

# Servant of India

EDITOR : P. KODANDA RAO. OFFICIATING EDITOR : S. G. VAZE.

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## Topics of the Week.

### Clear Case for Government Intervention.

WE hope the case of Mr. Gulabchand of Sholapur who was sentenced by the City Magistrate on Monday last to a sentence of eighteen months and a fine of Rs. 20,000 will attract the attention of the Government. Mr. Gulabchand seems to have been served with the usual restrictive orders under the Emergency Powers Ordinance, orders which he thought fit to disobey. There were apparently extenuating circumstances in his case, but we need not go into that point here. Disobedience of these orders is as a rule visited in this presidency with an unaccountable uniformity by a sentence of eighteen months' imprisonment, the amount of the fine varying in different cases. Cases have unfortunately occurred now and again in which the fines imposed were generally looked upon as unconscionably severe. But the severity of the fine in Mr. Gulabchand's case is without parallel in the history of even the present Ordinance regime, highly oppressive as it undoubtedly is. In pressing for a maximum punishment on Mr. Gulabchand the Government pleader made special mention of the fact that the accused was a man possessed of much wealth. In doing so we suppose he was acting under instructions from his client, the Government. If so, the attitude of Government as represented by him in this case can hardly be said to be doing any credit to their sense either of justice or fairness. Is the punishment to be meted out to offenders to be in proportion to their crime or is its severity to depend upon such extraneous considerations as their wealth, their physique, etc.? In Mr. Gulabchand's case at any rate the infliction of a fine of such unexampled severity can be said to have absolutely no

relation to the enormity of his offence but is dictated by consideration of his wealth, which violates all well-known judicial principles. When Mr. Abhyankar, the C. P. dictator, was sentenced to three year's imprisonment with a fine of Rs. 10,000, the sentence was regarded as unduly severe, leading to its revision by the local Government. A similar course will, we hope, be followed in this case by the Bombay Government. The Ordinances, while they laid down the maximum imprisonments for the different offences newly created under them, failed to specify the maximum of the fines that may be inflicted. With what dangerous possibilities this lacuna is pregnant could not have been better illustrated than by the inordinately heavy sentence imposed upon Mr. Gulabchand.

### Election by the States?

AN ex-Inspector General of the Police in Mysore State has written two lengthy articles in the *Allahabad Leader* to commend a scheme for the composition of the federal legislature put forward by the present Diwan of that State before the Federal Structure Committee of the R.T.C. The writer of course claims a number of advantages for the scheme, but there is one among them which at any rate had escaped our attention before. And this is that "it will obviate dissimilarity of methods between British India and the Indian States in regard to the selection of members for the houses of the federal legislature." This would mean that Sir Mirza Ismail proposes that the States' representatives to what he calls the Federal Assembly should be chosen by election, just like the representatives of British India. This would indeed be a very great recommendation of the scheme, but as our own impression of the scheme was different, we referred again to the text of the scheme. There we find this: "The Federal Assembly will consist of representatives chosen by direct and indirect election, preferably by both methods, the representation being more or less on a population basis." As so expressed, this passage certainly lends support to the interpretation put upon it by the writer in the *Leader*. But the point is whether the writer writes from an inside knowledge of Sir Mirza Ismail's intentions or as one interested in showing the scheme off to the best possible advantage. From the part that Sir Mirza played in the Federal Structure Committee it would be hard to believe that he would make the Indian States send elected representatives to the lower house of the federal legislature. But if he does it is time that he made his wishes known. Frantic efforts are being made to popularise Sir Mirza's scheme, but nothing would make it more popular than just an announcement by him that the clause in his scheme quoted by us is meant to secure that the representatives from Indian States as well as from British India in the lower house of the Federal Legislature shall be elected, whether by the direct

or indirect method. He need have no propagandists then.

#### Bengal Muslims forswear separate electorates.

THE annual general meeting of the Bengal Presidency Muslim League held recently has passed a resolution on the subject of joint vs. separate electorates which clearly shows that the members of the League at any rate do not see eye to eye with those of their co-religionists that assembled at Lahore a few days. The Bengal Muslim League does not only not want separate electorates but has definitely set its face even against the reservation of seats for Muslims in joint electorates. It has expressed the view that "any reservation of seats for the majority community in Bengal is prejudicial to their own interests inasmuch as dependence on an artificial prop will stand in the way of their being self-reliant and self-dependent and will thus retard the growth of manhood in them." It is also noteworthy that the League has unequivocally expressed itself against the establishment of a second chamber for Bengal and also against the continuance of any special constituencies as being detrimental to "the interests of democracy". It is a pleasing sign of the times, to judge from the comments of the *Mussalman*, that Muslims are divided as to the necessity of a communal organisation like the League. The underlying idea of those who do not favour any communal political organisation is, we are told, that "the time has come when parties or organizations should be formed not on communal, but on class, basis. As for example, in Bengal which is predominantly an agricultural province there should be an organization (as a matter of fact there has already been one) of agriculturists and, as is well known, the interests of all cultivators, Hindu or Muslim, are identical and their weal or woe is practically the weal or woe of the province as a whole." How one wishes this feeling had permeated the majority of Muslims. It is however to be hoped that though confined for the present to a minority among them it will before long bring under its influence an overwhelming majority of the Muslim community.

#### An Undeserved Ban on a Hospital.

A NOTICE has recently been served by the District Magistrate of Allahabad on the supposed occupier of a house described as "Congress Hospital" asking him to stop describing the hospital as a Congress institution and calling upon him to remove from it all Congress flags and emblems. The action is, as usual, supported by nothing more tangible than the belief of the District Magistrate, based apparently on police reports, that the building was being used for the furtherance of Congress activities. How ill-informed the District Magistrate has been, so far as his action in the present case at any rate goes, can be seen from the fact that though he describes the hospital as having been "newly" opened, according to the *Leader* which cannot be suspected of any pro-Congress bias, "the hospital is an old one and has been in existence for a long time though it was continued for some time in open air after the seizure by Government of the Swaraj Bhavan, where it was located." The charge of complicity in unlawful Congress activities also appears to be equally ill-founded. For the paper says that the hospital "has been doing purely humanitarian work, and we do not know how the District Magistrate has come to the conclusion that it has been opened in furtherance of an unlawful movement." The fact that Congress has not yet been declared unlawful should have shown the district authorities the unwisdom of objecting to

the association of the name of the Congress with an institution whose activities are in other ways unobjectionable. The fact seems to be that the authorities have allowed the description of the institution as a "Congress Hospital" to act as a bug-bear and cannot be said to have used the arbitrary powers vested in them by the Ordinances with proper discretion. In the Madras Presidency a harmless Khadi Bhandar was placed under a ban simply because it happened to be housed in what was called a "Congress House." When however the injustice implied by the ban was represented to the higher authorities the ban came to be duly lifted. A similar fate seems to have befallen the Allahabad hospital for a like reason; but we have every hope that when the facts are made known to the proper quarters and Government enabled to see its mistake, the ban will, as in the case of the Khadi Bhandar in Madras, be removed, and the Hospital "left peacefully to carry on its work of mercy and humanity", as suggested by the paper.

#### Cochin in 1931.

THERE are few Indian States whose rulers have placed a limit on their privy purse, the general tendency among members of the Princely Order being to regard their State revenues as their personal property. This constitutes such a gross violation of the first essentials of good government and is so obviously unfair to the people of the subjects that Lord Irwin, when Viceroy, was forced to ask the Princes in the plainest terms possible to be content with a stated amount or proportion of the revenue of the States for their personal expenses. Whichsoever other States or their rulers might have deserved this warning, it was not needed by the ruler of Cochin whose palace expenses have been limited all these years to Rs. 5 lakhs out of a total revenue of about Rs. 75 lakhs. Unlike the generality of States, Cochin State satisfies other requirements of good government to which has naturally led to an increase of 23 per cent. in its population in one decade. This now stands at a little over 12 lakhs. If we take 15 per cent. as the proportion of school-age children, this yields about 1 $\frac{3}{4}$  lakhs who must be brought to school if there is to be no illiteracy in the rising generation. We find from the educational statistics given in the administration report of the State for 1931 that as many as 156,000 of these were in receipt of some kind of instruction or the other. This shows what strides education has made in the State and how little remains to be done before education is universalised.

For obvious reasons the year under report could not be one of expansion, but of consolidation, in the field of education. Even so it is a matter for satisfaction that primary education which is at the basis of progress did not suffer any set-back, the education of the backward and depressed classes continuing as usual to be the special concern of the State authorities. It is a pity that in spite of the grant of concessions by way of encouragement to the children of these classes to attend schools, their numbers under instruction went down by as much as 12,000. It is to be hoped that the recent appointment of a full-time Protector of these classes instead of the Director of Public Instruction combining these with his other multifarious duties which was the case until recently will directly result not only in making up for this lost ground but in bringing a much larger number of the children of these classes into school. But the Protector will be a protector only in name if he confines his attention to the educational advancement of the depressed classes. He must also earnestly care for the social and economic sides of their uplift and must do his best

to instil self-respect in them. That the policy of the State to admit the children of these classes to general schools instead of consigning them to separate schools intended for their sole benefit is meeting with success is clear from the fact that all recognised schools in the State with the exception of only three are now open to depressed classes children. The educational survey of the State which was ordered in the year under report is also a step in the right direction and will, it is hoped, point means of economising educational expenditure without loss of efficiency.

The antiquated abkari policy of the State of maximum revenue from minimum consumption has, as our readers will remember, been the subject of much adverse comment in these columns in past years and in our view took away greatly from Cochin's claim to be looked upon as a model State. It is therefore a source of genuine pleasure to us that the Legislative Council has recently voted for prohibition which, to judge from newspaper reports, has also found favour with the Cochin Government.

## DANGER AVERTED.

**T**HERE will now be great rejoicings in all nationalist circles. The future of federation is now finally assured. Only a few days ago it had almost appeared as if not only the adhesion of some of the important States was out of the question, but, on account of their opposition, the federal scheme itself would be torpedoed. It has latterly been the starting-point in all constitutional discussions that federation is an indispensable condition of any advance in British India. The disaster that seemed imminent but three weeks ago was therefore nothing less than this, that all political progress in British India would be for ever blocked. Is it any wonder then that hallelujahs should now be sung in all patriots' homes, in the homes, that is to say, of all those who are out of gaol? The danger is now completely averted, and nothing need stand now between our country and full freedom, except possibly an unseasonable exhibition on the part of British Indians of too jealous a regard for their sectional interests and a doctrinaire devotion to democracy and things like these. Even on this score, however, too much concern need not be felt, for British Indian politicians have proved in the past that they are not to be so immured by any abstract political principles that they cannot get out of them at need. The question of material interests would present a somewhat tougher difficulty, but even this we may trust them to surmount at the proper time, that is, after making a little fuss.

How comes it that instead of a partial federation being doubtful, an all-in federation now suddenly becomes a certainty? What was this revolutionary change due to? First and foremost among the causes of this change was of course the desire of the rulers of Indian States to help British India forward. The more sagacious of them saw at once in what a cleft stick British India was placed by federation being made the essential basis of British Indian self-government. Indian States can advance independently of British India. They can be freed from the British Government's control even if British India remains subject. But British India can make no progress until she enters into a federation with the States. The States were thus placed by the logic of facts in a position not only of thwarting but completely stopping British Indian reform. Seeing this helpless condition of British India, the Indian States ran to her rescue. His Highness the Maharaja of Alwar, in supporting the main resolution on federa-

tion in the Princes' Chamber, mentioned this as the principal motive which prompted the States to accept the offer made to them by British India for a federation. We are afraid sufficient credit is not generally given to the spirit of altruism which actuates our Maharajas. When British India was roughly told that she could not move forward at all except on a federal basis, were the Princes to carry on fine-spun discussions on Federation *vs.* Confederation? Not they. They rose to the height of the occasion, and, making up their quarrels, they said with one voice, "If it is of any help to British India, we shall join the federation, no matter whatever sacrifices this may entail." Nor had they much difficulty in making up their quarrels. Federation of the loose variety is not far removed from confederation. The Princes arrived at a compromise to the effect that the protagonists of the confederation idea would form a group among themselves and enter the federation as such, while those of the federation idea would be free to enter each as a separate unit. A very simple solution this, and no harm in it either. The confederation school maintains, we are told, "that in the event of a State's defiance of federal laws the Government's appeal shall lie first to the Confederation and thereafter to the Viceroy." This may be held by people who indulge themselves in abstractions and theorisings as something militating against federation, but those who keep steadily in front of themselves the central fact that federation is essential for any reform in British India will not have much difficulty in agreeing to this proposition advanced by rulers who want to do British India a good turn.

It is of course possible to make too much of the additional safeguards that the Princes ask for. One of them, we understand, is "designed to secure the the constitution against any change, save with the consent of very strong majorities of the federal legislature and of the federating units as such." This is the normal feature of all federations, and no one can take any possible exception to it. "It is further sought to ensure that the federal government shall have the minimum power of interference with the States' governments." The same remark holds good of this safeguard. The one safeguard that is likely to give the greatest trouble is the allotment of an equality of representation to the States in an upper chamber, which is to have co-ordinate powers with the lower in the matter of legislation and the voting of estimates. We know that it is a bitter pill to swallow

for British India to have a second chamber equipped with such extensive powers. Our leaders will object to it and if possible have this feature removed. But, in fairness to the Princes, we must add that they are making a sacrifice in accepting a second chamber at all. Left to themselves, they would have only one chamber. No question would then arise of the States' representatives being elected by the people. But if you have two chambers, one to represent the people in the States and the other the States themselves, it would be difficult for the rulers not to agree to elected representatives in the lower chamber, and that being agreed to, the lower chamber will necessarily grow in influence and power as time goes on. It is no doubt true that British Indian representatives at the moment agree not to raise the question of election in the case of the States, but who can guard against the inevitable tendency that would be set up when you have an avowedly popular house of legislature and as a set-off to it another aristocratic house? The Princes are fully alive to the danger. Sir Akbar Hydari, who sees farther into the future than any other statesman known to us, in a memorandum on this subject put the point with his accustomed clarity: "If the legislature be bi-cameral," says he, "the lower house will of necessity have to be representative of the peoples of the federation. That being so, whatever rules may be laid down at the outset in regard to the powers of the two houses being equal, it will inevitably happen that the lower house will become more powerful than the upper house under a bi-cameral system, and the latter will be gradually reduced to impotence." The Princes are not exactly the people to be bamboozled. They see as if in a crystal where it all is going to lead to. And with this danger of election and everything else clearly in view, they agree to two chambers. Well, speaking *sub rosa*, is not something due to the Princes from the 'side' of British India for this concession? Still of course one can make a protest—within reason. How often and with what degree of warmth it might be made must be carefully considered beforehand. Perhaps three protests in a sort of supplicating manner would not be altogether injudicious. Above all, care must be taken not to endanger federation.

Similarly, equal representation with British India appears to some to be excessive. Speaking arithmetically, it is excessive. But where would there be any room for a display of diplomatic skill if we settled everything mechanically on a pre-arranged basis? There is the interplay of human factors to be taken into account. The *Statesman* fails to take account of such factors when it says in its issue of 29th March: "The States must remember that their total population is only a fifth of that of all India. A demand for numerical equality of representation cannot be seriously maintained and if it were granted would transfer to them such a large share in governing British India that their claim to be on a different footing from British India in any respect would be continually challenged." Can it not be that this Anglo-Indian paper, in goading British Indians to offer uncompromising opposition to the Princes'

demand, is actuated by the diabolical desire to bar India's way to swaraj by somehow manoeuvring a breakdown of federation? Having driven a wedge between Hindus and Moslems, our enemies are perhaps now trying to drive a wedge between British India and Indian States. We have our own doubts on the matter but we still feel easy in our minds, knowing that our politicians are in fact what the paper is in name—real statesmen, and that they cannot be led into a booby trap that way. On this matter too justice demands that we should not be ~~convinced~~ ~~of what can~~ be urged on the other side. The States form one unit of federation, and they ask for equality only in that house where representation goes not by population but where each federating unit is represented as such. In the lower house they would be in a decisive minority. Still, here again a protest may be raised—in none too violent language and by none too violent people, and, above all, not in such a manner as if we were delivering an ultimatum and a revision of our attitude was not possible. This caution is of course superfluous to those to whom would fall the task of conducting these negotiations, but one only speaks from the trepidation of one's heart lest one little false step should smash federation to smithereens. Yet we know that if one thing can be predicated of our politicians it is that they are not immovably attached to any abstract political principle and that they fully realise that federation must be had at any price, literally AT ANY PRICE.

### THE IRISH CRISIS.

**H**YSTERIA seems to be the dominant characteristic of present-day British journalism. At the time of the meeting of the first Round Table Conference, practically the whole of the British press was giving currency to the idea that the Indian National Congress was out for repudiation of debts. I do not think that the exposition of the Congress policy by Mahatma Gandhi during his stay in London in any way removed that false impression. Similarly De Valera is represented in some British journals as standing for a repudiation of the Anglo-Irish Treaty of 1921. This is of course very far from the truth. At any rate, De Valera has made no statement to that effect so far. He has definitely declared against the oath of allegiance and the payment of land annuities to Britain. But his contention has always been that these two questions have no relation to the Anglo-Irish Treaty. He has also said that he would seek to maintain cordial relations with Great Britain, and has even cabled to Mr. Bennett, thanking him for his kind invitation to the Irish Free State to participate in the Ottawa Conference and accepting that invitation.

Now it is necessary to remember that there is no express provision in the Anglo-Irish Treaty that an oath is to be imposed. Again, section V of the Treaty which alone is relevant to the question of land annuities simply provides for a financial adjustment between the two countries. A subsequent agreement dated December 1925, deals with financial and other

provisions referred to in the Treaty; but there is no express mention about the land annuities at all. Both the Treaty and the Agreement were ratified by the legislatures of the two countries.

Mr. Churchill, as Chancellor of the Exchequer, and Mr. Blythe, as Minister of Finance of Ireland, concluded an agreement on March, 1926, under the title "Heads of Ultimate Financial Agreement between the British Government and the Government of the Irish Free State." This document is a purely inter-departmental one; it was never ratified by the legislatures of the two countries as a binding international agreement between the two countries and De Valera is perfectly entitled to re-open the matter. He has not said that he would not argue his case before an impartial tribunal. The matter is still in the stage of diplomatic correspondence between the Cabinets of the two countries and before their final views are made known, the British press is indulging in all sorts of threats against Ireland.

It is said that there are 350,000 Irishmen resident in England and Scotland and about 100,000 of them are on the dole or in receipt of parish relief. When De Valera abolishes the oath of allegiance to the British Sovereign, Fleet Street will at once "bring in a short Act to expel them from the Empire." As for the annuities, it seems that Great Britain can well afford to lose £3,000,000 a year and that she can make Ireland lose much more by imposing heavy duties on Irish agricultural produce. But what about the other side of the case? The Irish Free State is now buying considerably larger quantities of British produce than those bought by England from Ireland. The fact is that both England and Ireland will have to suffer by a political and economic warfare against each other.

Very often I have read statements in the British press, referring in contemptuous terms to the gross misinterpretations of British policy by the Indian vernacular press. The attitude of Fleet Street to the Irish question has convinced me of the fact that the British Press calling the Indian Press 'reptile' is just like the pot calling the kettle black.

T. S. RAMANUJAM.

## Reviews.

### THE MORTGAGE BOND AS INVESTMENT.

THE MORTGAGE BANK. A STUDY IN INVESTMENT BANKING. By JOSEPH L. COHEN. (Pitman.) 1931. 22cm. 268p. 10s.

MORTGAGE banking has recently been systematized in all countries of the world and, as a result, it has grown considerably in importance within recent years. Unfortunately the subject did not so long receive the attention that it richly deserved. Until recently, as the author pertinently points out, it was "customary to relegate the mortgage bank and the mortgage bond to footnotes; the charitable might concede them an appendix; the generous might allow them a chapter in a book on modern banking."

The present volume, which seeks to remove the long felt want of a handy treatise on the subject, gives a brief but comprehensive account of the mortgage bond as an investment and of the mortgage bond market and it also directs interest to this special form of financing all types of real estate credit with a view to decide what are its advantages and disadvantages. Its scope is thus limited to a small part of the capital market.

The mortgage bond has grown rapidly in use since the War. Formerly it was a purely local concern. Now it has grown into the stature of an international investment. There are great varieties in the mortgage law as it exists in the different countries of the world (p.9). Much of the variety is due to the peculiar local conditions prevailing in each country. But the cardinal feature of the mortgage law in all countries is the protection of the bona fide investor against the fraud of an undisclosed previous mortgage. In Germany, the *Grundbuch* serves as a real estate register for every plot or parcel of land in the country and similar safeguards have been adopted in most of the advanced countries of the West. In France, where the land law is based on the Roman Law, all mortgages are subject to "inscription". The question of safeguards for the bona fide investor is treated in great detail. The different types of mortgage banks, as they have gradually evolved in different countries, are lucidly explained (pp. 24-33). The valuation of real property is a very important test in deciding the question of security because, ultimately, the nature of the security determines the rate of interest. Real estate valuation is always a highly technical and complicated question and the various methods of valuation need careful consideration before they can be adopted in particular cases. On the whole, the author holds (p. 39) that agricultural property is regarded as more stable in value than industrial property. This proposition, stated so baldly and without any limitation, may not find general acceptance and it might be possible to challenge it in very many cases. The issue of mortgage bonds is discussed in chapter IV (p. 53). The success of the issue, we are told, depends on three main factors, viz. the firm or firms which take charge of the issue, the price at which it is issued and the arrangements made for underwriting it. No mention is made however of another very important factor which determines the success of an issue—we mean the stability and reputation of the borrower himself. The business of underwriting has, of course, in recent times, considerably helped the process of issues. The underwriters do not desire the issue for themselves but undertake, and will be called upon, to buy and perhaps to hold for a time whatever part of the issue remains unsold after it is offered to the public. The question of yield is important. Comparing the yield (p. 73) on Government and mortgage bonds for the ten-year period 1903 to 1913, it is found that in Germany, Hungary and Norway the mortgage bond gave a slightly higher yield, but in Denmark, the case was reversed and the mortgage bond was regarded as a better security with a lower yield than the Government bond. The author then proceeds to discuss the special advantages of mortgage bonds and gives us 14 of them at pages 89-90. We also get a vivid account of a mortgage bank actually at work. For this purpose he takes the National Mortgage Bank of Argentina (p. 92) and gives us a history of its growth and development from 1908 to 1928. A separate chapter deals with the risks of mortgage loans while in a later chapter we get a discussion about the International Mortgage Bank which will save the national mortgage banks from the chief dangers which beset them (p. 134). In Part II of the book we find a detailed study of the mortgage bond



system in Germany, France, United States and Great Britain which helps us to appreciate the principles discussed in the earlier part of the book. The book is, on the whole, a very valuable study of a complex problem. It is written in a pleasant way so that it brings knowledge without tears to the man in the street. The printing and get-up of the book are excellent.

B. MUKHERJEE.

### THE U. S. LOAN POLICY.

**FEDERAL FINANCING.** By ROBERT A. LOVE.  
(Columbia University Press, New York.) 1931.  
22cm. 261p. \$4.25.

PROBLEMS of the financing of public authorities have nowhere received such sustained attention at the hands of scholars as in the United States. The University of Columbia and its Emeritus Professor of Political Economy, Mr. E. R. A. Seligman, have done much to set a very high example in this respect. The book under review, as the author tells us, is mainly the result of the direction, encouragement and advice of Professor Seligman himself. The title of the book is slightly misleading. Instead of treating the finances of the Federal Government in general, or even of the American Federal Government in particular, the book deals exclusively with the subject of the loan policy of the United States Government. In this field, it must be admitted, the author has moved with a grasp of principle and detail which is remarkable. He has neither fallen a prey to mere doctrinaire analysis nor has he allowed himself to be compromised by political prejudice. His is essentially the monograph of a scholar, deep in its learning and rich in its practical criticism.

The main portion of the book is devoted to a historical and critical account of the methods employed from time to time by the American Treasury in its borrowing operations. The story of these operations is traced from the post-revolutionary period down to the years following the World War. War years, such as those of the War against England in 1812, the Civil War and the great World War naturally supply the most interesting periods of this history, as it was during such periods that the need for funds, as also for the avoidance of political criticism was the greatest. The main thesis of Dr. Love appears to be closely connected with this fact. With a view to avoid ignorant and prejudiced popular criticism, particularly in times of war, the Treasury, sometimes even in spite of itself, is led to adopt measures of borrowing which are not justifiable from the purely financial standpoint. Dr. Love neatly exposes many of these popular short-cuts to financial confidence, and endeavours to impress upon the officials of the Treasury the lesson that in future they should follow financial wisdom much more consistently than they have done in the past.

The popular mind has always expected that Government borrowing would possess those mysterious characteristics whereby it is possible for the state to borrow more cheaply than private debtors. If a finance minister fails to act up to this expectation public confidence is likely to be weakened, which would be a fatal thing, though more so in a political than in a financial sense. This is the very factor that counts most in America where the Treasury has to play its allotted part in the machine of the state placed for the time being at the disposal of one of the two parties in the country. The other methods whereby the effective cost of borrowing may be rendered higher than the nominal rate of borrowing, such as

exemption from taxation or exchangeability at par, do not strike the uninstructed public which is politically all powerful. But, as the author points out, these unseen methods of increasing the effective yield of a loan tend to heighten excessively the cost of borrowing. The other popular notion about the financial solvency of the state is with regard to the issue price which must not be lower than par if popular imagination is to be caught. The American Federal Treasury has kept these two requirements in the forefront of their borrowing programmes: low nominal yield and issue at par. All other considerations have been subordinated to these, and various devices have been invented to counteract their consequences. The provision of a sinking fund and allocation of a fixed proportion or definite items of revenue for debt redemption have also been tried as aids to popularity and confidence. Dr. Love's judgment on the results of these devices is as unfavourable as that of financial critics in other countries. Sinking fund or no-sinking fund, a state pays when and if it can, and the best way to sink a debt is to pay it, howsoever the facts may be covered by purchases, conversions and taxation. This remark is indeed not intended to belittle the usefulness of a sinking fund provision from the purely financial standpoint, but to indicate the unreasonableness of the popular prepossession in favour of a sinking fund. The discussion contained in Chapter XIII on the activities of the War Finance Corporation would have been more effective if it had been accompanied by a fuller description. That the operations of this body resulted very often in a bonus to bond-holders is a truth that supports the general thesis of the book, which is a criticism of the popular or political influence on financial policy to the detriment of theoretical justice.

While on the one hand popular prejudices have been respected in the matters of nominally low yields and issues at par very considerable indirect costs have been incurred on account of commissions, premiums, discounts and advertising expenses. The majority of investors do not fail to be guided by considerations of net yield, but the Treasury has allowed itself to be deviated from the criterion of net minimum cost, which alone ought to count with it. To readers in India, with memories of the War loans fresh in their mind, Dr. Love's conclusion that although not described as such in public statements, a number of actions on the part of the Government may, with fair accuracy, be described as 'forced loans' will not come as a surprise. The use of Government bonds for directly and indirectly inflating currency is another practice of a doubtful character which the author exposes, and which is not unfamiliar to us in India. The technique and effects of conversion operations attempted by the American Treasury from time to time have been ably treated by Dr. Love.

Impartial observers of the way in which administrative policies have been drifting in the great American Federation will support the energetic protest of Dr. Love that the greatest obstacle to financial strength is weak financial policies. If we may so put it, there has been too much 'politicising' of finance, not only in America but in most democratic countries. In India till now there has been one kind of political influence deflecting our financial authorities from the path of strict justice. In future it is apprehended that there will be another, a more normal still by no means less harmful, factor that may work in the same direction. Lessons in the effects of faulty public borrowing learnt from the experience of a prosperous and progressive country like the United States ought to be doubly helpful to students and public men in a poor and backward country such as India. We feel with Professor Seligman that Dr. Love's suggestions ought to prove as fruitful as they are.

interesting, let us add, not only to people in America but also elsewhere.

D. G. KARVE.

### SHORT NOTICES.

**POEMS AND LETTERS OF HOWARD 'BUD' GILSON. 90P.**

**HEMINGWAY TOWN. By RAYMOND OSBORNE. 101p.**

(Meador Publishing Co., Boston.) 1931. \$1.50 each.

THESE verses are not from poetic bantlings, but from real children of the Muses. Their lines have not only freshness, originality and a fine suggestiveness, but the authentic note of life. If there is immaturity, it is that of experimenters, not of those who belabour plodding and jaded thoughts in the manner of Laputans straining sunshine out of cucumber. 'Bud' Gilson, a war-hero and the idol of his comrades, was cut off in early manhood by a tragic motor accident. His verses and letters (addressed to his child) are redolent of a strong, sweet and noble nature—with the fragrance of a full-blown flower and not of a 'Bud'. Gilson's poems have more rhythm than Osborne's, and a noticeably finer choice of diction. But, the magic that transmutes the dust particles of prose into the diamond pin-points of song—is that magic here?

R. SADASIVA AIYAR.

**THE ART OF CONTEMPLATION. By J. C.**

**WINSLOW. (Association Press, Calcutta.) 1931**  
14cm. 60p. As. 8/-

A COMPARATIVE study of Ashtāṅg of the Yoga Sastra of Patanjali and Christian Mysticism, with the latter of which the author is very familiar. Mr. Winslow traces the stages of Ashtāṅg according to Patanjali noting down the differences in Christian Mysticism. This book will be of great value to all students of mysticism.

N. S. KRISHNAMURTHY.

## Miscellaneous.

### COOPERATION IN HOLKAR STATE.

Mr. K. S. Negi's Impressions.

Mr. K. S. Negi, who was with Mr. Devadhar, President, Servants of India Society, during the latter's recent tour of Indore State, sends us his impressions of the co-operative movement in the State. Mr. Negi says—

I HAD a chance to accompany Mr. Devadhar, in his recent visits to numerous village co-operative societies and some of the central banks and see for myself the growth of the co-operative movement in the Holkar State after he had presided over the Holkar State Third Co-operative Conference. The city of Indore can boast of many societies of strong financial stability and two of them viz. Chandrase-niya and Parasapar Sahakari societies have managed to possess their own buildings and the latter is transacting a business of Rs. 1,128,658 at present. The success that has attended these societies is due to their intelligent and healthy management in addition to the honesty of the members. In the State there are 500 societies with a working capital of nearly Rs. 55 lakhs which includes the reserve fund. Undoubtedly this small number is not keeping pace with the growth of population, but I cannot measure the success of the movement merely by the number of its members and the groups they form because it is often

noticed that quality is not always associated with quantity. But one thing is certain that the average rate of interest is reduced from 18% to 12% including 3% which builds up the reserve fund and this is the back-bone of the system. Co-operation has thrown a challenge to the village *swakars* who now lend their money at 12% to entrap the village folks who now understand the technique of the reserve fund which is their own creation. They realise that this is the nucleus of their village bank. In Datoda village alone there are eight societies embracing all classes of people and all are functioning well. One of the villagers said that long before the birth of co-operative societies he was so much harassed by a Kabuli, locally known as Wilayati, that he had to take refuge in the neighbouring village and freely confessed his indebtedness to the movement. One of the societies at Rangavasa village has created a reserve fund of Rs. 5,000 while indebtedness amounts to Rs. 4,000. This is a very hopeful result. We also calculated roughly the net saving of a peasant family to be Rs. 100 on an average. But this is only arithmetical result. We still see them heavily loaded with debts. The reason is not far to seek. All of us are conscious of the social evils coming in the way of their advancement. The marriage and death ceremonies are primarily responsible for their economic ship-wreck, and unless schemes of adult education and social reforms are introduced their chances of success are remote. Indore is very fortunate in having a band of intelligent, honest and sympathetic workers, both official and non-official, willing to penetrate into the villages and educate them in the principles of cooperation. Some feeble attempts are also being made to obtain better profit on agricultural produce through the agency of co-operative stores. The people of Kanadya village could appreciate Mr. Devadhar's idea of the joint-effort for the marketing and purchase of their agricultural yields and personal requirements respectively. And I hope these book phrases will soon translate themselves into beautifully managed little sale and purchase stores in those villages. It is proverbial that the peasant is greatly handicapped by his illiteracy, but we were satisfied that almost 40% of them were clever enough to read, write and keep all the accounts of the village bank.

Maheshwar, a place famous for Sarees, owns a community of weavers having about 200 families. They claim a few societies which are fading fast partly because of the lack of the purchasing capacity of the public and partly because of their old methods of production. A demonstration was given to satisfy them about the superiority of the fly-shuttle to the pit-loom. The proportion of production between them is 5 to 1, which was proved to these artist weavers. They could conceive that the loom which has given entire satisfaction to weavers as a class is the fly-shuttle because it is cheap considering the costs of its production, it is easy to work and turns out a large quantity of cloth. Mr. Devadhar humourously asked them not to use motor-transport for going to Indore if they were not adapting fly-shuttle to their industry. If they take kindly to it the co-operative department is ever ready to help them. They were given Rs. 20,000 by the late Maharaja to develop the Saree industry of the town. There is also a state Saree-workhouse to educate the children of weavers in their own art. The central bank of Sanawad covers 43 societies and their reports could show the steady and gradual reduction in the indebtedness of members, except 5 societies which unfortunately admitted members who were seeking their own pleasures and were ever ready to sacrifice to it the domestic happiness of other members. Two members owe a debt of about Rs. 12,000 each and it is feared

that this money will pass as bad debt. But in spite of these calamities they are working well.

Co-operation and agriculture are very much allied and I believe it will not be out of place if I mention the State Cattle-Breeding Farm, an institution which, in spite of its importing foreign breed, is trying to improve the Malwa animal to provide the agriculturist with a comparatively strong team of oxen at a cheaper price than it would have done with a Hissar or any other foreign breed. The revenue department of the State organised an agricultural exhibition at which were demonstrated the improved methods of sugar manufacture. Crowds of people flocked every day to see the exhibition and carried with them stories of what they saw there to the distant villages. Such exhibitions are great schools of adult education.

The Normal Rural Community School at Bijalpur is an experiment in conducting a school on sound co-operative basis. The ordinary education of the boys is to be harmoniously adjusted with agricultural and technical workmanship. It is an attempt to produce ideal village teachers whose studies are conditioned according to the needs and improvements of village folks. This class of teachers will be the pivot of rural civilisation which will make the peasants live in their cottages, effectively, co-operatively, and happily. The teachers are not only to teach children playfully but they are to associate with the village community in improving their general conditions and helping them in all questions of health and home. We have seen records of students showing suggestions given to villagers in enabling them to hold their own in competition with others. It is too early to speak of its success, but they are attempting to make it a co-operatively self-supporting colony.

The young Maharaja is anxious to do his bit for his peasant subjects. He and Her Highness gave Rs. 3,000 and Rs. 1,500 respectively for the celebration of the Agriculturists' Day. It is an expression of the Maharaja's interest in the well-being of his agriculturist subjects.

## Correspondence.

### FERGUSSON COLLEGE.

TO THE EDITOR OF THE SERVANT OF INDIA.

SIR,—I read with considerable interest the editorial article on the Fergusson College, that appeared in your issue of 7th April, and particularly appreciated the monition you have addressed to political leaders "not to seek to involve the youthful impressionable mind with false ideas of patriotism, but should rather impress on it the supreme need of adequate intellectual and moral preparation" before plunging into turbulent political agitation. I could not, however, refrain from wishing that certain statements based on one-sided information had not been made in the course of the article. You suggest, for instance, that the Governing Body were compelled to retire six of the life-members, because they did not give the Principal their cordial co-operation. There was not a single occasion or instance when our co-operation was asked for and refused. Every one of us, six life-members, has, since the day he was admitted as probationer, upto the day of his retirement, spent every ounce of his energy and every moment of his active life to the D. E. Society's institutions

and to the work of strenuous teaching in the face of ill-health, domestic calamities and all sorts of conditions. To this the student world of Poona and the S. M. C. will bear ample testimony. It is true that we spoke out our minds, in connection with the deplorable incident of July last, about the low level of discipline among sections of College students who were spoiling the rest, about the inadequacy of the police precautions taken at the time of H. E.'s visit, about the duty of preventing irresponsible speakers and political leaders from utilizing the College platform for their mischievous propaganda and so forth. Had we, to save our skins, refrained from speaking out on matters so vital to the Society's welfare we should have been false alike to our position as life-members and to the Society.

On such occasions silence could have been rightly construed as non-co-operation. It is possible, of course, to hold a different view on matters of students' discipline—to think, for instance, that periodical burning of crackers, blowing of whistles, playing on pocket-squiffers, *et hoc genus omne*, in the class-room is a safety-valve and condition of normal discipline. But a difference of opinion is not unwillingness to co-operate. The Governing Body, very naturally in their statement, found it to their interest to side-track the question of students' indiscipline and accuse those who had the temerity to mention it as lacking in discipline. We are not surprised.

Then, again, you put down our alleged lack of cordial co-operation to our discontent at the appointment of Dr. G. S. Mahajani as Principal of the Fergusson College. In our informal confabulations with some members of the Governing Body, we made it unmistakably clear to them that we were prepared to have Dr. Mahajani as Principal provided the long established right of the Board of Life-Members to elect the Principal was respected and that we were allowed so to elect him in the first instance—the election of course to be ratified by the Governing Body. They, however, chose to take a non-possimus attitude.

Then, again, when you say the Governing Body did not interfere so long as "personal questions were not allowed to raise their head," you imply that the contention of the retired life-members that the virtual autonomy of the Board—subject to wise and proper control—is an eye-wash; and in saying that you have unconsciously accorded the prestige of your paper to those who have found it all along convenient to use the accusation of "personal squabbles" as a smoke-screen for their own social and political attitudes. Yours, etc.

R. SADASIVA AIYAR.

Poona, April 12.

### BOOKS RECEIVED.

- THE GOLD TANGLE AND THE WAY OUT. Meaning and Causes of the Great Industrial Collapse. By FREDERICK AND ALFRED WIGGLESWORTH. (John Lane-London.) 1931. 20cm. 245p. 5/-
- SASTRI SPEAKS. Being a Collection of the Speeches and Writings in South Africa. Ed. By S. R. NAIDOO AND DHANEE BRAMDAW. (The Natal Press, Pietermaritzburg.) 1931. 22cm. 307p. 8/-
- DROP YOUR FOREIGN ACCENT. By GERARD N. TRENITE. (Allen & Unwin.) 1932. 20cm. 118p. 4/6.
- CHRISTIAN EDUCATION IN INDIA. By GEORGE ANDERSON AND HENRY WHITEHEAD. (Macmillan, London.) 1932. 20cm. 116p. 3/6.