

# Servant of India

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## NOTICE.

It has been our practice to take a holiday in the week following the Servants of India Society's annual celebration on 12th June. We shall follow this practice this year too. There will therefore be no issue of the SERVANT OF INDIA on the 18th Inst.—Editor.

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## Topics of the Week.

### The Civil List.

IN the debates that took place on the Civil List in the House of Commons one thing was most noticeable, viz. the attachment and devotion felt for the person of His Majesty in all quarters. Sir Archibald Sinclair, the leader of the Liberal party, voiced the feelings of all when he said: "No Prince in our history has ever ascended the Throne who was known personally to so large a number of his subjects both at home and overseas, who had won so large a measure of personal respect and good will, and who had already rendered as Prince of Wales such varied and memorable services to the country as the present King." Mr. Pethick-Lawrence of the Labour party approached the question from the standpoint of the homes "in which there is a great shortage of all the necessaries of life and in which individuals suffer great hardship and poverty," and therefore criticised the Civil List provision in certain respects. But he too had to admit that "we have in our present King a man who has a more direct and intimate association and sympathy with the common people than, perhaps, any monarch since the days of Charles II." Even Mr. McGovern of the Independent Labour Party, as will be seen from the speech extracted on a later page, said much the same thing of the personal popularity of the King.

If devotion to the person of the King is universal in England, devotion to the Crown is not quite so universal. Sir Stafford Cripps, whose speech we quoted last week, is by conviction a republican, and there are a few others, though not many, who are opposed even to a constitutional monarchy. We give quotations from the speeches of three more members this week—Mr. McGovern, a member of the I. L. P.; Mr. Gallacher, a communist; and Mr. Hardie, an ordinary Labour member—in which the Civil List provision is acidly criticised. We give these quotations, not because we approve either the substance or the tone of the speeches, but only in order to show with what freedom members speak in Parliament even about a King who is personally so beloved of the common masses of people and who feels a most poignant sympathy for their unfortunate condition. We are sure King Edward VIII would be the last man to wish that the criticisms that were actually made in Parliament were stifled, and our Indian Princes would exhibit a true loyalty if, following in his footsteps, they allowed their legislative councils to debate their personal expenses and showed a little less sensitiveness for the criticism that might be levelled if such permission was accorded than they now show when they are criticised in the Press. It is inconceivable that the criticism they would be subjected to would be one-tenth as bitter or pungent as the one to which a really popular King is subjected in England.

### Andamans.

A PRESS communique on the Andamans has made its appearance from Simla during the last few days. It institutes a comparison between present-day conditions there and those prevailing sixteen years ago and tries, with much gusto, to make out that there has been some advance. But whoever questioned the fact that conditions in the Andamans as in the rest of the world are slowly undergoing a change for the better? The pace of reform might appear to some to be too slow; but that a slow improvement is taking place is a proposition that, we daresay, will not be seriously controverted. If the issue of the communique was designed only to establish this obvious truth there was really no occasion for it and the labour spent upon its preparation might well have been utilised to better purpose. One wonders however whether its appearance cannot be taken as an indication of the fact that on second thoughts Sir Henry Craik thinks that in describing Andamans as the Prisoners' Paradise he somewhat overshot the mark, and that the communique marks a definite resilience from that untenable position.

BUT both Sir Henry Craik and the present press note appear to us to miss the real point. It is not whether the penal settlement has recently improved

to the extent of deserving the appellation which the Home Member in the abundance of his enthusiasm for the Andamans chose to confer on it or whether it is as bad as before. The real point is why it is not yet abandoned as a penal settlement, as recommended by the Jails Committee. Sir Henry Craik might find it convenient to slur over this point in all these discussions or might like to queer the pitch by emphasising recent improvement in life in the Andamans. But public opinion cannot afford to lose sight of the fact that the Government, after announcing as far back as 1921 their intention to accept the Committee's recommendation, have gone back on it by continuing the use of the settlement for the transportation of convicted terrorists from Bengal. The Jails Committee could never have intended its use for this purpose when it suggested its abolition except in the case of a "small body of specially dangerous criminals."

#### Uplift Work in Cochin

THE report of the Uplift Department of the Cochin State for 1934-35 has been sent to us. The department is so called because it works for the uplift of the depressed classes who number nearly 1¼ lakhs. It is seen from the report that the departmental activities run on the usual lines of bringing about an improvement in the social status of the untouchables by the diffusion of education among them, a betterment of their economic condition and securing house sites for them. Thus we find that nearly 13,000 depressed classes children, about 8,500 boys and 4,500 girls, were in receipt of instruction during the year under report. This works out at 64 per cent. of the total number of children of school age and reflects great credit on the State authorities. A total number of 696 boys and 154 girls was attending secondary classes against 567 boys and 91 girls in the previous year. Four students were receiving college education. A feature of the year's working was the success achieved by a depressed class girl in the B. A. Examination. It may be stated that a depressed class student on his admission to college gets a stipend of Rs. 10 per month tenable for two years and a grant of Rs. 30 per year for books etc. He is also exempted from all payments including caution money and laboratory fees.

NINE Government and twenty-seven aided schools were conducted in the State specially for the benefit of the depressed classes. This is far from indicating any deep-rooted public prejudice against the admission of these children into common schools. As a matter of fact happily no such difficulty is experienced and the report makes gratifying mention of the fact that depressed class children are now freely admitted not only to Government schools but even to private ones. It need not be mentioned that special inducements—in some cases even free feeding—are offered to these classes in order to attract them to school. Facilities for industrial training are also made available to the depressed classes children in the State. There is a growing dislike on the part of the depressed classes for old-fashioned and uncouth surnames and a consequent desire to change them for better and more modern ones. A proper appreciation of the considerations of self-respect on which it is based is shown by the State by exempting the applicants for change of name from the usual fee of Rs. 2. Thirty depressed class colonies inhabited by over 13,000 Harijans were maintained upon whose upkeep and development an expenditure of Rs. 8,000 was incurred.

THE uplift department actively interests itself in the matter of securing house sites for the depressed

classes. The total extent of private land acquired at Government cost for provision of house sites during the year was 4.45 acres, the total number provided since the commencement of the departmental activities being 1,200. The possibility of the depressed class people being cheated out of such land is effectively guarded against by the provision in the Land Revenue Code that any alienation of it will be void, the grantee enjoying no power to alienate it. There can be no doubt that the precaution is very far-sighted and conducive to the best interests of the depressed classes.

#### Temperance Activity in Secunderabad.

THE public demand for non-officials of standing being given the right of visiting liquor shops with a view to the detection of irregularities and illegal practices generally associated with the liquor trade has been a long standing one. The demand has in some cases been supported even by official-ridden bodies like excise advisory committees. Yet, for a wonder, not even the most go-ahead among Excise Ministers under the Montford dispensation has found himself able to give effect to the reform. But what has proved impossible in British India has become possible in Secunderabad, where, we find from the report of the local Temperance Association, the formation of what are termed Watch Committees has been authorised by the Resident. Their function is "to inquire into the irregularities of the toddy and liquor shops" and to report them for action to the Resident. The report is silent as to the constitution of these bodies, whether they would consist wholly and solely of officials or of non-officials or whether they would be mixed bodies. But we cannot persuade ourselves that they would be exclusively official bodies. If that had been the case, the report of a non-official organisation like the Temperance Association would obviously not have been so eulogistic in its references to them in Hyderabad.

THE introduction of local option in Secunderabad would, we are told, be considered by the Resident when the Nizam's Government revises its excise policy. We would have liked the report to tell us something of the possibilities of such revision. Unless the Resident has reason to think that a revision of the Hyderabad State's excise policy is a contingency of the near future, to make the introduction of local option in Secunderabad depend upon its enforcement in the Nizam's territory is, if past experience can be any index to the future, to postpone the reform till the Greek Kalends. We trust the Resident's keen interest in the problem of temperance to which the Report pays a well deserved tribute will make him use his influence for facilitating the introduction of this reform in Hyderabad.

THE Temperance Association is only about three years old. But during that short period it has built up a record of work which is highly creditable. Three temperance centres have been formed and an equal number of well-equipped playgrounds have been made available for public use. It is a matter for satisfaction that these are largely frequented. Two interesting pamphlets in explanation of the aims and methods of work of the Association were published. Temperance propaganda by means of lectures and illustrated charts was vigorously pursued. The activities of the Association disclosed the fact that parents themselves were sometimes the unintended cause of making their children addicts to the drink habit, much in the same way as the opium habit is fostered by ignorant mothers in the case of infants. The Association, therefore, tried to tackle the evil at its source by

exhorting the elders to desist from giving toddy or liquor to young ones from any consideration whatever. We hope its efforts are bearing fruit.

\* \* \*

THE Association did valuable work in promoting habits of personal cleanliness among the children of the localities served by its centres. To this end nearly 18,000 children were given a bath and cleaned at its three centres. When it is borne in mind that a large number of the children belonged to the depressed classes, the catholic nature of the Association's

work is better appreciated. Workmen's clubs were organised by way of counter-attraction and night schools for working men were held at each centre from 7 to 9 p. m. daily. Education in these schools is free, even text-books and slates being provided at the cost of the Association. On one day every week a talk on temperance and allied subjects is arranged. The Association has played its part in opening up slums and introducing ventilation in dark and dingy dwellings. An infirmary which had 110 inmates is also run by the Association.

## FEDERAL FINANCE—THE FIRST STAGE.

### II.\*

THE usual answer in governmental circles to the dilemma of shrinking revenues is that the fall of prices is due to the Depression which is an international phenomenon and that it is not within the means of the Government to deal with the situation single-handedly. The Depression is thus the old lady's blessed word "Mesopotamia"—a very useful loophole from further argument. But the question might well be asked: What steps, if any, have Government themselves taken to bring about the rise in prices to which they have been, in Empire Monetary Conferences and elsewhere, paying lip service? Government are supinely indifferent to the monetary situation and have shown a tendency of late to regard their own solvency as the only end, no matter what happened to the economic position of the country at large. Moreover, it has also been said that at 90 (according to the new base; 64, according to the old) the price index has shown itself to be steady during the last few months and that the ends of monetary stability have been achieved. That mere price stability does not lead to general equilibrium is a truth not yet generally known; especially if there happens to be a grave disparity between the cost and price levels, mere price stability at a low level might even lead to a progressive deterioration of the economic position. Stabilisation of prices at the miserably low level of 90 (or 64) is hardly a matter for congratulation. As a matter of fact, the burden of the low price level is falling very heavily upon the agriculturist who is getting more and more indebted to the moneylender and whose lands are being fast alienated thereby. It is also leading to a progressive worsening of unemployment among all the strata of society.

Such, then, is the story of the Depression which is indeed the lion in the path of any speedy improvement in the general budgetary situation. It might well be asked: What about the extreme financial ease and the high credit which the Government of India are at present enjoying? The answer to this question is two-fold: in the first instance, much of the present plenty at the Centre is due to the enormous exports of gold which have taken place during the past four years or more and as such it is clearly of a non-recurring character; in the second instance, in a period of Depression, funds, which are naturally deflected from their ordinary channels of industrial investment, seek comparative liquidity in "safety-first," gilt-edged

securities and governments are generally favoured as debtors by the money-market. These two factors, together with the ruthless retrenchment of expenditure and enhanced taxation, are responsible for the solvency of the Government of India, which is assuredly not an indication of national prosperity.

Sir Otto Niemeyer himself said in regard to a similar situation in Australia in 1930: "The reactions of inter-state and of State and Federal finance are essential to a complete view. In this matter the fortunes of the whole are fortunes of the parts and the failure of any of the parts will be the failure of the whole." So long as the Provinces and the Railways are not on their own legs, it cannot, therefore, be asserted that the Federation as a whole is in a solvent condition. In the solution of this general and basic problem of national solvency, I think, the monetary and fiscal instruments are capable of playing a very important rôle. Merely to present a Scheme of allocation in regard to income tax and a skeleton time-table for its gradual transfer will not be sufficient, because such Scheme and time-table will be merely hypothetical in character and they will not succeed for the very good reason that the Federal Government will not be in a position to spare the revenue required for the transfers, while the Provinces and the Federated States will, with one voice, clamour for them. Indeed, the "doles" of subventions, statutorily secured, will stand in the way of the transfers and a very serious situation will arise in which inter-provincial jealousies are bound to be inflamed. The ultimate success of Indian federal finance, therefore, depends upon the twin instruments of the monetary and fiscal policies which, unfortunately, are being mishandled by the Government at the present moment. Sir James Grigg would pay no heed to any proposal about "monkeying" with the ratio; on the contrary, he is quite willing to "monkey" with the settled fiscal policy of the country to achieve his befogged ideal of free trade. And yet it must be said that unless he does the one and ceases to do the other sort of "monkeying," there will be no recovery in this country which will be sufficient unto the solution of the very grave problems which are staring us in the face all around.

The relative needs of the Federation and the Units are a subject of controversy at present and two schools of thought have arisen, some people believing

\* The first article appeared in our issue of the 4th inst.

that the Provinces, which will be more and more in possession of the nation-building departments, will need more and more ample revenues; others that the Federal Government, like its prototypes all over the world, will be undertaking important, co-ordinating, national activities and will have, for that reason, to be kept well supplied with adequate means to carry out those activities. I do not think that in any civilised modern country it is ever possible to distinguish between the urgencies of need of national activities, such as defence etc., and of nation-building activities such as education, health etc. Both are equally urgent in their own ways. However, in the case of India, with its peculiar constitutional position *vis-à-vis* the British Government, I do not think vast sums need be expended on the maintenance of the forces on a scale preferred by independent countries, at any rate not in the present wasteful manner. If and when the Federal Government does assume responsibilities of greater civic value to the country, then will be the time to discuss the adequacy or otherwise of Federal resources.

This brings us to the second proposition, which, in my view, is fundamental to the whole discussion and vital to the future of federal finance. That is the proposition of the present level of taxation in the country. A good deal is written by our newspapers as also by some economists about the "heavy burden" of taxation, and the vested interests, which are always able to do sufficient wire-pulling at the seats of legislation and which control the agencies of the Congress and the Press, are always in the vanguard of those who would raise a howl against taxation. There are few willing taxpayers in the world and the Indian variety are no exception. I do not think, however, that the scale of taxation and expenditure in India, considered in a general way, is dangerously high. On the contrary, it seems that as a nation we are *not sufficiently taxed* and that our social and administrative services are poorly equipped, with the result that our national progress is very much hindered. Sir Otto, I believe, is quite right in saying that "The general scheme of Indian taxation (Central and Provincial) operates to relieve the wealthier commercial classes to an extent which is unusual in taxation schemes." The richer sections of the community are vociferously complaining that the retention of the surcharge on Income Tax and Super Tax is a very unjust measure calculated to do great harm to business and so on. And yet it is a very patent fact that the bulk of the taxation in this country falls upon the man in the street and upon the penniless villager. In Western countries income taxation, especially of the higher strata of incomes, is so high that it takes away nearly 40 to 50 per cent. of the earnings and this is one of the secrets of their economic success that they have shaped their financial policies on right principles keeping both the taxation and expenditure scales fairly high. In a poor and ill-developed country like India, there is all the more need for governmental initiative in a number of directions, and governmental initiative means a wise disbursement of plentiful revenues, derived from the richer sources,

through the channels of nation-building services. There is no doubt whatever that in this country there are a number of hen-roosts in unexpected quarters which have not been reached by the shears of the tax-gatherer. The possibilities of a "progressive" type of taxation of personal and corporate incomes are vast and, besides, death duties, taxation of agricultural incomes and of transfers of movable and immovable property and the abolition of the present iniquitous system of land taxation are some of the very urgent reforms of the system.

On the other hand, in spite of the fears of Sir James Grigg that customs taxation would show diminishing returns in future, there is a good deal of scope for further taxation of imports of luxuries and commodities for which a case of discrimination may be made out. A more liberal interpretation will have to be put on the doctrine of "discriminating protection" enabling new industries to spring up all around and to relieve the present severe pressure on agricultural land. The Indian consumer, like his confrère, the Indian labourer, has always been a *persona grata* with Finance Members anxious to placate superannuated industries like the Lancashire textiles. Yet it can be shown that this sentiment is nothing but a sham pretext. The true interests of the consumers lie in the direction of increased *employment* and a larger national dividend; on the other hand, governmental finances, far from suffering a setback from diminishing returns in customs, must thrive upon the growing source of industrial profits yielding increased income-tax receipts. It is no use, therefore, to point to the harm done to the consumer interests, because in days of serious unemployment and in conditions of a general poverty, these interests are ultimately derived from those of producers and, in any case, it is the *total national dividend* and the possibilities of diversification of industrial life which should receive prior attention.

Let us now consider the constitutional scheme within which Sir Otto had to work out the financial proposals. The Government of India Act, 1935, implicitly recognises that the Provinces must now be put in possession of larger resources in view of their growing financial needs arising from the new responsibilities of autonomy. With a view to this end, under Sections 137, 138, 140 and 142, the Act lays down provisions enabling the Federal Government:

(a) to distribute the proceeds of certain succession duties, stamp duties, terminal taxes and fares and freights among the Federal Units, "in accordance with such principles of distribution as may be formulated by Act of the Federal Legislature,"

(b) to distribute, "if an Act of the Federal Legislature so provides," the net proceeds of duties on salt, Federal duties of excise and export duties among the Provinces and the Federated States, provided that one half or such greater proportion as His Majesty in Council may determine of the jute export duty may be assigned to the jute-growing Provinces and Federated States, in proportion to their output of jute,

(c) to distribute among the Provinces and such States as may allow the Federation to levy such taxes in lieu of a lump sum, a "prescribed percentage" of the net proceeds of income tax (other than agricultural and corporation income taxes) in such manner as may be prescribed by His Majesty in Council, and

(d) to make special grants of such sums as may be prescribed by His Majesty in Council to "such Provinces as His Majesty may determine to be in need of assistance, provided that, except in the case of the North West Frontier Province, no grant fixed under this section shall be increased by a subsequent Order, unless an address has been presented to the Governor-General by both Chambers of the Federal Legislature for submission to His Majesty that the increase be made."

Thus it will be apparent that the distribution of resources under (a) and (b) falls within the purview of the Federal Legislature (apart from the special case of the jute export duty), while distribution under (c) and (d) is to be made by an Order-in-Council. It will be further apparent that for purposes of provincial distribution, apart from the "certain succession duties" and "terminal taxes and fares and freights," no new taxation is envisaged. It is unthinkable that in the present situation the Federal Government will ever be able to hand over the proceeds of salt, excise and export duties (excepting the jute duty) to the Units. The clauses referring to these transfers are, for the moment at any rate, merely dummy clauses. Taxation of succession and inheritance is a reform which cannot be accomplished at short notice, while it is not conceivable that terminal taxes etc. will reach any substantial level. The dependence of the Provinces on transfers under (c) and (d) is, therefore, almost complete.

The prescribed percentage of income-tax proceeds viz. 50% is for general distribution on a certain fixed basis, while the "doles" of subventions are specifically intended for backward and "deficit" Provinces. We will deal with the former first. The 50% total share is already of a kind that would suggest that there is not enough to go round. Then, the prospects themselves of attaining to this are remote and problematical. As if these two drawbacks were not sufficient, we are told in an Annexure to the Draft Order that Sir Otto Niemeyer considers that to arrive at the "divisible pool" numerous corrections will have to be made. In the first place, the 1936-37 budget estimate of revenue from all forms of income tax (including corporation tax) is 15.7 crores, "which for the present purpose must be reduced to about 13.6 crores on account of post of collection and the prospective separation of Burma." Of this latter sum 1.4 crores is estimated to pertain to the wholly Federal heads of corporation tax, Chief Commissioners' Provinces and Federal emoluments, thus leaving a residuum of about 12 crores. But this residuum might be further reduced on account of costs of collection as well as the interpretation that might be put upon the term "corporation" tax. At present, the only form of corporation tax is the super-tax on companies, which is "in practice levied under the same law and by the same administration as any other form of income-tax; however, the Government of India are dissatisfied with the existing definition of "corporation tax" in Section 311 (2) of the Act, and contemplate the submission to the Secretary of State of proposals for its amendment. It is not yet clear in what direction the correction will be proposed or effected; in any case, it cannot be such as to reduce the Government of India's share of the total. The principle proposed by Sir Otto that the

cost of collection should be allocated in proportion to the total proceeds of the two taxes is fair, but much will depend upon the new interpretation that is sought to be put upon the term "corporation tax."

In the previous article, I have already described the method by which the gradual transfer of the Provincial share of the "divisible pool" is to be effected. After ten years, provided the Governor-General does not exercise his delaying power, the Provinces might expect to get their percentages. Only a diehard optimist, however, could expect the Government of India to facilitate the transfers. In the first place, there will be the additional burden of "doles" to the tune of 2 crores (i.e., 4½ crores of total subventions minus the actual provision of 2½ crores made in the 1936-7 budget). Then there is the net loss of 2¾ crores on account of the separation of Burma. Then, again, there will be ½ to 1 crore of compensation to be granted, *pari passu* with the income-tax distribution, to the "credit" States. Add to these the various non-recurring expenditures due to the establishment of new Federal bodies like the Supreme Court and re-organisation of departments and services. The essential and unavoidable part of the expenditure proposed, thus, would be easily amounting to 7 crores or so. What with Quetta and what with the rural grants, moreover, the prospects of securing a further 6 crores (or any part of it) from the Government of India are very problematical.

(To be continued.)

B. P. ADARKAR.

#### A NIEMEYER MISCALCULATION?

A CERTAIN feature of the report of Sir Otto Niemeyer has attracted considerable attention and comment in the press and it is worth while entering into a detailed examination of it. It will be remembered that Sir Otto Niemeyer was directed by His Majesty's Government to recommend what percentage of income-tax should be distributed to the provinces, the manner of the distribution and the amount of income-tax that can be retained by the Federal Government. The gist of Sir Otto Niemeyer's recommendation on these heads is this: Fifty per cent. of the income-tax shall be distributed to the provinces in a prescribed percentage to different provinces; the amount to be retained by the Federal Centre shall be determined by the nature of the surplus that is available to offset the loss incurred by the distribution of the fifty per cent. of the income-tax to the provinces. The latter point requires further explanation. According to the Niemeyer scheme, about Rs. 6 crores of the income-tax proceeds have to be distributed to the provinces. During the first five years beginning from 1937-38, according to his recommendation, that part of the portion of the income-tax due to the provinces can be distributed, provided the loss can be reimbursed by a surplus of that amount from the general budget receipts from the railways. During the second five-year period, he proposes the distribution of the income-tax by certain percentages year after year, the assumption being that the loss would be met by either

a surplus from the Central Budget or/and a contribution from the railways.

It is not the purpose of this article to contest the validity of the assumption that the central budget can be expected to yield a surplus during the coming few years. It is only the other assumption that the railways can be expected to give a contribution to the general revenues that calls for comment. As railway finances are at present, it requires a good deal of optimism even to forecast that they would yield a contribution to the general revenues within a measurable distance of time. This view requires further elaboration.

What are the facts about our railways? The budget estimate for the current year places the receipts at Rs. 91¼ crores, the total working expenses including depreciation at Rs. 64½ crores, and the net receipts at Rs. 27.67 crores allowing for an increase of a crore of rupees under miscellaneous receipts. The interest charges stand at about Rs. 31 crores and therefore borrowing to the extent of Rs. 3.44 crores from the depreciation fund has to be resorted to. A study of these figures and those relating to previous years indicates that if any surplus in the railway budget is to be expected, there must be an increase in general receipts of over Rs. 5 crores at least, after paying the interest charges of about Rs. 4 crores. This is the minimum figure required to yield a surplus. It can be asked however whether or not a surplus can be realised by extremely critical job analysis and further economy. It cannot be denied there is considerable room for economy in our railway finance. But economy alone cannot keep down the working expenses of railways. If economy is to be sought in the reduction of salaries, the effect will not accrue at once but after a number of years. Already the economy scheme of the railways with regard to the scales of pay is expected to result in a saving of between two to three crores but that benefit will not accrue to the railways just now. What one would like to know is whether or not there is an immediate prospect of a reduction in working expenses.

There seems to be no possibility of such a reduction. Assuming the policy of the pruning knife is vigorously applied, still the working expenses and depreciation will rise, if the railways are to follow a policy of progress and not of stagnation. At present the capital works programme on railways has been severely limited and few new lines have been opened. Between 1925-26 to 1930-31, more than 4000 miles of new lines were opened but since that day to the present year only about 700 miles have been opened. The mileage of railways has been standing between 31000-31700 since 1930-31, which indicates that due to the depression, a policy of progress has not been pursued. In future, the task of linking up the unopened countryside, so far inaccessible by road or rail, with the towns will have to be undertaken by railways and there has to be some quick pedalling in the capital works programme, to make up for the lapses of the stand-still policy of the past five years. With a brightening up of the capital works programme, there is likely to be an increase in the interest charges.

I suppose I have advanced sufficiently strong arguments to show that it would be too optimistic to assume that there would be a considerable reduction in working expenses and depreciation even if a policy of economy and rigorous job analysis were to be pursued. There is something else which has to be said on this point. The past does not fortify one in the belief that there is likelihood of a reduction in working expenses. Since 1925-26, working expenses including depreciation have stood at about Rs. 62 crores and in no year has the figure gone down below the sixty mark.

The position comes to this: If a surplus on railways is to be expected, while economy can do something, it alone cannot bring about the much desired contribution to general revenues. Naturally one has to look to the receipts for the expected surplus. It will be remembered that when the railways yielded a contribution to general revenues between the years 1925-26 and 1930-31, the receipts were near about the figure of Rs. 100 crores and during the years 1927, 1928, and 1929 were actually over Rs. 100 crores. Again, the figures of the pre-depression years warn us that our optimism has to be guarded. Can we expect in the coming few years the receipts of the Railway Budget to go up to the hundred crore mark?

The Railway Member, Sir Mohamad Zafrullah Khan in his speech presenting the budget estimates for 1936-37 in the Legislative Assembly pointed out the causes which were responsible for the slump in railway earnings, causes which we have to bear in mind when we consider the question whether or not the railway receipts would mount up to the hundred crore figure. According to the Railway Member, the causes for the slump are: (1) World depression (2) Striving after self-sufficiency by every country (3) The development of short lead traffic in India at the expense of long lead traffic (4) Increase in motor, sea and river competition (5) Labour legislation (6) Improvement in service conditions of the staff. It is necessary for us to examine these items in detail with a view to understand the possibilities of these factors being brought under control.

World depression and the collapse of commodity prices give rise to many difficulties. In recent years, the collapse in the price of cotton, the extinction of the wheat export trade, and the slump in the traffic of oil seeds have affected railway earnings adversely, as the Railway Member himself admitted in his budget speech. There are no possibilities of the traffic in these commodities showing an appreciable increase until the trade policy of the country is radically altered. This again raises the question of bilateral trade agreements which alone seems to be a palliative for the present slump in these commodities but bilateral trade agreements themselves are highly controversial propositions. I am mentioning these only to illustrate how difficult the problem of stimulating traffic in these commodities is. Now another consideration has to be examined. Often the question is asked: "Why should not the Railways increase the freight rates?" In the Conference of Railway Agents held in October of last year, the problem was examined. "As a result of the examina-

tion of their tariffs undertaken by the Railway Administration, it was found that there was no scope for an increase in freights without risk of undue hardship to trade or further reduction in earnings." It is unnecessary to labour the point further.

The stimulation of passenger traffic deserves attention at this stage. The only way of stimulating traffic is to make travel cheaper but recent experiments conducted to popularise travel have not furnished evidence to show that the lowering of rates will be amply compensated by a sufficient increase in the number of passengers. Another method is to stop leakage in passenger earnings. Even if the problem of ticketless travel is effectively tackled,—it is estimated that about 27 lakhs of persons travel without tickets every year thus causing a loss of half a crore of rupees to railways,—the increase in passenger receipts will not be appreciable. Hence, too much reliance need not be placed on passenger traffic for an increase in receipts.

There are other causes which militate strongly against a rise in traffic receipts. Here again the trade policy of the country is involved. The distressing gospel of economic self-sufficiency has affected our country, as will be seen by the slump in the groundnut trade with France, which has started encouraging this trade in her own colonies. Unless the trade policy of the country is designed to facilitate the export of such commodities to other countries, an increase in freight receipts cannot be expected. Further, the doctrine of self-sufficiency has itself found acceptance in our provinces. The Lloyd Barrage Project and the Mettur Project have made the areas concerned self-sufficient in many respects and thus have reduced long lead traffic. Under the new dispensation, provincial industries will be fostered to a greater extent than they are at present and this would lead to the sacrifice of long lead traffic to short lead traffic. This would certainly affect railway earnings adversely.

The motor-river-sea competition is another factor which stands in the way of an increase in receipts. It is estimated that the railways lose annually about three crores as a result of such competition. The co-ordination of the road-rail problem is a complicated one and one does not see how the railways can be helped in this matter except by prohibiting altogether motor competition on roads competing with the railways. Whether the future provincial governments would ever resort to such drastic measures to control motor transport is a doubtful question.

Now there are only two factors left which hamper an increase in railway earnings. One is labour legislation and the other is an improvement in the service conditions of the staff. It will be immoral—to use no stronger word—to impede labour legislation with a view to increase railway receipts. Such receipts would lead to deterioration in efficiency and the creation of dissatisfaction among the staff which would in the long run affect receipts. Public opinion in India will not tolerate such methods and these two points need not be considered at all. Assuming that these two factors are controlled, the resultant increase in receipts will not be appreciable.

I have pointed out the difficulties, immense in character, in the way of an increase in railway receipts. Unless there is a phenomenal boom in prices there is no likelihood of the railway earnings going up to the hundred crore mark which means there will be no contribution to general revenues. Further if there is a surplus in the coming few years, the borrowing, up to the present date, of Rs. 32 crores from the depreciation fund will have to be wiped out, a transaction which will take a number of years to be completed. These considerations are enough to show how difficult, in fact nearly impossible, it is for the railways at present to give a contribution to general revenues. In the absence of contribution from the railways, only surpluses from the general budget can make it possible for the distribution of Rs. 6 crores of income tax receipts to the provinces. Can we expect a Rs. 6 crores surplus in the general budget every year during the next ten years, after the financial assistance proposed to be given to the provinces? Therein lies the Niemeyer riddle.

A. D. MANI.

## Reviews.

### SOCIALISATION OF FINANCE.

**LABOURS' WAY TO CONTROL BANKING AND FINANCE.** BY JOHN WILMOT. (Methuen.) 1935. 20cm. 119p. 2/6.

AS socialisation of finance occupies an important place in the Labour Party's economic platform, special importance attaches to this volume in the well-known series of publications in which "Labour Shows the Way" to the British electorate. The importance of the book is heightened by the fact that social control of financial policy is being advocated at present by the very antitheses of Socialism, namely the capitalist planners. What exactly will the Labour Party do with British financial structure, if it assumes office, it is very interesting to know, especially from Mr. Wilmot who has considerable theoretical and practical training in this subject.

It is natural that in his introductory chapter Mr. Wilmot should make use of the recent crisis of abundance to carry home the truth that a new money system is needed and that finance has a definite role to play in the new monetary policy. Mr. Wilmot supports, in fact he insists upon, the social control of saving and investment. As this thesis is now sanctified by the association with it of the great name of Keynes, critics of the Labour Party need no longer be shocked at the suggestion. Mr. Wilmot is substantially correct in his statement that on the whole the rigid adherence to the old type of the gold standard has benefited the lending classes. The proposal to nationalise the Bank of England will not cause much surprise, as already the Treasury influences the Bank to a greater extent than is sometimes imagined. At least in two self-governing Dominions, Canada and New Zealand, steps are being taken to nationalise their central banks.

The need for a cheap and elastic credit service is now widely recognised, but the implications of that policy from the standpoint of distribution are not always adequately appreciated. Mr. Wilmot is rightly emphatic on this question, "What is essential, however," he says "is that currency policy should assist rather than obstruct the task of distributing the

material plenty which is now within our power to produce." The principle of a deliberate regulation of saving and investment is indeed sound. But our knowledge of the exact quantitative measure of the several influences at work in a nation's economic structure is as yet so limited that any but the most cautious handling of financial controls is likely to prove disastrous. What puts the average British voter on the other side of Labour in this respect is the fear that the socialistic fervour of Labour ministers may outrun their financial wisdom. With growing knowledge of the intricate working of interest rates, employment and earnings, a greater definition of aims may be expected from the advocates of Labour.

It is characteristically British caution that impels Mr. Wilmot to suggest that once the Bank of England is nationalised, a National Banking Corporation should be formed to control and guide the nation's financial system and that this corporation, though appointed by Government, should consist of persons who are appointed on grounds of utility and experience. The Corporation will in fact supersede the private organisations of big finance such as the 'big five'. Whether such a socialisation of joint-stock banking is necessary, at any rate in the initial stages of a controlled financial structure, is open to doubt. But Mr. Wilmot's general attitude is sufficiently circumspect and helpful to lead one to believe that in the near future the gulf that now separates Socialist from Conservative economic policy will be considerably narrowed. The National Banking and Investment Boards may not actually materialise in the shape in which the Labour party wants them to exist. But it is extremely probable that in the years to come, financial regulation like taxation and State expenditure will be utilised not only to regulate industry but also to affect the earnings of the several classes. As Mr. Keynes has stated in his latest work, this changed outlook on national finance may have far-reaching economic and political consequences. Mr. Wilmot is quite justified in his hope that, "the British people have a peculiar genius for quietly effecting radical changes, and it could be no more profitably employed than in fashioning some public order from the present chaos in the City."

Just when political mentors of the party like Prof. Laski are showing signs of a weakening faith in the capacity of capitalism to bring about peaceful change, it is encouraging to come across a definitely optimistic note in the writings of the more active and experienced Labour politicians. The book deserves to be carefully read not only by students of contemporary finance but also by socialist reformers.

D. G. KARVE.

### AGRICULTURAL INDEBTEDNESS.

**THE DECCAN AGRICULTURISTS' RELIEF ACT AS AMENDED UP-TO-DATE.** By D. B. GODBOLE. (The Author, Poona) 1935. 22cm. 383p. Rs.5.

ONE of the earliest attempts to deal with agricultural indebtedness in India was the Deccan Agriculturists' Relief Act, passed as early as 1879, on the recommendation of a Commission that enquired into the causes of the serious riots, having moneylenders for their victims, that took place in 1875. It is admitted on all hands that defective draftsmanship has militated against the usefulness of the measure. The Act itself has been amended on no less than fourteen occasions, and the definition of the true 'agriculturist' in the most important section in the Act has undergone revision four times. Even so, the definition is involved and not free from ambiguities, giving rise to anomalies, conflicting decisions,

abuses and hardship in individual cases. Under section 2, it is quite conceivable that a Government-servant drawing a high salary, on retirement on pension after thirty years' service, may successfully claim to be regarded as an agriculturist without ever going anywhere near the lands inherited from his ancestors or purchased out of his savings. Obviously, it was never intended that such a person should come within the purview of this Act.

Again, in order to guard himself against certain provisions of the Act, a person need be an agriculturist only at certain stages of the proceedings, while in certain other cases, he must be an agriculturist throughout the litigation. It is clear that the fault lies not with the draftsman but with the nature of the enactment itself, which defying codification cannot fail to afford endless facilities for fraud, evasion and avoidable litigation. The Government, being fully cognisant of the defects in the law, had the working of the Act examined by Commissions in 1891 and 1911 and it is believed that more recently, after an exhaustive enquiry, two experienced officers of the Bombay Government recommended the repeal of the Act. It is hoped that, in view of the prevailing depressed condition of agriculture, the Government of Bombay will come actively to the help of the agriculturists by substituting this obsolete enactment with a more up-to-date and comprehensive legislation dealing with agricultural indebtedness in all its aspects.

"But", in the words of the Hon'ble Mr. Justice Diyatia, "as long as the Act remains on the statute-book it has to be administered." And Mr. Godbole has rendered a valuable public service by bringing out an annotated edition of the Act giving lucid explanation of the object of each section as interpreted by the pronouncements of competent authorities. The arrangement of the notes leaves nothing to be desired. The case law has been exhaustively discussed, all relevant references properly documented and both the general index and the index of cases carefully compiled. The book, we feel sure, will be of great assistance alike to the judges administering the law, the practising lawyers and the public at large.

B. DE.

### SHORT NOTICE.

**THE CLOWN AND HIS DAUGHTER.** By HALIDE EDIB. (Allen & Unwin). 1935. 20cm. 377p. 7/6.

THE atmosphere of the Orient in Europe as in Asia is dominated by fierce fanaticisms, rigid old-timers, the squalor of "dirty smelly streets" and other crudities. It is gorgeous only in ruins and decay round which human beings like ghosts move and have their being lost in anti-social pieties and impieties. This is the Turkey of old, now buried beyond recall, which the genius of Halide Edib paints on the literary canvass with a brush captivating in its artistic touches. There spread out to full view lies the Empire of the Sultan Hamid overflowing with the miserable "contentment of the masses, their cynical acquiescence, their abject flattery of the great to their faces, their acrid criticism the moment they were among themselves, the idle luxury of the rich, the rottenness of the social structure and the degradation of women." The utter depravity of harem life constitutes its life-blood in much the same way as it abounds in "the coarse free jests" vulgarities, and savage intolrances. This unwholesome condition of life bred a psychology as ugly as it was unhealthy. "Eleven years old and a child? For such as you it is nothing that a girl whose breasts are already like apples should wander in the street!"

Abdul Hamid II was the last corner-stone in that unendurable edifice that Young Turkey helped to crumble down to its extinction. A strong and refreshing hurricane of a rebellious Young Turkey is seen blowing over this disagreeable horizon trying to envelop it in order to sweep out the old and sweep in the new. Wherever these disturbers of the sickly peace of tradition are found, they are sent into exile. Though called "a bloody tyrant" Abdul Hamid II of this book is a saint in the way he employs milder methods of suppression of sedition as compared with modern autocrats who forge executive thumb-screws and other strange instruments of torture of the uncompromising patriot and the suspect. Unforeseen by this despot,

the forces of emancipation get the better of him. For once the free soul of the Young Turk escapes from the clutches of the tyranny of Government and priesthood to which latter religion meant "everlasting hatred" of inconvenient belief, unbelief and joy, and for sheer relief from oppression seeks the hand of the attractive devil in friendship.

The shining silver thread of the story round which Halide Edib hangs her charming beads of detail is full of subtle fascination. The novel is a Turkish delight in the author's own exquisite English rendering which creates an appetite for more and more of such haunting literary delicacies.

K. VENUGOPAL RAO.

## THE CIVIL LIST. RADICAL MEMBERS' ATTACKS.

SPEECH BY MR. MCGOVERN.

**I** RISE to oppose these grants, but I do not propose to deal with this matter from anything like a personal point of view. I want to say at the outset that I am a Socialist and a republican. I have no time for monarchy of any kind, but this country, which accepts the capitalist system and a capitalist Government, has accepted the institution of monarchy, and I do not propose at this stage to find fault with the general public who are behind the Government of the day and behind the institutions as they exist. If I were a Conservative I should be entirely satisfied with the present Royal Family. I should consider that they as a Royal Family, representing the capitalist system, and being the first line of defence in that system, are fully competent to represent it in a fairly decent manner; but I object to the lavish expenditure in the past and that is proposed to be made for the succeeding generation, by the provision of large sums of money for various members of the Royal Family. I do not represent capitalism or royalty. I represent the other end of the social ladder. I represent people on the means test, who are struggling along with inadequate wages and long hours, in many cases living in slums under conditions which are not fit for the very brute beasts of the field.

I say it is fitting that this Vote should be enthusiastically endorsed, as the right hon. Member for Caithness (Sir A. Sinclair) has said it will be, by all sections in this House. The Labour party, the Liberal party, the Conservative party, the National Labour party and the National Liberal party, all wings and all sections of the House, are supporting the proposals before us. They have one or two small technical objections that seem to have been ruled out by the wisdom, shall I say, of the Chairman, and to that I do not intend to object at this stage. I will only say that the sums of money which are going to be voted enthusiastically by this House ought to be looked upon with a measure of contempt when one sees the usual display of antagonism to the working class, and the methods used to push the working class into poverty and subjection. From 1910 Royalty has cost this country nearly £11,000,000 directly. Those who represent capitalism may say that they are getting full and good value for that money.

I am not interested in the Royal Family, because I do not live or have my being among that section of the ruling class. The Chancellor who is asking for this Vote is the direct representative of a man who was at one time looked upon as the republican mayor of Birmingham. He is lavish in his praise of the present Royal Family, and so also has been a Member of the Liberal party and a Member of the Labour party.

Days have changed and circumstances have changed. There were periods in the past when Royal Families were in very low water, due to their lives of debauchery, and it was well recognised throughout the world that they were not fitting representatives of even a capitalist State. But to-day we are discussing people whom we all believe to be decent and to be carrying out the duties that capitalism imposes upon them in a fairly decent manner.

I remember in my boyhood days hearing lectures and reading articles from the Member for West Stirling (Mr. T. Johnston), one of the greatest anti-monarchists we have in the country, who is in the Labour party. I do not see him here to-night. He has written more against monarchy than any man I know. He has attacked the salaries paid to the Royal Family, but his absence to-night is a satisfactory explanation of the changes that have taken place in the Labour party. The present Member for Seaham Harbour (Mr. Shinwell) was also one of the most ferocious—as he is in all things ferocious—in his denunciations of Royalty. I used to hear him on Glasgow Green, in the Glasgow City Hall and in the streets of Glasgow. He was always the strong man against monarchy. Well, they are both absent to-day, they are not in their seats to take part in this discussion and give us of their wisdom their contributions against monarchy and, therefore, I say that the changes which have taken place in the Labour party are evidence of the changes that have gone on among the people who have won a stake in things. Instead of the Throne moving away from the Labour party the Labour party move nearer and nearer to the Throne. We find in consequence that there is no real division of opinion in this House in connection with this matter, though one or two Members here and there may say that they oppose or are going into the Lobby against the Vote. I do not grumble at that, but I do say that if they are going into the Lobby against this Vote there are many other occasions when they have gone into the Lobby against the working class, when the party whip was cracked. To-night I hope we shall have a larger Lobby when the Division is called.

I am opposed to these proposals. First and foremost it is proposed to provide £110,000 a year for the present King—for his personal purse. I believe that to be an outrageous sum to give to any one individual. I believe that even in face of the argument of the apologists of the Labour party when they say, "We recognise the King now as the head of the Civil Service" as a sort of salving of their consciences for the change in their outlook. Would any person in any kind of business or trust make such proposals to a board of directors or a company as are before this House to-night—to give £110,000 to one individual

yearly? Let us contrast that with what is given to an unemployed man—17s. a week. What difference is there between the two individuals? They are made of the same flesh and blood. They are both sections of the unemployed. One is in the unemployable section and another in the unemployed section.

*Mr. MacLaren*: Is not the hon. Member aware that this Vote is going to give the King nothing?

*Mr. McGovern*: If that is the line of action, if I were allowed by the Chairman I would put that side also and prove that these lands do not belong to the Crown at all, that they belonged to the State, and that they were taken back from the State by vast sums of money that were paid to previous Kings and their sons. If that is the line of excuse, shall I say, I am prepared to meet it; but I am rather weary of all the excuses which are given as reasons when people want to justify action of any kind. It annoys hon. Members sometimes when a member of the Royal Family is contrasted with an unemployed man. Is not an unemployed man in this country as good as any monarch, as good as the son of any monarch? Is not an unemployed woman as good as the Queen? Is she not as good as any female member of the Royal Family in this country? The wealth producers, after all, produce the wealth from which everything comes, and the provision being made under these proposals to-night will be wrung, directly or indirectly, from the class who are at the bottom of the social ladder. The old woman, the old-age pensioner, will pay her pittance of taxation in various ways in order to contribute to the upkeep of these people.

Why should we discuss these proposals in the way we do, and assume that the more money we lavish on a Royal Family the more we show our patriotism, our intelligence and our appreciation of their services? The right hon. Gentleman who spoke last (Sir Archibald Sinclair) talked about the way in which the present Monarch has endeared himself to the hearts of the public of the country, but is it not true that necessity has driven Royalty to many extremes in order to see that the job of Royalty is not one of the past merely? After all, Royalty has passed away in almost every country in the world, and I only say this in passing to those who advance that line of argument, that the two changes which I can perceive in this country, one as a danger and the other as a pleasure to me, are for Socialism or for Fascism, and neither Socialism nor Fascism as a system has any time for Monarchy of any kind.

This sum of money which you are proposing to-night, this £110,000, is first and foremost for the Monarch, to give to him, to this individual. He has only, as was said by the hon. Member for Gorbals (Mr. Buchanan) the other night, one stomach, he can only wear one suit of clothes at a time, he has only the worth of one human being, and why should you give him a sum of money of that description, even if we recognise the argument put forward by some people that he is the head of the State? You pay to the Prime Minister £5,000 a year. He has responsibility, he has cares, he is the recognised head of the democratic State. We pay him £5,000 a year, and out of his own pocket he pays expenses connected with his office, but we give to another individual, who has not the same cares or responsibilities, the sum of £110,000 for a purely decorative job that is kept as a symbol of a system of exploitation and robbery.

Therefore, we say that that sum of money to the Monarch cannot be justified by any human being in this House. They may attempt it, they may put on the best face they can, they may show to the House and the country that they are giving an appreciation of that one individual, but I say that it is an outrage that that sum of money should be devoted to any person by this House, and it ought to be opposed by

every person who comes here directly representing people from the mine, the workshop, the factory, the field, the parish, or the labour exchange queue. If they represent that section of the people, the exploited section, they ought to stand four-square against every form of remuneration by such high sums as this. But that is not the end of the story. We make provision for the wife of the King, if he should marry. We propose to give, in addition to his £110,000, something like £33,000 into—

*Mr. Chamberlain*: The hon. Member is mistaken. The £33,000 is part of the £110,000, not an addition to it, but is not drawn till the King marries.

*Mr. McGovern*: I took the figure of £110,000 from the right hon. Gentleman, and if I made a mistake, I withdraw and apologise, but I say that whether it is £110,000 plus £33,000, or whether that is included, you are making provision for the probable coming of a Prince and Princess of Wales, members of the family, and we are asked to vote sums of money for every child that comes into that Royal household and to maintain them for life. Show me the employer or the company that considers any workman or member of the staff and says, "Now, Mr. Brown, your wife has had a child, and we propose to give you an addition of £1 a week in order to maintain that child." When you come to this House and make proposals of this character to increase the allowance for every member of the Household, I say it is outrageous. There is no talk about the personal means of the individual, because there must be very vast sums of money held by all these people out of the moneys paid them in the past. Out of the £11,000,000 that has gone to them in the last 25 years there must be a tremendous accumulation of wealth.

When we come to the Prince of Wales, he is born, not into a slum, not on to a 3s. a week existence; he is born into a £10,000 a year existence, and it is proposed to create a fund that will give him at the age of 21 something like £210,000 as a gift, with the accumulated interest, and on to that £250,000 that is handed over to him direct from the State, we give an addition of £10,000, and if he marries £25,000, and something for every member of his family to keep them going on in perpetuity on the backs of the common people of this country. I say that the system of parasitical monarchy is an outrage in an age when we might have expected that Governments of this country and of the world would try to conform to the changes that have taken place in the minds of the people owing to the increased misery and poverty that are to be found in abundance.

We had the Monarch in Glasgow not so long ago. He visited slums and working-class homes, and he himself, we are told, according to reliable sources, expressed antagonism to the conditions under which the people were living. He said that scales of relief were too low and that rents were too high. When he said that, he was in effect condemning the people who represent the capitalist system of society, and we say that to treat in this way the workers who produce the wealth and make it possible for every person to live in luxury and comfort is an outrage in this year of 1936. We are opposed to it root and branch, and I say in this House that, so far as I and the party with which I am associated are concerned, we shall continue to pursue our line of antagonism to these vast sums of money being given, and we shall go into the Lobby against their being given. We are told by the hon. Member for Burslem (Mr. MacLaren) that the Royal Family does not cost the country any thing. I want to read to him a quotation from the "Textbook of English History," by Osmund Airy, His Majesty's Inspector of Schools in 1891, who says, on page 416 :

George, Prince of Wales, son of George III, handsome and clever, but a liar, a spendthrift, and a debauchee, like all the heirs apparent of his house, applied to Parliament to pay his debts, amounting to £250,000, which Parliament paid . . . In 1796 the Prince incurred fresh debts amounting to £700,000, which were also paid by Parliament.

Here is an extract from "Our Old Nobility," page 188, regarding George III :

"The Ministry had to demand of the House £500,000 for the payment of the King's debts.

*The Chairman* : I think this is rather ancient history.

*Mr. McGovern* : Yes, Sir Dennis, but the House is ancient, and I am dealing with an ancient institution. I am using this merely as an illustration. The total debt paid at that time amounted to £1,450,000. According to present values that will be £11,000,000. What the Crown lost at that time became the property of the State, because the State had paid the debts incurred by the Monarch and his son. Therefore this argument that is used continually as an excuse by Ministers at that Box, that these annual payments are not costing the nation any money at all, is based on a false foundation and ought not to be used in this House. Members will tell us all sorts of fairy tales concerning royalty that ought to be told to children of from one year to five years old, but for my part I am under no delusion. The monarchical institution is a useless thing in a modern State. It is simply a dressing for the capitalist State, I oppose it as a Republican and as a Socialist, and I shall go into the Lobby and vote on every occasion against the provision of any sums other than small sums for what are termed the heads of the Civil Service in this country.

#### SPEECH BY MR. GALLCHER.

I rise as an apostle of economy, but economy at the top this time instead of the favourite pastime of hon. Members opposite, economy at the bottom. I am not quick enough in regard to the material that is coming before the House or I would have been responsible for putting down an Amendment to wipe out the whole amount if such an Amendment had been admitted. If I were allowed to move such an Amendment, I would certainly put it forward. I want to present myself here as one who, as distinct from hon. Members opposite, is absolutely loyal to my class. The one thing that especially characterises hon. and right hon. Gentlemen opposite is disloyalty. I do not want any hon. Member opposite to try to get me or anyone else to believe that there is anything in the nature of loyalty in connection with the Civil List. The hon. and learned Gentleman the Member for East Bristol ( Sir S. Cripps ) says that the monarchy exists because the people wish it. He is wrong. When he says that, he smashes every argument that he has been making before. The monarchy exists because for the time being it is useful to the capitalist class. I have here a song sheet that we were using on May Day. There is a verse that starts :

Kings, hirelings and War Lords have long held their sway.

This was written by one who for long was a Member of the House, James Keir Hardie, 30 years ago. The capitalist class have seen that the monarchy might be used as a centre for reaction and for maintaining their power. . . .

The Civil List proposes a matter of £30,000 for a hypothetical wife and a considerable sum for the hypothetical children of the hypothetical wife. We had a gentleman who went to South Wales to deal with real and not hypothetical men, women and children, and he decided that seven shillings a day was good

enough for a miner and, if he got married, 3d. a day for his wife and, if he had any children, one or a dozen, 3d. a day extra. Yet you are prepared to present this before us. I do not know whether there is the slightest sense of shame that they can come forward with such proposals as these. I remember that on one occasion I happened to be speaking and drawing attention to the fact that certain leaders of the movement on this side of the House were associating with the enemies of the working class, and the present Lord President of the Council offered to take me to Balmoral Castle, but he did not take me. Another Member of His Majesty's Government at that time took a hand in that game, and I went to Wandsworth Prison instead. I was still under the care of His Majesty, but I was satisfied that I was in better company than I would have been at Balmoral Castle.

We have this allocation in the Civil List, but we still have the derelict areas, and not a penny of any kind should be spent upon anything that we could do without until the problem of the derelict areas has been solved. Here we have a proposition for £11,000,000, £30,000 of which is to be put aside for a hypothetical wife, so much for children and so much for relatives. The other night we discussed in this House the report of another committee which had a surplus of several millions, and right hon. and hon. Gentlemen opposite were adamant against utilising that money to raise the benefit of an unemployed man from 17s. to 18s. a week. Let anyone here go anywhere in the country, and in view of the treatment of the unemployed, and the derelict areas and in view of the existence of poverty and malnutrition, justify such an unspeakable expenditure as this. I will go to any part of the country with any hon. or right hon. Member and will prove that the capitalist class have never at any time been loyal to anything but property and profits, and that when property and profits are taken, they will sacrifice a Prime Minister or a Monarchy, or all and sundry, in order to regain them. They are destroying men and women in this country, and I protest against any expenditure of this kind when men, women and children are going short of food.

#### SPEECH BY MR. HARDIE.

The one thing that I wish to speak about, in the first place, is to ask what right has any Government or any Parliament at any time to make provision so far in the future as is covered in this Civil List? We are dealing here with the income from two sections of land. It is a great pity that we are not dealing with the income of all land. But here are the incomes of two sections, and a certain sum of money is involved. If it had been a question simply of dealing with provision for one person as head of the Civil List the matter under discussion would have been confined to a very narrow point. Why should any one individual in a State which calls itself a Christian State be provided for not only in regard to his own future and the future of his wife, if he marries, but even the future of any children that he may have? To-night we are dealing with a proposal of £10,000 for a son that may be born to the King if he marries. There are sons being born to-night and daughters being born to-night, the sons and daughters of men and women just as good as any of those whom we are discussing under this kind of Estimate. I know of five homes to-night where there are expectant mothers, and in those homes there is not that provision of things that there ought to be where additions to the population are expected.

It seems to me that while some people want to claim to be loyal and to use all the other nice phrases that they like to use, they become so enthusiastic that

they are indifferent to the realities of life. A son or daughter born in a working-class home is just as good as any son or daughter born anywhere else, or in any palace in the world. I object to the provision that is being made in this Civil List. Out of the money that we are going to pay to His Majesty he ought to keep his wife and family, as other people have to keep their wives and families. But the Civil List is not simply restricted to making provision for the future wife and the future family. When we come to the realities connected with this Royalty business, we find that we have to pay big sums every year to teach one of the relatives. Why? In a working-class household to-day, if a father, a mother, a son or a daughter are unemployed, the relatives are called into account under the means test in order to see what they can contribute, before the State steps in and does anything in the way of benefit; but in this case no questions are to be asked, and if there is the possibility of a family coming, then he is to get £10,000 per child. He may not marry and, therefore, he may not have a family.

The report which I have read of the visits of His Majesty to certain working-class areas have shown me that if he were free and not surrounded by those who make so much of Royalty, he would be up against things that any decent fellow would protest against. What an awful time a King must have with these people all pressing round him, trying to get favours and trying to make him believe all sorts of things rather than the limitations which are to be seen in the country. If he had the freedom of an ordinary citizen he would break through all these things round about him and would see through all the people who are about him, saying: "Do not let the thing down, or you will let us down." The people who support this kind of thing called Royalty are all of the same type. They have no real feeling about nation or country. It is a case of their vain feelings, especially the women, who say proudly that they have seen certain Royalty pass.

To-night in the east end of the city of Glasgow births are taking place in one-room tenements. In those houses the doctor in most cases will have to go out to adjoining houses in order to try and find sufficient blankets and clothing to meet the needs of the household. Yet we are sitting complacently here thinking about the future of a child who may or may not be born and making provision that in the event of the birth of that child £10,000 shall be guaranteed. If we had any Christianity at all we should not act as we are doing. But we do not do these things from the Christian basis. We are lip-service Christians only. When it comes to the question of social justice in regard to the distribution of the world's goods, we find that when the son who is not yet born attains the age of 21 there is to be an increase of £5,000 up to £15,000. We do things very queerly in this country. We have been discussing an Education Bill in Committee. We are dealing there with the question of the sons and daughters of citizens and have been trying to get provision whereby every child will at least, up to the age of 15 years, have the right to assimilate what we call our education. We have asked that in case where the family income is insufficient to provide the necessary funds maintenance grants should be given, in order that these children should be able to obtain these educational qualifications, but we have been told that there is no possibility of doing that, because there is not sufficient money in the country to deal with things of that sort. If there is not sufficient money in the country—I know that the distribution of the money

that we are discussing to-night would not go round—since we cannot do anything for the mass, why do it for one? We hear it suggested sometimes that the people we are providing for to-night are gifted with special brains; as if they got them from some special God Almighty source.

I am pleading that the Government in dealing with the distribution of moneys under its control will devote their mind to pressing needs. Imagine what is going to take place. There is to be provision of £70,000 for the widow of someone who is not yet married. Why? Why should anyone have £70,000 as a pension? We are always told in this House, when we are dealing with questions of economy especially, that the working classes while they have been in good work ought to have saved enough for the time when the rainy day comes. In the present case there is no question of what may have been saved while she may have been the wife of the King; but the moment she becomes a widow she is to get a pension of £70,000 a year. What do we do for other widows? It is these contrasts that are bound to face us in this House to-day. Most hon. Members have got it into their heads that there is some real difference between the people for whom we are now providing and the working classes. They do not realise that it is only a question of whether a child happens to be born in a poor house or a rich house. Why should the children or the prospective children of any one man receive the kind of treatment proposed, when we know what is taking place in the country to-day? We know of adult men and women who are idle through unemployment, and yet the Government through its Education Bill before the House are trying to provide cheap boy and girl labour, while adults of the same class are unemployed. These are the things which have to be contrasted one with the other, and they will take me into the Lobby on every opportunity against every one of these proposals.

I do not believe in Royalty, and never have done. I have always been a Radical, a Republican, a Socialist ever since I have been able to think clearly about these things. It would have been good business to-night if we had been able to obtain an explanation why at any time there should be special consideration given even for houses under this Civil List. When we are presenting salaries such as are now proposed, they ought to provide their own houses. Here we have a widow's pension proposed of £70,000 a year, and we contrast it with widows' pensions of the working class of 7s. 6d., 5s. and even 2s. 6d. in some places. Every one of these things is an insult to the human being. I hope the vote will go against the Government.

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