

Servant of India

Editor : S. G. VAZE.

Office : SERVANTS OF INDIA SOCIETY, POONA 4.

VOL. XX, No. 7. } POONA—THURSDAY, FEBRUARY 18, 1937. { INDIAN SUBSN. Rs. 6.
FOREIGN SUBSN. 15s.

CONTENTS.

	Page
TOPICS OF THE WEEK	65
ARTICLES :—	
Central Economic Staff.	67
The B. N. R. Strike.	68
Gokhale And Provincial Reforms. By Principal D. G. Karve, M. A.	70
REVIEW :—	
Quantitative Treatment of Economics. By N. M. Joshi, M. A.	72

Topics of the Week.

Congress Majorities and the Future.

THE results of the polling in the provincial elections so far available are a tribute to the organisation of and appeal to the masses of the Congress. Its successes in the U. P., Behar and Orissa have been spectacular, while in Bengal it forms the largest single party and in the Punjab and the N. W. F. P. even it is not a negligible factor. It is expected that in the C. P. and Madras also it will sweep the polls and in the Bombay Presidency it will certainly command a formidable party in the provincial Assembly. As the election results come in and the feverish activity in its connexion abates, giving breathing time to the party organisers, the question of their attitude particularly towards the office acceptance issue naturally becomes an intriguing one. Congress majorities in the Behar, Orissa and the U. P. are embarrassingly large. The Congress can no longer refuse to shoulder the responsibility of office at least in three provinces without seriously jeopardising its reputation for political acumen.

THE successes gained by the Congress are due to three influences. The magic name of the Mahatma combined with the opportunistic selection of candidates by Mr. Vallabhbhai Patel and aided by the tireless activity of Mr. Jawaharlal Nehru has delivered the country into the Congress hands. What use will it make of this opportunity? How will it implement its promise of the rejection of the new Constitution? Will it force another election on the provinces soon or will it first accept office, scatter its patronage and with increased following force a conflict on the Governors? Will the issue joined be the same in all the provinces or will it be chosen to suit the individual conditions

that obtain in them? These and similar other questions are being asked with anxious eagerness all over the country.

NO wonder that the energetic President of the Congress has not waited for the final results of all the elections to set about sounding the opinion of his provincial and district organisations. Mr. Nehru has asked for detailed information and recommendations outlining the line of action to be taken by the Congress in the legislatures "to further our policy of rejection of the Act and to impede further development of the Federal scheme". In those provinces where the Congress commands an absolute majority, a golden opportunity will be offered to it to make government under the new Act as irksome as it ever could be, to the representatives of the British domination in India. By isolation, neglect and defiance of the Governors through those subtle ways which cool-headed and determined politicians know how to use without actually transgressing the limits of the law, Ministers can bring home to the British authorities the deep sense of resentment and humiliation with which India regards the imposition of an unwanted constitution on her.

BUT the strength of the Congress, viz., its majority, is also its weakness. Party government without an opposition strong enough to merit consideration and deference by those in power has always led to demoralisation on either side. A huge majority is a sore temptation for unscrupulous exploitation and there is nothing in the composition of the provincial Congress majorities to assure the public that it will not succumb to such base temptations. These majorities are formed by importing into the Congress ranks men and women whose faith in and loyalty to the Congress is at best a shrewd investment for future returns. Such men can hardly be expected to withstand the glittering prizes which the favour of the bureaucracy can still offer. The towering edifice of the Congress is stuffed not a little with such men of straw. It will not hold together unless the central organisation wields it together by constant and unremitting vigil and even then it is doubtful whether the Working Committee or the A. I. C. C. can continue to exact complete obedience to their commands from the provincial organisations in view of the positions of power which provincial leaders will occupy in the future legislatures. A conflict somewhat on the lines of the conflict that developed between the British Labour organisation and its Parliamentary Party may develop as a consequence very soon after the elections to threaten the solidarity of the Congress.

Silver Jubilee of the Nizam.

THE Silver Jubilee of the Nizam was celebrated last week with pomp and ceremony appropriate to

occasion. For his part he has signalled it by announcing a remission of arrears of land revenue to the extent of Rs. 40 lakhs. This is good so far as it goes. At the same time we would be failing in our duty if we did not voice the keen public disappointment at his failure to grant, on this occasion, a liberal measure of political rights to his subjects. Whatever progress might have been achieved in Hyderabad in other fields during the present reign, there has been hardly any step forward worth the name in the political field in recent years. This has naturally led to deep political discontent, as any unbiased visitor to Hyderabad can testify. And a solid political boon was generally expected to be announced in connection with the Jubilee celebration. But the hope has been cruelly dashed to the ground, much to the aggravation of the political feeling in the State. Is it too much to hope that the omission will yet be made good by not only a public promise of responsible government but by the announcement of practical steps to implement it?

HIS EXALTED HIGHNESS took the occasion to express his solicitude for the spread of elementary education in the State. In fact he expressed a desire that it should be universal. This is greatly to be welcomed. But can it be seriously maintained that such universalisation can ever be achieved without resort to compulsion? The Nizam's solicitude would have meant something real to his people if he had declared his resolve to promote a greater and speedier diffusion of elementary education by making it free and compulsory. At least one private bill designed to introduce this necessary reform in the State is pending consideration by the Hyderabad Legislative Council. Why could not the Nizam's approval of the principle underlying the measure have been publicly made known on this occasion? Such action would unquestionably have made the occasion all the more memorable. And we feel a golden opportunity of winning public opinion to his side has thus been lost by the Nizam.

Central Health Board.

IN his speech before the Indian Legislature in September last the Viceroy foreshadowed the formation of a Central Advisory Board on Health. A press note from Delhi conveys the information that the arrangements for the Board are so far advanced that it will be inaugurated in June. Its status will be entirely advisory and its functions will be to act as an information bureau on all public health matters and as a clearing house for such information. On matters referred to it by the Central or Provincial Governments the Board will be expected to offer advice. It will also be free to make suggestions which might appear to it necessary in the interests of public health.

THE press note gives an outline of the constitution of the Board. It will have for its chairman the Member of the Central Government in charge of public health and will besides contain a maximum of three representatives of the Government of India. The local Governments too will be represented on the Board by one representative each who may either be the Minister concerned or his deputy or the Director of Public Health or his deputy. The Indian Legislature will be allotted three representatives: two to the Assembly and one to the Council of State. The Indian railways will be asked to send a representative while the Public Health Commissioner with the Government of India will be its ex-officio secretary and member. Representation on the Board will also be provided for Indian States and centrally administered areas.

SO far so good. But one is not sure that one can say the same thing about the provision authorising the Government to nominate five persons to the Board. It is not clear which particular interests these nominees are intended to safeguard. So far as can be seen, the Board's constitution provides for the representation on it of all interests affected by its work. Why, then, this power to the Government to nominate five persons? Is it for the purpose of diluting the popular character of the Board? If past experience can furnish any guidance to the future, the misuse of this power may be safely foretold. Public opinion would perhaps have raised no serious objection to this provision if some test of the representative character of the proposed nominees had been clearly laid down from the start. But as this is lacking it has no alternative but to raise its voice against an obvious blemish in an otherwise acceptable constitution of the Board.

India's Quinine Requirements.

AS part of our anti-malaria campaign the suggestion has often been made that quinine should be so cheapened as to be available to the poor almost for the asking, and that to this end the possibilities of making India self-sufficient in regard to her quinine requirements be carefully examined. The second part of the suggestion might have struck some people of a severely practical turn of mind as being somewhat chimerical. But that it is not so thoroughly impracticable as people may be tempted to suppose at first sight is evident from the indirect support it has received from the Deputy Director of Agriculture (Cinchona) of Madras in his administration report for 1935-36. He opines, with what truth we cannot say, that quinine can never be produced as cheaply in India as in Java. But he is careful to add that "it seems but right that India should not abandon the attempt to produce the required quantity of quinine without exhaustive investigation."

WE cannot think of a better body than the new Central Health Board equipped, if need be, with the necessary expert guidance, to launch upon such a task or of its initially engaging itself in a more useful occupation. The problem of so reducing the price of quinine as to bring it within the easy reach of the poor is so intermixed with that of producing our whole quinine requirements in the country itself that what is essentially necessary is first to know how far India can depend upon herself for her quinine supply. If India's self-sufficiency in respect of quinine is found on proper investigation to be a feasible proposition, the problem of making the drug available to the poorest of the poor will not appear so forbidding as it does at present. Let, therefore, the Central Advisory Board on Public Health concentrate its attention on this vital problem of fighting the malaria menace. We for our part shall judge its success by the contribution it will be able to make towards the task of malaria eradication from this country.

The Same Old Tale.

THE resolution reviewing the working of the District Councils in the C. P. and Berar during the year ending 31st March 1935, repeats the same complaints regarding the mismanagement of finances from year to year. Every year Government promises to take measures to remedy the evil which is putting the welfare of our rural population in serious jeopardy and every year we are treated to a recital of misdeeds on the part of the local boards and

of solemn resolves to eradicate them on the part of Government. The unconscionable delay in the publication of the resolution itself is a measure of the Government's earnestness in the matter of reforming the local bodies' administration. This year's tale of financial irregularities recounted in the resolution is vivid enough. We are told that the local bodies grant indiscriminate advances to members usually long before the actual expenditure, that they are refunded after a lapse of two or three years, that fresh advances are granted to members who have previous advances standing against them. It is even hinted that in some cases "advances" hide misappropriation. Another serious irregularity was the disregard of the

audit instructions to adopt a system of contract for the sale of bazars and ferries. This has resulted in a loss of about Rs. 80,000. Serious irregularities were disclosed in the handling of the provident fund of employees. Considering the rule of Government to soften down the language of their resolutions to a decorous gentility in keeping with the dignity of Governmental pronouncements in such matters, this recital is remarkable more for what it hints at than for what it actually tells. It is evident that the affairs of the local bodies in the C. P. and Berar are conducted with the well-known belief that everybody's business is nobody's business.

CENTRAL ECONOMIC STAFF.

AFTER very considerable delay the Government of India seemed to have made up its mind on the question of the creation of a central economic staff. The question is supposed to have been under consideration even before the Bowley-Robertson Committee made its recommendations in this behalf in 1934. That Committee suggested the establishment of a Permanent Economic Staff directly attached to the Economic Committee of the Governor-General's Executive Council. When Messrs. Bowley and Robertson visited India they found an Economic Committee of the Executive Council in operation and they took its continued existence for granted. The public have no clear idea as to the character of this Economic Committee and no information as regards its continued existence. But the character of cabinet committees is not of such interest as the organisation of permanent staffs of Government and considerable importance, therefore, attaches to the proposal which the Government submitted to the Standing Finance Committee last week. Messrs. Bowley and Robertson recommended that the Permanent Economic Staff should consist of four members. One of these would be called the Senior Member and would have the major responsibility of planning and direction laid on him. Two of the other members would be trained economists who would be called Economic Intelligence Officers. The fourth member of the Staff would be the Director of Statistics. The Bowley-Robertson Committee recommended the abolition of the title of the Director-General of Commercial Intelligence and Statistics, substituting in its stead the title Director of Statistics; and they recommended that this official should have the entire responsibility of organising the whole field of Indian Governmental statistics—Central and Provincial.

It may be noted that in 1933 Government had already taken the step of stationing the Director-General of Commercial Intelligence and Statistics in Delhi and creating under him a small Statistical Research Bureau. It is well-known that the various reports on the working of the Ottawa agreement were produced in this Bureau. The Government had thus already formed a nucleus of a type of organisation very similar to that contemplated by the Bowley-Robertson report. The course of action that under these circumstances one would logically have expected Government to take was either to elaborate this

organisation on the lines of the recommended Permanent Economic Staff or merely to strengthen the present organisation by some extra unit. It seems, however, that the Government has not followed this natural course and has taken a decision which we find it hard to understand.

The Government, it appears, is going to give full effect to the changes suggested regarding the department of statistics. The Director-General of Commercial Intelligence and Statistics would now be called the Director of Statistics and a central statistical organisation would be set up under him at Delhi chiefly by the transference of the statistical side of the Commercial Intelligence and Statistics department. This is good so far as it goes. But as regards the crucial question of the organisation of economic intelligence, what is proposed is the creation of a separate organisation under the direction of a new officer to be called the Economic Adviser to the Government of India. Now it should be noted that Messrs. Bowley and Robertson definitely contemplated the Director of Statistics as an integral part of the Permanent Economic Staff. Indeed without him that staff would be seriously hampered in its working. One would have thought that it would not be necessary to-day to emphasize the very close connection between the organization of statistics and the study of public economics. It is not as if statistics merely furnished the raw data on which the economist worked. The task of the organization of the statistical department involves in the domain of economic statistics (which form to-day the overwhelmingly large part of official statistics) a close study of economic questions; and a familiarity with the work of statistical organization and co-ordination is itself very helpful in bringing out clearly the significance of the economic problems to which attention should be devoted. It is the close inter-relation of these two study organizations that had induced Messrs. Bowley and Robertson to include the Director of Statistics as a prominent member of the suggested Permanent Economic Staff. It should also be noted that this is in keeping with the evolutionary trend of the Department of Commercial Intelligence and Statistics. Economic problems have for long occupied an important place in the work of this organization and it has included amongst its staff persons whom even Messrs. Bowley and Robertson would not hesitate to call

"trained economists." As pointed out above, a part of this organization has already since 1933 been developing in the direction of specialist study of economic problems.

Under these circumstances it is difficult to understand why it should now be proposed to divorce completely the work of the Economic Adviser from that of the Director of Statistics. We can well appreciate the plea that financial considerations would prevent Government from giving full effect to the Bowley-Robertson recommendations; and we do not think that the creation of a full Permanent Economic Staff was even necessary. The purpose could have been as well served by adding one more trained economist to the staff of the statistical Research Bureau at Delhi and properly organising the work under the Director of Statistics. (We may parenthetically add that we can think of nobody more competent by both training and experience to organize the work of economic intelligence in India than the present Director of Commercial Intelligence and Statistics.) The proposal now actually put forth by the Government involves a wanton waste of money and resources. The appointment of a separate Economic Adviser and the creation of a new organization under him mean a wholly unnecessary effort. A considerable part of the necessary organization already exists in the Commercial Intelligence Department and the economic talent also is there. Cutting off the new Economic Adviser from any connection with the Director of Statistics means a perverse neglect of existing resources by bad organization. Bearing the close connection of economic statistics and public economic policy in mind it is clear what duplication of organization and neglect of opportunities is involved if the economical and statistical organization are not intimately bound together.

The present Government proposal can be explained only on the hypothesis that the Government is not interested in creating an organisation which will continually undertake enquiries of a "broad and fundamental" kind but wants only to hire the services of an officer who could put forth suitable propagandist literature in support of cabinet policies. For, taking away the economic work from the Director of Statistics would result in closing just those directions of work to him in which he has made the most hopeful advances in recent years; and setting up the Economic Adviser independent of the Director of Statistics would make it impossible for the former to undertake any broad and fundamental study. The hypothetical explanation of the true intentions of Government offered above is further strengthened by the persistent rumours that a certain junior British Economist is to be recruited to this post of the Economic Adviser to the Government of India. Now, we can think of no high official post in India which an imported expert could less suitably fill than that of the Economic Adviser to the Government of India. He would perhaps be even a worse calamity than the imported Finance Member has proved to be. Pure economics may be a science; applied economics is

certainly not. And the validity of generalisations in the latter field is strictly circumscribed. Advice on public economic questions involves pure and scientific considerations even less than most problems in the applied field. Here a close and personal acquaintance with the varied economic data, a sympathetic understanding, an intimate knowledge of a whole background of preconceptions and even prejudices is of much greater importance than a few years of so-called research training (though there would be no dearth of Indians with even this latter). A foreigner, especially one who had no such advantage as that of a long district service, is bound to go astray, thinking as he will on mechanical theoretic lines and perpetually misled by false analogies.

But it is of little use writing on this theme. For, if the Government of India seems definitely to have made up its mind in recent years on any one question it is this of affording opportunities to as large a number of Britishers as possible of immensely bettering their prospects by coming to India. It was complained recently that the Government treated India as a farm. We may add that they seem to act as if they consider their lease uncertain; for, they are hurriedly trying to get out of it as large a return as possible. Hence the consistent policy of the creation of a number of superior posts purely in the gift of the executive and the exclusive recruitment of Britishers to them, and the cognate policy of pressing the services of a series of British advisers and experts on all the native States. The degree, the extent and the character of this nepotism on high would no doubt prove an interesting study and we commend it to the new Economic Adviser as of sufficient importance to the public of India to warrant the exercise of his research ability.

THE B. N. R. STRIKE.

AFTER sixty days of privations the employees of the Bengal Nagpur Railway have accepted the terms offered by the Agent and by the time these lines appear in print, the B. N. Railway would be working under normal conditions. The terms of the agreement arrived at between the Union leaders and the Agent, Mr. V. A. D. Jarrad, are almost identical with those that were offered nearly a month back, on January 17 to be exact. The facts made known to the public so far do not disclose why it took such a long time for the parties to arrive at a settlement on those lines. The points of dispute, which the Agent refused to admit as relevant in his statement made on the 17th ultimo, still remain somewhat unsettled. The Agent insists that "Originally the present strike concerned the discharge of 27 cooly mechanics surplus to requirements and the subsequent dismissal of 1,100 men of the Loco Carriage and Wagon Departments who refused duty" in sympathy. The Union leaders, however, do not admit that the strike was due mainly to the dismissal or demotion of a number of men. The reverse promotion might have been the immediate cause to set the fuse burning but, they insist, the causes which the Agent styles as "irrelevant at this stage" were valid grievances of the workers.

The right of the Railway administration to deal with unnecessary surplus was not disputed by the labour leaders but they alleged that men were "arbitrarily and fictitiously" declared as surplus. The other point of dispute was the introduction of a twelve-hour shift in spite of an assurance to the contrary by the District Officer. The latter step was taken, it is alleged, without the knowledge of the Chief Mechanical Engineer or the Agent. The higher authorities probably found it advisable to stand by their subordinate staff even when measures dangerous to the smooth working of the railway were introduced by them—an attitude of "solidarity" which has sometimes proved the bane of administration due to its sacrifice of truth and justice.

The Union authorities declared a month ago that they were at one with the Agent in his desire to confine the strike to the B. N. R. only and recognised that the Union and the Railway authorities have to come to terms after all and the sooner a settlement was reached the better for both the parties. In spite of this wish for a speedy termination of the dispute on the part of the disputants it took nearly a month of terrible suffering to more than a lakh of men and women, if we take into account the families of the strikers, for the Union leaders to advise their followers to go back to work. It is not easy to place the responsibility for this cruel delay on the shoulders of the Agent alone and the satisfaction at the success of the workers is somewhat marred by this reflection. In the terms offered to the strikers on January 17, the Agent agreed to restore the *status quo ante*. The twenty-seven demoted men were to be appointed to their original places at the earliest possible opportunity, the 1,100 men who went on a sympathetic strike and who were dismissed as a result, were to be taken back "as far as possible" and the period of the strike was to be considered as leave without pay for the strikers, thus saving them from any penalty affecting their previous service, provident fund, bonus or gratuity. It is interesting to note here that these terms were offered almost on the heel of an S. O. S. by the Secretary of the Upper India Chamber of Commerce, Cawnpore, to the Railway authorities and the Government. This drew their attention to the alarming shortage of coal to meet the requirements of the local mills and factories—shortage due to the want of wagon supplies as a result of the strike. The Secretary maintained that unless speedy steps were taken to remedy the deficiency of coal there was grave danger of the mills and the factories in Cawnpore closing down, temporarily throwing about 50,000 workers out of employment. It is a matter for speculation whether this extraneous development of the strike situation encouraged the labour leaders to believe that if they held out a little longer the coal situation might work as an irresistible lever to induce Government to intervene in favour of settling the strike at any cost. There was certainly strong temptation to such a course.

The strangest aspect of the strike, however, was not the obstinacy of the parties directly

concerned, but the wooden attitude of the Government which refused to intervene when requested to do so by the workers' representatives. The very fact that the workers were willing to submit their dispute to a Conciliation Board strengthens their case that the dispute, whatever the immediate cause of the strike, was not confined to the demotion of twenty-seven men. The refusal of Government to intervene was, to say the least, unfortunate as timely action on their part might have resulted in settling the dispute in a better spirit of give and take which seems to be sadly lacking in the statement of the Agent in the present dispute. Mr. V. V. Giri in calling upon the strikers to resume work says in a statement issued on February 10, that as the immediate grievance of the twenty-seven coolie mechanics is removed and as the Agent promises to see that no victimization would be resorted to, no useful purpose would be served by prolonging the strike. Other details may be left for subsequent discussion and negotiation between the President and the railway administration. He further hopes that the railway authorities and officials would interpret the terms of the agreement in a generous and sporting spirit. He assures the railway authorities that the Union had declared a strike, not a war to destroy the railway: it was not intended to humiliate either the administration or its personalities. The sentiments expressed by Mr. Giri, however, have failed to find an echo in the heart of the Agent, Mr. Jarrad, who, in a press communique issued after Mr. Giri's cordial statement, gives evidence of his bitterness and chagrin at what he terms the victimisation of the railway by unscrupulous agitators of the Union. The Agent still adheres to the view that the employees were deliberately misled by the Union. Mr. Jarrad categorically denies one of the statements made by Mr. Giri on the 10th instant viz., that he had informed Mr. Giri by wire on the 9th instant that he could set before the Agent the views of the Union. It will be seen that the strike has been a bitter pill for the B. N. Railway authorities to swallow and the "details," which Mr. Giri confidently hopes, could be settled in a spirit of mutual cordiality between himself and the Agent, may yet prove a snag. The sixty days' ordeal which the strikers have undergone must have left the employees of the B. N. R. exhausted and we may not expect a revival of the strike in the near future, but it is clear from the statements quoted above that we have not heard the last of the dispute yet.

Whatever the actual results of the strike, its successes or its failures, it has once again demonstrated beyond dispute the unbreakable organization of the Railway employees. The ordeal through which the strikers passed during sixty days of hardship and starvation made no difference either to their resolve to stand by their comrades or to their faith in their leaders. This is a significant manifestation which, we hope, will not be lost upon Government and the Railway authorities.

GOKHALE AND PROVINCIAL REFORMS.

THE anniversary of the death of the late Mr. Gokhale, which falls on the 19th February, has this year coincided with the period of elections to the several provincial legislatures. With the virtual abolition of the official element from provincial legislative bodies the way is now clear for the representatives of public opinion to shape the policy of the Government according to their own ideas. It is a foregone conclusion that all the parties, including the Congress, will try to utilise to the fullest extent the opportunities for the betterment of the people opened out by the new legislatures. Whatever else may divide the new legislators into parties and groups, their keenness to signalise their period of legislative membership by as striking a record of public service as possible cannot be doubted. Happily the powers conferred upon the legislatures under the new constitution are sufficiently extensive to enable us to think of a programme of action.

Though individual candidates and parties have included in their manifestoes some reforms as being near to their hearts, it must be admitted that nobody has gone into the recent elections with a detailed programme of reform. With the electoral and party organisation so incomplete as it now is, such a lack of 'platform' is perhaps natural. The time has, however, arrived when both the electors and the elected must make up their mind to concentrate on a well-defined plan of action, and then to try and secure its execution by well-defined stages during the normal period of the legislature. Mr. Gokhale has been recognised, even by his critics, as the most profound student of public affairs, and the most effective worker within the legislature. The very inspiring and informative mass of his speeches and writings that are happily available leaves little doubt as to the main features of a reforms programme that he would have placed before the new provincial legislatures. All those who are watching with anxious care the formation of the new legislatures will feel interested in what Gokhale would in all probability have desired the Councillors to attempt.

The cause that was nearest to the heart of Gokhale, as of the great Ranade before him, was that of the masses, of the agriculturists. The incidence of the land tax in all provinces is very heavy and in periods of agricultural depressions the burden is well-nigh unbearable. As a recompense for very prolonged periods of rack-renting and as a gesture of an awakened solicitude for the lot of the farmer it is desirable as a first step to reduce the land tax. Whether the reduction should be general or it should be confined to the smallest class of farmers is a matter that will bear further thought. But an immediate inquiry into the worst cases of a heavy revenue demand followed by ameliorative action is the first that any popular administration must embark upon. The case for a permanent fixation of the public demand on land can now be approached with confidence. The provincial Governments should declare the present land revenue demand, as adjusted after the

inquiry into the worst cases which is suggested above, as fixed in perpetuity. Except for a very pronounced fluctuation in prices or a variation in the productive advantages created by the state, the present demand should not be varied. The application of income tax to higher agricultural incomes and the levying of local rates on land for the purposes of village bodies are unaffected by the proposal to fix the present land revenue in perpetuity.

A reform of the land revenue system is only the first step. It is calculated to create a new feeling of relief and hope in the mind of the ryot. But a real cleaning of the accumulated pressure on the productive springs of Indian agriculture must also take account of the burden of debts. A compulsory composition of debts which will allow for the just claims of the money-lender and for the necessity of keeping the agriculturist on the land must be arranged for. In this respect the community as a whole will have to bear the responsibility not only of being the mediator but also of bearing directly or indirectly residuary burden. A debt conciliation which will be within the limits of the debtor's capacity must not defraud the sowcar of his just claims. In common with the rest of the community and in the interest of his own future business he may be called upon to renounce a proportion of his nominal dues. The principal point, however, is that in any scheme of debt conciliation the state, i. e. the community, has to play not only a legislative and restrictive, but also a positive and financial role. The provision of capital at lower than market rates is one method in which the community can help. Mr. Gokhale had urged that a share in the profits of coinage or in the revenue surpluses should be utilised for this purpose. A recent report made by an official expert to the Reserve Bank on the subject of agricultural credit has been most unsympathetic in this respect, and provincial legislatures on whom lies the responsibility of maintaining a sound system of rural credit must move to secure a better policy from the Reserve Bank in this respect. If the state either directly or through an intermediary like a land bank helps to relieve an agriculturist of his accumulated indebtedness it may justifiably restrict, as a guarantor or a prior creditor, the rights of alienation possessed by the landholder.

With a stabilised and bearable revenue demand and with an assured prospect of credit the constructive work of building a profitable rural economy may be proceeded with. The efforts of the villager and of the several departments of the state must unite in this matter. The local sources of conservation and supply of water must be restored and augmented. Development of transport facilities and removal of local obstacles to good farming can be achieved by the combined efficacy of the villagers' zeal and labour, and of the state's capital and technical skill. By an intensive local study of the methods of tillage and cropping prevalent in the different regions practical guidance in the methods of improved farming can

be offered. A local survey will also throw light on the exact nature of the possibilities of restoring or initiating rural industries in each tract. The co-ordinated efforts of such departments as revenue, agriculture, forest, industry, irrigation and co-operation must combine to produce planned reform in each area which must be tested from stage to stage. The state must take an enthusiastic interest in this work and establish its contact with the village organisations.

In the villages there is considerable scope for large scale social, educational and hygienic reform. These reforms are valuable in themselves as they will improve the conditions of living for the villager. More important than their direct benefit is the tonic effect that they will have on the economic progress of the villagers. The spread of elementary education in all parts of the country was a cause on which Gokhale had set his heart more than on any other single object of public policy. Not only for the intellectual and moral enlightenment that it brings but also for the greater opportunities that literacy brings to a citizen to play his role in a modern state with greater discrimination elementary education is the most pressing reform in India. It may be argued that already much has been done and more cannot be done for want of funds. While acknowledging that much has been done, it must be frankly mentioned in this connection that if universal literacy is to be established in India in a measurable distance of time it can only be by a less elaborate and costly method of public instruction than the present one. A simplification of the course and utilisation of local and even part time agencies are inevitable, and must be followed. If the new councils achieve the final stages of this reform they will have done great good to themselves and to the nation at large.

Vocational training, including agricultural instruction, must be locally organised on a simple and cheap plan. It must, moreover, be based on the character of the local economy, as technical instruction, uncorrelated to employment, has no virtue in it. Preventive sanitation and an adequate supply of potable water are reforms which any imaginative and energetic Government ought to be able to accomplish without much financial or administrative difficulty. The Government must seek the co-operation of the villagers by convincing them of their good intentions and by offering them the technical assistance that they need. Already the possibilities of this method are being realised by some of the more successful workers in the official scheme of village reconstruction. These efforts might be co-ordinated and intensified by the new provincial Governments which will be based in no small measure on the support of the rural voters. The outlook of the villager must be changed from its present fatalistic groove into a self-confident and deliberate path of betterment. Individual vices like drink and social habits such as wasteful expenditure on ceremonies can only be removed by internal movements of reformation. But a popular government, if it means well, can go a long way in placing a premium on thrift and better living and by discouraging

wastefulness. Finance and administration applied with discrimination can be used as instruments of social reform. A popular government can achieve this end much more effectively than an official government.

There is not much scope for constitutional reform in the provincial legislatures. But even here several important administrative reforms still await realisation. The abolition of the posts of divisional commissioners and the separation of the executive from the judicial organisation are reforms which have long commended themselves to public opinion. Even though the last word in these matters may rest with the Secretary of State, as indeed will be the case in many important respects, popular legislatures can focus the strength of the public demand in such a way as to render it almost irresistible. More important than these well worn proposals is the institution of the District Council which should have in the first stages of its growth the power to advise the Collector on most matters of public importance and which in the end should develop into a district parliament. Self-government in India will never be truly realised unless its functioning in vital matters is brought within the reach of the villager's eye. Only district organisation offers a suitable field for the realisation of this prospect. While public bodies above and below the district have felt the influence of popular representation the administration of the District is still beyond the influence of the public. Considering the vital and crucial role played by the district in the scheme of government in India the association of people's representatives with its administration must be considered a matter of the highest importance. Mr. Gokhale had proposed that a body of nine members out of whom three should be nominated and six elected by the District Local Board should be set up to advise on all important matters including revision of settlement, remission and suspension of revenue, maintenance of order, regulation of local bodies, legislative proposals, etc. It might be necessary to modify the details of the structure to suit changed circumstances, but the principle of popular representation in district administration must be embodied in provincial government at the earliest possible opportunity.

Many of the reforms above suggested, all of which are prominently mentioned in Gokhale's writings and speeches, will mean an increased strain on the finances of the province. How to meet that strain is a problem which will test the ingenuity and courage of any new ministry. But given the necessary desire on the part of the party or parties in power the prospect is not altogether discouraging. The provinces as a whole must bring pressure on the Central Government so as to hasten the sharing of the Income Tax. A rigid economy commencing from the establishments of the Ministers themselves must be practised. The price level is steadily rising and there is reason to believe that the economic prospect is rapidly improving. If a deficit is inevitable because of the justice done to the ryot or because of overdue public reforms, the same must be met by

additional taxation. How far Gokhale was prepared to go in this direction is indicated by his offer to the Government of India that if the reform of universal elementary education were to lag on account of financial stringency he would even welcome an addition to the salt tax. Coming from the principal opponent of a high salt tax in India such an offer must be considered as indicative of the deepest solicitude for the spread of education. A similar feeling must pervade the representatives of the people under the new constitution. Not in a day or a year, but according to a plan of provincial reform extending over a definite period these pressing measures of amelioration and progress must be put into operation. Bold as they are, they are quite within the limits of possibility. Any set of politicians, howsoever unbounded their ultimate vision may be, ought to feel satisfied if within ten years they were to secure all these reforms. Every step in this plan will consolidate the forces of enlightenment, democracy and progress in the country.

D. G. KARVE.

Review.

QUANTITATIVE TREATMENT OF ECONOMICS.

ON QUANTITATIVE THINKING IN ECONOMICS. By GUSTAV CASSEL. (Oxford University Press.) 1935. 20cm. 181p. 6/-.

THIS book is an attempt to establish the paramount necessity of a clear and quantitative treatment of Economics as a science. Prof. Cassel thinks that there is a general lack of quantitative definiteness in the presentation of facts and figures of economic life. He wants to remedy this by a wholesale rejection of many of the fundamental concepts of pure theory adhered to by modern economists. The book gives an indication of the lines on which the reconstruction of economic thinking is to be modelled. The author's views in this respect are illustrated by discussing the drawbacks of certain concepts and methods that hold the ground at present and the exact nature of the improvements necessary to lead to a clearer exposition of the science. Many of the views and theories said to be departures from the classical mathematical schools are those elaborated in Prof. Cassel's "Theory of Social Economy" and other works like the "World Monetary Crises." This little book is, perhaps, primarily intended as a reiteration of the author's faith in his own theories which are far from being, all of them, original as Prof. Kuntwicksell points out.

Prof. Cassel starts his attack on the "miles of book shelves" of Economics by directing it to the definitions, laws and methods of measurement in Economics. He examines concepts like 'Wage Fund Theory' and 'Period of Production' and shows that they are not capable of definition and measurement. Accordingly a calculation of "average period of production" as a characteristic of a whole social economy is declared to be a fallacy.

Fundamentals of the value theory are then examined and the new (?) theory of prices as a fundamental theory in economics is advocated. Marginal

theories of value are characterised as extremely vague pseudo-mathematical and pseudo-philosophical. Marginal cost and marginal utility theories (which are difficult of mathematical measurement) are substituted by the principle of scarcity and fixed-price-level-standard. The author indicates the advantages of the fixed-price-level standard as a method of fixation of price units on the monetary side. Thus on the economic side the old theory is proposed to be replaced by the principle of scarcity. On the monetary side the theory of prices assumes the form of the theory of fixed-price-level-standard. In his enthusiasm to eulogise the novel idea of fixed-price-level-standard, the Scandinavian economist who is on a crusade for definitive thinking in economics becomes oblivious of the drawbacks of the system of index numbers on which his whole price policy depends.

The structure of income and its use is then subjected to an analysis from the viewpoint of economic and monetary theory. "Fallacies" with regard to the shortage of purchasing power, saving and spending and the idea of the income of community increasing at a slower pace than production and therefore resulting in a lack of equilibrium between production and purchasing power are examined and Cassel's own theory of formation and spending of income is viewed at from different points of view. This is more or less a further exposition of what is found on this subject in his "Theory of Social Economy."

A chapter is devoted to the study of the method of "gradual approximation to a true representation of economic life". The method is illustrated by examining the problem of "business cycle" and of the movements of the general level of commodity prices.

Further quantitative relations between product and factors of production are studied in the light of Cassel's own chains of equations of production. In doing so he attempts to answer his own critics who have held different views in the matter. He examines in particular Prof. Douglas's investigations based on American conditions.

Finally, the author examines in detail his equilibrium theory of prices which he feels has been entirely neglected by responsible economists. His theory postulates a monetary system and the question of the fixation of monetary unit is left to be treated in a separate theory of money. He draws a distinction between fixation of general and relative price levels. Another characteristic of his theory, he claims, is the position assigned to the principle of scarcity. Further, his system embraces all prices and all are placed on equal footing. The theory is also applied to the international trade followed by a defence of his purchasing power parity theory advocated during war time, in the light of the criticism against it in recent times. This is, however, not entirely convincing.

All these various aspects of economic theory are here examined with the predominant motive of emphasising the fundamental principle of clear, logical and quantitative thinking in economics. It is not that in all cases the author's novel views, if novel they be in their entirety at all, are convincing and easily acceptable nor do they leave the impression that the ground is cleared once for all for accurate studies of economic problems. They, however, tell the reader that economics, after all, is an uncertain science and needs a considerable overhauling if real progress in quantitative fields in economics is to be achieved and that is all that the author perhaps expects his book to do.

N. M. JOSHI