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Topics of the Week.

A Congress Recruit to Liberalism.

"THE aim of the Congress, if it should accept office, is to go on with the particular items referred to in the resolutions recently passed by the Congress Working Committee at Wardha and not create deadlocks for the sake of deadlocks," declared Mr. Rajagopalachari interviewed by the *Hindu* regarding the Press reports that the Congress will accept office only to wreck the constitution. The attitude of the Congress would be "to go on with its work and not shirk deadlocks or difficulties that might arise by reason of the safeguards provided in the constitution while pursuing the Congress programme." This being expressed in the language of the resolution of the Working Committee there can be no room for doubt in this respect. There is no difference of opinion between leaders of the Congress on this matter. The phrase "acceptance of office to wreck the constitution" is wholly incorrect and does not present the Congress position if it takes up office. Whether the Congress should take up office will really be a matter for serious consideration at Delhi. I should ask the public not to be misled by unauthorised reports until then."

COMMENTING on this, the *Tribune* of Lahore writes :—

Both on account of his eminent position in the Congress and of the fact that he is the accredited leader of the Congress Party in a provincial Legislature in which that party is stronger than in any other, great importance naturally attaches to the statement which Mr. Rajagopalachari has just made in the course of a press interview on the burning question of acceptance of office by the Congress. . . . If the position of the Congress is indeed, as stated by Mr. Rajagopala-

chari, then two things are perfectly clear. One is that all that we have been told during the last few days about the likelihood of the Congress demanding an assurance from the Governors or the British Government that the special powers and responsibilities of the Governors will not be used is either wholly untrue or wholly unreal. There is and there can be no consistency between the Congress asking for an assurance that the special powers of the Governors will not be used before accepting office, and the statement that the Congress, if it accepts office, will go on with its work and not shirk the difficulties that may arise by reason of the safeguards provided in the constitution. Such difficulties would arise only if the Governors used their special powers, and could not arise at all, if the Congress made sure before accepting office that the special powers of the Governors would not be used.

THE second thing that is clear from Mr. Rajagopalachari's statement, if it correctly represents the position of the Congress, is that in this vital matter of the creation of deadlocks, there is no difference whatever between the Congress and the advanced section of the Liberal Party. Mr. Rajagopalachari may not be aware of the fact, but it is perfectly true that the SERVANT OF INDIA and Pandit Hirday Nath Kunzru, for instance, have used exactly the same words in defining the Liberal policy with regard to the new constitution that he has used now. Like him they have said that the Liberals will not create deadlocks for the sake of deadlocks, but that they will go on with their programme unmindful of the safeguards, and if deadlocks will ensue in consequence of their doing so, they will not shirk but will boldly face them. Between the two programmes themselves the only substantial difference is that while the objective of the Liberals is Dominion Status, that of the Congress is complete independence or *Purna Swaraj* and that, unlike the Liberals, who hoped by constitutional means, to transform the new unwanted constitution into a constitution acceptable to the people of India, the Congress has boldly declared that it is out to wreck it. This difference, however, loses all its meaning and reality in view of the recent public declaration by Mahatma Gandhi, whom Mr. Rajagopalachari, at any rate, will never repudiate, that if the British Government were to offer India Dominion Status, which under the Statute of Westminster necessarily involves the right of secession, he would unhesitatingly accept it, and Mr. Rajagopalachari's own statement that the phrase "acceptance of office to wreck the constitution" does not represent the Congress position.

Embarrassing

MR. RAFI AHMED KIDWAI, President of the U. P. Congress Committee, is proving an embarrassing ally to the Congress leaders. The recent decisions of

the Working Committee and the conduct rules laid down by it for the members of its parliamentary wing have occasioned caustic comments from him. He accuses the Working Committee of steady deterioration into a Fascist Grand Council and of going behind its own professions and forming a reformist programme which would inevitably lead to co-operation with the "apparatus of British Imperialism" and within a short time make Congress leaders the spokesmen of provincial Governments. The elections, Mr. Kidwai believes, have given unmistakable proof of the willingness of the masses to follow the Congress lead. The present trend in Congress circles, therefore, leads him to suspect that the leaders are themselves tired of the struggle.

SARDAR PATEL has turned the compliment on Mr. Kidwai with a neat repartee. He reminds him that the legislative programme chalked out in Wardha was drawn up under the leadership of "an ultra-socialist" President. The position of Pandit Jawaharlal Nehru is not enviable in these exchanges. The price of unity in the Congress ranks is unquestioning obedience to the dictates of the majority in the Working Committee and the Congress President is the prisoner of his own sense of rigid discipline. His socialist followers, who had pinned their faith in him to lead the Congress to vigorous revolutionary paths, have to look on helplessly while he is being forced into endorsing policies to which he has declared open hostility.

P. & O. Co. and Dufferin Cadets.

FROM the interpellations in the Legislative Assembly on Saturday last it was obvious that the P. & O. Company was still insisting on its refusal to engage young Indians trained on the Dufferin as officers. This is greatly to be condemned. At the same time it must be stated that if the Government want the Indian public to sympathise with them in their supposed impotence in relation to the Company, it is an expectation that is bound to be dashed to the ground. The Company is in receipt of vast patronage, directly and indirectly, from Government, whose magnitude it is difficult to assess because of the seen and unseen ways in which it flows. For the conveyance of mails alone it receives annually from Indian coffers a payment of something like £ 40,000. If the Government does not make tactful use of all this patronage in order to make the Company entertain well-trained and properly qualified Indian lads on its superior establishment, whom else can it blame but itself?

BUT in this case it appears not so much a case of inability as want of will to act. If the Company chooses to refuse to fall in with India's legitimate wishes, India's obvious course, dictated by considerations of self-respect, is to have nothing to do with the Company. It is all very well for Government to profess their powerlessness to force a private corporation into submission. That is a plea which cannot be taken seriously by anybody knowing anything of business dealings. If the Government's mail contract with the Company is still to run for some time more, well, let it. But why, in the name of commonsense, must they indirectly help to enrich the Company by making their own officers travel on its ships? Even the withdrawal of this patronage, comparatively insignificant though it may appear at first sight, may probably induce in the Company an attitude of reasonableness towards this question. It is impossible to believe that the Government is unable to do even this little thing for the sake of Indian youths. Action on these lines would, we feel, open doors which remain closed in spite of knocks of persuasion.

Equality for Whom ?

ADDRESSING the Travancore Assembly on February 27 last, Sir C. P. Ramaswamy Aiyer referred to Travancore's need for conserving and increasing her financial resources in order to carry out its great schemes for turning an essentially agricultural state into a largely industrial one. These "basic necessities", Sir C. P. observed, prevented the State from making "any financial sacrifices of a substantial character" for the Federation. Further, Travancore would not enter the Federation except "as an equal amongst equals in every possible sense."

WHAT is this equality that Sir C. P. would have to induce him to advise his State to join the federation? And in what manner does the federation fall short of that equality has not been made clear. We wonder what led Sir C. P. Ramaswamy Aiyer to fear that the States may not get equality of status in the federation? The boot is on the other leg. British India would be happy to enjoy equality "in every possible sense" with the States in the federation. It is the States who have given up equality and not British India. Sir C. P. referred to the Congress majorities in six provinces and seemed to believe that these majorities would send into the federal assembly members who think that the Indian States formed a sort of fifth wheel in the coach and that the coach can very well travel without it. The Provinces, of which he spoke with such anxiety, would be represented by popularly elected men, under the control of a democratic organisation who shall not depend for their seats on the fluctuating pleasures of irresponsible autocrats. Is Sir C. P. ready to recommend equality to the States' representatives with the British Indian representatives?

IT is interesting to note in this connexion the resolutions which Dr. Pattabhi Sitaramaya, President of the All-India States' People's Conference and a member of the A.I.C.C., proposes to move at the next meeting of the A.I.C.C. These would commit the Congress to the active support of the agitation and claims of the Indian States' subjects. Dr. Pattabhi also seeks to bind the Congress not to accept any scheme of Swaraj which does not commend itself to and meet with the approval of the people of the States. While wishing all success to the efforts of Dr. Pattabhi we cannot but feel that his resolutions are not likely to meet with any greater success than what attended the attempts of the States' people at the Lucknow Congress where the A.I.C.C. persistently and successfully stifled all commitments of active sympathy on the part of the Congress with the agitation for the democratisation of the States Governments and of their representation in the future Federal Legislatures.

THE anxiety displayed by the adviser of the States regarding the attitude of the Congress towards them is good as a diplomatic pose, but they know full well that as long as the Congress continues to be under the domination of the present bosses, the Princes have nothing to fear from it. The discussions that will take place on Dr. Pattabhi's resolutions at the next meeting of the A.I.C.C. will, we are afraid, bear out our anticipations in this matter.

Mr. B. V. Shikare.

The Raja Saheb of Miraj (Senior) signalled the celebration of the golden jubilee of his reign by announcing several boons. These include distribution of food to the people, release of prisoners, establishment of a girl's high school and of a maternity home

and an additional gift of Rs 20,000 towards the fund of Rs 50,000 for the benefit of agriculturists already established by him. It was also announced that elections to the State Legislature would be held in July. All this certainly entitles the ruler to the gratitude of his people.

BUT the announcement to which we attach special importance relates to the withdrawal of a prosecution for sedition which had been pending against Mr. B. V. Shikhare for the last six years. Mr. Shikhare is an indefatigable worker in the cause of the people of Indian States. And it was his self-sacrificing labours on behalf of the subjects of the Miraj State that had earned for him the displeasure of the Raja Saheb. This resulted in the launching of a prosecution for sedition against him by the State. In consequence he was compelled to betake himself to the hospitable soil of an adjoining State, from where he carried on his beneficent activities during all this time with this sword of Damocles hanging over his head. The Raja Saheb has certainly shown admirable strength of mind in ordering the withdrawal of the prosecution and has thereby earned the thanks of the Indian States people.

Inquiry Into Detenu Problem.

THE Bengal Civil Liberties Union is, we are glad to find, actively interesting itself in the problem of detenus and internees. According to press reports, continued detention is having a prejudicial effect on the health of many of these unfortunate young men. Some of them are said to have contracted such a deadly disease as tuberculosis and some are said to have turned insane. Nothing would please us better if on proper inquiry such disquieting reports are found to be baseless. But inquiries of the kind which would inspire public confidence because of their personnel have been studiously and sternly discouraged by the Government. For aught one knows, official inquiries into individual cases of detenus suffering any serious impairment of their health are probably undertaken. But such one-sided inquiries cannot, in the nature of circumstances, be a satisfactory substitute for open and independent investigations by non-official or mixed committees.

THE detenu problem adds one more impediment in the way of the successful working of provincial autonomy in Bengal. That attempts should be made on the eve of its introduction to focus public attention on the necessity of an unofficial inquiry into that problem is, therefore, quite in the fitness of things. Public opinion can hardly rest content unless it is reassured, on unimpeachable evidence, that the detention of thousands of young Bangalees for indefinite periods without a judicial trial is really an unavoidable necessity of the situation. We may be sure that one of the earliest acts of the reformed Bengal Legislature will be to press for a searching and independent inquiry into the problem. The Civil Liberties Union is doubtless engaged in the collection of information bearing on the problem so as to establish the need for an inquiry. Relatives and friends of detenus can render valuable assistance by volunteering relevant information in their possession. It is to be hoped that they will not hold back out of considerations of false personal dignity or self-respect.

Zanzibar

THE Indian situation in Zanzibar was the subject of a series of questions in the Assembly last week. The only noteworthy fact that emerged out of the

catechism was that the Zanzibar Government's bill dealing with the whole problem of agricultural indebtedness was being examined by the Government of India. We have little doubt that the matter will receive at their hands the careful consideration that its importance merits. But would it not be better if the bill is published for public criticism? That would enable public opinion to express itself on the Zanzibar Government's legislative proposals for the solution of the complicated problem of agricultural indebtedness.

PERHAPS the scheme is communicated to them in confidence. In that case, the Government would do well to consult party leaders about the scheme and fortify themselves with their opinions. They are fully conscious of the importance of the issues involved in the matter. How vitally the Indian community in Zanzibar is affected by the proposals of the Zanzibar Government cannot be unknown to anybody having any touch with the recent developments in that country. It may be admitted at once that the Government of India have kept themselves fully posted in the facts of the situation in Zanzibar. Far-sightedness and commonsense require that before they commit themselves the Government had better find means of sounding public opinion, if necessary privately and informally. The views of the Standing Emigration Committee may, if possible, be usefully sought on the point.

The Sastri Report.

MR. SASTRI'S report on Indian labour in Malaya was published last week. And even a perusal of the official summary of the report which will be found elsewhere in this issue, is enough to dispel the fear that Indian labour is absolutely uncared for in Malaya. Its lot is no doubt capable of much improvement, and it would be so improved if, as we hope, Mr. Sastri's constructive suggestions towards that end are given effect to. No wonder the report is very flatteringly noticed in the Indian press. To take one instance, the *Bombay Chronicle*, which can never be accused of any partiality for Mr. Sastri, characterises the report as "a most satisfactory document" and adds that "Both India and Malaya have reason to be grateful to Mr. Sastri for his valuable report." It refers to the "wealth of facts and figures" which the report contains and which gives the reader "a thorough insight into the problem." After his arduous labours in Malaya Mr. Sastri may have the satisfaction of feeling that his work has elicited universal appreciation. Our own comments on it have to be deferred till after the full report is made available to us.

Jamkhandi.

THE administration report of the Jamkhandi State for 1935-36 has reached us. There is nothing unusual or extraordinary about its contents which needs to be drawn particular attention to nor can it be said to have made our criticisms of former reports pointless in the present case. The ruler's expenses continue to be disproportionately high, though in the year under report one notices a welcome, albeit a comparatively small, decrease of about Rs. 12,000 in them. Since it is a decrease and not an increase, we are really not much concerned to know how it came about or who brought it about. It is enough to know that it has taken place. But it would be better if brief explanations are given of all increases or decreases in the different items on both the receipts and expenditure sides. Lest our readers should not have a clear idea as to how heavy the Khasgi or ruler's expenses are,

it may be stated that they exceed the amount spent on the education and medical relief of the people of the State, numbering over a lakh, by about Rs. 16,000! While the educational and medical expenditure put together amounts to a little over Rs. 94,000, the palace expenses come to Rs. 1,10,746, which works out at a little less than 14 per cent. of the revenue of the State. We must once again plead with the young ruler to bring down his expenses still further so that they will bear a reasonable proportion to the income of the State. And we make the appeal in the confident hope that it will not remain unheeded.

* * *

WE are pleased to find that the State has a Legislative Council with a total membership of 30, 16 elected and 14 nominated, (7 officials and 7 non-officials). This is good, so far as it goes. But we would like the presidentship of the Council be made an elective office as in British India. And we base this suggestion as much on grounds of principle as on those of convenience and expediency. The session of the Legislative Council which has recently ended had for its president, not the present Dewan but the ex-Dewan who is no longer connected with the State in an official capacity. The innovation is said to have been forced on the ruler in order to avoid the practical inconvenience involved in the Dewan, who is responsible for most of the administrative departments, having to answer for their conduct in the Council. Why not carry the process of democratisation a step further and empower the Council to elect its own President? It would also be meet and proper if the same right were extended to all municipalities which, as it is, have State officials as presidents and vice-presidents. It would also go far in the direction of public education if the proceedings of all these bodies, including the Legislative Council, are left open to the public in the sense that any member of the public should be free to attend them while they are at work. We would also like the administration report to contain a fuller reference to the work done by the Legislative Council during the year and to give information to show how far its wishes, expressed through resolutions, had been carried out.

* * *

IT is observed from educational statistics, appended to the report, that the number of educational institutions rose by 1, which is to say that one new vernacular boys' school came into being during the year. The enrolment also showed a corresponding increase of about 350, which is to be welcomed. But let it not be forgotten that the present number of children at school, viz. 5,195, represents, roughly, only a third of the total school-age population which exceeds 17,000. That education, both primary and secondary, is free in the State is doubtless a feather in its cap. But that is not enough. We find from observations on page 51 that attempts are being made to popularise primary education in the villages. We wish these efforts all the success they deserve. But if educational wastage is to be avoided and permanent and universal literacy to be attained within a measurable distance of time one fails to see how the State can avoid recourse to compulsion. If the Rajasahab's present visit to Europe results in his returning a confirmed advocate of compulsion and leads him to its introduction in Jamkhandi, it could not be said to have been in vain.

* * *

Without Comment

THE C. P. and Berar Government has the follow-

ing comments to offer on the accounting of their Municipalities during the year 1935-36:

It is disappointing to have to note again that with the exception of a very few the accounts of the municipal committees continued to be in a deplorable condition and the report of the Local Audit Department did not disclose any improvement. The number of audit objections remained more or less constant. Local bodies continued to take their own time over the disposal of audit-notes and the position worsened to such an extent that Government was compelled to take disciplinary action against defaulting committees by withholding grants. Irregularities in the maintenances of provident funds were also noticed in a number of cases. In addition to withholding grants Government has also decided since to use its powers under section 55 of the Municipalities Act to take all such remedial action as the municipalities concerned ought to do and that at the cost of the committees. Such additional cost may be surcharged against members and employees of the committees who were responsible for the default and delay resulting in the irregularities. Embezzlements and temporary misappropriations increased considerably indicating lack of proper control and supervision over the staff. The use of Government's disciplinary powers and the operation of the Local Fund Audit Act may be expected to bring about some improvement in these matters in the next few years. No permanent improvement can, however, be possible unless the office-bearers and members maintain a higher standard of conscientiousness in the discharge of their public duties. Government, therefore, takes this occasion to draw the attention of rate-payers to these facts. Government hopes more vigilance will be shown in future by public in choosing their representatives.

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Office Acceptance Issue: British Reaction.

THE London correspondent of the *Hindu* thus interprets the British reaction on the issue of acceptance or otherwise of office by Congressmen:

What I have to tell you is that opinion in this country — if it counts for anything at all in India — is unmistakably this, that it would be a serious error of judgment if the Congress leaders failed now to grasp the opportunity of exercising some degree of real power, circumscribed though it may be by statutory "safeguards". The progressive point of view has been well put by the *News Chronicle* which holds it undoubtedly to be in the best interests of India that the Congress Party should accept office. "It is hard to see", says this democratic journal, "what the cause for which the Congress stands can possibly lose by an honest attempt to work this constitution; and still harder to see what can possibly be gained by a policy of barren obstruction."

There may be considerations which will outweigh the acceptance of a policy of discriminating co-operation, but they are quite undiscoverable at this distance. What British democrats frankly feel is that it would serve the national cause best if Congressmen were to go into the Government with a view to exercising ministerial responsibility to the utmost limit, maintaining that position to the full so long as it is consistent with Congress principles. Such a course, without the adoption of wrecking tactics, would in the long run effectively establish the authority of the Legislature over the executive, though to complete the process it might be necessary to precipitate one or more General Elections, with the consequential enactment by Parliament of a Constitution drawn up on lines acceptable to India as a whole.

* * *

INDIAN FISCAL POLICY

LAST Friday the Legislative Assembly discussed two cut motions, both relating to the fiscal policy of the Government of India. The first motion was moved by the European group for the purpose of expressing their views on the question of revenue duties and for eliciting information regarding the Government's departmental enquiry into these duties. The second cut motion was moved by the Raja of Kollengode to discuss the policy of protection. The first cut motion was withdrawn and the second passed with a large majority. The two motions together constituted a complete discussion of both the revenue and protective aspects of our customs duties and exhibited clearly the attitude of the various groups in the Assembly towards this important question. Sir James Grigg's exposition of Government policy on the first motion was both able and lucid. Unfortunately the same cannot be said of the Commerce Member's speech on the Raja of Kollengode's motion, and we are not much the wiser regarding Government's exact attitude towards the policy of protection as a result of this debate.

The points raised by Mr. James and Mr. Mortimer in connection with the revenue duty policy were orthodox and not unfamiliar. The present scale of duties was too high, it hampered the growth of trade and it afforded protection indiscriminately. Mr. James specially emphasised the general movement toward lowering of duties in many parts of the world and pleaded that India should co-operate in the efforts that were thus being made to raise the volume of world trade. With much of this no one need disagree. It has been a matter of Indian experience during the last decade, that high revenue duties afford indiscriminate protection and build up a series of small vested interests and it would undoubtedly be more satisfactory to afford protection, after due enquiry, in a direct manner than have to convert a revenue duty into a protective one at a later stage. We would also not have quarrelled with the European group's plea for co-operation with the other countries in freeing trade barriers if that group had been always equally keen on applying the lesson of European experiments to Indian conditions. An independent manipulation of the currency system and a forced adjustment of the international balance of payments have been the two outstanding features of the experience of other countries of the world since 1929. In both these important respects the Indian Government has followed, with the active support of the European group, a policy contrary to general world experience and India's national interests. The European group need not, therefore, feel surprised if its apparently reasonable plea for helping the growth of world trade was looked at askance by other parties in the Assembly and the country and was interpreted by them as due to a solicitude for the prices of imported goods which the Europeans consume and the growth of trade in lines which they handle. Mr. Satyapuri, however, carried his reaction to the European group's attitude too far when he

maintained that the level of import duties did not affect the agriculturists. He is reported to have said that the poorer classes would not at all be affected by the level of taxation on, for example, motor cars. But this is not quite correct. The import duties on cars, their accessories, rubber goods and petrol form a very large share of the cost of motor transportation in the country which the Indian agriculturist and his produce have to use to a very considerable extent. The burden even of the revenue duties is very high on the poor consumer; and it is a pity that through an overzealous belief in the efficacy of high duties in the cause of industrialization, even the so-called progressives among our national leaders should consider this aspect of fiscal policy as of negligible importance.

Sir James Grigg made an elaborate reply. He elucidated quite correctly the principles which should govern the height of revenue duties but ended up with a plea of non-possumus. Sir James agreed that the present scale of revenue duties was too high but said that a departmental examination had disclosed that they had not yet reached the stage of diminishing returns. The only reason put forward by the Finance Member for not undertaking the remoulding of the revenue duty system on the principles enunciated by him was the immediate sacrifice of revenues involved. This, however, is an unconvincing plea. In former years when he had surpluses on hand the Finance Member made remissions in direct taxation but made no attempt to overhaul the customs duties. With a deficit this year he resorted to an increase in indirect taxation when, as we have often pointed out, there is real scope for increase in the direct tax burden. The truth of the matter is that the Government feels it unnecessary to pay any attention to the interests of the consumer and the popular representatives rate them unduly low in importance.

The debate on the policy of protection was not very satisfactory. It would have been satisfactory only if the opponents of Government policy had subjected it to a detailed and searching examination. Pleas of a vague or general character for intensive industrialization are neither novel nor useful. As a fact there is considerable danger involved in the constant talk about indiscriminate protection. It shows that our leaders are not aware of the complexity of the problem involved in attempting industrialization with the help of the tariff. This unguarded attitude and the consequent insufficient attention paid to the cost of protection forbode ill for the future. There need, however, be no opposition to the plea for a careful reconsideration of the basis and structure of our whole tariff policy. It is quite clear that in some respects the principles enunciated by the Fiscal Commission could be profitably modified. The adequacy of raw materials condition and the use made of it for denying protection to glass is a notable case in point. There are many other respects in which the details of present Government policy could be criticised. And there is the fundamental

question as to what should be the aim of our fiscal policy—whether an attainment of comparative national self-sufficiency should be our ideal, whether large scale machine industries are to be chiefly encouraged or whether special discrimination is to be practised in favour of the artisan industry and the cottage industry. The moment these questions are raised in a concrete form a considerable difference of opinion, even among popular ranks, will develop. Unless, however, at least a provisional answer is given to these questions a detailed working out of the fiscal policy of the future will be impossible.

It was surprising to find that one important aspect of the question, in our opinion its most important aspect, was almost entirely neglected in the debate. We refer to the fact that tariffs by themselves are not enough. Nay they are sometimes even harmful. Curiously enough, it was Seth Mathuradas Vissanji who gave some attention to this aspect. (In the earlier debate Sir Homi Mody pleaded for the establishment of a body similar to the English Imports Duties Advisory Committee in India; but in making the proposal he had not obviously the rationalising activities of that body before his eyes.) The representative of the Indian Merchants Chamber, Bombay, urged that the Government should have introduced a system of licensing sugar factories before they granted protection to sugar. He even digressed to complain of the unduly large number of cotton gins and presses in the country and thus showed that he for one was prepared for a large measure of Government interference in pro-

ductive activities. We are, however, not sure that trade and industrial interests everywhere would be equally ready to submit themselves to Government control. As a fact, the universal experience so far has been that they are desirous of profiting from protection but are not ready to undertake any compensating communal responsibilities. And we regret that enough attention should not have been paid to this during the course of the debate.

For ourselves we consider that a protective tariff policy is neither the only nor always the best or most efficacious means of moulding the development of economic life in our country. A large variety of instruments of economic planning have been forged in the world during the last few years and it has been proved that tariff manipulations are useful only upto a limited point and are in a number of cases extremely costly. The cost to the consumer is specially unnecessarily heavy in the case of a vast country like India, and it is clear that our Governments are not in a position to enforce conditions regarding efficiency or social policy on the industries benefitting from protection. In view of these additional special circumstances of India, we believe that more direct forms of Government assistance and regulation are necessary for properly implementing an economic plan for India as a whole. This does not mean that we are opposed to the plea for an enquiry into the principles of a protectionist policy. It only means that we would desire the enquiry to cover a wider field than that contemplated in the Assembly debate.

WORLD RECOVERY AND INDIA.

THE Annual Market Review of Premchand Roychand and Sons for 1936 has recently been published. Students of Indian industry and finance have by now learnt to expect a sound survey of economic progress for the calendar year in this eminently businesslike publication. The few weeks' delay in this year's publication was, therefore, felt as a real inconvenience. The transition from the old to the new year was this time so very eventful in Indian as well as world economics, that regularity could perhaps have been secured only at the cost of utility. No better praise can, however, be given to this Market Review than is implied by the growing expectancy with which the issue was looked forward to on account of its slightly delayed publication.

As usual the Review starts with a survey of world events in the field of trade, finance, exchange and industry. Against the background of world events is traced the evolution of Indian economics during the same period. Besides a general survey of industry and finance, detailed progress of such important branches of economic life as money, banking, exchange, bullion, investment and production is recorded from month to month. The relevant facts of almost all the important aspects are presented in statistical and graphical forms, which are very useful.

As regards the world in general the Review indeed unfolds the well-known tale of a continued

and pronounced recovery. All criteria of economic revival and progress, except perhaps the volume of international trade, combine to prove that recovery is well set for a rapid march. Even in trade, though European trade is not expanding, that of other countries is slightly on the increase. Prices are definitely rising. According to the Times Index number, wholesale prices on 30th Dec. 1936 were 120.8 (100 representing the year 1913) as against 107.5 on 30th Dec. 1935. The rapid increase in prices has led to an increase in profits, wages and purchasing power which have combined to produce what for England has been described as a mild boom.

The most outstanding feature of the last year was, however, the devaluation of the French Franc followed by the virtual abandonment of the gold standard by Switzerland, Italy and other countries of the gold block. What characterises that devaluation as a unique event is that it was carried out as the result of a tripartite agreement between France, England and U. S. A. to steady the resulting exchange fluctuations within agreed limits. If only International Trade and International Lending were now to revive to anything like their normal level, the story of the recovery would be complete.

England which since the war has undergone several vicissitudes has again attained high prestige and prosperity. Not only is it experiencing all the

exhilarating symptoms of a mild boom but it has shown an unexpected capacity for self-sufficiency. How long will this rosy prospect continue for England and for the rest of the world? This is the question which is troubling the minds of many, including the author of the Market Review. For one thing, much of the revival has been accentuated by war-like preparations which, though they are helpful to industry in the short run, cannot but cause grave doubts as to the future prospects of a steady and peaceful industry. Secondly, the rate of interest which has been low for such a long time cannot be said to be assured for a considerable time. The control at present exercised by central banks on the money market has been effective till now in checking any upward spurt of the interest rate; but any manipulation by central banking institutions can hardly prevent, without causing grave reactions, an appropriate rise in the money rate corresponding to the general rise in prices and industrial activities.

The industrial structure of the advanced countries of the world has undergone, as the Market Review points out, a radical transformation during the period of the depression. Individualistic and liberal economics have been abandoned not only by authoritarian states such as Russia, Germany and Italy but also by declared democracies like England and America. The creed of protection, planning and control has now secured almost as universal a support as the contrary creed had done a century ago. Though all of us desire that international trade should revive under a regime of freer trade the chances are that the new principle of a regulated economy will yield no better results than are implied in the application of discrimination to tariff policies.

As against this background of a controlled world recovery, due mostly to the military and industrial activity induced by the shadows of a coming war, how does the record of Indian economy shape? It must be admitted that the increased demand for raw materials and semi-manufactured articles such as pig-iron which the warlike activity of nations induces will strengthen the position of Indian exports. In this connection the trade agreements with the United Kingdom and Japan require to be so adjusted as not to lose any of the inherent advantages of our position. With the normal progress of domestic industries it is not possible for us to promise to any foreign countries much by way of added custom in our markets. On the other hand the natural demand for our exports can hardly be counteracted by action on the part of a single country. The increase in India's favourable balance of trade from Rs. 25 crores in 1934 and 1935 to about Rs. 61 crores in 1936 is a matter for satisfaction. If only we take care not to enter into inconvenient commitments with a view to secure short term advantages, the coming years may well see a steady expansion in our export trade, comparable to the pre-war decade.

The existence of a respectable surplus of exports over imports has helped the Government not only to remit to the Home Treasury funds to the extent of

£ 41 million but the tone of the sterling exchange has also been uniformly firm. The exports of gold which were an additional source of strength to the sterling exchange are definitely on the decline. As 57 per cent. of the gold imported into India since 1901 has already been exported the Government will not be justified in looking forward to a continued heavy export of gold. Under the circumstances it is of the utmost importance not to neglect the adoption of any means that would encourage the domestic producer of agricultural and non-agricultural commodities.

While the world prices have been steadily on the increase Indian prices as a whole have hardly moved except during the last few months. It is true that agricultural prices have risen and the disproportion between them and industrial prices has considerably narrowed down. The continued slow movement of the Indian price level in the face of a rising world level of prices proves the need of a revaluation of the rupee. This course has been opposed by the Government with much vigour and little argument. The Government of India now appear to be unwilling to continue even on the path of discriminating protection taken by them in 1924. While the rest of the world is growing more protectionist, more purposeful and more planned in its economic life, India is being advised to drop such protective industrial policy as she has.

Such is the tragedy of Indian economic policy. In the days of the East India Company when England was protectionist, Indian industries suffered the destructive consequences of an unregulated exposure to world competition. When England, later on, adopted the policy of free trade the Government of India went out of its way to subsidise foreign business in India. Now that the rest of the world is enthusiastically taking to a regulated economy the Government of India appeared to have developed cold feet. They have no purposeful objective of their own. Such organisations, as the marketing boards set up a few years ago, are unproductive of any results. The Government is not prepared to push forward with the accepted tariff policy of the country, nor are they ready to undertake the regulation of protected industries, such as sugar, to check unfair internal competition. On the contrary, as the recent budget has shown, Government is prepared to place the burden of an excise duty on a protected industry which is so expansive as sugar.

As India is related to the world by commercial ties it cannot but reflect a few of the leading tendencies witnessed in the other countries of the world. But this correlation is very superficial. Both in its backward economic structure and its unnatural political arrangements, lie deep-rooted the causes of Indian experience. Unless the Government is fully alive to the aspirations and opportunities of the nation a purposeful, protective and regulated economy cannot be developed in India.

This is the moral which is writ large in the story of economic life during 1936 so skilfully and exhaustively told in Messrs. Fremchand Roychand's Market Review.

DEFENCE SERVICES IN SADDLE.

THE speeches of Mr. Naville Chamberlain in presenting the Defence Loan proposals to the Parliament, of Mr. Anthony Eden during the debate on foreign affairs and the memoranda submitted by Mr. Duff Cooper and Sir Samuel Hoare with the defence estimates are a measure of the atmosphere of fear and distrust in which European nations move today. The Chancellor of the Exchequer presented to Parliament proposals which were staggering. Mr. Chamberlain asked permission for an expenditure on Defence amounting to £1,500,000,000 or more. Mr. Duff Cooper foreshadowed more than a dozen additional munition factories in various parts of Great Britain, the speed-up of army recruitment to the required number, the most meticulous attention to the sea and air arms and the British tax-payer is asked to pay for this through his nose on the specious plea of Peace!

Mr. Anthony Eden, in his speech during the foreign affairs debate, largely repeated what he has been saying and what almost every foreign minister of Europe is saying. In rearmament, Mr. Eden said, the Government is making the greatest contribution in their power for the preservation of world peace. Rearmament is not an end but a means to an end. Great Britain must have the greatest strength in defences so that her help to the forces of Peace would be the greatest. He had, however, no specific reply, besides much time-worn shibboleth, to the charge that the policy of drift and impotent neutrality followed by Great Britain at the lapses of the members of the League of Nations from the League Covenant, has led to a state of affairs when, as Mr. David Grenfell who initiated the debate, said, the backbone of the League system has fallen apart and they had lapsed into the condition of secret diplomacy and Balance of Power politics which had been generally denounced after the Great War and which was so largely accepted as responsible for that catastrophe. Mr. Grenfell asked the Foreign Secretary whether he was speaking as plainly to Germany as the circumstances warranted, whether he has asked her definitely, did she want peace, and what kind of peace, suggesting thereby that it was German arms that had alarmed Britain into the armaments programme.

The question need not have been asked. The reply to it had been already given in the colossal war preparations undertaken by Great Britain and if a reply from Germany were really wanted, it was given almost exactly a month before by Hitler in his review of four years of Nazi Government which he gave to the German Reichstag on January, 30. The German Dictator specifically mentioned Mr. Eden's speeches in the House of Commons and observed that Germany had no desire to isolate herself, that her defection from the League of Nations was not a step in that direction as the League had never been a representative League of Peoples, that Germany's alliances with Poland, some Balkan States, Hungary, Italy, Japan, Austria were evidence of her desire to work in co-operation with other nations, that Ger-

many assured the world solemnly that between herself and France "there are no grounds for quarrel that are humanly thinkable", that the German Government assures Belgium and Holland of its readiness to recognise them as neutral regions in perpetuity.

Hitler has been frank enough in his utterances. He has declared that he has no quarrel with the world in which Mr. Eden moves. It is none the less true that the nations are arming against some danger the nature of which is left to the imagination of the people. The open diplomacy preached by the founders of the League of Nations has given way to subterranean alliances which have demoralized every chancellory of Europe. What is this danger which threatens the world? Is it Germany, or Japan, or Italy,—nations which are admittedly military-minded nations dreaming of founding new Empires?

The war preparations, particularly of Great Britain, which have assumed a feverish speed since German repudiation of the Versailles Treaty, are credited to none of these nations individually. That occasion against which Great Britain is arming is indicated in unmistakable terms, again, in the speech of Hitler referred to by us earlier. The German nation, he said, has declared uncompromising war on Bolshevism:

In Germany the Bolshevism is a pestilence against which we have had to struggle at the cost of much bloodshed. It is a pestilence which tried to run our country into the same kind of desert as is now the case in Spain . . . In January and February of the year 1933 when the last decisive struggle against this barbarism was being fought out in Germany, had Germany been defeated in that struggle and had the Bolshevistic field of destruction and death extended over Central Europe, then perhaps a different opinion would have arisen on the banks of the Thames as to the nature of this terrible menace to humanity. For since it is said that England must be defended on the frontier of the Rhine she would then have found herself in close contact with that harmless democratic world of Moscow, whose innocence they are always trying to impress upon us.

Some questions demand consideration in view of Germany's impeccable hatred of Russia. Is Great Britain arming against a war between these two countries, involving Europe in its train? And to what side would she throw her weight in such an event? Further, what is at the back of Germany's violent hatred of the Russian Bolshevics? For, however Hitler might ask us to believe it, no credence can be given to the accusation that the pivot of the present Russian policy is a drive towards an effort for a world revolution, in view of the recent declarations of policy by Stalin and the frightful revenge he is having on those who seem to favour the Trostkyan ideal of permanent revolution. Russia has long since given up Marxism in that sense and it cannot be gainsaid that she is perhaps the only great power having no imperial ambitions. It is doubtful whether Russia to-day bothers herself about the state of the communist parties in other nations to the extent to which she did a few years ago. The leadership of the world revolution holds no attraction for the Russian.

Government, it has more important and pressing home-problems to attend to. But world revolution is a good stick with which to beat Russia.

The secret of Germany's enmity to Russia is the realisation that she can recoup her war losses only in the east. The same realisation is also the motivating factor in the consistent wooing of the British opinion by Germany. She, therefore, cannot afford even if she so desired, to disturb her western frontier the sanctity of which is considered by Great Britain as her special responsibility. In the east she can, with cautious steps, hope to gain considerable scope for expansion, with the possibility of absorbing Austria in greater Germany through her Nazi influences. Russia commands regions which Germany has been claiming as essentially German territories for many years and she has not relinquished her "claim" to them. It is a good policy to fight Russia for her communism and acquire territories for expansion. In that struggle Germany hopes to secure, if not the support, at least the neutrality, of Great Britain which is dominated by influences which are none too friendly to the communist doctrine.

The division of Europe into two halves, which the British Government would avoid at all costs, has already taken place, according to Hitler and whatever the words used by Mr. Eden the policy followed by him in his attitude towards Germany, and the cruel indifference of Britain towards the agonies of Spain leaves little doubt as to which half Britain would rather help in case of a conflict between the two. As long as Germany adheres to the view that the integral feature of the Bolshevist doctrine is the theory of world revolution, the fear of Germany on the one hand and the fear of Russia on the other, will continue to marshal the nations of Europe in two camps. Fear of Russia has not been a new influence in European diplomacy. The post-war period kept it dormant for a time and with its recrudescence in a new garb, the old entente policy has been revived.

An indication of this reversion to pre-war Tory diplomacy was given by Lord Halifax in the House of Lords when he replied for Government in the debate on Foreign Affairs. "I share the anxiety of those," said he, "who have spoken about the possibility of an Eastern entanglement and I am not oblivious to the greater danger in Western Europe as a result of a possible complication in the East linked by the Franco-Soviet Pact." Earlier in the week, Mr. Chamberlain significantly declared: "I do not think that it would be in the public interest to set out a theory of whom we are going to fight or who would be our allies in that event." This is an unmistakable declaration that collective security, which made no secret of allies in the event of an outbreak of unprovoked offensive and which bound the members of the League in solemn promise to help each other, is dead as a doornail. If Great Britain did not think it in the public interest to declare possible allies and probable enemies, other nations might justifiably take it for granted that notwithstanding the lip homage paid by her diplomats to the League Covenant she is not above making secret pacts for defensive and offensive purposes, that in fact

such pacts do exist. What the House of Commons was asked to vote upon during the last few days was not a sum of money, however vast, for defence purposes, but a change, and a radical change at that, of policy in the foreign diplomacy of Great Britain.

"We are not going to tell you who threatens us, nor whom we desire to intimidate. You need not bother to know whether these arms shall be used against those who are struggling to introduce progressive social and political ideals or against those who thrive on reactionary theories of imperial domination. There is danger, that much we assure you of. Please do not ask us to define its magnitude, direction or imminence. Give us almost unlimited power to spend on armaments. Give us this sum, and leave the rest to us." This in short is what Mr. Baldwin's Government asks the democratic people of Britain to do. We wonder to what degree and in what respect the demands made by other military dictators on the credulity of their nations differ from the demands of the Conservative Government of Great Britain. Open diplomacy and democratic control are buried by Messrs. Chamberlain and Eden under these huge money demands and the Defence Services are in saddle in democratic Great Britain as surely as they are in any authoritarian State.

Our Parliamentary Letter.

(FROM OUR OWN CORRESPONDENT.)

New Delhi, March 7.

A DOLEFUL TALE.

THE Finance Member this year had a doleful tale to tell. Instead of an expected surplus of 6 lakhs, the current year closed with a deficit of 197 lakhs. The estimates for the coming year were by no means rosy. Under the existing system of taxation, the coming year was to have a deficit of 158 lakhs. These successive deficits, however small in extent, clearly show that the Central Government's house is not in order and so the deficit Provinces which expected a share of income-tax in the near future will have to go without it for a long time to come. This is very unfortunate at this juncture specially. The successful working of the new constitution in the Provinces depends on the Provinces having sufficient money to start with. But nearly every Province is in want of money. Unless the Central Government parts with some of its revenues, the Reforms cannot be worked successfully in the Provinces. But the Central Government is faced with a deficit now. How can it spare any revenue for the Provincial Governments? Taking all these matters carefully into consideration, the Finance Member would have been well advised to find out permanent sources of relief for the Centre. The sugar excise duty cannot be considered a permanent source of revenue, for the Tariff Board is at present looking into the matter and one does not know what the recommendations of that body would be. As regards the other ways of increasing revenue, no-

body in India would agree to increased taxation so long as the top-heavy administration continues to be what it is at present. During the general discussion which followed the presentation of the Budget, these points were sufficiently stressed by the members of the Opposition. Pandit Pant cited figures to show how much the different countries spent on their Defence. England spent 19 per cent. of its revenue on Defence, Canada 9 per cent. and Australia 4 per cent. But India has the most unfortunate distinction of spending about 63 per cent. of its revenue on Defence. Some may argue that these kinds of arguments are not very convincing. The Defence expenditure of every country must conform to the peculiar needs and requirements of that country only. Conceding fully the strength of this contention, one may nevertheless feel that all the revenues of a country should not be swallowed up by armaments alone, specially in a country like India where millions of people have not sufficient to eat and where millions of children cannot get even elementary education. But this was not the only point raised by the members of the Opposition. Why were the surcharges on income-tax and super-tax lifted and the salary-cuts restored when the country had not emerged fully from the throes of depression? The Government was not justified in relieving the rich from taxation specially when the Niemeyer Report had said that the rich were not very heavily taxed in this country. Now if they face deficits and have obligations to fulfil why should not they restore the old level of taxation?

OPPOSITION TO NEW TAXES.

As regards the two new taxes imposed this year no member of the Opposition seemed to support them. Generally speaking, the sugar excise duty was more condemned by the House than the import duty on silver. There were suggestions from some quarters to levy a duty on the export of gold. But beyond this, no one was in favour of additional taxation. In the debates that followed, none except the nominated members supported the Government proposals. But the nominated members made such speeches that they spoiled whatever chance the Government had of winning the favour of the House.

The discussion on cut motions has begun from Friday last. The European group moved a cut motion to press for the reduction of the high revenue duties. They were supported in their claim by Sir H. P. Mody, but the Congress party leaders opposed the cut motion, for they argued that the revenue duties were paid mostly by the rich people. Sir James Grigg in his reply thoroughly surveyed the position and promised to look carefully into the incidence of the duties. After his assurance, the cut motion was withdrawn by the European Group.

The Raja of Kollengode moved a cut motion in order to discuss the policy of protection. He advocated the protection of agricultural products and the protection of the various cottage industries. Many non-official members supported this cut motion. The Commerce Member said in his reply that two agricultural commodities were already protected, viz. rice

and wheat. In both these cases, dumping of foreign wheat and rice has successfully been prevented. As regards encouraging cottage industries, the Government was doing what it possibly could. But cottage industries were a Provincial subject and under the new constitution, autonomous Provinces were in a position to help them as much as they could. After his reply the cut motion of the Raja of Kollengode was put to vote and declared carried.

Review.

INDIAN POVERTY NOT ALARMING.

POVERTY AND POPULATION IN INDIA.

By D. G. KARVE. (Oxford University Press.)
1936. 20cm. 427p. Rs. 3.

PRINCIPAL KARVE of the Willingdon College needs no introduction to students of Indian Economics, and his attempt to present in a short compass the problem of Indian poverty and population maintains his reputation for scientific temper and lucidity of expression. Principal Karve starts out to examine the data available as from the beginning of the 20th century, both in the matter of production and population, and ventures the conclusion that "in so far as facts statistically ascertained can prove anything, the population of India during the last thirty years has not grown and is not growing faster than the wealth or the production of the nation." Professor Thomas of the University of Madras in a paper read at the Economic Conference at Patna suggested much the same thing but on very inadequate and not fully worked out data and Mr. Karve must be congratulated on working out the details of the thesis as well as he has done.

Principal Karve's tract is divided into five chapters of which the second, third, and fourth deal with theories of population, population movements, and national production respectively. These sections will repay the perusal of the earnest student. No one will deny the accuracy of the author's statement in page 23 that "even the pursuit of an optimum population has to start with moral, cultural and social reformation".

After an exhaustive survey of the data available on the question of births and deaths, distribution of the population according to occupations, and the distribution according to age groups the author comes to the conclusion that "firstly, there is no deterioration in the position as regards the population, the rate of increase, infant mortality, birth and death rates, occupational and residential distributions,—all these indicate a movement in a favourable direction; secondly, it is equally clear that the movement in the right direction is very slow; thirdly, as compared with what we consider to be desirable and what has already been achieved in advanced countries, the position in India is as bad as ever." (p. 61) But Principal Karve is an optimist and has hopes.

The third chapter of interest to the economic student is that on National Production. This is Professor Karve's contribution at its best to sound thinking on a very difficult subject. Admitting as he does the paucity of accurate and reliable data, he has not been deterred from his difficult task and after a very careful and laborious examination of the national production in its different aspects has attempted to give us a comparative estimate of the index of production adjusted to that of the population, (vide page 110, table 40 A). The author shows a

trained mind and a restraint in expression when he claims that from his figures there is no reason to believe that the figures for production are at all unrepresentative or unduly optimistic as representing the conditions of the period covered by the first three decades of the 20th century.

Professor Karve's criticism of Dr. Hutton's view that "the increase in India's population is from most points of view a cause for alarm rather than for satisfaction" is reasonable and few would dispute his dictum that no equalitative conclusions or inferences that are not proved by direct evidence can be held as justifiable. (p. 33). While not being an alarmist in any sense, and realising that things have been slightly better during these three decades, the author is fully cognizant of the fact that we are still nowhere near the goal of a healthy and prosperous nation. And Mr. Karve's recipe for the disease is not a short-cut or a quick cure, but an insistence on some vital reformation in the cultural and social outlook of the Indian people. The author's two methods of approach to the solution of the problem of poverty in India are (1) spreading among the people the notions of rationalism, and (2) life-planning, and pressing on the attention of the State and other public bodies the cause of general enlightenment. These are sure methods undoubtedly, but so inevitably slow that one is likely to be lost altogether if the perspective is spread over too long a period.

The get-up of the book is excellent and the Oxford University Press must be complimented on pricing the book at Rs. 3 only.

S. V. AYYAR.

SHORT NOTICE.

THE INDIAN PRINCES IN COUNCIL. BY
K. M. PANIKKAR. (Oxford University Press.)
1936. 20cm. 183p. 5/-

MR. PANIKKAR'S narrative of the Patiala Chancellorship of the Chamber of Princes from 1926 to 1931

and from 1933 to 1936 is a timely and useful publication. It is an authoritative document as well. Mr. Panikkar was for some years Secretary to the Chancellor and can speak on the subject from personal knowledge, and the Maharaja of Bikaner, who was the first Chancellor, appropriately writes the Foreword to this work.

For eight and a half years, the Maharaja of Patiala shouldered the burden and performed the responsible duties of his office in 'an ungrudging and conscientious manner.' The then Viceroy made an appreciative reference to it, and His Highness' colleagues in the Chamber bore testimony to it in grateful and generous terms on a resolution of thanks to him that was moved and unanimously passed at a meeting of the Chamber.

It was at a momentous time that the Maharaja assumed the Chancellorship. He had to organise the work of the Chamber and also to safeguard the interests of the States. He worked hard, with tact and firmness, and achieved good results. To attain these he placed his ability and talent, the prestige, authority, and even the resources of his State at the disposal of the Chamber. The book contains a record of these facts.

Thus the book may look as the *London Times* puts it, as 'a panegyric on the statesmanship and foresight' of the Maharaja of Patiala. So let it be; for there is no denying he deserves it. Mr. Panikkar presents a good case, and in its narration there is a release of his genial qualities as a writer. It is only when he approaches the question of sovereignty or attacks the somewhat oracular cryptic dicta of the Butler Committee that 'Paramountcy must be paramount' that the reader feels he and the author are getting into deep waters. For that the complexity of the subject alone is responsible.

T. K. KRISHNA MENON.

INDIAN LABOUR IN MALAYA.

MR. SASTRI'S REPORT.

Following is the official summary of the report submitted by the Right Hon. V. S. Srinivasa Sastri on Indian Labour in Malaya.

THERE is no justification for preventing Indian labour from emigrating to Malaya. Given an assurance of active and sympathetic consideration of the improvements suggested, and in particular of steps being immediately taken to restore the standard rates of wages fixed in 1928, non-recruited assisted emigration should be permitted to continue.

This, in brief, summarizes the views which the Rt. Hon'ble V. S. Srinivasa Sastri expresses in his report submitted to the Government of India after completion of an extensive tour in Malaya, where he was deputed, in November last, with Mr. G. S. Bozeman as adviser, to study the conditions of Indian labour, with special reference to the rates and payment of wages, hours of work, provision for residence, medical treatment, education, subsidiary occupation, sex ratio, and political and social status, etc.

Perhaps it is not generally known in India, says Mr. Sastri, that the Malayan Governments have an organised Labour Department which has been in existence for more than 30 years. It is the duty of this Department to inspect all places of employment, to

investigate any complaints, and to demand from employers fair treatment of their labourers, a reasonable standard of housing, medical attention, education facilities and scrupulous adherence to the proper rates of wages and due payment. The Department operates mainly in the interests of the Indian labourer, renders him sympathetic and efficient service, and has established an effective control over employers, particularly on estates.

Every labourer is specifically informed at the time of being employed that he is at liberty to give one month's notice to his employer and seek service elsewhere. This freedom of movement is not only ensured by statute but is well known and understood by all labourers and engenders in them a healthy spirit of independence. Communications throughout the country are excellent and in many parts buses or cheap hired cars are available to take the labourer to the nearest point. Where the number of children justifies it, there is a *creche* under the charge of a *ayah*, paid by the estate, to look after the children whose mothers are at work. Water supply is adequate everywhere, and one of the most remarkable public achievements of Malaya, says Mr. Sastri, is the complete control of malaria, success being as noticeable on estates as elsewhere.

Considerable improvement is taking place in housing conditions. Where new quarters for labour are erected they generally take the form of the cottage type of building. This usually provides separate four-roomed houses to accommodate two families. The division between families is complete and assures greater privacy.

Mr. Sastri found medical attention also satisfactory on the larger estates. The dressers employed, however, are not always sufficiently qualified. Whole time dressers with proper qualifications, Mr. Sastri suggests, should be employed on every estate. It is understood the Malayan Governments have already taken steps in this direction.

Mr. Sastri is not satisfied with the educational facilities available to Indian labour in Malaya. According to the Malayan Labour Code, the Controller of Labour has power to order the establishment of a school in any place of employment where the children between the ages of 7 and 14 are ten or more in number. On most estates such schools have, in fact, been started, but both the accommodation provided and the quality of teachers employed are susceptible of considerable improvement. The Malayan Government are aware of the existing defects and, it is understood, propose to appoint an Inspector for the Tamil schools.

Speaking of the estate managers, Mr. Sastri says that on the whole they are of a good type and take a genuine interest in the welfare of the labourers. Indian labour on estates is in the long run the most efficient, and the majority of employers find that it pays them to employ a contented labour force.

In 1928, standard daily wages were fixed at 50 cents for men and 40 cents for women in ordinary areas, and 58 cents for men and 46 cents for women in certain special areas (1 cent being roughly equivalent to 1 pice). In 1930, a cut of 20 per cent. was imposed on account of the depression. In point of fact the cut was bigger, as the alternative was discharge.

By 1936, the rates of 40 cents for men and 32 for women were fairly uniform. From 1st January, 1937, standard rates have been fixed at 48 cents for men and 36 cents for women. It has always been understood that with the return to prosperity the standard wages fixed in 1920 will be reintroduced. The rubber industry is now recovering rapidly. Rubber is quoted at 10d. or 36 cents a lb., and the production quota has recently been raised to 85 per cent. Mr. Sastri is, therefore, of opinion that the time is at hand when the Government of India should press for the restoration of the standard wages.

Standard rates are at present obligatory only in certain areas known as key areas. These areas would appear to have been selected with reference to no well-defined principle and the distinction between key and non-key areas does not seem to serve any useful purpose. Mr. Sastri, therefore, recommends that the standard wage should be applied with statutory force throughout Malaya, but that the higher rates fixed for special areas should continue as the estates in these areas do in fact pay higher rates to attract labour.

As regards the hours of work, Mr. Sastri has no recommendation to make except that if a labourer appears at a muster and is given a task to perform, it must be a matter of regular practice, even if the

exigencies of the industry require that he should be given a light task, that he should receive a full day's pay.

That the full use of garden allotments on estates should be encouraged, is another recommendation of Mr. Sastri, so that Indians who have a traditional knowledge of agriculture may not lose their knowledge which they would if their time were devoted to estate work alone. It is laid down in the Malayan Labour Statutes that on application every labourer in an estate shall be provided with an allotment of land for his own cultivation, and the area to be so allotted has been fixed at 1/16th of an acre for each labourer with dependants.

There are signs that the number of Indian labourers who tend to look upon Malaya as their home for the whole of their working lives is on the increase. It is, however, essential that settlement schemes should provide for complete independence and liberty for movement among the settlers so that no suggestion that they are in any way tied or bound to a particular estate should be allowed to grow. Any settlement of Indian labourers should, therefore, be by means of permanent title held only from Government and not from any private owner.

As for non-estate labour, Mr. Sastri suggests that if sufficient work cannot be found for women, the possibility of some marriage or family allowance should be considered and thinks that the Labour Department might make a greater effort to obtain the confidence of non-estate labour in general.

On the problem of sex ratio, Mr. Sastri is of opinion that the application to Malaya of the rule that the ratio of males to females should be 1.5 to 1, is fraught with difficulties, for in the first place, the rule applies only to assisted emigrants while there is a stream of voluntary emigrants to whom it does not apply and to whom under the existing laws it cannot be applied. Secondly, this ratio has been fixed only since 1922, but by 1922 a large Indian labour force had been well established in Malaya. At present, the sex ratio on estates works out at 643 females to 1,000 males and among other Indians at 355. So far, therefore, as assisted labourers are concerned, there has been a real improvement. Mr. Sastri, therefore, recommends that further exemption should be given to Malaya from the sex ratio rule and the position re-examined later.

On the position of political and social status of Indian labourers in Malaya, Mr. Sastri is of opinion that the question of political status does not at present arise, there being no franchise in Malaya and all appointments to legislatures or advisory bodies being made by nomination. So far as the social status of Indian labour is concerned, there are no racial restrictions or any discrimination between the Indian or any other labourers. Mr. Sastri has, therefore, no recommendation to make on this subject.

He suggests that the representation of Indian interests on the Indian Immigration Committee is utterly inadequate, and that at least two more Indian members should be appointed to it.

Voluntary assisted emigration, Mr. Sastri concludes, should be allowed to continue, but the *kangani* system of recruitment which has practically fallen into disuse should not be revived and, to the extent to which it still exists, should be abolished.