settlement of inter-Ally indebtedness; an international loan and the reform of the currency; and the relations of Central Europe to Russia. How far the League of Nations will be willing and able to revise the Treaty in the desired directions, is a moot point. But we hope with Prof. Keynes that democratic and progressive Governments in Allied countries will show "a profounder wisdom and a greater magnanimity than their predecessors" in this regard. The wretched condition to which millions of the European and Asiatic populations have been reduced and the waves of maddened unrest which are sweeping over large populations of three continents, have already begun to open the eyes of the world to the significance of the situation. While determined to do stern justice and not flinching from all the sacrifices that would be needed for the maintenance of civilization and the restoration of peace and order, statesmen in Allied countries, must take large and liberal views and must see to it that the results of the Peace of Versailles do not belie the high hopes about the future of mankind which have been raised in the breasts of the people of the world. And we cannot commend too highly the sincerity, the outspokenness and the scientific scrutiny which Prof. Keynes has brought to bear upon his discussion of the subject of the economic aspects of the German Treaty. Politicians are very often prone to ignore the economic side of the work which they are called upon to do, and they forget that political and social developments of the deepest significance and of vital importance to their own countries and to the world in general turn upon the economic factor involved in their achievements. The book under review is a reminder of this fact, and it is to be hoped that considerations pointed out in it will have their desired effect, that, at any rate, they will make people think along the right lines.

V. G. KALE.

A LETTER FROM LONDON.

(FROM OUR OWN CORRESPONDENT.)

LONDON, MAY 6.

MISREPRESENTATION.

THE columns of the *Times* are occasionally illuminated by the comments upon Indian affairs by "a distinguished Indian correspondent." The comments are ordinarily distinguished by their acerbity and bad taste. Here are some of those

appearing in yesterday's issue. Referring to the "artificial" character of the "unity" between Hindus and Mussulmans, especially in the matter of the Caliphate agitation, the writer says:

Gandhi seems to fancy that his great principle of working unity lies in mutual aid. The Hindus should join hands with the advanced Mussulmans on the Caliphate, so that there may be reciprocity in the agitation over the Punjab disturbances. . . . Gandhi, having been defeated on the Satyagraha and Hartal stunts, is now going on a different track. The cue now is one of give and take: "I give in on one subject and you give in on another; and so we shall unite and both attain our respective objects."

After commenting upon the temporary character of such a "patched up truce," he proceeds:

The 'Great Saint' has taken upon himself to lead India—I mean the India of ignorance and prejudice. The weak of atonements is the latest synonym for a week of agitation—not of the violent and brickbat sort—to get repealed the Rowlatt Act and all the other Acts touching the Press, sedition, and so on, to which Gandhi objects. Why? So that Indians may exercise 'self-determination' and denounce the 'injustice' and 'tyranny' of British rule with the ultimate object of throwing over that rule.

It comes to this: the objects of Tilak and Gandhi are essentially the same, only their methods differ. The former—older, more astute, and more violent—would prefer to keep the Government in a condition of chronic difficulty and embarrassment. The other wants to have a revolution . . . but by what he alleges to be pacific means. The peace and goodwill he preaches, when closely examined and analysed, reveal the same spirit of aggressiveness, leading to violence.

Such are the methods of the two chief rivals for the leadership of political India. Other competitors have gone for a while into the shade—Mrs. Besant, for instance. But whichever of them wins will be no true friend of Britain or India.

The writer then leaves poor "Gandhi" in order to say a few kind words for the "Moderates" (who are naturally supposed to share his views about "Gandhi"), and he then turns his attention to the "Extremists," whom he naturally doesn't like. But why the following? "The Punjab Disturbances Report will provide the pabulum for further agitation, and the "Extremists" are likely to overreach themselves in their hot denunciation of "O'Dwyer & Co." Why? Have not the denunciations of "O'Dwyer & Co." by the "Moderates" been equally vehement? I surmise that this "distinguished Indian" lives not far from Bombay. The hand seems familiar, and I should not be surprised if I knew exactly the channel by which these remarks have secured the hospitality of the *Times*. It should not be the first occasion that this particular channel has been employed for the publication of such lucubrations from the same source, if my surmise is correct as to the authorship.

THE LIBERAL PARTY.

The orthodox Liberals, who, in Scotland, at any rate, appear to be in a majority, will have nothing of Mr. Lloyd George at any price. The Scottish Liberal Federation recently held its annual meeting at Glasgow, having previously issued a report surveying the year's work, condemning the Government uncompromisingly, but omitting with an obviousness that could not be mistaken all

reference to the Prime Minister's good works. The significance of this was not lost upon the Coalition Ministers with Scottish seats, who travelled post-haste to Glasgow in order to meet the attack and get the report referred back. Mr. Munro, Mr. Winston Churchill, Mr. Ian Macpherson, and Sir William Southerland sought to head back the unruly flock, but were singularly unsuccessful with their audience, who jeered at them impatiently, and the utmost they could do was to avoid the passing of a resolution condemning the "fusion" policy outlined by the Prime Minister a short time ago. Scotland has not forgiven or forgotten how, for the first time in its political history, it was cajoled into sending to Parliament a majority of members of conservative complexion and defeating the great Liberal divinity, Mr. Asquith. I take it that the Liberals are now trying to carry the National Liberal Federation with them. The Midlands Federation meets at Leemington soon, and strings are being pulled (to the great disgust of General Seely, who calls "a plague o' both your houses") to secure the same results as at Glasgow. Lady Bonham-Carter, meanwhile, has been providing humorous pabulum for the Liberal Party. A true daughter of her father, Mr. Asquith, whose return to Parliament for Paisley she recently secured, she has never forgiven Mr. Lloyd-George for ousting her father from the Premiership and, secondly, from the House of Commons. Speaking at Oxford a few days ago, she remarked that it was characteristic of Mr. Lloyd George that when he had sold his soul he thought he had only pawned it. He had paid lip-service to every principle in turn. He had gambled in all policies, but invested in money. He was double-jointed, mentally and morally. All this, of course, is quite good fooling, but comparable epithets have been bestowed upon the lady's revered father by quite good judges. Does it help to bring the Liberal Party together again, however? That is the question that General Seely pointedly puts to the Midland Liberals.

INDIAN AFFAIRS IN PARLIAMENT.

Colonel Yate seems to be very anxious about the present state of India, for yesterday he asked Mr. Montagu if he did not think it right that every European in India should, on such considerations, be trained to defend his own wife and family. Mr. Speaker cut him short with the terse remark that this was a matter for argument. Mr. Montagu must be heartily sick of Mr. Horniman and his affairs. Never a week passes but a series of interrogatories are hurled at his head on the subject. Mr. Lunn yesterday wanted to know whether the Government of India considered, after this lapse of time, that his return to India was still incompatible with the public safety. Commander Kenworthy asked whether Mr. Horniman would be allowed to return after peace was finally ratified. Sir W. Joynson-Hicks enquired whether peace had anything whatever to do with Mr. Horniman and his conduct. Sir John Rees was anxious whe-

ther Mr. Horniman's return would not distinctly tend to destroy peace in India. Sir Thomas Bramdon wanted to know what was the earliest occasion upon which the matter could be debated in the House. To all of these enquiries, Mr. Montagu was uncompromising. The Government of India did not want Mr. Horniman back. The Government of Bombay held the same view. The matter was one for the exercise of discretion by the Governor of Bombay. Whatever decision the Bombay Government might reach, Mr. Montagu would accept it. If members did not like that he should leave the matter to the local Government's discretion, the best thing to do was to put down a motion. As to opportunities for debate, it was not he but the Leader of the House who should be addressed on the subject. It would surely be by far the simplest way out of all the trouble to allow Mr. Horniman to go back to Bombay, for it is difficult to see how his return can affect the peace of the country, and if it should, he can be proceeded against in the ordinary course of law. Lord Meston's award, too, has also been the subject of inquiry, and Mr. Montagu has promised that the Madras non-Brahman protest will be submitted to the Joint Committee when reappointed, and that he will do all in his power to see that he receives all the information that it requires. He denied that he had sent any instructions on the subject, either to Lord Meston or to the Government of India. Last week, Mr. Montagu was put up by the Government to support the case for the Plumage Bill, whose second reading was moved by Colonel Yate. It is not generally known that Mr. Montagu is a distinguished ornithologist, for which reason amongst others, he was some months ago appointed a trustee of the British and South Kensington Museums. His interest, therefore, was naturally engaged in a question put by Mr. Gilbert as to whether his attention had been called to the alleged cruelties practised in India in connection with the obtaining of the plumage of certain birds, and inquiring what, if any, legislation on the subject had been, or would be, considered or promoted by the Government of India on the subject. Mr. Montagu replied that the export of the skins and feathers of wild birds from India was prohibited, and the internal trade was insignificant. In view, however, of the incompleteness of his information, he forwarded the question and answer to the Government of India.

CONSIDERATION OF THE DRAFT RULES.

The first Order of the Day yesterday, after questions, was a motion by Mr. Montagu for the appointment of a Select Committee of certain Members of the House of Commons to join with the Committee to be appointed by the Lords to revise the draft rules made under the Government of India Act. Colonel Malone wanted to know what opportunity, if any, would be given to the House to consider the rules when they had finally been redrafted. Mr. Montagu pointed out that most of the rules would have to be laid on the Table of the House, and some of them would have

to receive the consent of both Houses of Parliament. He promised that there would be ample opportunities of consideration by the House, and all the evidence taken by the Joint Committee would be laid before them in the Report of that Committee. Colonel Yate seemed to be under the impression that the Committee now proposed would be in breach of the provisions of Clause 295 of the Montagu-Chelmsford Report. Mr. Montagu's reply was that the Committee now to be appointed was not the Committee referred to in Clause 295. It was solely for the purpose of completing the work of bringing the Act into force, whereas the Committee to which Colonel Yate referred would only come into existence when the Act was working.

Sir Jadagis Bose has survived the attacks of his critics here, and has secured the testimony of a number of our most distinguished men of science that his experiments, performed under their supervision, and according to the tests and conditions they themselves laid down, have been entirely successful. Only one of his critics so far seems to be unconvinced, but as he was not present at the demonstration, it does not seem that his lack of conviction will carry much weight, though he has issued a challenge to the same scientists to witness a counter-demonstration of his own.

CORRESPONDENCE.

THE LAND TAX.

TO THE EDITOR OF THE SERVANT OF INDIA.

SIR,—I beg you to give me some more space for elucidating another point about unearned increment which arises out of Mr. C. V. Vaidya's lecture on permanent settlement. I refrained from touching on that point in my last communication for the reason that it had already grown too long. But the point does require clearing up. I understand Mr. Vaidya stated in the course of his remarks that the land taxes first imposed in England in 1909 have been repealed this year, and drew from it the inference that it had now come to be recognized that any such impost was vicious in principle. It is true that the taxes are now abolished, but certainly not for the reason that they have been found to be inequitable or inexpedient, as Mr. Vaidya would have us believe. On the contrary, all the progressive members of Parliament were unanimous in condemning what they regarded as undue tenderness shown to the landowning interests, and I suppose it is the opinion of the Liberal and Labour members for which Mr. Vaidya cares, and not the Tory opinion which favours the shifting of the burden of national expenditure upon the labouring classes as much as possible. The Chancellor of the Exchequer, though a Unionist, did not contend that the land value duties were anything but right or just; his reason for the repeal was that the duties in their present form were unworkable, and being in abeyance for a variety of causes, could not be revived except by legislation of a highly technical character, for which the present was not the most suitable time. Why were they unworkable? Not for any inherent defect in them, but for entirely different reasons. As Mr. Asquith explained, "they were disembowelled and to a certain extent devitalised by the decisions of unsympathetic legal tribunals," and "then, at a critical moment, came the war which arrested their further development." Anyhow, the equitable character of the duties cannot be questioned. Mr. Asquith said: "In principle and conception, they were perfectly sound; and I think it is a great mistake to wipe them

off the Statute Book without putting anything in their place. There is no more fit subject for taxation than the unimproved value of land. . . . I venture to repeat a phrase of my own which I used many years ago in relation to a totally different case, and to say that, if as appears to be the case, they are to be for the moment more or less decently interred, their epitaph should be, not *Resurrexit*, but *Resurgam*."

Other members were even more emphatic in their condemnation of the Government's present policy. Col. Wedgwood roundly declared that the budget was framed in the landlords' interest. Mr. Raffan pointed out that similar duties were in force in Canada, Australia, New Zealand, and several other colonies and were yielding valuable results. He protested on behalf of Labour against the Chancellor of the Exchequer throwing away the weapon he had to levy a charge upon the vast increments in land values which had resulted and which the landlord had done nothing to create. "We will resist to the utmost," he told the Chancellor, "this surrender to landlord interests." Dr. Murray hinted that the abolition of the land taxes was the price that the Prime Minister had to pay to become Leader of the Tory party. Sir R. Adkins warned that the duties which looked like dead might only be sleeping. He added: "Where its value (of land) is due to the action of the community, and not of the individuals owning or occupying it, there ought to be some way found by which the community may reap the benefit of the value it has itself created." Mr. Mills stated that if the taxes upon land had not realised the amount they might have realised, that was "due entirely to the cowardice of the Government as regards facing the vested interests in land." Mr. Trevelyan Thompson said: "We all know the land on the outskirts of towns, originally worth £40 or £50 agricultural value, has increased ten or a hundredfold in value. When the Budget of 1909-10 was passed, it was looked upon by many as the Magna Charta of land reform, and it was expected that profiteering in land would cease and that the increased value due to the growth of the community would help to pay the communal charges. I join with those who have expressed regret that these taxes should have been repealed before some other form of taxes of a like nature had been instituted." Such quotations can be multiplied, but enough have been given to show that keen regret was felt in all quarters that the duties were being done away with, and member after member rose to vindicate the principle underlying them, with which alone we are concerned in India. Some members, of course welcomed the repeal, but those who did so also condemned the increase in the Excess Profits Tax and the imposition of the Corporations Tax. They were frankly advocating the cause of the rich as against the poor.

I am sure no one who has any regard for fiscal principles and who cares for the integrity of the authority of the legislature will accept the programme of the Deccan Nationalists in regard to land tax. I invite them to read the whole of the debate on this year's Financial Statement in England and to consider dispassionately if any sound arguments were advanced against "increment value duties," which alone have any bearing upon the question which faces us in this country. I have canvassed all the speeches and found the opponents' case devoid of substance. The only serious objection that was urged was contained in the following observations of Mr. Pretymam: "It is practically impossible to raise taxation except for realised value. To attempt to tax something which has a value which is not realised, or perhaps realisable, at the time, is to impose a maximum of burden for a minimum of result." Whatever force this remark has, as against the imposition of the particular duties that were levied in England, has no application to the enhanced land taxes imposed in India, because here the taxes are put, not on increments to be realised in future, but on those already realised. I trust that for the sake of catching the votes of ignorant cultivators the Nationalists will not give the go-by to sound principles of taxation.—Yours, etc.

A STUDENT OF ECONOMICS.

Take the Offensive AGAINST CATARRH.

Many people are inclined to neglect this disease in its early stages—don't commit such an error! Catarrh gives rise to many diseases such as:—Bad Sight, Deafness, Hay Fever, Asthma, Bronchitis, Sore Throat, Influenza etc. To effectively cure any Catarrhal disease you MUST remove the Catarrh and that is what most remedies fail to do. The Actina treatment gets right to the root of the trouble and its powerful vapour courses through even the minutest nerves and blood-vessels in direct contact with the affected membranes removing the congestion, and restoring healthy circulation. Invest Rs. 25-8 (plus postage etc.) in an Actina and save specialists' fees. Valuable Booklet entitled "Prof. Wilson's Treatise on Disease" containing particulars of our Conditional Trial Offer and testimonials post free from Rai B. S. Bhandari, M. A., Batala, (India).

ACTINA NATURAL
TREATMENT.

Dr. BAILUR'S MEDICINES.

HIVA-JWAR.
Ague pills.
Price As. 8.
Per bottle,



**BALAGRAHA
CHURNA.**
Epileptic powder,
Price Re. 1.
Per bottle.

Ask for our catalogue for other medicines & Particulars.

Liberal commission for Merchants.

Dr. H. M. BAILUR,
Dispensary, BELGAUM.

BOOK OF THE HOUR.

Currency Reform in India

BY

Prof. V. G. KALE.

The author has made out a very strong case in favour of a sound currency and exchange system for India. Every one who wishes to understand the exchange problem should read the book, which is extremely instructive.

Price Re. One.

Copies may be had from booksellers or:—

The Aryabhushan Press, Poona City.

Mr. Montagu's Speeches

ON INDIAN QUESTIONS
A Comprehensive Collection.

CONTENTS.

Speeches: The Indian Budget 1910, 1911, 1912 and 1913. Irrigation and Railways; Indian High Courts Bill; The Government of India Bill; Liberalism and India; Indian Land Policy; First visit to India; The Mesopotamian Commission and Indian administration; Speech at Cambridgeshire.

Appendix:—The Council of India Bill; The late Mr. Gokhale; The goal of British Policy. *Index.*

Price Re 1-8.

To Subscribers of the "Indian Review." Re. 1-4.

G. A. NATESAN & Co., Madras.

GOOD OPPORTUNITY.

The India Advertising Agency are the sole advertising agents for several newspapers, journals, and periodicals in India. Rates of advertisement very moderate and reasonable. For particulars apply to—

**The India Advertising Agency,
POONA CITY.**

INDIA'S WAR FINANCE

AND

POST-WAR PROBLEMS.

By Prof. V. G. Kale, M.A.

The book lucidly reviews the administration of Indian finance during war time and clearly brings out the great services rendered and sacrifices made by this country for the successful prosecution of the war to a victorious issue. It describes the effects of the war upon Indian finance, currency, exchange, trade and banking and points out in what directions urgent reforms are called for in view of the requirements of the country's progress in the era of reconstruction and rapid development. Every student of public questions and of Indian Economics ought to buy a copy. Cloth bound Rs. 2.

Copies may be had of leading booksellers and the Aryabhushan Press, Poona, and Bombay Vaibhav Press, Bombay.

CUT ME OUT

and mail me, with your name and address, to
Good Luck Co., Benares City.

I will bring you, per V. P. P., one COSSI SILK SUIT length for Rs. 12 only. These pieces are economical, hard wear and handsome ever made.

Test them any way you please—Why not give it a trial?

Name.....
Address.....

THE "CITIZEN"

A New Liberal Weekly.

ANNUAL SUBSCRIPTION: RS 5.

Office: ½ A, Westcott Road,

ROYAPETTAH, MADRAS.

The Madras Co-operative Leather Goods Factory, Ltd.,

STARTED & MANAGED

BY

THE SERVANTS OF INDIA SOCIETY,

Will make all kinds of Boots, Shoes, Sandals, Belts, Bedstraps, Handbags, Hold-alls, etc., to your complete satisfaction.

It is a workmen's Society. Workmanship Excellent. Rates Moderate.

**THE SERVANTS OF INDIA SOCIETY,
ROYAPETTAH—MADRAS.**

Rates of Subscription.

(Including postage.)

Yearly	...	...	...	Rs. 6-0-0
Half yearly	...	...	...	Rs. 3-8-0
Quarterly	...	...	...	Rs. 2-0-0
Great Britain (Yearly)	...	...	...	16 shillings.
Single Copy	...	...	...	As. 0-3-0
Old issue, per Copy	...	...	...	As. 0-4-0

Subscription payable strictly in advance.

THE MANAGER, SERVANT OF INDIA.