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## CONTENTS.

	Page.
TOPICS OF THE WEEK ... ..	85
ARTICLES :—	
Indian Railway Budget ... ..	87
The Financial Policy ... ..	88
Federation of Indian Chambers ... ..	89
Banking Position in India. By A. S. Venkataraman.	90
REVIEWS :—	
World's Economic Developments. By Prof. B. Ramachandra Rao ... ..	92
Indian Economics. By Prof. G. B. Jatar. ... ..	93
MISCELLANEOUS :—	
Gokhale Day in Poona ... ..	94
CORRESPONDENCE :—	
... ..	96

## Topics of the Week.

### The late Dr. Shikhare.

The premature death of Rao Bahadur Dr. P. V. Shikhare removes from the field of social service a sincere and enthusiastic worker. He was eminent in his own profession as a medical man. He had also larger vision and wider sympathies; and he laboured strenuously in the cause of social service. He realised the need for Indian nurses and was mainly responsible for the provision of facilities for meeting it. He was closely associated with the Poona Seva Sadan Society in all its activities but in particular, the training of women doctors and nurses and midwives; child-welfare and maternity homes, and Baby-week. He gave freely and without stint of his money and his energies to many a good cause and institution. Maharashtra and Poona are the poorer for his lamentable death.

### Fateful and Fatal decision.

THE Congress Working Committee, which met last week in Ahmedabad, has taken what is truly a fateful and fatal decision. It has welcomed Mr. Gandhi's proposal to inaugurate civil disobedience as and when and how he thought fit, while exempting the Congress from any responsibility for the consequences. The reason for this rather strange decision is that, in its opinion, only those may participate in civil disobedience who believe in non-violence as an article of faith and not as a mere policy, and its realisation that the Congress includes in its membership those who do not share this exalted faith. Congressmen, however, are asked to give every possible assistance to the Mahatma and his associates when they launch the campaign and to withdraw co-operation from the

Government. The idea seems to be that the Mahatma should under the most favourable auspices initiate the campaign, and as it gathers strength and becomes a mass movement other Congressmen, even those who do not share Mr. Gandhi's religion of non-violence, should, on being convinced of the success of his efforts, cease to be passive sympathisers who merely held the ring but should join the campaign and swell the ranks of the civil resisters and snatch a victory. While the Mahatma and his eighty disciples may be expected to be true to their principle of non-violence, it requires no great political acumen to realise that when once the campaign is started and the civil resisters are arrested, as they are sure to be, violence is bound to break out and the movement get out of control. The conditions for successful offer of civil disobedience are more unfavourable today than they were in 1921. We still hope wiser counsels will prevail, and that the Mahatma will desist from his unprofitable course of action.

### Thanks for this co-operation.

AMONG the resolutions passed by the Congress Working Committee is one which relates to the G. I. P. Railway Strike. After expressing sympathy with the strikers and regretting the attitude of the railway authorities, the Working Committee "trusts that a conciliation board will be appointed to consider the workers' grievances and thus bring about an honourable settlement." Since the Congress Working Committee has not appointed a conciliation board, we take it that the Committee desires the Government to appoint one under the Trade Disputes Act. We are happy that the Committee has supported this very useful suggestion and we trust the Government will take note of the quarter from which this support emanates and that it will soon take action thereon.

### Denominational Institutions.

IT requires a mental effort to realise that Sir Mirza M. Ismail, the Dewan of Mysore, is a Muslim, so thoroughly has he identified himself with Indian nationalism as opposed to communalism. It is not surprising, therefore, though refreshing, to find him deprecating denominational institutions. In opening a Jain Hostel in Mysore Sir Mirza said, "Hostels or other institutions of a denominational kind are not altogether a blessing in a country like ours with its diverse castes and creeds, because they tend to emphasise, if not to perpetuate, those differences and distinctions which it must be the desire of every patriotic Indian—with a vision for the future—to minimise, and as far as possible, to ignore." He sadly confessed that for a long time such a consummation must remain an ideal. "In the meantime," he said, "it is only right that the desire for the uplift of one's own community, which expresses itself in such forms we witness to-day, should not be dis-

couraged but fully utilised." In his speech at the Gokhale anniversary, Mr. K. Natarajan observed that communal activities were not to be despised; they were very helpful in stimulating the communities to greater self-help and enlightenment. Only he deprecated the State fashioning itself on communal principles. Sir Mirza would minimise the baneful effects of communal institutions by restricting their activities to the minimum possible, and enlarging to the maximum the common opportunities of students. For instance, he would deprecate the provision of facilities for sports and athletics in communal hostels; the common colleges and the gymkhanas must have no communal rivals. Extra special efforts are also necessary to emphasise the larger and higher loyalty to the Motherland and to counteract the separatism that communal hostels perpetuate.

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#### Educational Waste.

IT is too much to hope that the wise words of Sir Mirza Ismail will have any effect on the Minister of Education in Bombay who seems to have completed arrangements to start a Muslim Arts College in Andheri. He defended his project on the ground, among others, that for nearly fifty years there has not been founded a chair for Arabic. That object can be more effectively and more economically achieved by founding a chair in the Bombay University instead of starting a new College for the purpose. He also argued that in the past Government were accused of neglecting arts education while stimulating technical education. Whatever be the truth in this statement, times have changed and it is an utter waste of money, none too plentiful, to start communal arts colleges. In a country where, as Sir Mirza put it, even communal hostels are not a blessing, it is impossible to defend communal colleges. The real need is for higher technical colleges. From this point of view, the Andhra and the Annamalai Universities must also be considered a waste of money and energy which could have been better spent on technological colleges and universities.

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#### Indian Franchise in Ceylon.

WE cannot congratulate the Government of India on their supine indifference to the political rights of Indians in Ceylon. Apparently they seem to have awakened to the situation only when Pandit Hirday Nath Kunzru, who more than any other member of the Assembly has made the cause of Indians abroad his special care, gave notice of his resolution on the subject. Apart from the regrettable lack of vigilance, there is no difference between the points of view of the Government and the people on the subject, for the Government readily accepted the resolution moved by Mr. Kunzru, which was to the effect that the original proposals regarding franchise made by the Donoughmore Commission should be adopted in the place of the proposals of the Ceylon Government, which were unfortunately approved by the Colonial Secretary, without reference to the Government of India. The Donoughmore Commission proposed that five year's residence should be the basis of franchise, while the Ceylon Government wished to go further and proposed that every undomiciled applicant for the vote should produce a certificate granted by a special officer to say that he or she intended to settle in Ceylon permanently and renounced the claim to special protection by a Government other than that of Ceylon. It should be noted that the Ceylon Government's proposals do not discriminate against Indians as such: they are of general application to all immigrants who are not domiciled in Ceylon. The sting lies in the deliberately-avowed purpose of the proposals. They were devised solely

for the purpose of limiting as much as possible the number of Indian voters. On the policy of admitting a minimum of Indians on the voters' roll the Donoughmore Commission, the Ceylon Legislative Council and the Ceylon Government and the Colonial Office seems to be united. The only differences between them is the extent of exclusion and the best means of attaining it. The Donoughmore Commission thought that five years' residence as the basis of the franchise would adequately serve the purpose, as it would entitle some 300,000 out of 700,000 Indians to be enrolled; and they would not loom large in an electorate of 1,850,000. The Singalese wished to reduce this number further and proposed that a literary test should be super-imposed on the residential qualification. But the Governor of Ceylon disapproved of the literary test and preferred a test of permanent settlement in Ceylon and the renunciation of the protection of another Government. It is amazing that neither the Government of India nor the India Office intervened in good time to prevent this discrimination, and that the Colonial Office did not care to consult them before passing orders.

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#### Indian Students Abroad.

THE Report of the High Commissioner regarding Indian students abroad reminds us of what a wag once said that for Indians to go to Europe it was unsafe before forty and useless thereafter. The High Commissioner desires that young, immature and unqualified Indian students should be discouraged from going abroad and that it should be made clear in India that a British degree confers no additional qualification on candidates for jobs. There is sound sense based on much experience behind the High Commissioner's warning. It is not realised as well as it should that anything less than the best environment and association that money and good introductions can secure does the Indian student abroad more harm than good. It is not all students that are provided with sufficiency in this respect, with the result that, for no fault of theirs, they drift into unhealthy associations and come to no good. The remedy however, is not to discourage Indian students from going abroad, but to improve the facilities at the other end. In our opinion not enough students go abroad: the more the better for India. The Indian student who returns to India brings back with him not only his University degree but something else vastly more important, a broader outlook and experience, a higher standard of life and living, of work and play and of social relationships and service. If, in the past, India has not reaped the full benefit of her children's sojourn abroad, it is largely because the students were mostly boys, who, when they returned to India had perforce to succumb, after a vain and desperate struggle, to the old and unrelieved environment of their families. It is desirable that women should be encouraged to go abroad in large numbers. And if the boys and girls are to obtain the maximum advantage of their sojourn abroad and be also in a position to make it available to India, they must be young, and capable of learning and adapting. Since economic motives are generally stronger than others, the higher value set on foreign degrees has supplied that incentive to go abroad. Moreover, it is futile to deny, though it may not be flattering to one's patriotism, that there is something about some of the foreign universities—perhaps the atmosphere of research and academic emulation—that draws out and stimulates faculties that lay dormant in India. It will, therefore, be a lamentable disservice to India to discourage Indian boys and girls from going abroad, notwithstanding the real risks and dangers involved in it. Rather, efforts should be made to minimise the risks and dangers.

## Articles.

### INDIAN RAILWAY BUDGET.

THE revised estimates for 1929 of the Railway Budget do not turn out to be such a dismal affair as was expected from the phenomenal trade depression during the current official year; the expected surplus has been reduced no doubt but only by Rs. 2 crores; all classes of traffic except that of cotton and coal have been lower than in the preceding year. The result has been that in order to meet the contribution to general revenues the reserves will have to be drawn upon to the extent of Rs. 86 lakhs; this is certainly a most disconcerting feature. The total receipts for 1930-31 are estimated to be nearly Rs. 108 crores and total expenditure is estimated at the figure of Rs. 100 crores, thus leaving a net gain of Rs. 8 crores. The usual capital programme which is in the vicinity of 25 crores, will be curtailed for the next year, only 16½ crores being assigned to capital expenditure. The reduction has been explained as due to the perception by the Railway Board that India is not likely to obtain funds for capital expenditure in the near future except at substantially higher rates of interest than those ruling for the last few years. Adversity has taught the railway administration the necessity of caution in proceeding with railway development and the truth of the maxim that you must cut your coat according to your cloth. Although the Railway Member has expressed regret that it should be necessary to call a halt to the initiation of new projects, we for our part would be rather glad to have some respite in the headlong career of debt accumulation. In spite of this we are assured that schemes already in hand will be seen through to completion so that money already spent will not be wasted by not coming to fruition for a long time to come. In future the general questions of railway policy with regard to construction in their financial aspect will be reviewed twice a year by the Railway Member and the Finance Member in joint consultation; we may presume that this new arrangement has been the fruit of the persistent interpellation by Pandit Hirday Nath Kunzru and other members of the Assembly with regard to the relaxation of control over the railway administration by the Finance Department and the consequent likelihood of the former becoming a law unto itself. The public is sure to be disappointed by the failure on the part of the Railway Member to announce a reduction in the railway rates and fares but considering the stringent times through which we are passing we must bow to the inevitable.

Referring to the all-important question of service conditions, Sir George Rainy described the various investigations carried on by the new Labour Member of the Railway Board in regard to all matters connected with the welfare of the railway employees. With regard to Indianisation we are told that four Indians have been appointed to the transportation department and three to the mechanical engineering department in the higher grades of officers. While

we must be thankful for what has been done we cannot but insist on a quicker acceleration of the speed of Indianisation. The question of racial discrimination will be shortly placed before the Central Advisory Council along with the conclusions arrived at by the Labour Member and it is hoped that the outcome will be satisfactory. With respect to dismissal without good reasons and the unsatisfactory nature of the present rules about leave Sir G. Rainy announced that new leave rules have been settled and are going to be shortly published, extending the privileges even to inferior servants in workshops and on the line and doing away with racial discrimination with regard to their application. We only wish that in view of the G. I. P. strike a summary of these rules had been published a month or so before, so that a part of the discontent might have been allayed. A Bill will shortly be presented to the Assembly which will secure the application to railway employees of the sixty hour week and the weekly rest day in accordance with the Washington and the Geneva conventions. Sir G. Rainy referred to education, co-operative credit societies, and benefit funds as being among the subjects systematically reviewed by the Railway Board; may we hope that the Board would expedite the process of carrying out the plans in all these matters which they have formulated so as to counteract the growing discontent which is so patently manifest? As for the cost of such schemes, the Board must not grudge it since a contented staff is an indispensable condition of successful and efficient management of the railways and the warning given by the Railway Member to the Agents about keeping the expenditure within bounds might easily be misconstrued as an injunction to withhold ameliorative schemes. The Railway Member need have no hesitation in asking for supplementary grants if, as he said, they are found necessary to make a larger provision for introducing schemes to secure the welfare and contentment of the staff, if the provision of Rs. 25 lakhs under revenue and Rs. 25 lakhs under capital in the Budget for the next year is found to be inadequate. The assurance contained in the speech with regard to the redress of legitimate grievances is clear and unmistakable but it is vitiated by conditions precedent to it with regard to the review of service conditions proving their legitimate character. It is no wonder if people ask: when would the review be completed, if at all, and how long would the Board take to find out the nature of the grievances? - Faced as we are with impending strikes, we are bound to enter the caveat about delay being dangerous. It behoves the Government to publish at least a broad outline of the measures they have in view with respect to the betterment of service conditions and the provision of benefits and welfare organizations.

We hope that the good that will come out of the sympathetic consideration which the new Labour Member of the Board and the Government of India are giving to the subject of the welfare of the employees will be commensurate with the space devoted to it in the speech of the Railway Member. We con-

gratulate the railway employees on their good fortune in having so sympathetic an administrator as Sir G. Rainy to preside over the railway department and on the fact that the labour portfolio is in the hands of an exceptionally brilliant member, who, being an Indian and having himself risen from the ranks, is likely to assess correctly the needs of the employees and to meet them adequately. It is hoped that Sir George Rainy will give the necessary fillip to ameliorative measures and translate them into actuality, which alone will make sympathy an asset of value. By the way, we wish to draw the attention of the Government to the advisability of supplying to the press outside Bombay a complete set of the Railway Budget papers.

### THE FINANCIAL POLICY.

**T**HERE is no gainsaying the fact that the silver sales of the last few months and the recent issue of a sterling loan have antagonised Indian commercial opinion to a large extent and vehement protests have been lodged with the Finance Department by the Indian Merchants' Chamber, Bombay, and other organizations, which reveal a loss of trust in the general financial policy of Government since the inauguration of the new exchange ratio. As a leading spokesman of commercial interests in the central legislature, Sir P. Thakurdas has done well to raise the question of the silver sales in the Assembly with particular reference to the unprecedented depreciation in the price of silver, which, if continued, would spell disaster to the large silver holdings of the masses. It is unfortunate that the replies of the Finance Member did not go to the root of the matter and only touched the question of the recent fall in the silver prices; with regard to these he explained that the principal factor was the release of a quantity of silver by Indo-China and China, the others being the reduction of the standard of fineness in currencies, especially subsidiary coinage, and the impossibility of reducing supplies of the metal owing to its being a bye-product of other metals. The long and short of it was that Government's sales were only an insignificant cause of the recent fall in the silver prices.

All this is true enough and as a justification of Government policy in this particular matter incontrovertible. The recent unexpected large sales by Indo-China are due to the adoption of a gold standard by that country, and the release of nearly 100 million ounces of demonetized silver from this quarter in London was more than what the market was willing to absorb. Besides it is related that the debasement of subsidiary coinage in Great Britain, France and Belgium has alone set free nearly 40 million ounces for addition to the silver supply of the world. The import of silver for non-monetary uses in India during 1929 was also marked lower than that in preceding years. Add to this the fact that the total production of silver in 1928 showed an increase of nearly 4 million ounces over the preceding year, and it must be conceded that the effects of the sales of silver by the Government of India cease to be a pre-

dominant cause in explanation of the undue depression of the silver market. Even so however it is the duty of Government to see that by their own sales of silver they do not contribute an additional impetus to the further depreciation of silver, and it is surprising that the Finance Member could not see his way to give an undertaking that they would refrain from selling silver about the present level. We must be satisfied for the present with his assurance that Government would weigh the advantages and disadvantages of selling silver and withholding it and decide after considering the best interests of the country as a whole. It is good also in the interests of amity and good-will that he has agreed to discuss the matter privately with Pandit Malaviya and the questioner, Sir P. Thakurdas.

The real criticism of the Government policy of silver sales is that, although ostensibly the policy is followed in the interest of strengthening the gold reserves of the country, the final result in practice has been quite the contrary. So far the Government have sold nearly Rs. 8 crores worth of silver and yet the gold portion of the reserve so far as bullion is concerned is fairly stationary, while the gold securities are, according to the latest abstract of account, worth only a paltry Rs. 2½ crores. The paradoxical result is due to the fact that, although the proceeds of the sale of silver are immediately invested in sterling securities and the requirements of the law about the reserve are satisfied, they are sooner or later transferred to the Secretary of State's balances, either to keep him in funds or for certain other purposes, which we need not go into for the present, and thus practically lost to the paper currency reserve, notes for the corresponding amounts being cancelled, thus leading to a deflation of currency in the bargain. This process has gone on continuously for the last two years and over. Thus although the Hilton Young Commission's report is invoked in aid of the policy of selling stocks of silver, the real object of the sale as envisaged by the Commission, viz. the strengthening of the gold reserve, is calmly and coolly frustrated. In fact, Government have done precious little by way of making an honest preparation for the real Gold Standard by strengthening the gold portion of the reserve since their inauguration of the Gold Bullion Standard.

As for the indirect effect of the sale of silver on the paper currency by causing a deflation equivalent to the difference between the nominal value of rupees in the reserve and their bullion value, the result is too slight to be seriously considered in a general argument against silver sales.

In this connection the suggestion made by certain bullion dealers, that the Government should dispose of their silver in India directly by making certain restrictions with regard to the quantity purchased during a specified period, is worth considering. This, it is said, would save the Government the expense of brokerage, freight and other charges incurred by sending the silver coins all the way to London and then importing silver again on private account during the ordinary course of trade. In this case of-

course there will arise the necessity of imposing a silver duty in order to realise proper value and shut out the cheap silver from foreign sources. It is doubtful, however, whether such an interference with the course of trade would be justifiable unless there are inordinately large benefits to set off against it. It is apparent from the answers given by the Finance Member in the Assembly that the Government is anxious to maintain secrecy about silver sales in order to guard public interest, but if moderate sales are effected in India by public tenders there would be no need to preserve such secrecy. If there are any difficulties in the way of adopting the policy of selling silver in India the Government ought to make them public so as to disarm suspicion and distrust.

With regard to the sterling loan just issued, it is clear that the Government apprehend that owing to shortage of capital and the languishing export trade it is not possible to raise successfully a rupee loan in India. If so it is vitally necessary to find out the causes of the shortage of capital and the setback to export. In any case India is bound to view with concern any marked departure on the part of his successor from the policy of avoiding foreign borrowing, laid down and successfully followed by Sir Basil Blackett. If one remembers the tone and manner of Sir G. Schuster's discourse on the borrowing policy of the Government in the last year's Budget speech it can easily be seen that he did not intend to commit himself to a continuation of the policy of invariable rupee loans; on the contrary, he lectured to those who would retard the development of the country in order to avoid sterling borrowing. In less than a year Sir G. Schuster has had recourse to a foreign loan on two occasions; we do not know whether he would justify it as a policy of "moderate loans abroad" hinted at in his Budget speech. This is rather a bad beginning since at this rate we would soon enter headlong into inordinate foreign borrowing and waste the good work of the last few years. One unfortunate result of the high rate of interest offered for the new loan would be to depress still further the gilt-edged market in India in the long run if not immediately and future rupee loans will have to be issued at a high rate. As for the time of issue we must presume that it must have been dictated by extreme urgency of securing new resources and the paucity of existing balances. In view of the coming opportunity afforded by the Budget discussion, the Government should waste no time in gathering all the threads of their financial policy and make it easily intelligible to the public.

#### FEDERATION OF INDIAN CHAMBERS.

IN his presidential address at the third annual meeting of the Federation of Indian Chambers of Commerce held in New Delhi Mr. G. D. Birla reviewed the economic position in India. At the outset he congratulated H. E. the Viceroy on the decision of commercial organizations in London to admit Indian firms to their membership towards which result His Excellency's efforts had contributed materially. Mr. Birla is correct in his diagnosis that in the main

the unrest on the part of labour is due to a growing desire to raise the standard of living; but he thinks that there can be no permanent improvement in the condition of labour unless all the industries in the country are prosperous. For this however he relies principally on the modification of India's fiscal policy so that all industries, including agriculture, should be fostered by means of protective duties, with a view to make India realize a more favourable balance of trade. But it is difficult to see how mere protection would lead to the growth, and ultimately to the permanent establishment, of industries unless employers are more alert and watchful about the perfection of the technique of production. Again Mr. Birla seems to belittle the importance of consumers' interests which are vitally concerned with preventing monopolistic combinations which might raise prices to any extent when the fear of competition is completely removed by a policy of "full protection" as opposed to that of discriminating protection. This is really the well-worn issue between unqualified protection and temporary protection to industries which have shown some signs of vitality and which would settle down to normal conditions without entailing an unreasonable sacrifice on the part of consumers.

Referring to our foreign liabilities and especially to the Home charges, Mr. Birla complained that they have been mounting up since 1900-1901, the latest estimate, which he takes on the authority of the Associated Chambers, being £1000 million. Assuming that India is not able to remit the annual interest on this sum, he calculates that in 1954 this sum would be quadrupled and "we shall be stepping into the other half of this century with a crushing burden on our back of a huge liability." The assumption, however, that we shall not be able to pay the annual interest on the sum is a gratuitous assumption; as a matter of fact, we are actually paying the whole of the interest on the total British investments in India, willy-nilly, year after year out of the profits of railway and irrigation works and those arising from private industrial and commercial concerns. The only thing that needs to be admitted is that after paying for all those factors very little of our favourable trade balance remains so as to swell the fund out of which future capital is to be accumulated. Mr. Birla himself cites the instance of U. S. which in 1913 was a debtor country and owed abroad the sum of \$ 4,500,000,000 and yet surely no one would have the hardihood to say that the country was in a parlous condition so far as industrial and commercial development was concerned. The fact is that without a careful analysis of what the debt stands for and how it is utilized, the mere indebtedness of a country cannot be regarded as a sign of either financial bankruptcy or ineptitude; in some countries it has actually been consistent with prosperity of a marked character. At the same time we endorse Mr. Birla's suggestion that a large retrenchment should be made in Government expenditure and especially that of the Army department.

Apart from tariffs or bounties, a rather debatable theme, Mr. Birla is right in saying that the Govern-



ment must extend their fostering care to agriculture, industry, banking, insurance and transport, in fact, to every branch of Indian economic activity; the Government of India should, he says, behave like a national Government, the motto for its policy being 'India first and last'. Addressing the British commercial community, he said that a prosperous India alone can redeem her debt and appealed to it to strive for a new order of things in co-operation with Indians.

In his speech in opening the session of the Federation H. E. the Viceroy referred to the relations between capital and labour and expressed a hope that workmen would recognize the difficulties of employers and realise that the most effective way of raising their standard of living was to bring greater efficiency to the performance of this task. At the same time he appealed to employers to understand and sympathise with all the healthy aspirations of their employees and to recognize as a first charge on the industry a wage which would enable them to take pride in their work and lead a fuller life. As was expected, he assailed the vulnerable point in Mr. Birla's address about the hopelessness of the financial situation in India; he referred to the gold imports of nearly 600 crores since 1900 and to the fact that out of the Government capital expenditure abroad amounting to nearly Rs. 90 crores between 1923 and 1929 only Rs. 25 crores were met by foreign borrowing, the rest being furnished by India's surplus resources available for meeting foreign liabilities. Referring to the admission of India to commercial organizations in London, Lord Irwin commended the spirit of co-operation between British and Indian commercial interests as being essential to the development of Indian commerce and industry. We are glad to have an assurance from him that a scheme has been prepared for the appointment of Indian Trade Commissioners at Hamburg, New York, Durban, Alexandria and a few other places and of a Deputy Director of Commercial Intelligence in Bombay in order to further the export of cotton piece-goods. We hope speedy effect will be given to the scheme and that the Trade Commissioners will be drawn from Indian unofficial ranks.

### BANKING POSITION OF INDIA.

THAT India is an agricultural country is axiomatic but without doubt she is also being industrialised. By some writers she is ranked among the eight industrial countries of the world. Whether it is a matter for gratification or pride is beside the point for purposes of this article. We are told, however, that the present industrial situation in India is deplorable when compared with the industrial supremacy in pre-British India. The Indian Industrial Commission observed, "At a time when the west of Europe, the birth-place of the modern industrial system, was inhabited by uncultured tribes India was famous for the wealth of her rulers and for the high artistic skill of her craftsmen. Even at a much later period when traders from the west made their first appearance in India the industrial development of this country was at any rate not inferior to that of the more advanced European nations." Into the causes of the industrial decline let us not enter.

Viewed from a broad and fundamental standpoint, the history of India in the 18th century is very largely the history of a country changing from or deteriorating from a position of well-balanced economic equilibrium with a population fairly well-distributed between agriculture and industries to the position of a predominantly agricultural country, a position ultimately of industrial degradation and economic subordination. Whether this was due to the vast and revolutionary changes in the methods of production in Great Britain or elsewhere or the oppressive duties on Indian cotton and the adverse and offensive policy of the British manufacturer, is irrelevant to our subject. Curiously enough, just at a time when the effects of pressure of population on land are being felt we hear without any reservation and with singular unanimity the cry of 'back to land.' Every one has to admit that the progressive ruralisation, so much talked of, has to be effected, if at all, not at the expense of industries, but side by side with their development and possibly with an eye to a fresh national orientation. Mr. Moreland observes, "It is a matter of common knowledge that the present income of the country even if it were equitably distributed would not suffice to provide the population with even the indispensable elements of a reasonable life. This fundamental factor of poverty is unquestionably correlated with the undue preponderance of agriculture as a means of livelihood". The low productivity and the poor economic condition of the country are due to the fact that raw material is exported and that manufactured and finished products are imported. That is always the fate of any such country and the results are unfortunate. Loss of economic independence often results in political dependence and subordination. What is worse still, paucity of manufactures goes hand in hand with poverty of banking facilities. The worst of it all is that even the all too few banks are financed by foreign capital.

It is a truism that banking in India is poorly organised. Sir Daniel Hamilton strikes the keynote when he says, "The people have many bankers but no bank". He says, "The power which stands in the way of India's economic development is the power of evil finance, the want of banking system for the people. The people have many bankers but no bank. The land lies blighted by the shadow of the mahajan. He still lies safely entrenched behind his money bags while the victims of his silver bullet lie all round in heaps. When is this dacoity to cease? The raiyat is robbed of his crops, his cattle of their food, the weaver of his cloth, a dry and thirsty land is robbed of irrigation and of education, and of medicine and of that economic development without which spiritual and moral progress is an idle dream; India stands a thousand years behind the times, because the mahajan with his ruinous rate of interest stands athwart the path of progress. Only along the co-operative route will India find the way from poverty to plenty". Perhaps the picture is a bit overdrawn as it ignores the part by no means insignificant played by indigenous banking. At any rate, it is not as true in the present conditions, since co-operative societies have not only made a good start but are also progressing satisfactorily. This is by the way.

An elaborate examination of the causes of poor deposit banking is needless. Illiteracy has been fastened upon to account for it and many other ills, economic, social and political, by critics, friendly and unfriendly. Hoarding often goes with illiteracy and the condemnation of this habit has been too severe to be left unanswered. In any country it is subject to adverse criticism, but I fear that in the case of India it has suffered

from bias as well. Says Sir Stanley Reed, by no means a warm advocate of Indian interests, "This attempt to fasten upon India an exceptional and invidious responsibility for the consumption of bullion cannot be too vigorously combated. India is still an illiterate country where the practice of holding small savings in gold and silver ornaments is centuries old. Yet its normal demand for the industrial arts and for the satisfaction of the social customs of 315 millions of people was met before the war by about ten millions of gold annually. The United States of America was reported recently to be absorbing a million sterling in gold per month for industrial purposes. Yet no one says that the United States is a bottomless sink in the matter of gold absorption. It is stated that in England one of the most flourishing trades during the war was that in cheap jewellery, in which form the working classes invested a substantial portion of their increased earnings. Every country in the world uses gold and silver for industrial and domestic purposes, and it induces a sense of angry injustice to find that the Indian demand for the precious metals for precisely the same purpose is perverted unto senseless hoarding, especially when the history and conditions of India would justify a larger gold absorption than the western nations with their general literacy and easily organised credit system can claim".

It must be conceded that this hoarding is not a peculiar Indian vice in view of the fact that 19% of the world's population consumes 20% of the world's production of gold, and that hoarding by itself is neither unnatural nor unjustifiable. The situation has been aggravated by the currency policy of the rulers involving the use of an extensive token currency unsuitable to the country which takes in large quantities of gold. The gold exchange standard has avoided neither the costly locking-up of gold, nor the wasteful use of gold in circulation; and the reserve of £40 millions of gold has been available for the development neither of our credit institutions nor our nation-building departments. Under the circumstances, one is tempted to wonder who is to blame for hoarding, the Government which hoards gold externally, or the people who do it internally? The surprise is not, therefore, that banking is poor but that it is not poorer still.

India has an area of 1.9 million sq. miles and contains 2253 towns with 30 million inhabitants and 7,20,000 villages with a population of 285 millions. At the beginning of the year 1918 the total number of banking offices was only 402 as against 600 in 1926; and many of them overlapped in the larger towns. In the whole of India only 165 towns had banking offices. The United Kingdom with a population of 48 millions had 9138 banking offices, while Canada with a population of 8½ millions had 4000 banking offices. There is ample evidence to illustrate the poor banking facilities and the insufficient mobilisation of financial power.

Banking, in the modern sense of the term, is an exotic planted on Indian soil by European merchants. The erstwhile Presidency Banks—since amalgamated to form the Imperial Bank, which is still far from being a Central or Reserve Bank—could not deal in sterling bills. The amalgamation is a half-hearted measure, and the defects are even now apparent. Note issue is denied to the Imperial Bank. It is not the Banker's Bank and supplies neither industrial nor agricultural capital. It does Government business, but not all of it, whether currency or credit,

The export trade of the country is mostly in the hands of Exchange Banks, and the Joint Stock Banks, which attempted too much and have done too little in

the matter of serving internal trade and commerce. In some cases dividends were distributed but out of capital dexterously concealed by window-dressing.

In a country like India the problem centres round agricultural finance. The indebtedness of the Indian peasant is colossal and proverbial. The co-operative credit societies have yet to solve this problem. Long-term accommodation for agricultural purposes is proposed to be supplied by new Land Mortgage Banks, but the success of this measure will largely depend on the restrictions on foreign capital and on the encouragement of Indian capital. Any large borrowing from outside on this account will jeopardise India's financial position and may prove a remedy worse than the disease. On this score there are good reasons to apprehend that the Land Mortgage Bank may prove a fifth wheel in the coach.

Supply of industrial capital is poorer still. Industrial banks simply do not exist, and their work cannot be attempted by the ordinary deposit or commercial banks. Short-term accommodation only is provided by the Imperial and other banks and not long-term accommodation. The combination of industrial and commercial banking by any one bank is fraught with serious consequences, and this is very well illustrated by the failure of Tata's Industrial Bank.

What really matters is the question of internal trade. It has been valued at Rs. 6,000 crores and at fifteen times as much as the foreign trade, and this is mostly in the hands of indigenous agencies,—sowcars, shroffs and mahajans; and their organisation is enveloped in dark mystery. The functions of indigenous money-lenders and the methods of indigenous banking are ably sketched by Dr. Jain in his latest book on "Indigenous Banking in India" (Macmillan and Co., 15/-.) They finance internal trade and commerce, though not the large-scale industries. They receive deposits—though this is only a small proportion of their resources—give cash credits and deal in bills of exchange. It would appear that, considering the poor finances of the petty trader and the agriculturist, a rehabilitation of the indigenous agencies on modern lines is necessary.

The problem in Indian banking centres round the absence of contact between the indigenous agencies and the Joint Stock banks and the disparity between the Bank and the bazar rates of interest. The Bank rate responds to the need for deposits only at the commercial centres, the local needs being met by the private banker. Though the shroff supplies the link between the Banks and the Indian banker, he is outside the pale of industrial banking. Therefore, the Banks are unable to moderate the suddenness of transition between excess and shortage of money, and there are variations in the demand for it. So the bazar rate does not respond to the Bank rate. This is, at any rate, the official version. Let us see the other side of the shield. A puzzle of puzzles is that, in spite of a favourable balance of trade, the Bank rate is often high. The Banks have no control over currency, and the Government which controls it does not seem amenable to the influences of the money-market. It is not the conditions of the money market that regulate the Bank rate, but the need to raise a loan or to maintain a rate of exchange, or mostly, to meet the demand for money for export of Indian staples. It is hard to get over the finding that the money-market is controlled for non-trade purposes and on the principle of dear money and high Exchange. There is a common measure of agreement on the need to release currency and credit from the hands of the Government. The creation of a State Bank finds favour with many, so that "all eggs may be placed in one basket". Such a Bank will

serve as a fiscal agent for Government balances, issue notes, raise public debt, deal in foreign exchange and supply a staff of expert advisers and increased banking facilities.

For purposes of securing a more effective contact between the indigenous bankers and the Banks the plan proposed by Dr. Jain is well worth consideration. To use his words, "In every village and small town the indigenous money-lenders and bankers may combine themselves on the joint-stock principles, thus pooling their capital resources and forming themselves into indigenous joint-stock banks. The indigenous money-lenders and bankers, it is expected, will act as the directors and paid employees of the banks besides earning dividends on their shares and interest on their deposits, if any". There are, however, certain difficulties in the way of a successful adoption of Dr. Jain's scheme. The indigenous bankers are scattered in different parts of the country so that they cannot be easily grouped and controlled by any joint stock bank. Again, the security that can be offered by the ryots is not often of an acceptable kind. The *liaison* contemplated between the new indigenous banks and the joint stock banks is as easy or as difficult as co-operative credit societies, which, if expanded and re-organised, are capable of equally good and better results too. Indigenous banking, however, cannot and should not be dispensed with. As Prof. H. Sinha puts it, "Indigenous banking with all its evils has a place in the national economy of India. It is no part of statesmanship to do away with the system in order to do away with evils which are not inherent in the system."

Co-operative societies, too, may help to encourage deposit banking in a way unthought of before. Walter Bagehot, a renowned economist, shares the view that there can be no large system of deposit banking anywhere, until the metallic money has been replaced by small notes. Paper issue is a prelude to deposit banking. A note issue is begun by loans as it prepares the way for deposit banking, and that is best done by individuals in the district on a co-operative basis. While on this subject, Sir Daniel Hamilton advocates the re-introduction of the one-rupee note, the note issue to be initiated by loans through the agency of co-operative societies. The Indian peasant being much indebted, there is a way of capitalising his future savings. Productive capital is not money but labour which can be depended upon by a local cooperative organisation. That is to say, it has to advance loans first, and the peasant-debtor can be relied upon (or made reliable) to return them. For this purpose, the Government, holding the monopoly of the instruments of credit, may issue small notes required by the people through the medium of co-operative societies. This device is termed cash credit. It is unnecessary, as Mr. Mcleod would have it, for a Bank to take deposits first, for its business is to manufacture instruments of credit, and cash credit is one such instrument. When the volume of productive credit is increased productive resources of the nation, and therefore, exports, are increased; this, in turn, causes an increased inflow of gold and silver and an increase in the Government's reserves. In other words, deposit banking develops, hoarding disappears and Government's holdings increase. The only immediate step to be taken is to rehabilitate the co-operative organisation in the country by a small borrowing from the big hoard of 400 crores of productive credit now lying dormant in the Government reserves. The plan suggested by Sir Daniel Hamilton is calculated to make the gold reserves go a long way to assist in the nation-building departments and especially in the matter of a supply of agricultural

finance. It is hoped that the points raised in this short contribution will engage the attention of the Banking Enquiry Committees.

A. S. VENKATARAMAN.

## Reviews.

### WORLD'S ECONOMIC DEVELOPMENTS.

A PICTURE OF WORLD ECONOMIC CONDITIONS. 1928. 24cm. 118p. \$2.00.

A PICTURE OF WORLD ECONOMIC CONDITIONS AT THE BEGINNING OF 1929. 1929. 24cm. 253p. \$2.50.

(Both Published by the NATIONAL INDUSTRIAL CONFERENCE BOARD).

NOW that the old unwise policy of allowing Europe "to stew in her own juice" has been given up by America, the National Industrial Conference Board has rightly come forward to place before the American investors, industrialists, exporters and importers and shippers a true and correct position of the current economic developments in foreign countries. Realising the truth of the saying that the "world is one vast economic unit," the National Industrial Conference Board has been making an honest and laudable endeavour to enlist the cooperation of recognised foreign experts to write economic reports of their respective nations covering general, industrial, financial, commercial and labour conditions in these countries. A snapshot or accurate glimpse of the international economic affairs is provided in these two books. It is indeed unfortunate that India finds no place in the list of the seventeen countries mentioned in the first report or of the twenty countries mentioned by the second report, which is indeed more elaborately planned and drawn than the first pen picture.

The broad impression that one gathers is that continuing progress is being made in the economic industrial life of all nations. The growth of international combinations—as many as 116 in Industry and Trade—to take concerted action to eliminate the wastes of competition, the nationalising of industries, the control of the price level and allocation of spheres of interest and the finding out safe markets for finished exports and the attempt to stabilise business as a result of these movements are the important landmarks of recent world industrial conditions. The relationship between employers and employees and the progress of the basic industries are also commented on. The growth of foreign trade, the position of agriculture and the railroad industry are the subject of comment of these experts.

Such facts as the development of mass production of goods in France instead of specialisation in luxury and quality production as in the days of old, the systematic industrial organisation of Italy as a guild state and the development of the concentration movement in business and industry under the direct encouragement of the State which lays equal emphasis on agriculture, industry and labour and management, the increase in the purchasing power of the Canadian people and their increasing control over industries previously controlled by foreigners and the extension of investments abroad; the diversification of agriculture, the improvement of transportation facilities by the construction of highway and lateral roads and the improvement in marketing methods of Cuba, the dislocation of the social and economic structure of Russia and the continuance of Revolutions in China, the technological progress and the development of rationalisation in every industry, including the key industries of America, and the



prosperity of farmers and the development of foreign trade in finished manufactures and the satisfactory position of the credit reserves of America and many other notable developments have been recorded in these special reports and the running summary which prefaces them at the beginning of the book. The recent attempt to form a United States of Europe in all economic matters, the signing of the multilateral treaty for the renunciation of war by the fifty leading nations of the world, the unification of China, the westernisation of Turkey for promoting her economic development and the final settlement of the German reparations which would indeed render it possible for complete friendship being established in the field of international politics are all faithfully recorded in the prefatory summary leading to the special Reports.

The very original reports of the experts are attached to the summarised Report and they would be highly valuable as documents for research students engaged in the study of economic development. As a useful compendium of world economic tendencies these reports would be highly valuable. We would like to appeal to the above Board to include India also within its purview and to provide for the world an impartial detailed analysis of India's economic position. The growth of its foreign trade, the expansion of invisible imports as banking and insurance charges, the external investment of the Indian people, the growth of domestic capital resources, the state of Government finances, the state of taxation, the magnitude, character and position of our public debt, employment figures, wages, cost of living and prices, the improvement of the financial position of the Government as revealed by the reduced rate of interest paid by it in 1926 and the high rates of interest paid in the case of internal loans, growth of industrial activity, the condition of agriculture, the relationship between labour and the employer and the improvement in the credit and currency organisation of the country will give quietus to the rabid talk of the politicians of the opportunist variety. This excellent international survey would have real value if the economic development of the important countries which are now omitted is also taken into consideration.

B. RAMACHANDRA RAU.

### INDIAN ECONOMICS.

**INDIAN ECONOMIC LIFE, PAST AND PRESENT.** By BRIJ NARAIN. (Uttar Chand Kapur & Sons, Lahore.) 1929. 24cm. 578p. Rs. 7/8.

THE first five chapters of this book which deal with the economic conditions prevailing in India during the sixteenth and seventeenth centuries constitute the most valuable portion of it as they are based on material hitherto unexplored. Prof. Brij Narain has exploited for the first time original sources of Indian economic history in foreign countries, mainly in Holland. The *leit-motif* of the presentation of the new material he has collected is to show that the economic condition of the people of India in the 16th and 17th centuries was, if anything, better—certainly not worse than at present. His comparative analysis is not always sure-footed, but Professor Brij Narain has undoubtedly furnished a wholesome antidote to the writings of people like Moreland and Vincent Smith whose natural inclination is to insist in and out of season that India has prospered more under British dominion than under any other régime.

After dealing with the past in a series of interesting chapters, the author plunges rather suddenly and inconsequentially into a discussion of the movement of prices in India since 1861; after which there

follows a discussion of most of the subjects generally included under the term "Indian Economics." It is not quite easy to understand why the author should have brought 'the past' and 'the present' together between the covers of a single volume without disclosing any links of connection between them. In our opinion he would have been better advised if he had published the first five chapters separately and brought out the remaining portion of the book as a more or less self-sufficient treatise on Indian Economics. Prof. Brij Narain disinters the bones of the old controversy as to the appropriateness of the term 'Indian Economics' and objects that it is misleading and should be abandoned altogether. It is, however, not quite easy to find a substitute, equally handy and at the same time less open to objection. We cannot agree that his own term "Indian Economic Life," or other variants in use, such as "Economic Development of India," "Economic Conditions in India," or "Indian Economy" have any obvious advantage over the now well-established term "Indian Economics." Instead, therefore, of darkly hinting at its destruction from time to time, the more excellent plan would be to accept it once for all, and apply the energy thus saved to more useful discussions.

The author invites special attention to the chapters dealing with the relations of prices to exchange. He thinks that the Hilton Young Commission's treatment of the question of adjustment of prices to the 18d. rate in 1924-25 as unsatisfactory, because it was based on an examination of the movements of the general index number of prices instead of a detailed examination of prices of individual commodities. He attempts the latter kind of examination and arrives at the conclusion that adjustment was far from complete, though apparently he is of opinion that the new ratio must now be accepted as "a settled fact". While Prof. Brij Narain's method of treating the question is more scientific he is surely overrating its power when he asserts that it finally settles the controversy. We fear that, whatever the method employed, absolute certitude is unattainable in a question of this kind, and we are surprised to see an economist of Prof. Brij Narain's competence suggesting the contrary.

There is nothing startlingly original in Prof. Brij Narain's views on most of the controversial questions though we are not sure that this is not a merit rather than a defect. Sometimes, however, he seems to put forth opinions and statements of doubtful correctness. For instance, when he says that doctrines of survival and re-incarnation are rapidly spreading in the West and suggests that the logical consequence of these doctrines, viz fatalism, will also perhaps make its appearance there, he is certainly misreading the actual tendencies in the West. On p. 210, in explaining the fall in the value of silver between 1873 and 1893, he gives as one of the reasons of this the diminution in the Indian demand for silver caused chiefly by increase in the sale of Council Bills. Even if we regard this as a true cause we doubt whether it was a considerable cause. Besides, would not the sale of Council Bills have involved additional coinage of rupees with which to cash them? On p. 227 Prof. Brij Narain asserts that violent fluctuations in the price of silver in either direction would destroy the Gold Exchange standard system or render it unworkable. This may be true if the change is in the direction of a rise in the price of silver. But his explanation of how the system would also break down in the event of a considerable fall in the price of silver is not very convincing, *pace* the American Commission of 1903. On p. 229 he accepts the view that the rise of exchange in India between 1917 and 1919 was due to the rise of the price of silver above the bullion par of the rupee, without, however,

trying to controvert the other view—also influentially supported—which seeks to explain the phenomenon in terms of the purchasing power parity doctrine.

In spite of minor blemishes, however, we are glad to record our opinion that the volume is a valuable contribution to the literature of Indian Economics. The book is full of statistics and contains several instructive and excellently executed graphs. On running the eye over the index one is rather struck with the fact that the list of authors cited contains hardly any Indian names, not even the name of Ranade. Indian writers on economic subjects had better look to their laurels!

G. B. JATHAR.

## Miscellaneous.

### GOKHALE DAY IN POONA.

IN the address which he gave to the Deccan Sabha on the occasion of the 15th anniversary of the death of Gokhale on the 19th inst., Mr. K. Natarajan related a few personal reminiscences of Gokhale. The first time he came into contact with him was in 1898, when he received from Gokhale a letter for publication in the *Indian Social Reformer* justifying the withdrawal of the statements which he had made in England concerning the plague administration in Poona and the apology he tendered for having made them. In this letter Gokhale said that he felt confident that the ultimate verdict of the people would be that the step he had been advised to take was the only one consistent with honour and that he only begged in the meanwhile that those who would censure him might do so in sorrow rather than in anger. Mr. Natarajan, agreeing wholly with Gokhale's view, published the letter, adding a comment of his own expressing surprise that such an elaborate defence should at all be necessary of action which was clearly demanded by the dictates of honour. The apology however created a storm which took long to blow over. He was under a cloud in the Congress circles, and in the next session of the Congress held in Amraoti his name was deliberately omitted from the list of speakers. When next he met Gokhale in Bombay the latter acknowledged in the warmest possible terms of his indebtedness to him for his strong support of him in a dark hour. The friendship then made lasted throughout Gokhale's life-time, and the complimentary references he then made to his journalistic work were to him a memory which he had always very dearly cherished—the only reward to which a journalist could look forward. Indeed the incident impressed upon his mind how strong a trait personal loyalty was in Gokhale's character. The political situation continued to be difficult for Gokhale for a number of years, so much so that he seriously contemplated shifting his residence to Bombay and changed his mind at the last moment.

Referring to Gokhale's religious opinions he said the Fergusson College staff had in those days the reputation of being agnostics and Gokhale too had shared the reputation, but in 1902 he wrote to him

from Calcutta saying how Vivekananda had in his lectures voiced his own feelings. Obviously a change was being wrought in his views. One day he saw on his table a paper weight with "God is Love" inscribed on it and he remarked on the fact with some amount of surprise. Gokhale admitted his faith. When this incident was later related to Sir Ramakrishna Bhandarkar the latter recalled to his mind a remark of Ranade that Gokhale's religious views were undergoing a change, and that a declaration of the fact might be expected soon. This declaration however never came.

When Gokhale visited England for the second time Mr. Natarajan was unfortunately instrumental in involving him in some amount of unpleasantness. He had taken the line in the *Reformer* that the Indian deputation in which Gokhale was included should not confine their appeal in England to the Liberal Party, but extend it to the Conservatives as well, from whom in fact, he added, all noteworthy reforms in India had proceeded. This view was being urged in the columns of the *Reformer* in opposition to that of Sir Pherozeshah Mehta, who had held that the Liberal Party was the only party to which their appeal should be addressed. Sir Pherozeshah had suspected that the articles were inspired by Gokhale, and he felt that Gokhale was wanting in political loyalty in doing so. There was of course no ground for this suspicion. The articles owed their inspiration neither to him nor to anybody else, but he happened to bring Gokhale under a cloud with his chief, which naturally caused great pain to Gokhale's sensitive soul.

Mr. Natarajan then related the conversation which he had with Gokhale on one occasion which threw light on another side of Gokhale's character. Lovatt Fraser, the then editor of the *Times of India*, whom Mr. Natarajan described as among the most brilliant and able journalists that had come to India, had occasion to criticise Gokhale for denouncing the caucus that had been formed against Sir Pherozeshah Mehta in the Municipal Corporation. When Fraser was called back to England to join the staff of the *Times* he wanted very much to make up with Gokhale before he left India and sought Mr. Natarajan's help in the matter. To his surprise Gokhale repulsed the advances, saying that in his dealings with his own countrymen he would go through any amount of humiliation and insult to serve them, but in the case of Europeans, who were uppish in their dealings with Indians, he would rather stand on his dignity and would have his countrymen to do so too. Fraser was greatly disappointed, but had an opportunity of making up with him in London for what he had done in India: he rendered great help to Gokhale in the matter of Morley-Minto reforms, which Gokhale was only too ready to acknowledge. The incident showed how sensitive Gokhale was to the claims of the country's honour and dignity.

Mr. Natarajan then referred to the differences that had sprung up between Gokhale and Mehta on the South African problem. When Gokhale returned from his brilliantly successful South African tour

they arranged a public meeting in his honour, over which they wished Mehta to preside. Mehta however thought that Gokhale had gone wrong, and Gandhi had gone wrong, in agreeing to the prohibition of further Indian immigration to South Africa and that they had given away the whole case of India not only in that part but in all parts of the British Empire and he declined to join the reception. Only on that occasion was Gokhale known to use a strong and somewhat harsh expression of his elders. The expression was in itself mild enough, but coming from him who weighed his words in an extremely sensitive balance, it struck his auditors very forcibly. Giving reasons for the settlement that had been arrived at, he said: "Let those who sit in their arm chairs and criticise the settlement take their places in the agitation that was going forward and secure if they can the right of free and unrestricted immigration to Indians" &c. Respect for seniors was so marked a trait in his character that this strong dissent made a great impression upon those who listened to him. Mr. Natarajan then described how when Gandhi declined to appear before the Commission appointed in S. Africa Gokhale was busily engaged, even while seriously ill, in corresponding with Gandhi and Lord Hardinge by cable and telegraph—more than Rs. 4000 being expended on cablegrams in three days—and in attending personally to the whole business.

Mr. Natarajan then read extracts from the books by Sir Guy Fleetwood Wilson and Lord Ronaldshay (now Lord Zetland) to show how he impressed those who came in contact with him.

"It was a wonderful chance for the Indian Members of the Legislative Council to upset an inexperienced Minister, and I anticipated a trying time of it in debate. The one man I frankly feared was Gokhale, the Gladstone of India.

Accordingly I endeavoured to find out what Gokhale's line of attack would be. All and everyone told me that the attempt would be futile, and that any apparent frankness of Gokhale's part would only be a cloak to his real intentions. So I left him severely alone.

Imagine my surprise at receiving on the eve of the debate a letter from Gokhale, whom I did not even know, to the effect that as he had good reason to believe that I meant to do my utmost for the good of India, he had no desire to embarrass me, and that he therefore sent me the notes of the speech he proposed to make so that I should not be taken unawares.

I do not believe that such a generous attitude has ever been assumed by the leader of the Opposition in any other country in the world, and I greatly doubt if it ever will be."—Sir Guy Fleetwood Wilson, in *Letters to Nobody, 1908-1918*, p. 177.

"As President of the National Congress at Benares in December 1905, Mr. G. K. Gokhale indulged (in the words of the *Times*) in "a passionate and acrid onslaught" on Lord Curson and all his works. But six months later, when Lord Curson himself lay stricken with the pain of a great affliction, Mr. Gokhale wrote to him that the heart of all India would go out to him in profound and reverent sorrow. And he spoke in touching terms of the inevitable loneliness of 'such rare spirits as Your Lordship who live for lofty ends and make a religion of all their work.'"—Ronaldshay, in the *Life of Lord Curson*, ii, 390.

Mr. Natarajan next turned his attention to the political teachings of Gokhale which have a close bearing on the political situation in the country

today. On the question of Dominion Status vs. Independence, he gave a clear and unambiguous lead. His views on this subject are found in the following excerpt from his speeches:—

"And here at the outset," he said, "let me say that I recognise no limits to my aspiration for our motherland. I want our people to be in their own country what other people are in theirs. I want our men and our women, without distinction of caste or creed, to have opportunities to grow to the full height of their stature, unhampered by cramping and unnatural restrictions. I want India to take her proper place among the great nations of the world, politically, industrially, in religion, in literature, in science and in arts. I want all this and I feel at the same time that the whole of this aspiration can, in its essence and its reality, be realized within this Empire."

On the question of means to be employed in attaining political freedom he insisted upon keeping within the limits of constitutional action, but these limits he drew widely, including definitely within them the movement for the non-payment of taxes. He said on one occasion:

"The question had often been asked, what was constitutional agitation? He would attempt to frame an answer to that question. Constitutional agitation was agitation by methods which they were entitled to employ to bring about the changes they desired through the action of constituted authorities. Thus defined, the field of constitutional agitation was a very wide one. But there were two essential conditions—1. that the methods adopted were such as they were entitled to employ, and 2. that the changes desired must be obtained only through the action of constituted authorities by bringing to bear on them the pressure of public opinion. Now what were the methods they were entitled to employ? The first idea suggested, on a consideration of the question, was that physical force was excluded. Proceeding with the consideration further, the speaker said that three things were excluded—rebellion, aiding or abetting a foreign invasion, and resort to crime. Roughly speaking, barring these three things, all else was constitutional. No doubt everything that was constitutional was not necessarily wise or expedient. But that was a different matter. Prayers and appeals to justice lay at one end. Passive-resistance, including even its extreme form of non-payment of taxes till redress was obtained, lay at the other end."

Mr. Natarajan drew pointed attention to this in view of the threats of repression that were being held by Government and warned the Liberal leaders against being betrayed into support of such repressive measures.

He then referred to Gokhale's attitude to the Hindu-Mahomedan question. Gokhale was not opposed on principle to communal electorates but was opposed to excessive representation. He was willing to let Mahomedans supply the deficit in the representation secured by them in the general mixed electorates by election in separate electorates; to that limited extent he was willing to put up with communal electorates, but he would not allow on any account excessive representation to any community. Curiously enough, at present their leaders were more indulgent to the latter than to the former. They would give excessive representation in order to get rid of communal electorates. This was, in Mr. Natarajan's opinion, hardly a wise solution. A very serious deterioration had resulted in the communal position now mainly because they had departed from the principles laid down by Gokhale.

In Gokhale's time the educated classes were regarded as mediators between the masses and Government. The masses themselves did not participate in politics. Their cause was espoused by the intelligentsia. The conception of politics had undergone a vital change since then. Montagu, feeling that a democracy could part with power only to another democracy, lowered the franchise very much making the masses active participants in politics. He also introduced responsibility supported in the last resort upon the vote of the masses. The results that had flowed from this were not wholly desirable. The leaders of the educated classes however could not oppose these measures; on the contrary they were impelled to carry this idea to its logical conclusion, recommending establishment of adult suffrage, the consequences of which had rather be imagined than described.

Gokhale fought hard but fought straight and fairly. The clean weapons he always used and the chivalrous and open nature of his made even his opponents who feared him profoundly respect his ability and admire his virtues.

## Correspondence.

### "BACKING THE WRONG HORSE."

TO THE EDITOR OF THE SERVANT OF INDIA.

SIR,—MR. S. V. AYYAR has been provoked by my writing under the above caption to hurl a string of questions at me which he expects me to answer. I am afraid I shall be taking too much of your space if I were to attempt to do justice to every question.

I wish to point out, however, that Mr. S. V. Ayyar altogether misses the main point of my criticism of Mr. Jawaharlal's speech. I think I made it perfectly clear that for 'a socialist and a republican' as Mr. Jawaharlal professes to be it is inconsistent to accept bare independence as the goal without at the same time insisting that that independence must be coupled with socialism, or in other words that the goal we are striving for must be a Union of Socialist Republics in India and not mere independence of any sort. To the proposition that it is inconsistent I venture to think Mr. Ayyar will not demur.

Mr. Ayyar is inquisitive about my idea of socialism. Is it worth while? I have said in my original article that the end and aim of socialists of all schools is the same. Their difference lies in the mode of approach and in its pace. If once allowance is made for differences on these points, socialism would appear to be a perfectly well-known concept about which the differences between Marx, Lenin, MacDonald and Sidney Webb may be ignored.

Mr. Ayyar wants to know how I reconcile my socialism with practice. I presume he means to ask how I propose to make socialism practicable. That is much too big an order for a letter to the SERVANT OF INDIA. But may I refer Mr. Ayyar to my book on *Bases on Self Rule in India* with apologies for its bad printing?

Mr. Ayyar reminds me that the socialism of the English Labour Party is "a peculiar travesty of socialism". He might have spared himself the trouble. I know full well that the policy of the

Labour Party in power is very far indeed from socialism in many respects. He might have gone further and pointed out that even Russia under the New Economic Policy is not fully socialistic. If, the moral he draws from that is that socialism as a State policy is impossible, I venture to disagree. If on the other hand, he argues from this that the socialist statesman must, under present conditions, limit his theories by practical considerations, I thoroughly agree, for I am more a Fabian than a Bolshevik. Assuredly Mr. Ayyar does not think that the theories of Sidney Webb or MacDonald as authors as distinguished from politicians are a travesty of socialism.

Mr. Ayyar thinks I am arguing like a child when I say that England is going to have a socialist government at an early date. He may have more first hand information at his disposal from so far afield as Dacca than Mr. Fenner Brockway who predicted in your columns that Labour will come into power with a substantial majority very soon; he put the date so early as 1931. Even Mr. Ayyar will admit, I suppose, that a Labour Government with a substantial Labour majority would venture to be more distinctly socialistic than a Labour Government which lives on sufferance more or less. Besides, it is quite likely that the left-wingers of the Labour Party will grow in strength and number as time goes on. Lastly Mr. Ayyar calls upon me to make a confession of faith: am I a philosophical anarchist? Is that, I ask, a very relevant enquiry? One need not be a philosophical anarchist to hold that the present-day methods of representative government do not give real freedom. Mr. Laski, for instance, who is anything but an anarchist, says the same thing. So do Cole, Sidney Low and hosts of others. Indeed, it has been said, and not without justice, that Italy enjoys greater freedom under Mussolini than it ever did before. The concept of freedom has undergone a great revolution since J. S. Mill wrote and one may take it as the accepted doctrine of political thinkers of today that representative government which is not founded on a reasonable measure of social and economic equality does not give real freedom. Such a doctrine may surprise Mr. Ayyar, but he will find few like him in the West today.

If it interests Mr. Ayyar to know it nevertheless, I may freely tell him that as a philosophical doctrine, Anarchism appears to me to be perfectly self-consistent and makes for an ampler ideal of freedom than any theory of State. Its practical difficulties appear to be enormous, given the society as we find it. But in an ideal state of society which this theory contemplates, anarchism would seem to be perfectly sound. How far society and its ideas will change in that direction and how far anarchism may ever become a practical proposition is another question. It would be time to speculate about that when man has become a great deal more socialised than he promises to be this side of a century.

Mr. Ayyar winds up with rebuking me for barren criticism without offering anything constructive. And this because I was out to criticise Mr. Nehru and not write a constructive thesis. But once again, for Mr. Ayyar's enlightenment, I shall remind him that I have written a book named "Bases of Self-Rule in India" where he would find some of my constructive ideas. I do not think I shall be justified in taking more of your space by reiterating them.

NARES C. SEN-GUPTA.