

The Servant of India

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Office : SERVANTS OF INDIA SOCIETY, POONA.

VOL. XVIII, No. 33. } POONA—THURSDAY, AUGUST 15, 1935. { INDIAN SUBSN. Rs. 6.
FOREIGN 15s.

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Topics of the Week.

The New Viceroy.

WITH the passage of the India Bill into law, speculation was rife as to who would be called upon to shoulder the responsibility of putting the new reforms into effect. The belief seems to have been widely entertained that Lord Willingdon's services in shaping them would be recognised by granting him an extension of his tenure as Viceroy. We do not know if he himself entertained such a hope. If so, the announcement of his successor's name will cause him keen disappointment. It also leaves unfulfilled his great ambition to figure in history as India's first constitutional Governor-General, to which he gave public expression more than once.

TO Indians Lord Linlithgow does not come as a stranger. In him they recognise the chairman of the Royal Commission on Agriculture. But what, we believe, brought him his present preferment must have been his authorship of that highly reactionary document—we mean the report of the Joint Parliamentary Committee, which served to make the reforms all the more detestable to Indian opinion. With his views on India's constitutional position as reflected in that report, there appears to be hardly any ground for the hope that he will in any important respect travel beyond the four corners of the Reforms Act. The administration of the Act, unacceptable as it is to Indian opinion, is surrounded by exceptional difficulties. How the new Viceroy will manage to steer clear of them time alone will show.

An Unconvincing Plea.

THE Madras Legislative Council is to be given one more extension of its life. The two previous extensions were for one year each; but in the present case the period of the renewed lease is left unspecified. We hope we shall not be far wrong therefore if we inferred from this that not even a full year now separates us from the elections to the provincial councils under the Hoare reforms. With the elections to the local councils so near at hand, it is obvious that the present extension could not possibly have been avoided. And if the Governor of Madras had confined his recent speech before the Madras legislature merely to an announcement of this decision, there would not have been much disposition on the part of the public to quarrel with it.

BUT Lord Erskine essayed the wholly profitless and perfectly unnecessary task of justifying the action of his predecessor in granting the previous extensions and has laid himself open to public criticism. This is what he said in effect. It was difficult to foresee when the constitutional discussions would end. If their protracted nature could have been foretold, the previous extensions might have been avoided. But how could his predecessor know in advance that the constitutional proceedings would be so long-winded? We are afraid the plea is very hollow. Nobody, least of all a person in the position of Lord Erskine's predecessor, who had followed with some care the course of discussions about the Indian constitution then in progress in England, had the slightest reason to look forward to an earlier conclusion of those discussions. No, it was not so much the official miscalculation as to the time of their termination as a keen anxiety to continue in being a legislative body which hardly ever tried to cross the Government's path that was responsible for his predecessor's action. The result is that by the time the legislature comes to be dissolved next year, it will have been in existence twice its normal life, much to the detriment of its representative character.

Nomination to Replace Election in Fiji ?

TO judge from press reports, the Fiji Legislative Council has carried by five votes to three an Indian member's motion asking for the replacement of election by nomination as a method of representation in the local municipalities, the Fijian, Indian and European communities being given equal representation. It is amazing that such an important change affecting the civic status of our countrymen who number over $\frac{3}{4}$ lakh, should have been a matter of public discussion in Fiji for all these months without India being authoritatively vouchsafed any information in regard to it. The only enlightenment allowed to the Indian public from Simla was by means of an obvi-

ously inspired press message, which made a laboured, though unsuccessful, attempt to make the public believe that nomination was to be preferred to election, especially because it was coupled by equality of representation with Europeans. Is this fair to the people of this country? As the real custodians of the welfare of Indians settled in foreign lands, do not the Government of India owe it to themselves to keep in touch with developments affecting Indian interests in any manner whatever? Public opinion is entitled to an explanation as to how that responsibility was discharged on the present occasion. Were they at all consulted by the Fijian Government about the proposed change? If so, what views did they express on it?

THOUGH it is not officially known how the Government of India viewed the proposed change, it appeared from the press message as if the reasonableness of the arrangement under which nomination plus equal representation for the three communities would replace election had appealed to them. And in any case they were not reported to have set their face definitely against it. We should like to know if they made any attempt to assure themselves of the reasons for the change. Was it merely an altruistic desire on the part of the Fiji Government to establish perfect equality of representation between the three communities or was it something more self-regarding that was responsible for the change? The cat was let out of the bag by the Governor himself in the course of the debate. If elective representation was continued there was a possibility of Indian domination in the Suva Municipality. The possibility was not very distant, even if the present franchise qualification of literacy in the English language was retained and a change in favour of Hindi, as demanded by Indian opinion, was not made, the number of English-knowing Indians being steadily on the increase. The Governor made no secret of the fact that this would be intolerable to the European settlers whose "brains, enterprise and capital" had made Suva what it is. He did not omit to mention the poor Fijian only to take upon himself the self-imposed burden of voicing his feelings. These, he feared, would be those of strong resentment. It also transpired from his speech that the change was literally dictated by the Colonial Secretary who, curiously enough, made absolutely no attempt to support his demand by any arguments. He merely issued a fiat that election must go and the Governor dutifully proceeded to implement the behest.

House Sites for Labourers.

IN his speech before the Legislative Council the Governor of Madras announced the fact of his Government having under their consideration the question of the provision of house sites for labourers. As is well-known, work on these lines has been in progress in the Madras presidency for years past for the benefit of the depressed classes alone; but hereafter it is intended that it should include within its purview all labourers irrespective of considerations of caste. The peculiarity of the proposed scheme is that the Government will come forward to bear half the cost of acquiring such sites for the landless labourers. An extension of the ameliorative activities of the Labour department designed to improve the condition of the depressed classes seems also to be seriously contemplated. With a view to enabling Government to settle the lines of these extended activities, a comprehensive survey of the housing conditions of the depressed classes all over the presidency is about to be undertaken. We doubt not that the results of the survey, which will be awaited with interest, will serve to stimulate similar activity for

the benefit of the depressed classes in other parts of India.

Ameliorative Work for Depressed Classes.

THE latest report on the working of the Backward Class department in the Bombay Presidency is a record of the ameliorative work done by it for the benefit of the depressed classes. In relation to them, the department seems to play a two-fold role; (1) generally to act as their protector and friend, and (2) to prevent contraventions either by any Government department or local body of the Government policy of ensuring equal enjoyment by these classes of public amenities. The task set to the Backward Class Officer is none too easy; but it must be said that it has on the whole been satisfactorily discharged by him. During the two years this department has been in existence, the number of untouchable children studying in primary schools in the presidency went up by nearly 4,000 to 68,000 odd: while nearly as large an increase is seen to have taken place in the number of pupils belonging to the aboriginal and hill tribes.

THE figures relating to untouchable children studying in common and special schools bear abundant testimony to the fact that the department is doing its best to ensure the observance of the Government policy of discouraging their attendance in schools specially started for their benefit and to promote their admission to common schools. At the time of the creation of the department, 43,000 untouchable children, roughly speaking, were attending common schools and about 21,000 special schools. During the year under report, the number in common schools had gone up by about 8,000 to 51,000, while that in special schools had come down by 4,000 to a little less than 17,000. We are loath to believe that this transformation would have been possible but for the watchful activity of this department.

THE negative part of the departmental work is also not less worthy of note. In spite of the receipt of a special Government grant for scholarships and supply of books, slates etc. to the backward class pupils many local authorities were found to have stopped expenditure on this account, and others to have disproportionately cut it down on the plausible plea of reduction in Government grant. Instances of such unfairness to these classes were represented by the department to proper authorities, we hope, with satisfactory results. Though some cases of violations of Government orders prohibiting any discrimination against untouchable children in schools were detected by the department in the course of the year, it is heartening to be told that local bodies were on the whole doing their best to carry those orders into effect. Through the efforts of this department, backward class pupils will hereafter be exempted from payment of room rent in hostels attached to Government secondary schools, provided they are able to produce satisfactory proofs of their poverty. It was also able to secure employment for 25 matriculates, 27 of those who have passed the vernacular school final and 41 non-qualified persons belonging to these classes. Following the example of the Madras Labour Commissioner, the department has also, we are happy to note, recently initiated a new activity in the direction of acquiring house sites for these classes. During the year it succeeded in developing four housing sites for the benefit of these classes in Dharwar and in Hubli, a small area was similarly treated and a further scheme is stated to be in progress. At Indi too

similar work has been undertaken and plots are being distributed to depressed classes at nominal occupancy prices. There appears to be much scope for vigorous activity on the part of the department in this field.

Rural Self-Government in C. P.

THE working of district councils and local boards in C. P. and Berar during 1933-34 brings out some points which may usefully be noted. Public interest in elections to these bodies as judged by the number of votes polled showed a welcome increase, but it is a regrettable fact that it was not sustained to the same extent in their working. Attendance at meetings improved somewhat; but in some cases habitual absenteeism threatened almost to become a chronic evil. It is a puzzle to us why in such cases, existing legal powers were not utilised by the boards concerned for the purpose of terminating the membership of the absentees. But the real remedy, as pointed out by the Commissioner, Jubbulpore, is to provide by statute for the automatic termination of membership in such cases. We hope it will not be long in coming.

THE total educational expenditure increased by nearly one lakh to Rs. 28.62 lakhs; so too the number of schools by 51 to 3,979 and the enrolment by about 6,000 to very nearly 3,00,000, all which is a matter for satisfaction. Compulsory primary education however made very little progress. Under a recent law village panchayats have been empowered to try cases arising out of the enforcement of the scheme of

compulsory education. If these bodies make wise use of these powers, it may go some way towards improving attendance at schools.

TWO rules having an important bearing on the electoral arrangements were promulgated during the year. One of these declares the use of any employee of district councils and local boards as an agent or canvasser at elections a corrupt practice and the other enjoins a deposit of Rs. 50 being made by every candidate for election. We have no doubt that the ban on the use of the staff of these bodies for electioneering purposes will be widely welcomed as a step in the right direction.

THE cuts in the salaries of the servants of these bodies which ranged from 5 to 33 1/3 per cent. remained in force and were generally felt as a great hardship. The right of appeal against dismissal recently conferred upon the employees of these bodies ought to induce in them a greater sense of security. But it is doubtful if this will improve the quality of the staff which still remains a great desideratum. Financial irregularities still disfigure the administration of some of these bodies and it is disheartening to learn that the efforts of Government to set them right were treated with indifference by some councils. The action of Government in withholding temporarily from the more intransigent of such bodies a part of its grants to them will, it is to be hoped, be supported by public opinion.

THE LIBERUM VETO.

THE requirement in the new Reforms Act of unanimous consent of all the federating States for any change that may be proposed in the federal constitution by the British Parliament was represented by us as a provision the like of which is not to be found in any constitution. This statement, however, is not quite accurate. We should have said that such veto power is not given in modern constitutions. For if we delve deep enough into ancient history it is certainly possible to come upon constitutions in which the adverse vote of a single member of the legislature was enough to invalidate a law, though it might be supported by an overwhelming majority of members. The Indian constitution, just enacted by the British Parliament, is remarkable for anything, is remarkable for the anomalies that it contains, but for everyone of these, we suppose, a diligent student can quote a precedent from one corner of the world or another and from one age or another, if only he carries his researches wide enough and far back enough. A federal union of autocratic and democratic units, a differing list of federal subjects for different units and features like these are certainly rather uncommon, but we all know that the Simon Commission was able to refer us to certain obscure and deservedly forgotten episodes in history in which constitutions with these anomalies were in force—never mind with what consequences. When the States' representatives at the first Round Table Conference urged—was Mr. Bhulabhai Desai their legal and political adviser even at that time, when he was

himself engaged in a civil disobedience campaign against the British Government?—that the federal laws should not be made directly applicable to the States' subjects but only after a formality of the States adopting them has been gone through, the then Lord Chancellor, Lord Sankey, anxious to place all his vast legal knowledge at the service of the Princes, said that there were many federations in which such a device had been adopted with a view to maintaining the legal sovereignty of the federal units. He did not in fact produce a single instance, and we ourselves know of none. But we must assume that, if challenged, he would have produced quite a long list of cases in which independent countries have retained their *de jure* independence and yet joined a federation. We only regret that our ignorance remains unenlightened to this day. The last anomaly that has been added to our constitution, the first chamber of the central legislature being indirectly elected by members of the local legislatures (of course only in British India, we must not think of election in the States) and the second chamber being directly elected by territorial constituencies, was denounced by several members of Parliament as altogether unprecedented. The Government, too, particularly because Lord Sankey has now been dropped out of it, could not on the spur of the moment quote precedents. It rather accepted the provision as novel and defended it on the ground, which always comes handy to the Government, that conditions in India are unlike those in any other

country. But we have no doubt that if the India Office set one or two bright officials on this task, it would discover something or other resembling this apparent innovation which they have introduced in India.

In any case, as we do not wish to mislead our readers, the unanimous vote of the Princes that is required under the constitution in favour of a constitutional amendment has a parallel in the history of the world, though we have to go back quite a few centuries in search of it and to a country which is not to be held out as an exemplar in democratic government. The country to which we have to go is Poland, and the time when this practice was in force extends from the sixteenth to the eighteenth century. In the Polish legislature decisions were not taken by a majority vote, but by a unanimous vote. If even one deputy got up in his seat and said "I object," the proposal, whatever it was, fell to the ground. Indeed, unanimity of vote was required in Poland, not only to carry legislative measures, but even to keep the legislature itself in session. For even a single deputy's veto came later to have the effect of dissolving the legislature altogether. This *liberum veto*, as it was called, was first instituted, in its more restricted form, it is said, in a diet held at Radom in 1505. At this diet it was settled that "the decision of the deputies was not to depend upon the majority, but must imply unanimity." The first instance in which this veto was used for the larger purpose of bringing the proceedings of the diet to a close is said to have occurred about 150 years later, i. e. in 1651, and for another 150 years one of the objectives of political reformers in Poland was the suppression of the *liberum veto*. The evils of the system which placed into the hands of obstreperous and corrupt deputies such a potent instrument of organised obstruction could easily be imagined. A writer says: "The paid retainers of the great lords, returned to the *sejm* by bribed or intimidated electoral districts, vetoed any proceedings of which their master disapproved. Nor was it only Polish paymasters who controlled the diet. Bribery and corruption had become powerful weapons in the armoury of the unscrupulous statecraft of the seventeenth century, and the Polish diet was a most promising field for their exercise. From the middle of the century onwards the ambassadors of foreign Powers not only openly influenced the elections to the diet, but by keeping groups of deputies in their pay they were able to control its activities as the interests of their activities dictated. In brief, the Polish parliament was effective only for harm. It was not difficult to secure the passage of measures of which the sole object was to increase the power and privileges of the only class (the nobility) represented—to whittle away for their benefit the prerogatives of the crown, to exclude the towns from representation, and to transfer to them and to the unhappy peasants the whole burden of taxation. However obvious and urgent the need, it was impossible to make any reforms by which the privileges of the nobles would have been in the slightest degree curtailed."

Occasionally, through the effort of some kings or patriotic noblemen, the veto was abolished, but each time for a very brief interval. Stanislaus Augustus Poniatowski, after his election as king, succeeded in 1764 in abolishing the *liberum veto*, but it was quickly restored two years later "through the influence of the king of Prussia, who was very anxious that the Poles should not reform themselves and so preserve their independence." The first of the three dismemberments of Poland took place in 1772 between Russia, Prussia and Austria, which had a salutary effect upon the Poles, for it at last brought home to them the need for a stable government. As a result the memorable Four Years Diet, which sat from 1788 to 1792, adopted a new constitution. For the first time the burghers were allowed to send deputies to the diet on the same terms as the nobles, and the peasants were not yet given this privilege but their condition was greatly ameliorated. In opening the diet the King referred to the grave mischief caused by the *liberum veto*. He said that "the only method of preserving Poland was to establish such a constitution as would secure its independence; that with this view there had been prepared a plan of constitution, founded principally on those of England and the United States of America and adapted as much as possible to the particular circumstances of the country." The new constitution was adopted on May 5, 1791. It is unnecessary to give the details here; it would be enough to say that it annihilated the *liberum veto*, one of the clauses of the constitution saying: "the majority of votes shall decide everything and everywhere." But the constitution which was full of great promise in regenerating the country proved to be short-lived, so deep had the gangrene gone. The second partition of Poland took place in 1793, which reduced Poland, at one time the greatest Power of Eastern Europe, to a third of its original size, and two years later followed the last partition, which put an end to the Republic of Poland and made the country wholly subject to the three Powers which had divided it among themselves—Russia, Austria and Prussia.

Thus a parallel can be found for the power given to the Princes under our constitution of imposing their veto upon constitutional amendments. The veto power is vested in every single Prince, and he can block every amendment of the federal part of the constitution which is of any consequence. Yes there is a parallel, but it lies in the graveyard of dead and unsung constitutions, from which no sane person would care to unearth it.

In this connection we would like to call our readers' attention to the furious onslaught which Mr. Lloyd George made the other day in the House of Commons on the iniquity of the provisions of the Versailles Treaty. The attack becomes particularly remarkable as he was one of the framers of the Treaty. The Treaty, he observed, could not be defended and he himself had "never said one word in palliation of it." It was written under conditions of unexampled exasperation and he could not possibly have persuaded other Powers to give easier terms to

Germany. "If we had attempted it then it would have been folly. . . . My complaint is that the harsh conditions of the Treaty have been enforced, while the more equitable, perhaps the fairer conditions, the more beneficent provisions, like the Covenant of the League and the International Labour Office, were thwarted, delayed, procrastinated, and very often trampled upon." Of all the good things that the framers of the Treaty could do the best was, Mr. Lloyd George said, "to make provision inside the Treaty for future revision." It is quite another thing that this provision is being neglected for too long a time, and Mr. Lloyd George complained about it.

But what is of immediate importance to our present purpose is to point out the absolute necessity there always is for an easy process of amendment in any arrangement that is defective. The more defective an arrangement the greater the urgency of an easy process of amendment. When a constitution is full of grave defects and avowedly transitory, and when on top of it the *liberum veto* is given to each one of the hundreds of Princes who will come into the constitution, thus placing it within their power to block all amendments, then the consequence is, one does not like to say it but one has to say it with perfect candour, revolution.

SPARKS FROM THE PARLIAMENTARY ANVIL.

House of Lords: 30th July.

SHOP WINDOW OF DEMOCRACY.

THE first two Lords amendments of importance that were up for consideration in the House of Commons on 30th July were those (1) giving power to the Governor-General to send messages to the Federal Legislature with respect to prospective legislation, and (2) giving *entrée* to the Advocate-General to speak on behalf of the Governor-General. Mr. Morgan Jones, speaking in the name of the Labour Party, opposed the amendments. Mr. Jones said:

I am sorry that the Government should persist in extending the area in regard to which the Governor-General may intervene in the discussions in the Legislature. We, on these benches, take a rather different view from hon. Members opposite as to the place which the Governor-General should take in relation to Indian affairs. We want to keep him, as much as possible, above the battle, so to speak. We should regard it a very bad thing, and as the years go by I believe those who will be in charge of Indian affairs will see that it is a bad thing, that the King's representative in India should be brought into contact with the controversies of the Assembly in this way. We have just decided that the Governor-General shall intervene by way of an extra right to send an address to both Houses, but now he is to be entitled to send down to the House a spokesman on his behalf.

"It is a bad thing," he added, "in my judgment, to have a person who is not elected at all and who is not a member of the Legislature, but merely goes down there in his official capacity as a legal adviser to the Governor-General, to participate in the discussions or to deliver orations upon given topics from time to time. . . . The resentment felt against him will fall, not upon him, but upon the Governor-General, and I should have thought that Conservatives above all people would have been particularly careful to prevent the King's representative from being brought into these political controversies in India from time to time."

To this the Conservatives had a simple answer to make. Viscount Wolmer said: Mr. Jones "seems to me to live in a land of his own imagination. He acts and speaks on the assumption that this constitution which is being given to the Indian people is a democratic constitution, but he must know perfectly well that the forms of democracy in this constitution

are but a shop window and that the whole of this constitution cannot function without the mainspring of the Governor-General and the Governors." Mr. Churchill spoke in the same sense. This amendment he remarked, is "a step which, although it appears a small one, is undoubtedly intended to emphasise the reality of the authority of the Governor-General," "the almost overpowering reality of the functions which reside in the Governor-General."

During the whole of the discussions on this Measure we have been exhorted to put our confidence in the fact of the immense powers, powers almost despotic, which are placed in the hands of the King's representative—power to act in every case of the most dire consequence and of the most bitter controversy, power to adjourn or dissolve the chambers, power to veto legislation, power to initiate legislation, power to disallow whole series of Bills, power to suspend the whole working of the constitution, power to carry on the whole administration of India in his own hands. This is no constitutional functionary, this is no constitutional sovereign such as we have developed in this country after centuries of Parliamentary practice. This is a sixteenth or seventeenth century Crown functionary which has been created in India, and it is well known that it is the whole purpose of a whole series of Clauses in this Bill to enable the Viceroy, if the Parliamentary machinery which we are now erecting in India should be found, as many of us think it will be found, unsuited to the situation, to assume what are unquestionably dictatorial powers. . . .

But what is the use of saying that a person of these formidable attributes should be most carefully kept out of controversy, and what is the use of the hon. Member at this stage in our Debates imagining that the Viceroy can confine himself to the customary well-meaning platitudes which people use when they wish to avoid controversy? This is a real functionary, this is an officer of State of the highest possible activity and practical consequence, and to suppose that he can be treated as a mere instrument of Government, as a mere instrument of the chambers, is altogether to misread the intentions of His Majesty's Government in framing the Bill.

The amendments were carried, of course; on the second amendment the Labour Party could poll 42 votes.

THE ANGLO-INDIAN COMMUNITY.

THE Lords amendment on this subject guarantees to the Anglo-Indian community a fixed percentage of appointments to the various grades and classes

carrying the salaries which these appointments possess, but in speaking to the amendment the Secretary of State said that it was a "purely declaratory" provision making clear the intentions of the Government. The question that arose in the Commons was whether the "declaratory" provision was mandatory or semi-mandatory or not mandatory at all. Did it bind the Government or leave it free to do what liked? The Minister without Portfolio (Lord Eustace Percy), whom Mr. Churchill facetiously called the Minister of Thought on an earlier occasion, explained the position by giving the analogy of the Board of Education. He said:

The Board of Education, in judging a dispute between a local authority and the managers of a church school, in respect of the starting of a new school, is bound to have regard, among other things, to the wishes of the parents. It is true that nobody can prove, whatever the President of the Board of Education may decide, that he has not paid regard to the wishes of the parents. It is not a guarantee that any particular school is going to be recognised, but my Noble Friend (Viscount Wolmer) would be the first to admit that that duty on the Board of Education to have regard to the wishes of parents is, in every dispute of this kind, of the greatest effect in securing fair play as between voluntary schools and the local authority.

If my Noble Friend is not satisfied no doubt the Solicitor-General will give him a second opinion. But surely the effect of these words is precisely as I have stated. You would never be able to bring any case in the court to prove that the railway authority have not had "due regard." It is not provable in any court of law, but on the other hand it is a statutory duty on the railway authority to have such regard. It is a duty on the Governor-General to give directions to that railway authority to have such regard, and to say that all that has no statutory effect and that it is purely a facade would be absurd. It is a valuable statement of the standard by which the railway authorities must act.

Sir Austen Chamberlain expressed satisfaction at the explanation, but took the Secretary of State to task for having used a loose expression giving rise to unnecessary misunderstanding.

Major Attlee, however, maintained his former opposition. He said:

I think this Amendment is a very bad piece of policy both for the Government and for the Anglo-Indian community. We all have sympathy with that community, but it is a very dangerous thing to exercise a charity at someone else's expense. In this instance I think that is what the Government are doing. In effect it says that this community which, for historical reasons, has had a certain percentage of posts, that those posts shall as far as possible be assured for all time in the enjoyment of those people. I think that is an extraordinarily dangerous thing. The danger is that if you try to secure the future of the Anglo-Indian community in the way proposed in this Amendment, so far from doing them a service you will do them a disservice, because you will make them hated by all the other communities as being put in a specially privileged position. When we discussed this matter before I said that we owed something to the Anglo-Indian community and that if anything could be done for them it should be done by the people of the United Kingdom. What you are proposing to do here is to say "Yes, we owe a great deal to the Anglo-Indian community and we will therefore in future make the rest of the people of India keep them on a standard of life which is higher than that of the average Indian; we will secure for them a certain proportion of posts.

Sir Reginald Craddock moved an amendment for an extension of the protection given by the Clause in regard to the railways and posts and telegraphs to Customs, and the amendment was accepted by the Government.

THE SERVICES.

CLAUSE 260, as it passed the Commons, provided that the Secretary of State's powers shall be exercised in respect of matters mentioned in Chapter II of Part X, only with the concurrence of his advisers. The Lords amendment extended the scope of the Clause and made it applicable to all other chapters, of which one deals with the Public Services Commission. The Under-Secretary, in asking the Commons to pass the amendment, argued that it did not "add a very substantial point." Mr. Morgan Jones opposed the amendment and divided the House, getting 34 votes on his side. He said:

I think there is a great principle in this matter. I do not want to cover ground which has been already covered before, but it raises the case of the extension of that principle. It is a big thing to give to advisers the right to circumscribe the decision of the Secretary of State. If you must have advisers well and good; I have no objection to that, but to give them the power of veto over the political chief of a Department is a rather big proposition. We are actually giving power to these advisers to exercise a veto upon recruitment in the Public Services Commission, and even to the ecclesiastical services. The Under-Secretary must not suggest that this is a small thing. It is a big thing to give to people who are not answerable to this House. If the decision is in the hands of the Secretary of State, we could question him and hold him responsible, but by this proposal, however much you might disagree with the advisers, it is the advisers' decision which stands. I do not think this is defensible and I do not think the Under-Secretary ought to have treated it so lightly as he appeared to do.

DIRECT ELECTION FOR UPPER CHAMBER.

UNDER-SECRETARY BUTLER, in moving the adoption of this most important of all Lords' amendments, said: "As far as we can hear, satisfaction has been expressed in India at the change"!!! He placed special emphasis on the consequential elimination of the *ad hoc* electoral college, which, under the Clause as it stood before, had to be formed in provinces with unicameral legislatures for the purpose of electing members to the Council of State. He declared that the new Council of State would have "an electorate of somewhere in the neighbourhood of 100,000, and probably a little more than that," while the present Council of State has an electorate of some 20,000. He added: "In view of the fact that the voters for the new Council will be increased about five times and the number of seats will be about four times the present number of seats in the Council of State territorially elected, we find on a basis of those figures that there are in the present Council of State some 650 voters per seat and that in the new Council there will be some 800 to 1,000 voters per seat, if the franchise works out at just more than 100,000 voters. In that case the difficulties of area will be one quarter as great as they are at present, and the number of

voters will be a little larger but in the neighbourhood of 800 to 1,000 voters to a seat."

The Labour Party through Mr. Morgan Jones declared that they attached little importance to the change and they were very largely indifferent to what had happened in the House of Lords. Their lack of gratitude had an additional reason, viz. that Labour was to have no representation on the Council of State. Mr. Jones said: "They are not going to have guaranteed one single representative. They may get one by leave of the Governor-General, by his kindness, generosity and condescension; but as a right, no. I do not expect the hon. Gentleman (Mr. Butler) expects us to be unduly grateful, and therefore I tell him that we are not."

Mr. Isaac Foot, as was to be expected, welcomed the introduction of the principle of the direct vote, wished that the principle had been introduced into the lower chamber, and hoped that the change made in the upper chamber would lead to its being introduced "very soon" in the lower chamber. He does not realise, however, that the adoption of the direct vote in the Council of State will, instead of accelerating, only retard its adoption in the Federal Assembly. For it is sure to be contended that one of the two houses in a federal legislature should be representatives of the provinces, and that since direct election had been introduced into the Council of State, indirect election must be retained in the Assembly. This shows how it is impossible to be optimistic about any feature in the constitution without being ignorant.

"A GREAT MISTAKE".

SIR AUSTEN CHAMBERLAIN, to whose insistence the indirect vote for the Federal Assembly was principally due, bitterly regretted the change made in regard to the Council of State. He felt that he had been badly let down. He said:

The Government have upset that scheme and introduced another which is not less full of anomalies than that for which they have substituted it. Did anyone ever hear of a constitution in which the lower house is to be elected indirectly because of the vastness of the constituencies, and the upper house to be elected directly but on the condition that the number of the electors was strictly limited to fit that system of election; in which the Chamber which is direct should be indissoluble while the Chamber which is indirect should be dissoluble? That is about as anomalous a proposition as could be put before any Parliament for assent. Do they think that they are on sound ground in introducing a direct elected vote for the Upper House while feeling it necessary and essential in the present circumstances to maintain the indirect system for the Lower House? Do they think that the conditions justify an electorate for the Upper House being a very much narrower one than the primary electorate of the Lower House? Will not the solution they have adopted tend almost inevitably to democratisation of the Upper House while leaving it quite impossible to maintain the Lower House exactly what it is? I am not going to divide the House against this proposal because it is quite useless to do so. I do not want to use it to criticise the Bill in general, of which I remain a supporter, but I think that, in view of the opinions which I have expressed, it would not be right if I did not say that I think the Government have made a great mistake in accepting the Amendment.

Viscount Wolmer was also very bitter in his attack. He said:

They (the Government) have, in my humble submission, very insufficiently considered how the Constitution which they are building will work in generations to come, and, as my right hon. Friend (Sir A. Chamberlain) has just said, we are now handed with a Constitution which almost passes human comprehension. It has a lower Chamber which is indirectly elected and which, therefore, cannot be dissolved in the sense in which this Chamber can be dissolved. Its dissolution will be independent of the rise and fall of government—an essential condition of all Parliamentary government as we have known it. Then there will be a second Chamber which cannot be dissolved at all, but a fraction of the members of which will periodically retire. Really, it is a situation which would have excited the envy of the Abbe' Sieyès. It is a Constitution which it is very difficult for anyone to believe can possibly work—a Constitution with two Chambers which, it must always be remembered, have not financial responsibility, but from whose control about 60 per cent. of the Budget is withheld. How can these Chambers provide anything at all comparable with what we mean by Parliamentary government? And so the House of Commons and the other House have just shrugged their shoulders at the whole question. They have left the Government to get their Bill through, and have hoped that the deluge would come at a distant date.

Mr. A. Somerville characterised the position created by the introduction of the indirect vote in the lower chamber and by the retention of the direct vote in the upper as "the acme of absurdity." The Government have no reply, he said, to the main point of criticism, "which is that, by the change that the Government are proposing, you make the Upper House the democratic House with the support of the people behind it, whereas the Lower House will be the home of wealth and vested interests, of mill-owners and so on, indirectly elected. The Upper House will be elected by the people, and will be the voice of the people." "The Government with immense labour have been building a constitutional pyramid on its apex, and it seems to be a fitting climax for the final stages of a Measure which bristles with so many risks."

NATIVE MARKETING BILL DEBATE.

THE Bill to regulate the marketing of native produce in Kenya was recently referred to a Select Committee. Those even with a nodding acquaintance with legislative procedure know full well that at this stage the detailed provisions of a measure undergo important modifications at the hands of the Select Committee with a view to meeting, as far as may be possible, the interests affected by it. This is apparently impossible in the case of this legislation, for in the course of the debate on the motion for its reference to a Select Committee the Kenya legislature was blandly informed by the Attorney-General that in the Select Committee the Government would be quite unable to meet the wishes of the members of the Legislative Council even "in any single particular." In these circumstances the Select Committee stage of the proposed legislation is, if at all, little better than an unmeaning formality.

It is seen from press reports of the debate on the Bill that the provision relating to the grant of exclusive licenses had not a single friend in non-

official ranks, both Indian and European members combining in showering unmeasured condemnation on it. As is already well known, the holder of such a licence alone will be permitted to buy the particular produce from a native in a specified area. But such licences will not be issued in regard to all kinds of produce. As a matter of fact it has been provided that they should be issued only in respect of new produce or produce for which new technical methods are essential. These licences will be tenable for a period of seven years which may be extended by another five. It appears from a careful study of the speeches of official spokesmen that the exclusive licences are designed with a view to protecting the financier-trader's interests. It was apparently felt that unless protection against unrestricted competition and security of tenure for a reasonably long period were guaranteed, capital would not be available for financing any new crop. It cannot be denied that the argument has considerable force in it. How long these artificial props are to continue was not officially stated. But, obviously, it is not intended to perpetuate them, the question of their continuance or otherwise being considered when the new industry is able to stand on its own legs. The procedure governing the issue of such licences is naturally intended to ensure due publicity. To begin with, no exclusive licence can be issued except on a motion adopted by the Legislative Council, which will be given not less than a fortnight's notice of such motion. This will be followed by a notification in the press for a period of three months, at the end of which period the licence would be issued in favour of the person considered most suitable by Government. The scheme has failed to satisfy the European community to such an extent that it was characterised by one of them as "an emasculated travesty of what the situation demands."

How would the Bill help to remove the abuses existing in native marketing? This is doubtless a pertinent question. To it the Attorney-General furnished an answer in the following terms. Said he:

You will have collected in the defined markets all those purchasers of whatever the particular product may be. Natives will be able to sell only in that market and—I am visualising a market I know very well in Nyasaland—at the entrance will be an agricultural officer whose duty it will be to grade the product, and the native goes into the market knowing the type of produce he has, and knowing, by reference to the various shops, the highest price going. Supervisors of the market will go round preserving law and order, testing the weighing, seeing that people are not cheated, and generally supervising. There will be no barter in the market.

For an understanding of the operation of the new marketing scheme, a knowledge of the existing marketing organisation is essential. First, there are the native markets in the reserves where native traders sell in retail their goods such as blankets, cotton goods, paraffin, beads, etc. If when the Bill becomes law it is found that the number of such markets is insufficient, additional ones will be created so as to ensure that the native

has not got to go a long way to sell his produce. Second, there are the Indian trade centres which play an important part in the marketing of native produce. According to the Chief Native Commissioner, it is at these centres that the bulk of the trade in produce is now transacted, the Indian shopkeeper selling his goods in retail to the native and in turn buying the native produce. Then follow a number of shops "dotted about the reserves, the owners of which eke out a precarious livelihood." Under the contemplated marketing scheme, trade in produce will be denied to these shopkeepers, a large number of whom will, it is expected, transfer themselves in due course to the native markets proper. Last in the chain come a number of unlicensed and itinerant traders who intercept the native women on their way to the market, buy their produce at a cheap rate and sell it at a considerable profit in the adjoining market. These too will be prohibited, when the new legislation becomes operative, from trading in native produce except in markets and that too with a licence. It is complained that it is generally this class of trader that prevents the native from getting a fair price for his produce. The evil is sought to be remedied, under the proposed scheme, by the requirement that trade in native produce shall be carried on only in authorised centres and that nobody will be allowed to trade in them except with a licence. While it does not seem to be intended to inconvenience any bona fide trader by the withholding of the licence, the power to issue licences will naturally be so used as to squeeze out unfair dealers in native produce. One wonders if this contingency need be deplored as a serious calamity.

The debate was characterised by the expression of strong resentment by some European members at the delay in the enactment of this legislation. The delay was ascribed by them to interference by the Government of India and in the belief that this supposed interference was tolerated by the Kenya Government, the latter was described as "a pack of spineless invertebrates." The principle underlying the measure was approved by the then Secretary of State two years ago; but the Bill, it was complained, was not published before July 1934. A full year was then allowed to pass without any effort to proceed with the Bill's further stages. This delay, it was asserted, was due to pressure exerted by the Government of India with a view to obtain a postponement of the consideration of the measure. We are unable to vouchsafe for the correctness of these assertions. But even were they true, we fail to see how the Government of India can reasonably be blamed for urging upon the Kenya Government the desirability of not proceeding with the measure before they had had an opportunity of having their say with regard to it. How can it be expected by any normally-minded human being that in a matter which so vitally concerns their nationals, the Government of India should have allowed judgment to go against them by default? If they had allowed this to happen, they would have been guilty of a serious dereliction of their duty.

ITALO-ABYSSINIAN TANGLE.

CAUSES OF CONFLICT.

AT a time when public opinion is so keenly alive to the danger of a war in Abyssinia, it may be instructive to glance back and recall in outline the evolution of the conflict.

Its origins can be traced to three incidents :

1. On the 17th November, as a sequel to some petty quarrel, the Italian consulate at Gondar, near the Eritrean frontier, was invaded by Abyssinian troops.

2. On the 5th December, the joint Anglo-Ethiopian Commission in charge of settling the rights of pasture in the region of Ogaden came into conflict with an Italian post established at Oual-Oual, near the frontier of Italian Somaliland. After some unfortunate incidents, a regular battle took place between the Italians and Ethiopians, with casualties on both sides. The Italians secured the victory, thanks to their aeroplanes and tanks, and chased the retreating Abyssinians up to Ado.

3. On the 29th January, Ethiopian soldiers had another encounter with an Italian post established at Afdub, and there again a battle resulted with dead and wounded left on the field.

Immediately after the Oual-Oual incident, Italy asked for apologies, and sanctions against the "aggressors", while Ethiopia proposed that the incident should be referred to arbitration, also appealing formally to the League of Nations on the basis of Article 11 of the Covenant. However the special meeting of the League held in Geneva in January postponed the discussion to the spring session, when it proved to be the centre of preoccupations.

Italy accepted arbitration, at least as far as the Oual-Oual incident was concerned, and four experts were nominated for the purpose. In the meanwhile fresh incidents brought in further complications, and were invariably used as a pretext for sending successive batches of Italian troops to the Abyssinian frontier.

At the end of June, it will be remembered, Mr. Eden's diplomatic visit did not meet with much success. "Mr. Eden's proposals to Italy", remarks a French journalist, "were generous, since they entailed the gift of part of British Somaliland. They were however arbitrary since they presupposed territorial and economic concessions on the part of Abyssinia and they have been vain, since they were rejected by Signor Mussolini."

The discussions of the arbitration committee did not prove to be all smooth sailing, and they had to be broken off, without having even settled the Oual-Oual incident. A question of boundaries had arisen and Italy declared that the committee was incompetent to decide the matter. Abyssinia suggested the nomination of a fifth arbitrator. Italy refused.

The committee having broken up, the problem is due to come up again before an emergency meeting of the League which is expected to sit from the 1st

of August. And the whole situation is likely to have changed before these lines reach India.

It is expected that Italy will agree to be present if minor issues only are discussed in public sittings. The League may therefore endeavour to induce the parties to the conflict to revert to the arbitration and conciliation procedure for the time being. Yet it is certain that important private talks on the Ethiopian question in general will take place between the principal delegates at Geneva.

The seriousness of the present conflict, says M. Brossoletts in *La Republique*, does not consist merely of the divergences between Italy and Abyssinia, but of their possible repercussions.

PROBLEM OF INTERNATIONAL ETHICS.

Once more, a capital problem—which has not been solved as yet—is brought to the forefront: the problem of international ethics. Another capital question raised by the present discussion is the colonial question, generally speaking. And also the practical problem of the status of European and non-European members, their relations with one another as well as with the League. These aspects can only be mentioned, but are too special and too complex by themselves to be dealt with within the limits of the present article. For that reason, it is interesting to note the reactions of countries other than those directly concerned.

As early as December last, Abyssinia had appealed to U. S. A. invoking the Briand-Kellogg Pact. This appeal has been renewed since, but America has decided to keep aloof from the Ethiopian question; it is, she says, the business of the League.

Who would have dreamt of Japan interfering in the present conflict? The recent messages of encouragement from Japan to Abyssinia have come rather as a surprise, and several hypotheses have been ventured as explanations. The fact is recent enough to be present to all memories that while Italy was preparing for expansion in Africa, Japan was taking steps towards a similar move in Northern China. And when Japan actually occupied the territory, the Italian press studiously refrained from any critical comment; rather did it express approval of the intervention of the Japanese "order" into the Chinese "anarchy." Signor Mussolini had no doubt expected similarly reciprocal treatment from Japan on the present occasion.

Some like to consider the Japanese as the champions of the coloured races' prestige *versus* the white races' ambitions. It is true that Japanese politics, if examined attentively, disclose a general tendency to act as a challenger to Europe. Yet reasons of a more practical nature can also be assigned. It will be remembered that a year or two ago the rumour was circulated about a scheme being prepared in Tokyo for financing important cotton plantations in East Africa; at that time, Italy had pointed to the yellow peril. Is Japan disappointed in her ambitions of competing with the white races

in the colonisation of the African continent? Or is it merely the fear that if Italy gets the upper hand in Abyssinia, the Japanese export trade may suffer thereby? It has also been supposed that Japan's recent attitude might be calculated to please the British and ultimately to win England's sympathy to the Japanese policy in China. To-day's papers explain Japan's attitude by the fact that the Negus has conceded to the Japanese a monopoly concerning the sale of opium.

What about England's attitude? No country has claimed with greater insistence the intervention of the League. It is true that Italy's ambitions are a threat to English interests in Africa. For instance, England cannot joyfully contemplate the idea that the sources of the Nile should be under Italian control, after having spent so much time and money to utilise these waters for the irrigation of Anglo-Egyptian Soudan. She also does not envisage without anxiety the intrusion of Italian influence about the railway line that runs from Cairo to the Cape, and all her efforts have tended to keep Italy as far away as possible from Kenya and Uganda. England knows well that the navigation on the Suez Canal could also become a source of serious difficulties.

THE FRENCH ATTITUDE.

Between Italian ambitions, English apprehensions and her own desire to remain loyal to the principles of the League, France's position is extremely delicate. Between the anvil and the hammer, it is difficult to act as a mediator. Moreover the French have their own interests in Ethiopia: the port of Djibouti and French Somaliland, and the railway line that joins Djibouti to Addis Ababa. But, at the present moment, France is above all keenly alive to the necessity of maintaining harmony between England, Italy and herself in view of peace in Europe. She is well aware that definite unfriendliness to Italy would drive the latter out of the League and make her as dangerous as Germany has become since she took the same step. She also realises that Italy's need of colonial expansion is no less (or no more) legitimate than that of Germany, or any other nation, and that Italy's power in the Mediterranean can only tend to increase as a consequence of the Anglo-German Naval Agreement. On the other hand, the French cannot forget that their influence was more important than that of any other country for a long time in Ethiopia, and that the Negus considered it an asset to the security of his empire. Even now the fact that France has ventured to act as an impartial mediator has caused disappointment in official circles in Addis Ababa and her commercial interests will no doubt suffer from it.

France has no ambitions in East Africa; but it is not impossible that a violent conflict there might have religious repercussions in other parts of the East African continent. Ethiopia is predominantly Christian; yet many of the Negus's subjects belong to the Moslem religion and are in close touch with the neighbouring Moslem countries. In case of war both Abyssinia and Italy would most

probably try to rouse and exploit the religious feelings of the Moslem populations in Africa. Whatever the result, France's interests could not but be affected.

The legitimate desire to preserve the integrity of her frontiers seems to be the sole ambition of Abyssinia, and, to judge from his last speech, the Negus seems absolutely decided not even to accept the idea of a protectorate, which he considers would inevitably lead to annexation. "Better die in freedom and honour than live in bondage," were his proud words addressed to his subjects and they have not failed to awaken courage and enthusiasm.

On the other hand, all the preparations and all the speeches of Signor Mussolini clearly indicate his intention of penetrating progressively into Abyssinia. As early as the 11th May, the semi-official review *Affari Esteri* wrote: "There is an Abyssinian question generally speaking, and Italy can be the instrument of its solution. . . . This is of interest to the whole of Europe regarding one of the most noble and most glorious missions, namely, bringing civilisation to the native populations of the African continent."

Italy has accepted the idea of arbitration relatively to the Oual-Oual incident, but she is not willing to agree to a public settlement of the Abyssinian question in general. It was below her dignity, said she, to stand on equal terms with a country where slavery is still practised. Has slavery been abolished in Eritrea and Somaliland under European control? In reality, what Italy feared most was to incur the blame of the Council and lose her present opportunities.

The situation in which the League finds itself is indeed very difficult. According to the Covenant, the Ethiopian request cannot be rejected; but giving full satisfaction to Ethiopia means risking Italy's exit from the League. On the other hand, rejection of Ethiopia's appeal would give the last blow to the League's prestige. But Italy's exit from the League would prove equally regrettable, especially after Germany and Japan have forsaken it already. And there is no doubt that Germany would not be slow in taking advantage of any break between Paris, Rome and London, in order to realise her own ambitious programme, the consequences of which are easy to imagine.

HELPLESSNESS OF THE LEAGUE.

Perhaps one of the most tragic features of the situation is that it reveals in a glaring manner the helplessness of the League in the face of emergencies. In 1919, a novel conception of international ethics seemed to have been established at the call of President Wilson. During ten years, the nations appeared willing to submit their disputes in a pacific manner to the verdict of international jurisdiction. This period unfortunately seems to have come to a close. The retrogression has been latent and gradual. Germany's lack of respect for her engagements did a great deal to discredit international principles; but the decisive blow to the fragile edifice of peace was certainly dealt by Japan. Her occupa-

tion of Manchuria without any other justification than military superiority, and her being allowed to do so with impunity proved that the practice of violence could still pay if it was cleverly resorted to.

Since the advent of the Nazis, the policy of the "accomplished fact" has been Germany's constant rule. By quitting the League and disregarding international obligations, by considering might as the only measure of right, the Hitlerian Reich has not only mocked the most generous ideals of Geneva, but fostered in Europe so much unrest and fear that the other Governments have ceased to think and speak of right and justice, and have been feverishly searching around them for whatever friendships could still prove faithful. Dangerously threatened in their security, European nations have become cynical, and even if they continue to speak of their attachment to the League as a matter of principle, in practice immediate necessity has become the first and foremost consideration. And we seem to be reverting to the law of the jungle.

England has been loudly deploring this phenomenon of late. As we have already indicated, her own interests, in the particular instance (Ethiopia), happen to chime in with the strictest principles of Geneva: a convenient moment for accusing others of betrayal of or coolness to the League.

All nations have their share of responsibility to bear—Japan, Germany and Italy, because their politics of "dynamic expansion" has brought acute disturbance and trouble to the world; France, because she did not practise a bolder policy of disarmament at the opportune moment; the United States, because they have deliberately kept aloof from all difficult problems; and England because she has never defended the principles of the League with the attachment and firmness which alone could ensure their victory. If, for instance, England had taken four years ago towards Japan as decisive an attitude as towards Italy today, if she had condemned Germany's forsaking the League and successive denunciations of treaties, if she had not signed a separate naval agreement with her, peace would certainly be more secure at present, and the nations would not be compelled to consider the urgent exigencies of their security before the principles of international justice.

Some people, however, are less disappointed about the League than others. It is no use, they say, accusing either the institution in Geneva or the component nations. Let us see what the League can do, as it stands, and in the present circumstances.

M. Fabre-Luce, for instance, says in the *Europa Nouvelle*: "It is a long time since people of common sense have been aware of the very weak hold of the League outside Europe; it has even been suggested that its scope should be deliberately limited to save it from discredit and confusion. It is assuredly regrettable that an international organisation aiming at peace should refrain from action when a threat of war arises... Whether united or divided in abstention, the League will be blamed by public opinion... In any case, at the point that has been reached, it is necessary that the desire for peace

should prevail over that of technical justice,—and that is the true spirit of the League".

Is it too much to hope that Italy and Abyssinia might yet understand that their real interest is to avoid a war, even at the cost of mutual concessions? If a war takes place, Abyssinia is practically sure to lose, but Italy's victory will certainly be bought at a very high cost. The most modern equipment may not be of much use in a mountainous country, where a sturdy and well-armed population can in the last resort take refuge in the mountains and resist almost indefinitely by the process of "guerrilla" warfare. The Italians would also have to cope with a dangerous climate and a country very unfamiliar to them in most respects. Moreover the war would be a heavy burden on Italian finances, already not very prosperous.

At the point where preparations and excitement have been allowed to bubble up in Italy, it will be difficult to deny Signor Mussolini any satisfaction to his ambitions. But he might rest content with a protectorate. This has been said to be unacceptable to Ethiopia. The Negus, however, had already often been advised to solicit the help of foreign counsellors to modernise and develop his state in every way. Is it not possible to devise some formula acceptable to both parties, similar to the treaty between England and Iraq for instance? (The latter are both members of the League.) Ethiopia might cease to be a backward country without giving up her freedom, and without running the risk of a very murderous and probably useless war. As regards Ethiopia's acceptance, England's diplomatic advice to Addis Ababa could have a decisive influence.

Let us hope that a little more light may be thrown upon the problem during the coming weeks.

L. MORIN.

Paris,

27th July.

Review.

INDIAN BANKING.

- THE INDIAN MONEY MARKET.** BY KRISHNA KUMAR SHARMA. (The Bangalore Printing and Publishing Co. Bangalore City.) 1934. 23cm. 292p. Rs. 2/8.
- BRANCH BANKING IN INDIA.** By C. H. DIWANJI. (S. A. Natesan, Madras.) 1934 20cm. 112 + xlviii p. Rs. 3.

THE Indian money market as constituted to-day represents a haphazard growth of all types of institutions, ancient and modern, indigenous and foreign, and in all stages of development. It is truly a jerry-built institution; its parts are loose, independent, and unco-ordinated. How to reconstitute and co-ordinate the whole of this credit mechanism was a subject of comprehensive enquiry by the Central and Provincial Banking Inquiry Committees in 1929-30. Their suggestions and recommendations are innumerable and their information on important topics is scattered over nearly twenty times published thereafter. It is beyond the scope of an ordinary student to wade through such massive literature on

his subject, however important it may be. We therefore believe Prof. K. K. Sharma's volume to be one of the most opportune and valuable publications. It is a systematic and analytical survey of the complex inter-relations of the various constituents of the Indian money-market, with a theoretical explanation of organised marketing operations where necessary. The plan of the work generally follows the majority report of the Central Banking Committee and is supplemented with copious references to other authoritative reports on the subject and good illustrative statistics brought up-to-date.

Starting with a brief sketch of the important events leading to the amalgamation of the three Presidency Banks into the present Imperial Bank of India, a review is taken of the important role played by this bank in the growth of joint-stock banking in this country. The author has tried to maintain a judicious balance in weighing the criticisms levelled against the privileged position of this bank, its policy of slow Indianisation of its higher staff, and the discrimination very often made by it against Indian firms in granting credit and other facilities. The internal trade of the country is mostly financed by indigenous bankers or by joint-stock institutions organised on the western model. The defects of the uncoordinated character of such institutions and the difficulties they have to encounter in extending the field of their activities are well brought out. The mobilisation of agricultural finance through money-lenders, co-operative credit societies, land-mortgage banks etc. is then dealt with. The most difficult is perhaps the problem of organising industrial finance for Indian industries. A reference is made to German and Japanese institutions which may serve as a basis with suitable modifications according to Indian conditions. The discussion naturally brings to the fore the defects of the Managing Agency system which forms a peculiar feature of Indian industrial organisation. The external trade of the country has almost become a monopoly of the foreign Exchange Banks subject to no control by Indian authorities. They have now begun to make definite inroads upon the internal trade of the country and are becoming a veritable menace to further progress of Indian enterprise. The necessity of controlling and restricting foreign capital and foreign investments is stressed.

A study of the Indian money market would have been incomplete without any reference to the growth, organisation and control of the Indian currency system. The last four chapters are devoted to this. The Reserve Bank Bill of 1933 is fully discussed from all points of view and the new status which the Imperial Bank would occupy after the inauguration of this crown or apex institution is referred to in the appendix. The most controversial and vexed problem of the ratio finds a due place in the discussions and the author has ably made out a case for currency devaluation in the light of the

recent world events and vast exports of "distress" gold from this country. We fully concur with the view that, "it is devaluation in terms of sterling which is needed and devaluation in terms of gold will give us no advantage in our trade with sterling bloc countries."

While Prof. Sharma's book is thus a broad survey of the whole field of banking, Mr. Diwanji's pamphlet on "Branch Banking in India" approaches one aspect of the problem. The dearth of the banking habit in this country is well-known. Mr. Diwanji attempts herein to point out what a vast field still awaits further development of joint stock banking in this country. The conditions in each province are studied separately and the author everywhere insists that instead of attempting to organise unit or chain-banking as in U. S. A., it is better for India to emulate the British system by opening up a net work of branches or pay-offices, permanent or seasonal, all over the country. The Punjab has made remarkable progress in this respect, while Bombay "the birthplace and cradle" of all important institutions lies far behind. The Bombay Presidency will greatly be benefitted by opening up permanent or seasonal offices in the cotton districts of Khandesh and Gujrath, and the grain districts throughout the presidency. In a similar strain, he pleads for the development of banking in other provinces notably Madras, Bengal and U. P. A broad survey of the development of banking in the Indian States is also taken. Some big States like Baroda and Travancore have already organised their own State Banks whose activities have spread beyond the territories of these states. But in respect of those states where no such banking facilities exist, Mr. Diwanji suggests the organisation of semi-State institutions by inviting an important joint-stock bank working in British India to open a subsidiary branch in the State, half of the capital in such a case being subscribed by the State. The sole management however should rest with the main Bank and should be free from all petty intrigues of state politics. Special arrangements could be made to keep the funds and profits always within the area of the State. This is a proposal well worth considering.

The book is thus a lucid study of an aspect of the problem which is generally neglected. But we think the utility of the book would have been greater if Mr. Diwanji had specially referred from his own personal experiences to the causes of failure of any branches and to the difficulties which a branch has to encounter when opened in a new area and what conflict of interest would be newly created when a branch has to compete with indigenous institutions, the loan-offices, the Nidhis or the chettiers &c. who have already got such a strong hold over the internal market.

We heartily commend both the books to our readers.

S. G. PURANIK.

STATES' PEOPLE'S REPLY

TO THE CONGRESS WORKING COMMITTEE'S STATEMENT.

At an emergency meeting held in its Bombay office on the 11th inst. the Working Committee of the Indian States' People's Conference considered the recent statement of the Congress Working Committee on the question of the States and issued the following statement in reply:—

BEFORE we express our opinion on the statement of the Congress Working Committee, we desire to make one preliminary remark. The question of the Indian States came to be included in the

agenda of the Congress Working Committee, as we gather from press reports, owing to the views expressed by Mr. Bhulabhai Desai, the leader of the Congress Parliamentary Party in the Legislative Assembly, in the legal advice he gave to the Princes' Chamber and in the speech that he recently made at the Mysore Bar Association, views which, in our judgment, are in flat contradiction to the general policy of the Congress and which have caused grave disquietude and concern to the States' people in general. The States'

people were relieved to find that, although the Working Committee did not directly challenge these views and censure their author, it refused to give them countenance or even official cognisance by putting them on its record albeit as an individual expression of opinion. The whole effect of this salutary proceeding is, however, neutralised by the Congress President sending to the press, on his own responsibility and without a word of dissent, a letter from Mr. Bhulabhai Desai which purports to show that the views which he expressed before, either as a lawyer or as a Congress politician, "were fully consistent with the Congress policy." The States' people will only be confirmed in their misgivings and apprehension if this claim is allowed to pass unchallenged. The Congress President having agreed to serve as a channel for giving publicity to these views, it now becomes the duty of the Congress executive to examine the claim and to let the public know whether in its view the claim is sustainable. We would respectfully suggest this question being considered at the next meeting of the A.I.C.C. for a final decision of this matter. We would further suggest an opportunity being given to the States' people to put forward their point of view at this meeting, as indeed we feel that such an opportunity should have been given to them at the last meeting of the Working Committee.

Coming to the Working Committee's statement, we welcome it as a step in the right direction as it asserts that the people of British India and in the Indian States are one and indivisible and reiterates the pledge given by the Calcutta session of the Congress in 1928 to the States' people "of its sympathy with, and support in, their legitimate and peaceful struggle for the attainment of full responsible government in the States." We welcome it also as it finally gives a quietus to the theory of non-interference in the internal affairs of the states.

After repeating the Calcutta pledge, however, the Working Committee, it appears, proceeds to rob it of all its significance. The States' people have always taken the pledge to mean that the Congress will extend to them not only its moral sympathy but active support in all their endeavours to secure internal reform and political freedom in the States. Surely the word "support" was used in the Congress resolution referred to above with a view to widening and amplifying the meaning of the preceding word "sympathy." It is meant to connote, not merely a passive feeling of commiseration with the States' people in their suffering or an intellectual agreement with their aims, but active participation, close co-operation and intimate collaboration in their movement. The Working Committee of the Congress has, however, in its statement treated the expression "support" as if it were synonymous with the expression "sympathy." The Calcutta Congress resolution does not qualify the word "support" as either active or passive, and no qualification to or a reduction in, the content of that word could be made in our opinion by any Congress body other than the Congress itself. The statement further says that the movement for constitutional liberty in the States must be carried on by the States' people themselves; that all that Congress can do is to "exercise moral and friendly influence upon the States;" and that it "has no other power under the existing circumstances." This takes the Indian people back once again to that compartmentalism in political agitation between British India and the Indian States which, we had hoped, a clear declaration of the oneness and the indivisibility of the people in the two Indias had once for all eliminated from our politics and which in any case would be an anachronism under federation.

The States' people fully recognise the limitations under which the Congress must work in this matter and they are actuated by a spirit of practical and comprehending realism, when they ask the Congress to assure them of its active as well as moral support. They recognise that the States' people should hold themselves, as local people, primarily responsible for conducting their movement, as, indeed, the local people whether in any State or any Province of British India would primarily be responsible for conducting their movements in their respective local areas. The Congress has limited resources, whether in British or Indian India, and all that any one can rightfully expect of it is that it shall support a legitimate movement initiated in any part of India with such resources as it may command at the moment. For the limitations imposed upon its activities by the limited resources at its disposal the States' people will ever be ready to make full allowance, but they urge that no other limitation should be pleaded as an excuse for inactivity on the part of the Congress in the States. Of one thing the States' people would like to be assured, viz. that the Congress will carry on the fight in India, whether British or Indian, whenever necessary; that it will not make the fight in British India its peculiar and exclusive concern; that it will not look upon the Indian States as outside the proper scope of its activities; that it will not consider the States' people as people with whose lot they fully sympathise, but to whose succour they may not go on the plausible ground of the existence of an artificial legal barrier between British India and Indian India.

Again, however desirable a policy of isolation might have been in pre-federation days, it would obviously be disastrous under federation. A policy of insularity and aloofness will now be criminal. British Indians in their own interest must now come forward to share to the extent of their capacity the burden of the fight for freedom in the States as the States' people, in their own interest, must share to the extent of their capacity the burden of the fight for freedom in British India.

To sum up, we would like the Congress to declare in unequivocal terms:—

(a) that it considers itself free, juridically, to carry on active political work in the Indian States;

(b) that it holds itself morally bound to carry on such work in the States as its resources will permit without any artificial distinction between the two parts of India; and

(c) that it will recognise no other limitations upon this work than those of its restricted resources.

Now a word must be said of what the States' people conceive it to be the duty of the Congress towards them in respect of the new constitution, to which the last paragraph in the Congress Working Committee's statement is devoted. The statement seems to think that the States' people had asked the Congress to seek amendments in the constitution, when it was in the form of a Bill, in their interest. Recognising that the Congress stood for total rejection, they have never put forward such a demand. What they have asked is, first, that among the grounds of its rejection policy the unsatisfactory character of the Bill to the States' people should be specifically mentioned and, secondly, that a promise should be given that in the constitution, which it is its ambition to draw up, the defects which they find in the Bill would be removed. The Congress, as a body, it is true, has never addressed itself to the task of examining the detailed provisions of the Bill, but Congress leaders have condemned particular features

of it. If this condemnation were comprehensive enough to include provisions affecting the States as well as British India, the States' people would have had no cause for complaint. But with rare exceptions the condemnation is almost invariably confined to the provisions affecting British India alone, thus giving legitimate ground for the impression that nomination of the States' representatives in the federal legislature and such other features of the constitution are not matters to which the Congress takes any serious objection.

It is not merely that Congress leaders are silent about the States' people's rights in the federation, but the leader of the Congress Party in the Assembly has even gone to the length of urging the Princes to press for amendments in the Bill calculated to strengthen their position. It is impossible to understand Congress discipline which precludes Congressmen from insisting upon amendments in the interests of the States' people on the ground, as the Working Committee's statement puts it, that such insistence "would amount to a reversal of the Congress policy" of total rejection, but which overlooks pleading for amendments in the interests of the Princes. Judging from the tenderness of some prominent Congress leaders towards the States' rulers, the States' people feel genuine misgivings as to what place might be assigned to them in the constitution which it is the purpose of the Congress to have drawn up. Total rejection does not mean rejection of every feature of the constitution to be set up by the new Act. Some of its features will undoubtedly have to be retained in whatever constitution comes to be adopted and the States' people fear lest among them should be inclu-

ded some of the features to which they have taken strong exception.

If in the drafting of the future constitution the States' people were promised a due share, the question of safeguarding their interest would not arise. But while the details of the franchise on which British India's representatives on the Constituent Assembly are to be elected have almost been settled, the Congress has persistently refused, in spite of repeated requests, even to say whether the States' people will at all be included in the Constituent Assembly or not. The Working Committee now, as the All-India Congress Committee and the Congress itself before, has burked this simple question. It is a question to which a satisfactory answer must be forthcoming if the States' peoples' anxieties on this score are to be relieved.

Our request to the Congress, therefore, in regard to the new constitution is that it should declare:—

(a) that in the Constituent Assembly when it comes to be formed the States' people will be given representation on the same basis as the people of British India, and

(b) that, if the Constituent Assembly does not come to be formed, it will not accept a federal constitution which is not acceptable to the States' people.

Finally, we would appeal to the Congress authorities to have this question of the general policy of the Congress towards the States discussed at the next meeting of the All-India Congress Committee, giving to the States' people an opportunity of bringing their point of view to its notice.

A JERRY-BUILT CONSTITUTION.

MR. CHURCHILLS ATTACK.

Mr. Churchill, who in the division on direct election to the Federal Assembly voted for the maintenance of direct election, attacked the Government in the House of Commons on 30th July for dropping direct election for the first chamber and retaining it for the second.

THIS is a remarkable episode in the history of this Bill. I am sure that the Under-Secretary has rarely made a better speech than that which he has delivered this afternoon. It was cogent, terse, informative, well-reasoned, and he stated the difficult case he had to make in terms which would be inoffensive in almost every quarter. The House must realise what the difficulties of the Under-Secretary were, because if my recollection serves me aright he made an almost equally cogent, well-reasoned speech in exactly the opposite sense when the Bill was going through the House of Commons. The Attorney-General has anticipated me. I really think that if the Under-Secretary had not made such a brilliant success of his Parliamentary career this Session he might seriously consider embracing the great profession of the law, and then he would find himself in a position where those admirable gifts which he has of being able at short notice to deliver an equally powerful argument for or against any cause for which he is briefed, would not go unrequited. We must examine for a few moments the morals which may be drawn from this remarkable change. I admit that very considerable arguments have been employed for both direct and indirect election, and an overwhelming argument may be put forward by those who dislike either of these methods. But although this argument is nicely balanced the Government must have some view and conviction about it.

I came down to the House in the days when this Bill was passing through Committee and I was very largely converted by the argument of the Government that anything in the nature of direct election was quite impossible, physically impossible. That was what had been ingrained on me. I was also very much impressed by the arguments put forward in favour of an *ad hoc* electoral college. The Government used all the power of these arguments and the House responded with its customary submissiveness. But now what does the Under-Secretary say about the *ad hoc* electoral college? He says that this Amendment gets rid of the small *ad hoc* and otherwise useless institution like the electoral college. But he did not hesitate only a few weeks ago to make the House of Commons swallow this small *ad hoc* and otherwise useless institution. He did not hesitate to turn to the Parliamentary Secretary to the Treasury, who, I see, is in his place, to drive the legions through the Lobby in order to affirm the free independent judgment of this great majority in this memorable Parliament in favour of the virtues of the small useless electoral college. And now for some reason or other we know the truth, and the Government, without hesitation, order the House of Commons to turn round and march in the opposite direction. The Duke of Wellington was described as saying to the House of Lords on a great Reform Bill, "Right about turn." Theirs not to reason why, theirs not to make reply. All we have to do is to vote. I am reminded of the famous quotation of the father of the right hon. Member for West Birmingham (Sir Austen Chamberlain). He said:

"He (Mr. Gladstone) says it is white. They say it is good. He says it is black. They say it is better."

My hon. Friend has out-Heroded Herod, although his conduct in these matters has been exemplary in every respect except where logic, consistency and conviction are concerned. The hon. Gentleman puts this forward as a simplification. Nothing could be less simple than the proposal which he now puts before us. It has one element of simplicity about it, namely, that it is so very patently absurd. Here we are to have a Constitution the like of which has never been seen in heaven or earth, or in the waters under the earth, where the Upper Chamber, the House of Lords, is to be elected on some approach to a democratic franchise, or what is called a comparatively democratic franchise, and by direct election; while the Lower House, the House of Commons, the people's chamber, reflecting the heartbeats of 350,000,000 people, is to be smuggled through on the basis of indirect election. That is the simplification. It is a very strange method of approaching it.

What I am anxious to know is why this change has taken place. At what point did the Government suddenly see the light shining? At what point did they forswear everything that they had previously declared, and at what moment in the discussions in another place were they led to adopt a proposal that they had argued elaborately and in cold blood was impossible? The spokesman for the Opposition said that the Labour party had nothing to do with it; indeed, he expressed almost contemptuous indifference to the change. What has, therefore, been the motive power behind this process of conversion? I see the hon. Member for Bodmin (Mr. Isaac Foot) smiling with a triumph that even his native modesty cannot restrain. In another place Lord Lothian and Lord Reading are also, no doubt, congratulating themselves and shaking each other cordially by the hand. This trinity is the explanation of this change.

While making these important alterations the Government have scorned every appeal from their own followers and brushed them aside. They have made this great transformation in the structure of their Constitution for India in order that the hon. Member for Bodmin may, when he goes home to-night, say with profound conviction, "Thank God for the House of Lords." I think that that is not at all a creditable episode. I do not quite know what part this question of direct and indirect election played in the decision of the Joint Select Committee. I do not know whether my right hon. Friend the Member for West Birmingham is going to speak on this subject, but the voice of rumour, which is no doubt a lying jade, has sometimes suggested that the extremely important decision for which he took the responsibility of throwing his weight in favour of the Government scheme was not uninfluenced by some concession which he received upon the question of direct and indirect election.

The elections were to be indirect and now, the Government having got the right hon. Gentleman and having got the House of Commons to pass the Bill and to carry it to this final stage, there still remained the walls and strays of the Liberal party to be conciliated. In consequence, we see this alteration of the Schedule. It certainly seems to be a very astonishing thing that after this matter has been discussed for seven years, with committees and commissions and visits to India, and all the advice of the officials and Governors in India, and all the consideration given to it, by the Joint Select Committee—it seems very remarkable that these cogent, powerful arguments which we have now heard for the first time from the Under-Secretary should never have occurred to His Majesty's Government before. Obviously, there has been an arrangement of a political character which, if I were in a controversial mood, I could characterise very tersely.

The House will, of course, obey the orders of the Government. The condition of the House at this period of the Session shows that it has completely disinterested itself in the Indian question. It has thrown it up as hopeless or as wearisome; and there is no serious attempt to grapple with this issue. If there were, and if this Measure had been resisted by the forces of a great party, a change of this character would have been marked as it should be, and would have been held up to the reprehension, or, at any rate, to the observation of the entire country. But this Parliament has not been a Parliament in the ordinary sense of the word. It has been such a one-sided, unnaturally distorted Parliament that it has confined itself to obeying the directions which it has received from the Government Whip. In order to conciliate the handful of Liberal supporters, the only enthusiastic people in the country about this Measure, the whole arrangement for the Second Chamber and the franchise are ripped up.

After all this lengthy period, the Government come to this conclusion, and even now we are not to know what their plan is. Here is a delightful phrase which the Under-Secretary ingenuously underlined—"the franchise is to be prescribed." Vague indications only may be given at the time when it is to be prescribed. The Government are setting up Parliamentary and constitutional responsible governing institutions throughout India, and they cannot even make up their minds about the franchise on which they are to rest. After all this study of the question, they are not able to come to a conclusion. I remember reading at the time of the South Sea Bubble that many absurd companies were started, and the most absurd was one which invited people to subscribe for shares in a project "the purpose of which will be presently disclosed." I think we could hardly have a more disquieting episode than this.

I would like to address myself to Members of the House who are new in this Parliament, and for whom in some cases, perhaps, it may be their only experience of the House of Commons. These Members naturally look with the greatest reverence and almost overweening faith at the utterances of Ministers. They expect those utterances to be based on profound study and definitely resolved conclusions and decisions. Now it appears that Ministers can disport themselves with equal ability and facility in either case for or against these propositions. In fact, all they have been endeavouring to do in this India Bill is to get something through the House of Commons which will enable them to say that they have dealt and truly dealt with the problems of the Indian Constitution in a final and satisfactory manner.

I thought it right to emphasise these droll aspects, ridiculous aspects—even laughable aspects, were it not that the subject is serious and tragic. I have no doubt that the vast structure of this Bill is holed and honeycombed with devices and with arrangements which are just as unsound as this *ad hoc* electoral college which we were made to swallow and which the House is now made to vomit up again at the dictation of the Minister. I congratulate the Under-Secretary. I do not blame him, because naturally he has to march to the right or to the left according as he is ordered, and he has the Attorney-General there to encourage him in that flexible docility. But I say that we have a right at the end of this long Bill to hold up this particular tergiversation. It is one of the most revealing incidents that will bring home to everyone the jerry-built and unsubstantial nature of the structure by which we are invited to believe the masses of India will march forward into a brighter and better age.

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