



1562

FINANCIAL STATEMENTS

RELATING TO

I N D I A

DELIVERED IN PARLIAMENT BY SUCCESSIVE PRESIDENTS
OF THE BOARD OF CONTROL AND SECRETARIES
OF STATE FOR INDIA

REPRINTED FROM HANSARD'S PARLIAMENTARY DEBATES.

WITH A COPIOUS INDEX.

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SIR C. WOOD'S FINANCIAL STATEMENT,

1853-54.

EAST INDIA COMPANY'S REVENUE ACCOUNTS.

Order for Committee read.

House in Committee.

SIR CHARLES WOOD: Sir, I rise now in order to perform the promise I made last year to this House, that, if I occupied the position which I have the honour to hold as President of the Board of Control, I would submit a statement to Parliament respecting the finances of India, and, at the same time, would give a general explanation of the progress of India since the subject was last under discussion in this House. In order to enable me so to do, I propose to follow the precedent set in former years—though it is now only two years short of half a century since an Indian budget was last presented to the House of Commons—and to move certain Resolutions on the subject of the finances of India. Those who have referred to what took place on former occasions will be aware that many of the Resolutions then moved (though some relating to the commercial receipts of the India Company and to their transactions as manufacturers would be inapplicable to the altered state of circumstances) referred to the income, expenditure, and surplus of the Indian revenue, and they will be Resolutions similar to those which, before I sit down, I shall have the honour of proposing. The Resolutions referred first to the revenue and expenditure of the several presidencies, next to the revenue of India generally, and lastly, to the ultimate surplus, after defraying the whole of the charges payable out of the Indian revenues. The Resolutions which I shall submit are in truth, as on former occasions, nothing more than assertions of matters of fact, deducible from the accounts laid on the table of the House, whether those prepared in the old fashion, according to Acts of Parliament, or those framed in a different manner, which I moved for in

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1854.

Annual
Resolutions
respecting
revenues and
charges of
India.

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1854.

Form of the
Accounts.

the course of the Session, and which are now in the hands of hon. members. The principal advantage, of course, which I anticipate from the present discussion, is not so much the eliciting the opinions of the House on the finances of India, as that it will enable Government to lay before the House a general view of the state of the Indian empire, and also afford an opportunity to hon. gentlemen to make such observations as they think fit on the subject, or to seek for further information connected with that most important part of the British dominions, which, so far as I am able to give it from any documents in my possession, I shall be anxious to afford. I do not know that I need say much more on the general character of the Resolutions, but before I go further into the statement, I wish to say a word or two respecting the form of the Indian accounts in the hands of members. Under Act of Parliament, accounts made up in a particular manner are annually laid on the table of the House. I did not think, when I had time to turn my attention to these matters, that the accounts presented in that shape afforded as much information as it was desirable should be laid before Parliament, and accordingly I desired accounts to be framed very much on the model of the finance accounts of this country, giving very full information on the subjects of the Indian revenue, income and expenditure. These accounts hon. gentlemen have had now in their hands for some time, and will be therefore able to express an opinion with respect to them. They were framed with very great care by a gentleman attached to the India Company's establishment in the city, and were submitted to another gentleman of the highest character in our financial department, the chief clerk of the revenue room in the Treasury. They afterwards underwent careful revision by myself, and I think they may be considered satisfactory as regards their form, and the character of the information they give. I am quite aware that they exhibit some defects, which I hope to remedy before presenting them to the House in another year, but for a first attempt to give full information to the House, I trust they will be regarded as a very great improvement on the present form of account. I also take this opportunity of saying that I was anxious to present at the same time to the House accounts similar to the trade and navigation accounts of this country; but I found that, in consequence of the accounts of the different presidencies not being kept in the same form, or not being brought up to the same time, it would be difficult in this year to produce complete accounts of this description.

Sir C. Wood.

Instructions were sent out in the course of last autumn to the different presidencies, desiring that the accounts might be framed upon a new model, and I hope next year to be able to lay on the table Indian accounts corresponding with the trade and navigation accounts of the United Kingdom. I will only make one further preliminary observation with respect to the time to which these accounts are brought up. It is with very great regret that I am unable to lay before the House accounts—that is to say, complete accounts—up to a period later than the 30th of April, 1852. Those which have been laid on the table of the House pursuant to Act of Parliament, framed on the old model, I believe it would be easy to present at an earlier period. But I have been unwilling to make any change in this respect, because, though I might get the accounts presented two or three months sooner, I should not be satisfied, considering the accelerated means of communication with India, until I gained a whole year, and produced in the month of May or June complete accounts up to the end of the previous year. Instructions have been sent to the Governments of the different presidencies to expedite the transmission of the accounts as much as possible; and I hope, before a couple of years elapse, that I shall be able to effect the result I have stated. The general purport of the Resolutions which I shall move—following former precedents—will set forth the income and charge of each presidency, the income and charge of India payable in India, and the difference between the income and the charges. At the same time, it is true that the accounts will not give an exact representation of the charges of the separate presidencies, because there are some general charges included in the revenues of each presidency, and some, which ought to be divided among the several presidencies are charged to one. Thus the charges of the Government of India are defrayed out of the revenues of Bengal; the charges of batta are paid out of the revenues of Madras, and of the Indian navy by Bombay, though these charges ought fairly to be distributed between the different presidencies. In like manner, the retired pay and furlough allowance for the whole of India are put into one general sum, though a portion belongs to each of the presidencies. I mention this circumstance to show that in the statement we are able to make out we do not accurately get the separate charges of the respective presidencies, nor the general charges of the Indian Government as distinguished from the local payments. Whether in another year it would be desirable to continue the accounts in this form is a subject.

SEN AUGUST
1854.

Backwardness
of the Ac-
counts.

Share of
charge
of each Presi-
dency not
correctly
shown.

Sir C. Wood.

8TH AUGUST
1854.

for consideration, but at present I will only repeat that this is a first attempt to give information as fully as possible with respect to Indian finance. The information furnished in the statement I am about to make is principally derived from the Parliamentary papers on the subject under the heads in those papers, Nos. 12, 13, and 29. The first Resolution states the amount of the revenue of the Presidency of Bengal, including some districts attached to it, and the local charges thereon, exclusive of the Military charge. I am obliged to make that distinction, for, with respect to the army of Bengal, a portion is the army of the North-Western Provinces as well as of Bengal. Therefore, when I state the revenue of Bengal, with the local charges thereon, I shall exclude the army and I shall make the same deduction for the purpose of fair comparison in respect to the North-Western Provinces, and shall afterwards add the army common to both districts. The first resolution I shall move will state that the revenue of Bengal, on the 30th of April, 1852, was 7,584,435*l*. [The right hon. Gentleman here read the following statement, embodying the information contained in the Resolutions he intended to move—.]

INDIAN FINANCE— 1851-52.

8TH AUGUST
1854.

	£	£	£	£	£
I.—BENGAL.					
Revenue ...	7,594,435				
Local Charges ...	1,936,362				
Local Surplus ...	...	5,648,073			
NORTH-WESTERN PROVINCES.					
Revenue ...	5,670,715				
Local Charges ...	1,402,238				
Local Surplus ...	...	4,268,477			
Military Charges of Bengal and North-Western Provinces ...	5,442,230				
Net Revenue of ditto ...	...		13,255,150		
Charges of ditto ...	...		8,770,330		
Surplus available for general purposes of India ...	...			4,484,820	
II.—MADRAS.					
Revenue ...	...		3,704,048		
Charges ...	...		3,204,273		
Surplus available for general purposes of India ...	...			469,775	
III.—BOMBAY.					
Revenue ...	...		2,868,208		
Charges ...	...		2,847,392		
Surplus available for general purposes of India ...	...			20,906	
Total Revenues of the several Presidencies ...	...		19,827,406		
Total Charges of ditto ...	...		14,822,406		
Total Surplus of ditto ...	...			5,005,001	
Interest on Indian Debt ...	...		1,967,359		
Charges defrayed in England ...	...		2,506,377		
Total charges on Indian Revenues ...	...			4,473,736	
Surplus of Income over Expenditure ...	...				531,265

8TH AUGUST
1854.

Results of
1849-50 to
1851-52 and
future pro-
spects.

1852-53 and
1853-54.

Land
Revenue.

That statement, I am happy to say, is a satisfactory statement, and for the two years preceding 1851-52 there was also a surplus, though not so large. In 1849-50 the surplus was 354,337*l.*, and in 1850-51, 415,866*l.* I have already stated that the year 1851-52 is the last year for which I have a complete statement, but I have an approximate one for the year 1852-53, and I think it desirable to put the House in possession of the most recent information in my power to furnish, though I cannot state anything not resting on certain and positive information. The statement of the gross account for 1852-53, and 1853-54, is as follows:—1852-53, income, 26,915,431*l.*; expenditure, 26,275,966*l.*; surplus, 639,465*l.*; 1853-54, income, 26,586,826*l.*; expenditure, 27,459,161*l.*; deficit, 872,335*l.* I confess it is with very great sorrow that I have to make this last statement, especially as the circumstances of the preceding year encouraged the expectation of a different result. But, taking the last three years together, there is a surplus of income over expenditure. When there is a great variation in different years, and the balances sometimes stand over, so that the expenditure of each year does not accurately represent the charge of the year, it is fair, I think, to take the average income and expenditure of two or three years. On the whole, therefore, I by no means despair of future years, although, when there is so large a deficit staring us in the face, it might appear at first sight to be somewhat disheartening, and it renders it necessary to postpone some changes in the taxation of India, which I am anxious to see effected. Hon. Members must remember that the revenue of India is not like the revenue of this country, in which a reduction of one item leads perhaps to an increase in another. In the great item of the land revenue, which furnishes by far the largest portion of the revenue of India, there can be no increase. With regard to Bengal, the terms of the settlement preclude any possibility of increase from that source. In the North-Western Provinces, where the leases are granted for a long term of years, and in Bombay, where the land is also leased for terms of years, there cannot, at any rate, until the expiration of those leases, be any increase of revenue from that source. With regard to Madras, I am afraid, so far as the land revenue goes, that, whatever may ultimately be the case, the first operation will result in a reduction. I will not raise again the question which was discussed some nights ago as to the tenure of land in Madras. It is substantially a tenure

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1854.

subject to a very heavy quit-rent; and though a most able officer, Colonel Cotton, who is acquainted with public works there, states that it would be easier to raise the land to the value of the assessment than to reduce the assessment to the rent which might be fairly paid, there can be little doubt that the assessments in this portion of the presidency ought to be reduced. I am inclined to think that, in the end, the effect of reducing the assessments would be to bring a greater amount of land into cultivation, and ultimately perhaps to bring up the land revenue of Madras to a considerable extent; yet, in the first instance, a reduction would inevitably follow the first alteration of assessment. At present, all that it is necessary to say is, that it is impossible to expect any addition to the land revenue of Madras; and that, taking the land revenue of India over all the presidencies, no increase can be expected from that source for some time to come. The next item of revenue in India is opium, which amounts sometimes to 4,000,000*l.*, and is sometimes much lower. There is an estimated deficit for this year; but as I am of opinion, whether the rebels or the supporters of the present dynasty in China ultimately have possession of that country, that the use of opium will not diminish, and as I believe that the Indian opium is of a very excellent quality, better than any produced in China, I think it likely that the demand for opium from that country will not materially diminish, and that the revenue may by possibility be maintained. Still it is one of a most uncertain character, and we should be building our calculations upon a most unsubstantial foundation if we based them upon any anticipated permanent increase from that source. The next great item of revenue is salt. I cannot forget that in the last Session of Parliament the House of Commons came to a vote—an ill-advised one, as I think—upon the subject of salt. The subject of the salt duty in India could not properly or fairly be dealt with in the state of feeling which was engendered in this country with regard to it some years ago, when it was one only of many objectionable taxes paid by the people. It was quite right to abolish it here. But in India the people have long been accustomed to it—as nearly the only tax on any articles of their consumption. You can hardly deny that it is reasonable and fair that the mass of the people of India should in some way contribute to the revenue of the country. This is almost the only tax which they pay. It is one to which they have been accustomed, and it is one which does not in any way whatever press heavily upon

Opium
Revenue.

Salt Revenue.

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1854.
Salt Revenue
—contd.

those who are subjected to it. Since that debate took place a most interesting document has been placed in my hand—a statistical paper which has been prepared by a medical man at Calcutta, and which was printed, I believe, in some of the Calcutta journals. He took very great pains in inquiring from persons who came under his charge into the condition of the peasantry of that part of the country; and it may be satisfactory to the Committee that I should read the conclusions which he arrives at from his investigations. He goes at great detail into the quantity of food which they are able to consume, and he compares it with the most authentic information which he can obtain from all parts of the civilised world, including Europe, Asia, and America. Giving in a detailed shape the amounts obtained, he thus sums up the conclusions at which he arrives—

“Sufficiency of food and income in excess of necessary expenditure constitute two important elements of the public weal, and these would certainly appear to have been in existence in the portion of Bengal from which my observations are derived. That many and various social evils yet exist cannot be doubted; but want of means to procure a sufficiency of food for the retention of life and health would not appear to be one of them, except in special famine years, and so far Bengal may be considered to exhibit as small an average deficiency of the comforts of life as any modern nation.”

That is, I think, a satisfactory account of the general state of the peasantry in that part of the Indian empire. With regard, however, to the particular point, of the sufficiency of the supply of salt—that was the subject of his closest investigation, and he gives the result of inquiries which he made from 100 patients taken indifferently in the hospital, whom he questioned upon that subject. Ninety-eight out of hundred stated that the supply of salt was ample for all their purposes, and two only stated that it was insufficient. I think that that is answer enough to the statement which was pretty generally made, that the people in that country suffered grievously from the inadequate supply of salt, produced, as it was said, by the monopoly of the East India Company. Monopoly it most undoubtedly is not—but I will only state, upon this branch of the case, with regard to the mode of collection, which was the subject of the vote last year, that a Commission was appointed by the Governor General to inquire into the subject, and that Mr. Plowden, a very able civil officer, was desired to investigate it. He has visited Bombay and Madras for that purpose, and, when the result of his inquiry shall be sent home from the Governor General, I shall have great pleasure in laying it upon the table of the House. But the Committee must be aware

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what a great objection there is to the introduction of a system of Excise into India—an objection in which I shall be supported by my hon. Friend the Member for Newcastle, who stated that nothing could be more cruel and oppressive than the mode in which the Native collectors of the revenue discharged their functions. If you do establish an Excise, however, you must, for the protection of the revenue, increase the number of Native officers, and, with the number, increase their means of extortion and oppression. With regard to the only other item from which any considerable amount is produced, namely, the Customs revenue, which produces exclusively of salt, about 1,000,000*l.* a year—I fear that until the exports from India can be materially increased, we cannot expect any great augmentation from that source. There has been a gradual increase of late years, and I hope that the exports from that country will increase. My hon. Friend the Member for Lancaster (Mr. Gregson) certainly leads me to hope that there may be in the present demand for fibrous substances some increase in the export of those articles from India. They do exist there in great quantities, and but a very insufficient proportion is brought to this country. I am aware the chairman of the Liverpool East Indian Association does not entertain any very lively expectation of a large amount being brought from that country; but the hon. Member for Lancaster knows the country, and I hope that he is right in his expectations. My own attention was attracted to the fact that large quantities of flax are absolutely burnt in Scinde, the only value which is attached to it being on account of the oil which is contained in the seed. I have desired the Governor of Bombay to ascertain if more of this flax could be sent to England, and I have requested the Governor General to consider the whole subject of the fibrous substances produced on the shores of the Bay of Bengal, and to send over any reasonable quantities of articles of that description which may be fairly submitted to the manufacturers of this country; because it is impossible that there can be any supply of hemp or flax or fibrous substances produced in any quantity of which our manufacturers would not be able to avail themselves. This being the case, I am afraid that there is no prospect—certainly no positive prospect—of an increased revenue in India, while in most of the items of expenditure I fear that there is no prospect of any material diminution. The large item of expenditure in India is, as I said before, the army, and we have already undertaken the defence and the maintenance of the peace of a very large additional

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1854.

Salt Revenue,
—contd.

Customs
Revenue.

Military
Charges.

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1854.

Military
Charges,—
contd.

territory, without any material addition to the army. The whole of the territory of the Punjab, besides the territories of Nagpoor and Pegu, have been occupied, and the only addition which has been made in respect of the army has been two European regiments and the three not yet formed which were authorised by Parliament last year. With so much additional territory, it could hardly be supposed that an increased military force would not be requisite, and I fear, therefore, that we can hardly expect any great diminution in the expenses under that head. If you will refer to the statistical papers which were laid upon the table of the House last year, you will see how remarkably small is the number of troops by means of which our empire there has been maintained, especially when compared with the number of troops still supported by the Native States in India. Taking, in round numbers, the whole Queen's troops at 30,000; and the Europeans in the Company's service, including officers of Native regiments, at 20,000, we have a total of 50,000 Europeans. In addition to these there are 240,000 Natives, giving a total for Company's and Queen's army of 290,000. Beyond these, again, there are 30,000 contingents commanded by English, making altogether 320,000 men; while the few Native States that are left in India actually maintain for one description of force or another no less than 398,000 men. I do not think that we are justified, therefore, in anticipating any material diminution in that respect. When the means of communication shall be improved, and the power of moving troops from one part of the empire to another shall be facilitated, no doubt some reduction may be made; but, until that period arrives, it is not probable nor reasonable, with a great additional territory to be defended, that there can be any sensible reduction in the army expenses of India. With regard to other sources of expense I will, at present, only refer to two—first, public works; secondly, judicial establishments. I think the general feeling in the House last year, produced by the result of the examination before the Select Committee, was, that the expenditure under those two heads should be increased, and not diminished. Since that time I have derived much pleasure, as well as instruction, from the perusal of two very able publications connected with India; one by Colonel Cotton, upon the subject of public works; and the other by Mr. Norton, upon the subject of judicial establishments. Both writers, although they are not attached in any way to the Indian Government, distinctly point out the inadequacy of European agency, as

Public Works
and Judicial
Charges.

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they call it, with reference to the public works and the judicial establishments of India, and state that it is utterly impossible that either can be conducted properly without some increase in the number of Europeans employed in those departments. Now, I do not mean to say that we should take the opinions of those two gentlemen for more than they are worth; but, at all events, they show, I think, the necessity which exists for an increased European agency, if we expect the public works and the judicial establishments to be properly conducted, and their expenditure carefully watched. I have since talked the matter over with Colonel Cotton, and he is strongly of opinion that, unless we do send out European superintendents, we shall be throwing a great deal of money absolutely away. There is another source of expenditure which I may mention, namely, that upon education, and I refer to it only to say that I am quite sure nobody will grudge the sum to be expended under that head. I have now mentioned three great sources of expenditure in which it is clear an increase, and not a diminution, must take place, and upon those great main heads of expenditure, therefore, reduction is pretty nearly out of the question. There is, however, one considerable source of expenditure upon which I am happy to say we have been able to effect a considerable reduction. I refer to the interest paid on the Indian debt. Nothing has given me greater satisfaction than to have been able to complete—for although the transaction has not been altogether brought to a close, it has substantially been, to all intents and purposes, completed—the conversion of the India 5 per cents., which are now altogether reduced to a maximum interest of 4 per cent., with the exception of some old bonds payable at a certain time, and with the exception of a small portion of the 5 per cents., which have been paid in cash. I will state to the House what the result of that operation has been. A similar operation, but to a much smaller extent, took place in 1847, and on my accession to the office which I have now the honour to hold, I sent out directions to the Governor General to proceed at once to reduce the whole of the 5 per cents. He proceeded to do so with great discretion and judgment, and the following was the result of the operation up to the end of May last. The first debt operated upon was that of the transfer loan (England) for 8,441,000*l*. Of that sum there has been transferred to the 4 per cents. 2,734,000*l*.; taken in cash, 707,000*l*. The whole amount of the general debt at 5 per cent., which was next to be operated upon, was 23,771,000*l*.

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1854.

Public Works
and Judicial
Charges,—
contd.

Education.

Interest on
debt.

Conversion of
5 per cents.

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Conversion of
5 per cents.—
could.

Of that sum 20,701,000*l.* have been transferred, 1,370,000*l.* have been taken in cash, and 1,700,000*l.* remained at that time untouched. The demand for cash very considerably increased when the funds of this country fell; and the operation of the war naturally produced an effect in India, so that those who would have converted their 5 per cents. into 4 per cents. demanded immediate payment in cash. But, prior to the despatch of the last accounts, the market here had turned, and therefore I think in all probability the demands for cash, after the arrival of those accounts, would not be in greater proportion to the conversions than they had been in the month preceding the departure of the latest advices from India. In estimating, therefore, what may be done with the 1,700,000*l.* which remained unaccounted for in May last, I will presume that they will be transferred or taken in cash in the same proportions as the transactions of the preceding month. If that be so, then 1,200,000*l.* will be transferred, and 500,000*l.* will be taken in cash. Of the whole 5 per cents., therefore—23,771,000*l.*—21,901,000*l.* will be transferred, and 1,870,000*l.* taken in cash. But I do not think that even that gives a fair representation of the result of this operation. It is the practice in India to have what is called an open loan; that is to say, any person who at any time pays money to the Government receives a certain amount of interest. Now, it so happened that at the time this conversion scheme was commenced, there was an open 4 per cent. loan, which was closed in the month of September last, a new $3\frac{1}{2}$ per cent. loan having been opened since that date. Since the period of the conversions there have been paid into the 4 per cent. and $3\frac{1}{2}$ per cent. loans, independently of the sums which have been taken in cash from the 5 per cents., and avowedly paid into the 4 per cent. loan, 1,130,000*l.* Now, practically, that is a conversion, because as much money has been contributed to the 4 per cent. and $3\frac{1}{2}$ per cent. loans as has been taken from the 5 per cents., and therefore to that amount we have not paid cash, but have merely converted one denomination of stock into another. The House will perceive, therefore, that we have actually paid in cash the sum of 740,000*l.* only. The general result of the whole transaction, including both that portion which was executed prior to my accession to office, and the conversions which the Governor General has been able to effect in consequence of the directions which I sent to him, may be stated in a few words. The total sum to be operated upon amounted to 27,212,000*l.* There have been transferred directly or

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virtually in the manner I have described 25,763,000*l.*, there have been taken in cash 1,447,000*l.*, and the whole of the 5 per cent. debt has been extinguished. Upon the portion which has been transferred there is a saving of 1 per cent., and upon the portion which has been paid off there is of course a saving of 5 per cent. The amount saved by the reduction of interest upon the amount transferred is 257,650*l.*, and the saving upon the amount paid up in cash is 72,350*l.*, making the annual saving upon the whole transaction 330,000*l.* I think that is a very satisfactory operation to be executed in the face of a local war just concluded, and of a general war just commencing, and nothing could more clearly show the high estimation in which the stability of Indian finance is held by persons competent to form an opinion upon the subject. Now, Sir, there can be no doubt that, if I could have afforded it, there are two or three taxes in India which I should have been glad to have dealt with. There is the land tax of Madras, for example, which excited a great deal of disapprobation in the Select Committee; there is the Moturpha tax in the same presidency; and there are likewise certain discriminating duties which ought to be abolished altogether. But I cannot forget, and I hope the House will not forget, that the whole of the saving which I have just mentioned will be absorbed in the proposed increased expenditure for education and public works; and when I remember, too, that during last year there was a falling off in the opium revenue to the extent of about 600,000*l.*, I do not think I should be justified in urging upon the Indian Government any large reduction of taxation. With a deficiency last year of 800,000*l.*, with no prospect of any increase in the opium revenue, and with a certainty of an increased expenditure upon public works and education, I do not think it would be wise for me to recommend any reduction in the sources of revenue, although I admit—and Lord Dalhousie entirely agrees with me—that in many districts the land tax should be reduced. That will be done as soon as possible; but I am afraid that in the meantime no such reduction can be made at any rate to any considerable extent. I do not know that upon the question of finance it will be necessary for me to trouble the House at any greater length. I have stated what the income in 1852 was, what the expenditure was, and what the surplus was; I have stated what the estimates are for 1853-54; I have shown that in some of the sources of expenditure there is a certainty of an increase, and I hope I have

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5 per cents.—
could.

Taxes to be
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hereafter.

Moturpha.

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Political state
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Pegu.

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North-West
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convinced the House that under all these circumstances it would be unwise to urge upon the Indian Government any considerable reduction of taxation. Having done so, I will now proceed to state, as shortly as I can, what the state of India is generally, and what have been the changes since last Session of Parliament. First of all, with respect to the political state of India, I may state that the principal event which has taken place since that time has been the complete settlement of the province of Pegu. No hostile attempt has been made against us on the part of the King of Ava. He is now satisfied that we do not intend to proceed further than we have already done. At the date of the last accounts trade was going on most satisfactorily both in Ava and Pegu. Our troops in Pegu were supplied with provisions from Ava, with the special leave and sanction of the King, and, in short, there was every prospect of friendly relations being speedily established between the British authorities and the King of Ava. I am sorry to say that large bands of freebooters were committing depredations in some of the districts; but still I can state that even those districts were more tranquil at the dates of the last accounts than they ever were under the rule of Burmah itself. Pegu is exceedingly rich in productions of all kinds. A great part of the land is admirably adapted for the growth of cotton; the timber is exceedingly valuable in the upper part of the province; and, upon the whole, there seems to be every prospect, however unwilling we may have been to make the acquisition—and I can state that no man was more so than the Governor General himself—of the province becoming one of our most valuable possessions in India. The House is aware that the Rajah of Nagpoor recently died without leaving any successor to his throne, and that his State has consequently been annexed to the British territories. In the North-Western Provinces an amount of tranquillity prevails which, I believe, is perfectly unexampled. It is notorious that in the districts beyond the Indus several of the tribes have for many years pursued their depredations unchecked, and that very great forbearance has been shown to them. I am glad to say that, after unavailing attempts by peaceable means to ensure freedom from their attacks, they have at last been coerced by the military force sent against them, and that for the last eighteen months not a sword has been drawn in those districts. Our exertions to establish tranquillity within our own frontiers have likewise been most successful, and such a state of tranquillity

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as now prevails over the whole of the North-Western Provinces has never been experienced before. Some time ago I wrote to the Governor General directing him to endeavour to establish friendly relations with the Afghans. I am happy to say that he has succeeded in that attempt. A treaty has been concluded with the Chief of Kelat, in which we have stipulated to aid him in putting down the bands of robbers that infest his dominions, while he has stipulated to give a free passage to our merchandise through his country, upon the payment of the small and simple duty of six rupees per camel load. I trust that treaty will be the means of extending British trade in Persia and the other countries which lie beyond Kelat in Southern Afghanistan, and that we shall derive many important advantages from our alliance with the Chief of that people. With respect to Cabool, after the events which have taken place within the last few years, it was not, of course, to be expected that we should be able to establish friendly relations with it immediately. Since 1849 there has been complete friendliness shown on our part to all persons coming from Cabool into the British territories. All the frontier duties have been taken off, and the communication between the two countries is now very considerable. It cannot be denied, however, that the Chief of Cabool appears to have entertained apprehensions of some further attack on our part, but measures have been taken to re-assure him upon that head; and I am glad to say that approaches have recently been made to us, in that secret and reserved manner which forms an essential part of Indian diplomacy and negotiation. The officers upon our frontiers have been desired to reciprocate those approaches in the same friendly manner in which they are made; and I hope I shall be able, in the next Session of Parliament, to report the establishment of amicable relations with the Chief of Cabool. With regard to the great country beyond—Persia—she is placed in a somewhat difficult position between her two great neighbours who are now at war with each other. The Shah has professed, and has maintained an unbroken neutrality, which is at once calculated to serve his own interests, and to secure the approval of at least one of the parties in the present struggle. Neutrality is the policy which we have all along urged upon him, and we hope he will be wise enough to continue it. So much, Sir, for the political state of our Indian empire, which is most satisfactory. I am happy to say that the attention of the Government of India, no longer distracted by external

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ministration.

circumstances, has recently been turned to the internal improvement of the country. Early in the present Session a question was addressed to me with reference to the employment of Native judges. The only answer I could give at that time was, that I had called the attention of the Governor General to it. I am now happy to state that he, as Governor of Bengal, has laid before the Government of India a scheme for improving the condition and increasing the salaries of the Native judges in Bengal, and for placing them in a much higher position than they have ever hitherto occupied. He has likewise laid a scheme before them for the improvement of the police, for the inspection of gaols, and for the improvement of the roads. These measures have not yet received the final sanction of the Government of India; but I have no doubt that they will be pushed vigorously forward and carried efficiently into execution by the very able officer—Mr. Halliday—who has been recently appointed to preside over the Presidency of Bengal. With regard to the North-Western Provinces, I can never refer to them without expressing my regret at the serious loss they have sustained by the death of Mr. Thomason. A very able civil servant—Mr. Colvin—has been appointed to succeed him, and I have not the least doubt that this gentleman will discharge his important duties most efficiently. The only great event in the internal affairs of India which has taken place since last year has been the opening of that gigantic undertaking, the Ganges Canal, a work which, I believe, exceeds any other ever heard of, either in ancient or modern times. Without troubling the House with minute details, I may state, from a paper drawn up by Major Smith, the able engineer officer who succeeded Colonel Cautley in the superintendence of the works, that the length of the main canal, which will be used for purposes both of irrigation and navigation, is 525 miles, and of the branches 373 miles; making altogether 898 miles. The breadth at the upper part is 140 feet, and in other places it is 80 feet, diminishing to 20 at its termination. The depth varies from 10 to 5 feet. The flow of water at the entrance is 6,750 cubic feet per second; the area of irrigation is about 1,500,000 acres, and the population deriving benefit from it amounts to about 6,000,000 of people. There are two watercourses over it, the one 300 and the other 200 feet wide, and the canal itself is carried over a valley in an aqueduct of magnificent proportions, composed of 15 arches of 50 feet span, and a waterway of 750 feet. Throughout its whole course there are side

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canals, where necessary, so that there cannot by any possibility be a stoppage in the navigation. Compare this gigantic undertaking with some of the existing works in other parts of the world. The principal Italian canals are only 114 miles long; the two great canals in Egypt are 120 miles in length; the Erie Canal is 363 miles long; the four largest French canals are only 582 miles in length; while the principal canals in Holland are not more than 400 miles. The Ganges Canal, therefore, is nearly twice as large as the greatest canals in any country in the world; and it has been constructed under the superintendence of a single man, Colonel Cautley, to whom the Governor General of India most deservedly paid the highest honours which it was in his power to bestow, and whom I had great satisfaction in recommending to Her Majesty, since he came home for the distinction of the Bath, as an acknowledgment of the distinguished services he has rendered to the country. I will not trouble the House by any enumeration of what has been done in the Punjab; but I cannot help pointing out the remarkable fact that, although only three years have elapsed between the battle of Goojerat and the date of the Report on the administration of the Punjab, which is in the hands of Members, yet a large tract of country has been changed from a state of lawless violence to a state of peace and security, which is not surpassed in some of the oldest settlements in India. The land revenue has been reduced 25 per cent., the customs duties have been repealed, and all this has been completed in little more than three years. This success has arisen from the adoption of what I hold to be a sound principle of Indian government, namely, European superintendence and Native agency; and the result is highly creditable to Lord Dalhousie, and the very able officers whom he employed. Here, too, they have opened about 1,350 miles of road, and surveyed about 5,200 miles more, and several hundred miles of canal have been commenced, in order to irrigate and bring into productive operation an enormous tract of country. In spite of the reduction of taxation there is still a surplus revenue. In 1849-50 that surplus was 520,000*l.*; in 1851-52 it was 626,000*l.*; in the next ten years, allowing for the great works in hand, it is estimated at 210,000*l.*, and after that at 500,000*l.*; so that, when about 250,000*l.* is deducted for military expenditure, there will be a considerable surplus in a country which has very recently been brought under British rule. Works are also in progress for the supply of water to the town of Bombay, which is much required;

Progress of
administration
in the Punjab.

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Works.
Water for
Bombay.

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Anicuts,
Madras Pre-
sidency.

Survey of
Godavery.

Railways.

Electric
Telegraph.

for it is a curious fact that one of the purposes to which the railway has been applied has been to bring fresh water into the town, a purpose which, among the many advantages the railway confers, was certainly not originally expected from it. In the Presidency of Madras, the Godavery anicut is nearly completed, that on Kistnah is commenced, and we have sanctioned considerable further outlay on the Coleeroon. The survey of the river Godavery has been partially made. We have ordered vessels to be sent out, of higher power and less draught of water, to complete it; and should the river be navigable, I will not say at all times but for the greater portion of the year, it will open up one of the greatest cotton districts in India, and bring down that valuable product at a much cheaper rate than any transmission by railway, to the great advantage of the people of this country. With regard to the great railways of India, hon. Gentlemen are aware that the great difficulty has been the want of money, owing to the state of the money market. Up to last year there had been considerable delay, but the Government determined then that the great railways in India must at all events be made. The change of circumstances in the money market, just about the time that determination was come to, raised a difficulty which had not been anticipated; but steps have now been taken to prevent any further delay in the execution of the works. In Calcutta the line is by this time opened for forty-six miles, and the works for 120 miles more are under contract—the great obstacle to more rapid progress being the insufficient supply of iron rails from this country. The Madras Railroad is going on slowly, without any obstacles, and the Bombay line is opened for some distance. With regard to the lines to the north-east from Bombay, some doubt exists as to crossing the Ghauts, and until the country has been surveyed and reports sent in, it is impossible to decide on the exact course. In the meantime there is as much to be done on the line of railway towards Poonah as the Railway Company is likely to be able to accomplish, so that I do not consider that any time is really lost. In the last few months a work of much less difficulty, but of very great utility, has been nearly completed. The electric telegraph is laid down all the way from Calcutta to Agra, and from Agra to Bombay. It is, we know, in active operation, because messages have been received by it; and, I believe, by this time it will have been carried to Delhi. This important work has excited the greatest sympathy among the Natives of India, and it is satisfactory to find it can

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so easily be effected and maintained through the wild and desolate country which it must traverse in so great a distance. Great credit is due to the able officer, Dr. O'Shaughnessy, by whose zeal and skill this important work has been executed. An uniform postage, by means of a stamp, as in this country, has been established throughout India. The clothing of the troops has been put upon a proper footing, and various improvements of minor importance have been made, with which I will not now trouble the Committee. I will pass now to what has been done in execution of the provisions of the Act of Parliament of last Session. We have received intelligence of the assembling of the new Legislative Council at Calcutta, but it has only had time, subsequent to its meeting, to go through some formal proceedings. The House is, no doubt, aware that the Court of Directors, in conformity with another provision of the Act, have performed, with a single-minded view of what would be best for the public interest, the most painful task of reducing their own numbers to fifteen, and those numbers have been filled up by the addition of three named by the Crown. Some difficulty, it will be remembered, was anticipated that the Court so constituted might not work well together, but I am happy to say that such apprehensions have proved altogether unfounded. By the concurrent testimony of all parties, I am happy to say, no difference of the kind apprehended has existed, but the whole eighteen members have worked together as cordially as if they owed their origin to exactly the same authority. I feel here bound to bear my tribute of testimony to the assistance I have received from the whole of these Directors, and I think great advantage has been derived from their independent character and the knowledge which they possess from having, as is the case with most of them, been so long in India. On all the important subjects which it has been my duty to bring before them I have found great readiness on their part to concur in what I thought necessary for the public interest. Passing from this point, it is desirable I should inform the House that the Law Commissioners appointed for the purpose of revising the imperfect legal procedures relating to India have not yet been enabled to bring into the shape of an Act of Parliament any measure which could be submitted for consideration this year; but I hope that, early next Session, I shall be able to carry out a Bill with a view to dealing with the Supreme Court in Calcutta, and in India generally to revise the forms both of civil and criminal procedure. Though

Uniform
postage.Commis-
sioners for
judicial
reforms.

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Medical
Service.

Admission to
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nothing has been done in this direction in the present year, I hope next Session that a proposition will be brought forward for the establishment of a system of procedure even more simple than the improved system recently introduced into this country by the common consent of the most advanced lawyers both in this and in the other House of Parliament. Upon this subject legislation in this country has made great strides within the last year or two, and it is highly desirable that India should have the benefit of our improved legislation. A Commission for inquiring into and revising legal procedure is also sitting at Calcutta, of whose labours we shall have the benefit. Between the two, therefore, I hope that the present form of Indian judicature may undergo complete revision, and that a simple mode of procedure, easily intelligible to the Natives, will bring justice home to every man's door in a way which certainly has not been the case hitherto. With regard to the regulations for the examination of the assistant surgeons, I believe I have already stated to the House on a previous occasion that the first examination will take place in January next; it will be conducted on the principles of competition, and henceforward the examination will be taken half-yearly. As respects the admission to Haileybury, I was in hopes to have been able to state the regulations under which students might be admitted there by competition. The House is, no doubt, aware that no nomination can take place since the operation of the Act in April last, but a certain number of nominations had been made before that time which have not been taken up, and of course until those have been taken up there can be no admission by competition. Some time since I requested a number of gentlemen, most of them friends of my own, who felt an interest in this subject, to take it into their consideration. Among them was the right hon. Gentleman the Member for Edinburgh (Mr. Macaulay), the Vice Chancellor of the London University, Mr. John Lefevre, Lord Ashburton, Mr. Jowett, a distinguished Member of Balliol College, and Rev. Henry Melvill, the head of Haileybury. As soon as I am informed of the result of their deliberations, I shall be enabled to promulgate the regulations which may be necessary with respect to admission to Haileybury, and next summer admission will probably take place by competition. There are now only two other subjects upon which I need trouble the House, both of which excited the greatest attention before the Committees of last year—I mean those of public works and education in India. The system

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of public works is one to which my attention was very early directed, and I could not but perceive the utter want of system with which they were conducted throughout India. The reports of Lord Elphinstone and of Lord Harris as to Bombay and Madras entirely confirm this view. Works appear to have been sanctioned and undertaken in India with very little regard to what could possibly be carried out, and it was impossible to know how much had been done or when it was done. Now, the estimates for public works in India ought to be framed annually, as they are in this country; and I have sent out a model upon which the estimates there should be framed, so that we may be informed what the total cost of each work will be, what has been the expenditure in each year, and what is required to complete it. So far as Bengal and the North-Western Provinces are concerned, there is already organised a separate department of public works, and I hope in the other provinces some similar system will before long be adopted, so that we shall have some responsible head for the management of this important department. The next essential consideration is the means of executing the works. Hitherto the only fund applicable in this way has been the surplus revenue in each district. Now, I thought that was not only bad economy, but was unduly postponing the benefit which the inhabitants, and ultimately the revenue, should derive from the execution of these works. I, therefore, have proposed to expend upon the main and principal public works as large a sum as may be found adequate for the purpose of completing them. Whilst the conversion of the 5 per cents. was going on and we did not know what the drain on the treasury might be, we were obliged to reserve our balances in hand, but now we are at liberty to act more freely, and the Governor General is authorised to apply the necessary money to the execution of these great works. The real check upon the execution of these works not only now, but in former times, is the want of adequate superintendence. Money has been thrown away for the want of that superintendence. The engineer officers are employed on this service to the utmost extent which is compatible with the efficiency of their corps. Officers are largely withdrawn from the other regiments; civil engineers are not to be had; and all we can do is to supply the deficiency as well and as rapidly as we can. I trust the colleges now being established will induce many to educate themselves as civil engineers; but it is now only too true that the superintendence is deficient, and there are no

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Public Works.

Do. system
in Madras and
Bombay.

Do. in
Bengal and
N. W. Provs.

Loans for
reproductive
works.

Demand for
Engineers.

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Education.

Systems differ
in the several
Provinces.

Do. in
Bengal.

Do. in
N. W. Provs.

Do. in
Bombay.

Do. in
Madras.

very obvious means of supplying that deficiency. I now come to the last, and certainly not the least important, subject on which I shall trouble the House, and that is, the measures taken for supplying the great want of education in India. It would be most unjust to many persons not to pay a tribute of praise to them for what they have done, or to deny that a great deal has been done for promoting education in India; but I think, at the same time, it was evident from the evidence given before the Committee, that a great deal still remained to be done. Sir Thomas Munro, Mr. Wilson, Sir Charles Trevelyan, Mr. Macaulay, Mr. Bethune, Dr. Mouatt, Mr. George Norton, and my hon. Friend opposite (Sir E. Perry), are among the persons to whom honour is due. The members of the various missionary societies have, likewise, been most energetic to promote the cause of education. But certainly no persons can give stronger testimony than those gentlemen who have done the most as to how much remains to be done. They, by experience, are acquainted with what is wanted, and can point out the best way to provide it. The system of education appears to be different in different provinces. In Bengal, English education has been pushed to a very high extent; there has been there a great demand for the acquisition of the English language, with a view to employment in the public offices; and hon. Members may have seen, in examination papers used in Bengal, which were printed in the appendix to the Report of the Lords' Committee, questions which I confess I should be very sorry to have put to me, and which probably many Gentlemen round me would find some difficulty in answering. Accompanying that high English education, there has, however, been in Bengal a great neglect of the education of the masses of the people. On the other hand, in the North-Western Provinces, Mr. Thompson established a system of schools for the Natives, which the people were induced to attend, by the advantage to be derived from learning the mensuration of land and the mode of calculating their holdings. Dr. Mouatt, who has recently been the Secretary to the Council of Education in Bengal, admitted that in practical and useful knowledge conveyed to the people in the vernacular the schools in Bengal were very far inferior to those established by Mr. Thomason in the North-West Provinces. In Bombay there are very good mixed English and vernacular schools, and in Madras Lord Elphinstone exhibited a remarkably good college; but religious disputes unfortunately have prevailed there, and, so far as Government

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schools go, they are worth very little. On the other hand, the efforts of the missionaries have been more developed in Madras than anywhere else, and the vernacular education of the missionary schools is carried to a far greater extent there than in any other part of India. The medical college of Calcutta produces most exceedingly skilful pupils, and, wherever medicine has been taught, it has been taught with very great success. The working college of Roorkee, which has taken the name of its founder, Mr. Thomason, promises very well in drawing out engineering abilities. In Calcutta, the Governor General has established a college where medicine, law, and civil engineering are taught, and this promises good results, for by far the greatest defect of the education given in India is its want of a practical character. I am far from underrating any part of the education which is imparted under the system now followed in the various provinces, but the great object of any system of education in India must be to extend it to the great body of the people. Hitherto the greatest expenditure in proportion to the numbers has been upon education of a high description, and this appears to us to be wrong. Education of the higher class may be left to the care of the parties themselves who are to benefit by it, and who can appreciate its advantages; but what is really wanted for India is the extension of education to the great body of the people, and this has been the main end kept in view in the proposals we have made. With this object, we shall take every desirable part of the system we see existing in one part of India or the other, and endeavour to form a scheme which may be adapted to the whole country, leaving the details to be filled up by the authorities on the spot. We lay down a general scheme which they are to work out as the circumstances of each district seem to require. The great features of the scheme are so fully explained in the despatch, which has been placed in the hands of hon. Members, that it will be unnecessary for me to detain the House by dwelling upon them at any length, nor would it be possible for me to state the details with much minuteness, as these must differ in different places and with different circumstances, and it is proposed to leave them to be carried out on the spot by the officers employed in the educational department. Hon. Gentlemen are aware that in India, as I am sorry to say is the case in this country, religious differences oppose a very great obstacle to the adoption of any uniform system of education. We have determined, however, to carry out a system which, I believe, is likely to

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Education,—
contd.

Thomason
College.

High-class
education.

The Education
Despatch of
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Education,—
contd.

Grants-in-aid.

succeed—that is, a system of grants-in-aid to schools according to their wants and their means of imparting education, irrespective of any religious instruction administered in those schools. We propose to put them all under inspection, requiring certain things from them—certain things to be taught and done. Such schools will be reported upon, and, according to their compliance with these requirements, they will receive assistance from the Government. I repeat, however, that as regards all religious teaching we carefully abstain from any interference whatever. That has been the principle upon which Indian government has been conducted for many years past, and it is, I believe, the only safe system upon which it can be conducted in that country. I am perfectly convinced that if the Government were to introduce into India any system of education which should lead the Natives to suppose that we had a wish to proselytise them, it would only injure and prevent that result which we all wish to see produced—I mean the advancement of education. I am, therefore, most anxious it should be fully understood that we give assistance to missionary, to Mahomedan, to Hindoo schools, and to any schools, of whatever religious faith they may be; that we look only to the secular education imparted there, requiring it to be of sufficiently high standing, and requiring the education to be properly imparted; but that we in no way want to interfere with the religious belief or the religious teaching in those schools. We propose to establish universities in the great centres of the Indian presidencies on the model of the London University—that is, with the power of conferring degrees after examination, without themselves engaging in the instruction of students. The universities will be at the head of affiliated colleges or institutions, as is the case with the London University. The affiliated institutions will include colleges of any religious persuasion—Missionary, Hindoo, Mahomedan, or Government colleges. Every place of instruction, indeed, which gives an education sufficiently high to enable a person to obtain a degree, may be affiliated. Below these colleges we propose to have schools of two different classes. I do not like to distinguish these schools by the terms “Anglo-vernacular” and “Vernacular” schools, for those terms do not express what we mean; but probably in the lower of these classes it may be found impossible to teach anything but the Native language, whilst in the class of schools above them I hope that both the English language and the vernacular dialects of India will be taught. At present, one of the greatest difficulties interposed in the

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way of Native education is the want of books in the vernacular languages of which the contents are valuable and worth teaching, but to some extent, at least, this want may be supplied, and, at all events, we may confidently look forward to the greater diffusion of the English language amongst the Native population, and with it a knowledge of the science and arts of Europe. We propose to establish scholarships as prizes from the lower schools, presenting to the students rewards which the more diligent and exemplary may hope to obtain. We hope from amongst the better scholars to find some who may adopt the profession of teaching, and do something to supply the great want of educated schoolmasters. There have been many instances of Native students of superior endowments, well fitted for the vocation of schoolmasters, and whom we should be willing and anxious to train up as teachers by the establishment of normal and training schools for schoolmasters. We propose to place the whole of these institutions under constant inspection, and examinations will be regularly conducted under the eyes of the Government inspectors. We think, also, that instead of continuing the Councils of Education, it would be far better that the educational system should be under the control of a Government department. I am very far from underrating the exertions which have been made by those Native and English gentlemen who are members of the Councils of Education, and I trust that most of them will continue to render their assistance in the promotion of education as members of the senates of the universities; but I think it is advisable that the system of education should be placed under the superintendence of a Government department. We also contemplate either the establishment of professional colleges or the appropriation of branches of the colleges to the purpose of instruction in professional knowledge. Students who display talent for particular professions—as, for instance, for engineering or medicine—may then be enabled to cultivate their abilities in these professional institutions. We shall thus provide, in truth, for promoting the education of the higher classes by the distinctions afforded in the universities for those who complete their education in the colleges, and for that of the mass of the people in the different classes of schools. In the lower class of schools we shall provide a native schoolmaster, with assistance in books and scholarships in the class above. For the upper class we shall give assistance towards the erection of school-houses, with scholarships to the colleges; and for the students most

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proficient in the end there will be scholarships in the training schools or the professional colleges. This is the scheme which, on the whole, I have thought it most advisable to adopt; but the Committee will give me credit for sincerity when I say that I have the greatest possible diffidence in my own judgment, and that I shall be overjoyed to have the assistance and advice of those who are competent, by their knowledge of the country and acquaintance with the habits and dispositions of the Natives, to offer suggestions on this important subject. If, however, the scheme had rested entirely upon my own judgment, I should have hesitated in entertaining any very sanguine hope of its success; but I have consulted many gentlemen who, from the great interest they have taken in the question of education in India, were well qualified to afford sound advice upon the subject. I may content myself with observing that the plan has been submitted to Dr. Duff, with whom I had a long conversation regarding it, to my right hon. Friend the Member for Edinburgh (Mr. Macaulay), to the hon. and learned Member for Devonport (Sir E. Perry), to Mr. Marshman, Sir Edward Ryan, Dr. Mouatt (the Secretary to the Council of Education in Calcutta), to Mr. Beadon, and Mr. Seton-Karr, to Mr. Nerton (who was President of the Council of Education at Madras), Mr. Prinsep, Mr. Baillie, as well as other gentlemen of eminence connected with the Indian service, and it is most gratifying to me to be able to state, without referring to details, that the general scheme which I have proposed has met with their approval. I trust, after the approbation they have expressed of this scheme, that it may be attended with satisfactory results. Much will depend on the hands to which the actual working of the system is confided; but when I look at the number of persons, both English and Native, who have devoted themselves to the cause of education in India, I cannot entertain a doubt that the adequate means of carrying it into execution will be found, and most earnestly do I pray that by the blessing of Providence its beneficial influence may be extended over the whole surface of that vast region, so that the grand and lasting result to which we may look forward will be the moral and religious improvement of its inhabitants.

SIR ERSKINE PERRY said, he trusted he should not be thought presumptuous if he ventured to take a part in this discussion, although he felt that he was more in need of indulgence than almost any one who had called the attention of the House to Indian affairs, for he was unable to bring

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before them any of those topics so well adapted to excite attention which had generally been urged in Indian debates. He was neither able to adduce such instances of misgovernment as had occasionally been brought forward, nor to paint such glowing pictures of prosperity as had been described by the hon'ble Member for Honiton (Sir J. Hogg) and other hon'ble Gentlemen. He (Sir E. Perry) hoped the Committee would believe that the opinions he was about to express had been formed without any personal bias one way or the other, his only object having been a sincere desire to ascertain the truth. He had heard the speech of the right hon'ble Baronet (Sir C. Wood) with unmixed gratification. He (Sir E. Perry) was satisfied that he represented the opinions of thinking people in India when he said, that that speech would be hailed as the most promising with regard to political prospects that had ever been addressed to them from this country. The right hon'ble Baronet had frankly admitted that the estimates he had framed presented what was certainly an alarming deficit, but, notwithstanding this circumstance, he had detailed the operations which he proposed with respect to four great subjects intimately connected with the prosperity of India. The despatches that had been laid upon the table showed that the right hon'ble Baronet had given to public works in India a stimulus such as those enterprises had never before received. The Governor General and the Governors of the different presidencies had been allowed to avail themselves of the large balances standing in the public Treasury, independently of the revenue of the year, in order to promote any public enterprise characterised by sound engineering skill, or which had local evidence in its favor. With respect to the judicial establishment, also, hints had been given to the Governor General as to the pay of Native judges—a subject on which so much evidence was taken before the Parliamentary Committees of last year, and on which a very strong feeling existed both in this country and in India. The right hon'ble Baronet had effected a very large and beneficial operation on the funded debt of India, by reducing the interest from 5 per cent. to 4 per cent. If the tenure of the right hon'ble Gentleman's office was to be characterised by the measure of education he had sketched, he (Sir E. Perry) would be bold to say that the name of Sir Charles Wood would be linked by the grateful Natives of India with the two or three English names they loved to honour. He (Sir E. Perry) cordially concurred with every portion of the educational scheme of the right hon'ble Gentleman. For years past the educationists of

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interest which
discussions on
Indian sub-
jects excite in
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India had been appealing to the home authorities for that assistance and encouragement which was now to be afforded them. They had previously appealed in vain for assistance to enable them to establish normal schools, training colleges, universities, and to promote education generally, but now, for the first time, did they find anything like large and general support extended to them by the home authorities. He considered that the gratitude of India was due to the right hon. Gentleman for having proposed these measures, which emanated, he believed, from the Board of Control. Although, however, he (Sir E. Perry) had listened to the speech of the right hon. Baronet with unmixed gratification, he could not help observing from the demeanour of the House, and from the thinness of the benches and even of the Treasury bench, that very little interest in discussions of this kind was shown within the walls of that House. It certainly might have been expected that the colleagues of the right hon. Baronet (Sir C. Wood) would have attended to hear what was certainly one of the most glowing pictures of India that had ever been drawn. He, however, attributed their absence and the dulness of demeanour that had characterised the House to the fact that discussions of this kind did not appear to lead to any practical result. He thought it was necessary, in order to excite the attention of the House, that hon. Members should feel that they were being instructed with a view to some operation on their part, or to some active demonstration to which they could lend aid. It had been the characteristic of all the Indian discussions of this nature that they took place in almost empty Houses. On the last occasion when a similar budget was opened, only about thirty Members were present, although the Duke of Wellington made an admirable speech in favour of his brother's administration. It was then, as it was now, and as it would continue to be, the general feeling of the House, that the information afforded by Indian discussions of this kind might be just as well gained from blue books. He (Sir E. Perry) thought, however, that a very important moral might be drawn from what they had heard from the President of the Board of Control to-night. If he (Sir E. Perry) had correctly characterised the scheme propounded by the right hon. Baronet for the government of India, it appeared to him the strongest argument that could be adduced in favour of a proposition brought before the House many times last year, as to the value of Parliamentary interference with respect to the great principles that should govern our rule in India. He attributed entirely to the

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Parliamentary discussions that had taken place, and to the Act that had emanated from them, the very great strides in administration which had been made with respect to India during the last twelve months. That Act very much enhanced the position of the President of the Board of Control; it greatly diminished the power of the Court of Directors; it threw increased responsibility upon the Ministers of the Crown; and the very statement that had been made that night afforded the strongest possible demonstration of the value of the plans propounded in that House last year. The proposition brought before the House last year was one which was most interesting to many thinking men out of doors; it occupied much public attention, and was re-echoed loudly by the press, and in the House was ably and eloquently urged by the hon. Member for Manchester (Mr. Bright), the main point being the general feeling which existed of the necessity of some Parliamentary influence with respect to the government of India. The hon. Member for Manchester brought forward his arguments on various occasions, always urging the necessity of such Parliamentary influence, and he (Sir E. Perry) took the liberty of saying, that the arguments by which the hon. Member for Manchester supported his propositions excited the admiration, if not of that House, of which at that time he (Sir E. Perry) was not a Member, of people out of doors, and he believed the soundness of his views, and the facility with which he expressed those views, raised him, even in the opinion of Members of the House, to the highest rank of Parliamentary orators. In his own opinion, the breadth of the views, propounded by that hon. Member, and the vigorous grasp he took of a difficult subject, convinced him that he was equal to all the exigencies of Government, and was blessed with the possession of a statesmanlike mind, which, if he had had the opportunity, would place him in the first class of statesmen, as well as of Parliamentary debators. He (Sir E. Perry) deduced from the topics, which, upon the present occasion, had been so well brought forward by the right hon. Baronet the President of the Board of Control, an argument in behalf of that position, and he was anxious to demonstrate that Parliament had never interfered with respect to India, except under the most beneficial auspices. It was a Parliamentary struggle which, twenty years ago, opened the trade of India to English merchants. It was by another Parliamentary struggle about the same period that the China trade was emancipated from monopoly; it was Parliament that first introduced education into India, that

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gave it that stimulus from which such great effects had resulted, and it was Parliament which, by its last Act passed with reference to the subject, had interfered most beneficially to destroy what he conceived was one of the worst parts of the government of the company—namely, the civil patronage it enjoyed, and which English statesmen knew had operated so injuriously to the good government of that country. The general objection brought forward to Parliamentary influence with India was, that it would reduce the Government of that empire to the condition of that of one of our Colonies, that Parliamentary influence with our Colonies had been generally deprecated, and Indian reformers were asked, whether they would have a system of ruling which was so deprecated introduced into that large country? That was the position which was thrust into their faces; but the House would observe there was one thing which, in the consideration of this matter, ought to be weighed most carefully; and that was, the extraordinary difference existing between the Colonies of this country and the empire of India. With respect to the Colonies in connection with this country, he might presume to speak with some degree of authority, having lived in one of them, and it would be found, as a general rule, that they were inhabited by an Anglo-Saxon democratic people, struggling for self-government, and animated by few of those feelings of interest in the aristocracy which appertained to the mother country. In general they had obtained self-government; they had, however, been unruly; the mother country had been annoyed during the struggle, but in the main they had succeeded in obtaining good government. India, on the contrary, was a large peninsula, a populous country, necessarily under a despotism, and it was, therefore, as utterly dissimilar in its condition to any of our Colonies as one country could be to another; to compare India with a colony was to compare two countries wholly different in their characteristics. It was, however, unnecessary to institute such a comparison, or to found any argument upon it, because we had an example of colonial government as applied to an Asiatic colony in direct juxtaposition with the government of India, and that example was to be found in the island of Ceylon, and he could show the House that that colony had during the last two or three years progressed in a more rapid and extraordinary manner than even India itself—

“ In 1834 the first coffee estates were planted. In 1854 there were upwards of 300 plantations in full bearing, containing 60,000 acres of planted land. The capital thus invested by Europeans has been about

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4,000,000*l*. Between the years 1838 and 1843 the Ceylon Government sold 250,000 acres of Crown land, and opened 800 miles of good carriage-road. There are now more than 3,000 miles of road in Ceylon. In 1837 the coffee shipped amounted to 43,000 cwt.; in 1852 to 324,000 cwt. In 1837 the value of the imports was 595,888*l*., that of the exports 326,860*l*. In 1845 they amounted to 1,495,127*l*. and 679,286*l* respectively."

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That was the wonderful state of progress in that island during the period he had described, and it was entirely owing to European enterprise and the investment of European capital giving to that island large views of government. While, then, he expressed his own opinion as to the views which were brought forward last year upon this subject, and advocated so strongly, he entreated the House to remember the manner in which those views were met by the leading statesmen of this country; they were met in a manner which led to the material curtailment of the power of the Court of Directors, and to the transfer of that power, and with it the responsibility it entailed, to the Government. The Court of Directors was a mighty power; it had all the prestige attaching to the prolonged existence of 250 years; its antecedents and its history were the antecedents and the history of a power of no small importance. Its gigantic patronage had given it relations and interest in every household of the kingdom; its claims in the opinion of all sober-minded men were substantial, and on conservative affections could not be otherwise than great; but, notwithstanding all this, when the views to which he had referred were propounded in that House and disseminated out of doors, excepting the immediate retainers of the Company, not a single voice was raised in its favor. In no other way could that be explained than in this:—the leading statesmen of this country saw that the existing system had become effete—that it was no longer in harmony with the spirit of the times—and that the feeling had grown up in the minds of men that this mighty empire could only be governed and be increased with safety by those who, in a Parliamentary government like that of England, were placed at the head of affairs. Parliament required to know, and India required to know, how the government of 150,000,000 of the human race was to be conducted, and the circumstances of the time demanded that its administration should be brought under Parliamentary influence, for as long as another body existed, which practically had the Government of India, they would never get a House—more than they had that night—to listen to a statement respecting Indian financial affairs or the progress of improvement in that

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country. If the right hon. Baronet or the House referred to the origin of the Indian speeches which they might read in *Hansard*, they would find that in many cases they were never made in the House at all, being the production of some clerk in the India House, who used to prepare them, and then, after Mr. Dundas had delivered a few sentences to the House, the MS. was handed over to *Hansard*; he was even told that the clerk in the Board of Control could show a number of the speeches got up in that manner. Unless, therefore, they got the ordinary Parliamentary motives to bear in relation to this question, it never could be a general subject of interest to the discussion of which hon. Members would aspire. He was glad to have had the opportunity of stating his views on this point, believing as he did that truth, although it might be told to an audience however small, would ascend in the world, and, being disseminated, take firm hold of the public mind, arming itself at last with irresistible power. He was unwilling to dwell longer on this subject, but he wished before he sat down to call the attention of the House to a point connected with finance, on which he conceived it might interfere most beneficially in the interest of India—he meant with respect to the propriety of an arrangement for bringing the offices of the Directors of the East India Company, into close connection with the Government offices. That subject excited the attention of Parliament last Session, and if any hon'ble Gentleman would refer to the divisions which took place on it, he would find the House was almost equally divided on the question before them. The division, he recollected, was sixty-one to seventy-four, the proposition for bringing those offices together being negatived by a majority of thirteen, and in the minority of sixty-one would be found the names of a large number of Gentlemen on that side of the House who were known friends of India. The right hon. Baronet had detailed to them that evening the various expenses of India, and it certainly did strike him (Sir E. Perry) that it was most absurd that the offices of two consulting bodies should be more than four miles apart. He thought he could show the House how they could save to India at least 150,000*l*. The whole cost of what he might call the double government, taking it on the most moderate calculation, was as follows:—Salaries of Court of Directors (now 10,000*l*.), 7,568*l*.; of contingent expenses, consisting of repairs, taxes, &c., and petty charges, 32,062*l*.; salaries, &c., of the secretaries and officers of Court of Directors, 94,387*l*.; Board

Cost of the
double gov-
ernment of
India in
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of Control and establishment, 29,420*l.*; rent of India House and other buildings of the Company, at 6½ per cent. on their own valuation of 506,919*l.*, 32,950*l.*; rent for India Board, on a valuation of 40,000*l.*, 2,600*l.*—making, in the whole, 198,987*l.* Now, let them contrast that with the cost of Government offices which transacted similar duties—he meant the Colonial Office, doing the business of fifty-three Governments, which amounted to 40,550*l.*, and if they added 10,000*l.* a year as salaries of the Court of Directors, supposing them to continue always in existence, the whole cost would be 50,550*l.*; therefore, the sum of 150,000*l.*, or near it, might be applied to the purposes shadowed forth by the right hon'ble Baronet. He trusted that some hon'ble Member with more experience than himself would favour the House with his opinion of the practicability of such an amalgamation; for if a saving to that extent could indeed be effected, it might be attended with the most important advantages to India; and he had sanguine hopes the matter would be investigated by the right hon'ble Baronet himself, as he (Sir E. Perry) had seen enough of the Government of India to know that their chief desire was to deal out justice to the Natives of that country, and in their supervision to correct what was wrong. He sympathised with the hon'ble Baronet the Member for Honiton (Sir J. Hogg), in the assertion, that an attempt to do justice had characterised the rule of the East India Company. With the mass of business that fell to a Member of Parliament, it was impossible to waste a day in conferring with a clerk at the India House on points upon which information was desired, and which the Board of Control did not contain. The governing mind upon various small points of Indian administration could only be found among the superior class of examiners of correspondence at the East India House. Great benefit would result from getting all the Government authorities of India into one building, situate in the immediate vicinity of the other Government offices. He should not have gone so fully into the subject in so thin a House, except that the opportunity of speaking upon Indian subjects arose so seldom that one, who like himself strongly felt the responsibility cast upon this country by Providence in regard to India, would not do his duty if he did not seize any occasion of this kind that might present itself. Any one who had studied Indian history must see that the temper of the times had greatly changed, and that the views of the public had been much enlarged since the discussions of this subject commenced; fifty or 100 years

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ago the question was how much money could be got out of India, and not how much the Government could benefit 150,000,000 of our fellow-subjects. But the right hon'ble Baronet the President of the Board of Control, and others, were becoming sensible of the holiness of our mission. Parliament was "rising to the height of this great argument." He was sure that the most enlightened minds were desirous that our government in India should assume the most liberal form of policy that was compatible with the despotism that must always exist in an Asiatic country. This policy was as sound as it was unselfish, and he was sure it was only by the adoption of this large and generous policy that Parliament could preserve the connection that now existed for the benefit of both countries, and which, if every act were conceived in the same spirit, would, he trusted, continue for countless generations.

Mr. Kinnaird.

Mr. KINNAIRD said, that after the House had been sitting for ten hours, and after a speech from the President of the Board of Control which had occupied two hours and a half in its delivery, it would ill become him to trespass at any length upon the House. He wished, however, that the right hon'ble Baronet would take into consideration the propriety of sending out instructions, that the accounts should not be made up to April, but that they should be closed in December. The accounts would then reach this country in June, and the right hon'ble Baronet would not have to make his next speech to a House, the number of whose Members varied from eleven to thirteen, as had been the case to-night. He greatly regretted that this very important statement had been put off until the very close of the Session. He trusted that the public works for the benefit of the people would be continued, and he would suggest to the right hon'ble Baronet that the Governors of the four presidencies of Madras, Bombay, Bengal, and Agra, and the officer at the head of the administration of the principalities of Scinde, Pegu, and the Punjab, should be instructed, at the close of each year, following the example of the Earl of Elgin in the case of Canada, to draw up a report of the progress which had been made in the departments of civil and criminal justice, the state of the finances, and the condition of commerce, the improvement in police, in roads, bridges, and internal communication, and also the progress that had been made in the education of the people, so as to give a distinct view of the position and prospects of the respective provinces. If such Reports were laid upon the table annually at the time of the Indian Budget, they would

Accounts to
December.

Departmental
annual re-
ports.

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be of incalculable good. They would create a wholesome and a generous emulation among the Governors, and infuse a spirit of greater zeal into their operations. The annual account would enable Parliament, the press, and the public to compare the success of the measures of one period with another, and test the real progress of India. He believed that the government of India by this country had tended, upon the whole, to the benefit of the inhabitants, and he thought Parliament might boldly invite the criticism of the world upon it.

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MR. HUME said, that the Reports upon the state of the different provinces of India, which his hon'ble Friend (Mr. Kinnaird) wished for, were regularly forwarded to the Court of Directors. [Mr. KINNAIRD: But not to Parliament.] That was because the superintending officer of the Government in that House had never done his duty by calling for them. If the hon'ble Member would look at the Reports by Colonel Sykes, he would find that there were better Reports accessible to him of India than of England. It was not information that was wanted, but publicity. He believed that the Directors of the East India Company had determined to give greater publicity to their proceedings than hitherto, not only here, but in India, where the greatest mystery and secrecy had been observed. He was disappointed in the speech of the hon'ble Member for Devonport (Sir E. Perry), from whom he had expected a statement of what he had seen in India, and what he proposed to do for the people of that country. With regard to the accounts, if they were made up to the 30th of April, as at present, ample time would be afforded for having them correctly laid upon the table; and he thought, therefore, that no alteration was required in the date to which they were made up. He believed that the Government had taken the proper course for ascertaining the requirements of so large and diversified a class as the people of India, and he hoped the interest taken in that people would continue to increase in future. He felt the greatest gratification at the speech of the right hon'ble Gentleman the President of the Board of Control. He had begun his administration well, and he (Mr. Hume) trusted that from this time forward we might expect to see an annual improvement in the state of our Indian empire. He did not himself wish for many of the alterations in the details of administration which had been referred to by previous speakers. What he desired was, such measures as would improve the condition of the Natives. And an excellent commencement in that direction had been made in

Mr. Hume.

Reports.

Accounts.

Mr. Hume.

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Education.

the despatch which had just been sent out, directing the establishment of a system of education. That despatch proceeded upon the right principle of leaving the details of the scheme to be settled in India. For it was utterly impossible for any set of men here to point out the precise measures required for each district of a continent so diversified in character as was Hindostan. It was, however, requisite that that House should be kept informed of what was done, in order that it might be able to guard against any neglect. It was much to the credit of the Government that they proposed to give education to all without distinction of sect or creed. He hoped that in the next Session of Parliament the President of the Board of Control would lay on the table of the House the Resolutions which he intended to move some days before he made his speech. The Resolutions might have been a mere matter of form this year, but it would not be so in future. He could not agree with the right hon'ble Gentleman that it was impossible to improve the revenue of the Presidency of Madras. On the contrary, he thought that Colonel Cotton had conclusively proved that, by the introduction of improved means of communication, the condition of the people might be much improved, and consequently the revenue materially augmented. Let them consider what our facilities of communication had done for England. Well, he believed that India presented capabilities for equal improvement. Looking to the market which Australia would now afford for Indian produce, he was much mistaken if the large outlay on roads and canals which the Government had authorised would not be attended with a most beneficial effect both upon the credit of the country and of the revenue. In order, however, to attain this end, it was very desirable that more attention should be paid to irrigation than had been done for some time past, and that the Natives should be relieved from vexatious imposts like the Moturpha tax, the payment for water, and the tax on the sinking of wells. With regard to the military establishments of India, the right hon'ble Gentleman had correctly pointed out that the Native troops were numerous and the British troops few. But he must press upon the Government the necessity of doing justice to the former troops, and to the 5,000 or 6,000 European officers who commanded them. They had at present much cause to complain that very little attention was often paid to their just claims. He must, in the most emphatic manner, express his dissent from the doctrines laid down by Lord Dalhousie with respect to the acquisition of pro-

Improvement
in Madras
land revenue.

Military
service.

Annexation
policy.

Mr. Hume.

vinces now under the rule of Native princes. We had now a great and important empire in India; we had 150,000,000 of people under our sway; and he (Mr. Hume) wished to see our measures directed to the improvement of the condition of our present subjects—to making them rich and happy—rather than to the acquisition of further territory. And more than that, he desired to see the Native princes of India following our example, and improving the condition of their dominions by the same measures which had been already successful in ours.

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MR. DANBY SEYMOUR said, there were many topics in the speech of the right hon'ble Baronet the President of the Board of Control which called for observation, but at that late hour he would only detain the Committee by adverting to one or two of them. He admitted the great improvement which had been made during the last twelve months in the government of India, which in a great measure was due to the influence and exertions of the right hon'ble Baronet. His minute on education would be received with approbation from one end of the country to the other; but, at the same time, he could not help telling him that, with regard to the salt tax and the supply of salt to India, he took an exceedingly erroneous view, and must have been greatly misinformed upon this branch of the subject. He differed from the right hon'ble Gentleman as regarded the state of the people of Bengal, which he had been told by well informed persons was as bad as Madras. One great fact had come out from the statement of the right hon'ble Gentleman, namely, that there was a deficit of 800,000*l.*, and, therefore, it would be necessary to press upon the Government of India the necessity of retrenchment. One of the most obvious ways in which this reduction of expenditure could be effected, would be by making the regular cavalry irregular, which would diminish the cost by one-half. The regular cavalry was quite inefficient; and the only reason why it was kept up was, that the Directors might have the opportunity of giving away the commissions. The patronage of the Directors had been diminished; but it had now to be divided amongst fewer persons, so that each had more than fell to his share before the Charter Act of last year. So bad was the Madras regular cavalry, that out of eight regiments there was only one that had not mutinied or shot its officers. The right hon'ble Gentleman should press the Directors to adopt the policy of Sir Robert Peel, and to reduce or wholly abolish taxation upon the chief articles of consumption of the great mass of the population.

Mr. D.
Seymour.

Necessity of
retrenchment.

Mr. D. Seymour.

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Mr. J. G.
Phillimore.

MR. J. G. PHILLIMORE said, he fully concurred in the panegyrics which had been pronounced on the speech of the right hon'ble Gentleman; but he trusted that he would not be led away to prefer rapid to cheap transit. Another point in which he (Mr. J. G. Phillimore) took great interest was the navigation of the Godavery. Were that river made practicable for 500 miles, it would do more for India than any other step that could be taken, and it would enable us to grow cotton at a much cheaper cost than could be done by America itself. As to the extension of our territory, he looked upon every annexation with apprehension. Our object ought to be, not to extend, but to improve, our possessions.

Mr. S.
Fitzgerald.

MR. SEYMOUR FITZGERALD said, he must complain that the officers of the Queen's service were by the existing rules placed in a most injurious and degrading position. He could understand why a preference should be given to officers in the Company's service; but this was not a matter of preference, but of absolute monopoly. An officer in the Queen's service might be a most able and distinguished man, but he was shut out from all the honours and emoluments of his profession, as long as there was any Company's officer that by any possibility could be presented to them. The true remedy would be to amalgamate the two services; for he thought that there should be but one service, and that the Queen's.

Mr. V. Scully.

MR. VINCENT SCULLY said, he thought it was unfortunate that the statement of the right hon'ble Baronet had not been made at an earlier period of the Session, and also that the Members connected with India were not in attendance in the House on so important an occasion. He thought the misfortunes of the people of India arose from the vice of the land tenures in that country, and he hoped the right hon'ble Gentleman would attend to that subject, as vicious tenures of land had been the ruin of the West Indies as well as of Ireland. The condition of the rural population of Poonah in June 1854 was of the worst description; they were literally famished, and thousands of them had been living on roots for the preceding four months, all because of the viciousness of the land tenures in that country.

Sir C. Wood.

SIR CHARLES WOOD said, he must beg to express the great gratification he felt at the approbation hon'ble Gentlemen had been pleased to bestow upon his statement. With regard to the observations upon minor points, he was quite aware that many improvements might be made. With

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regard to the debt, there might be found, at pages 43 and 44 of the Report, a full statement of it, and the interest paid. As to the universal confiscation of the property of Indian Princes, that was not near so universal as had been stated. He wished at the same time to correct a misapprehension under which his hon'ble Friend (Mr. V. Scully) laboured. Owing to the want of rain there had been last year a failure of the crops, and to that circumstance the destitution was to be attributed, and not to the state of the land tenure. With respect to the observations which had been made in relation to the Godavery, he had to observe that certain works had been recommended and executed for the improvement of the navigation, and that further works were contemplated for the like object, so as to carry the navigation, if possible, into the heart of the country, and render the river navigable as far as possible.

8TH AUGUST
1854.

Resolved—

1. "That the total net Revenues of the Bengal Presidency for the year ended the 30th day of April 1852 amounted to 7,584,435*l.* sterling; and the Charges thereof for the same period, other than Military Charges, amounted to 1,926,362*l.* sterling."

Resolved—

2. "That the total net Revenues of the North-Western Provinces, including the newly acquired Territory, for the year ended the 30th day of April 1852, amounted to 5,670,715*l.* sterling; and the Charges thereof for the same period, other than Military Charges, amounted to 1,402,238*l.* sterling."

Resolved—

3. "That the net Revenues of Bengal and the North-Western Provinces, together, for the year ended the 30th day of April 1852, amounted to 13,255,150*l.* sterling; and the Charges thereupon, including the Military Charges, amounted to 8,770,830*l.* sterling, leaving a surplus available for the general Charges of India of 4,484,320*l.*"

Resolved—

4. "That the total net Revenues of the Madras Presidency (Fort St. George), for the year ended the 30th day of April 1852, amounted to 3,704,048*l.* sterling; and the net Charges thereof for the same period amounted to 3,204,273*l.* sterling, leaving a surplus available for the general Charges of India of 499,775*l.* sterling."

Resolved—

5. "That the total net Revenues of the Bombay Presidency for the year ended the 30th day of April 1852 amounted to 2,868,298*l.* sterling; and the net Charges thereof for the same period amounted to 2,847,392*l.* sterling, leaving a surplus available for the general Charges of India of 20,906*l.* sterling."

8TH AUGUST
1854.

Resolved—

6. "That the total net Revenues of the several Presidencies for the year ended the 30th day of April 1852 amounted to 19,827,496*l.* sterling; and the Charges thereof amounted to 14,822,495*l.* sterling, leaving a surplus Revenue of 5,005,001*l.* sterling."

Resolved—

7. "That the Interest on the Registered Debt of India paid in the year ended the 30th day of April 1852 amounted to 1,967,359*l.* sterling, and the Charges defrayed in England on account of the Indian Territory in the same period amounted to 2,506,377*l.* sterling, leaving a surplus of Indian Income for the year ended as aforesaid, after defraying the above Interest and Charges, of 581,265*l.* sterling."

House resumed.

MR. VERNON SMITH'S FINANCIAL STATEMENT,

1854-55.

INDIAN FINANCE—EAST INDIA COMPANY'S REVENUE ACCOUNTS.

Ordered—

"That the several Accounts and Papers which have been presented to the House in this Session of Parliament, relating to the Revenues of the East India Company, be referred to the consideration of a Committee of the whole House."

Matter considered in Committee.

MR. VERNON SMITH rose to make the annual statement relative to the finances of India. He observed that he should have owed an ample apology to the House if the delay which had taken place in bringing this statement before them was owing to any want of willingness on his part, or to any want of industry in the department to which he belonged. The reason of that delay must, he thought, be patent to the House; for it was clear that neither would the Government consent to postpone important business, nor would those who opposed them be willing to forego criticism of their measures in order that opportunity might be given for the introduction of such a subject as the present, which, though of immense importance, called for no immediate decision. His right hon'ble Friend who preceded him in the office which he had the honour to hold, informed the House last year that it was intended in future to make the statement at an earlier period than he was then able to bring it forward; but neither the pledge of the President of the Board of Control, nor the strong desire that existed in the department to fulfil that pledge, could obviate the difficulties that were interposed by Members of that House introducing Motions and measures which they were anxious to promote, or induce the Government to delay what was urgent public business. Nor could he hold out any hope that it would be possible to achieve

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an earlier introduction of the statement in future; for the same reasons that prevented it in this Session would prevent it in the next. The statement which he had to make, and which had received the misnomer of "a budget," differed very materially from the budget laid annually before that House with reference to this country. The occasion on which that budget was introduced was one of the most interesting that the House could witness. A statement was then presented of the probable revenue and expenditure of the ensuing year, and of the ways and means by which it was to be met; but that which he had to submit was a statement of past years, on which no vote of the House was or could be asked, unless they were prepared to rescind the whole constitution of India, and take up the discharge of duties hitherto left entirely to the Court of Directors. He was very far from deprecating such discussions as might arise on these occasions. They might be eminently useful both in this country and in India, and to no one more than to the individual who held the office which he now occupied; for he believed it was of far greater importance that the President of the Board of Control should hear the opinions of those who took an interest in the affairs of India than that they should hear his statement. Though it was difficult for him to produce this statement earlier in the Session, he nevertheless thought the accounts might be brought down to a much later period than they now were. The hon'ble Member for Manchester had given notice of a Motion to the effect that the accounts should be made up at the end of October, instead of at the end of April; and that the resolutions upon them should be made earlier in the Session. With regard to making up the accounts at the end of October, that could not be done without a derangement of the accounts of India as they were now kept in that country. Last year his right hon'ble Friend (Sir C. Wood) informed the House that he was anxious to accelerate the transmission of the accounts from India, and accordingly a despatch was framed calling on the Indian Government to send home the accounts at an earlier date. That despatch pointed out the fact that the accounts made up to the 30th of April 1853, were accounts ending two years before, and that it was possible to give the returns a year later. Next year, therefore, he hoped they would be able to present the accounts up to a further period than heretofore had been done—that was to say, they would then be returned up to April 1855. The effect, however, of the hon'ble Member for Manchester's proposal would be to put

Mr. F. Smith.

the accounts six months backwards instead of six months forward, as he intended, because it would be impossible for all the Presidencies to make up their accounts so as to be sent home for transmission previous to the time he proposed. He would now proceed to make to the House a statement similar to that made by his right hon'ble Friend (Sir C. Wood) last year. The accounts which he had to produce were for 1852-53, and when he did so, he was perfectly well aware that to produce accounts in 1855 which terminated in 1853 could not be very satisfactory to the House. The right hon'ble Gentleman then proceeded to read the following statement, according to the precedent of last year, which he said had been accepted with satisfaction by the House, although an interval of nearly fifty years had elapsed since similar Resolutions had been proposed:—

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<i>Indian Finance—1852-53.</i>					£
I.—BENGAL:—					
Net revenue	...	...	...	...	8,168,809
Local charges	...	...	...	...	2,037,561
Local surplus	...	...	...	...	6,121,248
NORTH-WESTERN PROVINCES:—					
Revenue	...	...	...	...	5,636,369
Local charges	...	...	...	...	1,362,030
Local surplus	...	...	...	...	4,274,339
Military charges of Bengal and North-Western Provinces					5,807,866
Net revenue of ditto	...	...	...	...	13,795,178
Charges of ditto	...	...	...	...	9,007,457
Surplus available for general purposes of India					4,787,721
II.—MADRAS:—					
Net revenue	...	...	...	...	3,727,536
Charges	...	...	...	...	3,268,578
Surplus available for general purposes of India					458,958
III.—BOMBAY:—					
Net revenue	...	...	...	...	2,828,665
Charges	...	...	...	...	2,941,628
Deficit	...	...	...	...	112,963
Total revenues of the several Presidencies	...	...	...	...	20,351,279
Total charges of ditto	...	...	...	...	15,217,563
Total surplus of ditto	...	...	...	...	5,133,716
Interest on Indian debt	...	...	...	...	2,011,871
Charges defrayed in England	...	...	...	...	2,697,488
Total charges on Indian revenues	...	...	...	...	4,709,459
Surplus of income over expenditure					424,257
<i>Mr. F. Smith.</i>					

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As last year was the first in which a statement was presented to this House in sterling money and made out in the form prescribed by the President of the Board, it was not possible to give any comparison of that and former years; but now that we had the advantage of one year's experience, he proposed to read to the House a comparison of the actual result of 1852-53, with the estimate of 1854-55.

1852-53
Actual.
1854-55
Estimate.

Comparison of Estimate for 1854-55, with Actual Result of 1852-53.

REVENUE.			
		Increase.	Decrease.
		£	£
1.—Ordinary:—			
Land revenue	...	...	278,807
Customs	...	...	76,473
Salt	...	145,727	
Opium	...	...	448,540
Tobacco (abolished 1853)	...	...	69,215
Post Office	...	...	12,171
Stamps	...	18,955	
Mint	...	...	63,778
Marine and pilotage	...	14,453	
Judicial fees and fines	...	14,570	
Revenue of Straits Settlements	...	9,149	
Revenue of Coorg	...	484	
Revenue of Nagpore	...	381,413	
Revenue of Pegu, &c.	...	216,759	
Sale of presents	...	...	10,824
Interest on arrears	...	14,998	
Miscellaneous	...	8,608	
2.—Other Receipts:—			
Proceeds of estates administered by late Registrar General	...	...	11,261
Proceeds of assets of late Government of the Punjab	...	1,333	
Gain by exchanges	...	...	91,625
TOTAL	...	826,449	1,052,694
Net decrease of revenue	...	...	226,245
Net increase of expenditure	...	...	2,868,530
Deterioration of 1854-55, as compared with 1852-53			
Excess of income over expenditure, 1852-53	...	424,257	3,094,775
Excess of expenditure over income, 1854-55	...	2,670,518	
			3,094,775

EXPENDITURE.			
		Increase.	Decrease.
		£	£
1.—Payments in Realisation of Revenue:—			
Charges of collection, &c.	...	438,518	
Allowances out of revenue by treaty	...	24,838	
Sinking fund—Tanjore	...	768	
Allowances to village officers, Zhamdars, &c.	...	19,982	
Charges of collection—Nagpore	...	206,098	
Charges of collection—Pegu, &c.	...	203,728	
Payments to claimants on Registrar General	...	7,031	

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EXPENDITURE,— <i>contd.</i>		Increase.	Decrease.
	£	£	
2.—Charges in India—			
Civil and political ...	86,027		
Judicial and police ...	39,469		
Public works, buildings, &c. ...	969,024		
Military ...	918,986		
Marine, Indian navy, &c. ...	50,646		
Charges of Straits Settlements ...	3,972		
Mint ...			5,217
Interest on debt ...			412,282
3.—Charges in England—			
Dividends on East India Stock ...			5,736
Interest on home debt ...	36,009		
Steam communication with India ...	51,917		
Ditto for extended communication to Her Majesty's Government ...			85,000
Transport of troops and stores ...	51,899		
Furlough and retired military pay ...	62,418		
Ditto marine ditto ...	3,893		
Her Majesty's troops in India ...	46,208		
Retiring pensions, &c., of Her Majesty's troops ...			15,000
Charges—general (home establishment, &c.)...	45,457		
Absentee allowances to civil servants ...	6,823		
Annuities of Madras Civil Service Fund ...			3,101
Retiring pay—St. Helena establishment ...			1,355
Establishment in China ...			15,558
Expense of transportation of convicts ...			5,401
Arms to Her Majesty's troops going to India ...	6,240		
Invoice of stores ...	87,334		
TOTAL ...	3,367,180	498,650	
Net increase of expenditure ...			£ 2,868,530

This increase in the expenditure caused a serious and disagreeable deficiency in the revenue of India, but he was bound to point out to the House that this had chiefly been caused by the expenditure which had been made at the instigation of this country on public works. He did not think that the House of Commons could possibly refuse its assent to these payments for public works which would prove so beneficial to the people of India. In the year 1852-53 they were in much more pleasant grounds than at present; they were then in the regions of surplus, but they were now in the dismal walks of deficiency. If this deficiency had been caused by the expenditure on improvements, he did not think that the House ought to regret it, but ought to consider calmly and dispassionately how they could meet the difficulty. Last year, when his right hon'ble Friend (Sir C. Wood) made his statement, he went through the items of revenue from which he said he could not hope to derive an increase—and the first item to which he referred was that of the Land Revenue. He (Mr. Vernon Smith) entertained the same opinion with respect to this

Land Revenue.

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source of revenue as his right hon'ble Friend; for it must be remembered that the land revenue was a fixed sum in most of the Presidencies, and it would be difficult to increase it. He could not, however, help hoping that the almost immediate effect of a reduction (for by a reduction we must begin any alteration) would be an augmentation of revenue from the facility of collection. The accounts which had lately been received from India corroborated him in this expectation, which was also confirmed by Mr. Maltby (the experienced Collector of revenue at Madras) who, in a Report, stated that the cultivation of waste lands might lead to a considerable increase of revenue, and Lord Harris had embodied this idea in an able Minute. He said that nothing could be more miserable than the want of cultivation of those lands, but he was perfectly prepared to devote himself to improvements which would produce abundance; and he hoped that a time would come when, so far from their losing by a diminution of taxation, the Government of India would gain considerably by it. That was a most cheerful statement, and it did give one very great hope that, instead of a deficiency, they might look forward for an increased revenue, and with it increased happiness for the people of India. The next great item was Opium. That was to a certain extent a precarious source of revenue, because it depended upon the capricious taste of a large portion of mankind; but, as that taste had lasted for many years, they might suppose that it would last for many years more, and that when the war in China should cease, the revenue on that article would spring up as suddenly as it did in the year 1852-53, when there was an increase of nearly 700,000*l.* instead of a diminution of 448,840*l.* which he had stated that night. The next great source of revenue in India was that derived from Salt. That portion of the revenue had increased by 145,727*l.* He informed his right hon'ble Friend the Member for Droitwich the other day, that he had not received the Report on the question of salt, and therefore could not make any statement on that head. It was a question of much difficulty and embarrassment. No doubt, if any substitute could be devised for it, the East India Company would be willing to look in a friendly spirit on any suggestion that might be made. Efforts had been made to levy the excise upon salt by contract, but difficulties had been found in the way of adopting any such plan. When the Report on that subject should be received, it would be duly considered by the Government. And in answer to any insinuation that it had been pur-

Opium.

Salt.

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posely suppressed, he would say that he had written to Lord Dalhousie on this head, and been told by his Lordship, that he was as anxious as himself on the subject, and if any such charge could be made out against any officer of the Government, he (Mr. Vernon Smith) would take care that he did not escape punishment. The next head of Indian revenue was the Customs. If it were possible to make experiments, in the present state of things, in the Indian revenue, he should be disposed to choose the Customs duty for that purpose, because he believed it would ultimately lead to improvements in India. It should be remembered that the system of free trade was carried in this country under the shelter of the income tax; but he did not know of any tax capable of being laid on in India to cover the risk. There had been schemes laid before him for that purpose, one of which was to increase the tax upon salt. He certainly could not venture, sitting opposite to the Member for Droitwich, to introduce a proposition of that kind; but the very suggestion only showed how extremely difficult it was to carry on a system of free trade without some such shelter as an income tax. No such thing could be done in India at present. If the experiment were ever to be tried, it must be in years of increasing revenue, and not by the substitution of equally objectionable taxation. He had now gone through the principal items of revenue in India, and although there had been a considerable falling off in the amount of the surplus revenue over the expenditure, he did not think the House ought to entertain the least feeling of despair as to its stability at its present rate, although it might not indulge in any great enthusiasm as to its future increase. He could not conclude this portion of the subject without alluding to the system of Railways now going on in India from which great expectations might reasonably be entertained. There were strong hopes that iron would be found throughout the northern parts of India. There was a great abundance of wood, and if, as it was strongly believed, there existed coal in that country, it was impossible to say to what extent railways might not be carried, and the means of the country improved. He would now call the attention of the Committee to the Expenditure of India. The first great item of expenditure was for the support of the Army. He did not suppose that any one would propose to reduce the Indian army. It appeared to him to be impossible. It would, of course, be very desirable in a time of peace, that such a reduction should take place, but at present it would not be the act of a statesman to make it. It was, however, some-

Customs.

Railways.

Charges.

Army.

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thing to say, that you had such an army at your service if you required it. Was it not something to feel, that if you should fail in enlisting an army in this country, there were 320,000 men in the East Indies on whom you might rely for aid, should you be pressed for their services? You might send Irregular Cavalry to the Cape of Good Hope, where some of their officers had already been sent, and had worked well; or you might even send them to the Crimea, for which service many of the officers had also volunteered in the most gallant manner. It was, indeed, something to say and to feel that the officers of one of the noblest and finest armies in the world had already engaged in a war for which they were not enlisted, and were ready to lead their men wherever their services might be required. Therefore, we should not do wisely if we for a moment listened to a proposal for the reduction of that army. He might say, perhaps with not unpardonable pride, that the changing the Commissions, which was a measure he induced the Commander in Chief to lay before Her Majesty, and in which Her Majesty graciously acquiesced, had already allayed the only irritation which formerly existed among the officers of the Indian army. The next head of expenditure was the Judicial Establishments and Public Works. The former came under the notice of the Committee which sat upon Indian affairs in 1853, but since that time the expense of that establishment had been increased by the sum of 39,469*l*. That was a sum which the House would not complain of, provided the money was expended on real improvements. With regard to Public Works, the responsibility of the increased expense rested very much with the House of Commons. It was certainly not incurred before needed. The right hon'ble Gentleman then quoted the following extracts from the Minute of Lord Dalhousie, dated the 26th of April, 1854, with regard to the Roads in Bengal:—

“Among the many imperfections and shortcomings which from time to time it has been my duty to notice in the local Administration of Bengal, the state of the public communications of the province is the most glaring, the most widely felt, and the most injurious to the material prosperity as well of the Government as of the people. It must be added that it is the one of all others most difficult to remedy, from the enormous expenditure of public money which any thorough remedy must infallibly involve.

From a note prepared by Mr. Beadon, the Secretary to the Government, it appears that of 3,227 miles of main lines of communication which are described as urgently required, from seventy to ninety are finished and metalled—that there is a tolerably good fair-weather road with bridges over small streams for 774 miles—that there is a bad road without any bridges at all for about 438, and that for the 1,925 remaining miles, there is either no road at

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Judicial Estab-
lishments.

Public Works.

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all or nothing deserving a better name than a foot-path.' Since this note was written something has been done; a fair-weather road with bridges has been undertaken between Akyab and Dacca, and it will be opened and fit for use within a short time. Measures have also been taken to put in hand the very difficult and important line of road between Dacca and Calcutta; but of these measures only the preliminary stages have yet been reached. In fact, the great mass of public communications described by Mr. Beadon as pressingly needed remains still untouched."

That Report and the arguments used were in favour of the acceleration of public works, and he did not wonder that the House took up the question as they did two years ago. But it is right they should bear in mind, in pursuit of this useful object, the enormous expense they must incur, and to guide their judgment he referred them to a minute of Mr. J. P. Grant's already presented to Parliament. The next promise held out by his right hon'ble Friend for reduction was one which he was sorry to say had 'not succeeded altogether in the manner anticipated—that was the reduction of the interest upon the debt. It was well known that that reduction had been checked by a loan which it was found necessary to raise last March. He was not bound to enter into a detailed defence of that transaction; but he had laid before the House all the papers that could explain the necessity of that loan. He did not think that those who had suffered by the reduction of the interest had more reason to complain than those who suffered by the reduction of interest upon the debt of this country. As regarded the conduct of the Court of Directors, they had taken such steps as they thought advisable to meet the difficulty, and had sent out a despatch stating that though they usually drew about 4,000,000*l.*, they would not draw this year more than 2,500,000*l.*, while they informed the Indian Government that they might draw upon them for 500,000*l.*, and they had taken the step of raising the rate of exchange in order to prevent further financial embarrassments from too many bills being drawn upon India. He could not conceive, therefore, that there had been any neglect upon account of that transaction, and although it was true that the accounts of some gentlemen lately returned from India were of a complaining character, yet others had freely observed that they did not think the Government could have acted otherwise than they had done. The result of the operation of the reduction of the debt, as given by Mr. Lushington, was as follows—

Interest on
debt.

"Five per cent. paper advertised for discharge or conversion in India, 24,88,19,118 rupees; of which there had been converted 20,07,84,345; paid in cash, 8,77,44,487; making a total of 23,85,28,832, and leaving

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still outstanding 1,02,90,281. But the sum paid in cash—namely, 3,77,44,487, was met by an actual but not direct transfer, in the shape of new cash subscriptions to the 4 per cent. loan, for 3,40,85,376, leaving a balance of cash to be paid, 36,59,111; and, again, of the outstanding 5 per cent. debt—namely, 1,02,90,281, it was estimated that there would certainly be presented for transfer, 32,59,144, leaving 74,31,137, which, together with balance, above, paid in cash, 36,59,111, left 1,06,90,248, as the amount taken from the cash otherwise available for the purposes of Government, while the saving of annual interest payable was 25,74,946. The cash balances when these operations began were—30th of April, 1853, 15,43,91,350; 30th of April, 1854, 13,97,15,822, leaving still nearly fourteen crores available or three crores more than, according to the largest Estimate, were required for carrying on the public service. This review will, it is hoped, sufficiently show that the operations for the reduction of the Indian debt were fully justified and were carried out without in any way embarrassing the Indian Exchequer. If the increased demands on the Indian Government, arising from a large expenditure in public works, accompanied by a deficiency of revenue from the sale of opium and also bad harvests, have obliged the Government of India again to appear as borrowers in the market, this can be no reproach on the prudent measures adopted under more favourable circumstances for relieving the charge for interest on the Indian debt by upwards of 250,000*l.* per annum. Fortunately these measures enable fresh debt to be incurred without increasing the burden which previous to the conversion of the 5 per cent. rested on the Indian revenues. If moreover, the Government of India are obliged when money is dearer to pay a higher price for it, it may be urged in reply that, to expect a contrary result would be absurd. The grounds upon which the new 5 per cent. 'Public Works Loan, 1854, 1855' has been opened are fully explained in the minutes of the Members of Council, especially in that of Mr. Grant. The amount is fixed at 2,75,00,000 rupees, not repayable before the 31st of March, 1870, after three months' notice. The interest on the above will amount at 5 per cent. to 13,75,000 rupees, being little more than half that which was saved by the preceding operations."

Reduction of
expenditure.

They were, therefore, still entitled to consider that there was a diminution of the interest of debt in spite of the loan. Various opinions might be entertained upon these transactions as they regarded the public; but it was impossible to suppose that his right hon'ble Friend would not take advantage of that opportunity of reducing the interest of the debt, and it would have been unjustifiable if he had acted otherwise. The difficulty that had arisen was partly owing to the alterations in the money market, and partly to the increased demand for public works. The state of the revenue involved the necessity of carefully considering whether they could reduce the expenditure, and Mr. Grant submitted to the Directors whether the cash balance kept in India was not beyond what it was necessary to retain for the service of the Government. He believed Lord Ellenborough had said that they ought to retain a cash balance

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of 10,000,000*l.*, but Mr. Grant appeared to think 8,000,000*l.* too large. That was a matter that was well worthy the serious consideration of the Court. The necessity for economy existed to the utmost extent in India, and the Court of Directors were fully alive to that necessity. Accordingly a despatch, which passed the Court on the 27th of June last, contained a strong recommendation that no delay should take place in the general revision of the salaries of all civil appointments in the Presidencies of Bengal, Madras, and Bombay, as well as in other provinces; and that the principle adopted should be, that where the duties were similar, the salaries should be the same. But the raising of the lower salaries to the highest grade must be avoided. In 1828, when Lord William Bentinck was in India, a similar despatch was sent, and in two years his Lordship reduced the deficit from 3,151,144 to 997,269; and it was worthy of consideration whether a similar course could not now be pursued, although, of course, we could not anticipate another reduction to a similar extent, especially in the army expenditure. Having stated to the House what the amount of the revenue would probably be and what the expenditure was, it would be hardly necessary to say that he did not think it possible to effect any considerable reduction in taxation, however desirable such a course might be. The large expenditure upon public works must not be considered as absolute loss, but rather as profitable investment, for there could be no doubt that the improvement of irrigation and the supply of other deficiencies in India would eventually tend to the increase of the revenue. He turned with great pleasure from the state of the revenue, which was not quite so satisfactory as any one in his position would like to see it, to the brilliant political position of India. He had been assured by Lord Dalhousie that the most perfect peace and tranquillity prevailed throughout the whole of India. Pacific relations existed with the King of Ava, and he had received repeated assurances from the Governor-General that there should be no further extension of conquest in that direction. Since last year a treaty had been effected with Cabul, which the Governor-General considered would materially improve and strengthen our position among the native princes of India, and would otherwise prove of considerable advantage to our Government in the East. The Nepaulese Government had also exhibited a friendly spirit. With regard to Persia, although we had diplomatists there, the difficulty was, that Russian agents and diplomatists were so accustomed to indulge in eastern imagination, that it was no easy

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position of
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task for the British Minister to cope with them; and the Russian Minister promised so much more than he could perform, that the Shah of Persia could scarcely be expected to believe that the English Minister would perform more than he could promise. There was no difficulty, however, of a serious nature in that direction. With regard to Khiva, it might be gratifying to the House to hear that the Commissioner in that part of the country described the Russian power as having been reduced by the war in Europe to an unusual degree of weakness and inactivity. He should not have thought it necessary to mention this circumstance, except that he had heard from recent visitors to France, that it was said there that England had a peculiar interest in the war in Europe because of the fear of Russian aggression in India. He looked upon that as a perfectly groundless fear, and he certainly had never been afflicted with what was called the Russo-phobia. He remembered that during the Affghan war that fear was constantly expressed; but he did not believe that there was the slightest probability of the Russians ever being able to carry a great commissariat against that country, and he was convinced that if ever they approached that empire they would be certain to be defeated. Since last year he was happy to state that the Indian navy had been in the course of improvement by the addition of the Bengal Marine to it. He hoped that that service would become a more efficient arm than it had hitherto been, and that his right hon'ble Friend the first Lord of the Admiralty might be able, before long, to withdraw some portion of the Queen's ships from those seas. With regard to the domestic progress in India, he would read a brief enumeration of the works which were now being proceeded with. Writing upon the 9th of March, Mr. Grant said—

"I can name as first class works all in actual progress at this moment:—The main lines and the subsidiary works of the Great Ganges Canal; the great improvement and partial remaking of one of the old Jumna Canals; the Great Baree Doab Canal in the Punjab; the Great Peshawur road in the Punjab; a complete system of secondary roads in the Punjab; the great branch road from the trunk road through Gyah to Patna; the new Damoodah embankments; the new navigation canal from the Salt-water Lake to the Hooghly; the Chittagong and Arracan road; the great road across the mountains in a straight line from Prome to the sea-coast; the Godavery Ancient irrigation system; the Kristna Ancient irrigation system; the improvement of the internal water communication and harbours on the Madras coast; many great roads in Bombay; two complete systems of roads in Scinde, one on either side of the Indus; and the completion of the telegraph in India and Pegu."

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With regard to railways, it appeared—

"That the East Indian Railway was sanctioned as far as Delhi, 990 miles, and contracted for as far as Allahabad, 590 miles, and was to be completed by the end of the year 1856. It was opened as far as Raneegunge, fifty-six miles from the Calcutta and Delhi line, near Burdwan, and distant from Calcutta 125 miles; the works on the line from Calcutta to Rajmehal, on the Ganges, were in a very forward state as far as the More river, a distance of sixty miles from the Raneegunge and Burdwan junction; the rate of interest guaranteed by the East India Company upon 4,000,000*l.* of capital is 5 per cent. The Great Indian Peninsular Railway (North-eastern Extension) was sanctioned to Shawpore, on the Thull Ghat Road; it was opened to Callian, thirty-five miles from Bombay; and contracted for and ready for opening as far as Wasindree, about twelve miles beyond Callian. The South-eastern Extension, which was to diverge from Callian, was sanctioned to Poonah, eighty-five miles; and contracted for to Campoolie, at the foot of the Bhoze Ghat; the rate of interest guaranteed was 5 per cent. on 1,000,000*l.* of capital. No part of the Madras Railway was yet opened, but the line from Madras, which was to diverge to the north-west to Bellary, in the direction of Bombay, was surveyed and partly set out; the line from Madras to the south-west was set out in its whole extent to Beypore on the western or Malabar Coast; it was difficult to ascertain the precise state of the works, as they were in course of construction by the railway engineers themselves, but Major Pears expected that the line to the western coast would be open for traffic by the close of the present year; the first part of the works on the line towards Bombay were also in a forward state; the rate of interest guaranteed was 4½ per cent. on 500,000*l.*, 5 per cent. on 500,000*l.* more, and 4½ per cent. on 1,000,000*l.* The Scinde Railway was sanctioned from the harbour of Kurrachee to the Indus, at or near to Jurruck, a distance of 110 miles; the Company was at present engaged in collecting capital and prosecuting the necessary surveys; the rate of interest guaranteed was 5 per cent. on 500,000*l.* The Baroda and Central India Railway was sanctioned from Surat to Baroda, and thence to Ahmedabad, a distance of 163 miles; the Company was also at present engaged in collecting capital and completing their surveys, previously to the commencement of the works; the rate of interest guaranteed was 5 per cent. on 500,000*l.*"

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In speaking of those railways, he must say that they were excellent efforts on the part of the public to improve the internal condition of India, but their construction would be attended with considerable expense, and he thought that if, in the origin, more attention had been paid to the centralisation of existing companies, and to uniformity of action, some of that expense might have been spared. But that was past, and could not now be remedied. Owing to the vigour and activity of Dr. O'Shaughnessy, the electric telegraph had been extended to Pegu; which would complete the telegraphic communication throughout the whole of the Company's dominions. The whole length of telegraph now is 3,500 miles, and the expense has been 30*l.* per mile.

Electric
Telegraph.

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Legislation.

Torture Com-
mission in
Madras.

There had also been submitted to the Company by Mr. Gisborne, a gentleman of great skill and activity, a scheme for carrying the electric telegraph from this country to India. Mr. Gisborne had nearly completed his plan, and was said to have obtained the requisite assents so far as Alexandria. He looked upon this as one of the most remarkable events which had characterised our times. His right hon'ble Friend the First Lord of the Admiralty had told the House last year that he hoped to be able, in the course of the present Session, to lay upon the table a Bill for providing for civil and criminal procedure in India. He (Mr. Vernon Smith) was sorry to say that, whether from the delays or difficulties attendant on the subject or from circumstances over which they had no control, the Law Commissioners had been unable hitherto to achieve this great work; but he had brought in a measure which had been strongly recommended by the Commissioners to whom the matter of the civil and criminal procedure had been referred, the effect of which would be to give two resident Judges instead of the present migratory Judge, to the inhabitants of the Straits' Settlements. He could not, on the present occasion, omit noticing the very remarkable Report of a Commission, which had been appointed upon the suggestion of his right hon'ble Friend, to inquire into the truth of the allegation that a system of torture existed in India. It was impossible to deny that in the Madras Presidency a practice of resorting to the infliction of personal pain in order to compel the payment of rent due, or in order to extort a confession of guilt, had been in existence. He himself could not conceive anything more abhorrent to the notions of an Englishman than such a system, and it did not appear that any European had ever put it into practice. He was not prepared to say that some of the European officials were entirely free from blame, for it was their duty not to overlook such a practice, and the man who overlooked an act of that description was almost as culpable as the perpetrator of it. These atrocities were brought to light by the exertions of his hon'ble Friend the Member for Poole, and in his opinion it was undoubtedly the duty of the officials in India to inform the Home Government of the existence of such practices; nor could they be acquitted of blame on the score of ignorance, because these acts of barbarity had been brought to their notice, and by overlooking them and not suppressing them, they became, to a certain extent, *participes criminis*. The remedy suggested by the Commissioners was an infusion of

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English officers, more stringent laws of punishment, and the peremptory dismissal of the offenders. The Report concluded by expressing a hope that this matter would not be allowed to sleep; and he could assure the House that as long as he continued to hold the office which he had the honour of filling, the question should not sleep, for such a system was so opposed to all the ideas of an Englishman that it must be totally abolished. He would now turn to a subject which had assumed the shape of novelty this Session, although it had often occupied the attention of Statesmen, and that was what had recently been denominated Administrative Reform. By the Act of 1853 the civil service of India had been thrown open to public competition among all British-born subjects, and the examination was fixed to take place in the present year, and when he took office he found that it was expected to be held in July. He had therefore felt it to be his duty to appoint as examiners the persons whom he could obtain, who appeared to him from their acquirements to be best adapted for the task, and he was gratified to think that, generally speaking, the selection which he had made had obtained the approbation of the public. The number of candidates who offered themselves for examination was 113. They drew lots for a number by which each should distinguish his papers, and by that number only were they known to the examiners. Of those candidates there came from Cambridge University 32, Oxford 19, London 6, King's College 2, Harrow School 1, Other Schools 13; Trinity College, Dublin, 14; Queen's College, Cork, 5; Queen's College, Galway, 2; other Irish Schools 2; Scotch Universities and Colleges 12; other Scotch 3; and two more educated abroad. The examination lasted for twelve days, and the numbers of the successful candidates were from Oxford 8; Cambridge 6; London University 2; King's College, London, 1; Queen's College, Cork, 1; Queen's College, Galway, 1; Edinburgh University 1; making a total of 20. The highest of the candidates obtained 2,254 marks; and the London University claimed him as her *alumnus*. The lowest of the successful candidates had 1,120. The three best English scholars had been elected; the seven best classical scholars; the two best in modern foreign languages; the best in natural science; and two of the best in moral science (three were equal); but not the best, nor the second, in mathematics. In English history 98 gave in papers, 99 in English literature, 105 in English composition; 91 translated Latin, 83 Greek, 63, French, 14

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German, 9 Italian, 1 Arabic, 1 Sanscrit; 73 tried to answer the first mathematical paper, but 14 only the fourth; 58 were examined in moral science; and 28 in natural science. The examiners appeared not to be favourably disposed to holding a *visd voce* examination; but he, for his own part, looked upon an examination of that description as the best test of the moral qualities of readiness and self-possession. The result, on the whole, was very satisfactory. The examination itself was most interesting; he could not imagine a more stirring spectacle than that of a body of young men launched upon such a life as they had before them, away from home and friends and relations, entering on an arduous struggle in a far distant land, leaning on no interest, but dependent only on their own exertions for success—

“God guard them, and God guide them on their way,
Young warrior Pilgrims! who set forth that day!”

Education.

There was another subject to which he would refer, and that was the education of the people of India themselves. His right hon'ble Friend (Sir C. Wood) had told the House last year that he had sent out a despatch in July, 1854, establishing a fresh system of education; and, as it would, perhaps, be interesting to notice what had since been done, he would read to the Committee a memorandum on the present progress of education in India—

“Measures have recently been adopted in India to give effect to the Court's order of July 19, 1854. The whole educational department in each presidency is to be under one head—the Director of Public Instruction, with about six inspectors under him; and a Committee has been appointed to prepare an uniform scheme for the establishment of an University at each of the three Presidency towns of Calcutta, Madras, and Bombay. Nothing has been said about the Straits Settlements, but they are to be included in the new arrangements for Bengal.”

Navigation of
the Godavery
& Nerbudda.

There were other schemes of public improvement to which various Members of this House had alluded on other occasions, and which he might mention before he sat down; one regarded the navigation of the Godavery—this was now being attended to. There were great difficulties attending it, but it appeared to him that the navigation of that river was a subject of great importance, and he hoped what was now doing would be attended with success. Then, as to the Nerbudda, he was not able to state whether it would be practicable to carry out a scheme for the navigation of that river; but there would be no hesitation on the part of the Government of India in carrying into execution any plan which was thought likely to accomplish such a desirable object. Great agitation existed at a meeting at Madras,

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with regard to what was called the "double government." He was at the passing of the Act of 1853, favourable to that system; and his opinion had undergone no change since he had taken the office he now held. It might be said that a man of small energy, in the position of President of the Board of Control, would be inclined to lean too much upon the Board of Directors; and he quite admitted, besides, that some anomalies existed in the working of the system; but, on the other hand, it was productive of much good. The latest instances of the advantage resulting from the system was to be found in the selection of the Governor General of India. If he alone had been intrusted with the selection of this high functionary he should not have shrunk from incurring so much responsibility as he had not from making so difficult a choice. It was, however, a great point to have the concurrence of gentlemen belonging to the Board of Directors, who, from their knowledge of the wants of India, were perfectly competent to form an opinion on the subject; and the result had been that a Governor General had been selected to whose administration he believed they might look forward with confidence. The power intrusted to the Governor General of India was, disguise it as you might, as nearly absolute as any which could be confided to man; but he believed his noble Friend would exercise that power, not for the increase of British supremacy by adding to our territory, but with a view to effect every possible improvement, and to develop in every way the material resources of the country and the energies of the people. To that effort his noble Friend would be incited both by his own sound sense and by the recollection of the name he bore. He hoped his noble Friend would reflect, as his illustrious parent did, when selected to fill the same appointment, that, while he was intrusted with an administration almost arbitrary, and with a power to a great degree discretionary, yet at the same time his name in this country was associated with rational liberty, with the independence of a free Government and the institutions of a free people. The right hon'ble Gentleman concluded by moving formal Resolutions founded upon his statement of the Revenues of the several Presidencies and the Charges thereon.

MR. BRIGHT did not rise either for the purpose of replying at length to the speech of the right hon'ble Gentleman, or of condemning anything he had done as President of the Board of Control. The speech of the right hon'ble Gentleman seemed to him more than commonly interesting, and it had been delivered in a manner which the House would

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know how to appreciate. He began by explaining how it was this great question was brought forward for discussion at this period of the Session, and here the right hon'ble Gentleman's argument was inconclusive, for surely the Government could, without much difficulty, fix a day for the discussion of Indian affairs earlier in the year. There were many hon'ble Members who believed that a full discussion upon this question would be highly advantageous to the public, and he trusted that the right hon'ble Gentleman, if he happened to hold office this time next year—though he could hardly say he hoped the right hon'ble Gentleman would—would take an opportunity of introducing the question at an earlier period in the Session. He (Mr. Bright) believed that it was Sir Robert Peel who pointed out, in one of his great speeches upon the finance of the country, that ultimately, whatever calamity might fall upon the finances of India must be felt by the finances of this country. In India, probably more than in any other country, the question of finance lay at the foundation of all prosperity and progress, and the House might rely upon it that if they were wrong with regard to Indian finance, they would be wrong with regard to almost every other question that affected India. He could not help thinking that, instead of holding out a hope of improvement, the future promised to bring them into still greater difficulty than at present with respect to this particular department; and, believing that one object of the discussion was to afford an opportunity for bringing public opinion to bear upon Indian politics, he wished to call the attention of the House to some statements of a somewhat contradictory nature that had fallen from the right hon'ble Gentleman. The subject, however, was so confused and perplexed that it was hardly possible for any two men to enter into an examination of it, and come out of the examination with the same results. The right hon'ble Gentleman had alluded to the statement of his predecessor in the office which he held with regard to the state of the revenue of India at the end of the year 1853. In the year 1853 the House discussed the Company's new Act, and a Committee sat upstairs to inquire into the general question of Indian Government. At the end of April, 1853, the cash balances were represented to be 14,400,000*l.*; in June, in the same year, they rose to 17,900,000*l.*; in July they fell to 16,900,000*l.*; and in October they fell to 12,800,000*l.*—thus showing a rise of 3,000,000*l.* from April to June, a fall of about 1,000,000*l.* in July, and a fall from June to October of 5,000,000*l.*

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In July, when the balances had fallen to the extent of 1,000,000*l.*, the Government determined upon the conversion of the 5 per cent. loan. This conversion had been going on for some months, and in October, when the balances had fallen to 12,800,000*l.*, the Government opened a 3½ per cent. loan, with the view, according to the Indian papers, of creating an impression that the Government would require no money for a long time, and that no country was in so prosperous a condition with regard to its finances as India. Two years later—in April, 1855—the cash balances, which stood at 14,400,000*l.* in April, 1853, and 17,800,000*l.* in June, had fallen to 7,800,000*l.*; and, finding themselves hastening to the verge of bankruptcy, the Government announced a new loan at 5 per cent., with a guarantee of fifteen years. With such facts as these before him, he was driven to the conclusion that there had not been fairness, and scarcely common honesty, on the part of the Government of India in dealing with the public upon this matter. It would seem that some great effort was made in 1853 to exhibit the revenue in a very prosperous light; but such a course could only tend ultimately to embarrass the Government. The large balance that existed in July, when the conversion of the loan began, was altogether of a temporary character, and its existence merely acted as a deception upon the Indian public. It was curious to remark, that in India it appeared to have been believed, not that the balances of 17,000,000*l.* in June, and 14,000,000*l.* in April, were sums of money in the treasuries of India for the payment of the current expenses of the Government, but that there were large sums of money lying idle, which the Government possessed beyond the amount required for conducting the ordinary business of the country. The hon'ble Member for Guildford (Mr. Mangles) shook his head, but the hon'ble Gentleman would not deny that there existed an impression in the country that the Government had a large surplus in hand, amounting to many millions. Dr. Marshman, the editor of the *Friend of India*, seven months after the conversion was announced, and when it was necessary to decide the still undecided stockholders, wrote—

"The cash balances are still enormously in excess of the actual needs of the State. They cannot long remain so. India for the first time in thirty years, has a surplus revenue. If peace continues, the accumulative process will rapidly proceed, the 3½ per cent. loan will fill, and the Government, oppressed with a plethora of resources, must take at least one more step in advance."

On the 25th of May, 1854, Mr. Marshman wrote,—

"With respect to money there is and can be no permanent difficulty. Whether shares are or are not at a premium at home does not signify

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one jot. The supply required can be raised in this country. In the last resort, should English capitalists decline five per cent., and Natives refuse the Company's guarantee, there is a balance of 16,000,000*l.* sterling in the treasuries, bearing no interest, and of no earthly use, and the idea of a stoppage for want of funds is one which could only be entertained by those who believe India to be perpetually on the verge of bankruptcy."

It was evident that it was intended to create an impression that there was a large disposable surplus in the hands of the Government, and it was also evident that that impression was absolutely erroneous. This impression was created, the deception was kept up, and what had been called a successful operation was accomplished; successful it certainly was as far as the Government were concerned, but most disastrous to the holders of stock. The right hon'ble Gentleman did not tell the Committee that the course taken by the Supreme Government with regard to this loan was a flagrant violation of the instructions of the Court of Directors and of the Board of Control—but that was the case; for, on the 20th of December, 1854, a letter was addressed to the Government stating that no outlay for public works was to be made without the express sanction of the Home Government. That Minute was disobeyed, and, more than this, the mail, which left India on the 9th of March, contained not a syllable with respect to the loan which was announced on the 12th of March, and which Lord Dalhousie was said to have sanctioned. The effect of that announcement was a fall in the Indian funds of upwards of fifteen per cent. in one day; this was absolutely ruinous to some, and very disastrous to a great many people. A statement had appeared in *The Times* and in some of the Indian papers to the effect that on the very morning of the day on which the loan was announced the Government of Calcutta offered for sale 300,000*l.* worth of opium, and the consequence of the announcement was that the persons who had entered into contracts for the purchase of the opium were obliged to sell out their stock at the low rate in order to fulfil those contracts. Such a transaction would be thought rather sharp among private merchants, but it was disreputable when a Government were parties to it. He would call the right hon'ble Gentleman's attention to another point with respect to the name of the loan. It was called a "Public Works Loan," in order to induce people to believe that it was to be devoted to public works, but he was afraid it would be applied to a very different object. Mr. Dorin, Mr. Grant, and Mr. Peacock seemed most anxious in their Minutes to make excuses—"they do protest too much,

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methinks"—for the name of the loan, but they mentioned no facts which justified the statements they made. He wished to call the attention of the present First Lord of the Admiralty to this point, for he would show that the right hon'ble Gentleman's statements and those of Mr. Grant on the subject of the amount which had been expended of late years on public works were entirely contradictory. The right hon'ble Gentleman stated that the amount so expended in 1851 was 400,000*l.*; in 1852 was 400,000*l.*; in 1853 was 700,000*l.*; in 1854 was 802,000*l.*; and in 1855 would probably be about 800,000*l.*, which he (Mr. Bright) would call 850,000*l.* Mr. Grant, on the other hand, stated that the amount expended in 1851 was 1,120,312*l.*; in 1852 was 1,532,812*l.*; in 1853 was 1,706,250*l.*; in 1854 was 2,367,187*l.*; and in 1855 was 2,810,156*l.* The total for the five years, according to the right hon'ble Gentleman's statement, was 3,152,000*l.*; while, according to Mr. Grant's statement, it was 9,536,717*l.*; there was thus a difference of no less than 6,384,717*l.* He must say he thought the representations in the paper laid before the House were altogether fraudulent—he would retract that word, and say they were erroneous. In a note to the sum stated to have been expended upon public works, it was explained that a portion of the amount had been applied to civil and military works; but these civil and military buildings were an ordinary and inevitable charge upon the resources of the Government, and had no relation to the public works which had been demanded in Parliament—namely, the establishment of water communications, the formation of roads, the building of bridges, and the works required for irrigation. He considered that an attempt had been made to deceive that House and the people of India when works which were intended for the civil and military purposes of the Government were classed under the head of "public works." An attempt had been made to show that the deficit in the Indian finances had been occasioned in consequence of the vast expenditure upon public works, but he was prepared to deny that that was the fact. In 1853 the Indian Government had a balance of 14,400,000*l.*, which two months afterwards was nearly 18,000,000*l.*, but which had now fallen to 7,800,000*l.*, so that there had been a positive decrease in the balance of about 10,000,000*l.* The actual increase of expenditure upon public works in 1853-54, according to the statement of the late President of the Board of Control, was only 102,000*l.*, and, supposing such expenditure had amounted to 150,000*l.* in the subsequent year, these were the only

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items of expenditure which could be regarded as rendering a loan necessary. According to the *Friend of India*, there had been extra remittances to England to the amount of 1,000,000*l.*, but the Indian Government had derived, during two years, a gain upon exchanges which would amount to 380,000*l.*, and the receipts from the Nagpore territory, which for two years were estimated at 670,000*l.* With regard to the annexation of Nagpore, he might observe that the territory was said to comprise from 70,000 to 80,000 square miles; it contained a population of about 5,000,000; and it returned a revenue of more than 500,000*l.* a year; but although this extensive territory had been added to the dominions of the Crown no mention of the circumstance had ever been made in the Queen's Speech, the fact of such annexation had never been communicated to Parliament, and their opinion on the transaction had never been asked. He must say it was a mere illusion to term the loan which had been contracted a Public Works Loan. He considered that a radical reform was required in everything relating to the finances of India—in the mode in which the accounts were kept, and with respect to the manner in which, and the time at which, they were placed before that House and the public. He thought that if there was one thing which should be avoided by the Indian Government more than another, it was any attempt at secrecy with regard to the condition of their finances. This country could not hope to maintain its credit if it attempted to conceal its financial position, and if the Indian Government considered their own interests alone they would wholly abolish the system of secrecy. The consequence of the present state of things was that the commercial public of India, both native and European, were placed in a position of the greatest difficulty; and the money market was deranged to such an extent that persons who had acted with the utmost prudence and caution were involved in inevitable ruin. A letter that he had received from the Chamber of Commerce of Madras, dated June 23rd, 1855, pointed out the evils arising from the secrecy in which the Indian Government enveloped its financial arrangements, as illustrated by the opening of the Five per Cent. Loan; and stated that on the morning of the day on which that loan was announced the Four per Cent. Stock was quoted at from 95 to 96 per cent., but on the evening of the same day it fell to from 80 to 82 per cent.—that these fluctuations were mainly traceable to the ignorance in which the people were kept as to the state of the yearly revenue and expenditure, there being no means by

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which they could by any foresight prepare for the probable pecuniary wants of the Government. The letter then recommended the adoption of an organised system of public accounts to be published quarterly, and also suggested that an annual budget of the anticipated revenue and expenditure, ordinary and extraordinary, of India, for each year about to ensue, was essential to the safety of the commercial community, while it would likewise serve to inspire confidence in the Government. There would be no difficulty in following this course, because, according to the *Friend of India* of May 31st, 1854, a statement of the balances, both at the different Presidencies and at all their subordinate stations, was made up monthly in the Financial Department, by which means the Government of India was enabled to understand its exact financial position from month to month. The *Friend of India* suffered the agony of a man who had a friend that he was desirous of extricating from embarrassment, but whose case he found could not bear examination. That publication on the 9th of June last stated that "it would appear that the Indian authorities at home had no knowledge of the Five per Cent. Loan except from the newspapers!" that "whereas the loan was opened on the 12th of March, the first mail in March left Calcutta on the 9th of that month without any intimation that so important a measure was in contemplation;" that "there has evidently been a great leaven of mystery and mystification throughout the transaction, and the Indian Government would seem to have involved itself in a labyrinth of difficulties;" that "a fatal error has been committed by the veil of mystery which has been thrown over the loan;" and that "the Public Works Loan may prove the Crimea of the Indian Government." These were the statements of a writer who was the greatest friend of the Indian Government, from whom he received many hundreds a year, and who had been brought to this country to cram Members of that House who wished to speak in favour of that Government. A country like India, with 30,000,000*l.* of revenue and 50,000,000*l.* of debt, ought to have some one person specially chosen for his financial aptitude to act as its Chancellor of the Exchequer, and to whom they could look as primarily responsible. The right hon'ble Gentleman thought the resolution of which he (Mr. Bright) had given notice, suggesting that the annual accounts of the revenues of India should be made up to the 30th of October, instead of the 30th of April, was impracticable. The right hon'ble Gentleman could not understand much about double entry,

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or he would not have said that it had anything to do with the matter. When Lord Althorp was Chancellor of the Exchequer of this country he changed the period for making the financial statement of the United Kingdom, and the right hon'ble Member for the University of Oxford, when recently in that office, intended to carry out a similar measure. The President of the Board of Control had only to send out a despatch on this subject, and what his (Mr. Bright's) resolution contemplated would be instantly done. There was really nothing to prevent a complete statement of the receipts and expenditure of the Indian treasury for the preceding year, with an estimate of the receipts and expenditure of the current year, from being annually laid before Parliament in March, in order to bring the condition of India fairly before that House and the public. The President of the Board of Control had pronounced a panegyric on the new Governor General of India. These panegyrics were pronounced on the appointment of all Governors General, and we were generally told that they were to add nothing to the area of our dominions in India, although when they returned home titles and pensions were usually claimed for them for extending our territory. He would not detract from the praise that had been bestowed on Lord Canning, of whom he knew nothing that he could condemn. He had always considered that nobleman to be a man of good intentions, who was both intelligent and laborious. But, in governing India, besides these qualities a firm will was wanted that would do what was necessary to be done in spite of opposition from large and compact interests in the public service, which long habit had indisposed to many needful changes. If he might give a word of advice to the new Governor General, he would tell him that this question of finance lay at the foundation of success in the government of India and of prosperity to its vast population. The finances of India were in an unsound state because its foreign policy resembled that of this country. War was ruinous to all finance, whether in England or in India; and incessant war had caused the almost constant deficit in the revenues of the latter country. A country with a population so industrious and docile, with a climate and soil which produced in one portion or another of its surface almost everything that the earth yielded to man, were it only governed with ordinary wisdom, prudence, and economy, ought to have a surplus revenue, if any country in the world could have such a thing. Yet for the last twenty-five years it had been in debt, the amount of which had gradually swollen to

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50,000,000*l.*—with a gross revenue of 30,000,000*l.* a year, and a balance in the exchequer of 17,000,000 only two years ago, but which was now down to 8,000,000*l.* He would say to Lord Canning that there was in India one particular class of persons of whom he ought to beware—a kind of men not uncommon in India, who, like Lord Stratford de Redcliffe, were ever getting up disputes, and if he found such a person, he should of all things be careful to avoid him in connection with the public service. His advice to him was not to go to war, like Lord Dalhousie, for a paltry sum of 900*l.*, which the King of Ava was willing to pay, and because two inferior officers had been left standing in the sun longer than they thought was consistent with their dignity. There was a story of a Resident about to be sent on a distant embassy to a native prince, who, on his farewell interview with the Governor General, said, “My lord, is it to be peace or war?”—knowing well that it was in his power to cause either, just as might be most desirable. This was a class of men of whom Lord Canning ought to beware; for there was no possibility of relieving the pressure of taxation on the natives of India if war was to be perpetually waged with native States. He would not go into the question of the opium trade further than to say that a more dreadful traffic, or one more hideous in its results, never existed, except, perhaps, the transport of Africans from their own country to the continent of America. With regard to the salt duty, he would say that so long as such a tax was continued, the character of the Indian Government could not be what it ought to be. To tax the salt of a people, whose entire food was vegetable, so that in the interior it cost at least twenty times more than it did in this country, was positively disgraceful. The system was economically wrong and hideously cruel, and must of necessity be bad, and he trusted, therefore, that it would be speedily abolished. Another point he could not help referring to was that of torture, with regard to which the hon’ble Member for Stafford had given notice for another Session. The hon’ble Member for Newcastle last year brought forward this subject, and an inquiry had since taken place which justified everything that had been said regarding the torture prevalent in India. The inquiry, indeed, proved far more than had been alleged, and yet a tenth of what might have been told was not brought to light, for vast numbers of persons had presented themselves too late to be examined. The hon’ble Member for Honiton (Sir J. W. Hogg) and other

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Members of the India House, always professed to know infinitely more of India than he or any other person in that House did. The hon'ble Member for Honiton was regarded as the great luminary in Indian matters, and the hon'ble Member for Guildford (Mr. Mangles) shone as a lesser light in the same direction. Last year the hon'ble Member for Honiton did not deny that torture existed in India; but he pointed to the hon'ble Member for Poole (Mr. H. D. Seymour) with indignation and scorn, and endeavoured to throw contempt upon his inquiries by representing him as having gone to Madras and travelled up and down the country, asking the natives about the kind of torture they were subjected to, and then coming back and emptying his "carpet bag" of the calumnies and slanders he had collected in order to bring them against the Indian Government. The hon'ble Member for Guildford declared that he had never heard of any case of torture whatever in connection with the collection of the revenue in India. He (Mr. Bright) did not say that was not a true statement. He never believed that these gentlemen knew half so much of India as they said they did. This great enormity was known in Leadenhall-street and in Madras to have existed; and yet the hon'ble Member for Guildford was ignorant of the fact, though he had been for many years in India, and many more in Leadenhall-street. The hon'ble Member for Honiton deserved still greater condemnation. He (Mr. Bright) had seen the tables turned on that hon'ble Gentleman. He remembered that a few years ago all he said on the subject of India was received as gospel in that House. Whenever he opened his mouth, Sir John Hobhouse, who sat on the Treasury bench below, took all he said for gospel, and those who opposed the hon'ble Gentleman were regularly snuffed out. But this hon'ble Gentleman, who had held high office in India, who had received large emoluments, and who had been the principal leader of the Government at the India House—he (Mr. Bright) had once pictured him astride all the other directors—knew nothing of the existence of torture in India, and poured abuse upon the hon'ble Member for Poole when he stood forward as the advocate of the poor natives of that country. The hon'ble Member for Poole, at great expense and labour, and risk even of health, went over the interior of Madras, and gathered the most conclusive evidence upon this question, doing more real service for India than the hon'ble Member for Honiton could ever hope to accomplish. He denied that either the hon'ble Member for Honiton or the hon'ble Member for

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Guildford were authorities on this subject. If they were ignorant they were no authorities, and if they were not ignorant then they were not to be trusted. This was the dilemma on the horns of which he placed those gentlemen, and he hoped the hon'ble Member for Honiton would endeavour to get rid of it in the speech he was about to deliver. He hoped the right hon'ble Gentleman would accept the Resolution which he now offered them, as unquestionably it would strengthen his hands in any attempt he might make to hasten the production of the Indian accounts. He confessed he was sometimes betrayed into a little warmth when speaking on Indian subjects, because he never looked into the question but he felt a degree of sympathy which he had no language to express adequately to the House. The population was so great, the interests were so vast, and the wrong done so great, that he could not but feel the deepest interest in the subject, and it was with these feelings he beseeched the House to take the matter more under their care than they had hitherto done, and give a better government for India. He felt deeply the responsibility that pressed on us as the governors of so many millions of people, and he felt that responsibility increased by the cruelty, the rapine, and the guilt that had too often marked our career in the East. He was anxious that England and England's Parliament should spread before the world a brighter picture for the future. There would be history besides that which was past for India to come, and, when the story of her latter days came to be narrated, why should we not have to tell something else than of the mere successes of conquest? Why not have wise laws and such an administration of the law as would prove a blessing to India, and do more than anything else to confer imperishable renown upon the English nation?

SIR JAMES HOGG said, that the hon'ble Member for Manchester commenced his speech by stating that it was not his intention to make a personal attack either on the Government or the Court of Directors. He then dwelt on the subject of Indian finance, which he said could only be in a prosperous state in a time of peace; but he soon waxed so warm, so virulent, so personal, that any one coming into the House would have thought that the hon'ble Member was descanting on the blessings of peace. Whenever the question of India arose, the hon'ble Member made a personal attack, not only on the conduct but on the motives of those whose duty it was to take part in the government of that country. The hon'ble Member had alluded to the appoint-

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ments and emoluments which he (Sir J. W. Hogg) had held and received in India; such allusions were surely not very usual nor very seemly, but he had an honourable pride in telling the Member for Manchester that he was indebted to no patronage or favour for the independence he possessed—that he proceeded to India without any appointment, and dependant solely on his own exertions. He had, perhaps, as great practice at the Calcutta Bar and was in as large professional receipts as any man of his age and standing ever had at any Bar. He accepted office, because his health began to fail, and he did so for ease and at a sacrifice of income. The hon'ble Member adverted to what was called the "Torture Report," and in doing so alluded to the hon'ble Member for Guildford (Mr. Mangles) and himself as having denied that this practice existed. As regarded himself, this statement was incorrect. When the subject had been alluded to on a former occasion, his mind was so occupied by other matters that he omitted to reply to the remarks that had been made, and had been taunted by the hon'ble Member for Oxfordshire for that omission. He never would have ventured to assert that no improper practices were ever resorted to by the subordinates that the Indian Government were compelled to employ. Crime existed in India as elsewhere, but the Government used its best efforts to repress it. The Board of Directors had sent out, not only lately but years ago, despatch after despatch, and circulars had been issued by the Government, calling attention to the cases of misconduct and extortion which were brought under their notice. It was well known that even up to the present time these improper practices prevailed in the Native States, and that whenever these States came under the rule of the Indian Government, its best endeavours were used to eradicate these practices, and that it had to some extent succeeded in so doing. Such being the case, he had heard with surprise what the right hon'ble President of the Board of Control had said upon this subject, and he begged to tell that right hon'ble Gentleman that he had used an expression which he was not justified in doing. The right hon'ble Gentleman said that the Government of India were *participes criminis*. This, he (Sir J. W. Hogg) emphatically denied. The expression of the right hon'ble Gentleman distinctly implied that the Government of India, connived at the crime, or, at least, were aware of its existence, and did not exert themselves to repress it. Upon what did the right hon'ble Gentleman found such an imputation? It

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was not supported or warranted by the Report of the Commissioners by which he (Sir J. W. Hogg) was content to be bound. When the statements in regard to this subject were made during the last Session of Parliament, a despatch was immediately prepared by the Directors, and was sent out to India in the course of a few days. But the Government of the Madras Presidency had anticipated the instructions sent from home, and, as soon as the statements with respect to torture were seen in the public prints, it sent circulars to every Judge and Collector, and to all the civil and military servants of the Government throughout the Presidency of Madras, desiring them to make inquiries, to obtain information on this subject, and to adopt such measures as would enable the Government to bring the offenders to punishment. A Commission was then appointed to inquire into the subject, of which Mr. Norton was a member. He was a gentleman of great talent and energy; he entertained almost as strong a feeling as the hon'ble Member for Manchester as to the misgovernment of India; this gentleman, however, was selected to be one of the Commissioners by the Government of Madras, in order to show that it was desirous this matter should be probed to the fullest extent. This Commission issued notifications in six languages. These notifications were announced by beat of tom-tom in all the villages, and every possible means were taken of making it known that the Government was desirous that statements should be sent in, and that persons should come forward and give evidence to enable the Government to put an end to such practices if found to exist. It was thought that many persons might, on account of the expense, be prevented from personally coming forward; the Government of Madras offered to pay the expenses of all who would come forward and give information which would lead to the suppression of this system. The result was, that out of a population of nearly 23,000,000, covering a territory of 130,000 square miles, only 384 applications were made in person, and 425 in writing. He thought these facts showed that though the evil complained of did exist—and it was deeply to be lamented that it should be so—yet that it was not very general or far spread. The Parliamentary paper containing the Report of the Commissioners had not yet been generally circulated—though he perceived that some hon'ble Members by special favour had got copies of it—and it would not, therefore, be fair to refer to the evidence which the House had not yet had an opportunity of studying; but he would call their attention to

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the general finding of the Commissioners. After recapitulating some portion of the evidence, they went on to say:—

“From the evidence which has been brought before us we have been obliged to come to the conclusion that personal violence has been practised by native revenue collectors and police officials both in the collection of the revenue and in police cases; but we are bound at the same time to state our opinion that the practice has been of late years steadily decreasing both in severity and extent.”

It was also gratifying to learn that the Commissioners were satisfied that the Native officials—from the highest to the lowest—were well aware of the abhorrence in which the practice was held by their European superiors, and that they had seen nothing to impress them with the idea that the people themselves entertained any idea that the maltreatment to which they were subjected was countenanced or tolerated by the European officers or by the Government. “The cry of the people,” they said, “which has come before us, is to save them from the cruelty of their fellow Natives, and not from the effects of unkindness or indifference on the part of the European officers.” He would not go into the evidence taken by the Commissioners, because to do so might only tend to mislead those who had not a copy of it before them; but he thought it was clear that the practice of torture did not go to the extent that was supposed. The Commissioners stated that there was great conflict of opinion among the Commissariat officers as to the existence of torture—that few of the civil engineers or missionaries examined before them could testify of their own knowledge to the existence of torture, and that few of the medical men attached to the zillah stations had any knowledge of the practice; and they went on to remark that, considering that these medical men had charge of the gaols, and that it was their duty to inspect the prisoners, “their testimony was a cogent argument in favour of the secrecy and comparative lightness of the violence.” Speaking of the degree of violence used, they said, “It is impossible to believe that the atrocious kinds of torture are of ordinary occurrence; the cases in which death from wounds or injury to limbs has occurred must be regarded as highly exceptional.” On the whole, the Report certainly showed that this misconduct did exist to a greater extent in India than he had previously been aware of, and if this ignorance of his were a crime he was ready to plead guilty to it.

He now came to the subject of finance, and, not being such a master of figures as the hon'ble Member for

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Manchester, he found it difficult to follow that hon'ble Member through his statement, especially as he had taken a bit of it from one source and another bit from another source, adopting the *Friend of India* when it suited his purpose, and repudiating it when it did not answer his views. The hon'ble Member said that the Indian balances varied very much; this was quite true—they diminished when disbursements were made, and increased when payments came in. That might seem marvellous to the hon'ble Member, but it was nevertheless true. In India the revenue came from different districts, about the same time; and so it was not strange, but in the natural course of events, that the Indian balances should suddenly increase, and that they should as suddenly diminish when payments were made to the whole of the civil and military establishments. The hon'ble Member also complained of the large sums of money lying idle in the Treasury. But considering the enormous area of India, and the difficulty and expense of transporting money, all payments being made in silver—it was necessary to have a large balance, or the machine of Government could not go on. He hoped that the railways, when completed, would enable the Government to reduce very much the amount of the balances. He now came to the subject of the loan, which he was prepared to defend. The President of the Board of Control, looking towards the hon'ble Member for Manchester, said, with seeming timidity, that he was not there to defend the Governor General; but he (Sir J. W. Hogg) maintained that it was the right hon'ble Gentleman's duty to defend the Governor General if right, and to denounce him if wrong. If the Governor General and the Indian Government deserved defence, the right hon'ble Gentleman abandoned his duty if he left these authorities undefended. The Indian Government were bound to do the best they could for the public, and if they could borrow money at 4 per cent., they ought not to pay 5 per cent.; and if they had a surplus not wanted for the public service, they ought to employ it in the payment of the debt. Now, what were the facts? Let them look first at what took place in 1853. In July of that year there was a sum of 18,000,000*l.* in the public Treasuries, being at least 7,000,000*l.* more than was required for the public service. The Four per cent. Stock being then at par, the Governor General determined to convert the Five per cent. Stock, and with what success might be judged from the fact that of 25,000,000*l.* of Five per cent. Stock, 20,000,000*l.* were converted into Four per cent. Stock; that only 5,000,000*l.*

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of Stock was required to be paid off; and that whilst the operation was in course of being performed the rate of Four per cent. Stock did not vary 1 per cent. That sufficiently proved that the Indian Government were then justified in converting the Five per cent. Stock. But in March of the present year it was found that from unforeseen causes there was an excess of expenditure over revenue of about 2,000,000*l.*; that the balances in the public treasuries would be reduced to 8,000,000*l.* or 2,000,000*l.* less than they ought to be, as he had already stated; and that at Calcutta they would be nearly exhausted. The Russian war had broken out, and Consols fell to 90. At the same time money was so scarce, and the rate of interest in India so high, that the Bank of Bengal was charging 11 per cent. for loans on deposit of Government securities, and within six weeks the Home Government drew on the Indian Government bills to the amount of two millions sterling. Under these circumstances it was that the Indian Government was compelled to issue the new Five per cent. Loan. The hon'ble Member for Manchester complained that while the negotiation of a loan at home had only affected Consols to the amount of two or three per cent. the negotiation of the new Indian loan had affected the price of the Four per cent. Stock to the extent of 14 or 15 per cent. But the hon'ble Member forgets that while the new Stock created here bore the same rate of interest as that already in existence, the Indian Government was forced to contract their new loan at 5 per cent. interest, while the existing Stock was a Four per cent. Stock. While such was the pressure in India the Home authorities had been under the necessity of drawing on the Indian Government, within the six weeks preceding the loan for 192 lacs, or nearly 2,000,000*l.* It had been asked why did the Home authorities draw for so large an amount within so short a period? Why did they not distribute their bills equally over the year? These questions were easily answered. The lenders were bound to adopt measures not to interfere with or disturb the course of commercial and monetary affairs, and with this view they published, at the commencement of the year, a statement of the amount intended to be drawn upon India, and their treasury remained open until that amount was actually drawn, so that merchants at home and their agents at Calcutta and elsewhere could know exactly the amount to be drawn. So long as any part of the amount notified remained undrawn the treasury remained open, and the only way of stopping the issue of bills was by raising the rate of exchange. In order to

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prevent one party from gaining an advantage over another by a variation in the rate of exchange, the rate was never altered until the steamer had sailed, so that all persons remitting bills paid the same rate. With respect to Public Works, the Directors did, in July 1834, give directions that those works should be proceeded with, and the expenses be defrayed from the balances, and when those were exhausted that then a loan should be raised, but that no public works loan should be raised without their previous consent. However, under the circumstances, the loan was wisely raised without waiting for the consent of the Directors. The hon'ble Gentleman the Member for Manchester had treated somewhat cavalierly the statement of the Members of the Council respecting the loan; but those gentlemen were men of the highest character and abilities, in whom all who knew them would place implicit confidence. The statement which they made was true, and, the revenue being reduced, the public works could not go on unless a loan was raised; the amount required for public works for the year was 3,000,000*l.*, while the loan was for 2,700,000*l.* There was a little disparity between the figures given by the right hon'ble Gentleman the President of the Board of Control and those of Mr. Grant, the explanation of which appeared to be that the expenses for public works in the North-West Provinces and the Punjab, where the principal expenses arose, were charged against the revenue of the subsequent year as works in progress. Thus, in one year Mr. Grant made an estimate which was below the actual amount, while in the next it exceeded it. The hon'ble Member for Manchester had complained of the arrangements of the India House for affording information to inquirers; but the fact was that there was an officer expressly appointed to answer questions respecting the estates of deceased persons. Every will, every administrator's account current, every executor's account, was sent home, and any person requiring information could obtain it immediately on application at the India House. He was as anxious as the hon'ble Member for Manchester that the Financial Statement should be made at an earlier period of the Session, and he was as unable as the hon'ble Member to understand the excuse assigned by the President of the Board of Control. As to the Government not giving a night, he had seen nights enough uselessly consumed, and he was not aware how they could apply a night more advantageously to the public interests than to the subject of India. There was necessarily some delay in obtaining the accounts, because each Collector sent his

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accounts to the Presidency, whence they were transmitted to the India Government in the first place, and subsequently to this country; but he pledged himself that the Directors would make every effort to bring up the accounts to the preceding April.

MR. J. G. PHILLIMORE thought the hon'ble Baronet had succeeded in placing the subject of the loan upon a different footing from that on which it was left by the hon'ble Member for Manchester; but, with regard to the question of torture, the hon'ble Baronet had endeavoured to gloss over statements which should make the blood of every man tingle with indignation. The following was from the pen of the Commissioners themselves—

"Among the principal tortures in vogue in police cases we find—twisting a rope round the entire arm or leg so as to impede circulation, lifting up by the mustachios, suspending by the arms while tied behind the back, searing with hot irons, placing insects on the navel, the scrotum, or other most sensitive parts, dropping in wells and rivers until half drowned, putting pepper and chilly into the eyes, or introducing them into the private parts of men and women."

These were the practices with regard to which the hon'ble Baronet tried to throw dust in the eyes of the House by talking of them as exceptional. He believed among the worst races that ever disgraced the human shape such practices could be only exceptional, and they were totally indefensible by any Englishman. The hon'ble Baronet said he did not deny the existence of torture in India; but when the hon'ble Member for Guildford (Mr. Mangles) gave that denial the hon'ble Baronet (Sir J. W. Hogg) did not contradict him; and it was not owing to the hon'ble Baronet or the Indian Government, but to the hon'ble Member for Poole (Mr. D. Seymour), that these abominable practices were exposed. Among the witnesses examined by the Commissioners, Lieutenant Groves said he was shown two thumbscrews, and all the natives spoke of their use as a matter of course. Another witness saw a dozen ryots who were in arrears undergoing the ordeal. They were all ranged under a meridian sun in the hottest period of the year; all had heavy stones placed upon their heads and on their backs between their shoulders; their bodies were bent double, and several were kept in that position standing on one leg, the other being raised by tying a stick round the toe. He was present two hours, and none were released during that time. Other witnesses said the police were the pest and bane of society, and originated half the misery and discontent in the country. Violence, torture, and cruelty, were their chief instruments for detecting crime

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and extorting money. Robberies were day and night committed, and not unfrequently with their connivance. If when cruelty was practised the person accused persisted in his innocence, he was only released upon incriminating some wealthy man, who in his turn was only permitted to depart on payment of a heavy fine. That was the description of the Indian police, concerning which they had never heard a syllable from any one representing the Government of India in that House. He would conclude this portion of the subject by mentioning one more case of torture, which resulted in the death of an old man, who, having been tied up in the sun in the manner he had described, that treatment brought on a fit of apoplexy, which resulted in the death of the sufferer. And what was the reason why this unfortunate victim was thus tortured? Because he was supposed to be deficient in the payment of 2 annas and 10 pies—not quite 4*d.*! Now, although he was much gratified by the speech of the right hon'ble Gentleman (Mr. V. Smith), as evincing a desire to remedy the evils inflicted upon the people of India, he was much mortified to hear what he had said about the salt tax, which appeared to be as unjust a mode of extorting money as human ingenuity could devise. He trusted that before long the Government would take that subject into their serious consideration; and he would remind the right hon'ble Gentleman that the collection of the *gabelle* in the seventeenth century led to the French Revolution, and that they had it from Sully that nothing could be more cruel than a tax upon salt. He contended, also, that an improved tenure of land was loudly called for, and that it was imperative to establish a proper judicial system. No person could efficiently perform the offices of judge and revenue collector, and the attempt to combine them in the same individual frequently led to the infliction of gross injustice. Indeed, the administration of justice in India—he did not mean by Judges sent out from England to administer English law—was a scandal to the country. He also alluded to the enormous amount of the salaries attached to some of the civil appointments, and from which appointments the natives of that unhappy country were excluded. He hoped that the time had at length arrived when the evils which had been suffered to accumulate in India for the oppression of the people would be removed.

MR. OTWAY said, that before he referred to the question of torture he must express his regret at the tendency to annex the territories of native princes which had of late developed itself. If they had only a return of the annex-

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ations made under Lord Dalhousie, he had no doubt they would find that they exceeded all those which had been made by the five or six Governors General preceding him. The remarks of the right hon'ble Gentleman (Mr. V. Smith) with respect to Oude were also somewhat ominous. He (Mr. Otway) was afraid that the Governor General had already his eye upon that territory; but he trusted that the right hon'ble Gentleman would give him a strong intimation that its annexation would not be a policy that would meet with his approbation. He hoped that, if better feelings did not prevail, a regard to such authorities as Sir Thomas Munro, the Duke of Wellington, and other great Indian statesmen, would deter the Government from a course which would be detrimental to the interests of this country. With regard to the question of public works, he noticed a very wide discrepancy between the figures of Sir Charles Wood and Mr. Grant. Sir Charles Wood stated the outlay for public works at 3,152,000*l.*; whereas Mr. Grant set it down at 9,152,900*l.*, having included in that sum the building of barracks and other military expenditure, which it was not fair to call public works. He (Mr. Otway) complained, first, that the expenditure was quite incommensurate with the extent of area to which it was applied; and, secondly, that the objects were by no means judiciously chosen. He thought the money ought to be applied chiefly to water communication, which was much more adapted to the wants of India than railways. Besides, railways could only be extended at a rate of a hundred miles per annum, whereas water communication could be supplied very much faster indeed. The Report of Colonel Cotton showed that the outlay on public works had realised seventy per cent. He now came to the question of torture. Much as he had been surprised at statements made in that House by the hon'ble Baronet (Sir J. W. Hogg) on the subject of India, he had never been more so than by that which the hon'ble Baronet had made that night; for the hon'ble Baronet, after declaring that he had not had an opportunity of seeing a certain Report, immediately proceeded to give copious extracts from it. He must also remark that those extracts were by no means calculated to afford an accurate notion of the Report itself. The hon'ble Baronet dwelt first on the fact that the number of letters received in answer to the notification had been but small; and, secondly, that no complaints had been made against Europeans. That, however, was a statement which was hardly borne out by the document itself; but, as he (Mr. Otway) had given formal notice that he would call

Mr. Otway.

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the attention of the House to the subject next Session, he would not now go into the question at any length. He must, however, remark that the Commissioners themselves noticed the fact that the receipt almost simultaneously of so many as 1,959 complaints was strong evidence that the objectionable practices were of very common occurrence. But the gravamen of his (Mr. Otway's) charge against the Directors was, that these practices had been carried on for years with the full cognisance of the East Indian Government; and the Directors had written despatches, condemnatory of them, indeed, but still showing that they were fully aware of them. He regretted the absence of the hon'ble Member for Roxburghshire (Mr. Elliot), who, on a former occasion, said that he had been thirty years in India, and had never heard of the practice of torture. He hoped the hon'ble Gentleman would be in his place next Session when he (Mr. Otway) brought forward his Motion on the subject. There was the evidence given in the Report, not only of Natives, but of several European gentlemen, affirming that in their sight the use of the thumbscrew had been practised by the police for the purpose of extorting a confession with a view to obtaining money. It was clearly proved that they had been guilty of inflicting the most horrible tortures, the result of which had been that confessions were made by innocent persons which led to their being condemned to death. The hon'ble Baronet had said that no missionaries had given evidence as to the existence of a system of torture. This was contradicted by the Report of the Commissioners, in which he found the names of several clergymen, who had given the most conclusive testimony to the existence of the practice. He had in his possession at this moment an instrument of torture of the most horrible character, which had positively been used upon a Native of India. He trusted, then, he should hear no more denials of the practice of torture existing in India, and being exercised under the cognisance of Europeans. In the words of Mr. Lewin, he asserted that the practice of torture within the territories of the Madras Government was universal, systematic, and habitual, and that mutilations and death were its frequent results. He wished he could say that the system was confined to the Madras Presidency. In the Bombay papers he found a gross case of torture, which resulted in the death—the murder he might say—of an individual, and the persons charged with it received a most inadequate punishment, two years' imprisonment. The right hon'ble Gentleman alluded to the appointment of Lord

Appointment
of Lord
Canning.*Mr. Otway.*

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Canning as the Governor General of India. When that noble Lord was appointed to that office, endeavours, he thought not fair ones, were made to disparage a man at the outset of his arduous duties. He had read the speech of the noble Lord at the entertainment given to him by the East India Company, a speech replete with noble sentiments, and all he could say was that if the noble Lord acted upon that speech, and appointed to public office persons who from their character and qualifications were fitted to take part in the government of 150,000,000 of persons, he might render illustrious in India a name that was famous in Europe.

Mr. Henley.

MR. HENLEY tendered his thanks to the hon'ble Member for Poole (Mr. Danby Seymour) for having brought this subject to the knowledge of the House and the country; for until he did that, he believed that scarcely anybody in this country had any knowledge of it. Another matter had also come painfully out in consequence of this inquiry, that those parties who had had long experience in India must now be held to have little knowledge not only of what went on in the country, but of what was done by parties in their own employment. It was impossible altogether to acquit the Government of India of some share in this matter. The Commissioners said it was generally prevalent, that it was now diminishing, and that the whole cry of the country came up against what was being done. It was extremely painful to have this matter brought up, and to hear it treated, as it had been by the hon'ble Baronet (Sir J. W. Hogg), because he stated that it did not exist to a considerable extent. Then again the hon'ble Baronet would have them believe that merchants, and missionaries, and Europeans were wholly ignorant of it; but if that were so, that only showed what an unfortunate state they were in, when the Government did not know what was going on by their own subordinates. It forced itself irresistibly on his mind that this practice had gone on to a considerable extent, and yet it was by an accident almost, by an hon'ble Member of that House choosing to go to India, that they had become aware of it. The existence of the evil, however, now stood upon record; there could be no longer any doubt about the fact; and he hoped that public opinion would so operate upon the Indian authorities as to insure that it should not much longer continue.

Sir J. Hogg.

SIR JAMES HOGG explained that he did not say that missionaries and Europeans did not know of it. He gave the words of the Commissioners, who expressed their surprise that so few of the Europeans and civilians knew of it.

Mr. Henley—Sir J. Hogg.

SIR CHARLES WOOD entirely concurred in the expression of gratitude which had been used with regard to his hon'ble Friend the Member for Poole for the information which he had afforded the Government upon the subject, and he had no doubt that the Government on the spot and the home Government would spare no effort to put a stop to such practices. With respect to the statements of the hon'ble Member for Manchester, it was obvious that they referred to another period as regarded the actual expenditure on civil works. He (Sir Charles Wood) stated the average expenditure on civil new works in 1852 at 700,000. Mr. Grant's statement of expenditure, namely, 1,600,000., in 1854, offered no discrepancy as to the facts.

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Sir C. Wood.

MR. BRIGHT said the figures might be made to agree, but it would be by including things which were not strictly public works.

Mr. Bright.

SIR CHARLES WOOD said, the discrepancy was none; because for Mr. Grant's purpose all money for repairs, as well as for new works, was included. The hon'ble Gentleman said the statement of Indian finance on the subject of the loan made by him (Sir Charles Wood) was intended to deceive the House. There was no use in talking of the balances, as they varied. That in April, 1853, was 15,500,000. This gave about 5,500,000. available for any purpose to which it was requisite to be applied. For four years there had been an annual increasing surplus. For that the 4 per cent. loan was kept open, and it being obvious that the 5 per cent. loan was unnecessary, it was the duty of the Government to reduce the 5 per cent. to 4, as it would be unjust to call upon the people of India to pay the difference. After this operation had been effected a change of circumstances took place, rendering it necessary to raise a 5 per cent. loan for the purposes of the country. The first circumstance he gave his attention to, when he accepted the post of President of the Board of Control, was to endeavour to establish friendly relations on the western frontier of our Indian dominions. He could not too highly praise the conduct of Lord Dalhousie in the war, which had been, as it were, forced upon him. That noble Lord had acted with so much judgment that he was enabled to put an end to wars, to obtain large acquisitions of territory, and to lay the foundation of amicable relations with other Powers. The successor was well selected, and he augured the best for the appointment.

Sir C. Wood.

MR. WHITESIDE wished to say a few words on the administration of justice in India. The right hon'ble Baronet

Mr. Whiteside.

Sir C. Wood—Mr. Bright—Mr. Whiteside.

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Judicial estab-
lishments.

Mr. Mangles.
Torture.

(Sir C. Wood) on a former occasion said that the appointment of a Commission on judicial establishments in India was about to be followed up, but he had not heard that anything had been done. While Englishmen and Scotchmen were selected for judicial offices, Irishmen seemed to be systematically excluded. If a pamphlet which had been sent to him, containing the judgment of the inferior courts, reported them truly, it was no wonder that so many of their decisions were reversed in the superior courts, for such a farrago of folly, ignorance, and absurdity he had never read.

MR. MANGLES said, it might have been the case that torture had been inflicted by Native police officers in India in order to extort confessions in criminal cases, and the recent investigation of the Commissioners had proved the lamentable fact that it had also been employed to enforce the payment of rents. When he stated last year, on occasion of the Motion of the hon'ble Member for Newcastle (Mr. Blackett), that he had never heard of torture having been used in India for that end, or otherwise than by Native officers of police, in order to extort confessions, he spoke in ignorance; that ignorance arising from his personal knowledge of India having been confined to the north-western provinces, in both of which the system of land revenue was essentially different from that which prevailed in Madras. The Report recently published exonerated the European servants of the Company from being implicated in these practices. In considering this subject it was only fair to remember the extreme difficulty in procuring information relative to the commission of murders and other offences in India. He thought the right hon'ble Gentleman was hardly justified in saying that the servants of the Company were open to blame with regard to the administration of torture in the Madras Presidency, and he was sure those servants would not need the stimulus of public opinion to do all in their power to put down so abominable a system.

Mr. D. Sey-
mour.

MR. DANBY SEYMOUR was sorry to find that the statements he had made in this House last year on the subject of torture had turned out to be well founded, and he had found upon inquiry that there appeared to be some sort of understanding on the subject between the officials and the collectors. He thought there were various circumstances which justified the statement of his right hon'ble Friend that he could not wholly exculpate the civil servants in this matter. The Government had neglected reports which had called their attention to the infliction of torture, and when cases had been brought before the Judges in the Presi-

Mr. Mangles—Mr. D. Seymour.

gency of Madras they had failed to administer that severe punishment which would have been likely to prevent a repetition of the offence. With regard to the Native servants, they were extremely underpaid, and he thought a great deal might be done to improve their character and their position. As to the loan, there certainly had been no intention to deceive on the part of the Government of India; but he admitted that they were to a certain extent liable to blame for having allowed themselves to be taken by surprise in this matter. He trusted that before the next Session of Parliament measures would be devised to put an end to the system of torture, and that the finances of India on the next Budget night would present a more favourable appearance than they had shown that evening.

After a few words from Mr. V. SCULLY,

MR. BROTHERTON withdrew his Motion.

Resolutions *agreed to*.

On the Motion of Mr. BRIGHT, the following Resolutions were *agreed to*.

"That, in the opinion of this Committee, with a view to bring the state of the Finances of India more clearly before Parliament, it is desirable that the Board of Control for the Affairs of India should consider the practicability of laying before Parliament in each year a complete statement of the receipts and expenditure of the Indian Treasury up to the 30th day of April, during the preceding, with an estimate of the anticipated receipts and expenditure for the current year.

"That this Committee is further of opinion, that, in order to afford a fair opportunity for a consideration of the statement on Indian finance, now annually submitted to the House by the President of the Board of Control, it is desirable that, in future, that annual statement should be made at such a period of the Session as shall permit of its receiving the attention which its importance demands."

• House adjourned at a quarter after Two o'clock.

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MR. VERNON SMITH'S FINANCIAL STATEMENT,

1855-6-7.

EAST INDIA COMPANY'S REVENUE ACCOUNTS.

MR. VERNON SMITH, in rising to make the annual official statement relative to the affairs of India, said that the hon. and learned Gentleman opposite (Mr. Butt) laboured under a misapprehension if he supposed that the Committee into which the House had just resolved itself was about to dispose of the revenues of India. The object of the Committee was a totally different one. During the discussion of the Act of 1853 it was felt desirable that some notice should be periodically taken in that House of the general subject of Indian affairs, and it was thought that the best mode of doing so would be by the person who filled the office of President of the Board of Control every Session submitting a statement of the finances of India, on which occasion any hon. Gentleman who wished to make any complaint, or to offer any observations connected with the administration of that distant empire, would have an opportunity of addressing the House. Nothing could be further from his desire than to preclude any case of grievance from being fairly brought under discussion; he wished the natives of India to know that the doors of Parliament were opened wide to them; yet the hon. and learned Member for Youghal must be aware that if his Motion had been entertained before the House went into Committee, the effect would have been to get rid of what was termed the Indian budget for the present year; for it was not in his power, any more than it was in that of the hon. and learned Gentleman, to command another day for such a purpose. When he last addressed the House, on a similar occasion, he moved a series of Resolutions analogous to those submitted by

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Smith.

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Earlier pro-
duction of
Indian
accounts.

his predecessor; but the hon. Member for Manchester (Mr. Bright) then moved an additional set of Resolutions, embodying the opinion of many hon. Members, that there should be some acceleration in the production of the Indian accounts, and also that the official statement on Indian affairs should be made at an earlier period of the year. While alluding to the hon. Member for Manchester, he must be permitted to express his deep regret at the absence of that hon. Gentleman, and more especially at the cause of that absence; for the presence of a man of such vigorous mind, and one so well capable of discussing Indian affairs, in which he had interested himself from a single desire to promote the welfare of his fellow subjects, of whatever colour or clime, would be always of valuable service to him (Mr. Vernon Smith), and, he believed, also to the House. The loss of the assistance of that eminent debater was all the more to be deplored, looking at the number of empty benches which the House now presented. With one part of the hon. Gentleman's Resolutions he had been unable strictly to comply. Although the season of the year was not now so late as when he last made his statement, the period of the Session at which it was delivered was nearly the same in both cases. For that, however, he was not to blame. If the House came to a Resolution in one year, it ought to be prepared to enforce it in the next. The reason why it had not done so was doubtless because it gave the precedence over Indian affairs to the more exciting as well as more pressing questions of foreign policy, the negotiations for peace, and, after peace had been proclaimed, the urgency of domestic subjects. He had, however, been successful in fulfilling that part of the Resolution which enjoined on him the production of the Indian accounts at an earlier period than heretofore. His exertions in this respect had been seconded by the Court of Directors, and the local Governments had also responded to the whip made upon them with zeal and promptitude. The result was, that the accounts were presented on the 13th of March, instead of on the 18th of May, which had put the House in possession of the state of the entire finances of India two months earlier than usual. Together with the figures for the years 1853-4 and 1855-6 the sketch estimates for 1856-7 had been furnished to the Home Government—the greatest amount of progress ever yet made in the production of these accounts; and indeed he could not see how, with the sketch estimates of the coming year before them, they could well carry their anticipations of prospective revenue and expen-

Mr. Vernon Smith.

diture much further into the future. For this improvement credit might, therefore, fairly be claimed. He would now read to the House the figures on which he founded the Resolutions that he intended to move, together with a comparison of the sketch estimates for 1856-7 with the actual accounts for 1853-4. For 1853-4 the figures were—

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Comparison
of sketch
estimates
for 1856-57
with actuals
for 1853-54.

£

I. BENGAL—

Net revenue	...	...	...	...	8,096,683
Local charges	...	...	...	...	2,200,944
Local surplus					5,895,738

NORTH-WESTERN PROVINCES—

Revenue	...	...	...	...	5,656,974
Local charges	...	...	...	...	1,547,108
Local surplus					4,109,868

Military charges of Bengal and North-Western Provinces

Net revenues of ditto	...	...	...	...	13,783,356
Total charges of ditto	...	...	...	...	9,774,486

Surplus available for general purposes of India ... 3,978,870

II. MADRAS—

Net revenue	...	...	...	...	3,315,513
Charges	...	...	...	...	3,539,334
Deficit					£ 223,821

III. BOMBAY—

Net revenue	...	...	...	...	2,636,211
Charges	...	...	...	...	2,977,113
Deficit					£ 340,902

Total revenues of the several Presidencies	...	...	...	19,705,080
Total charges of ditto	...	...	...	16,290,933

Total surplus of ditto ... 3,414,147

Interest on Indian debt	...	...	...	2,195,975
Charges defrayed in England	...	...	...	3,262,289

Total further charges on Indian revenues ... 5,458,264

Excess of expenditure over income ... £ 2,044,117

This account had been put into a better shape for English eyes by his right hon. Predecessor, who had also in his new form commuted Indian into English money. A still further process of simplification, by substituting Company's rupees for sicca rupees, would, if possible, be effected.

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He had now to submit the following comparison of the Estimate for 1856-7 with the actual result of 1853-4:—

Comparison of Estimate, 1856-57, with Actual Result of 1853-54.

REVENUE.				Increase.	Decrease.
				£	£
Ordinary—					
Land Revenue	...	...	...	432,842	.....
Customs	...	...	...	471,640	.....
Salt	...	...	...	.....	63,779
Opium	...	...	...	412,847	.....
Tobacco (abolished 1853)	...	...	...	.....	8,398
Post Office	...	...	...	.....	26,665
Stamps	...	...	...	32,867	.....
Mint	...	...	...	46,891	.....
Marine and Pilotage	...	...	...	14,978	.....
Judicial receipts	...	...	...	35,061	.....
Revenue of Straits settlements	...	...	...	21,596	.....
Revenue of Coorg	...	...	...	.....	3,779
Revenue of Nagpore	...	...	...	350,094	.....
Revenue of Oude	...	...	...	1,698,914	.....
Interest on debts due by Native States, &c.	...	...	...	.....	2,400
Miscellaneous receipts, including sale of presents	...	...	...	104,012	.....
Other receipts—					
Proceeds of estates administered to by the late Registrar General	...	...	...	.....	839
Proceeds of assets of the late Government in the Punjab and receipts from Rajah Golab Singh	...	...	...	.....	29,513
Gain by exchanges	...	...	...	56,140	.....
Total				£3,077,822	£135,373
Net increase of Revenue				£2,942,449	
EXPENDITURE.				Increase.	Decrease.
				£	£
Payments in realisation of the revenue—					
Charges of collection, &c.	...	...	...	141,516	.....
Allowances out of revenue by treaty	...	...	...	.....	132,727
Sinking fund, Tanjore	...	...	...	.....	84
Allowances to village officers, enamdars, &c.	...	...	...	.....	75,570
Charges of the Nagpore territory	...	...	...	246,235	.....
Ditto, Oude ditto	...	...	...	874,303	.....
Charges in India—					
Civil and political	...	...	...	472,067	.....
Judicial and police	...	...	...	173,779	.....
Public works, buildings, &c.	...	...	...	1,080,218	.....
Military	...	...	...	.....	193,996
Marine, Indian navy, &c.	...	...	...	72,882	.....
Charges of the Straits settlements	...	...	...	5,854	.....
Mint	...	...	...	.....	99
Interest on debt	...	...	...	.....	394,922
Charges in England—					
Dividends on East India Stock	...	...	...	.....	2,970
Interest on home bond debt	...	...	...	43,764	.....
Steam communication with India	...	...	...	.....	10,611
Carried over				3,060,618	810,978

Mr. Vernon Smith.

	Increase. £	Decrease. £	31st JULY 1856.
Brought forward ...	3,060,618	810,978	
Ditto, for extended communications, paid to Her Majesty's Government ...	...	27,289	
On account—building, &c. a steam vessel for Madras Government, and cost of coals for use of steam vessels in India ...	54,000	...	
Transport of troops and stores ...	11,856	...	
Furlough and retired military pay ...	143,692	...	
Ditto marine ditto ...	196	...	
Her Majesty's troops in India ...	...	403,693	
Charges general (home establishments, &c.) ...	...	2,648	
Absentee allowances to civil servants ...	28,560	...	
Annuities of Madras Civil Service Fund... ..	...	1,400	
Retiring pay, St. Helena establishment ...	...	88	
Her Majesty's establishments in China ...	10,944	...	
Expense of transportation of convicts ...	...	4,606	
Invoice of stores ...	474,688	...	
Total ...	£3,784,554	£1,250,702	
Net increase of revenue ...	...	£2,942,449	
Net increase of expenditure ...	...	2,533,852	
		£408,597	

Improvement of 1856-57 as compared with 1853-54.

Excess of expenditure over income, 1853-54 ...	£2,044,117
Excess of expenditure over income, 1856-57 ...	1,635,520
Decrease ...	£408,597

That statement showed that his anticipation last year of the deficiency which would occur had fortunately not been fulfilled. He would now inform the House of the results of the Indian finances from 1852 to 1856. From 1852-3 there was a surplus revenue of £424,257. In 1853-4 there was a deficit of £2,044,117. In 1854-5 the estimated deficit was £2,670,518, but the actual accounts showed a deficit of only £1,708,627. The improvement in that year, amounting to £961,891, arose from increase of revenue to the amount of £615,837; diminution of Indian charge, £344,722; and diminution of home charge, £1,332. The estimated deficit in 1855-6 was £2,057,633, and in 1856-7, £1,152,109, which was much below the amount anticipated. He would now explain to the House the cause of this result. The House was aware that one of the principal items of expenditure in India was under the head of public works. It had been said that the entire deficiency in the Indian finances was caused by the amount of money expended upon public works, but that statement had, he thought, been disproved. He had certainly been inclined last year to over-estimate the expenditure under this head, but he had since taken pains to ascertain the real state of the case, and with the assistance

Results from
1852-53 to
1856-57.

Cause of
deficiency.

Public Works.

Mr. Vernon Smith.

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of one of the most intelligent accountants in his own, or, he believed, in any other public office (Mr. Leach), a statement had been prepared which would put the House in full possession of the facts. In order to ascertain what was the real expenditure upon public works he had directed that the statement should be confined to such expenditure as was incurred for works which could be fairly considered remunerative; for he thought a great mistake had been made, especially in Mr. Grant's Minute, so much alluded to last year, in taking into the account of public works, expenditure upon repairs and matters of that kind, which were the ordinary incidents of an empire, as they were of an estate. The statement he had prepared was confined to reproductive public works, including improvements in military stations, for he considered that an outlay on barracks which promoted the health of the soldiers, and so contributed to a saving of valuable lives, was even in a pecuniary point of view fully justifiable. The right hon. Gentleman then proceeded to read the following statement:—

Results of the Indian Finances in 1854-55, and as estimated for 1855-56 and 1856-57, showing the effect upon those Results of the Extraordinary Expenditure on Public Works above the average of former years:—

	1	2	3			
	Extraordinary Expenditure on Public Works, Civil and Military.	Average Extraordinary Expenditure thereon, in three years, 1851-52 to 1853-54	Excess of Extra Expenditure on Public Works, above that Average.	Surplus Charge, including all extra Public Works in col. 1.	Surplus Charge, excluding amounts in col. 5.	Surplus Revenue excluding all extra Public Works in col. 1.
	£	£	£	£	£	£
Actual 1854-55	1,818,977	719,633	1,099,344	1,708,627	609,283	110,350
Regular Estimates 1855-56	2,109,962	719,633	1,390,329	2,057,633	667,304	62,329
Estimated 1856-57	185 lacs, or 1,734,376	719,633	1,014,742	1,162,109	137,367	682,266

The expenditure upon public works had, in fact, been the chief cause of the very considerable deficiency which

Mr. Vernon Smith.

existed, but it was consolatory to know that, but for such expenditure, there would have been an actual surplus of revenue. Before quitting the subject of public works, he must observe that he had yielded, as much as any one, to the excitement which existed in this country after the inquiry of the Committee, in 1852, as to the necessity of encouraging great public works in India; but he regretted that this notion had been pressed forward too eagerly, and had not been undertaken more gradually. The consequence of the excitement to which he referred was, that there arose throughout India an outcry for every description of public work. Letters were sent round to almost all engineers and other officials employed on such works, a stimulus was applied to the promotion of undertakings of that kind, and ill-digested plans, as well as those which had been carefully considered, were carried out. He might mention, in proof of his statement, that a proposal was submitted to the Government for the construction of a road from Lahore to Peshawur, at an expense of £4,000 a mile, or about half the expense of a railroad, and a railway was now projected over nearly the same ground. The operations for the construction of the road had been, to a certain extent, checked; but he mentioned the circumstance to show the inconvenience of commencing such enterprises without due consideration. One of the most important items in the Indian revenue was the salt duty. The duty imposed upon salt had frequently been brought under the consideration of the House by the right hon. Member for Droitwich (Sir J. Pakington), who had, however, exercised great forbearance this Session. The right hon. Gentleman had last Session called for a Report on the subject of the salt trade, which he had not yet received. That delay was partly owing to the illness of the gentleman employed to make the Report. It had now come to hand; and, though the statements and recommendations in it had not yet received the sanction of the local Government, and still less that of the Imperial Government, every one who read it must admit that it was a most able and valuable Report. He would read only a portion of the conclusion of it to the House—

“It has for years—since August, 1748—been open to any to engage in the manufacture of salt, according to the English method, under excise regulations. The only remaining question is, whether it is possible to introduce any system of excise effectively where the common native process of manufacture is adopted. This question is now in course of practical solution. The Bengal Government, with the full concurrence of the Government of India, sanctioned, in September, 1854, a set of rules for granting licenses to parties desirous of engaging

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Salt duty.

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in the manufacture of salt, upon any method, under an excise system; so that, in fact, in Bengal a system of excise has been in course of substitution for the monopoly arrangements for more than a year past. The whole correspondence on the subject will be found in the Appendix, and it appears to me that all that is necessary is to push on the present scheme through all the salt-producing districts, as far as it depends upon the authorities to do so. I am of opinion that the duty should at once be lowered from its present amount of 2 rupees 8 annas to 2 rupees per maund, the rate which prevails in the North-Western Provinces, the special additional duty of 8 annas, levied on the Allahabad line of those provinces, for the protection of the Bengal revenue, being, of course, discontinued at the same time. I entirely agree with the Board of Revenue, that by so considerable a reduction there would be a much greater probability of the price being at once reduced to the consumer, and a stimulus in consequence given to consumption, than if only a 4 annas abatement were made, as heretofore. I am not at all sure that it might not be ultimately and speedily beneficial to the revenue if the rate throughout the Bengal Presidency and the Punjab were at once reduced to 1 rupee 8 annas per maund, being double the rate prevailing in the Bombay and Madras Presidencies."

Land
Revenue.

The proposal here made was a very moderate one; but he wished it to be understood that it was the proposal of the gentleman only who was appointed to draw up the Report. The Committee was aware that a very large—indeed, the largest portion of the Indian revenues was derived from land. There had always been considerable difficulty in saying how we should deal with the land revenue of India—it was a subject which had puzzled the greatest philosophers and statesmen; but he believed it was the general opinion that throughout the Madras Presidency it would be necessary to have a survey and fresh assessment, and that nothing effectual could be done till that survey was completed. In the meantime Lord Harris had not been insensible to the evils of a too heavy assessment, and he had expressed a desire that a reduction in many instances should take place. The line which Lord Harris had taken on this subject would be best explained by the following memorandum—

"His Lordship had no doubt that if the Government demand was fixed at 25 per cent., or one-fourth of the gross produce, 'not only would that be no loss to the general income, but that there would be in a short time a large addition to it by the large quantity of land which would be taken into cultivation, and by the increased consumption of articles of import, both of which would be caused by the accumulation of capital.' But that the actual loss or gain to Government will be only known after the survey has been made and the assessment fixed; in the meantime, Lord Harris was 'disposed to think that the general out-turn would be far from unfavorable to Government.' It would appear that the Madras Government calculated that with four deputy surveyors general, the survey, &c., of the Madras Presidency 'will occupy twenty-two years, and that its cost will amount to 38,40,000 rupees, but that if

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the scale of operations is enlarged the period occupied will be shortened, and the total cost will be diminished.' The papers connected with the proposed general survey of the Madras Presidency were submitted to the Government of India for orders, &c. It appears that that Government had informed Lord Harris of their 'unanimous' concurrence with the views and proposals of the Madras Government."

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He believed the best authorities concurred in thinking that without a new survey and assessment it would be difficult to bring about an increase in the land revenue. It was satisfactory to find, however, that they were also of opinion, and Lord Harris among the number, that a reduction of the assessment would have the effect of increasing the revenue. Last year he mentioned that, among the productions of India, there was some hope of finding coal and iron. In doing so, he was guided very much by what had appeared in the Indian papers; but he was happy to find that the statement was corroborated by the opinion of Lord Dalhousie, who counted upon a valuable and abundant supply of both being obtained at no distant date. He need hardly say that if those important minerals were found in abundance in India, they would have an extraordinary effect in facilitating and accelerating the progress of that empire. There was another exceedingly valuable article of growth and manufacture in India to which he would for a moment advert, and that was cotton. Everybody could see the importance of securing from India a large supply of cotton, and he was happy to say that to a certain extent the experiments which had been made had proved successful. He would read to the Committee a note with which he had been furnished, on the results of the cotton experimental cultivation in the Bombay Presidency with the New Orleans seed:—

Coal and iron.

Cotton.

"With the exception of the Dharwar Collectorate the endeavours of the Government to induce the ryots to cultivate the New Orleans seed has not been successful; indeed, in Ahmedabad, Surat, Broach, and other cotton districts, the American plant is reported to have been entirely neglected, or the quantity grown quite insignificant. However, the area cultivated with the indigenous plant was, in 1854-5, in excess of that of 1853-4 in most of the cotton districts. In Dharwar, in 1854-5, the acres cultivated with the New Orleans seed were 63,298, against 41,403 acres in 1853-4, showing an increased cultivation in the former year of 21,895 acres; and apparently the ryots are now so convinced of the advantages of engaging in this cultivation that the American plant may be fairly said to have taken permanent root in this district, and that the indigenous cotton will have to give place to it. Therefore, under these circumstances, interference or aid from the Government to induce ryots to undertake the American cotton culture was no longer required in Dharwar, while in the other cotton districts

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encouragement on the part of the Government had not led to results of any consequence, or was likely to produce any permanent effect. Moreover, there are now scattered over the country Europeans prepared to purchase cotton, either of the American or native variety, of a quality suited to the English market, at remunerating prices. And further, it would appear that the prejudice of the ryots to the cotton saw-gin for cleaning the cotton was giving way, and that the use of it was becoming popular, as the ryots found that saw-ginned cotton obtained from the merchants a higher price than the cotton cleaned and prepared by the churka or native foot-roller; and that the work was done more speedily with the saw-gin than the churka, and full as cheap."

He also asked the attention of the House to the following very curious experiment:—

"Mr. Landon, a merchant, who has settled in Broach for cotton purposes, has established in that district a factory for making and preparing the saw-gin machinery. He has also erected a cotton factory—an experiment which appears to have been attended with signal success. For, it is stated, the yarns made at Mr. Landon's factory, 'exclusively of short staple Broach cotton,' fetched in the market 'nearly 10 per cent. more than Manchester yarn of the same designation,' and that orders had in consequence been received sufficiently to keep the factory in constant work for some months."

Again, he was sorry that the hon. Member for Manchester (Mr. Bright) was not in his place, as he had ever taken a deep interest in this question, and would, no doubt, have been gratified to learn that something was doing towards increasing the cultivation of an article the production of which he had been most anxious to promote. He was not aware that there was anything further in the statement of the revenues of India which he need comment upon. He would only say that he saw nothing to lead them to despair of an increase in the revenue; but, at the same time, it was their duty also to look to other means of producing a surplus—*viz.*, to a reduction in the amount of expenditure. It had been said that it was impossible to lay on fresh taxes in India. He was not so very certain of that, for on looking round he thought there might be found other things than now existed on which taxes might be raised. But, in the meantime, they had to look to the expenditure. The first great head of expenditure was the Indian army, and he would at once say on this point that it was next to impossible to suppose that they could effect any material reduction in that army. It had been said that a reduction might be made in the way of employing the native army more and the Queen's troops less. Now, he maintained it was necessary that a large proportion of Queen's troops should be kept up in India, and particularly that to substitute Indian cavalry for the Queen's cavalry was a proposal totally

Reduction of
expenditure.

Indian army.

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inadmissible. He believed that the presence of British cavalry in India was attended with a very wholesome effect; that they were exceedingly useful in promoting the rivalry, in teaching the Indian cavalry lessons of discipline, and exciting them to those habits of order and obedience which were of so much consequence to an army. He was happy to find that the first representation which he had the honour to make to Her Majesty on the subject of the Indian army had been received with great approbation. The Governor General said :—

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“The Indian army, however, has still higher cause for congratulating itself on the gracious favour which the Sovereign has lately shown towards it, in raising its officers from the derogatory position in which they have hitherto stood, and in granting to them the recognition which until now has been denied to them, of their military rank in every part of the British dominions, and throughout the world.”

Having received that compliment, it would be ungracious in the Indian army to wish to have withdrawn from them the presence of the Queen's troops. There were other questions relating to the Indian army, such as the substitution in greater numbers than at present of irregular for regular cavalry, which were still under the consideration of the Indian Government. He hoped that no hurried decision would be come to upon them. Reductions might be made in the Commissariat, the stud, and other departments; but to reduce in times of tranquillity to too low a scale was a mistake which he trusted would be avoided in dealing with the expenditure of the Indian army. He now came to the civil service. At a former period of the Session he was reported to have said, in reply to the Member for Devonport, that he thought the civil service in India ought to be reduced to the footing of the different colonial services. He never made any such statement. All he said was, that the civil salaries of India had remained almost stationary, while those of the Colonies had been very much diminished. He thought that the Indian civil servants ought to be highly paid, and that the best men ought to be enticed thereby to go out, but he did not admit that the Indian civil service was the only service which required a man to go to a distant and unhealthy country, and which sent him home jaded and worn out. The climate of the West Indies and many other places was, in some respects, as bad as that of India. On the other hand, the salaries of the Indian civil service were upon a scale far beyond that which existed in any other profession. He knew of no other service in which a young man of twenty could enter at £350, or in which a person could rise

Civil service.

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contract
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years.

Political
situation of
India.

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from £350 to £4,000 per annum; but let it not be supposed that he desired anything to be done immediately in the way of reducing the civil salaries of India. To touch existing interests would be the worst possible economy, even if it were not unjust; but it would be the duty of the Indian Government to keep the advantages of reduction always in view, and to reap them whenever practicable. Reduction, it was said, would be followed by speculation. He did not believe it. Lord William Bentinck made great reductions in his time, and no ill ensued. In the worst times of Indian speculation and corruption salaries or allowances from trade were high enough. Economy was a most offensive virtue everywhere, but especially in India. Financial reformers had in England the support of the House of Commons and the public press; whereas in India the only public opinion was that of the civil service itself, which was naturally averse from a reduction of its own salaries. It might be said, indeed, that the only person whose duty it was to preach economy was the unfortunate officer who bore the title of President of the Board of Control. He was glad to state, however, that in June a despatch was sent out recommending very considerable reductions, and which at the same time touched another subject of great importance, allowing public loans to be contracted for public works to the extent of £1,000,000 for the next two years. It was to be hoped that the contents of that despatch would obviate the necessity of sending out an Accountant to India. A system of audit already existed there, and the proposal to establish a separate audit here would require the most attentive consideration, because it in fact took the power from the Indian Government and placed it in other hands. Having thus gone through the revenue and expenditure of India he should now proceed to describe the political position of that country at the present moment. Since his statement last year some disturbances had occurred in India. At that time, speaking upon the authority of the Governor General, he declared that the whole of India was tranquil. He believed he might repeat the same statement now, because in India temporary effervescences could not fairly be said to disturb the general tranquillity of the empire. But it so happened, curiously enough, that at the moment he was speaking last year an extraordinary species of insurrection—known as the Santal rebellion—was in the act of breaking out. To some extent that insurrection showed negligence on the part of the authorities of India. If there had been a proper police, or if the authorities had been

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warned by certain circumstances which must have attracted the attention of sagacious men, the Santal insurrection might have been anticipated and instantly quelled. An ample report upon the cause of the insurrection had been received from India, and the Court of Directors had written a despatch, stating their views upon it. Mr. Bidwell, the late Commissioner in the Santal districts, who took great pains to ascertain the cause of the Santal outbreak, was of opinion that the primary cause was the great dissatisfaction of the tribe on account of the oppressive exactions of the mahajans, or money-lenders, and the corruption of the naib-sezawals (police officers and collectors of the land tax), and in some places oppression on the part of the railway *employés*, and the little check they received from the Government authorities. The Government of India considered that the outbreak was caused by the want of early attention to the complaints of the Santals, of the oppressions they suffered from the mahajans (native revenue and police officers) and zemindars; and in one instance the Lieutenant Governor considered that they had been ill-used by a railway official. The local officers were greatly blamed. The above appeared to have been the exciting causes of the rebellion, fanned by religious fanaticism—the leaders making their followers believe that they were accompanied by an incarnate deity, under whose orders they acted. Although some few instances of that insurrection had been more recently reported, it was believed that the great body of the Santals were settling down peaceably and quietly. The country had been declared a non-regulation province, and had been placed under the control of a Commissioner, with a deputy Commissioner and four assistants. These officers were vested with judicial powers, and would administer speedy justice to the Santals, who would thus be relieved from the oppressive exactions of the mahajans, police and revenue officers, and zemindars. A new police force was under organisation, and until that was efficient, two regiments of infantry and one of irregular cavalry would remain in the Santal territory. The Santals were not to possess warlike weapons without authority, but were to be employed upon the public works, and paid for their labour. Stores of grain and salt were to be prepared for the destitute Santals, and the payment of the rent was to be thrown over three years. These were supposed to be the causes and remedies of the Santal insurrection, which was an outbreak the more extraordinary, seeing that the Santals had been always regarded as a most quiet and inoffensive race. The next point to which he

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Ava.

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must advert was the mission to Ava. That mission had not been successful to the extent of obtaining a treaty with Ava, which Lord Dalhousie did not greatly regret; but the reception which we had met with there was everything that could be desired; great honour had been shown us, and the mission had resulted in bringing about that description of friendship which was much wanted between the States. Another point of very considerable importance, to which he had alluded last year, had reference to our relations with Persia. Independently of anything that had occurred in the shape of a diplomatic rupture with Persia, the Persians had, it appeared, thought themselves justified in marching upon Herat. It was not quite clear, from the accounts which had been received—such was the confusion of histories and relations—whether they had been able to occupy Herat. He believed that the Affghans would be so unwilling to allow the Persians to enter Herat that they would themselves repel them; and as Dost Mahomed had obtained possession of Candahar, he would be able, if he liked to attack the Persians in Herat, to repulse them. It was quite impossible that this country should allow the Persians to obtain possession of Herat. By an engagement which they had entered into in 1853 with the English Envoy, they bound themselves not to interfere in the affairs of Afghanistan; and, therefore, if it were true that they had gone to besiege Herat, they had distinctly violated their engagement with this country, and it was clear that we could not allow our treaties to be trampled upon and our honour to be insulted with impunity. If the Persians, therefore, did not retire from Herat some means must be taken to vindicate British honour and to expel them from that place. In making his present statement he must not omit reference to one of the most important events which had taken place in regard to our Indian Empire—he meant the acquisition of the kingdom of Oude. He had presented, nearly two months since, the whole of the papers upon that subject, and as no member of either House had thought proper to notice it, he presumed that there was a general consent in the opinion that the acquisition of Oude was a reasonable achievement for Lord Dalhousie to accomplish. Should such not be the opinion, he should be perfectly prepared at any time to defend that step, but at present he should only state the cause of the transaction, and the motives of the Government. Lord Dalhousie, finding from the statements of repeated Governors General, including Lord Wellesley, Lord W. Bentinck, and Lord Hardinge, that the position of Oude was derogatory to

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the dignity and credit of the Indian Government, and that the different schemes which they had tried one after the other had failed to effect such an improvement as was desired, determined, after eight years' glorious* government in India, not to leave that country with Oude in the condition in which he had found it. In consequence, in July last he sent a letter to the Court of Directors, stating his views upon the subject; and that letter, which was backed by unanimous minutes from all his Council, reached this country at the end of September. The persons who coincided in Lord Dalhousie's opinion were the men of all others whose principle was opposed to all aggression upon native princes, who were commonly known as the advocates of government by native rulers rather than of the system of annexation, and among them were General Sleeman, General Outram, and General Low. All the authorities that could be gathered together agreed that Lord Dalhousie was justified in the view which he took of that transaction. Lord Dalhousie having sent home those reports, the Government did not act upon them immediately, although the pressure was great, because Lord Dalhousie was then about to retire from India. A month or six weeks were spent by the Court of Directors and the Board of Control in consideration. At length, having regard to the prudence and ability which Lord Dalhousie had exhibited during his rule in India, Her Majesty's Government determined to point out to him to some extent what they considered would be the best course to pursue, while at the same time they left an ample discretion in his hands. Lord Dalhousie's conduct proved that the Government had been well justified in placing that confidence in him, because the moment that the power was conferred on the noble Lord he took what he (Mr. Vernon Smith) regarded as a most manly course. He called it a manly course, because it would really have savoured only of hypocrisy to deal in any other way with that unfortunate monarch—unfortunate from his own vices and debaucheries. He (Mr. Vernon Smith) was very indifferent whether that transaction were designated as an annexation, an acquisition, or a cession; but he denied that the Government had any general policy of annexation, if by that were meant the grasping of everything which came within arm's reach. Such was not the annexation of Oude. Men might approve the annexation of Oude and condemn that of Pegu and Nagpore, for each case stood upon distinctive features of its own. He had heard people say that we had no more right to annex Oude than the Emperor of Russia had to annex Turkey; but Russia was

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not responsible for what took place in Turkey, while we were responsible for what occurred in Oude. For whatever mischief happened within our ken in the East, and which it was in our power to suppress, we were held to be liable; and therefore every evil which existed in Oude, under the eyes of our President, to which it was thought we could put an end, was not unreasonably imputed to our charge. It would not do to hold one morality at Calcutta and another at Lucknow—to say that what was good in one place was bad in another, or *vice versa*; and he was perfectly prepared on these grounds, whenever it should be questioned, to defend the acquisition of Oude as a most important step, which was rendered necessary by the circumstances of the country. As regarded the condition of the people of Oude since the annexation of that province, he would read to the House a letter upon that subject from the Governor General of India, dated May 3, 1856, in which it was stated—

“Oude remains perfectly tranquil. Some of the Zemindars holding armed forts, and among them the Thelsepore Rajah, have availed themselves of the option given them by General Outram, and have paid part of their arrears in guns, which are taken at a valuation, although nothing in the shape of coercion or threat has been used to make them do so. The ryots continue, as from the beginning, to show the best proof of satisfaction and confidence, by flocking back to tracts of country which were rapidly becoming desert and jungle, owing to the population being driven away, either by oppression practised on themselves, or by the feuds and ravages of the Zemindars in the neighbourhood. I have no doubt this confidence will spread and increase with the progress of our three years' temporary settlement, teaching them, as it will, that their rent henceforward will be fixed and moderate, and that everything they possess beyond that rent will be their own without fear of extortion.”

Tanjore.

Internal im-
provements.

Railways.

Since he had last addressed the House upon the subject another lapse had taken place, as the dynasty of the Rajah of Tanjore had become extinct, and there had not appeared to be any necessity for founding a new one. He would next proceed to state to the House what had been the progress in domestic affairs in India since last year. One of the most important questions connected with domestic progress in India, and one which excited the greatest attention in this country, was that of Railways, and he would shortly state what progress had been made in that respect. The East Indian Railway had at present 121 miles open, and was in expectation of opening to Rajmahal, a distance of 190 miles, by the end of the present year. The Great Indian Peninsular Railway was at present open as far as Caurpoolie, a distance of ninety miles from Bombay. The Madras line

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was ready to be opened to Arcot, a distance of seventy miles. The Baroda Railway Company had made great progress in staking out and commencing their line towards Ahmedabad. The Scinde Railway Company had been equally expeditious in the works on their line towards Kurrachee. The surveys for new lines now in progress, or about to be commenced, were that of a line to Nagpore, from the Great Indian Peninsular Railway Company's line on the north-eastern extension; that of an extension of the present Scinde line to Lahore; and that of a new line from Calcutta eastwards to Dacca. The progress of these railways was of the very utmost importance, and ought in every way to be encouraged. For his own part, he had seen with the greatest pleasure a proposal which had been made a short time back for establishing a railway in India without a guarantee from the Government. The system of always requiring a guarantee for works in India was in many respects a most unfortunate one for that country, because it to a great extent tended to discourage private enterprise, besides the heavy charge upon revenue such as he had previously shown to the House. He was not prepared to sanction any scheme which might be proposed, simply because it had been proposed by private enterprise; but every scheme which afforded fair prospect of advantage ought to be, as far as possible, encouraged. The subject next in point of attraction to the railways was the Telegraph, and its progress in India had been very curious. The subject of the electric telegraph had been reported on by Lord Dalhousie in his minute of February, 1856, from which it appeared that the electric telegraph had now been in operation in India above a year, and the results were most satisfactory. The construction of the lines commenced in November, 1853, and up to February last—4,000 miles—had been completed. The total cost of the work had been upwards of £200,000 sterling, or at the average rate of about £50 a mile. The receipts during the past year have been upwards of £20,000, and they had gone on increasing every month. The estimated cost of working the line was about £30,000 a year. The actual cash receipts, therefore, even in the first year amounted to more than two-thirds of the working expenses, while the charges for messages were lower than on any other line in the world. Dr. O'Shaughnessey, through whose exertions and superintendence this great work has been carried out, stated that he had been perfectly successful in establishing the direct transmission of signals and

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Electric Tele-
graph, its pro-
gress and
results.

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“ So that an answer is obtainable within two minutes from one end of this line to the other, through 1,600 miles of line, in which eight rivers are crossed by submerged cables of upwards of 40,000 feet in length.”

Extension to Oude.

The Government of Oude was transferred to the East India Company on the 7th of February last. On the same day operations were commenced for putting down the telegraph wire, and within eighteen days a telegraph of fifty-two miles in length, including a cable of 6,000 feet across the Ganges, had been substantially constructed and successfully worked. Dr. O'Shaughnessy had been one of those who had taken a most active part in the establishment of the telegraph in India, and several schemes proposed by that gentleman had not yet been carried into effect. One of those proposals was to connect India with England, and that scheme, if carried out, would enable him to obtain an answer from Calcutta in six minutes and a half; so that, hereafter, if an hon. Member asked him a question when the House met, he might hope to afford him an answer before it rose. The condition of the postal service in India had been much improved since last year, and he had every reason to believe that eventually communication with India would be more rapid and would be cheaper than with many of the other colonies of this country. There was one other point to which he wished to refer—he alluded to the report of the Law Commissioners. The Law Commissioners had, in the third and last year of their existence, furnished the House and the country with a very able and valuable Report. He had been informed that he had given great, but he must say unintentional, offence to some members of the Commission by sending that Report to India. Now, the House would bear in mind that a great deal must be done by the Legislative Council, and the jealousy of that body was well known. If, therefore, he had acted without their assistance, they would not have been favourably disposed towards his plan; but his object had been as much as possible to work through that body, as being the only way fully to carry out the views of the Commissioners. Some of the proposals of the Commissioners were, from their very nature, incapable of any other but an Indian consummation. In the adoption of this course, he had been justified by the opinion of the Governor General, who said, that to have acted upon the Report of this Commission without transmitting it to India, would have given the greatest offence in that country. The

Report of Law Commissioners.
Necessity of reference to India.

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Indian Government and the Legislative Council would have thought themselves most contumeliously treated. One principal point was, the amalgamation of the Sudder and Supreme Courts. This amalgamation, if compulsory, might have given great offence, because, while the Supreme Courts were accustomed to accuse the Sudder Courts of a want of law, the latter retorted by accusing the Supreme Courts of knowing nothing of India; and it was most desirable that, if possible, this measure should be carried out with the assent of both classes of courts. While speaking on the subject of amendment of the law, he might mention what had been frequently inquired in this House, that a patent law had been adopted in India, and was waiting for the consideration and sanction of the Court of Directors and of himself (Mr. Vernon Smith). One of the matters on which the Government of India most required amendment was the police, which was, in his opinion, by no means in a satisfactory state. He had already, in speaking of the Santal insurrection, referred to the defects of the police, and he believed that its faults were common to the whole of India. In Bombay there had been established a new system, by which the police would be placed under the immediate direction of the Government; and it was desirable that some experience should be obtained of the working of this system, before any alteration was made in the police systems of the other presidencies. The whole subject was, however, under consideration of the noble Lord who had recently gone out to India as Governor General. Another question incident to this one of police was that of the torture, the existence of which had been brought to light by the meritorious exertions of his hon. Friend and colleague the Secretary of the Board of Control (Mr. Danby Seymour). He could assure the House that everything which was possible was being done for the eradication of this horrible system. It was unworthy of any one connected with the Indian Government to extenuate it, or to say that it was not torture, but only bodily pain. All these excuses were utterly puerile and contemptible. Neither would he consent to the fabrication that we had derived it from the native princes. Our business was to improve and to teach the natives how to live. For him, it was quite enough that revenue had been extorted by the infliction of bodily pain. Lord Harris, the eminent Governor of Madras, was perfectly sensible of the horrors of this system, and had taken the greatest pains to suppress it. His (Lord Harris's) opinion was, that it to a great extent resulted from the high rate of assessments; and

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Patent law.

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Need of a
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on the subject.

that a re-adjustment of assessments would get rid of it. That, however, must be a slow operation, but in the meantime Lord Harris had set a careful watch upon this system, and was prepared to punish with the severest penalties—for there had undoubtedly been a want of severity in the penalties hitherto inflicted—and with dismissal from the service of any person who was convicted of the infliction of torture. The Indian Government, among other instructions, sent out an order that an Act should be passed for the enforcement of severe penalties for this offence. The law advisers thought that such an Act would be useless, and that the only way to suppress this evil was to separate the revenue from the police system. He (Mr. Vernon Smith) thought that this would be an excellent measure to adopt; but it was one which would involve considerable expense and would require much consideration, because we should have to decide whether we would establish an European police or would trust wholly or in part to native officers. He, therefore, could not help thinking that Lord Harris had not decided rightly in omitting to pass the Act to which he had referred. It was true that by regulations, adopted so late as the years 1816 and 1819, very heavy penalties were imposed for acts of torture, but it was clear that these regulations had never been enforced; and he thought that the passing of a new Act would have more effect than the renewal of old ones. He could not help thinking that when Lord Harris himself considered the matter, he would see that if no new Act were passed the opinion would prevail that, as hitherto no notice had been taken of this system, so no attention was intended to be paid to it in future. It was to him (Mr. Vernon Smith) most marvellous that successive Governor Generals, including among them a man of the greatest vigour and assiduity, Lord Ellenborough, should have gone out to India, and returned without the slightest knowledge of the existence of this system of torture. He could not attribute it to any defect on their part, but must suppose that it arose from some fault of the system that such a thing should pass without being observed by them. He had been blamed for the strength of the observations which he made upon this subject last year; but he must say that he considered Government responsible for what had occurred under their rule. If they said they knew nothing about it, that was as good as saying that they did not perform the functions of Governors. The next question to which he should call the attention of the House was, that of the introduction of an improved

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system of Education. A new system had been recommended by his right hon. Friend the late President of the Board of Control (Sir C. Wood) in a despatch dated the 19th of July, 1854; and measures had been taken to carry those recommendations into effect by the appointment of directors, inspectors, and visitors of schools, the passing of rules for universities, the distribution of grants, and by other means. In the North-Western Provinces a new class of schools termed *halkabunda* (or circuit) had lately been established under the auspices of Mr. Reid, the Director of Public Instruction in those provinces; these schools were spreading rapidly over the country. The main cost of them was defrayed by the landed proprietors and cultivators by an assessment, voluntarily contributed by themselves, of 1 per cent. on the Government revenue. Mr. Reid believed that, if this subscription could be generally obtained, a school might be established in every fifty and a half square miles of the country with no expense to Government but that of supervision. In the Bombay Presidency Public Libraries for the use of the natives have now been established in eight different districts, besides eight native libraries in the town of Bombay, which contained English as well as vernacular works, and were supported chiefly by local subscriptions. At Sholapore the subscriptions for a library and an English and Mahratta school amounted to 2,700 rupees, besides books. At Sattara they were 1,200 rupees. Among the Government grants was one of 4,000 rupees, given to the Native Students' "Literary and Scientific Society" towards a building for a lecture-room, laboratory, museum, and library for which private subscriptions had been raised amounting to 10,000 rupees. The members of the institution hold a meeting once a month for the transaction of business, and reading essays in English; once a fortnight two meetings were held for a similar purpose in the vernacular. At these vernacular meetings large and interested audiences assembled, to witness experiments and illustrations of natural science, and to discuss questions bearing on the moral and social improvement of the people. Seven girls' schools, at present containing 450 children, are supported by the society, and two infant schools were under their superintendence. They had already issued two monthly vernacular publications, and had undertaken to publish a series of papers in Mahrattree and Guzerattee, similar to *Chambers' Information for the People*. All this is the more remarkable as coming from a native society, themselves having experienced the benefits of education, and desirous of diffusing its advan-

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Improved
system of
education.

Halkabunda
schools in
N. W. P.

Public
Libraries in
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Examination
for Civil
Service
and its results.

tages among their countrymen. This was the progress which had been made by education in India. It had not been so rapid as he could have wished, but attention had been called to this by the Home Government, and he hoped that the defect would soon be remedied by the more active exertions of the local authorities. In referring to this subject, he must not omit to notice the consequences which had resulted from Examinations for the Civil Service in this country. He last year stated the result of the first competition for employment in that service. It was, no doubt, a matter of some regret that the number of candidates who had presented themselves for examination this year was not so large as it had been the year before, but it was not to be apprehended that this cause of complaint would continue. In looking back to the examinations of last year he rather lamented the extreme severity of the tests applied. He was bound in sincerity to admit that the questions put to the candidates alarmed him, not only for his own ignorance, but he had been assured that many Cambridge wranglers had been very much surprised by them. Except in the case of the professor of Italian, whom he reappointed, he had thought it advisable to select new examiners, and he had been so fortunate as in this year to obtain the services of one very competent gentleman from Trinity College, Dublin. The result of the examinations might be thus stated:—The total number of candidates examined is 56, whereas last year it was 112 (just double the number). The relative numbers of the candidates from the principal Universities in 1856 and in 1855 are as follow:—From Oxford, in 1856, 10; in 1855, 19; from Cambridge, in 1856, 14; in 1855, 32; from London, in 1856, 3; in 1855, 4; from King's College, London, in 1856, 6; in 1855, 3; from other English schools, &c., in 1856, 4; in 1855, 12; total, English, in 1856, 37; in 1855, 70. From Edinburgh, in 1856, 1; in 1855, 3; from Aberdeen, in 1856, 2; in 1855, 5; from other Scotch colleges and schools, in 1855, 7; total, Scotch, in 1856, 3; in 1855, 15. From Dublin, in 1856, 8; in 1855, 14; from Cork, in 1856, 3; in 1855, 5; from Belfast, in 1856, 2; from Carlow, in 1856, 1; from other Irish colleges, in 1855, 2; total, Irish, in 1856, 14; in 1855, 21. From abroad, in 1855, 3; from at home (private tuition), in 1856, 2; in 1855, 3—*i. e.*, English colleges, &c., in 1856, 37; in 1855, 70; Scotch, in 1856, 3; in 1855, 15; Irish, in 1856, 14; in 1855, 21; abroad, in 1855, 3; private tuition, in 1856, 2; in 1855, 3; total, in 1856, 56; in 1855, 112. One or two particulars with respect to the examinations might not be uninter-

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esting. The plan heretofore pursued contemplated two examinations—the first, a general one; the second to take place after the lapse of one or two years, an examination in law and the Oriental languages. That system was established under the sanction of Lord Ashburton, Mr. Macaulay, and Mr. Le-fevre. It was excellent in theory, but when it was brought to the test of practical experience, the second examination was seen to be surrounded with such difficulties that Mr. Macaulay had himself recommended that it should be relinquished. Strange as it might appear, it was not less true that it was found almost impossible to procure the means for a sound legal education in this country. The only substitute was a certificate attesting that the candidate had attended a certain number of lectures; but this was a very unsatisfactory expedient, for such certificates did not vouch for the candidate's proficiency, and were regarded merely as matters of routine. The difficulty as regarded the Oriental languages was almost as great; and another obstacle arose, on the question of certificates of moral conduct, it being impossible to ascertain what became of the candidates during the interval between the first and the second examination. Taking into consideration all the circumstances of the case, he determined that the better course would be to give up the second examination altogether, and to send them out after they had undergone one examination only. He had provided a professor of Arabic and Sanscrit, but it was a little discouraging to find that not more than one candidate presented himself for examination in these studies. It was one of the principles on which Mr. Macaulay's minute was founded that in conducting these examinations, care should be taken not to examine a candidate in anything which, in the event of his being rejected, might be considered as lost time; and very possibly it was the knowledge of that fact which induced candidates to believe that it would not be necessary for them to "get themselves up" in Arabic and Sanscrit. With regard to the mode of examining, he had himself introduced what he deemed to be a very important alteration, a *vidæ voce* examination. The reason why he had done so was that he had always been of opinion that such a method of examination afforded a better test than any other of a man's moral qualities—his courage, his readiness, his aptitude, his self-possession. He confessed that he was not without his doubts as to whether the plan of competition would furnish any better guarantee for such qualities than the old system afforded; but, at all events, there was some approach to a test in a *vidæ voce* examination, and therefore

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system.

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examination
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given up.

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he had adopted it. He had attended one of those examinations, and was struck with the readiness and proficiency exhibited by the candidates. Nor was his experience singular. He was happy to say that it was corroborated by the testimony of Mr. Dasent, a gentleman of great abilities and attainments, whose services he had been so fortunate as to secure for the examination of candidates. Mr. Dasent had had at first a strong prejudice against the practice of *vidæ voce* examination, but he now admitted that it had worked well, and that its result was most satisfactory. In justification of this statement, he would read the following extract from a letter he had received from Mr. Dasent :—

"I beg leave to inform you that, in my opinion, the result of the *vidæ voce* examination in English History has been highly satisfactory. It gives me the greater pleasure to be able to make this statement, because I was one of those who at first thought the amount of *vidæ voce* examination for the Indian Civil Service disproportionate to the paper-work. Out of fifty-four candidates who answered to their numbers at the *vidæ voce* examination, I find that seven are classified in my notes as 'very good,' and have obtained fifty marks—the greatest amount which I am enabled to give. Of the rest the great majority are classified 'good' and 'fair,' averaging about thirty marks. Ten or twelve are 'indifferent,' with about fifteen marks each, and only three are marked 'bad,' and may be considered to have failed. I think this result is worthy of mention, especially as the examination often led the candidates into minute historical details in which no mere *memoria technica*, or cramming, could have given them any assistance."

General merits
of competitive
system.

And the best, by the way, was an Irishman. He confessed that he was much gratified by the perusal of Mr. Dasent's letter, for he regarded it as a most satisfactory statement, coming from one who was well-qualified to pronounce an opinion on the subject. With respect to the general merits of the competitive system it must be admitted that the question assumed a different aspect in India and in England. For his own part, he thought that it was a mistake to suppose that, as a general rule, the civil service in this country opened a suitable field of exertion to men of high ambition and proportionate ability. In India, on the contrary, it did open such a field. There able and ambitious men were needed. The civil service was a fitting sphere for them, and in it they were sure to rise to eminence. He would not be understood, however, as concurring in the opinion which a distinguished Member of that House had not hesitated to express—that patronage was "an odious and a hurtful thing." He repudiated that sentiment altogether, and rather favoured the doctrine of the right hon. Member for Buckinghamshire—

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that patronage, well exercised, was one of the noblest attributes of power. What more delightful task could there be than to befriend merit, and to prevent talent from pining in obscurity? It so happened that during the period he had held his present office not a little patronage had passed through his hands. He mentioned the fact for the sake of alluding to a subject brought under his notice last year by the hon. and learned Member for Enniskillen (Mr. Whiteside), who, upon a similar discussion to this, had called attention to the circumstance that Irishmen were totally excluded from the Indian Bench. Finding this statement to be to a certain extent correct, he deemed it his duty to rectify so anomalous a state of things, and of three judgeships in his gift he had presented two to as many members of the Irish Bar, and one to an Irish Gentleman. He had appointed two gentlemen to the Court of Directors as nominees for the Crown; and, though sensible of the distinguished merits and services of Sir G. Pollock, he had not reappointed him, simply because it was, he believed, the intention of the Legislature that the office should be held only for a stated period, and that it should not be perpetuated in the same hands. He had nominated General Vivian for one of the vacancies in the direction, and Sir Henry Rawlinson to another. He could not quit this part of the subject without expressing the great satisfaction it had afforded him to engage for his own department the services of so distinguished an Indian administrator as Sir George Clerk. He mentioned these facts to show that the distribution of patronage, which had given rise to so much reviling of late, need not deserve all the reproaches cast upon it. Nothing had been more gratifying to him in all his public life than to be able to select for important public situations men with scarcely one of whom he had been personally acquainted, but whose high qualifications promised to be of the greatest service to India. He felt that he had already trespassed too long on the attention of the House, upon subjects for which, however, his remarks had been far too short to do justice to their unquestionable magnitude. He had passed hurriedly over topics which, if they had related to matters nearer home, might well have occupied weeks in their discussion. As it was, however, he had only to thank the House for the indulgence extended to him. The question of the right government of India was, perhaps, one of the most difficult problems that asked the solution of statesmen. The time had been when the rulers of that vast empire looked to nothing but the amount of

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to vacancies
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revenue which they could extract from its people. Since then, however, thank God, a better day had dawned upon its many races and creeds, whose governors were now endeavouring to accomplish something for their social improvement. To interfere with their religion was to tread upon delicate ground—indeed, too tender to be touched by any man of moderate caution, not to say of even ordinary wisdom. The proper mode of improving their religion was by improving their morality; and this could be achieved only by setting them an example of inflexible honesty and good faith. This was the true policy which the Indian Government had to pursue; and in that policy he trusted they would be successful. He was too well aware that the wheel of political fortune might waft to the heights of Indian authority a man of no more than ordinary understanding and a resolute sincerity of purpose; but he would yield to none in earnest interest for the happiness of the inhabitants of India, early imbibed from those whose talents he could not hope to imitate, but whose zeal he aspired to equal, and now enhanced by the awful responsibility of the trust in his hands. It had been observed even by practical philosophers that it would be a proud day for England when she resigned to the inhabitants of India, well-educated, civilised, and regenerated, the sway which she now held over them. Such a result he could not anticipate that he should ever live to see. If, however, it occurred in his time, he for one, should tremble for the consequences. What, then, was his own belief? Why, that it would indeed be a proud day for England when, maintaining her rule over this distant and populous empire, she could yet say that to the utmost of her power she had advanced the physical prosperity of a people which the ancient dynasties of their despots never cared for, and had given them intellectual gratifications which their native rulers never knew. The right hon. Gentleman concluded by moving a formal Resolution, embodying the result of the accounts given in his speech.

Sir Erskine
Perry.

SIR ERSKINE PERRY said, that the closing remarks of the right hon. Gentleman must have gone home to the hearts of all who took an interest in the welfare and progress of India. It was deeply to be regretted that so few persons belonging to that category were present in that House. Questions relating to India were, unfortunately, not very popular; and independent members who broached them in that House were almost invariably greeted with a growl from the representatives of the Indian Government.

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He was glad, however, to see that during the last year that apathy had somewhat given way, in consequence of discussions in both Houses of Parliament, and some valuable steps had been gained. The public mind had at length become impressed with the conviction that the East India Company was no more than any other body of stock-holders, having no connection, moral or physical, with India. It was also seen that the Court of Directors was a paid department of the State—a body of trustees for the Crown for the time being, their remuneration consisting partly of salary and partly of patronage. It had likewise been made clear that the finances of England were responsible for any deficiency in the revenues of India; and the Torture Report had shown that the people of that country were very poor, and unable to bear the burdens imposed upon them. It followed from these facts that the Indian Government ought to be as scrupulously economical in its expenditure as those who administered the funds raised from the English public. The East India Company, however, appeared to be blind to those principles, and were in the habit of treating the revenues of India as if they were still their own corporate funds. Nay more, they claimed to do this without the sanction of the Board of Control. The litigation in which they occasionally took part did them but little credit. In the Dyce Sombre case they recklessly spent enormous sums of money. When the Rajah of Coorg, after his deposition, sued them for his share in one of the public funds of the country, the Company urged a plea which, if put forward by any responsible department in this country, would have aroused general indignation and risked the safety of any Ministry. They asserted a right to appropriate this property of the Rajah as booty of war. That litigation was also commenced by them without the sanction of the Board of Control. Again, when they engaged counsel to resist the claim of the Nawab of Surat before a Parliamentary Committee, instead of giving the ordinary fee of £50 or £100, they gave a retainer of no less than 1,000 or 1,200 guineas. Such a wasteful expenditure of public money would not be allowed in the affairs of England. He likewise very much doubted whether the East India Company were legally entitled to expend the revenues of India either for such purposes as he had just mentioned, or in the payment of pensions to ex-Governors General. By an old statute, which limited the power of the East India Company while they remained a corporate body, with regard to the expenditure of their funds, it was provided that they should not bestow pensions exceeding £600

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a year upon any of their servants without the sanction of the President of the Board of Control. A subsequent statute of 1813 enabled them to grant gratuities; but it appeared to him that in 1833, when all the corporate funds of the Company were taken from them, their power to expend money for those purposes totally ceased. He would like to hear the opinion of the hon. and learned Gentleman the Attorney General and the Solicitor General upon this point, and he thought it was the duty of the President of the Board of Control to examine carefully the Act of 1833, with a view of ascertaining what were the actual powers of the Board of Directors with regard to the expenditure of the revenues of India. In his opinion, the power exercised by the Company in making those grants was unconstitutional, and the pensions which they conferred, chargeable upon the revenues of India, far exceeded in amount those which were bestowed upon servants of the Crown in this country under the authority of an Act of Parliament. It might be said that a pension granted to a deserving Governor General was within the scope of the powers of Government, but in that case the House of Commons ought to be consulted, and if the Court of Directors acted without its sanction, they assumed powers which they did not possess. The Governor General was entitled to 240,000 rupees, or about, with the exchange, £27,000 a year; but if he were in the receipt of any other pension, annuity, or salary, Parliament had directed that that should be deducted from the amount of rupees, so that the salary of the office should be the sole recompense. Now, if Parliament had declared that amount to be the salary of the Governor General, how could a power be permitted to a branch of the Government and the Court of Directors to grant a pension of £5,000 without first consulting Parliament? It was said the President of the Board of Control had power to revise the acts of the Court of Directors; but it was almost impossible for one man to resist the grant of a pension to one who in a few days might become his colleague. Up to the time of Lord Hardinge the power of granting pensions had fallen into desuetude, though he was prepared to admit that £1,500 a year was granted to Sir George Barlow out of the corporate funds. In 1846 a pension of £5,000 a year was granted to Lord Hardinge, under the authority of Act 33 *Geo. III.*; but though it came within the words of the Act, in his belief it did not come within the spirit. The recent grant of £5,000 a year to Lord Dalhousie did not even come within the words of the Act, as he was not at the time in the service of the Company.

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He, therefore, complained that the President of the Board of Control did not exercise sufficient supervision over the Court of Directors in spending their revenues. With respect to the financial statement of the President of the Board of Control it was not calculated to allay those fears as to the condition of the Indian finances which had been excited by the accounts formerly laid before the House. Lord Dalhousie had issued a Minute, comprising 180 paragraphs, which described the condition of India as most flourishing, and, if implicit credit was to be given to the statements contained in that document, no doubt could be entertained of the prosperity of our Indian Empire. They had, however, heard a very different statement that night from the President of the Board of Control, having been told that there would still be a very large deficiency in the revenue for the year. Lord Dalhousie, referring to the deficiency of the last three years, attributed it to the enormous expenditure which he said the Government were now making on account of public works, and he stated that in 1853-54 a sum of not less than £2,325,000 had been expended on those public works. There was a marked discrepancy, however, between that statement and the one published in the accounts laid before Parliament under the sanction of the President of the Board of Control; for the expense of public works, exclusive of repairs and military buildings, was put down at £1,659,771, and military buildings at £293,000, making a total of £1,952,771, while the account presented by the Court of Directors showed for public works a sum of £618,703, and for military buildings £282,376—in all 901,079. Now, he wished to ascertain the cause of that great discrepancy. When he, some time ago, referred to the deficiency in the Indian revenue, he had considerably underrated the amount, for he did not then take into account the deficiency in cash balances which amounted to £5,592,000. In point of fact, the deficiency in the last years for which accounts had been furnished—namely, 1853-54, amounted to the large sum of £8,136,040. Lord Dalhousie, in his Minute, gave the public to understand, that by the territorial acquisitions secured during his tenure of office, £4,000,000 had been added to the revenue of India; but the noble Lord only made out that amount of revenue by not giving one item of charge against it. He did not charge against the revenue one farthing for the expenses of the civil and military government of those territories. He credited the Punjab with £1,500,000 of revenue, whereas it had been shown that there was an annual deficiency of £59,000.

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Defective
supervision of
Board of
Control over
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Expenditure
on Public
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in accounts.

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Employment
of natives to
a greater
extent.

Treatment of
Law Commis-
sioners.

For Sattara, he put down a revenue of £150,000, while there was an actual deficiency of £22,000. Nagpore he stated at £410,000, whereas it had been proved that no larger a revenue had been derived than £100,895. On the subject of opium, Lord Dalhousie said, the revenue derived from that article had increased from £2,730,000 in 1847-8, to £4,700,000, in 1854-5, whereas the real facts were, that the gross receipts from opium were £4,609,740, and the charges to be deducted amounted to £1,017,280, leaving as revenue only £3,592,460. If the civil servants of India did not keep the accounts better, they could not wonder that such men as Lord Ellenborough and others should ask for the accounts being properly audited. The President of the Board of Control had told the Committee, that he did not despair of an increase of revenue in India, and indicated his belief that fresh sources of taxation might be opened up in that country, and also that something might be done in the way of cutting down charges. He (Sir E. Perry) did not know where those fresh sources of taxation were to be found, and he did not think the civil service would gain much by the curtailment of emoluments. The true source of economy, he apprehended, was not in cutting down salaries, but in calling into the service the natives of India in much larger proportion than now, and giving to them the principal offices under English superintendence. The President of the Board of Control had alluded to his (Sir E. Perry's) views with respect to the Law Commission appointed by his predecessor, but he must say, notwithstanding what had fallen from the right hon. Gentleman on this subject, that in the course he had taken he had not shown himself alive to the urgency of the occasion or to the circumstances that demanded his interposition. All the witnesses who were examined in Parliament concurred in recommending first, that the law Courts in India should be amalgamated; and, secondly, that a Commission should be appointed here to frame a code of procedure. The Commissioners, whose services the President of the Board of Control obtained, were—the Master of the Rolls, the Chief Justice of the Common Pleas, Sir Edward Ryan, Mr. Cameron, Mr. Hawkins, Mr. M'Leod, and his right hon. Friend below him (Mr. Lowe). Those gentlemen devoted their unremitting attention to the subject for two years; they did so without remuneration; and after the conclusion of their labours they found that, instead of making any use of them, their Reports were to be sent to India, to be disposed of in the same way as Mr. Macaulay's "Criminal Code." But its members, of course, soon became

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tired of suggesting reforms which were not carried into effect; and the Commission was brought to an end. To show the feeling which existed among the Members of the Commission, he might read the letter which one of them—Chief Justice Jervis—wrote to the Secretary:—

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"My dear Sir—I decline to sign the third and fourth Reports of the Indian Law Commissioners. I consented to act as a Commissioner upon the express understanding that we were to endeavour to frame a code of procedure for all India, and with this understanding applied myself diligently to the subject, and, with the aid of the other members of the Commission, succeeded in framing a code which, I believe, is well calculated to meet the exigencies of the case, and which is certainly infinitely better than any that has been proposed by the authorities of India. If I had supposed that the Commission would be used to postpone legislation, and that the subject would ultimately be shelved by a reference to the Indian Government, I should not have consented to act; and, considering that a slight has been cast upon the Commissioners by the course which has been taken, I decline to take any further part in the proceedings of the Commission.

"I am, yours faithfully,

"JOHN JERVIS.

"N. B. Baillie, Esq., Secretary, &c."

One of its recommendations was, that the Supreme Court should be abolished, and another formed in its stead. The Legislative Council in India, however, was not competent to carry out such an organic reform. His right hon. Friend the President of the Board of Control had stated, that no one who had sincerely at heart the progress of India would desire a slight to be passed upon Indian legislation; but he (Sir E. Perry) could unhesitatingly affirm that, however efficiently certain details might be carried out by the Indian Legislature, all organic legislation must proceed from this country. The right hon. Gentleman had playfully, but somewhat pointedly, alluded to hot-headed Indian reformers who were constantly pressing him on. He hardly thought that he (Sir E. Perry) could come under that category, for he had at no period proposed reforms which had not obtained the full concurrence of Government. The reform which was most urgently called for in British India was a reform in the administration of justice, and he deeply regretted that the Report to which he had just alluded had, to use the words of Chief Justice Jervis, "been shelved." He wished now to say a few words upon the annexation of Oude—a transaction in which solemn treaties had been put aside, and the honour of England, to a certain extent, tarnished. On a former occasion he charged the Marquess of Dalhousie with being the author of that an-

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nexation; but he now found that the late Governor General pointed out the impolicy and injustice of annexing Oude and dethroning the King. The noble Marquess said, in one of his documents :—

“The reform of the administration of the province may be wrought, and the prosperity of the people may be secured, without resorting to so extreme a measure as the annexation of the territory and the abolition of the throne.

“The King’s consent is indispensable to the transfer of the whole or any part of his Sovereign authority to the Government of the East India Company. It would not be expedient or right to endeavour to extract his consent by means of menace or compulsion.”

How was it that, holding such doctrines, the Marquess of Dalhousie became the instrument of carrying out the system of coercion against Oude? Simply, because the Government at home ordered him to dethrone the King and take possession of his dominions. In a despatch, dated 21st of November, 1855, the Court of Directors said :—

“Your Government, in communication with the Officiating Resident Major General Outram, is in a condition to judge, and, perhaps, to ascertain whether the prospect of your declaring the treaties cancelled, and our connection with the Oude Government at an end, would be so alarming to the King as to render his acceptance of the treaty proposed to be tendered to him a matter of virtual certainty. Unless such be the conviction of the Governor General, the alternative should not be offered to the King; and in that event, without expressing any opinion on the principles laid down by the several Members of Council (principles, be it observed, discussing the right of the Company to annex Oude), we are fully prepared to take the responsibility of authorising and enjoining the only other course by which our duties to the people of Oude can be fulfilled.”

In conclusion, he trusted that in future, his right hon. Friend would bring on the Indian debate at an earlier period of the Session. A lengthened discussion would then ensue, which would tend greatly to the benefit of India; for he ventured to say, that no debate upon the subject had ever taken place in that House without great good resulting to India; and he was satisfied that the more public opinion was called to the Government of that country, the more would that Government be brought into consonance with the principles which ought to distinguish our rule of that great empire.

SIR JAMES HOGG said, that his hon. and learned Friend who had just sat down had attacked the Court of Directors; but he did not know that he ought to be surprised at that, seeing that his hon. and learned Friend could not talk about India without attacking the Court of Directors, and that he seemed to consider that a violent attack upon the Court was synonymous with promoting the interests of

Sir James
Hogg.

Sir James Hogg.

India. His hon. and learned Friend had partially called attention to the subject of Oude, and he (Sir J. Hogg) should, therefore, partially reply to him. He quite concurred with his right hon. Friend the President of the Board of Control in the anxious wish that that subject might be fully discussed in Parliament, because he believed that the almost unanimous opinion would be that the Government of India had acted wisely and justly in the measures which they had adopted towards Oude; and, perhaps, the only difficulty which they would have would be in accounting for the length of time to which they had deferred the carrying out of those measures. Notwithstanding what his hon. and learned Friend had said, he maintained that the annexation of Oude was the act of the Marquess of Dalhousie. If his Lordship had thought fit to avoid the responsibility, after running a glorious career in India of eight years, he might have returned home laden with honours; and he might have escaped the toil, the trouble, the anxiety and the comments of his hon. and learned Friend the Member for Devonport, if he had avoided the responsibility of settling the affairs of Oude. Lord Dalhousie was within a few weeks of leaving India, but he knew the importance of the subject, and he knew also that, whatever the talent, or however high the character of his successor might be, it required the weight and authority of his name to carry that measure into successful operation. He did carry that measure out; the success had been complete; and the state of the prosperity of Oude, and the happiness and contentment of the people resulting from the change of rule, were such as no hon. Member would, he apprehended, attempt to deny. His hon. and learned Friend said,—“Although you have the aid of £1,000,000 of revenue from Oude, mark what is your public deficiency;” and his hon. and learned Friend made that remark when he had an account in his hand showing that the revenue of Oude for the year had only amounted to £280,000, the reason being that there had been all the extraordinary and unavoidable expenses of the annexation with no corresponding increase in the revenue. He had no doubt, however, that in future years there would be an income from that source of quite £1,000,000. A discussion had taken place in the Council relative to the annexation of Oude. In that discussion it was said by some members of the Council, “Let us enter into a treaty with the King of Oude, and tell him that if he will not sign the treaty, the European troops will be withdrawn; and he knows full well that if they are withdrawn

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his dynasty cannot last an hour longer, and, perhaps, even his life will be in danger." On the other hand, it was said that such a course was pregnant with danger and with difficulty to the people of Oude, and that it would be better to say at once that England was responsible for the good government of Oude, and that, in order to secure good government, it was necessary to annex that kingdom. He himself did not wish to contend that one country had a right, under general circumstances, to annex the territory of a neighbouring State on account of misgovernment; but in the present case, by the treaty of 1801, England was responsible for the good government of India, and under that responsibility the Government of the King of Oude had been maintained by British bayonets, until at length the experience of fifty years had demonstrated that to continue such a support would be not only to sanction, but virtually to participate in the enormities which were committed in that kingdom, and the result of the annexation of Oude had been, that the people of that country were most thankful at being relieved from the tyranny under which they had for so long a period lived. With reference to the observations of his hon. and learned Friend respecting the law Commissioners, he would only say that the labours of those distinguished men would be best turned to a satisfactory result by referring their Report to the Legislative Council in India, in order that local experience might be brought to bear upon the subject. That course had been judiciously adopted by his right hon. Friend the President of the Board of Control, and he regretted that any one should have taken umbrage at it. When the Commission was first appointed, the words of the Act appointing it implied that the result of it should be carried into execution by the Legislature at home; and he had then pointed out the inexpediency of having Imperial legislation upon a local subject, and those words had, consequently, been altered. What required alteration more than anything else was the course of procedure in India, and his right hon. Friend, in his (Sir J. Hogg's) belief, had acted very wisely in referring the matter to the Legislative Council in India instead of rashly introducing a Bill into Parliament; for, in fact, the only point which ought to be dealt with by the Imperial Legislature was the jurisdiction of the Admiralty and Vice Admiralty Courts. The hon. and learned Gentleman had also referred to the cash balance in a particular year, and had pointed out the deficiency which had taken place; but he (Sir J. Hogg) thought it might have occurred to him that the balance to which he had referred,

Sir James Hogg.

and the subsequent deficiency, were the natural consequence of Lord Dalhousie's great financial operation. The cash balance had been allowed to get large, in order to pay off the holders of 5 per cent. paper who did not wish to convert it into 4 per cent. paper, and the subsequent deficiency had been caused by the payment of old debts. The hon. and learned Gentleman had likewise commented on the different statements in the several accounts with regard to the expenses of public works; and that no doubt might have been a fair subject of complaint had it not been fully explained by his right hon. Friend the President of the Board of Control. In the Minutes of last year, in the expenditure for public works, was included the expense of repairs of roads and of military barracks, and any one reading the account would perceive the enormous expenditure which had been most properly incurred for new barracks. In the present account the amount under the head of public works did not include repairs and military buildings. The hon. and learned Gentleman denied, also, the right of the Court of Directors to make a grant of a pension to a Governor General, and said there was no Act of Parliament to justify such a transaction. He (Sir J. Hogg) would admit that there was no Act of Parliament to that effect, but he contended it was a power inherent in the governing body. The particular Acts of Parliament which had been referred to were all restrictive of that power which they, by implication, admitted to exist. The 53 *Geo. III.* c. 155, was passed to prevent the Court of Directors from granting large pensions, but did not include the Court of Proprietors, and to remedy that omission the 55 *Geo. III.* was passed. The hon. and learned Gentleman allowed that the law officers of the Crown differ in opinion from him, but still maintained that the Court of Directors had no such power. His hon. and learned Friend should, however, have referred to an Act of Parliament, passed a few years since, in which there was an express opinion upon that point. When a pension was granted to Lord Hardinge he could not receive both pension and salary as Governor General, because of the restriction that a Governor General should receive no payment but his salary. The Act of Parliament which was passed in consequence declared that, "when the Court of Directors shall have passed such a Resolution, which Resolution has been sanctioned by a general Court of Proprietors of the said Company, and confirmed by the Board of Commissioners for the Affairs of India, in the manner required by law to give a full effect to such Resolution, &c.,"

Sir James Hogg.

Sir JULY
1856.

Cash balances.

Expenditure
on Public
Works.

Right of
Court of
Directors to
grant a
pension to a
Governor
General.

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1856.

Expenditure
on litigation.

that was a declaration of Parliament that the Court of Directors, with the approbation of the proprietors and with the sanction of the Board of Control, had all the authority necessary to give effect to any Resolution. He would only say a few words upon the introductory remarks of the hon. and learned Gentleman. Those remarks were strongly condemnatory of the Indian Government, which a few years since had been spoken of by colonial reformers in that House as a model system. The hon. and learned Gentleman had accused the Court of Directors of squandering the public money, and referred to a particular case. The facts of that case were simple. A gentleman left a large sum of money (£200,000) for a great public institution in India, and appointed the Court of Directors trustees for that purpose. The will was disputed on the ground of insanity on the part of the testator. That allegation might or might not have been true, and all the Directors could do was to take the opinion of a court of law upon the subject. It was true that a court of law had mulcted the East India Company in costs, and that on the judgment upon that occasion there was rather an imputation upon the Court of Directors, but it was equally true that that imputation had been removed by the Court above, which in its judgment expressly stated that the Court of Directors would have abandoned their duty had they not taken the matter before a competent tribunal. Then the hon. and learned Gentleman had referred to the case of the ex-Rajah of Coorg, and said that the East India Company had plunged into litigation; but the fact was, the ex-Rajah instituted a suit against the Company, and all that the Directors had to do was, as in any other case, to take the opinion of a court of law upon the question in dispute. That surely was not "plunging into litigation." Then the case of the Nawab of Surat had been referred to. He thought the House had had enough of Surat lately, and would not dwell much upon that subject. The hon. and learned Gentleman, however, had spoken of the enormous fee—as much as £1,000 or 1,200—paid to a counsel in that case. Until he heard that statement, he was totally ignorant of the fee which was paid, that being a matter always left to the discretion of the Company's Solicitor. He, however, found that the fee paid for reading through a mass of papers extending over fifty years, and for attending the Privy Council, where large fees were paid, was in reality only 500 guineas. He was glad to find that those were all the charges which could be brought against the Company by the hon. and learned Gentleman, who had even allowed

Sir James Hogg.

them a qualified degree of praise. His (Sir J. Hogg's) right hon. Friend the President of the Board of Control and the Board of Directors were zealously, and he hoped not unsuccessfully, endeavouring to promote the welfare of India, and he trusted that a persistence in the good cause which the hon. and learned Gentleman admitted they were now pursuing would meet with his (Sir E. Perry's) approbation, as well as that of the country at large.

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1856.

MR. HEADLAM said, he had listened with pleasure to the able statement of the right hon. Gentleman the President of the Board of Control, but there was one subject which, in his opinion, deserved some further consideration—he meant the manner in which the proceedings of the Indian Law Commissioners had been for all practical purposes set aside. It would be remembered that an Indian Law Commission had been in existence since 1837, and had made an immense number of valuable Reports, which, in consequence of the delays in communicating with India, and the uncertainty of relations between the home authorities and the Indian authorities, had come to nothing. A second Commission was appointed, not to go again into the whole subject of Indian law and procedure, but to refer to the Reports made by the previous Commission, and to select those recommendations which could be best carried into effect. It was clearly the understanding of those Commissioners that they were to investigate the Reports of the first Commission, and, that being done, they believed that legislation would thereupon take place. The second Commission was to report, not to the East India Company, but to Her Majesty. That Commission produced three valuable Reports; but not only had those Reports not been made use of, but the Commission itself had been brought to an end. The Commissioners reported on three specific subjects—first, as to the practicability of establishing a simple and uniform system of procedure; next, as to the amalgamation of the two primary Courts; and, thirdly, as to the amalgamation of certain of the Sudder Courts. Those were the subjects as stated in the letter of instructions addressed to the Commissioners by the right hon. Baronet then at the head of the India Board (Sir C. Wood), who added that, when the Commissioners should have completed their Report on these subjects, he would address them again as to the further inquiries they were to institute. The Commissioners accordingly made their Report when, instead of receiving further instructions, they received a letter from the Secretary of the Board of Control, inform-

Mr. Headlam.
Treatment of
Law Commis-
sioners.

Mr. Headlam.

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1856.

ing them that it was not the intention of the Government to apply to Parliament for an Act to continue the Commission, and that the Board of Control thought it desirable at once to bring the Commission to a close. Under those circumstances, it could not be wondered at that the Gentlemen appointed to that Commission, as well as others who were interested in the improvement of the law of India, should require more clear and explicit information from the Government than had as yet been given as to the course they proposed to take with respect to the other matters which, in the first instance, were delegated to those Commissioners to investigate.

Mr. Lowe.

Treatment
of Law Com-
missioners.

MR. LOWE said, that, as one of the persons constituting the second Commission, he thought it right to say two or three words on behalf of his colleagues and himself. Certainly great labour had been bestowed by the Commissioners in their inquiries into the subjects submitted to them. He could confidently say that their object in devoting themselves to that labour was, not that they might derive any particular or individual credit from it, but a desire to benefit India, and to supply those objects which that country needed, and which were not to be supplied elsewhere. He could say, both as a Commissioner and as Secretary of the Board of Control, that both he and his colleagues undertook the duties of the Commission with the notion and understanding (as he believed it was also that of the President of the Board of Control himself) that the result of their labours was not to be sent out and reported upon in India. Whether their recommendations were to be carried into effect or not, still they never understood that what they did recommend was to be sent to India for revision. Had they known or believed that such a course was to be pursued, he very much doubted whether they would have undertaken the labour imposed upon them. He differed from the hon. Member for Honiton (Sir J. Hogg), when he said that the Legislative Council of India could accomplish all that was wanted, except as regarded the Admiralty and Vice-Admiralty Courts. The Commission examined into that subject, and they came to a contrary conclusion. They believed that the Members of the Supreme Council of India could not accomplish what was required without an Act of the Imperial Legislature. With regard to the course which had been taken towards the Commissioners in the matter, he could only express it as their sentiment that they felt it somewhat hard, after the labour they had bestowed on the matters submitted to them, that the result of those labours should be sent back to India

Mr. Lowe.

to be reported upon by persons whom some of them had a right to consider inferior to themselves. The House would think it not unreasonable that the Master of the Rolls and the Chief Justice of the Common Pleas should feel it rather a reflection upon their judgment that their labours should be subjected to such a revision on the part of Indian officials. With regard to what had fallen from the hon. Member for Newcastle (Mr. Headlam), he did not think the Commissioners made any complaint at the Commission being put an end to. That was quite a matter for the Board of Control and the Government to consider. But what they did complain of was, that their labours should be submitted, not to a Council for the purposes of legislation, but to other persons, that they might give their opinion upon subjects with which it was generally believed they were not competent to deal.

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1856.

MR. OTWAY said, he wished to correct an erroneous impression which the hon. Baronet (Sir J. Hogg) had certainly conveyed to the Committee with regard to a lawsuit in which the East India Company had not figured very much to their advantage. The hon. Baronet had asked whether a large sum of money having been left for public purposes in India, it was not the duty of the Court of Directors to endeavour to obtain that money, and to establish the sanity of the testator. The hon. Baronet had declared that the Board were actuated by public spirit in what they had done, but he entirely omitted that the Directors had a very large pecuniary interest in the success of that lawsuit. There was no doubt that those gentlemen were in a great measure induced to persevere in the course they pursued by the private advantage which they and their friends would have derived from the bequests left by Mr. Dyce Sombre. The statement of the hon. Baronet that the Court above had acquitted the Board of Directors, and had absolved them from the payment of the costs in which they were cast by the Court below, was by no means accurate. Dr. Lushington, who delivered judgment in the Judicial Committee of the Privy Council, had only allowed them one set of costs, and the Directors would actually have to pay between £12,000 and £14,000 out of the revenues of India on account of that lawsuit. Of that sum he (Mr. Otway) should require a very strict account from his right hon. Friend the President of the Board of Control, who had made a statement in that House which had given great satisfaction to many gentlemen—namely, that he had not at all decided as to whether he should allow those costs to come out of the

Mr. Otway.

Mr. Dyce
Sombre's case.

Mr. Otway.

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1856.

Nawab of
Surat's case.

Annexation of
Oude.

Discrepancies
in accounts of
Public Works.

revenues of India. With respect to the expenses in the case of the Nawab of Surat, he had heard that those also were enormous. But, look at the whole amount spent by the Directors in law expenses. In 1854 that item figured for £10,500, in 1855 for £13,000, and in 1856 for £16,500, and in the next account the Committee might depend upon it that, reckoning the cost of proceeding in the two cases he had mentioned, and in the just claims which the Company were engaged in disputing, £16,000 would go a very little way towards defraying the law expenses for 1857, which he suspected would be enormous. Had there been time, he should have taken exception to many things in the Minute of Lord Dalhousie. No doubt that nobleman was entitled to great credit for much of what he had done in India, and for the public works he had carried out there; among which might be mentioned improved means of communication, and the introduction of the electric telegraph. But, on the other hand, there had been occurrences during his administration which it was impossible to approve. The annexation of Oude had been mentioned, and some stress had been laid upon the treaty of 1801, but no mention was made of the treaty of 1837, by which the Indian Government bound themselves, in the case of any misgovernment on the part of the King of Oude, to take possession of the country and govern it in the King's name, and at a certain time to restore it. [Sir J. W. Hogg: There is no such treaty].^a He was quite aware that the hon. Baronet would say the treaty had not been ratified, but that was not the opinion of Lord Brougham, and of others. The non-ratification only applied to one article—the seventh—in that treaty. Now, he could imagine a case in which you might take possession of a neighbouring State, but, when, as in this case, a solemn treaty forbade such a course, he maintained that it was most unwarrantable to ask the King to abdicate, and when he failed to comply to eject him from his throne. With respect to the question of public works, there certainly was a remarkable discrepancy in the three accounts which had been given, but, even making allowance for the facts explained by the hon. Baronet (Sir J. W. Hogg) it was impossible that the deficit could have been caused by the expenditure under that head. He would suggest that on a future occasion a separate statement should be furnished of the public works, and that the Committee should have detailed to them every year an account of the sums expended on public works of a remunerative and the expenditure on those of an unremunerative character. That so many princes and gentlemen of

Mr. Otway.

India should come here to procure restitution of sums wrested from them by the Indian Government, he considered, brought disgrace and discredit upon the country. If the right hon. Gentleman the President of the Board of Control read the continental papers, he would find that no subject was more commented upon by them to our reproach than that. The subject of torture could not, he thought, stand in a better position than it did at present. No one could now deny that it had been systematic and continued—that the East India Company were acquainted with the practice and with the character of the police—that they established the system with a clear view of its power and its objects—that they knew how to prevent torture, but they never attempted to apply the remedy. From the most recent accounts which he had received from India he learnt that torture, although he hoped diminished in amount, still continued, and in one part of that empire there was danger of the officials falling again into their old paths. On the whole, he thought that the Report, and more than the Report, the evidence, justified his right hon. Friend (Mr. V. Smith) in saying that the Court of Directors was *particeps criminis*. The remedy was to be found in the separation of the revenue and police functions. He had heard with dismay that we were likely to go to war with Persia, and he trusted that the anticipations of his right hon. Friend (Mr. V. Smith) would not be realised. He was, on the whole, satisfied with the statement which had been made, and hoped that next year the right hon. Gentleman would be able to announce that the state of India was as flourishing as he had that night described it to be.

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1856.

Torture.

MR. DANBY SEYMOUR said, that it was impossible that, with such an empire as India, we should be without princes and other claimants such as those to which his hon. Friend (Mr. Otway) had referred, at the seat of Imperial Government. Almost all existing claims were, however, of long date, and such as the existing administration were not responsible for. Gholam Mohammed returned to India, as he supposed, quite satisfied. The case of the Ranees of Nagpore involved an intricate question of succession, in which neither the Crown nor the Indian Government had the slightest interest. In the case of the Carnatic stipendiaries, he (Mr. Seymour) was interested before he had the honour to hold his present office. The suggestions which he made as a private Member had been, to a great extent, acted upon. The commutation of the pensions for grants of land in the Presidency of Madras was being carried out, and nearly all

Mr. D.
Seymour.
Princely
claimants in
England.

Mr. Danby Seymour.

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1856.

Public Works
expenditure.

the claimants were satisfied. There had been a question as to the abolition of a Nawabship of the Carnatic; but it had been decided by all the authorities in India, and by the Government at home, that that Nawabship should cease. With respect to the observations that had been made relative to the expenditure on the public works, he must admit that there was a discrepancy between the accounts; but he would remind his hon. Friend (Mr. Otway) that Mr. Grant's statement was merely an approximative one, and that that gentleman had added items for repairs, barracks, &c., which swelled the sum to a greater amount than appeared in the Revenue table. Henceforward the accounts would be made out on a new and improved system, which would not allow of any such discrepancies as had too often occurred under the old plan. Orders had been given to make up the budgets of the various public works with the greatest possible accuracy, and he hoped to lay them on the table next year. Estimates of such works as appeared necessary in all parts of the empire had been prepared by the respective engineers, and the most pressing wants of the population, measured by a regard to the amount of money that could be spent upon the undertaking, would regulate the order in which the various projects would be commenced. The great object should be to relieve the masses of the people from over taxation; for when that was done the revenues of India would increase with marvellous rapidity, and the country would soon yield that golden harvest which in ancient times it used to afford. He had lately received communications from Madras, which stated that the reduction effected in the land tax had been followed by a large investment of capital in the cultivation of the soil, an increase of profits, and a considerable augmentation of the revenue of the Presidency. The same was the case, he had been informed, with Trichinopoly. He agreed with those who stated that law reform was the great want of India, and that, too, was the opinion of his right hon. Friend (Mr. V. Smith). Cheap and speedy justice was wanted in India, and the want of it and of men well trained to fill the bench and the bar was felt as a serious evil. Law reform, indeed, would be one of the greatest boons that could be conferred on India. The question of education was also an important one, and his right hon. Friend had stated that the excellent Minute of the late President of the Board of Control (Sir C. Wood), which had hitherto worked so well, should be carried out as extensively and effectively as possible. However, with respect to education, he rejoiced to be enabled to state that it

Mr. Danby Seymour.

Law reform.

Education.

was spreading rapidly; and it was admitted on all hands that there was an intense thirst for it throughout the entire empire. The people were industrious as bees, and the difficulty with Hindoo schoolboys was not to get them to work but induce them to play. The success of the female schools was also most gratifying, and the Parsee schools in Bombay were also most successful. The natives had a great desire for an education based on the English system, and the books most used were those published by the Committee of National Education in Ireland. Another interesting feature was the tendency of capital to go to India. Allusion had been made to a railway which was about to be constructed without a guarantee. He had that morning had an interview with the enterprising promoter, Mr. Harrison, who lately most successfully established the Bombay Gold Company. That railway, which was projected to reach from Calcutta to Chittagong, had come out into the market on Friday last, and had been favourably received. He did not know if it would answer, but he mentioned it as a sign and a symptom of the fact that India was an increasing field for enterprise. Then with regard to cotton-spinning, the establishments which had been put into operation at Pondicherry, at Calcutta, and other places, were important—not from their size, but from the promise they held out: yarn, which had hitherto been exported from England, might be made in India, and a trade arise which would lead to a large interchange of capital between the two countries, and go some way to solve the question whether this country could not be rendered independent of America with regard to cotton. Then, again, there was the Euphrates Railway scheme, which was supported by the Turkish Government, and which was part of a largely-developing system of communication between England and India, which must go to increase their mutual wealth. If education was spread, if justice was rendered cheap and easy, and mercantile enterprise was spread over the country, it was to be hoped that every blot would be removed from the administration of the revenue, every illegal exaction done away, and every case of torture made to cease, and that a new day would dawn on India—a result which was to be brought about more by the moral impress of the English mind upon that country than by any species of enactment.

MR. I. BUTT said, he thought the debate of that evening had proved beyond all doubt that free discussion in Parliament should be brought to bear on the minutest details of the Government of India. If there had been any listlessness

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Railway to
Chittagong.

Cotton.

Euphrates
Railway
scheme.

Mr. I. Butt.

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1856.

Petitions from
native Princes

exhibited, it must be ascribed to the lateness of the period at which the Indian Budget had been introduced. Earlier in the evening he had been anxious to bring under discussion a grievous wrong inflicted on one of those native Princes who had petitioned the House of Commons, but he had been stopped on a point of Order. Some short time ago he had presented a petition from one of the remaining Princes of Scinde, to whom had been left a shred only of his territory. That petition contained very strong charges, and he should not have presented it if the allegations had not been borne out by the facts. At so late an hour (twelve o'clock) it was, of course, impossible for him to bring the subject forward; nor did he think that in a general discussion this particular grievance could be considered with advantage. He thought it due, however, to the character, both of the Indian Government and of the East India Company, that the statements in that petition should be answered (if it were possible to answer them) during the present Session. So strong were the allegations of the petition that the Printing Committee had, as he thought quite unnecessarily, omitted the names of the persons implicated. He would now, however, give notice that on Thursday evening he would move for papers connected with the subject, and if discussion were put off on that occasion it would not be from any fault of his.

Mr. Mangles.

MR. MANGLES said, he could not, in justice to the body of which he was a member, allow the statements which had been made to their disadvantage to pass unnoticed. The hon. and learned Member for Devonport (Sir E. Perry), and those who agreed with him, in speaking of the Indian Government, were in the invariable habit of confining their attention exclusively to the failures and shortcomings of that body, and entirely overlooking the amount of good which it had done. No system of administration on earth could endure so unfair and one-sided a test. England itself could as little stand it as India. The hon. Member for Stafford (Mr. Otway) had commented on the treaty of 1837 between the Indian Government and the King of Oude. The result of the alternative suggested by the hon. Member would have been that the East India Company would have been obliged to take possession of the Government of Oude after the streets of Lucknow had flowed with blood. It seemed to be supposed that the East India Company were guilty of hypocrisy in maintaining that they were responsible for the good government of Oude; but forty years ago Mr. Mill, in his *History of British India*, had laid it down that the East India Company were respon-

Annexation of
Oude.

Mr. Mangles.

sible for all the miseries inflicted by the native Governments which they protected and supported. With regard to the deficiencies of the police system, the Government had always been sensible of them, and measures were now in progress to remedy them. He quite agreed in the expediency of separating the police from the revenue department, and he had himself advocated that separation upwards of twenty-five years ago. With regard to the views of the right hon. Gentleman the President of the Board of Control with respect to the emoluments of the civil servants in India, he considered that they were not only unsound but inaccurate. It was a mistake to say that the civil service was most corrupt when best paid. It was no doubt most corrupt when its members made most money, as was shown in Mr. Macaulay's *Essay on the Life of Lord Clive*, and he should earnestly deprecate any unwise reduction of the salaries of the Indian civil servants, which should give them a shadow of an excuse—and a miserable excuse it would be admitted—for indulging in the dishonest practices there described. From a Return which he held in his hand, he found that, comparing the year 1827 with 1854, the amount paid to the civil service had greatly decreased, notwithstanding the large increase in the number of civil servants. Injustice had been done, he thought, to the civil servants in the matter of torture. When so many eminent Indian officials, Governors General and others, had been ignorant of its existence, was it not a fair inference to draw that it was not so general as commonly supposed? All the inquiries which had been made had been confined to the Madras Presidency where the people were exceedingly poor, and where the land tax was paid by small cottiers, but in Bengal and the North-Western Provinces it was extremely unlikely that torture could exist. In the Mofussul the revenue was paid by the zemindars, and there was not a single Government revenue officer in the province by whom torture could be inflicted. [*Cries of "Divide!"*] Although he had intended to reply to other statements that had been made in the course of the discussion, he would not oppose the wish of the House to bring the debate to a conclusion.

MR. VERNON SMITH said, he must beg to explain, with reference to the Report of the Law Commission, that he was not aware that any compact had been entered into with the Commissioners that their recommendations should at once become law. From communications he had had with his noble Friend (Lord Canning), he entertained no doubt that the recommendations of the Commissioners would be

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1856.

Police.

Salaries of civil service.

Torture.

Mr. V. Smith.

Treatment of Law Commissioners.

Mr. Vernon Smith.

21st JULY 1856. carried into effect as speedily as possible. The Commissioners on the Penal Code had also reported, and he hoped the Legislative Council would be enabled at an early period to give effect to the most important suggestions contained in their Report.

Mr. Otway. MR. OTWAY said, he understood that Mr. Theobald, the Professor of Law at the Calcutta Institute, who had first brought the subject of torture in India under the notice of the hon. Member for Poole (Mr. D. Seymour) had been dismissed from his office. He (Mr. Otway) did not mean to intimate that that Gentleman had been dismissed in consequence of the part he had taken with reference to the question of torture, but there could be no doubt that the course he had pursued had not tended to bring him into favour with the authorities. He would, however, beg to ask whether the right hon. Gentleman the President of the Board of Control was aware of the cause of Mr. Theobald's dismissal, and whether it was connected with the part that gentleman had taken in the denunciation of torture?

Mr. V. Smith. MR. VERNON SMITH replied that he was not aware of the fact of Mr. Theobald's dismissal, but if it had taken place with the sanction of the Governor General of India, or of the Council, he thought he could say that it had not been the consequence of Mr. Theobald's denunciation of the system of torture. He (Mr. V. Smith) could not conceive that the Governor General or the Council would act so unjustly.

Resolutions agreed to.

1. *Resolved*, "That the total net Revenues of the Bengal Presidency, for the year ended the 30th day of April, 1854, amounted to £8,096,682 sterling; and the Charges thereof for the same period, other than Military Charges, amounted to £2,200,944 sterling.

2. *Resolved*, "That the total net Revenues of the North-Western Provinces, including the newly acquired Territory, for the year ended the 30th day of April, 1854, amounted to £5,656,874 sterling; and the Charges thereof for the same period, other than Military Charges, amounted to £1,547,106 sterling.

3. *Resolved*, "That the net Revenues of Bengal and the North-Western Provinces, together, for the year ended the 30th day of April, 1854, amounted to £13,753,556 sterling; and the Charges thereupon, including the Military Charges, amounted to £9,774,436 sterling, leaving a surplus available for the General Charges of India of £3,978,870 sterling.

4. *Resolved*, "That the total net Revenues of the Madras Presidency (Fort St. George), for the year ended the 30th day of April, 1854, amounted to £3,315,513 sterling; and the net Charges thereof, for the same period, amounted to £3,539,334 sterling, showing an excess of Charges over Revenue in the above Presidency of £223,821 sterling.

Mr. Vernon Smith.

5. *Resolved*, "That the total net Revenues of the Bombay Presidency, for the year ended the 30th day of April, 1854, amounted to £2,636,211 sterling; and the net Charges thereof, for the same period, amounted to £2,977,118 sterling, showing an excess of Charges over Revenue in the above Presidency of £340,902 sterling.

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6. *Resolved*, "That the total net Revenues of the several Presidencies, for the year ended the 30th day of April, 1854, amounted to £19,705,080 sterling; and the Charges thereof amounted to £16,290,933 sterling, leaving a surplus Revenue of £3,414,147 sterling.

7. *Resolved*, "That the Interest on the Registered Debt of India paid in the year ended the 30th day of April, 1854, amounted to £2,195,975 sterling, and the Charges defrayed in England on account of the Indian Territory in the same period amounted to £3,262,289 sterling, leaving a deficiency of Indian Income for the year ended as aforesaid, to defray the above interest and charges, of £2,044,117 sterling.

MR. VERNON SMITH'S FINANCIAL STATEMENT,

1857-58.

THE INDIAN BUDGET.

MR. VERNON SMITH said, that the practice of making an annual statement upon Indian Finance had arisen from a desire on the part of the House to direct its attention during one day in the Session to the state of affairs in India, and the wish to hear the President of the Board of Control explain the prospective Estimate of Indian Revenue and Expenditure. During the present Session the unfortunate events that had occurred in India had awakened the attention of Parliament, and upon two or three occasions the House had been occupied in discussing the affairs of India. Owing also to the confusion that had taken place in the North-Western Provinces any estimate of Indian Finance prepared before the recent mutiny must of course be perfectly fallacious. Under these circumstances, and considering the lateness of the Session, and the unlikelihood that hon. Members would remain in town to hear any statement he could make, the Government had determined not to bring forward this year the usual Financial Statement with regard to India.

17TH AUGUST
1857.

Mr. Vernon Smith.

LORD STANLEY'S FINANCIAL STATEMENT, 1858-59.

EAST INDIA COMPANY'S REVENUE ACCOUNTS.

LORD STANLEY :—Sir, I have to entreat the patience and forbearance of the House while I lay before you a statement which, however important may be the facts to which it refers—and I believe hardly any facts can be more important with reference to the interests both of India and of England—and however it may be treated, will, I fear, be somewhat long and tedious. Of this, at least, I can assure hon. Gentlemen, that I have endeavoured, and shall endeavour, to compress what I have to say within as narrow a compass as is consistent with the necessities of clear and full explanation.

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In the first instance, Sir, I propose to place before you an outline of the financial state of India during the last two years as compared with the years immediately preceding. The insurrection began, as we are all aware, in the month of May, 1857. At that time the financial year 1856-7 had just closed. What, then, was the condition of the finances of India at that date? Taking the exchange at 2s. to the rupee the revenue of 1856-7 was £33,303,000. The expenditure of the same year was £33,482,000; leaving a deficit of £179,000. But it must be noticed of this deficit—and the same remark applies with but little modification to all the preceding years for some time back—that there had been laid out under the general head of “Public Works” a sum of £2,350,000. Now, in India, the term “public works” is comprehensive. It includes public buildings; it includes roads; it includes a great variety of items of expenditure, many of which yield no return in a direct form, but may be compared to that outlay which in England a landholder has to make upon his property. It is quite impossible to ascertain by any accurate analysis how much of the Indian expenditure on public works is an outlay in the strict sense of the word, and how much may be re-

Comparison of
last two years
with previous
two years.

Deficit of
1856-57.

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1858-59.
1859.

Equilibrium
prior to
outbreak of
1857.

1857-58.
Estimate.

1858-59.
Estimate.

garded as an investment. But, assuming on a rough estimate that credit may be taken for one-half as remunerative investments, we shall have for the year 1856-7 an apparent deficit of £179,000, but a real surplus—making the deduction I have stated—of something less than £1,000,000. That state of things, compared with the accounts of the previous years, shows a considerable improvement. Of the ten years preceding the year 1856-7, beginning with 1846-7, the first three and the last three show a deficit, and only the intermediate four a surplus. If I do not make myself intelligible, I hope that hon. Gentlemen will ask for any explanation which may be needed. The deficit of the year 1853-4 was £2,100,000; that of 1854-5 was £1,700,000; that of 1855-6 was exactly £1,000,000; while the deficit of 1856-7, as I have just stated, was £179,000. We have, therefore, this result—that, at the outbreak of the mutiny, the equilibrium between income and expenditure had been very nearly restored; and that, as I must remind the House, with an average outlay of £2,000,000 per annum on works of improvement. We now come to consider what change has been produced in the financial state of India by the disturbances of the last two years. The accounts for the years 1857-8 have not yet been received. They will shortly arrive, and will be laid before the House, probably in the month of May next. I have, however, an estimate for that year, 1857-8, which gives the gross revenue at £31,544,000 and the expenditure in India at £39,120,000, showing an estimated deficit in India, which we may reckon with sufficient accuracy at £7,600,000. But to that deficiency must be added an extra expenditure upon troops and stores in England, which nearly reaches £1,500,000. We have, therefore, for the year 1857-8 a total estimated deficit amounting in round numbers to, as nearly as possible, £9,000,000. This is the estimate for the year 1857-58. I now proceed to the estimate for 1858-9, the financial year which will close on the 30th of April next. The revenue, as estimated for that year, is £33,016,000, and the expenditure, including home charges of all descriptions, is £45,629,000, making a deficit of £12,600,000. Add to that the deficit of the previous year, which was £9,000,000, and we have upon the two years since the mutiny began a total deficiency amounting to £21,600,000. That, however, does not constitute the entire amount of loss which has been sustained by the rebellion; for the outlay upon public works during those two years was only £3,000,000 instead of £4,000,000, as it should have been according to the

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average of previous similar periods. We have, therefore, £1,000,000 more diverted from an outlay partly remunerative to one wholly unremunerative. The estimate of Indian expenditure for the year 1859-60 has not yet been received, and we have, therefore, only the comparatively small estimate for home charges, with which I shall deal more conveniently in a subsequent part of my statement. In the calculations which I have submitted to the House no account is taken of the compensation to be made for losses and injury of private property in the disturbances. There is, as many hon. Gentlemen are aware, a commission sitting in India to investigate the claims which may be made on account of compensation for such losses. I have applied officially to know when it is likely to report, and also, if possible, to accelerate its proceedings, but I have not as yet received any reply. The question is often put to those who are concerned in Indian administration in this country, "Upon what principle do you intend to deal with these claims for compensation?" I wish it were in my power to give to that question a satisfactory answer. It is, however, quite impossible to lay down any general rule for dealing with these claims, until their amount and their nature are better known than they are at present. The difficulty of the case is this, that you cannot, with any regard to justice, apply one rule to European claims and another to claims preferred by Natives. There are many Natives who have been engaged in the service, or who have taken the part of the Government, who have fought with us, and who have suffered loss by plunder in the same manner as Europeans have, and it is quite obvious that, whatever rule we lay down for dealing with these claims, no distinction can be drawn between the claims of Native sufferers and those of European residents. That is a circumstance, which, of course, increases enormously both the amount of these claims and the difficulty of dealing with them. I regret that I can offer no explanation upon this subject except in these general terms. Against these claims for compensation there will, however, have to be set a considerable amount which will be derived from the forfeiture of land and pensions by those who have been leaders in the insurrection. I am sure the House will feel that it would be most inexpedient and impolitic, even in our present financial position, to attempt to press these confiscations for the sake of revenue. An amnesty has been declared, and we are bound by the spirit as well as by the letter of that amnesty. All the mercy ought to be shown which is consistent with the strict demands of justice; and

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Compensation
for losses in
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it must also be borne in mind that, even from the property which may be legitimately placed in our hands, a large portion will have to be deducted to meet the just claims of our Native allies who have stood by us in the late emergency. But, after sparing all who can put forward any reasonable claim to be spared, and recompensing all who can fairly claim recompense, I anticipate that there will remain in the hands of the Indian Government some—perhaps a considerable—balance to meet the claims arising out of losses in the course of the mutiny.

Land
Revenue.

I propose now, Sir, to examine, as briefly as I can, one or two of the principal items from which is derived the revenue of India. I need not tell the House that the chief source of income in India is the Land Revenue. In the return from which I have taken the figures that I am about to read, the land revenue is coupled with two other small taxes—the sayer and the abkarree, or spirit duty—and with some small subsidies from native States. I am unable to separate these items, but the deduction to be made on those accounts will be but small. The figures which I shall submit to the House will show that the land revenue, with these small items thrown in, constitutes nearly sixty per cent., or three-fifths, of the whole of the financial resources of India. That land revenue has grown with the growth of our territorial possessions. At the commencement of the present century it amounted to £7,330,000. In the year 1810 it rose to £13,000,000. It then appears to have remained stationary* until 1840, when it was £13,158,000. In 1850 it had risen to £17,395,000; and in 1856-7, the first year with which I am dealing, and that immediately preceding the mutiny, it had reached the amount of £19,080,000, being the largest amount which it has at any time realized. In 1857-8, the first year of the disturbances, the land revenue fell to £16,271,000; in 1858-9 it rose again to £18,392,000. Now, Sir, it must be observed of this item of revenue, that it is by its very nature susceptible of only a slow and gradual rate of increase. In those parts of India, as in Bengal, where a perpetual settlement exists, that is to say, where the landowner is guaranteed against being at any future time called upon to pay more to the State than he contributes at present, it is obvious that there can be no increase of revenue from this source, except in so far as new lands are brought into cultivation. The same state

* There was, in fact, an increase; but it is not apparent, as, on the introduction of the Company's rupee, a lower rate of exchange was adopted in the Parliamentary accounts of the latter year.

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of things exists, though to a lesser degree, where permanent settlements—that is, settlements for long terms of years—have been introduced. Now, the tendency all over India at the present time is to favour long or permanent settlements, as affording a greater amount of security to the cultivator; and we must, therefore, consider this branch of the revenue as being comparatively inelastic. The increase of which it is capable arises principally from two causes. One cause of increase, which has been very active in times past, but of which we may hope there will be no more just at present, is addition to the British territory, and consequent increase of the area over which the tax is levied. The other cause is the taking into cultivation of lands hitherto waste. That process is likely considerably to increase, as railways and other means of communication open up the interior of the country; and we have, therefore, in its results a probable source of great wealth at some future period, but one on which no prudent financier can with any approach to certainty calculate as likely to become available within a short time. Next in importance to the Land Revenue is that derived from Opium. The increase in the revenue derived from the opium monopoly is very remarkable. At the beginning of the century the revenue derived from opium was £372,502. In the year 1810 it amounted to £935,996. In 1820 it was £1,436,432; in 1830, £1,553,895; and in 1840, it was £1,341,093. In 1850 it had risen to £3,558,094—an enormous increase, attributable to the new trade then opened with China. In 1856-7 the opium revenue was £4,696,709. In 1857-8 it had risen to £6,443,706, being an increase of £1,800,000 in a year. In 1858-9 the revenue derived from this source had fallen to £5,195,191. It is obvious that opium is a source of revenue which varies with the season, with the demand that may happen to exist for the article, and with the abundance or scarcity of the crop. The House will see how large a revenue is involved in the continuance of that trade, and will judge from the statements I have made how materially the financial resources of India are affected by it. The House is aware that the continuance of this opium monopoly has been objected to on two separate grounds. One argument against it, which I confess I have never been able to regard as devoid of force, has been removed by the announcement made this evening, that it is the intention of the Chinese Government to legalize the trade in opium. No argument against the culture of opium can therefore in future be based upon the contraband system of importation

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Opium.

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into China which has so long prevailed. The other objection comes from those who argue in favour of a total prohibition of the cultivation of opium in British India. I only mention this opinion for the purpose of saying that, setting aside the fiscal considerations of the present time, I regard this argument as unsound, and based on a false theory as to what the duty of a Government is. I have never heard any plea for the prohibition of opium culture in Bengal that might not equally be urged in favour of the introduction of the Maine Law in England. Whatever may be the abuse of opium in India, or China, it can hardly be greater than the abuse of spirits in this country. So far from opium being necessarily, and in all cases, a poison to those who use it, as has been strongly urged, I believe it is used habitually but moderately by large classes in India, and probably without serious injury to their health. There is, however, consequent upon the legalization of the opium traffic with China one consideration of which we should not lose sight, and that is the possibility that the Chinese Government, having now abandoned their objections to the introduction of opium into China on the score of morality, may also legalize its cultivation in China itself. In that case, the demand for Indian opium would probably be greatly reduced, and the revenue derived from it cannot fail to be affected. I do not participate in the objections, on moral grounds, to the culture of opium in India, but I think it may be a question, as a matter of fiscal policy, how far its cultivation ought to be kept a monopoly in the hands of the Government. It is impossible to deny that, upon general considerations, the principle of that monopoly is open to grave objections, and many of those who have considered this subject would be glad to see their way to the possibility of doing away with the Government monopoly, and substituting for it a system of excise. I have been in communication with the Government of India on this subject, and I shall be glad to find that the monopoly can be done away, and a system of excise substituted; but I am bound to add, in frankness, that, although the object would justify some temporary sacrifice, I do not think it an object of such pressing necessity as to justify a large permanent sacrifice of revenue. Taking the land revenue at about 60 per cent. of the whole revenue of India, and taking the large revenue of 1857-58, from opium, as 20 per cent. of the remaining revenue, we may thus, without any material inaccuracy, consider the land revenue and opium as supplying four-fifths of the whole of our Indian finance. The revenue

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from other sources I will review more briefly. The Salt duty and Customs, taken together, yielded in 1800, £1,442,000; in 1850, £3,538,000; in 1856-7, £4,443,798; in 1857-8, £3,785,782; and in 1858-9, £4,393,960. Miscellaneous items, including all not classed above, give:—In 1800, £132,000; in 1850, £1,340,000; in 1856-7, £3,000,000; in 1857-8, £3,071,380; and in 1858-9, £2,966,091. Considering the great variety of these sources of revenue, the House will pardon me if I refer them for a more detailed explanation to the annual accounts, in which they will be found at length. What I have said, however, shows in a brief summary what is the real and practical difficulty of Indian finance. First, you have the land revenue, which, except from two sources of increase, an increase of territory and an improvement of culture, is comparatively inelastic compared with our taxes at home. Next, you have the opium revenue, which, as I have shown, is somewhat fluctuating and precarious, since it depends not only on the season and state of the market, but also upon circumstances connected with the Chinese Government to which I have adverted. These two sources of revenue, as I have said, are nearly four-fifths of the whole. The general result is, that an increase of material prosperity in India does not produce upon the revenue the same immediate result as in England, where the great bulk of your taxation rests upon the consuming power of the people. We all know here that, if a tax is taken off, or if a new market is opened, the revenue feels the effect in a few months in an increase of the Excise and Customs' returns. In India, although the amount of trade has enormously increased within the last twenty years, the effect upon the revenue has been relatively, although not absolutely, small. Under the Native Governments which preceded ours, many taxes existed which by us have been abolished. There were taxes on sale and purchase, transit duties, poll taxes, and taxes, in some countries of India, upon almost every action of a man's life. In a majority of cases these taxes were open to the gravest objection—they were clumsy, unequal, vexatious, and arbitrary. But they possessed one advantage that is wanting in our system—namely, that all classes paid more equally than they do at present. Under British administration large classes in India have escaped taxation altogether. The opium revenue is paid almost entirely by foreigners, the land revenue by the cultivators of the soil. But, except the duty on salt, which is in effect a poll tax, and a few Customs' duties, the mercantile classes in India pay absolutely nothing to the

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Salt and
Customs.
Miscellaneous.*Lord Stanley.*

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Imposition of
new taxes.

revenue. Various plans have been laid before the Government for imposing new taxes. I need not tell the House that it is a very difficult and delicate matter to attempt to impose a new tax in England. But it is far more so in India than in England, because in India, all changes, whether for better or worse, are regarded with dislike, merely as changes, and the acts of Government are viewed, as the acts of a foreign Government necessarily must be, with jealousy and suspicion. And what is, perhaps, more important to consider is, that in India you have not the same means of ascertaining what the public feeling really is, and consequently, you have not the same facility for drawing back from rash and inconsiderate measures. A large increase of indirect taxes would check that development of trade which is our chief hope and resource: while direct taxes, unless imposed with great care and judgment, are very costly to collect and liable to abuse in their collection. Taking these things into consideration, we have not ventured to say to the local Government of India in direct and positive terms, "You shall lay on this or that new tax." We have thought it right rather to confer with them, and I hope it may be possible, as the result of such deliberations, to add considerably to our present income; but I cannot hold out the hope that, even with these additions, the amount of Indian revenue will be such as to approach the present rate of expenditure. Perhaps the House will allow me to read upon this subject an extract from a financial despatch addressed to Lord Canning on the 19th of last month,—

"A graver duty is, however, imposed on your Government by the uncertainty which exists as to the period when extraordinary military expenditure caused by the mutiny will cease or be materially diminished; and by the increase, from year to year, of the debt of India, which, if allowed to continue unchecked, cannot fail at an early period to prove injurious to your credit. I see no reason to doubt that the present revenue of India (of about thirty-three crores) ought, in ordinary times, and by the exercise of a proper and judicious economy in the several departments, civil as well as military, to be ample for all purposes of the Government, including a liberal outlay on works of improvement. But the question of the manner in which to meet the heavy disbursements of an unusual character, which, owing to late events, will have to be defrayed in each year for some years to come, both here and in India, is of a wholly distinct nature. To that question it is now my duty to call your earnest attention. It has often been asserted that the imposition of new taxes, a task of difficulty in any country, is impracticable in India, where the revenue is principally derived from the land. Nevertheless, the exigencies of the present time are so emergent that I wish the subject to receive your mature consideration. It is manifestly ruinous to continue a system of loans to meet the general expenditure

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of the State. I need hardly say that, in any measure which you may consider practicable, either for augmenting revenue or reducing charge, it is my anxious desire that no unnecessary check should be placed on the works of public improvement which were in progress previously to the late calamitous disturbances, and which, I am gratified to observe, the events of the mutiny have only partially suspended. It should ever be borne in mind that in India, where the main portion of the revenue is raised from the land, railways, canals, works of irrigation, and other undertakings which tend to raise the market value of the produce of the soil, form the best foundation on which to hope for a permanent increase to the income of the State, and that this result can only be obtained by a corresponding improvement in the condition of the mass of the people."

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As no positive instructions as to the exact mode of taxation have yet been sent out, probably the House will not think it expedient that I should now discuss the greater or less expediency of the various plans which may be, or have been proposed.

But, if the state of India be such that we cannot hope, even with the aid of new taxes, to meet the present rate of expenditure, there is only one other resource to which we can look, and that is diminished outlay. I think I can show, by a few figures, that the present deficiency, enormous as it is, of £21,600,000, to which I have referred, is wholly due to the extraordinary charges caused by the insurrection. The military expenses of 1856-7, which I take as an average year, as it did not vary very much from the years immediately preceding, were £11,546,000. The military expenses of 1857-8, which was the first year of the mutiny, were £18,212,000. The military expenses of 1858-9, which was the second year of the mutiny, were estimated at £22,598,000; thus showing an increase, in round numbers, of nearly £18,000,000 in those two years under the head of military expenditure alone. But, in addition to that, there are other losses which are distinctly traceable to the insurrection. In 1857-8 there was a loss of revenue by non-collection of £3,600,000: in 1858-9 there was a loss of revenue of £775,000, and there was a loss of treasure plundered of £1,275,000:—making together £5,650,000. I ask the House to listen to these figures, because they show that to these two causes—the war expenses, and the losses consequent upon the war, we may attribute a loss equal to £23,650,000. The deficit has only reached £21,600,000, and therefore £2,000,000 have been paid out of the ordinary revenue of India towards those extraordinary charges. I do not propose to ask the House to enter into the details of the civil expenditure. I do not believe that the civil expenses have varied much of late years. They have not

Reduction of
expenditure.

Deficit due to
extraordinary
Military ex-
penditure.

Civil
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undergone any revision since the change of Government; and it must be obvious to the House that, whatever may be effected in course of time, yet, as the rights of existing office-holders must be respected, that change cannot for the moment be productive of any considerable saving. I do, however, look forward to a considerable future reduction of the civil expenditure, and I believe such reduction will be brought about by a double process. One process is that which for the last twenty years—ever since the establishment of the uncovenanted service—has been going on to a certain extent—namely, the substitution of cheap Native agency for the comparatively costly agency of Europeans; and the other a process which has not been so often adverted to, but which, nevertheless, it is worth while to bear in mind, namely, that as India is brought every year nearer to England, as the inconveniences of distance and exile tend every year to diminish—we all know how much less they are than they were thirty years ago—probably Europeans will be found willing, hereafter, to serve in India, at a lower rate of salary than at present. It is often made a subject of complaint that the salaries of the covenanted service are fixed at a very high rate. I do not think it necessary or possible to deny the fact. I have no doubt that the civil service is one of the best-paid administrative bodies in the world. Nor do I care to argue whether the salary of this or that particular office may or may not bear revision; but this I do say, and I venture to dwell upon the fact as of some importance, that no one can have attempted to deal with this question without being struck with the extreme difficulty of getting men of high attainments and good position at home to undertake official duty in India. Even with appointments in this well-paid civil service thrown open for competition, there certainly has not been that eagerness to compete which might have been looked for—certainly not the same eagerness which there would have been if the prizes had been appointments of infinitely smaller value at home. In one branch of the service, the medical establishment, which is also open to competition, at the last examination the number of candidates was less than the number of appointments, there being, I believe, 51 places and only 42 candidates. I believe all those who have had anything to do with India, will confirm that which I am prepared to lay down as a general rule—namely, that you can hardly get professional men who are doing well in this country to go to India, unless they have the inducement of a rate of remuneration fully double that

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which they could obtain at home. If a test were wanted of the accuracy of that view I should refer to a service entirely unconnected with the Government—the service of the various Railway Companies established in India. Any one who regards the high civil salaries of India as intentionally extravagant, had better look at the salaries which are paid by these railway companies, for the same kind of skilled labour and supervision as railway companies require at home, and it will be found that the difference between the Indian and the English rates of salary is fully as great in that as in the Government service in India and in England. It follows, then, that, if we can hardly hope for any great augmentation of Indian revenue, nor yet for any large reduction of civil expenditure, the problem of Indian finance is reduced to this—how to bring the military expenditure within its former limits. It is quite idle to enter into estimates or prospective calculations on that subject. No plan can be framed at this moment which events occurring in India may not overthrow. But there are some general considerations which encourage in my mind the hope that when peace is again thoroughly restored we shall be able to do in India with no larger amount of military force than was necessary before the outbreak of the mutiny. At no former period has the military ascendancy of England in Asia been as complete as in the present time. Within the limits of India there is no single Native State left which has the inclination or the power to provoke a war. After the events of the last two years, a fresh outbreak in the British possessions in India is not probable. I think also that the Government, whether in India or in this country, have profited sufficiently by the recent and costly experience, not to feel inclined to pursue that policy of annexation, which, whether well or ill founded, has undoubtedly, in a great degree, been the cause of the present disaster. There is another consideration which may lead us to look forward to the prospective reduction of our military expenses in India. The British army in India is now only one portion of the entire army of the Empire. When telegraphic communication is complete, and with the increased facilities of communication which steam is giving every day, it is obvious that the distance between the two countries will be materially diminished, and that the whole resources of the British Government can be brought to bear in India more easily than they ever could before. So, again, in India itself. The great system of railway communication to which I shall hereafter advert, which at

Rede.
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present is only commenced, will in a short time bring together the entire Peninsula, and the troops there will then be efficient in many quarters almost simultaneously. Then, again, we have to remember, and it is not always borne in mind, how large a part of our dominions in India is composed of provinces, which have been acquired within a comparatively recent period, and which therefore have hardly had time to become consolidated and incorporated under our rule. Within the last twenty years we have added the Punjab, Scinde, Pegu, Nagpore, and Oude, and it is obvious that a province newly acquired by force requires a much larger garrison to defend it than it is likely to require twenty or thirty years afterwards. It is on these considerations that I rely, when expressing a hope that the present increase of military expenditure will not be of a permanent character.

But the House will naturally wish to know what, according to the latest returns, is the present strength of our forces in India as compared with recent years. On the 1st of January 1857, the European troops in India were 45,522; by the last returns they were 91,590. The Native troops on the 1st of January, 1857, were 232,224; by the last returns they were 243,956. So that the European forces in India have been doubled, and the Native troops, notwithstanding all that has taken place, have been of necessity rather augmented than diminished. But it is necessary to say that many thousands—I am not prepared to state the precise number—who appear as part of the Native army, are local levies, raised to meet the emergency of the moment, and should not be considered as forming a portion of our permanent force.

¹ debt. Sir, I come now to an important branch of my subject—the present state of the Indian debt, and the manner in which it has been affected by late events. I may mention, for the sake of being intelligible, that when I speak of the Indian debt, I include not only the home debt of India, but all debts bearing interest for which the revenues of India are liable. It is common to hear of the rapid increase of the Indian debt, and perhaps the House may not be aware that, however great the increase of that debt absolutely considered may be, yet relatively—which is a fairer way of testing it—to the amount of the revenue upon which it is a charge, there has been, up to the year 1856-7, no increase whatever since the beginning of the century. That can be shown by a few plain figures. In 1800 the debt was £16,600,000, and the revenue £9,200,000. In 1810 the debt was £29,200,000, and the revenue £16,600,000.

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In 1820 the debt was £37,000,000, and the revenue £21,300,000. In 1830 the debt was £45,000,000, and the revenue £21,900,000. In 1840 the debt was £33,800,000, and the revenue £19,500,000.* That reduction of debt was due to the application of the commercial assets of the Company, for the purpose of paying it off. In 1850 the debt was £51,900,000, and the revenue £25,800,000; while in 1856-7 the debt was £55,900,000, and the revenue £33,300,000. The House will see that only once in all that series of years has the debt exceeded the amount of two years' income. It was below that amount at the beginning of the century; it was below it in 1856-7; and it is remarkable to see, generally speaking, how nearly the proportions of the two remain the same. Since the late outbreak the state of affairs has become altered. The Indian debt, including every liability, bearing interest, of which up to the present time we are aware, but not including an item to which I shall refer by-and-by, is £74,500,000. Of that amount the home debt is £15,000,000, and there has been raised in India £59,500,000. The amount so raised in India is held by Natives in the proportion of two-fifths to three-fifths held by Europeans. From the total amount of the debt I have omitted the item of deposits, amounting to £7,000,000, because these bear no interest, and part of them will never be claimed. I may advert here to a measure, sanctioned in the course of last year, for allowing the payment in England, by bills upon the Government of India, of the interest of the Indian debt. That measure was adopted at the instance of the Chamber of Commerce in Calcutta, and of mercantile bodies here. It was recommended to us in strong terms by the Government of India, on the ground that it would tend to increase the value of our securities. Now, when that measure is criticised, it is common to say that it will have the effect of enabling the Natives more readily to get rid of their investments in our debt, and inducing Europeans to take their place, and that thus the Government of India will loose the hold which it at present possesses upon the interests and fidelity of Native capitalists. I do not believe that, even as a matter of argument and theory, that criticism is well founded. I rest my answer to it upon this—that whatever brings the competition of Europeans into the Native market necessarily has the effect of

Payment of
interest by
bills on India.

* The decrease in the revenue observable between 1830-31 1840-41 is nominal, arising from the use of high rates of exchange in calculating the Indian currency at the former period, and the adoption in the Parliamentary accounts of a lower rate, equal to 1s. 10½d. on the introduction of the Company's rupee.

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Debt due to a
succession of
wars.

raising the general credit of the Government, and therefore of increasing the value of its securities to the Natives who hold them. Nothing will induce Natives to lend their money freely to the Government so much as seeing that Englishmen resident in this country have confidence in Indian securities, and the contrary opinion would undoubtedly produce distrust in the Native mind. But, to turn from theory to what has actually happened, we find that, though the time during which this measure has been in operation has been very limited, the proportion of Native subscriptions, so far from diminishing, has rather increased. Between the 2nd of June and the 21st of December last, a period of about seven months, the European subscriptions amounted to £3,229,000 and the Native to £2,412,000, a good deal more than the general proportion which has hitherto existed—namely, two-fifths for Natives to three-fifths for Europeans. I may here mention the total amount of debt incurred by the Government of India since the 1st of May 1857; in other words, since the outbreak of the mutiny. There has been raised in India by the 5 per cent. loan £8,712,000, the home bond debt has produced £3,105,000, and the debenture loans £7,997,000, giving a total of £19,814,000. Now, reverting from the present to a period more remote, it is worth notice how materially, in the course of the present century, the credit of the Indian Government has improved. In 1800, upon the comparatively small amount of debt which then existed, the Indian Government had to pay $8\frac{1}{2}$ per cent. The average amount now paid upon the whole of the present debt is little more than $4\frac{1}{2}$ per cent. It ought to be remembered, when we are considering the question of the future solvency of the Indian Government, that its debt of £74,500,000 has been incurred in what has been little else than one constant series of wars. There was the war in Mysore, at the close of the last century; there were the Mahratta campaigns; there was the Pindarrie war; the war in Nepaul; the first Burmese war under Lord Amherst, which alone cost £15,000,000; the Affghan expedition, said to have cost £20,000,000; the wars in Scinde and Gwalior, the two Punjab campaigns, a second Burmese war, and now we have the present insurrection. I shall not go into the question how far all of these wars were inevitable; but I say that, when we compare the amount of liability incurred in India, in consequence of that almost uninterrupted succession of wars, with the financial difficulties of almost any European State, after half a century of peace, our only wonder will be, not that the Indian debt has reached its present amount, but that it is not a good deal larger.

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Let me now, Sir, call attention to a topic which ought to be considered in connection with this subject—the position of the English Exchequer in regard to Indian debt. I am aware that the uniform policy of the Parliament and the Government of this country has been to decline all responsibility in regard to the debt of India, and to hold it as a charge only on the Indian Exchequer. Dealing with the present state of affairs, I may say at once that I am not going to recommend change in that policy. I know well the alarm which any such proposition would create, and I know the refusal which it would inevitably receive. But this is a question which will recur again and again, and which will have to be considered in the future as well as in the present. Observing, then, that I do not speak with any reference to practical action at present, I would ask the House seriously to consider how far, looking at the fact that more than £50,000,000 has been contributed in aid of the Indian Government by English capitalists, it would be morally possible for this country altogether to repudiate the Indian debt without shaking its own credit? I would likewise ask the House to bear in mind that, if ever the time should come when the established policy of Parliament in this respect should undergo a change, and when an Imperial guarantee should be given for these liabilities, that guarantee would operate to reduce the interest paid upon the Indian debt by not less than £750,000, or even £1,000,000, which, formed into a sinking fund, would go far to pay off the whole. At present, India on the one hand is paying a great deal more in the way of interest than with the assistance of this country she need pay; and we, on the other hand, are apt to consider that, as we have nothing to do with it, the amount is indifferent to us, though, after all, it is a matter of doubt whether practically we are so entirely free from all responsibility as we suppose. I will ask the House now to consider what is the amount of burden to which the people of India and the people of England are relatively subjected by their debts. You may take two tests by which to ascertain that. You may take first—and probably it is the fairest test—the ratio which the interest paid bears to the total revenue. That interest in India is about £3,500,000 on an income of £33,000,000, or little more than ten per cent.; in England the proportion of interest on debt to the gross revenue is nearly two-fifths, or forty per cent. This comparison is taken, too, at a most unfavorable time, when England has been enjoying an almost unbroken peace of forty-five years; whereas in India there has been nothing but a series of wars. Looking at it in

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Position of
English
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Amount of
burden on
India and
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another light—the pressure on the population—while the amount per head on the 130,000,000 of people included in the area of our Indian taxation is not more than 14s., in England it is £28 per head. I do not mean to compare the material resources of the two countries; I know well the difference between them; but, looking to the future as well as the present, wherever you have what you have in India, a fertile soil and an industrious people, I say you have there the material out of which national wealth is produced. Therefore, when we are told of the comparative poverty of the Indian people, it is a fair question to ask whether the continuance of that comparative poverty is necessary.

Imports and
Exports.

I wish now to show how far at the present time, and for some time past, the development of the material resources of India has proceeded, and I cannot but think that upon that subject the public mind is not well informed. I take the last twenty years, beginning from 1837, and I divide them into periods of five years each. Taking the aggregate imports and exports for that time, I find that, in the first period of five years ending 1842, the aggregate imports into India were £43,500,000; in the next period, ending 1847, £62,500,000; in the next period ending 1852, £69,500,000; and in the last period, ending 1857, £101,500,000. That estimate is taken before the commencement of the insurrection, so that it cannot be affected by the import of increased supplies for the large reinforcements of European troops which have lately been sent out. Taking next the aggregate exports from India, I find that they were, in the five years ending 1842, £63,200,000; in the five years ending 1847, £83,378,000; in the five years ending 1852, £91,000,000; and in the five years ending 1857, £112,700,000. We have, therefore, these plain general results, that within the last twenty years the exports from India have nearly doubled, and the imports into India have more than doubled. I have not been able to ascertain as exactly as I could have wished the comparative rate of increase in the exports and imports of the various European nations; but I believe I am not wrong in saying that the increase in the case of India during the last twenty years is in a greater ratio than that of any European nation except England and France. It would not be just to compare India in this respect with the United States, or with the larger British Colonies, because you have there a constant increase of population due to emigrants from Europe. Take another indication of commercial progress in India—the tonnage of vessels entered inwards and cleared outwards at the various ports of that country during the same period.

Increased
tonnage of
vessels.

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I find that this aggregate tonnage in the five years ending 1842 was 10,700,000 tons; in the five years ending 1847 it was 12,700,000 tons; in the five years ending 1852 it was nearly 16,000,000 tons; and in the five years ending 1857 it was just 19,000,000 tons; showing an increase of nineteen to ten, or nearly double, in the twenty years. These returns, I may add, include the coasting trade. I select another test, not so general and comprehensive in character, but selected because it bears upon a question upon which a great deal is said at present, the amount of cotton sent from India to England. In the five years ending 1842, the amount was 352,000,000 lbs.; in the next five years 358,000,000 lbs.; in the next five years, 494,000,000 lbs.; and in the five years ending 1857, 863,000,000 lbs.; showing an increase of export in that very item of cotton about the deficiency of which so many complaints are made, in a proportion not less than five to two. Going a little more into detail, and taking a more limited and recent period, the annual average increase of imports in the last five years into the Bengal Presidency has been £956,000, and of exports £445,000. During the last five years the annual average increase of imports into the Bombay Presidency has been £959,000, of exports £518,000. Taking the town of Calcutta alone, and this perhaps is the most remarkable instance, I find that the imports there were in 1852-3, £6,387,000; and in 1856-7, £13,959,000. The imports into the town of Bombay have increased from £7,000,000, in 1852-3, to £11,732,000, in 1856-7. Summing up this part of the case, and taking all the tests together, I find that the trade of one capital has more than doubled in five years, and that of the other increased by one-half. The cotton supply has increased at a ratio of five to two: the tonnage and the exports have nearly doubled, and the imports have more than doubled. With these results, therefore, we are justified in saying that the producing and mercantile interests of India have not been so entirely neglected under the Company's administration as it has been sometimes the custom to assert.

Now, Sir, from the question of past increase in trade, I proceed to consider what is to be done for the development of the future trade of India, and first of all I shall notice the extent to which, and the system under which, public works are being carried on in India. We are often asked, when we speak of an average annual expenditure of £2,000,000 upon these works, what result have you to show? In some degree the figures which I have quoted will supply an answer to that question, but with regard to the much larger

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Cotton sent
from India.

Results of
expenditure
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Works.

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Railways.

portion of these works we are in the position of the cultivator at this period of the year—the seed is sown, but the crop is not yet above ground. Not only has Government expended of its own revenue £2,000,000 yearly for many years past, but it has encouraged private enterprise on an even greater scale. To deal first with that class of works upon which the largest expenditure has been incurred, I will give you a few figures with regard to the railways. The length of lines projected and sanctioned is 4,847 miles; the length in course of construction, 3,038 miles; and the length opened for traffic is 559 miles. In the course of the year, there will be 747 additional miles opened; in 1860, 279 miles more; in 1861, there will be in addition 2,076 miles opened: thus, in three years more, if our calculations are verified, which I have no reason to doubt, more than 3,600 miles of railway will be open. I think that this state of things, showing as it does that, for every mile of railway open, there are six miles under construction, justifies the statement which I made to the House the other night, that we are now arrived just at that very point of time, when the outlay on these works is the greatest, and the return upon them is the least. Now, let us see what is the amount of liability incurred by the Government of India on account of railways. The land is given by Government, and a guarantee of interest in almost every case, at the rate of 5 per cent., is also granted. The total capital guaranteed is £39,731,000. Of that amount £19,221,000 has been paid up. We may say in round numbers, therefore, that the total amount of our liabilities for these guarantees is nearly £40,000,000, and that one half has been paid up; that the total amount of interest for which we shall become liable is £2,000,000, and that at present the interest paid is £1,000,000. But I do not believe that those liabilities can be regarded in any sense as burdens upon the Government of India. Setting aside entirely the enormous indirect advantages which will eventually accrue to the Government from opening up the country, I believe it will be found that on the working of the lines themselves there will be rather a gain than otherwise. Lord Dalhousie, the author of the railway system in India, to whose energy and talent it owes its development, has recorded his opinion that, when once a line is finished, the Government will probably not in any case be called upon to pay interest upon these guarantees—that is to say, his estimate is that in every case, the profit upon these lines will exceed 5 per cent. I have endeavoured to ascertain what materials we possess for forming a conclusion upon the subject from the experience we have. Those mate-

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rials as yet are very scanty. In the Bengal Presidency 121 miles of railway, which are open from Calcutta to Raneegeunge, pay 7 per cent. By the last returns the traffic upon that line has nearly doubled since 1856, though it must be admitted that that increase is in great measure due to the conveyance of troops and military stores. In Bombay, upon 88 miles of the Bombay and Baroda railway, which have been opened, the returns are $4\frac{1}{2}$ per cent. With respect to the Presidency of Madras I do not know what the returns are; but it is fair to bear in mind that we are not at present in a position to judge of what the receipts may ultimately be; because, when only a small section of a line is finished, and it ends abruptly, perhaps, in a jungle, instead of having an important town for its terminus, we cannot expect that the traffic will be anything like what it will become when the line is finished from end to end, and great inland markets are by its means connected with the coast. On the East Indian line, the cost of construction has averaged £11,500 per mile, which is about one-third of the English average; but then the land has cost nothing. When this system of railway communication which is now being carried out shall be completed, we shall have four great material lines of railway, opening up the whole of India. One from Kurrachee to Hyderabad will connect the Indus with the sea, opening up the Punjab and Central Asia to trade, and will continue from Mooltan, where navigation ceases, to Lahore. Another will descend from Lahore, through the North-West Provinces, down to Calcutta, and on eastward to Dacca. A third, traversing the centre of the continent, will link Calcutta with Bombay; and a fourth, with many branches, will unite Madras and Bombay, and thus open up the entire south. I have stated before that it is more important for the Government of India to complete the undertakings which they have commenced than to embark in new ones. But upon new works something, although not much, has been done. Last July a branch line was sanctioned, connecting Bangalore with Madras. Bangalore is an important military station; it stands on high table land; the climate is healthy, and it opens large and attractive tracts to settlers. In November also a guarantee was given for the formation of a line from Calcutta to Mutlah, a distance of only 25 miles, which will give to Calcutta a new port, and will effect a considerable saving in time in getting to the sea. Surveys also are being commenced for trunk lines through Oude and Rohilcund by the Oude Railway Company. A line from Coringa to Berar also has been projected, and is referred to the Government of India. It will open up the cotton districts; the only objections to it

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Other Public
Works.

Telegraphic
communi-
cation with
England.

are, that it will be a competing line with the navigation of the Godavery, and that the district through which it passes will be opened to the Bombay side by another line. I mention these because they are the principal works which have been brought under the consideration of the Government for some time back, and to show that what could be done has been done to facilitate the advance of works already in progress. But any difficulty that there may be in that respect does not rest, I apprehend, with the Government, but with the companies, who do not find it easy, in the present state of the market, to obtain the necessary funds for carrying on their works. With regard to other public works, not railways, I will mention the most important lately sanctioned:—First, the Madras Irrigation Company has received a guarantee of 5 per cent. upon £1,000,000; second, at Madras a pier has been ordered at a cost of £103,000, which is to be completed in two and a half years; third, at Kurrachee, works costing £140,000 are sanctioned for improving the harbour, the period for completing which is spread over three or more years; fourth, plans have been directed to be prepared for improving the harbour of Sidashevaghur, south of Goa, and connecting it with the country inland; fifth, a plan for rendering the Godavery navigable for a distance for 300 miles, is referred, with recommendation, to the Government of Madras; and sixth, there has been a considerable outlay upon small steam cargo-barges and tugs for the navigation of the Ganges and the Indus—fifteen vessels in all. I do not mention smaller undertakings, which, though of local importance, are of no general interest; but there are two plans which have been taken in hand by the Government which are of so important a character that I am bound to call attention to them. One is the establishment of telegraphic communication between this country and India. After the failure of the experiment with the Atlantic cable, it was impossible not to feel that the undertaking presented a greater amount of difficulty and a greater risk of failure than had been at first anticipated. But, whatever the difficulty or the risk of failure, still the object appeared to the Government to be one of so much importance, and the saving that would be effected in every way so great, that we thought it to be our duty to incur that risk, and the consequent expenditure. A guarantee of 4½ per cent. upon a capital of £800,000 was accordingly given, and operations were begun at once. I am told that the cable is nearly ready, and the promoters anticipate that they will be able to lay it as far as Aden by June next. Beyond Aden, where the line touches the southern coast of Arabia, which

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is inhabited by wild tribes not under any recognised government, the difficulty of the undertaking is materially increased. We have, however, communicated with the Bombay Government, and directed them to offer all the assistance in their power. But we do not rely upon a single line. The Turkish Government have initiated a line of their own from Constantinople to Bussorah, and, either the Indian Government on its own account, or some private company assisted by it, will undertake the completion of that line on to Kurrachee. In this way the risk of interruption will be reduced to a *minimum*, a duplicate line being established throughout. The other scheme to which I have referred, and which has received the sanction of Government, relates to the supply of civil engineers for the Indian service. Hitherto civil engineering in India has been carried on exclusively in one of two ways. Either military engineers—themselves not always conversant with civil duties, have been taken from their professional pursuits for that purpose, or engineers have been engaged and sent out from England, arriving in India, for the first time, comparatively late in life, and having there, owing to the difference of climate, of the material, and of the class of labourers employed, a great deal to learn. It has been found necessary too to pay these gentlemen at exceedingly high rates, because they had to be remunerated, not only for the work they did, but also for the interruption of their professional career at home. Both these systems having been found defective, I propose now to create a special engineering service, though by no means excluding either the assistance of military engineers, or of engineers specially engaged as at present, should such still be required. The appointments will be open to all young men of a certain age. They will be required to have passed through a certain practical training here, and they will be sent to India on a small salary to acquire further instruction in their duties. They will then be regularly taken into Government employ for life, with pay and pensions on the same general scale, probably, as are given to other uncovenanted servants. I believe that the effect of this plan will be to produce a considerable saving of expense, and certainly an increase of efficiency in that service. There is no doubt we shall be able to find work for those whom we send out; and one advantage of the proposal, which will be shortly laid before the public, is that it will not involve on the part of the Government any permanent outlay; it will not involve the establishment of any college or institution; but it can be discontinued, if necessary, almost at a moment's notice, without giving any one a ground of complaint or creating any permanent charge.

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Double line.

Supply of
Civil
Engineers.

Special
engineering
service.

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I am not willing entirely to pass from this subject of public works without alluding, however briefly, to the amount of return which has been obtained from some of a particular class of works—I mean irrigation works which have been already completed in India.

Irrigation

The Coleroon Anicut, opened in 1836-7, cost £21,700; the average net profit yearly for sixteen years was £25,700—about 120 per cent. The Godavery Anicut was opened in 1852-3; cost £203,000; caused increase of revenue by £44,000; and in a year of drought saved produce to the value of £4,000.

I do not mention the Jumna nor the Ganges canals, which have been opened about a year and a half, the amount of profits from which is very great, but I am not in a position now to state it exactly. Taking the small examples, we have one canal in Scinde, the Fordwah, of eight miles in length, which cost £2,700, and paid £5,000 in the first year. Another, on the Fulailee, paid 58 per cent. of its cost the first year; and a third, which cost £3,600, produced £5,000 in the first twelve months. Of course, in quoting these instances, I do not mean to contend that all works of irrigation will be equally productive. I have no doubt that on these works, as on all others, money may be thrown away if they are not constructed in a proper manner; but these instances show—for they are not necessarily exceptional instances—that, if the sites for such works be judiciously selected, and the works themselves be executed by engineers who understand the country, there is a reasonable probability of some of them at least returning so enormous a profit, as not only to cover their own cost, but to repay the expenses of others which may be less successful.

Land tenures.

I feel that I am trespassing upon the patience of the House, but I cannot avoid, in a statement such as I am now making, touching upon a question which is of hardly less interest and importance than that of public works, and which in an equal degree affects the financial resources of India—I mean the question of land-tenures, whether as applied to colonization by Europeans or to the occupation of land by Natives. It is no light matter to attempt to deal, however small the changes introduced, with the customs of more than 130,000,000 of people, those customs varying greatly in each Presidency, and varying to some extent in every district. All those who have any acquaintance with Indian affairs are familiar with the three great systems of land-tenure which prevail in that country. There is the zemindaree system in Bengal, under which there exists a class of large

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landholders, with occupiers under them, to whom certain rights are secured; there is the village-system in the North-West Provinces, under which the whole community is responsible to Government for the tax; and the ryotwaree system in Madras, where the tax is collected from individual landholders. To attempt to alter any one of these systems, to change one for another, would be, I believe, an impossibility, or, at least, a perilous attempt. Whether they are good or bad those systems of tenure exist—they are rooted in native habits and ideas; and what we have to do, I apprehend, is taking these tenures as they exist, or rather starting from them as from a foundation on which we may build, to give to the cultivator, under each of them, the utmost amount of security which they admit of. There is one class of lands, however, with which the State has power to deal, and is not hampered by any arrangements formerly existing. I mean lands which are unoccupied and in the hands of Government. I believe the House will feel that it is most important to open these lands to European colonization. The extent of them is more limited, I believe, than is generally supposed, but in Assam, in the Sunderbunds, in the Neilgherries, in Gurwhal, and in various parts of India, they exist to a considerable extent. Hitherto the custom of the Government in India has been to give allotments of these lands upon easy terms for long periods, but these periods have never extended to perpetuity. The wish of Europeans, who apply for these lands, we find to be to obtain the fee simple; in fact to possess them for ever. They are willing to pay a sum down, but they ask on that condition to have a perpetual term, free from future payments. That subject was considered here, and the desire was considered to be reasonable, and, if the House will allow me, I will read an extract from a despatch, dated December 22, and addressed by me to Lord Canning:—

“In such districts, where large tracts of unreclaimed land are to be found absolutely at the disposal of the State, rules have already been promulgated under which settlers can obtain allotments on very easy conditions and for long terms of years; but in no case, I apprehend, extending to a grant in perpetuity. In such cases, I desire that you will take such steps as may seem to you expedient for the purpose of permitting guarantees to commute the annual payments stipulated for under the rules (after a specified period of rent-free occupancy) for a fixed sum per acre, to be paid on possession of the grant. In all other respects, and particularly in regard to the conditions which provide for a certain proportion of the land to be cleared and brought under cultivation within specified periods, the rules will of course remain unaltered.”

That is to say, what we propose is that the tenant, after certain improvements are made, may, upon the payment of a sum of money down, become the absolute proprietor of the

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Waste lands.

Perpetual
term.

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Commutation
of annual
payments.

Inquiries into
Enam tenures.

soil. That is almost the first introduction into India of a freehold tenure. No doubt a new system will require careful watching. There may be difficulties to overcome at first, but I am confident that such a compliance with what is the universal demand of Europeans, who desire to settle in India, will lead to a great increase in the investment of British capital in that country. In Bengal and the Northern Circars there exists a perpetual settlement by which the landowners are free from all demands except the payment of a fixed annual sum. In such cases it is clear that there can be no loss to the revenue, if these annual payments are commuted for a sum down, and that sum applied to the extinction of debt. The effect of the commutation will be to give to the landholders possession of the land for ever, free from all future charge. In any arrangement of this kind it will be necessary that existing sub-tenures and rights of all descriptions shall be treated with consideration. We have pointed out, in the despatch from which I have already quoted, to the Indian Government the advantage of this process. We have pointed out the policy of giving a feeling and position of ownership to those who are now, in some sense, tenants of the State. We have indicated the wisdom of giving the Native landowners a direct interest in the permanence of our rule, because it is clear that, where a commutation of this kind has taken place, and a perpetual exemption from future taxation on account of land has been given to the landholder, he cannot reasonably expect that such immunity, so acquired, will be respected by any Government but that with which it has taken place. We have not thought it right to go so far as to instruct the Government of India to carry into effect this process of commutation, but we have distinctly indicated that our views were favourable to it, and invited theirs in return. In those parts where the settlement is not perpetual, but only for a term of years, the difficulties in the way of a commutation of this kind are, although perhaps not insuperable, at least much greater. Where the settlement is perpetual, the Government has no power to demand increased payments, and so there will be no difficulty in commuting the annual payment; but, where the tenure is for thirty years, at the end of which the State has the power to increase the land-tax, we should, by allowing redemption, preclude ourselves from gaining the future improvements. There is one subject that was partially adverted to the other night which deserves mention upon this occasion, because it concerns the tenure of land—I mean the Enam inquiries going on in India. I need scarcely tell the House what Enam means.

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The word means bounty, and is a term applied to grants of land, or rather exemptions from land-tax, made by our predecessors in power, as acts of favour or rewards for service. These Enams vary much as to the rights they convey. Some are perpetual and unlimited; others—the more numerous class—are limited to a family, and sometimes depend upon the performance of certain duties. By these grants a large portion of the land revenue has been alienated; but, besides that which has been so alienated by the act of Government, there have been many forgeries of grants, and such frequent disputes of title have arisen that thirty years ago inquiries commenced to be instituted into the subject, with the view of ascertaining which of these grants were genuine, and of resuming or cancelling those which were not. At the time this inquiry was commenced, much less was known by Europeans, official or unofficial, of the system of land tenures in India than is now known. The execution of the work was often intrusted to officers of no great experience, and I do not deny that, at that early period of our dealing with this matter, many harsh and many unwise acts were done. In Bombay, in 1843, a Commission was appointed for the purpose of bringing these proceedings into something like a regular form, and of expediting them by special machinery. Charges were made last year, before a Committee of this House, affecting the manner in which the objects of that Commission had been carried out. Now, I am not about to enter into a vindication of the proceedings of the Commission; but, as these charges have been publicly and extensively made against the members of the Commission, and have no doubt produced an impression on the public mind, I think it only right to state that Colonel Cowper, who is at the head of that Commission, denies in the most unqualified terms many of the charges brought against him. He says that, not merely in matters of opinion, on which every one, of course, has a right to form his own judgment, but that, in matters of fact, the proceedings of the Bombay Commission have been very greatly misrepresented. I think it only right, as he is a public officer, and has no other means of denying these charges, that this statement should be given to the public. At the same time, I wish to guard myself against pronouncing any opinion on the question. The evidence is not yet before me, and until it be, it is impossible that I should do more than make the statement which I have now made. I believe it has been rumoured that steps have recently been taken in this country to revive the suspended action of the Bombay Commission. Now,

Charges
against
Bombay
Commission.*Lord Stanley.*

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Inquiry into
tenures of
land in
Madras.

that is not the case. No instructions have been sent out from home upon that subject, and no report has arrived from Bombay. But I believe it is true that steps are now being taken to arrange something in the nature of a compromise between the Government and the holders of these "Enams," by which their title to the lands will be confirmed upon the payment of a moderate yearly sum. I have received this statement only in an unofficial form, and I cannot therefore speak positively as to its truth: but I believe it to be true. Now I come to the case of Madras. There has been much controversy in the country, and complaints have been made against the late Court of Directors with respect to the despatch sent out by them to institute an inquiry into the tenures of land in the Presidency of Madras; but I submit that for that despatch I am as responsible as the late Court of Directors. It was sent out on the 1st of September last, but, as I stated to the House the other night, on the appointment of Sir Charles Trevelyan as Governor of Madras, I thought it right on behalf of Government, to inform him that the inquiry would be suspended, in order that he might have an opportunity of dealing with the whole question as he thought best. I may now mention that I have his authority for saying that, when his appointment took place, I offered to him, if he thought the inquiry was inexpedient at the present time, or embarrassing to his administration, either to suspend it or to put an end to it altogether. No man in India, I believe, understands better than Sir Charles Trevelyan this complex subject of land-tenures. He was one of the earliest of those who were engaged in its investigation. I believe the inquiry can be placed in no better hands. Sir Charles Trevelyan, without hesitation and without delay, gave his opinion that the inquiry ought to go on, but he said that care must be taken to guard it from the abuses which had occurred in former cases. He believed that to put an end to it would be a mistake, and that, if properly conducted, it would be the means of producing great benefit to the people, and would give additional security and permanence to private property. There has been a good deal of misrepresentation of the motives which have led to setting on foot an inquiry of this kind. The popular notion is that the only object of the Government is to increase the revenue by seizing the landed estate of any man who happens to have a flaw in his title. Now, the real fact is that the main object of this inquiry is, not to improve the revenue, not to disturb titles, but, on the contrary, to confirm them, whereby the value of the land will be greatly

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enhanced. Every landowner, as matters now are, is liable to have his title questioned upon succession, and the value of his holding is depreciated by the consequent uncertainty. Our object is to give him what in this country would be called a Parliamentary title, to give him a title as to which no question or controversy can hereafter arise. Further, a revenue survey of the whole Presidency is at this moment in contemplation, with the object of fixing the assessment for a term of years instead of leaving it fluctuating from year to year as at present; but, until the survey has been completed we cannot assess, as we have no means of deciding what land is free from assessment. What are you to do in such a case? If you postpone the survey, you postpone the period at which fixed assessments are levied, and prolong, in its worst form, that uncertainty as to the amount of the payment for which the cultivator is liable, which is the greatest hindrance to improvement. You merely increase the difficulty by such postponement. Of course it is easy to say you ought to confirm all the titles of all the lands which are "Enam;" but obviously, to confirm indiscriminately every title which anybody might claim as being an "Enam" would be to hold out a premium to fraud. I have heard of a paper being brought to a resumption officer by a person who represented that it was a title to land which had been given by the King of Delhi 200 years ago; but, on examining that paper, it was found that it bore the mark of that very year, and was, in fact, not six months old. It is easy to conjecture how many frauds of that kind might be attempted, if the suggestion to which I have alluded were adopted. The question, then, comes to this:—You ought to confirm these titles; you ought to do it without delay; you ought not to do it indiscriminately; and it follows that in some form or other you must inquire into their validity. The real question is, what precautions should be taken against harsh and arbitrary proceedings. That is a question which has been, and is still being, deeply considered, and one of the first objects of the Governor of Madras will be to report upon the best manner of dealing with it. I apprehend that the general principle to be adopted should be this—to respect absolutely undisturbed succession for a certain period of years. In the next place, not in any case, as a rule, totally to resume any "Enam," even where the title is found to have been originally acquired by fraud, unless the holder has been a party to that fraud. Of course, where the holder has been a party to such fraud, he does not deserve consideration, or command sympathy. Where the title is invalid, not by any act of the holder, that

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fact would probably form the natural basis for a compromise between the holder and the Government. On the condition of a moderate payment, he might receive what would be in future a title which could not be disturbed. Lastly, there is a question which will have to be considered necessarily rather in India than here. I am told that scarcely any of these "Enam" tenures are unconditional holdings. The great majority are limited tenures; that is to say, they are held subject to a contingent remainder to the Government in certain cases, usually in case of failure of heirs male. That sort of reversional claim is of very little value to the Government, but at the same time it is a great annoyance, and a source of discontent to the holders. I believe it will be in our power to confer material benefit on the holders of these "Enams," if these claims, so comparatively worthless to us, and so annoying to them, can be commuted for the payment of a sum of money, and if all "Enams" recognized as genuine are made tenable in perpetuity.

Sale of estates
in satisfaction
of decrees of
Court.

There is only one other subject connected with land tenure on which I will touch briefly. The House is possibly aware that great dissatisfaction has been produced in many parts of India by the manner in which estates have been sold in consequence of decrees of the Civil Court. The process, I believe, is generally this:—An estate is, in most parts of India, on the death of the landowner, divided among all the children, or, what is not uncommon, is held jointly by all of them. By that sub-division naturally each generation becomes poorer than that which preceded it. They aim at keeping up appearances; they become encumbered; they borrow at an enormous rate of interest; then follows a suit, and the estate is sold. The old proprietors often in such cases become tenants on the estate which they owned. The new owner is a stranger who does not command the sympathy of the people. From this class, in the late disturbances, Government received no help. Indeed, the new owners were, in many instances, driven out by the people, who sympathised with the old chiefs. Now, strictly speaking, there is nothing in this change of proprietors beyond the ordinary process by which lands pass from those who are poor to those who can buy; but neither in India nor in England can the question be regarded as entirely one of political economy. There is no doubt that these large and rapid changes have been extremely unpopular, and there is no doubt that they have weakened the authority of the British Government. We have, therefore, recommended the Government of India to consider whether any restriction can be placed on this

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process. Two methods have been suggested—one, that of limiting the amount for which sales should take place, so that an estate shall never be sold for less than a certain percentage on its value; the other of empowering the persons against whom decrees for sale have been made to appeal from the subordinate to a higher court.

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Reverting once more to the actual financial position of India, it is impossible to conceal from ourselves the fact that a large deficit exists, and is likely for some time to continue. In the ordinary state of things, we are in the habit of receiving funds from India by drawing bills on the Government of that country for the use of the Indian Government in England. From that expedient we are now cut off. We cannot draw on the Government of India, as it requires all its revenue for its own necessities. The Indian Government is, in fact, a borrower; it has a five per cent. loan now open; and all home disbursements therefore must be provided for at home. Indeed, we do not know whether the process may not be reversed, and whether the Indian Government may not draw on us. This was the case eighteen months ago. In the autumn of 1857, the Government of India did draw for £1,000,000, which was shipped from this country in bullion. We have no reason to expect that a similar demand will be made now; but, from the uncertainty of the present state of affairs, it is prudent to have a margin above actual requirements. Now, what are the disbursements in England on account of India? The estimate of their amount from May 1, 1859, to April 30, 1860, is £6,151,680. It has been the practice of late years always to have in hand a cash balance of £1,000,000; the total requisition, therefore, is £7,151,680. The details of this sum, excluding on the one hand all receipts, and on the other all payments, on account of Indian railways, these being understood to balance each other, are these:—For dividends and interests, £1,278,449; payments on account of troops and stores, postal arrangements, &c., £2,465,671; for civil service annuities, absentee allowances, furlough and retired pay, and advances to the Provident Funds, Civil and Military, £1,439,480; for bills of exchange, remittances, and miscellaneous, £263,400; for charges of home establishment, civil, military, and marine pensions, outfits, and recruiting charges, £704,680. To meet these items of expenditure, our assets are, a cash balance on the 1st of May, 1859, estimated at £78,961; Exchequer bills and bonds in hand, £1,598,900; bills of exchange on India, £36,000; remittances from India on account of supplies through the Lords of the Treasury,

Disbursements
in England on
account of
India.

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Loan of 7
millions.

£60,000; the balance left deficient is £5,377,819. Considering the amount of this deficiency, and considering also the possibility, though I trust it is only a bare possibility, of our being called on within the year to assist the Government of India, I hope I shall not be considered unreasonable in asking this House to sanction a loan of £7,000,000. In respect to the manner of raising this loan, we propose to follow strictly the precedent of last year. The sum will be raised on bonds or debentures secured on the revenues of India alone. We propose to confine the liability to those revenues; and, notwithstanding the magnitude of the present deficiency, we think that, looking to the chances of a speedy restoration of peace, and to the certainty that, with peace, public credit will be restored, there will be no need to make application for another similar loan in this country. On the subject of the Indian revenue alone being made the security for the loan, I addressed a despatch to the Government of India on the 19th of January last, a passage from which I will read:—

“While the extraordinary crisis through which you have past has fully justified the resort to extraordinary measures for raising the requisite funds to meet the emergent military expenses which had suddenly and unexpectedly to be incurred, at a time when the revenue was as suddenly and unexpectedly diminished, I must impress upon your Government the great importance, on the resettlement of India, of your again, as in time past, depending solely on your local resources for the ways and means required for the conduct of the Indian Government, both here and in India. Every effort should be made so to provide for the wants of India that the loan for which Her Majesty’s Government is about to obtain Parliamentary sanction may be the last required to be raised here.”

Concluding
remarks.

I have now, Sir, endeavoured—I well know how imperfectly, and I also know at what length—to describe to this House the financial state and requirements of India. I have shown you what is the actual financial state of that country—I have indicated its principal sources of revenue—I have touched upon its burden of debt, past and present—I have dwelt on the rapid increase of Indian commerce in late years, and I have attempted to shadow forth and indicate the means by which that commerce may be further developed and extended. If I have succeeded in conveying to the House the impression that exists in my own mind, I should say that the present state of India is such as to require and call forth the utmost vigilance, but not such as to give cause for despondency. I do not deny that the present embarrassments are grave. I do not affirm that we have seen their end; but I do say that any difficulties that may yet have to be surmounted are not greater than peace and

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good Government may enable us, in a few years, to surmount. The permanent burden is that to which alone we need look when considering the future; and I think I have shown that the permanent burden on the resources of India is light when compared with the future amount of these resources if duly developed. Much has been done, and much is still doing, to open India to the enterprise of England and the world. Every year the distance between the two countries is lessened. Every year the interest felt here in oriental affairs is increased. And, though it may be vain to expect that this House will ever undertake a minute and continuous supervision of Indian affairs, yet its general supervision will be more effectually exercised under the new system of administration than it has been hitherto. I believe that supervision will do much directly to remove abuses and to stimulate improvements; and indirectly it will do much more; it will impress on the minds of Englishmen, serving in the East, the fact that their service is performed under the eyes of their own countrymen; it will hold out the hope of remedy for wrong suffered, and of punishment for wrong done; it will call forth, as they have never yet been called forth, those characteristic qualities of English statesmanship, that practical sagacity and administrative energy, which, throughout the long and varied course of our national existence, have always hitherto controlled fortune and commanded success.

The noble Lord, whose Notice on the Paper was "Bill to enable the Secretary of State in Council of India to raise money in the United Kingdom for the service of the Government of India," sat down without making any Motion; but on cries of "Move! move!" the noble Lord said that, instead of the Motion on the Paper, he would beg leave to move—

"That this House will To-morrow resolve itself into a Committee to consider of enabling the Secretary of State in Council of India to raise money in the United Kingdom for the service of the Government of India."

Question proposed.

SIR CHARLES WOOD said, he had wished to make a few observations to the House, but he thought that the fairest and most obvious method on this, as on other matters of a similar nature, would be to take no discussion that night, but to postpone it until the following sitting.

SIR HENRY WILLOUGHBY said, he wished to inquire of the noble Lord whether he would have any objection to lay on the table of the House the despatch of the 10th of January, relating to the finances of India, since it appeared

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Sir C. Wood.

Sir H. Willoughby.

Sir Charles Wood—Sir Henry Willoughby.

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to him that the House was in considerable darkness regarding that important matter? He would also suggest the laying before the House a Return showing the expenses of the troops in various parts of India, distinguishing the cost of the officers and men; for the consideration of these subjects would form an important element in dealing with the subject of Indian finance, and assist the House in any future discussion of the question.

Sir E. Perry.

SIR ERSKINE PERRY said, he wished to know whether the noble Lord would lay on the table the papers and accounts on which he had based his statement of that evening? It was impossible for hon'ble Members to carry the noble Lord's figures in their heads. Another point worthy of attention was this:—The noble Lord had that night given them a statement of the revenue of India for the year 1856-7, which differed considerably from the figures contained in the official documents before the House. The noble Lord had given the gross revenue at £33,000,000 odd, whereas the published accounts laid on the table last year stated the amount at £29,500,000. Unless the noble Lord furnished hon'ble Members with the papers from which he derived the larger figures that he had quoted, it would be impossible for them to meet him on the ground that he had selected.

Mr. Ayrton.

MR. AYRTON said, that notices of Motion had precedence to-morrow, and it was desirable they should know whether this discussion would proceed then, or be taken on Friday.

Mr. Ewart.

MR. EWART said, he would suggest that on so important a question hon'ble Gentlemen having notices of Motion for to-morrow should give way.

Sir C. Wood.

SIR CHARLES WOOD said, he apprehended there was no intention to offer any opposition to the present Motion of the noble Lord, because in the present state of Indian affairs and finance he could not see what alternative there was but the payment of the expenses that the war had entailed upon them. At the same time it would be impossible to go on with the discussion until the very material discrepancy between the noble Lord's figures and those of the Return presented at the end of last Session, was cleared up or explained away. That discrepancy was one of between three and four millions sterling upon the Indian revenue for 1856-7. Perhaps it arose from the noble Lord quoting the gross receipts instead of the net.

Lord Stanley.

LORD STANLEY said, he had taken his figures from the documents at the India House. He had stated at the outset

Sir Erskine Perry—Mr. Ayrton—Mr. Ewart—Sir C. Wood—Lord Stanley.

that he estimated the rupee at 2s., whereas, in the return to which the right hon. Gentleman referred, the rupee was computed at 1s. 10½d. That might account for the difference. He knew of no other explanation.

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COLONEL SYKES remarked that he had seen nothing of the discrepancy to which allusion had been made. He had no doubt that if the debate were deferred till to-morrow, the noble Lord would be able to produce the figures on which he had based his statement.

Col. Sykes.

MR. KINNAIRD said, the noble Lord, in his able and comprehensive speech, had alluded to financial and other reforms, but had not informed them whether it was intended to introduce the police system into Bengal and other parts of India.

Mr. Kinnaird.

LORD STANLEY replied that a large scheme for the establishment of a military police in India had been sent home by the local Government.

Lord Stanley.

MR. VERNON SMITH said, he thought that unless the noble Lord furnished more information relative to the discrepancies that had been discovered they would be exactly in the same position as they were then, and they must postpone it until some other night, until the requisite information was supplied. The noble Lord had not only quoted returns different from 1856-7, but had quoted figures bearing on the probable prospects of 1858-9, from information in his own private possession, and regarding which they had no possible sort of information. No doubt the noble Lord sketched the picture from information in his own possession, but not in possession of the House; and therefore the House would be precluded going into it. The noble Lord said he would present a letter to the House written to him, stating all the results he had enunciated that night in so clear and able a manner; and if he did so, they could then proceed with the general discussion, and if not, all they would have to refer to was the speech of the noble Lord himself. He hoped the noble Lord would produce it before they discussed the second reading of the Bill, and give the House further time for consideration.

Mr. V. Smith.

MR. BAILLIE said, he could only repeat the explanation already given of the discrepancy between the two statements of the revenue of 1856-7. By reckoning the rupee at 1s. 10½d., instead of 2s., they would get a difference of several millions. [An hon. MEMBER: No, no! only one million and a half.] Moreover, the Parliamentary paper to which reference had been made was probably only an estimate, not an account of actual receipts and expenditure.

Mr. Baillie.

Col. Sykes—Mr. Kinnaird—Mr. V. Smith—Mr. Baillie.

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Sir C. Wood.

Mr. Baillie.

Lord
J. Russell.

SIR CHARLES WOOD : No ; it is the usual annual account laid before Parliament.

MR. BAILLIE said, that the accounts given that evening by his noble Friend might be relied upon as perfectly accurate.

LORD JOHN RUSSELL said, he thought it would be very inconvenient as well as difficult for the House to enter on the discussion of the question of the whole finance of India on Tuesday, and upon the questions that the noble Lord had dealt with with so much ability and clearness. He could not see any objection to allowing the noble Lord to introduce his Bill, whatever the opinion of the House might be upon its merits ; but it would be inconvenient to take the discussion either then or on the night ensuing, on so important a subject.

Chancellor of
the Exchequer.

THE CHANCELLOR OF THE EXCHEQUER said, he believed the discrepancies alluded to might be easily accounted for, on going into detail and Committee, and he agreed with the noble Lord (Lord J. Russell) that as the subject was of great importance the House was not called upon to come to any sudden decision. The facts and statements that his noble Friend had placed before them with so much comprehension and lucidity required to be fairly considered by the House, and on further information placed before the House the discrepancies noticed might be easily accounted for. The second reading of a Bill was the stage at which, according to usual custom, measures were discussed upon their merits. He thought that the question might be further fairly considered on Friday, but that it would be inexpedient to interfere with the routine business on Tuesday, which was set apart as a Motion day. He would suggest the adoption of this course, without at all anticipating the decision of the House upon a subject which was not only important in its general character, but important in all the details it involved.

Lord
J. Russell.

LORD JOHN RUSSELL said, perhaps the noble Lord would move that on Friday the House would resolve itself into Committee upon the Bill.

In answer to Sir ERSKINE PERRY,

Lord Stanley.

LORD STANLEY said, he would lay on the table the financial despatch to which reference had been made, together with a statement respecting the loan.

Mr. Walpole.

MR. WALPOLE said, that on the part of the Government he would willingly accede to the suggestion that the Motion now put from the Chair should be that the House do resolve itself into Committee on Friday next, which would give everybody the opportunity of asking questions, and would afford his noble Friend an opportunity of answering them.

Lord Stanley—Chancellor of Exchequer—Lord J. Russell—Mr. Baillie—Mr. Walpole.

Motion (by leave of the House) *withdrawn*.

Committee to consider of enabling the Secretary of State, in Council of India, to raise money in the United Kingdom, for the service of the Government of India. (Queen's Recommendation signified on Friday.

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EAST INDIA LOAN.

COMMITTEE.

Order for Committee read.

LORD STANLEY: Sir, I rise to move that the House resolve itself into Committee on this subject; and I may possibly save time if I now offer some explanations respecting the discrepancy between the statement made by me the other night and that contained in the Parliamentary accounts, a discrepancy which I had not then an opportunity of explaining to the House. I stated the gross revenues of India for 1856-57 at £33,303,000, and the Parliamentary Accounts for that year put them at £29,702,000. The greater part of that difference is due to the cause I mentioned at the time, namely, the difference in computing the exchange of the rupee; I took the rupee at 2s. sterling, whereas in the Parliamentary Accounts the rupee is taken at 1s. 10½d. I believe the bullion value is about 1s. 10½d., but the exchange value at the present time has even exceeded 2s. It was in 1834 that the Sicca rupee was assumed at 2s., which gave a value to the Company's rupee of 1s. 10½d.; but the value I took is nearer than any other to the actual exchangeable value at the present time. This difference of computation accounts for a discrepancy to the amount of £2,081,462. Another cause of discrepancy, which at the time I was not—and probably no other Member was—aware of, is that in the Parliamentary Accounts a considerable number of charges on the one hand and receipts on the other are not included, having been considered as not properly forming part of revenue or expenditure. I will not read the entire list, but the first item is Civil and Political charges, Contributions from Native States, Road Fund, Contingencies, &c., £357,000; Unclaimed Deposits, Public Labour, and other items, £183,000; Military charges, Sales of Rum, Malt Liquors, Miscellaneous Stores, &c., £418,000; Buildings, Roads, &c., £369,000: the total difference accounted for in this manner, is £1,519,000, making the total discrepancy £3,600,537. There is no inaccuracy in the Parliamentary accounts, notwithstanding these omissions, for as regards the balance between income and expenditure, they create no difference whatever. It is

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Discrepancy
in revenue of
1856-57.

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Number of
European
troops.

Public Works.

Authority to
raise loan at
four per cent.

simply a question whether these items, being on one side of the account as charges, and balanced by receipts on the other, ought to appear in the account at all. I think that they ought; and I propose after a mature consideration of the subject, that the Parliamentary Accounts shall contain every item received and expended. As I have already stated, the aggregate difference arising from receipts being deducted from charges in the Parliamentary Accounts, instead of being credited as revenue, is £1,519,075, and the difference in computing the exchange being £2,081,462, the total aggregate difference is £3,600,537. After this explanation, I hope the House will free me from any charge of inaccuracy. There is another matter, although a small one, to which I may allude. When I casually touched upon the number of European forces in India, I used the last returns received from India, dated October. But nearly 20,000 men were sent out between June and December, and a large proportion of these would probably not have reached India in time to be included in the return for October. Therefore, in estimating the total number of English troops at the disposal of the English Government, these reinforcements also ought to be taken into account. There was no error in my statement as far as it went, but there is a larger charge for troops than would be accounted for in the statement I made. With regard to the Public Works in India, I have seen some doubt expressed whether the returns from these works were accurately given. I have since gone through the figures, and verified them from official documents, and I find they are strictly correct; and correct, moreover, in this respect, that the figures are not founded upon the calculations of engineers, which are apt to be sanguine, but upon the statements of the Board of Revenue, made in various despatches and minutes, in which it is the object of the Board not to make the total appear as large as possible, but rather to reduce the estimates sent in by their officers, which they consider as too favourable. With regard to the question put to me by an hon. Member as to the authority given to Lord Canning to raise a loan at 6 per cent., I thought it desirable not to answer it when it was first put, as it seemed to require some explanation. The state of the case is this:—Last July the Government of India thought they had cause to apprehend a more serious financial embarrassment than they had hitherto experienced, or than has, in fact, resulted; and under these circumstances they addressed to the Government here a despatch which, with the reply, I shall be prepared to lay upon the table. In that despatch they enumerated the

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various alternatives by which that embarrassment might be relieved, one being that large remittances should be made from this country, and others referring to the various ways in which money might be raised in India at a higher rate of interest than had hitherto been given. That was not a case of option, but of necessity. There were no means at the time of making remittances from this country to the amount that the Indian Government considered necessary, and on the 8th of September the Indian Department sent a reply authorising the issue of Treasury notes at 6 per cent. if it should be found absolutely necessary. No intimation has, up to this time, been received that this authority has been acted upon; and it is obvious that this is an expedient to which the Government of India will not willingly have recourse, unless under circumstances that leave it no option. The rate of interest hitherto paid by the Government of India has not been nominally above 5 per cent. I say has not been *nominally* above 5 per cent., because in point of fact it has been a good deal more. The 5 per cent. loan is about 92. Of course no one will subscribe to that loan at par when he can buy into it at 92; and the operation is, that 4 per cent. paper, which can be bought at 82, is allowed to be paid in with an equivalent amount of cash into the 5 per cent. loan. That is to say, any person is allowed to pay £1,000 in 4 per cent. paper, and to get 5 per cent. for it, provided he also pays in £1,000 cash. The effect is that, in consideration of getting £1,000 cash at 5 per cent., the Government is paying 1 per cent. more upon an equal amount of paper; so that the Government of India is borrowing practically at a little less than 6 per cent., and therefore the distinction between the course which has been adopted and the power of issuing Treasury notes at 6 per cent. is greater in appearance than in reality. Some time ago it was expected that there might be a necessity for issuing the 6 per cent. Treasury notes; but the last returns received on Monday show a considerable increase in the open 5 per cent. loan, and not the least gratifying circumstance is that the increased subscription is principally from Native sources. With regard to the authority to raise money by Treasury notes at 6 per cent., I have stated that I hope the occasion will not arise for its being used, but it is not contemplated that the authority should be withdrawn. As to the closing of the 5 per cent. loan, it does not appear to be desirable at present. It is the general feeling on the part of the public in this country—and I think the feeling a just one—that India ought, as far as possible, to supply the capi-

Lord Stanley.

x

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Amount of
Indian debt.

tal that may be required for works in India. It is not easy to explain why there should be so large a difference between the price paid for money in India and in England—some hon. Members may be able to explain the reason, but I cannot—it is a fact, however, that this difference in the rate of interest paid in the two countries respectively on precisely the same security has existed for a considerable time. Last year the average price paid for the £8,000,000 loan you sanctioned, was $4\frac{1}{2}$ per cent. here, while the rate at Calcutta was between 5 and 6 per cent. There is one other question to which I am desirous of adverting—the amount of Indian debt as estimated by me. I have seen since Monday various comments and remarks upon that debt which indicate some confusion as to its actual amount. I have been asked why I did not include the £40,000,000 of railway guarantees. My answer is, that the £40,000,000 of railway capital, on which interest is guaranteed, cannot be considered in any sense a burden upon the Indian revenue. The railway guarantees are no charge; they are an investment, and when the lines are opened, we shall probably see the railways a source of profit. Again, I am asked why East India Stock was not included. East India Stock is never included, because it is not a permanent, but a terminable charge, which will cease in 1874, and, therefore, cannot have a place in any general calculation of the permanent resources and burdens of Indian revenue. I thought, also, that I could not safely include the £7,000,000 of deposits. It is hardly possible to say how much of that £7,000,000 constitutes a real liability upon the Government of India. These deposits are composed of various items. Above £1,000,000 is bullion in the Treasury. Part of these deposits will never be claimed; and on the whole no interest is paid. Therefore I did not include them in my statement of the debt. When these deductions are made, it will be found that my statement of the amount of the debt is strictly accurate. Up to April, 1857, the debt of India was, by the Parliamentary account, £52,074,986. There had been borrowed in India, up to November, 1858, £7,468,181. The debenture loan of last year was £8,000,000. The home bond debt is £7,000,000, and the aggregate debt bearing interest is thus £74,543,167. I do not know the exact amount, but it is comparatively small, which has been borrowed in India since the 8th of November, 1858, when the return was made up. I thought it better to offer these explanations at the present time; they may save trouble hereafter. I now move, Sir, that you leave the Chair.

Motion agreed to.

Lord Stanley.

House in Committee.

The CHAIRMAN read the Resolution—

"That it is expedient to enable the Secretary of State in Council for India to raise money in the United Kingdom for the service of the Government in India."

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SIR CHARLES WOOD: I am very glad that the discussion upon this question was postponed until to-day, and that the noble Lord has had an opportunity of making his explanation of the very large discrepancy between the published accounts of the revenue of India and his statement the other evening. It was rather startling that between those two accounts there should be a discrepancy of no less than £3,600,000. The noble Lord has accounted for it upon two grounds. He has pointed out that in the printed accounts there have been omissions of certain items, which he thinks ought, in any future account, to be included. But the accounts laid on the table have up to this time been considered the final accounts—the audited accounts of Indian expenditure—and now for the first time it seems that in the last accounts so laid before Parliament pursuant to the Act there are omissions of about £1,500,000. I am glad to hear that in future years that error will be corrected. There remains to be accounted for a difference of about £2,000,000, and that the noble Lord states is owing to the different value at which he has taken the rupee in his statement from that which is taken in the accounts laid before Parliament. In those accounts the value of the rupee is taken at 1s. 10d., and in the noble Lord's statement at 2s. The amounts therefore, in his statement, when stated in pounds sterling, would always be higher than those in the Parliamentary accounts. If we confine ourselves to his figures, and his figures only, it will matter very little whether the rupee is taken at 1s. 10d. or 2s., but inevitable confusion must arise in any comparison with the Parliamentary papers, because they would give one sum, which according to the noble Lord's statement should be another. I am afraid that another error may also be the consequence of this discrepancy. If all the noble Lord's statements relative to preceding years—to years long gone by—are calculated upon the rupee at 2s., as his recent statements really are, the comparison would give a faithful representation of the increase or decrease; but if the statements of by-gone years are based, as they probably are, on Parliamentary papers, and the statement of recent times are based on the value of the rupee at 2s., it is obvious that the comparison will be fallacious. Without access to the papers it is impossible for me to say how this may be, but it may very probably be a source of inaccuracy in the noble Lord's

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statement, and I think it is a great pity that he did not take the trouble to calculate the rupee at the same rate as the Parliamentary papers, because if we have to refer to any figures except those stated by the noble Lord, it introduces an element of confusion. I hope on future occasions the noble Lord will have the kindness to avoid this error. Having said thus much on the subject of the corrections, I will proceed to notice some points in the speech which the noble Lord addressed to us the other night which cannot pass without some observation. There were, in truth, three divisions of the subject alluded to by the noble Lord in the able and lucid statement which he made on that occasion. There was a statement of several matters of interest in India, there was a statement of the war expenditure, and there was a much more important general financial statement, which occupied a considerable portion of the noble Lord's speech. On the first of these topics it is necessary for me to say very little, as in much, I may say all, which the noble Lord said on that subject I entirely concur. For instance, some attacks have been made upon him in reference to the Enam Commission, but I think that he has acted perfectly right on this subject. It is notorious that great frauds have been perpetrated on the revenue and that still greater frauds have been attempted. It is undesirable to disturb long possession, even though acquired by fraud, but it is equally absurd to allow the revenue to suffer by frauds so gross as that which has been mentioned by him as an illustration. It is impossible to distinguish, except by means of some inquiry, between frauds recently perpetrated and possession obtained years ago, and I think the facts can best be discovered by inquiry on the spot. The objections, if any, should therefore be urged against the manner in which the Commission proceeds, and not against the appointment of the Commission itself. I was very glad to hear of the progress which has been made in railway works. When I became President of the India Board they were treated rather as experimental lines, and my first directions to Lord Dalhousie as well as to the Court of Directors was, that the great lines ought to be completed with the greatest possible rapidity consistent with determining the proper course which the railway should take and the character of the works to be executed. The full advantages to be derived from such works can only accrue when the line is completed throughout, and not before, because, as the noble Lord says, though a line which terminates in a jungle may not pay, it will return a fair profit when it ends at some great town, the centre of a

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large population. With regard to public works, I was glad to hear that they are going on, but I confess I did not think the noble Lord's statement as full and satisfactory as I expected from the interest which he has taken in those subjects. The Godavery survey was in hand five years ago, Kurrachee harbour was under consideration, and a pier at Madras has been projected for many years. I should have wished to have been told what progress had been made with these works. With regard to the tenure of land, the noble Lord showed that the power to grant freehold tenure applied in very few cases, and I doubt very much whether the inducements will be sufficient to attract persons to settle in one of the districts referred to by the noble Lord, the Sunderbunds, now chiefly occupied by tigers and manufacturers of salt. I will not detain the House by further observations on those matters, but pass to that which, in point of fact, is the subject before the House—namely, the loan for war expenditure. Of course it is not my intention to offer any opposition to the proposal of the Government to raise £7,000,000 by loan. The noble Lord stated that the war expenditure up to the present time has been £21,600,000, of which £2,600,000 have been defrayed from the Indian revenue, and £19,000,000 has been provided by borrowing to that amount. He proposes to defray the expenses in England for the ensuing year by a loan of £7,000,000, and I should be very glad to think that that will be the whole of the expenditure necessary to be provided for in this way. The noble Lord said nothing upon that subject. He did not induce us to suppose that £7,000,000 will provide for the whole expenditure likely to be caused by the war in India in the course of the ensuing year, and, if I may use the expression, the noble Lord was remarkably chary of any opinion on that subject. We know very little from the noble Lord of what progress has been made in India. We hear of marches and countermarches, but, somehow or other, the chief rebels appear in some other place nearly as soon as they are defeated in any given spot. He does not indulge us with any hope that hostilities will be carried on in the course of the ensuing year except at much greater expense than can possibly be defrayed from the ordinary revenue of India. I do not understand from the statement which he has made to-night whether money is being raised in India by open loan as usual; and I think we ought to be told what are the expectations of the Government with regard to operations to be undertaken in the course of the ensuing year; whether it is expected those operations will be brought to a close in such

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time as to obviate the necessity of a larger loan in India in addition to the £7,000,000 to be raised here; and, if the Government do anticipate that such will be the case, whether any measures are to be taken in dealing with the very large force in India at the present time. I do not know, however, that the noble Lord could have taken a wiser course than that he has proposed as to this loan, and I raise no objection to it. I come now to that which is the most important matter of all—the general state of Indian finance. At all times the financial state of any country is one of no little importance; but in the present state of India its financial state is of vital importance, not merely to that country but to England also. Here, if there is a little larger expenditure than usual, there is no great difficulty in finding some additional tax to meet it. This year we have an increase of about £1,000,000 on the Naval Estimates; but the Chancellor of the Exchequer, I have no doubt, will have no difficulty in devising means, either by increasing the income tax, or in some other way which the country will readily sanction, to defray the expense necessary to put the country into a state of security. But when things in any country are in the condition in which the Indian finances are, it becomes a far more serious matter. History tells us that it is almost always from a disordered state of their finances that great countries are brought into their real difficulties. It was incumbent upon the noble Lord, and it is incumbent upon us, on the first opportunity on which, under the direct administration of the Queen's Government, the financial state of India has been brought before us, to look carefully into it, and to be warned in time as to the danger which lies ahead of us. The ordinary state of the Indian revenue for some time past has been, I am sorry to say, a deficit. If the Secretary of State for India and the Council, supported by this House, do not pay the most earnest attention to this question, depend upon it we are in the first place in some danger of having a charge imposed upon us. We had some warnings last year from Members of this House that there was danger of such a charge, and the noble Lord the other night intimated something very like a moral, if not a positive responsibility. I protest myself against any such responsibility. I object to this country being made liable for Indian charges. I am quite sure that nothing would be more prejudicial to wise administration in India than to lead those who administer the government in that country to suppose that they might fall back upon the resources of this country. If we are to have loans from England to India, how can we

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refuse to do the same for other colonies? If we were incautiously to admit the liability which was intimated by some hon. Members last year, and by the Secretary of State the other night, we should be "drifting" into a responsibility which I am quite sure this House would not be willing deliberately to undertake. I would therefore warn hon. Gentlemen against this possible, and as it appears, not very remote danger. But further than this indirect danger, this House has shown itself not indisposed to meddle with Indian finance in two most objectionable ways. It is very much disposed to increase expenditure and also to take away revenue. It is not long since this House inserted a clause in a Bill which put out the salt revenue in great jeopardy. Thanks to a noble Lord who understood the subject well, that clause was struck out elsewhere, and the revenue was saved. I see now that a notice of Motion has been given by an hon. Member to prohibit the growth of opium, which will destroy the revenue from that source. We are in danger enough of being fixed with a liability for Indian charges, but of course if we take away Indian revenue by Imperial legislation we incur not merely a moral but a positive liability. I hope the House, therefore, will forgive me for taking this opportunity of endeavouring to impress upon it this solemn warning, that if we mean to avoid responsibility here we must be exceedingly cautious in dealing with Indian revenue and expenditure. I have thought it my duty to say thus much as to our possible liability for India, and I will now revert to the state of the revenue and expenditure of that country. The ordinary state of Indian revenue is not so cheering as could be wished. The account of last July contains the financial state of India up to April 1857—a most convenient period—for it just precedes the outbreak of the war mutiny, and does not include, therefore, any of the war expenditure. The noble Lord compared the other night the increase of revenue with the increase of debt; but there is another comparison quite as important, but not so satisfactory—the increase of charge with the increase of revenue. The account of revenue and expenditure laid on the table by the Secretary of the Indian Board shows that in 1850-1 there was a surplus of £400,000, in 1851-2 of £513,000, and in 1852-53 of £424,000. The accounts of these years arrived in this country while I had the honour to hold the office of President of the Board of Control, and we took the opportunity of reducing the charge upon the Indian debt. Objections were raised to that course in this country, but on financial grounds it was a very expedient and useful

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Comparison of
revenue and
charges.

measure. The interest upon Indian debt was reduced to the amount of £500,000 a year—a larger reduction in the expenses of India than had been known for years past—and such as I shall be very glad to see made in any year to come. But in the next year a change took place, and instead of there being a surplus of £400,000, there was a deficiency of £2,000,000. In the next year there was a deficiency of £1,700,000, and in the year after that of £972,000. The deficiencies of these three years amounted to £4,700,000, while the surplus of the three previous years was only £1,300,000. This is a most unsatisfactory state of things. In the next year the deficit was, according to the Parliamentary papers, £143,000; according to the noble Lord, £179,000. But now let us compare the revenue and the charges upon it. The revenue of 1850-1 amounted to £18,844,000, and of 1856-7 to £23,270,000; while the charge for the year 1850-1 was £18,429,000, and for 1856-7 £23,413,000—the charge having increased more than the revenue, and this increase of charge took place notwithstanding the reduction of half a million in the interest of the debt which I have mentioned. That is the state of things at the period immediately before the commencement of the mutiny. Let us see now how we shall stand when the war expenditure is at an end. It certainly will be taking a very favourable view of our probable position if I assume that the war expenditure will be at an end on the 1st of April, 1860, that all the unnecessary troops will be disbanded, and that we shall have reverted to the ordinary expenditure. I have shown that, during the last ten years, the charges have increased more than the revenue, and I shall not therefore take up a too unfavourable position if I assume that in 1860 the relative amount of the charges and the revenue will be the same as in 1856-7. But what has happened in the mean time? We shall have borrowed £26,000,000. I wish rather to understate than overstate the case, and therefore I will suppose that this is the whole amount that we borrow. The interest upon this sum will necessarily form an addition to the charge on account of the debt. Taking the interest at 5 per cent., the additional charge under this head would be £1,300,000; but I will take it at $4\frac{1}{2}$ per cent.—as I am anxious to be rather below than above the mark—this will make it £1,170,000. If we add to this the deficit admitted by the noble Lord, £179,000, there will be an excess of charge beyond the ordinary revenue of £1,349,000, or, to take the lowest possible figure, of £1,250,000. Now how is that charge to be met? After having paid a due tribute to the noble Lord

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for the lucid statement he made the other evening to the House, I am bound to say that he entirely failed in holding out to us any reasonable or intelligible prospect of meeting this difficulty. The noble Lord stated, and stated very correctly, the various sources of income in India. He stated truly that 60 per cent. of the revenue was derived from the land, and that there was little prospect of its being increased. He also correctly stated that the principal increase in the land revenue must be derived from annexation or from the cultivation of waste lands. I entirely concur with the noble Lord when he says that it is undesirable to annex native States in India. I acted on that principle when I had the honour to be at the Board of Control, and never allowed such annexation to be made, when there were heirs on any theory of Indian adoption. The noble Lord stated the lowest amount of the land revenue in 1850 at £17,359,000, and the highest amount in 1856-7 £19,080,000, giving an increase of £1,685,000. Now the land revenues of the new provinces of Pegu, Nagpore, and Oude, yield about £1,500,000. There have been some other small States annexed, and accidental circumstances will account for the remaining difference up to the £1,685,000; but it is obvious that almost the whole increase of land revenue is owing to annexation. This source of increase has ceased, and no further increase can be looked for from that source. Certainly some increase may be gained from the cultivation of waste lands, though it must necessarily be very small. Neither in Bengal, where the permanent settlement is in force, nor in the Punjab or Bombay, where the leases run from twenty to thirty years, can we look for any increase; and the noble Lord would not say, with regard to Madras, that he expected much increase in the land revenue from that province. My own opinion with regard to the land tax in Madras is, that it would be wise to reduce the assessments. In one district Lord Harris, by my desire, tried the experiment, and it succeeded completely, for in two years the revenue recovered itself; but I do not know that this could be a fair specimen of the country generally. I will not now go into the general question of the merits or demerits of these assessments. What I wish to impress on the House is, that there is in the meantime quite as much prospect of a decrease as of an increase in this source of revenue, and that you have no right to expect an increase till twenty years, at least, have expired. The statement of the noble Lord does not differ very much from mine in this point; but

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opium.

I am anxious to bring forward the views I entertain regarding it, as I think it is very important that the House should be put in possession of the whole truth on an occasion like the present. So much for the land revenue. Then we come to the revenue from opium. The opium revenue will, I hope, stand the attack which the hon. Member for Northampton threatens to make upon it. I can see no objection to a revenue from opium any more than to a tax on brandy and other spirits and wine. I do not see that the moderate use of opium is more injurious than the use of spirits. There may, no doubt, be objections to the mode of raising the revenue; but after what we know of the conduct of Native officials in exacting revenue from their poor countrymen, we may well believe that though there are objections to the present mode of raising revenue, the evils of any system of excise to be levied, as it must be, by Native agency, would be far more oppressive and objectionable. But I agree with the noble Lord that the revenue from this source is very precarious. In the first place, it varies exceedingly from year to year. In 1850 it was £3,500,000; in 1856-7, £4,696,000; in 1857-8, £6,443,000; and in 1858-9, £5,195,000. In one year it rose £1,800,000, and in another it fell £1,300,000; so that it is an exceedingly uncertain revenue. But there is another consideration which we must not dismiss from our minds. The Chinese have legalized the admission of opium, and I am afraid they may sanction its cultivation. Then what becomes of the opium revenue? Should the Chinese, who are skilful and able people, cultivate opium, then there must be a material diminution in the revenue. It might no doubt be possible to meet the Chinese in their own market with the Indian opium, which is of a superior description; but that could be done only at a much reduced price, and reduced price in this case means reduced revenue. It is clear, therefore, that the opium revenue is not one of permanence on which we can safely rest.

Revenue from
salt.

Customs.

The next source of revenue is salt; but to that article we cannot look with confidence for any increase. The revenue from salt is indeed more likely to be reduced than increased. I come now to customs' duties. On these there has been some increase of late years, though not very large; and if the trade of India was materially to be enlarged we might look for some additional increase in the customs, though not to any great extent. The articles of import likely to be consumed by any number of the people pay very little duty, and there are some taxes which it might be

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desirable to repeal. I think, on the whole, it is no unfavourable supposition to assume that for a long time to come the revenue derived from opium, salt, and the customs will remain very nearly the same as at present. This is the case as to revenue, and I agree with the noble Lord who has shown that there is no likelihood of the income being increased for some years to come. It is indispensable, however, to bring the expenditure of India within the income, and if the income cannot be increased, our only alternative is to reduce the expenditure. The noble Lord stated that there must be some reduction both in the civil and military expenditure, and he has expressed that opinion in a despatch to the Governor General. It is very well, no doubt, to express that opinion; but I was disappointed, I must confess, in the statement which the noble Lord made the other night as to the probability, or even the possibility, of any material reduction being effected. Considering the importance of the subject, and the occasion upon which the noble Lord addressed the House, I thought that he would have given us some clearer notion of the views entertained by himself and his Council than I was able to gather from his observations. He proposes to reduce the civil expenditure. I confess that I do not much think that he will be able to do much in that direction. He proposes to do it by two means—first, by reducing the salaries of the European servants of the Company, and next by the employment of what he calls “cheaper Native agency.” With regard to reducing the salaries of the European servants of the Company, these words had scarcely passed his lips when he showed the impossibility of doing anything of the kind. He said that under the competitive system there were not more candidates than there were places to be filled; and I remember one occasion when some medical appointments, which were by no means of an unprofitable character, were to be made, that there were not so many candidates as places, and the competitive examination therefore became a perfect farce. He also stated that the sums which railroad and other private companies were obliged to give to persons to induce them to go to India were much higher than it was necessary to give for the same services here, and that those companies remunerated their officers at quite as high a rate as the Government did. How then is he to effect any general reduction of salaries? I do not mean to say that there are not some salaries that may be reduced. I think there are, and I should like to know from the noble Lord what has been done in that respect in the last four or five years. In 1854, having had my attention drawn

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to these salaries, and being very anxious to provide additional European servants out of the money that might be saved from judicious reduction, I went through them with a great deal of care. I found that there were great inequalities existing, without, as it appeared to me, sufficient reason; and by my direction a despatch was sent out, calling the attention of the Government of India to the subject, and calling upon them to revise the civil salaries, and to effect such reductions as might be possible—of course with justice to the existing holders of situations—with the view of providing the means of employing additional European servants. I should like to know what has been done in consequence of that despatch. The noble Lord tells us that the civil salaries must be reduced, and he has written to the Governor General that the increase and expenditure must be equalized. That is only a very general shadowing forth of the noble Lord's views of what should be done; but in 1854 I directed attention to the subject with great minuteness, and I should be glad to hear whether anything has been done in consequence. Then the noble Lord said that he proposed to substitute cheap Native agency for European. I believe that to be extremely undesirable. I believe that in some cases it will lead to additional expense, and in many cases to a much worse administration that exists at present. I remember that in so small a matter as the ordinary superintendence of the public works, Colonel Cotton represented to me that we should have European superintendents, even of a low rank, and he wished me to send out non-commissioned officers and private soldiers to be appointed overseers of the Indian labourers. So also with respect to the police and the administration of justice, the uniform demand made by India reformers was that we should send out a larger number of Europeans. There is one reduction of expenditure which I was very anxious to effect when I was at the India Board, but it was then not easy of accomplishment. I allude to the saving which would have resulted from the amalgamation of the Queen's Supreme Court and the Company's Supreme Court. It was very difficult at that time to reconcile two such great bodies acting under different authorities; but the Act of last Session removes the difficulty, for it makes them both Queen's Courts, and I should be glad now to see the amalgamation carried out. It is being attempted, I believe, in the inferior courts; but this is a matter in which reform ought to begin at the top and spread thence throughout all the courts of the country. Complaints are rife at this moment of the peculation and corruption of the native

Substitution
of native
agency.

Amalgama-
tion of Courts.

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Judges. The only remedy is to send out additional European officers, and by doing so you will of course increase the expense of administering justice. Precisely the same thing must take place with the police. The Lieutenant-Governor of Bengal, Mr. Halliday, complains of the state of the Native police—they appear frequently during the recent insurrection to have been in correspondence with the mutineers, whom they allowed to pass to and fro without molestation. If that is to be remedied, you must abandon cheap Native agency, which has failed, and send out, at an increased expense, Europeans in sufficient number to ensure the proper management and control of the police force. But this is not all. We have undertaken the task of improving the administration of India, and there can be no doubt that as civilization advances, the civil administration of every country becomes more expensive. I remember being struck upon one occasion with the enormous expense charged for prisoners confined in gaols in the Punjab, and I asked how it was that it had so much increased since our rule began. The answer was, “Because justice is administered in a much more merciful way than heretofore. Formerly, if a man committed an offence, Runjeet Singh would cut off his hand or his leg and turn him loose to starve. That cost the country nothing; but you put him in prison and keep him there, and thus expense is immediately incurred.” It is impossible that it should be otherwise under our more humane and enlightened administration. Therefore, although I am of opinion that some, but not many, salaries may be reduced, my belief is, that the civil administration of the country will become costlier from year to year as civilization advances and improvements are carried out. With regard, therefore, to the civil administration, I think that, upon the whole, the expense will be increased rather than diminished. Then I come to the military expenditure. The noble Lord said there should be some reduction in that expenditure. I hope and trust that some reduction will take place. If some reduction in military expenditure cannot be made when the war is put an end to, I do not know where reduction can be made. I had hoped that the noble Lord would on this subject have given us something more than a general assurance. The noble Lord said that there were now no great Powers like Runjeet Singh or Scindiah in India, on account of whom it is necessary to keep up the large armies that we had hitherto maintained. I remember pressing upon Lord Dalhousie some years ago the necessity of reducing the military expenditure in India; but he said, We

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have acquired the whole of the Punjab and Nagpore, and the province of Pegu, and we therefore now occupy a larger territory with the same force; I cannot reduce any of the army; on the contrary, you must increase the European forces. Well, I consulted Lord Hardinge, who had been Governor General of India and Commander-in-Chief, and with his concurrence and by his advice, I assented to the sending of three European regiments to India in addition to those already there. I did make an attempt to reduce the Native army. I was in correspondence with Lord Dalhousie with the view of reducing the regular Native cavalry, and substituting for them irregular Horse, which would be more useful and less expensive. These Irregular Horse have rendered most excellent service in Scinde, and I am glad to have this opportunity of saying how much this country is indebted to that gallant officer, whose decease during the last few months we all lament, for the skill with which he formed that body of horse, and the benefits which by his means were conferred upon India. It so happened that I quitted the Board of Control at the time that that correspondence was going on. I do not know whether any further step has been taken upon the subject, as in the case of the civil service, but here I had taken a more practical step than anything which the noble Lord has ever stated. I think it indispensable that some reduction should take place. A commission, I believe, has been sitting for some time with the view of considering the means of effecting some reduction in the Indian army when peace is restored. I should have liked to know if that Commission had come to any conclusions of any kind on the subject. I do not think that much reduction can be made in the civil expenses, but on that subject, as well as on the military expenses, the noble Lord left us destitute of any views or prospects entertained by the Government. The House must remember that, though some reduction may be effected in the Native army, we must be prepared for a considerable increase in the European forces. We should be utterly unjustifiable if we did not henceforth maintain in India a European force far larger than we have hitherto maintained. In my opinion the artillery should be European; and you must have an additional force, both of infantry and cavalry, placed in healthy stations as a garrison for the country, and with all the improved arms and equipments which modern science has discovered. This cannot be accomplished without considerable expense, and beyond this, although reductions may be made in the Native Indian army, yet it is upon Native troops

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that we must rely to perform the ordinary work in India. We must maintain a Native Indian army of considerable amount. The only other financial feature of the noble Lord's speech was one which, I must say, I think exceedingly objectionable. I allude to the guarantee about to be given to the Madras Irrigation Company to the extent of, I think, £1,000,000, and the guarantees to an indefinite amount to be given to other companies for the construction, not of great trunk railways, but of minor railways. The whole of that system is, I think, excessively objectionable. It might be necessary, in the first instance, to give guarantees for great lines of railway, though it is questionable whether even they might not be constructed without Government guarantees, but I am quite sure that upon their construction guarantees should cease altogether. And let it be remembered that this guarantee is given to a private company to raise money at a moment when their securities will compete with your own loan. You are raising the market against yourself. That seems to me to be as unwise a thing as could possibly be done. Another measure of which the noble Lord spoke—namely, making the interest of the India debt payable in this country, seems to me of a questionable character. The tendency must be to transfer the Indian securities from Native to English holders. Now, it seems to me exceedingly desirable to encourage, to the greatest possible extent, the Natives of India to hold the securities of the Indian debt. In this country there are plenty of modes in which people can invest their money. The more the Natives of India are peculiarly interested in the public debt of that country, the more likely are they to be loyal subjects of the Queen. I believe that the moneyed men of India, and the people of property in India, generally were found among the most faithful supporters of the Government during the recent disturbances. They had the strongest interest in the safety and permanence of our rule. But, passing by that, I cannot see the least necessity for such guarantees as the noble Lord has mentioned. He represents the returns from all these works as certain and large. The interest of money in this country is about £2 and £2 10s. per cent.; but if it be true, as the noble Lord said, that these works will yield £26, £40, £70, and even more per cent., what necessity is there for Government giving guarantees for such works? If I am not wrong, the object of the Madras Company is not to accomplish any particular work of irrigation, but it is to be a sort of roving Irrigation Commission throughout the whole

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of Madras. If their work succeeds, the shareholders will be profited; if the work fails, the loss will fall upon the Government. I think such a one-sided arrangement, with a possible loss and no possible gain, a very bad arrangement. I do not at all dispute the statement of the noble Lord as to the amount of the Indian debt. It appeared to be correct, but I see in a Return which was laid on the table of the House, I think, yesterday morning, and which brings the liability in India up to April 1857, and that in England to December 1858, that the liabilities amount to £82,000,000; and if to that you add the sum borrowed in India and the loan proposed by the noble Lord, the total liabilities will exceed £90,000,000. I really do not see how we should be justified in adding even another million to these liabilities. But, Sir, to revert to the main point which I wish to impress upon the Committee, it is essential that the expenditure shall be brought within the income. We have a great task to perform in India—a great mission in the improvement of its administration: and the basis of all good administration is a wise economy. We are now, under the Queen's Government, commencing a new era in the administration of India. I did hope we should have had a more full development of the views of the Government on this great and important question than we have hitherto had; and I should have neglected my duty—having learnt something of that country during the short time I was at the India Board—if I had not stated what my impressions were, and what my fears and hopes were as to the future financial condition of India. I believe that by a wise administration the expenditure and income may be equalized, but it will require very decisive measures to attain that result. I am sorry that the speech of the noble Lord does not afford any practical view of how that may be done. The prospects at this time are certainly not very encouraging, but, nevertheless, I believe it to be perfectly feasible to accomplish the object. It is quite impossible to overrate the vital importance of the subject, and I feel that I should grossly have neglected my duty if I had not urged the necessity of taking effective measures for the attainment of so great and all-important an end.

Sir E. Perry.

SIR ERSKINE PERRY said, the right hon. Baronet had just stated the real question before the Committee in precise terms—namely, that the important subject for them to determine was, how to balance expenditure and revenue. They would all agree that this loan must be raised; no objection had been yet made to it from any part of the

Sir Erskine Perry.

House; but he confessed he thought the right hon. Baronet had drawn the most lugubrious picture of Indian finance ever yet presented. He had shown that many of the means indicated by the noble Lord the Secretary of State for India for raising the revenue in future were not to be depended upon, and that many of the items of revenue were precarious; but he had failed to point out what it was the proper object of statesmanship to discover, how in future the revenue was to be augmented. He (Sir E. Perry) was the last man in that House who had a right to complain of any gloomy picture being drawn of Indian finance, for he had brought that subject more frequently under their consideration than any other Member; and three years ago, before the rebellion broke out, he had sought to impress on the House that if the principles of Indian finance, then in force, and the principles of Government then in operation, were persisted in, they would inevitably lead the first to national insolvency, the other to national disaffection. At that period he was thought a croaker, and met by Sir James Hogg and others, who drew a more flattering picture of the state of affairs. Now, however, a Cabinet Minister and an ex-Cabinet Minister both agreed with him as to the precarious state of Indian revenue, but he was happy to think he took a far more favourable view of the future than the right hon. Baronet (Sir C. Wood). He would address himself to this question, but first of all, he would attempt to settle with precision some of the leading facts of the case. The amount of the Indian debt at the present moment was a matter of fact that ought to be placed beyond doubt. The noble Lord had stated it to be £74,500,000, and the right hon. Baronet had added the debt incurred in India during the last year, making the sum about £90,000,000. He (Sir E. Perry) had taken the trouble to ascertain from Parliamentary papers what the debt was, and it appeared to be, up to a certain period, £82,000,000; for they must take into account the £10,000,000 of deposits not bearing interest—which the noble Lord called £7,000,000—in respect of payments due to officers, which the Government might be called on to discharge at any moment. Then £12,000,000 must be added to represent the £630,000 payable annually to the proprietors of the East India stock. A sum had been set apart to accumulate at compound interest, in order to defray that charge; but till 1874, there would be a charge equal to the interest on twelve millions. Then must be added the additional loan of about £9,000,000 raised in India, and all these items together made a total of £108,776,565, to which must be added the new loan of seven

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millions, making thus a total debt of £110,776,565. Then they were told that the debt of India did not much exceed two years' revenue; but in making a comparison of that kind it was clear that they ought to take not the gross, but the net income, which was £23,000,000 a year. Thus the total amount of the debt was equivalent to more than four years' revenue. That might not seem to be a very heavy burden when compared with some European debts; but when the inelastic character of Indian finance was taken into consideration, it would be seen that it was in reality very onerous. The net revenue of India was not capable of much increase. The land revenue was not likely to grow larger; opium was liable to contingencies which might diminish its value as a source of income, as was also salt, and the Customs' duties could not be increased without provoking the strongest opposition from the manufacturers of this country. If followed, therefore, that a debt in India, amounting to between four and five years' net revenue, was a large debt. Another mode of estimating the charges on Indian Revenues was to ascertain the great amount payable for interest and dead weight. The total amount of interest payable upon the debt in India and in London was made up of the following sums:—payable in India, £3,500,000; in London, £1,230,000; temporary loans, £48,000; civil service annuities, &c., £1,439,000; total, £6,217,000. It was admitted now on all hands that the present state of the Indian finances was alarming, but there were still delusions afloat which ought to be dispelled. Hon. Members had cheered, and certain monetary circles had approved of the declaration of the noble Lord, that he did not ask an Imperial guarantee for the new loan, and it was thought that if no guarantee were given, England would be clear of all responsibility. It was quite true that those who maintained that the finances of India were inseparably bound up with those of England could not show any verbal or technical guarantee from the Imperial Government; and so far as the holders of Indian securities were concerned, it did not matter to them whether they had such guarantee or not, for they possessed a higher security than any Government stock. The holders of Consols could not sue the Government, but the holders of Indian securities could formerly have sued the East India Company, and now they could sue the noble Lord the Secretary of State for India. Supposing, then, that the expenditure in India should at any time increase so as to prevent the payment of all the charges of the State, the fundholders having a remedy

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at law, would be able to secure payment on the first revenues collected, and then the cost of maintaining the army and the Governor General must fall upon this country, or we must give up India. He therefore repeated that it was delusion to imagine, because a specific guarantee was not given, that this country escaped from the responsibility arising from its connection with India. Admitting, then, as he had always done, that the principles now in operation in Indian finance must lead to insolvency, still if he entertained no brighter hopes than the right hon. Baronet (Sir C. Wood) in his views as to the future, he should say it would be best for the material interests of this country to sever the connection with India at once. Of course he was not speaking of the moral claim which the country possessed on us after we had deposed every Native ruler, and rendered self-government impossible; but for mere pecuniary interests if the views of the right hon. Baronet were sound, the possession of India was a mere incumbrance. As all, however, would admit that the union between England and India must be maintained, the true course was, after first probing boldly the extent of the difficulties to be dealt with, to endeavour to apply remedies in an equally vigorous manner. The first duty of the Government was to compel a reduction of expenditure within income. The financial system of the East India Company had always been the weakest part of their government, because, while the expenditure had gone on increasing, they had found no other modes of meeting it than by loans or annexations. In a country where the revenue did not expand, the system of borrowing, borrowed from modern Europe, was inapplicable, and the Governor General should be directed to make his expenditure balance with his income without resorting to loans. If a great emergency should arise, the extra expenditure caused thereby must be borne by the mother country. Much as it might shock the moneyed circles to propose an addition of £30,000,000 to the burdens of this country, he ventured to think that if they contrasted the wars for which we had expended hundreds of millions with what India might be made worth to us, the balance would be found vastly in favour of a war for the maintenance of our Eastern possessions. The Indian accounts laid before Parliament exhibited a striking instance of the improvidence engendered by the system of borrowing. In 1856, in the accounts laid before the House, there was an estimated deficit for the ensuing year of about £2,000,000. It turned out, at the end of the year, that the deficit was only £143,000, but notwithstanding,

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the Government in India increased the debt by about £1,500,000. Then, again, he would ask where was the interest of the new loan to come from? The noble Lord had pointed out two or three sources from which he expected an increased revenue, but the right hon. Baronet (Sir C. Wood) had criticised those views. The noble Lord had referred to an anticipated saving from reforms in the civil administration of India, while the right hon. Baronet deprecated the cheap agency of Natives. Between the two opinions he (Sir Erskine Perry) considered the noble Lord's to be the soundest; for it is mainly by giving effect to the principle faintly enunciated by the noble Lord that improvements in finance as well as in government were to be obtained. It is quite impossible to carry on affairs in India satisfactorily and for the advantage of the inhabitants of that country if Natives were not permitted to take a great share in its government. One of the most philosophical writers who ever visited the East—Volney—had described the condition of most Eastern countries by stating that there were two races, the conquerors and the conquered, the first of whom monopolized all offices of power and emolument, whilst the latter were reduced to the condition of slaves. But these latter, if they were sufficiently numerous, were sure, sooner or later, to rise upon their masters. They had heard a great deal within the last twenty months of the increased strength obtained by the success of their arms in India. It was stated that they might now disregard the prejudices of the inhabitants of India, assert their own supremacy, call in their own countrymen to fill every office, dispense with the Natives as an armed force, set aside their customs, disregard their system of caste, introduce their religious instruction into Native schools, and assume all the rigour of successful conquerors. This was one theory of Government, and if a permanent force of 150,000 or 200,000 Europeans could be spared, it might possibly be successful. But as all knew this could not be, the juster and more generous view of Government must prevail, and Native talent and Native co-operation must be relied on. If Natives of influence were duly admitted to take a share in the government, the task of increasing the revenue would be much lightened. The ministers of the Native Princes were as able as any men in India, and it was mainly owing to their co-operation the Government held its present position. The noble Lord had indicated another mode of developing the resources of India—giving titles to land to whoever invested capital in it, Native or Europeans. In

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this would be found the second great lever for raising Native society. The land was undoubtedly the source of wealth in every country, and although the process of dealing with it in India should be slow, yet if it was systematically persevered in plenty of Native capital would be forthcoming year by year, and the wealth which follows from the application of capital to the soil would undoubtedly spring up. To the noble Lord he looked with the greatest confidence. He deserved the highest commendation for his Indian reforms. With one exception, they merited the warmest admiration. The noble Lord's Proclamation had been welcomed with one applauding cheer from Cape Comorin to the Himalayas. Its principles were so wise and generous he could wish to see it printed in every school-book throughout India. But the Natives were very acute, and apt to compare words with actions. And in one part of India one act of the noble Lord had tended to shake Native confidence. He referred to the despatch of the 1st of September last—the last dying act of the Directors, which extended to Madras the powers of the Enam Commission that had been for some years in operation in Bombay. He believed the noble Lord had been too much occupied to master all the facts of this question. He stated the object of the Commission to be, to give an assurance of a good title to the rightful owners of land, whereas the main and undisguised object of the Madras Government was to get more revenue. But the question was so important, he hoped the House would allow him to explain what the Enam Commission was. An Enam was a donation of land made by the Native Princes in several states to Native subjects. When the Government occupied the Bombay country, it recognized the validity of these Enam tenures, but reserved a power of inquiring into the authenticity of the titles. And if any inquiry had been then made, when evidence was forthcoming, and parties alive whose testimony as to ancient possession was available, it would have been most just; but a most extraordinary course was pursued. Thirty-five years after the conquest a sort of Quo Warranto Court was instituted. In 1852 the Legislative Council of India created an Enam Commission which was authorized to call on any landowner to prove his title. There was to be no interference by any court of justice; evidence of titles of ninety years' standing to be produced; frauds committed or encroachments made in the last century were investigated, and any such fraud disentitled the owner of the estate. These difficult duties were intrusted, not to Judges or men trained to

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sift and examine evidence, but to sharp infantry officers, whose only duty was to carry into effect the strict terms of their instruction. That Commission had given the utmost dissatisfaction. It had decided about 6,000 cases, and there were still 100,000 cases of title pending before it. The Commission had worked so badly that opinion in India was now much opposed to it, even among those who once strenuously advocated it. These facts came out during the inquiry before the Colonization Committee of last year, and an impression was produced that the Commission would be abolished; but, to his surprise, the Home Government during the recess had just issued another of similar kind. A similar institution had existed in Bengal, but there it was found so intolerable, the Government after a few years abolished it. [*Cries of "No, no!"*] He might be wrong in saying it was abolished, but at all events he believed it was at an end. It was stated in an official Return that the sum obtained by the Commission in Bengal was between £300,000 and £400,000 a year; but the expenses of the Commission amounted to £1,500,000. Its operation caused nothing but dissatisfaction, and brought little emolument to the Government. He trusted, therefore, that the Madras Commission would not only be suspended, but abolished at once. It was to be hoped that Sir Charles Trevelyan, when he had had an opportunity of making personal inquiries on the spot, would retract the advice he had given to the noble Lord—that this Commission should be allowed to proceed. These Commissions were justified on the ground that frauds had been perpetrated on Government; but without in any way sanctioning frauds, it was plain that some limit should be put to their effect upon titles. If a man's ancestor, for example, had committed a fraud in 1650 or 1700, it would be improper at the present day to turn his descendants out of their possessions on that account. Let them lay down their period of prescription, be it 30, 40, or any other number of years, and leave all questions touching the validity of titles to the ordinary tribunals of the country. On the application, then, of views such as these to India, he entertained most sanguine hopes as to the future. The right hon. Member for Radnor (Sir George Lewis) had told them last year that India was of little value to England. Now, our trade with India exceeded that with any other country in the world, except the United States and California, and was increasing month by month in the most marvellous manner. India also paid a tribute of between £3,000,000 and £4,000,000 sterling per annum in the shape

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of dividends to East India proprietors and pensions to civil and military officers; and if it was only permitted to enjoy the benefits of good government, there would be no limit to the development of its prosperity. If the Natives were treated as we should ourselves wish to be were we a conquered people—if an interest was given to them in their institutions, and their co-operation was invited in the administration of their own affairs—they would not be found unwilling to lend the State the aid of their purses in periods of emergency. An instance of this might be found in the irrigation works effected in Bombay. They had been referred to as the results of Government operations, but in reality they had been effected by the municipality of Bombay, of which the Natives formed an equal part with Europeans. The same effects would follow the same causes all over India. To no other hands than those of the noble Lord would he prefer to see the inauguration of the Queen's Government in India confided, because, from his remarkable industry, his high connections, his popularity with the country, and, above all, his weight and authority in a Conservative Government, he would probably be better able to carry out vigorous reforms than anybody on the Opposition benches. [*A laugh.*] His hon. Friends near him smiled, but such reforms, if emanating from that side of the House, would most likely be resisted by the Conservative party, whereas, if emanating from the noble Lord, that party would give them their support. But the noble Lord must guard against the predominance of Leadenhall Street influences. The Council by which he was surrounded was but the old Court of Directors with a new name and increased salaries; and measures like the granting of property in the land, the abolition of an exclusive Civil Service, and the admission of Natives to high office, militated against the most cherished prejudices of "old Indians." Unless, therefore, the noble Lord threw himself boldly upon the support of public opinion, he would find his best plans thwarted or obstructed, as had been the experience of Presidents of the Board of Control before him. If he relied on his own sound principles, and used the influence which he knew how to wield, India, instead of becoming an intolerable burden to this country, was capable of being made an increasing blessing to us, while at the same time our rule over her would be the means of spreading civilization and happiness throughout her vast territories.

MR. LIDDELL said, that something in the nature of a charge had been made against the noble Lord at the head of

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the Government of India—namely, that while depicting the somewhat gloomy features of Indian finance, he had omitted to lay before the House a carefully matured plan for improving the Indian revenues. That charge was hardly fair, because the noble Lord had stated that the latter point was now under the consideration of the Indian Government, from whom, according to ordinary usage, any proposition for imposing new or altering existing taxes should in the first instance proceed. The noble Lord, indeed, argued that the revenue of India was not capable of any great or immediate extension; he had described the first great power of revenue, namely, the land revenue, as inelastic, and the second, namely, the opium tax, as precarious; and, though the circumstances might not be very encouraging to capitalists to invest in the new loan, yet the indications of a better policy and the prospects held out in his speech from a wise and beneficent system of government, were calculated to reassure the despondent, and to restore public confidence in the resources of India. The noble Lord evidently looked rather to negative than to positive sources for re-establishing a balance between revenue and expenditure—he looked to economy to bring about the required equilibrium. He had spoken with considerable hope of future reductions in the military expenses of India; it would be presumptuous to attempt to calculate the extent to which these reductions might be carried. The House must bear in mind that we had held India for more than a century by force of arms, but so long as Mahomedan ambition upon one hand, and the credulous fanaticism of the Hindoo upon the other, remained unabated in their intensity, the tranquillity of India must be regarded as at any moment liable to be disturbed. It was, besides, a well-known fact that our possession of that country was looked upon by the great European Powers with feelings of jealousy; that Central Asia was year by year becoming more subject to European influence; and was it under those circumstances desirable, he would ask, that we should effect any great reduction in our military establishment in the East, entirely leaving out of consideration the probability that such a reduction might rouse into action that foreign ambition or those internal sources of ill-feeling to which he had just adverted? Taking, however, the most favourable view of the question, let him suppose the disarmament of Bengal to be proceeded with, and the policy of annexation to be completely abandoned—a subject on which he was glad to hear the expression of opinion which had fallen from the noble Lord the Secretary for India a few evenings before—

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and that a more complete system of police should be established throughout Bengal, yet he could not help thinking that the lesson which we had received from recent events in India ought to be sufficient to convince us that no small outlay for military purposes in that country must still be incurred. Stations and depôts would require to be fortified, and the condition of the barracks in many parts of India also called for increase expenditure, inasmuch as they were in many instances overcrowded and situated in unhealthy localities, while the maintenance of an enlarged European force must in itself be productive of a considerable additional cost. How, under these circumstances, our military expenditure in India could in any remarkable degree be diminished for some time to come he was at loss to understand; but, if the amount of our forces there should be reduced, it was, at all events, of paramount importance that we should be in a position to concentrate rapidly a given number of men on any particular spot. Upon that point Colonel Kennedy had several years ago made calculations which he (Mr. Liddell) believed to be sound; and, he might add that, in his opinion, the concentration of which he spoke could be properly carried into execution only by an efficient system of railways. The speedy construction of such works he regarded as of the highest importance; and while upon that subject he should venture to challenge the assertion which had been made by the Secretary for India in his financial statement, which was to the effect that the progress of the system of railways in that country depended rather upon the railway companies themselves than upon the Government. The matter was one which had come under the consideration of a Committee of that House last year, and he believed he did no more than express the almost unanimous opinion of the Members of that Committee when he stated that the delay in the construction of railways in India was mainly due to Government interference. When works of that nature had first been entered upon, a feeling had been prevalent in high official quarters that, being of vast importance, they ought to have been undertaken by the Government; and he believed that, as a consequence, there had ever since been a certain amount of jealousy and a great lack of confidence displayed by the Government officials towards those who, whether rightly or wrongly, had been intrusted with the task of their execution; while, upon the other hand, the circumstance of their being placed under military control—the persons selected as the Government engineers in these cases being

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military men—was productive of great irritation on the part of the engineers and servants of the railway companies. He was anxious to direct the attention of the noble Lord particularly to that point, because from his long advocacy of the value of public works in India his accession to the office which he now held had been looked upon with the utmost confidence by various interests concerned in the development of the resources of our Indian empire, and because it was expected that under his control every unnecessary obstruction which stood in the way of the attainment of that desirable object would be removed.

Mr. V. Smith.

MR. VERNON SMITH: Sir, I rise to offer a few observations to the House upon the important subject under discussion before the debate closes. The question of Indian finance is one into which I should feel disposed to enter at greater length than I propose to do this evening, were it not that there is the same absence of any tangible result to be arrived at on this as I have noticed on all previous occasions of a similar nature. It is, indeed, perfectly true that the novelty of the noble Lord's position as the first really responsible Minister for India, the early age at which he fills that office, the good things which he has already done, and the still greater of the performance of which he gives such high promise, have attracted more of attention to the subject of Indian finance in this than it received in any former Session. But what, let me ask, has the noble Lord really done in connection with this question? He has seized upon the occasion—a very good one, I admit—of proposing an Indian loan to give a sketch of the state of the finances of that country; but he has laid before us nothing which can be productive of any results; so that most of the hon. Gentlemen who have spoken in this debate have been reduced to the necessity of confining themselves to the delivery of essays upon Indian Government. Now, the accounts which the noble Lord has submitted to Parliament do, in my opinion, require close examination, and I would therefore suggest to him whether it would not be expedient to refer those accounts to a Select Committee of the House of Commons, Members of which, were they chosen from among hon. Gentlemen acquainted with Indian affairs, would probably hit upon some plan of dealing with them, from adopting which he would be likely to derive advantage. The noble Lord has told us candidly enough that he does not expect to receive much assistance from public opinion in India in the way of enabling him to cut down expenditure, and I quite concur with him in the

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opinion that it is extremely improbable that any proposition for a reduction of expenditure will emanate from that quarter. He also stated that he was unable to distinguish in his financial exposition between the outlay in India on public works which were reproductive and the expenditure on works which were of an unremunerative character; but there is a distinction, which, as every man ought to be able to draw it in the management of his own affairs, I see no reason to despair of being able to arrive at in the calculation of public accounts. When I was at the head of the Board of Control I always thought that some accountants might with advantage be sent out from this country to examine the state of the Indian finances, but I used to be met by the statement that Indian accountants were very efficient and ought not to be superseded. I entirely agree, however, with the proposal once made by the Earl of Ellenborough, that there should be an independent audit of accounts in India by persons in no way connected with the Civil Service. Upon the whole, although the noble Lord made a very fair statement, he certainly did not point out how those things were to be achieved which he hoped to see effected. But he made some omissions which require consideration. For instance, he omitted altogether the question of the large amount of compensation for losses of property during the mutiny, on which a Commission is now sitting to enquire into the amount. Now, when the noble Lord says the forfeitures of land will be sufficient to make up this compensation, I fear he is greatly deceived. Most of the land forfeited will probably be restored to the heirs or to other persons, and what is left will go a very little way towards making good those losses the amount of which will be extremely large. At the storming of Delhi, General Wilson told his soldiers that if they abstained from plunder they should be compensated; at the same time the Europeans who lost property there would demand compensation, so that the Government would have to pay on both hands. With regard to this revenue, I differ somewhat from the opinions expressed both by my right hon. Friend (Sir C. Wood) and by the noble Lord. It is said we have no power to increase the Indian revenue. Now, by the noble Lord's (Lord Stanley) own showing, the land revenue has largely increased during the present half century. [An hon. MEMBER: By additions of territory.] Yes, but independently of that, it has been increased, and I believe it might be still more increased by a reduction of assessment. Just before I left office, Lord Harris declared

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that such a reduction in Madras would greatly improve the revenue. That is a slow process, for surveys, without which it is difficult to complete the assessments, can be hardly completed within twenty-two or twenty-three years. Nor does what I say apply, of course, to any permanent assessment, but by such a course as that suggested, some amount of elasticity may no doubt be secured in the land revenue. Is it not possible also to lay on further taxation in India? The noble Lord says, and says truly, that to do so is difficult; but I believe it is a fact that the commercial classes and the civil servants in India pay less in taxation than in any other portion of the globe, and I see no reason for any such exemption. For example, the stamp duties might well be increased, and, I have no doubt, that if the noble Lord were to turn his attention to the subject, he would be able to impose fresh taxes. That task, however, should be undertaken here; it should not be left to the local Government. There is, as the noble Lord says, the greatest difficulty in eliciting public opinion in India, so as to enable you to judge what is a proper tax to lay on, and it is almost impossible to know, except by an actual levy, whether a tax is unpopular or not. It will be much better, therefore, that taxation should originate here instead of being left to the Indian Government. Another question should be considered and settled here, and that is the diminution of outlay, involving a reduction in the salaries of the civil servants. To show the necessity of offering sufficient inducements to Europeans to go out to India, the noble Lord instanced the difficulty experienced in procuring assistant-surgeons. That may be, but assistant-surgeons are by no means the highest-paid class of civil servants, and thus have not the same temptation to offer themselves, besides which, the competition which it is necessary to undergo prevents many from coming forward, from the belief that they will not obtain other situations if they are known to have been rejected here. The other argument used by the noble Lord was, that the railways pay as high salaries as are paid to the civil servants. [Lord STANLEY :— I said they paid salaries which were relatively as high.] But the railway service is generally a temporary one, and presents no temptations like those offered to our civil *employés*. I believe that in no part of the world is there a service so highly paid as the Civil Service of India. Nowhere else do you find salaries beginning at £300 or £400 and rising up to £4,000. I know it is the worst economy to pay men shabbily, and I know that the Civil Service of India contains many most able and eminent members. When, however, it

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is spoken of as the first service in the world, I would take leave to say that other services contain men just as able and eminent. The Bar of England is an eminent profession, but we know how many men make nothing, or next to nothing, by it. Like the Church of England, the Bar is paid by the prizes which fall to the lot of a few; but, in the Civil Service of India, you always begin by a high rate of salary, and you may arrive at something beyond competence. In Ceylon the salaries are not half those paid in the East Indies; and I have heard it said that in passing from that island to Madras, you find our civil servants in the one place surrounded by comfort and in the other by luxury. Now, if the extra rate of pay only secures luxury to those who receive it, there seems no advantage in maintaining it, although, of course, if it secures superior talents, it must be an advantage. On the whole, I think the noble Lord may fairly look for some reduction in this item of expenditure, though the saving effected upon the £2,500,000 thus spent cannot be a very large one. I warn the noble Lord, however, that he must effect this reduction himself; it must emanate from this country. My right hon. Friend (Sir C. Wood) has alluded to a letter which he wrote on the subject. I myself despatched a letter in June 1856, two years afterwards, and a Commission was in consequence appointed, which, instead of recommending a diminution, actually suggested an increase of official salaries in almost every instance. That is the result to be expected when such inquiries are conducted in India by the civil servants themselves; conducted, no doubt, with the purest possible intentions and adducing many instances where an increase was necessary, but proving too much when they declared that the increase should be general. With regard to the military expenditure, I confess I was much astonished to hear the noble Lord say, he expected that the European force in India would shortly be reduced to the number which was stationed there before the mutiny.

LORD STANLEY: The right hon. Gentleman has wholly misunderstood me. I said nothing as to reducing the European force to such an extent; on the contrary, I believe that it would be quite impracticable. Perhaps I expressed myself badly, but what I meant to say was, that I thought we had fair ground to hope that, after a certain lapse of time, when tranquillity was restored, the military force of every description which was maintained in India would not cost much more than it did before the mutiny.

Lord Stanley.

MR. VERNON SMITH: I am very glad to hear that explanation, though not only I but other Gentlemen under-

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stood the noble Lord in the sense I have stated. I certainly think it very desirable that for the future there should be in India a much larger European force than was maintained before the mutiny. I believe that you will henceforth be obliged to keep European regiments wherever there are considerable detachments of Native troops, and that otherwise you will never be safe. That confidence may gradually be restored is my sincere hope, but for a period longer probably than the lives of any of us, it will be necessary to maintain a large European force in India. That being so, I cannot see how the military expenditure is to be reduced, except indeed by abolishing the distinction of pay which at present exists. That bad-climate pay should be given is a perfectly reasonable proposal, but surely it should apply to all bad climates alike; and if you have 80,000 men in India, I do not see why they should have double pay any more than our soldiers in the West Indies, or similar stations. Perhaps a reduction of expenditure might be effected on this head. With regard to the Native troops I heard with surprise and regret that their number at this moment exceeds the number maintained before the mutiny. I do not question the necessity of such a measure, but it is certainly a melancholy result induced by our necessities. If these levies have to be disbanded, it will occasion some discontent, and a considerable number of armed men will be turned loose in the country. Nor must the noble Lord suppose that the tribes who are now being introduced into the Indian army will be affected towards us otherwise than the sepoys themselves, or that by obtaining Sikhs he is introducing a better species of levies than before. The noble Lord tells us we are to have no more annexation. That is a most popular doctrine on both sides of the House; and, as there is not much left to annex, I do not see how we can have more annexation. I should be the last man to be the advocate of annexation; but I do not know what an "annexation policy," as it is called, means. If it means that wherever you are to go you are to grab everything of which you can get hold, a more detestable policy could not exist; but I do not suppose that any sensible man would advocate such a policy as that. A non-annexation policy, however, would have left us within the confines of the Mahratta ditch, and we should never have become the Lords of the East. Each case of annexation must be judged upon its own merits. There may be most wanton and wicked annexations, and there may be others which are perfectly just and expedient. People always rail at annexation after the territory has been

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acquired, but, except from the noble Lord the Chief Commissioner of Works (Lord John Manners)—and even he has discontinued his remonstrances, now that he has power to enforce them—we have never heard a word about restitution. The noble Lord rails at annexation, but he must remember that it is to it that he is in part indebted for his present revenue. He well knows that in all the territories which have been annexed of late years, except Scinde and, I think, Nagpore, the revenue has far exceeded the expenditure. In the Punjab it does so now; in Oude it did so in the last year, for which there is an account; and even in the Burmese cessions, Pegu and Martaban, the same has been the case. Had we not annexed the Punjab, I should like to know in what position we should have been when the mutiny broke out if, instead of having there that eminent man, Sir John Lawrence, with his Sikh levies, to assist us, we had had an able and ambitious chieftain, like Runjeet Singh, to attack us. I make these remarks in fairness to those who have been connected with these annexations. I had myself nothing to do with the annexation of the Punjab, but I think that the Marquess of Dalhousie, who had, would have no difficulty in justifying that measure, either as regarded the revenue or the security of our Indian Empire. There is one point with reference to the increase of Native levies upon which I hope the noble Lord will be able to satisfy us. I trust that whatever may be the organization of the army in India, no new Native artillery has been raised, and that never again shall we see a Black artillery, because I believe that our greatest danger and our severest losses have arisen from our teaching the Natives the use of that arm. I have so far, I hope, strictly confined myself to the subjects which were introduced to us by the noble Lord. I do not agree with my right hon. Friend the Member for Halifax (Sir C. Wood) in one or two remarks which he had made upon the speech of the noble Lord, and I think I am bound to mention in what I differ from him. In the first place, I entirely approve what the noble Lord has done, or proposes to do, for the establishment of free-hold tenure in India. I myself strongly urged that upon the East India Company, but acting upon their commercial feelings and their original antipathy to settlers, they always maintained that a lease for thirty years was as good as a freehold, and constantly opposed the creation of the latter kind of tenure. I was always favourable to it myself, but I own I am surprised that, even under leases for thirty years, there have not been more settlers than there have been. The other point

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upon which I differ from my right hon. Friend is as to guarantees. I certainly think that, in the first instance, the guarantee system was an erroneous one. I always urged upon the East India Company, nor did I find them unwilling to support my views, the importance of some undertakings being brought forward without a guarantee, and I am exceedingly sorry to hear that the only one which was so introduced to the public has now accepted a guarantee. At the same time I do not think that the noble Lord has done wrong in giving a guarantee to the Madras Irrigation Company, because the irrigation of India is a most necessary and valuable object, and no doubt after the guarantees which had been given to railway and flotilla companies and other undertakings, it would have been impossible to obtain shareholders in that concern without a guarantee. I would, however, press upon the noble Lord the importance of obtaining the formation of companies to carry out some of these undertakings without a guarantee, or, at all events, with a greatly diminished one; and I think that the experience of the East Indian Railway, which is now earning $7\frac{1}{2}$ per cent., is a proof that there is no occasion for such a security. One important point in regard to railways is the desirability of constructing cheap railways. The experiment was never fairly tried in India—it was once said that cheap railways would not do; but I have myself no doubt that railways constructed of cheaper materials than those ordinarily used, according to the plans of Mr. Crosskill and others, upon which trains should travel at the rate of from ten to twelve miles an hour, might in many instances be laid down between places between which there is not sufficient commerce to justify the formation of a large railway, and might be amply remunerative to the shareholders and highly beneficial to the country. I have said that the noble Lord's statement was, upon the whole, a very fair one; but in one or two particulars it hardly deserved that praise. One instance was the allusion to the Imperial guarantee. That is a question which we really ought to settle at once. It ought not to be held up as something which will probably induce persons to subscribe to the present loan upon the chance of an Imperial guarantee. If we are to have such a guarantee at all, in the name of common sense let us have it at once. Let us gain all the advantage of it in the market, and not wait until we have made a number of bad bargains, and thus enormously increased our expenditure. If the noble Lord thought fit to mention this subject at all as fluctuating in his mind in a state of uncer-

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tainty, he ought to have stated what his opinion was upon it, and whether he thought it likely that within any moderate distance of time we shall have to appeal to an Imperial guarantee. Another instance in which the noble Lord has departed from his general fairness was noticed by my right hon. Friend the Member for Halifax, when he said that the noble Lord asked for £7,000,000 of money, but said very little about it, and did not inform us whether or not it would be the last loan he should require. The noble Lord has not furnished us with much information on that subject, and unluckily the information which he promised us has not yet been placed in our hands. I do observe that in one short paper which he has given to us—his letter to Viscount Canning—he says that this will be the last loan required to be raised here. That is holding out an expectation by which I suppose that no one who can calculate probabilities will be deceived, but it may produce some deception in the market as to shareholders. That the noble Lord should take a loan of £7,000,000 is perfectly reasonable; but I cannot conceive that tranquillity will be so completely restored by the end of the present year that the relations between this country and India will resume their ordinary character, and that we shall be able to do without any further loan. I cannot help anticipating another loan in a future year; but at the same time, as I see no possible objection to the mode in which the noble Lord proposes to raise the money at present, and as I agree with him that the loan in India has been very much filled by Native subscribers, I shall be perfectly satisfied to give him my vote.

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to be raised.

MR. W. VANSITTART: Sir, with regard to the Enam question which has been introduced into this debate, I fear I shall not obtain much sympathy when I say I have been a resumption officer, and in that capacity I have resumed thousands of acres held as rent-free; and that I have relinquished from resumption and government assessment a like amount. I think it was in 1839, when my noble relative the late Lord Auckland was Governor General, I was appointed special deputy collector, or resumption officer, to inquire into the lakhraj or rent-free tenures in the Tirhoot district, and subsequently in the two adjoining districts of Bhaugulpore and Monghyr. Now, I should observe that the estates, villages, and grants of land, fraudulently alienated and held rent-free in Bengal, Behar, and the North-Western Provinces, were quite as numerous as in other parts of India. As an instance, in illustration of what I wish to convey to the House, I will, if the House will permit me, read an

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extract from the evidence given by Major George Wingate before the Indian Colonization Committee, and which has been placed on the table of the House. Major Wingate was appointed Revenue Survey Commissioner for the entire Presidency of Bombay, and, on being asked what proportion of land is held rent-free of the Government assessment in Dharwar and Belgaum, answers, "I will in my reply to that question quote, if the Committee will allow me to do so, a paragraph from a letter from Mr. Hart, who was our Enam Commissioner." He says :

"On the appointment of Mr. Goldsmid as superintendent of the revised survey and assessment in this province, he was naturally startled by the enormous proportion of land alienated in the shape of Enams, &c., in the collectorates of Dharwar and Belgaum. Besides the whole mahals entirely assigned as jaghire and surinjam, he found about 700 entire villages alienated out of the Khalsat Mahals of both collectorates, and in the balance of 2,452 villages left for Government and Khalsat by denomination, he estimated the number of minor alienations at about 60,000 estates—the share left for Government, even in these its own Khalsat villages, not averaging one-half thereof."

According to this statement more than one-half of the whole land was alienated. Major Wingate is clearly of opinion that owing to these gigantic alienations, Bombay has never been able to pay its expenses. Now, Sir, it appears to me, that a strange misapprehension prevails, not only in this House, but out of doors, that great injustice has been inflicted upon the lakhrajdars or rent-free landholders by those to whom the administration of the operation of the resumption laws has been entrusted. I can assure the House when I was appointed resumption officer—I may say the same in behalf of my brother officers—I could speak the Native language as well as my own, and that it had been my sad misfortune to have been sent into the interior of my district for months together, and during which time I never saw a white face, nor heard my own language spoken; and this being the case I had no difficulty in examining the sunnuds, firmans, and other documents under which these rent-free tenures were held, and detecting such as were genuine and *bond fide* and such as were forged, and the House would not credit me were I to state the unblushing, gross, and wholesale manner in which a vast proportion of them were forged. I have had a sunnud or firman produced, purporting to have been granted by the Emperor Aurungzebe, or some other Mogul Emperor, who flourished 150 or 200 years before, and on putting the firman up to the light, I have proved to the lakhrajdar, amidst the derision of my whole court, that it had not been given so many weeks, and the seal was so clumsily done, a child would detect it on comparing it with

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a genuine one in the office. Then, again, the lakhrajdar had an appeal against my decree to the Special Commissioner—a gentleman who had been twenty-five or thirty years in the country, and he again, on good cause being shown, could grant another appeal to the Sudder Deewanny Court in Calcutta. Now, Sir, let me for a moment compare this state of things with a parallel case in this country. I will take a deeply important subject—which Her Majesty's Government have so wisely promised to bring before the House directly—namely, the exercise of the elective franchise. The revising barrister is armed with such arbitrary powers under the old Reform Bill of 1832 that he can and does strike off a whole body of voters from the lists; and if he possesses a morose disposition—and this, unfortunately, is too often the case—he denies them an appeal to the superior court—that is, the Court of Common Pleas; and even if he does grant them an appeal, they must appeal agreeably to the statement drawn up by the revising barrister, and not with reference to the views, circumstances, data, and facts furnished by the voters. I afterwards became magistrate and collector of Monghyr. I mixed freely with the Natives, particularly on making my annual tour of the district, and I was never once annoyed or heard a word of discontent from the dispossessed lakhrajdars or landholders, and that during the late fearful military revolt, there has been no disturbance in Bhaugulpore and Monghyr; and as regards Tirhoot, where I resumed largely, on the civil authorities quitting that station at the absurd order of Mr. Commissioner Taylor, the city people and the police not only repulsed a body of marauding mutinous sepoy and budmashes, but they guarded the gaol and treasury, and, on the return of the civil authorities, handed them over in the same condition as when they had quitted them so precipitately. Now, Sir, in regard to the appointment for the Madras Enam Commission, I think the defunct East India Company were much to blame for not having extended the operation of the resumption laws to that Presidency many years ago; and that the time they have selected for commencing operations is singularly ill-timed and badly chosen. We are only just emerging out of one of the foulest rebellions ever promoted by a well-paid, but treacherous, Native Bengal Sepoy army, in the suppression of which the Madras Sepoys have signally distinguished themselves by their fidelity and bravery, and the Presidency has remained perfectly tranquil. I apprehend, it will be found that the greater portion of the rent-free tenures in Madras have been granted by the Nabobs of the

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Carnatic, the possession of which we obtained on the 25th of July, 1801. Under these circumstances I would respectfully submit to the noble Lord the Secretary for India, that a proclamation should be issued announcing that with reference to the time which has elapsed, all grants, however obtained, prior to the 25th July, 1801, will be recognized and confirmed to the present holders, chargeable with a light succession duty; that all rent-free tenures held by the Madras Sepoys will also be respected and confirmed; but that as Government cannot consistently, with reference to what has taken place in the other Presidencies, exempt Madras altogether from the operation of the resumption laws, an inquiry will be held into all grants made since July 25, 1801. Let this be done, Sir, and I venture to say, notwithstanding the gloomy prognostications uttered by many hon. Members, the noble Lord need not be under any apprehension in regard to any discontent or insurrectionary feeling being raised; but, on the contrary, the Natives will consider it as being one more of those moderate and just measures, accompanied with only such an amount of firmness as is essential to what is due to the assertion of our own dignity and rights as the governing power, and for which the noble Lord is so honourably distinguished above his predecessors in the Indian department. Now, Sir, I do not consider I am justified in detaining the House longer; but, with reference to that portion of the noble Lord's remarks in his masterly statement, namely, the substitution of cheap Native agency for the comparatively costly agency of Europeans, I wish, in justice to my old service, the Civil Service, to say a word. Major General Tremeneere, in his evidence before the Colonization Committee, says that—

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and Native
agency.

“The civilians are an exemplary body of men, and that a certain proportion of highly educated civilians is absolutely necessary. Many Natives are highly educated, but it is the gentlemanly training and high principle of the English gentleman that is wanted for India.”

Mr. Mackenzie, an indigo planter—and these gentlemen are by no means mild or choice in their language in speaking of the civilians—says—

“When I was in India I imbibed the general prejudice that the Civil Service, as a body, was not efficient; but since I have been at home and had more experience, I should say that, as a body, there is none under Her Majesty's Government so efficient as the superior servants of the Company, and I beg to be permitted to say we never hear of the public money being squandered in India in the way it is in this country.”

Mr. Freeman, another indigo planter, and who far surpassed all his brother planters in the bitter and violent manner in which he calumniated the civilians, coolly asserted that there were not three civilians to be found who could converse

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for five minutes together with a Native; and such was the maladministration of justice by them that no European could reside in the Mofussil—that is, the interior of the provinces; and yet he was actually induced to buy an estate in the Hooghly district for two lacs of rupees, or £20,000, and which he sold in the course of a few years afterwards for three lacs and 3,000 rupees, or £30,300, thus clearing £10,300 by the transaction, or something like 50 per cent. Mr. Marshman, who is too well known to require any eulogium to be passed on him by me, says—

“With regard to throwing open the Civil Service, I think whatever advantages might be derived from it would be more than counter-balanced by the bribery and corruption that would be inseparable from it; and in regard to the salaries of Natives, 750 rupees a month to a Native is quite as much as 2,500 rupees to a European; and it enables the Native to occupy the same position of respectability and dignity in his own circle as an Englishman with three times the amount.”

In conclusion, I will merely add, that I cannot take the same gloomy views of our Indian finances as many hon. Members do; and I do really believe, if the noble Lord the Secretary of State for India is permitted to preside long enough over our Indian possessions, that under his auspices we shall avoid the insane policy of past Governments in annexing kingdom after kingdom without a corresponding increase of European troops; that strict neutrality and peace will be preserved, and which, if it were to last for twenty years, will be more than enough to wipe out the whole of the present debt; and, lastly, that the noble Lord will introduce measures to re-establish a conviction in the Native mind that we are not only the best rulers they can have, but prove that we are their best friends also; and that when the influence of European capital, skill, and energy shall have been more fully applied to the vast and undeveloped resources of Hindoostan, it will be strange indeed if an acute and tractable race cannot discover its best interests in seconding the policy of a powerful and beneficent Government.

MR. CRAWFORD said, he wished to offer to the Committee a few remarks on some of the points which had been raised in the course of the discussion. And, first, with reference to what had fallen from the right hon. Gentleman below him (Mr. Vernon Smith) as to the construction of cheap railways in India: he was perfectly satisfied that the attempt to make a cheap railway through the part of the country alluded to—namely, from Calcutta to the North-Western Provinces—would be perfectly impracticable. No other than a first class line could possibly be successful. Upon that line bridges had to be constructed upon a much

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larger scale than in England. In one instance a bridge was required over a river three times as wide as the Thames at London-bridge; in another case, at the Soane River, the bridge was 4,200 feet long; and a third bridge of equal magnitude had to be made over the Jumna at Allahabad. It would be impossible, therefore, to construct a cheap line in such a country. Then, as to constructing railways without a guarantee, the attempt had been made, but it had failed. Until it was proved that the traffic would be remunerative, the railway companies in India could not proceed on the strength of the undertakings themselves; they could only succeed by means of Government guarantees. But he would observe that the East India Railway Company had now 1,000 miles of their line in progress and 270 open; on 144 miles of which the receipts amounted to £4,000 a week, and in railway phrase it was earning at the rate of 7s. 6d. per train mile, which was about the average rate of the first class railways in England. He mentioned this to show that there was every prospect of these lines being ultimately remunerative. With regard to the capital stock of the East India Company there was one point on which the public mind was not at ease. In 1833 Parliament assumed the responsibility of the capital stock of the East India Company, retaining and placing in the hands of the Commissioners for the Reduction of the National Debt the amount of £2,000,000 out of the assets of the Company as a security fund. The dividends were made receivable out of the revenues of India, and provision was made that, if the revenue should not be sufficient, part of the security fund should be sold to make them good. Now, it had been said that part of that fund had been sold, and he thought the noble Lord would do well to state what amount of the security fund had been thus appropriated, and whether the provisions of the Act had been complied with—namely, that the first receipts of money from India should be applied to keep up this security fund. Any payment made by the Home Government to the Government of India in this country for payment made on account of the former abroad was in fact a return made to Indian finance, and any sum so received ought to be applied to the security fund. Then, as to the question of exchanges. There ought to be some statement of the principles upon which exchanges were now regulated. He (Mr. Crawford) remembered that a statement had been made of the amounts which had been expended in contracts for the Persian war. They reached a large sum, and there might be a very large amount, or pos-

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sibly a very small proportionate one, levied upon the taxpayers of this country on that account. He thought the system of exchange ought to proceed upon some fixed principle. Considering, moreover, the close connection that subsisted between the financial systems of the two countries, he thought there ought to be some public intimation of the amount of Government balances in India. A periodical statement of the balances in the Indian Treasuries should be published in the *London Gazette*. A publication every three months of the amounts received on account of Indian loans would be also a great advantage. Information with respect to the trade returns of India should also be given in as authentic a form as that given by the Board of Trade in this country. The information which the public possessed at present did not come from official sources. The noble Lord had alluded to the small number of Native holders of public debt in India. He said that the amount of European holders to Native was 29 to 16. But it should be remembered that a large amount of Indian debt was now held by banks in which Natives were large share-holders. The Native holder of Government stock was in the habit of taking it to the bank and obtaining credit upon it, and then the stock became transferred into European names. This might account in some measure for the contrast to which the noble Lord had referred. With respect to the cultivation of opium, he (Mr. Crawford) thought too much stress had been laid upon the probable diminution of the Indian revenue from this source, arising from the growth of opium in China. The Chinese climate was subject to periods of excessive cold, which were unfavourable to the growth of opium. Besides, it was a densely populated country, and the laws of political economy indicated that in such a country an article of luxury could never be raised to any great extent. The Chinese, moreover, preferred the article which was grown in India as being more agreeable to the palate, and preferred giving a high price for it as an article of luxury. In short, the inferior article grown in China could no more compete with opium the produce of India, than Cape wine did in this country with the wines of France and Portugal. He did not anticipate any material reduction in wages and salaries of the Europeans employed in India. It was absolutely necessary, if they wished to secure the services of duly qualified men, to give them salaries at least twice as great as for the same posts in England. In India a man was wholly dependent on himself, and was subject to the attacks of ill health in a dangerous climate, and it was not unreasonable that he

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should expect a large salary. The right hon. Gentleman had ridiculed the mention of the Madras pier; but he (Mr. Crawford) would beg to remind him that this pier, after having been talked about for many years, was now actually in the course of construction. Lastly, with regard to the immediate subject before the Committee, he (Mr. Crawford) admitted the desirability of raising funds in England for Indian purposes at the present moment, but he looked upon it only as a matter of necessity. He trusted it would not be permanent; and he hoped as a general principle the noble Lord would direct all his efforts towards obtaining in India itself, and not in England, the resources that were necessary for the government of that country.

Mr. Cardwell.

MR. CARDWELL: Sir, I think it rather premature to call upon those who are responsible for the Government of India to be prepared with an exposition of their mode of accommodating the expenditure to the revenue. Before we address ourselves to that problem we ought to remember the position in which we stand. We have just recovered security after a great and extraordinary rebellion, and we have not yet arrived at the time when we could be expected to commence those retrenchments, by which alone the expenditure can be brought down to a level with the income. I think, therefore, that we shall not be departing from the usual maxims of prudence which regulate our conduct, if we deal with this question of a loan, without making that very rigid examination of income and revenue. If the time had arrived for so doing, our prospect would not be very good, because we are told on the one hand that the balance is on the wrong side at present, even excluding the extraordinary expenditure of war; and on the other, that the expenditure, even when the rebellion is over, would probably not be quite reduced to so low a level as before the rebellion began. Therefore the prospect is not very cheerful, the only hope held out depending on the gradual improvement of the people, by which means wealth would flow to the exchequer. You cannot possess in India either of the two great channels through which the revenue flows into the Exchequer at home—the Excise and Customs. You cannot propose to levy heavy Excise duties, because you dread the effects that may be produced by the severity of the collectors, while a regard for trade renders you unwilling to saddle that trade with import duties in India. There remains, then, only this, that in the important question of expenditure, even upon public works you should exercise prudence and circumspection. I do not hold with the right hon. Gentleman the Member for North-

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ampton (Mr. Vernon Smith) that it would be a wise and judicious economy to make railways that shall traverse that great continent, and convey your troops with rapidity, in a cheap and inefficient manner. If you depend upon railways for great political considerations, the money you spend in their construction will be a matter of no moment in comparison with the importance of making them effectively and well; and when you hear that for £12,000 a mile those railways have been made, I think there is no charge for extravagance on that score. The hon. Gentleman the Member for London (Mr. Crawford) has said that it was necessary to give a guarantee to a particular railway, because the railway company tried in vain to get money, and were obliged to come to the East India Company for a guarantee. But I would suggest to him that the day has very nearly come when railways may be made in India without a guarantee, and I hope that the system of guarantees will soon come to an end. I know of no argument for giving a guarantee for a railway at the public expense, which is not a stronger argument for making the railways by the public money and by public servants. Parenthetically I may say, I regard this question of guarantee with some anxiety, because I do not wish the question of guarantee to creep into the Exchequer at home any more than into the India revenue. I hope that the branch railways which are to feed the great lines may be made with capital furnished by the growing wealth of India, and that we may thus create a national interest and a national property favourable to the maintenance of our government in India. But the principal point on which I wish to say a few words arises from an *obiter dictum* of the noble Lord's the other evening, which it is not right to pass without the fullest discussion. In law there is no such cause of mistake and confusion as the *obiter dicta* of great Judges. They are usually made carelessly and with no special reference to the cause before them. The dictum of the noble Lord, too, had nothing to do with the present loan, because he does not propose that the loan should have a guarantee from the Imperial Exchequer. But the noble Lord did let fall an expression which has excited observation out of doors as well as here. It is most important that the House should not depart from the strong ground which it has taken up on this question. In the Indian Bill of the present Administration, which became an Act last year, the Government introduced a clause, most properly as I think, for the purpose of settling that controversy for ever, in which Parliament declared distinctly that the debt of India should fall upon the Indian

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exchequer, and upon that alone. I hope we are not about to set loose a doctrine that we thought we had settled and made fast. It has been said that any one may bring an action against the noble Lord the Secretary of State for India; but, if so, it must be upon the contract by which the loan is raised. Now, Parliament has declared that the interest of Indian loans shall be paid out of Indian revenue, and not out of the Imperial Exchequer. What is the rate of interest upon Indian loans? We are told it varies from $4\frac{1}{2}$ per cent. in this country to nearly 6 per cent. in India. But are you going to give gentlemen $4\frac{1}{2}$ and 6 per cent. interest with an Imperial guarantee in the background. Are you going to give them the benefit of the high rate of interest as for an inferior security, and then the benefit of the superior security which would have enabled you to obtain a low rate of interest? There is an argument, very insufficient as I think, in favour of taking the whole of the Indian debt upon Imperial security for the sake of the lower rate of interest. There is also the stronger and more valid argument, that Indian loans ought to be raised upon the security of the Indian revenue alone. But there is one course for which there is no argument, and that is, that you should borrow money upon the Indian rate of interest, and then that you should saddle the payment upon the English Exchequer. We do not allow the tax-payers of this country to be saddled with financial incumbrances without their assent, and without giving their representatives the opportunity of inquiring into its disbursements. But the Indian loans are borrowed without the control of Parliament in the appropriation of the funds. I appeal to the statute. It was there established that the burdens of India should belong to the Indian exchequer, and I hope you will never allow that wholesome doctrine to be perilled. I think we need not take a very gloomy view of the finances of India. Looking at the great development that has already taken place, and remembering how largely internal communication may be expected to promote the growth of those staples which, come whence they may, our manufacturers are so well able to consume, I believe that great additional developments in the industry and wealth of India may be looked for. When we remember that we are debating a proposition for providing for the finances of India in the second year of a great rebellion—when we reflect that we have only raised £10,000,000 or £11,000,000 in the London market for this purpose, that this year we only ask £7,000,000 more, and that the noble Lord encourages us to hope that it will not be necessary to come to us again

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upon another occasion—when we remember the great peril to which India has been exposed, and that the whole rebellion has been put down in less than eighteen months—we cannot think that the result is anything but matter of thankfulness on our part. The moral spectacle and the exhibition of our prowess have produced the greatest effect in Europe in raising our character, and I think it will also produce a very salutary effect when it is found that so great is our pecuniary strength that almost the whole of the money required has been found in India itself, with so small an appeal to the money-market of Europe.

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SIR HENRY WILLOUGHBY said that many of the considerations which the right hon. Gentleman urged had occurred to his own mind. It was now proposed to raise a loan in England to be put into the Indian Exchequer, and to be spent without any check or control. When a loan was raised for home purposes it was guarded by certain precautions, and he would ask the Committee, therefore, whether it was not desirable to adopt the same precautions upon this subject. It was a dangerous system of finance to raise a large sum of money to be spent in a distant dependency without control, and he would, therefore, suggest to the noble Lord whether in the Bill he was about to introduce he would not, on behalf of India, insert some appropriation clause providing that the money should be properly spent, and to appoint some independent auditor, who would see that the wish of the House was fully carried into effect. He wished to make a few observations on the financial part of the question. The noble Lord appeared to be at variance with the accounts of Indian Finance presented by Act 3 and 4 *William IV.*, c. 85. The gross revenue of India was stated to be £33,000,000, which the noble Lord explained exceeded the real amount by nearly £2,000,000, in consequence of the rupee being calculated at 2s., and not 1s. 10½d. It would be also seen, on looking over the papers which were laid before the House, that on every single item there was a discrepancy between the statement of the noble Lord and the accounts laid on the table. Thus the land revenue was stated by the noble Lord at £19,000,000, in the statutable accounts it amounted to little more than £18,658,888; opium was stated by the noble Lord at £4,696,000, in the accounts it was stated at £4,689,750. In the salt and customs and miscellaneous, the discrepancies were still greater; and the result of the whole was, that while the noble Lord estimated the whole revenue at £31,220,507, the statutable accounts represented it at £29,702,854. He hoped some further explanation would be

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given of those discrepancies. But the point to which he wished to call special attention was, that there was nothing so deceptive as the statements of gross revenue, and no greater mischief could be done than by entertaining exaggerated notions of the revenue of India. The noble Lord had told them that the revenue of India amounted to £31,220,507; but it must not be forgotten that £10,000,000 of that sum was forestalled—about £3,708,703 costs of collection, £255,000 pensions allowances, &c., and nearly £4,000,000 as interest on the debt. He urged this as an additional reason for using the greatest precautions, and adopting the strictest economy. He must say he did not think the right hon. Gentleman the Member for Halifax (Sir O. Wood) had dealt quite fairly with the noble Lord. The right hon. Gentleman gathered all the Indian difficulties together in a heap, and threw them at the head of the noble Lord, asking him how he would extricate himself from them. He did not think that was quite fair. The mutiny could hardly yet be said to be suppressed, and it would be an impeachment of the noble Lord's judgment if he were now to come forward with a complete financial scheme. At the same time he was surprised to hear the noble Lord say that he did not consider the Indian stock a permanent charge on the Indian revenue. He, for his part considered it to be the first charge, and he understood, according to the Act of 1833, that if India were lost to this country, that stock would constitute a charge upon this country as far as the guarantee fund did not cover. With respect to the question of an Imperial guarantee, he would ask the right hon. Member for Oxford (Mr. Cardwell) to recollect what he (Sir H. Willoughby) said last year, that we were gradually drifting into that guarantee. It was to avoid that he was anxious to maintain the existence of the company, as at least one barrier against Indian claims being brought against this country; but now he thought it was impossible to consider a Secretary of State insolvent while the Chancellor of the Exchequer was not. He thought the probability was that both would become insolvent together; but he hoped that result would happen to neither; only it was an additional reason for precaution on all sides. The whole question would turn upon how they were to maintain a European force in India. The Indian revenue could not support a European army of 100,000 men there; for according to the opinion of the Duke of Wellington, formed when he was in India, and signed himself, not Colonel Wellesley, but Colonel Wesley, both the climate and the expense rendered such a proceeding impracticable.

Sir Henry Willoughby.

MR. LOWE said, he quite agreed with those who had complimented the noble Lord on the candour and fairness of his statement, but he also agreed that they had been unable to gather from it the means by which the noble Lord would extricate himself from the difficulty in which he was undoubtedly placed. The noble Lord said that he did not see his way to any considerable increase of ways and means, or any great reduction of expenditure, except some trifling decrease in the Civil Service, for the noble Lord said, in answer to the right hon. Gentleman the Member for Northampton (Mr. Vernon Smith) that he thought he might reduce the army to what it was before the mutiny, but not lower. It followed, therefore, that the deficit would be equal to the interest of the loans which the mutiny created. He thought they had a right to expect that the noble Lord should suggest some remedy for the chronic state of debt which might be anticipated from his own statement. The noble Lord had done nothing of the kind. He said the land revenue was inelastic, but he suggested no means of taxing the wealthy classes of India, who, he admitted, were entirely untaxed, except the small proportion which they paid of the salt tax, while the cultivators of the soil were taxed to the extent of their whole profits, save a bare existence. The noble Lord has called upon the Government of India to devise some tax which should balance income and expenditure, but that was, in his (Mr. Lowe's) opinion, the duty of the Home Government. What were the Gentlemen in Leadenhall Street for, if not to relieve the local Government from abstract speculations on matters of taxation? How could it be expected that with the cares and difficulties which beset Viscount Canning and his Council they could find time to go into a careful comparison of statistics, and of the different kinds of tax which might be imposed? To refer such a measure to the Indian Government was tantamount to putting off the question *sine die*. If they turned to the other side they found the noble Lord expressing hopes of some trifling reduction in the civil expenditure. He apprehended that his right hon. Friend the Member for Halifax had entirely answered that by showing that, as they raised the standard of comfort and personal safety in India, they would create wants which the Government would be bound to satisfy. Therefore, if they looked forward to the improvement of India, they must look forward also to the gradual increase of the civil expenditure. What was the case of the country? Why, that our civil estimates had nearly doubled within a short period, simply because the standard of com-

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fort and convenience being raised, the people would no longer put up with the rude contrivances which satisfied their forefathers. The only other head upon which reduction was possible was the military expenditure, and the noble Lord had disposed of that himself. Merely looking, then, at the taxes and the expenditure, there seemed no means of doing any good; and we ought to look deeper before to see whether any change could be devised which would relieve India from the burden of a great military expenditure, would bind the inhabitants closer to our rule, and raise a feeling in our favour that would fight for us as effectually as an overwhelming military force. The noble Lord, however, had not given the House any intimation with regard to a measure of this kind. Every one knew that the noble Lord's aspirations were of the most philanthropic nature—could he see nothing in the state of India in the way of alteration and improvement which bore upon this part of the question? The great evil which must strike every one who knew anything of India was that the land, which in every other country was the basis of society—the basis on which every thing was built, on which the Government relied for the supply of that portion of the population which would stand by law and order, and resist all change in India—entirely failed to fulfil that condition. Inheriting the oppressive system of our oriental predecessors, we had so contrived as not to create any property in land. Those who cultivated it had no ownership in it; they were rackrenters to the utmost extreme, and whatever Government might succeed us they could be no worse. If the only hope of receiving the revenue from land was that the land which had gone out of cultivation—in many cases owing to our heavy assessment—might some time or other be brought into cultivation again, what did we gain by the power we retained of still raising the assessment higher, by marking it for a few years at such an amount as we believed the cultivator to be just able to pay, with the power of raising it higher? By that system we lost the affections of the people and the conservative influence of property, and we were forced to incur a large military expenditure to retain our hold of a country, the inhabitants of which we had not bound to us by any of those ties by which a beneficent Government secured the obedience and affection of its subjects. These were questions which must be considered if we meant to bring our revenue to a balance with our expenditure. With regard to an Imperial guarantee, setting aside the impolicy of making this country liable for the debts of India, and admitting that the foreign

Mr. Lowe.

dominions of the Queen in India stood in a different position from Her Majesty's dominions in the colonies, for the sake of India itself we ought not to countenance this notion. It was difficult at all times to maintain an effective control over a distant Government such as that of India; but there was this check,—that by undertaking rash wars the Government knew that it was embarrassing its own resources. If it once got hold of the idea that it had the boundless credit of the Imperial Exchequer to fall back upon, this check would be lost. As to the system of guarantees, the expedient of guarantees had probably been hit upon from the supposition that advantages would be gained in the management of a private company which could not be looked for from the management of a Government. No expectation could be more futile. By giving it a guarantee the chief advantage of a private company—economy—was lost. It might be said that there was the incitement left to gain a higher dividend than that guaranteed; but of the two motives—hope and fear—the last was the strongest, and if you secured a company from the risk of getting less than 5 per cent, it would not be very actively stirred by the hope of getting more. The system of guarantees was most expensive, too. If the work failed, the Government had to bear the expense, aggravated by the expense of the machinery which it had needlessly called into action, and if it succeeded it had uselessly to forego the advantages of it. Once begun, the system could not be stopped. If one thing was guaranteed, everything must be guaranteed, and all at the same rate. For the future no work could be executed without a guarantee. Not that it would be impossible to persuade people that the work would be remunerative, but because those who dealt in these stocks would get so accustomed to the notion of Indian guarantees that they would not look at a project which was not guaranteed. At the moment, too, when the Government perhaps wanted most to borrow on good terms, it might be confronted in the common market by the competition of its guaranteed compeer. To one matter he wished to call the particular attention of the noble Lord. When the Committee of 1853 finished its sitting, it was the opinion of the then President of the Board of Control and others who had paid considerable attention to the matter, that the Sudder and Supreme Courts ought to be amalgamated. A Commission was appointed on which he had had the honour to serve, and of which the Master of the Rolls and the late Sir John Jervis were members, to draw up a code of simple and uniform procedure for these amalgamated Courts, which

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might also serve as an example for the inferior Courts. For three years the Commission laboured at this work, and when the code was drawn up it was sent to India. There it was submitted to that anomalous body, the Legislative Council, which had altered a great deal the Commission had done—to his mind, though it might be prejudice, for the worse. For instance, the Commission had abolished written procedure, and had given only one appeal. The Legislative Council restored written procedure and gave a second appeal of a purely technical nature. The Legislative Council had proposed, too, to leave the Sudder and Supreme Courts alone, and confine the procedure to the Mofussil Courts. The Commissioners were of opinion that if this was allowed to be done a great opportunity would be lost. All these Courts now were the Queen's Courts, and it would thus be given out to the Indian people that the Queen had one Court for her English subjects resident in the Presidential towns, and another for the Hindoo subjects resident in the country. But should the noble Lord and the India Council or the Governor General and his Council in India be of opinion, for reasons which he did not know, that the time was not come for pressing this measure, then he thought it would be more wise to allow it to drop for the moment, and wait for a better opportunity of carrying it fully into effect. He submitted this matter to the judgment of the noble Lord in the hope that he would take it into his serious consideration, and that he would listen to no suggestions that it was a matter foreign to the duty he was called on to discharge. Of all the evils that had created discontent in India, there was none that had operated so powerfully to that end as the judicial system. In saying this, he expressed the judgment of men who ought never to have been subjected to the slight—to use no stronger term—of having their opinions reviewed by gentlemen otherwise so respectable as the members of the Legislative Council in Calcutta. A great opportunity now offered of placing the procedure of civil justice on a clear and simple footing in India, and he hoped that the noble Lord would carry out the plan in all its integrity. If, however, for reasons which he (Mr. Lowe) did not know, he found that that could not, at the present moment, be effected, he thought it would be better to wait till a more favourable time occurred.

Stanley.

LORD STANLEY said, a great variety of subjects had been touched upon in the course of the evening, but probably the Committee would only expect that he should notice one or two of the most important of them. He would first advert

Lord Stanley.

to that topic which had been introduced by the right hon. Gentleman the Member for Halifax (Sir C. Wood), and which had also been commented on by the right hon. Gentleman who had just sat down—he meant the union of the Sudder and Supreme Courts. On that subject he entirely concurred in the view taken by the right hon. Gentleman the Member for Kidderminster (Mr. Lowe) that it was desirable to make this reform in its integrity, and not to carry out any partial measure. With that feeling he had, on behalf of the Government, sent out by the last mail a request to the Government of India to suspend all proceedings in the matter till they had heard from the Government at home. He should be glad if it were possible to act upon the recommendation of the Commissioners at once; but he agreed with the right hon. Gentleman in thinking that it would be better to go on with the system as “it was for a time, rather than to alter it in a partial and imperfect manner, and so in the end increase the difficulties with which the subject was surrounded. Various questions had been put to him with regard to the “security fund,” and in reference to that matter he had been told that about a year ago there was a sale of £315,000 of the security fund to pay the dividend of the capital stock, due in January 1858, but that amount had been replaced. The right hon. Gentleman the Member for Halifax (Sir C. Wood) made an inquiry with reference to the Report on Civil Salaries. He had not seen that Report, though he believed it had arrived in the country. But from what he heard, the general result of it was rather to increase than diminish the civil expenditure. On that point he could only repeat what he had said the other night, when he carefully guarded himself from expressing any opinion that a large immediate reduction in that branch of expenditure could be looked for. Something had been said with regard to the guarantee system as applied to railways. It was rather too late to raise that question now, as they had already guaranteed the interest on railroads to the extent of £40,000,000. He quite admitted the system was open to many objections, but the Committee should recollect, however, that there was a vast difference between the Government guaranteeing those works and carrying on the works themselves, for in the one case the Government only accepted the liability to pay a sum not very great for interest; whereas, if they had undertaken the works themselves, they would have had to supply the whole capital. A most important question had been raised with regard to the responsibility of the English Exchequer for the debts of India. On that point

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he agreed with what was the general feeling of the House. He quite agreed with those who held that the late Act did not affect the question of responsibility and that the state of things as regarded the responsibility of this country for Indian debts continued just what it was under the administration of the company. The *obiter dictum* of his, to which the hon. Member for Oxford had alluded, was merely to the effect that he thought it worth while to remember that we had a contingent interest in the matter. The nature of that contingent interest had been fairly stated by an hon. Member, who said that it was not easy to see how the Secretary of State for India could be insolvent and the Chancellor of Exchequer solvent. No doubt the Indian debt would be held to be a charge on the Indian revenues alone. Still, the question he threw out on Monday evening was with relation to the contingency that at any time the Indian revenue should be insufficient to meet the demands made upon it. The creditor had a first charge on Indian revenue, and if after paying him, the Indian revenue proved insufficient to carry on the civil and military administration of India, by whom were the necessary funds for that purpose to be supplied? Either we must leave India without administration and without defence, or we must contribute to the cost of both? That was the way in which the question really came up. It was in that sense only he ever asserted, or meant to assert, that there was a contingent responsibility lying on this country, and he thought it well that the House should be aware of its existence. He ought to state, that after the discussion on Monday night the Government had laid on the table of the House a despatch containing a summary of our financial condition for the two years, but he regretted that it had not been printed in time for this debate. With regard to the omission of various items in the accounts, it was quite true that the last accounts were issued only six months ago, but the Government were not otherwise responsible for it than that the form which existed previously had been followed in this instance. He would look into the matter before another account was published, and he must say that he thought that the proper course was, that every item of receipt and expenditure should appear in the account. In conclusion, he could only express to the House his thanks for the fair and impartial spirit which had been shown in the discussion, and for the willingness evinced on all sides to assist the Government of India in its difficulties.

Mr. Kinnaird.

MR. KINNAIRD said, he could not but congratulate the House on the absence of that party feeling which it had been

Mr. Kinnaird.

Omission of
items in
accounts.

said last year would be imported into all Indian debates after the transference of the Government to the Crown. He thanked the noble Lord for what he had said with regard to India, and begged to say that, for one, he cordially agreed in the policy which the noble Lord had adopted. He approved the policy which had led to the giving of guarantees for the interest upon money expended in works of great national importance, for he was satisfied that such guarantees would be the means of effectually developing the resources of India.

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COLONEL SYKES said, that the right hon. Member for Halifax had taken a gloomy view of the prospects of India, for which he trusted there was no ground. He held in his hand a comparison of the revenue and expenditure of India for decennial periods from 1809-10 to 1849-50, and he found that in 1809-10 the expenditure was 98 per cent. of the revenue; in 1819-20 it was 99 per cent. of the revenue; in 1829-30 it was 92 per cent; in 1839-40 it was 94 per cent; and in 1849-50 it was 84 per cent; showing 16 per cent. of revenue surplus in the last year; and a surplus in each of the preceding decennial periods. Again, in 1809-10 the interest of the debt was 18 per cent. on the revenue, while in 1849-50 it was only 10 per cent., and though the debt had greatly increased, it had not increased in the ratio of the increase of the revenue. He believed that no other country in Europe could show a similar result. As to the prospects of India arising from what was called the development of her resources, really it had become mere jargon. Her resources had been developed to this extent, that £8,000,000 of exports in 1834-35 had swelled to upwards of £25,000,000 in 1856-57, being an increase of 318 per cent., while the imports in the same period had increased 332 per cent. The silver bullion imported into India since 1834-35 in adjustment of the balance of trade had exceeded £94,000,000 sterling, and of this enormous sum £76,000,000 sterling nett had remained in the country, and £66,000,000 sterling had been coined in rupees in the mints of India, most of which no doubt had found its way into the interior in payments of labour and first cost of produce. He quoted an extract from the *Friend of India*, a paper of late not friendly to the Indian Government, in support of his proposition that the prospects of India were, on the whole, satisfactory, provided that that confidence which had formerly existed between the Government and the people were restored. So long, however, as distrust operated upon the European mind the people of India would be alienated from us, and he was satisfied that it would be im-

Col. Sykes.

Comparison of
revenue and
expenditure.Imports and
Exports.

Colonel Sykes.

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possible to equalize the revenue and expenditure of India while we had to support there an army of more than 90,000 European troops.

Motion agreed to.

* *Resolved*, That it is expedient to enable the Secretary of State in Council of India to raise money in the United Kingdom for the Service of the Government of India.

Resolution to be reported on *Monday* next.

House *resumed*.

EAST INDIAN LOAN—REPORT.

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Resolution reported:

"That it is expedient to enable the Secretary of State in Council of India to raise money in the United Kingdom for the service of the Government of India."

Sir G. Lewis.

SIR GEORGE LEWIS said, he thought it would be more convenient that whatever discussion might arise on this subject should be taken in the second reading instead of at the present stage. If that arrangement met the views of the Government, he hoped they would fix the second reading for a day, when the House would have an opportunity for a full discussion.

Mr. Slaney.

MR. SLANEY said, he rose to express his dissent from the gloomy views taken the other night by the right hon. Member for Halifax (Sir C. Wood) and others of the prospects of Indian finance. The debt of India amounted before the mutiny to but two years' revenue—a state of things calculated, when they considered the boundless and undeveloped resources of that country, to inspire confidence rather than despondency for the future. The people of India, who had been ground down for many centuries by successive conquerors, only required fair play and good government to render them happy and prosperous, and to secure their attachment to our rule. The present condition of the Natives of that country was very unsatisfactory. Essentially an agricultural people, they were the worst paid, the worst clothed, and the worst fed people on the face of the earth. No less than three-fourths of the produce of the land was exacted from them in the shape of rent; whereas in this country the landlord's share did not exceed one-fourth or one-fifth. If they were properly treated there would, he believed, be an ample revenue. To develop the resources of the country, nothing more was needed than good government and security; when that was done, the large capital secreted amongst the natives would start forth. The country possessed boundless resources, which only required capital to develop them.

Sir G. Lewis—Mr. Slaney.

There was, however, an immense amount of capital in this country seeking investment, and it would find a boundless field in India. The result would be advantageous to both countries; India would furnish raw produce, and in exchange take a large quantity of manufactured goods. Under such circumstances we should hold our empire, not by fraud and force, but by the ties of mutual interest and gratitude; our revenue would materially increase, and the people of India would rise through material and moral improvement to that religious advancement which all must wish them. He had no doubt but that under the Government of the noble Lord every facility would be given for the employment of the Natives in those positions for which they were suited, and nothing would tend more to their social improvement. The establishment of guaranteed notes, or some such circulating medium, would be a great advantage, and as the country prospered, the customs would increase sufficiently to meet any charge on them. He thought that too gloomy a view had been taken of the financial position of the country, but in any case they should remember that this was not a mere matter of debtor and creditor; they had to provide for the welfare of 150 millions of people.

Resolution agreed to.

Bill *ordered* to be brought in by Mr. FITZROY, Lord STANLEY, and Mr. CHANCELLOR of the EXCHEQUER.

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EAST INDIA LOAN BILL.

SECOND READING.

Order for Second Reading read.

LORD STANLEY moved that the Indian Loan Bill be now read a second time.

SIR GEORGE LEWIS said: Sir, before this Bill is read a second time I think it important that the House should pause and consider the principles on which it is based. I am not one of those who are inclined to place a high value on our Indian Empire. I am not one of those, as I formerly stated to the House, who are inclined to ascribe too great an advantage, either ~~as~~ regards national strength or national wealth, to our territorial possessions on the Continent of Asia. It has been said that the existence of our trade with India is in itself a conclusive proof of the benefit we derive from that empire. But our trade with China is of more importance than our trade with India, and it would be quite possible to carry on a considerable commerce with India, even supposing our territorial possessions there were not so

Sir George Lewis.

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Sir G. Lewis.

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Alteration of
Government.

extensive as they actually are. But though I think it is important to a correct understanding of our interests in that quarter of the world that we should not exaggerate the advantages we derive from our Indian empire, nor over estimate the amount either of material strength or material wealth we obtain from those possessions, nevertheless I fully admit it is not a practical question, as far as this country is concerned, whether we shall or shall not carry on the government of India. Whether, as popularly supposed even in this country, and more generally believed by foreigners, we derive vast advantages and great wealth from our Indian Empire, or whether it is true that India is essentially a poor country, that its inhabitants have little aptitude for trade and industry, that they are bowed down by a grovelling superstition which checks every capacity for improvement; whichever of these views may be true, nevertheless we have destroyed the Native Governments of India, and assumed the authority ourselves. We have thereby contracted obligations towards the Natives which we are bound to fulfil. Whether we are likely to derive great benefits from our Indian possessions, or whether those benefits are limited within a small circle, it is, nevertheless, a paramount obligation on this country to carry on the government of India, wherever we have superseded the Native authorities. We must look upon ourselves as having undertaken obligations that are binding upon us, and, for the sake of our subjects in that quarter of the world, we are bound to discharge those obligations to the best of our ability. I think we last year made a step in the right direction when we altered the form of the Home Government of India, and abolished the last remnant of the worn-out constitution of the East India Company, substituting for it a Council with a Secretary of State at its head. Though I think that change was in every respect wholesome,—and though the manner in which the noble Lord (Lord Stanley) has brought the affairs of India before the House confirms the views taken last Session of the expediency of that change,—still I wish to caution the House against believing that the change implies any alteration with respect to the finances of India, or that it saddles the Imperial Exchequer with any liability that did not previously exist. What is the effect of the change made last Session? Before the Act of last Session passed, the supremacy of Parliament over the territory and Government of India was quite as great as it has been since. In no one respect has the control of Parliament over India been enlarged by that legislation. The only difference which has been created is

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in the power of the Crown over the subordinate Government of India. The rule in respect to our Colonies is, that subject to the supreme control of Parliament, the Crown superintends the subordinate Government of a colony; but in India a different system had been established, and instead of the Crown being the immediate head of the subordinate Government the power of the Crown had been delegated to a Company; that delegated power has been withdrawn; but the power of Parliament has been, in no respects, enlarged or increased. Nor has the change made any alteration in the national liability, or given the finances of India any connection with the Imperial Exchequer. It is important in the case of India, as in that of Canada, and our other Colonies, to maintain with the utmost strictness and rigour the entire separation of the Indian Treasury from the Imperial Exchequer. That separation existed before the Bill of last year was passed; and it appears to me, if the question is rightly understood, that Parliament, representing the Imperial interests, has acquired no new powers, and contracted no new obligations in consequence of the passing of that Bill. Now, the great difficulty in which the finances of India now find themselves arises from the enormous amount of the military expenditure. The noble Lord the Secretary for India, in his lucid statement the other night, brought before the House the various items of the present charge. He seemed to think that there might be some prospect of effecting a diminution in the civil expenditure of India. Now, it is the character of the civil expenditure of India, as of all our colonial Governments, that it is in fact extremely moderate. No doubt the scale of salaries in India is on the whole high; and that for reasons which were clearly explained by the noble Lord, and must be generally known to the House. The climate renders it necessary that Europeans should receive larger emoluments than they would receive either at home or in a healthier colony. But, after making due allowance for all this, any hon. Gentleman who will examine the Indian expenditure will find that the real expense of the civil government of India, if you deduct the cost of public works, and all the extraordinary charges of a civil nature, is extremely moderate in amount. And as we improve the character of the government, as we recede from a state of barbarism, and approach more to a state of civilization, the natural tendency of things is to diminish the proportionate cost of the military expenditure, and to increase the proportionate cost of the civil expenditure. Therefore, if we really wish to render ourselves the true benefactors of India—if we wish to give

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to its people a form of government better than that which they would have had under their Native princes, we must look to an increase rather than to a diminution of the civil expenditure. At all events we must not look for economy in the retrenchment of the civil charges. It may, indeed, be a matter of necessity, but still only a painful and disadvantageous necessity, that we should submit to a reduction in this branch of expenditure. The financial state of India, it seems to me, is to be improved only through a diminution of the military expenditure. To give the House some idea of that expenditure it is sufficient to look at its amount as it stood before the mutiny. Of course the present is an extraordinary and exceptional state of things, and therefore it cannot be taken as a fair sample. But according to the accounts of the last year before the outbreak of the revolt, the expense of the military and naval establishments of India, exclusive of police, was £13,400,000. It is sometimes said that England makes no pretensions to be a first-rate military and naval Power, and the nations of the Continent are pointed out as being greatly superior to us in the efforts they make for military objects. It is hardly fair to separate military and naval objects from each other when you wish to obtain an idea of the total expense for warlike purposes. But if we take our Army, Navy, and Ordnance Estimates for the year 1858, they amount to £21,850,000. And if we add to that sum the charge for the naval and military establishments of India as they stood before the mutiny, they make a total amount of £35,250,000. The estimates for War and Marine in France in the year 1859 only amount to £19,781,000. Therefore, it appears that if we add the military and naval expenditure of England to the naval and military expenditure of India, we have a sum which greatly exceeds the total expenditure for these purposes in any other country in the world. The Secretary of State for War, in his statement the other night, told us that the number of troops at present in England is 66,000, in the Colonies 38,000, and in India 92,000. That, of course, is a state of things which at no time could have been contemplated, and which for any considerable period is not likely to continue. The right hon. Gentleman stated that it was intended to reduce the number of regiments of the line in the present year, so as to leave the strength of the army in India—omitting cavalry and artillery—at only 50,000 for the coming year. That I apprehend is a considerable diminution.

Lord Stanley.

LORD STANLEY: I think my right hon. Friend did not propose so large a reduction as that.

Lord Stanley.

SIR GEORGE LEWIS: Then I must have misunderstood him; I certainly understood him to say that it was intended in the course of the year to reduce the force to fifty battalions of a thousand men each. I will not, however, dwell on the precise amount, but he told us there would be a considerable diminution in the numbers of our troops in India. With respect to the probability of reducing the military expenditure of India, which is the present great incubus upon Indian finance, we must look in the first instance to a reduction of the number of European troops permanently employed in that country. And I will only say that if it is desirable that the Imperial Treasury should give assistance to India in any form, in my opinion no more objectionable form can be found than that of guaranteeing Indian loans. On the other hand, it seems to me that the least objectionable form would be by paying a portion of the expenses of the troops of the Queen's army quartered in India. That would necessarily be a temporary expense. It is an expense, no doubt, for the maintenance of our sovereignty in that country, and it appears to me to be the most natural and most legitimate means of coming to the aid of the Indian treasury in the event of that aid being necessary. How far it may be desirable to give that aid is a matter of greater doubt. But with regard to the number of troops, I cannot help hoping that the mutiny may afford the means of ultimately relieving India from the enormous and over-grown army of Native soldiers. It is, I am afraid, true that the Native army has been considerably reinforced from parts of the country other than Bengal, during the progress of the mutiny, and no doubt we have derived great assistance from the Sikh regiments. But the great justification which has always been offered for the maintenance of the Indian Native army at the amount at which it has hitherto stood has been the danger of incursions from beyond our frontiers, the number of independent States which existed within the range of the Himalayas, and the necessity of keeping a large Native force for the purposes of defence against foreign invasion. But, now that our policy of territorial aggrandizement has been carried, step by step, until our Indian empire extends from Cape Comorin to the Himalayas almost without exception—when the few native States which retain their nominal independence are placed under subsidiary treaties, and their military forces are subject to our control—the danger of foreign invasion has been reduced almost to an insensible amount. Of course, wherever our boundaries are placed, we must have neighbours and

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must always be liable to some danger of foreign invasion. But if the view of those Governors General who have successively enlarged our territory in India is correct, we have diminished the danger of attack from without. If I am not greatly mistaken, from the time of Lord Wellesley down to that of Lord Dalhousie, one of the greatest arguments for the incorporation of Native States and for the annexation of territory has been that it would promote internal peace, and diminish the danger of hostile aggression. If these views are correct—and I cannot help believing that in the main they were founded in reason—the time has now come when we ought to reap the fruits of all that system of warfare—when we ought to find ourselves in possession of an empire which may be defended without the enormous military force which was in existence when this mutiny broke out; and it must be obvious to every one who considers the course of that outbreak that the Native army admits of a double aspect—that it may become not less dangerous to its masters than it is formidable to resist any external enemy who may assail us. Therefore, what I wish to impress upon Her Majesty's Government is that they should, at the earliest period at which the recovery of the internal pacification of India will admit, take means for considerably reducing the numerical force of the Native army; that they should rely as much as possible for protection against internal dangers upon a system of police to be substituted for that army; that when the great bulk of the population has been disarmed, and there is no large body of Native troops furnished by ourselves with arms which can be used against us, our position will be stronger than it was; and that when the principal points of the country are occupied by European troops we shall be able to hold it at a less expense for military purposes than has hitherto been the case; and that particularly when the lines of railway shall have been advanced further to completion, we shall have ample means for contending against the weak attacks of the semi-barbarous neighbours with whom, in the event of a war, we shall be likely to come in contact. It seems to me that that affords some hope of an improvement in the financial state of India, which is more reconcilable with the interest of the country and with an advance of civilization than any attempt to pare down the salaries of a few collectors or civil servants, or diminishing the expenditure for public works. Before I sit down I will only repeat that, in my opinion, it is most important that we should maintain as sacred the principle of the entire separateness of the

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Indian treasury from the British Exchequer, and that if we are to come to the assistance of India it should be by relieving them from the expense of a military occupation, which, when the rule was made that the Indian treasury should pay the expenses of the British regiments quartered in that country—a rule not obtaining in any other of our foreign possessions—it was not anticipated would extend to maintaining so vast a number as 92,000 men. According to my recollection, when the first dispute arose in this House, in the year 1786, I think, between Mr. Pitt and the Indian Directors upon the declaratory Act of that year, the number of regiments sent out, upon which the question of the payment of expenses arose, was only six; and it is certain that when the system was first introduced no such large charge as that which is now imposed upon the finances of India was contemplated as even possible. Well, Sir, if we are to give them assistance, let it be done in the shape of help for some definite purpose; and even if the portion of the debt which has been incurred in this country should be found to be more than the finances of India could bear, it appears to me that the proper mode of relieving the Indian treasury would be by the English Government contracting a new loan upon its own credit; to pay off an equivalent sum of money borrowed for the purposes of India upon the credit of that country. It is a mistake to suppose that in order to diminish the charges of the Indian debt it would be necessary in every instance that the credit of the English Government should be beforehand pledged for the Indian loans; but I confess that I should with great reluctance assent to the payment out of the English exchequer of any portion of the debt which has hitherto been incurred for Indian purposes. It must be remembered that if after an insurrection of this sort no additional burthen of taxation, no pecuniary inconvenience is made to press upon the country, one of the strongest inducements to orderly conduct and peaceful submission to the laws, is taken away. If we, by the interposition of our credit and by our financial assistance, make insurrections too easy, and its consequences too light in India, we shall be teaching the people of that country a very dangerous lesson; and however painful it may be to us to continue or increase the fiscal pressure upon them, nevertheless it will be a wholesome reproof to them, after the mutiny which they have so wantonly made against this country, and which, as every person who will candidly examine the question must admit, was not provoked by any real misgovernment or oppression on the part of the authorities in India. I have

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taken this opportunity of stating to the House the grounds upon which I give my assent to this Bill. The task which lies before the noble Lord and his Council is an arduous one, and will require the most constant application of the greatest ability for government which this country can produce. I confess myself that even if the solution of the problem should be most successful, I do not anticipate from the good government of India any great advantage to this country. The benefit to be derived from that good government will, as it appears to me, be principally confined to the Natives of that empire; but although we are not likely, even under the most favourable circumstances, to derive any great national benefit from the improved government of those territories, their mismanagement might entail upon us the most serious consequences. It behoves this House, then, to watch with care the policy which is pursued with respect to them, and, above all, it is the duty of Parliament, exercising now, as it has always exercised, the supreme sovereignty over those possessions, to enforce, as far as possible, a good financial administration, and to compel the adoption of such measures as shall offer a reasonable prospect that, within a limited time, the revenue of India will be sufficient to meet its expenditure.

Mr. Bright.

MR. BRIGHT:—I am not about to follow the right hon. Gentleman through his speech, nor to attempt to answer some points in it which I think are not very sound; but I would say generally that I think he rather contradicts himself, because he wishes that the revenue of England should be kept separate from that of India, and yet proposes that under certain circumstances certain expenses in India which have hitherto been borne by the Indian revenue should in future be defrayed by the English Exchequer. Consequently it appears to me that there is very little difference with regard to the future between the plan which was indicated, rather unfortunately I think, by the noble Lord (Lord Stanley) a few nights ago, and that which is laid down by the right hon. Gentleman. I am anxious to address to the House a few observations upon this question, because the malady which we are forced at last to consider is one of great magnitude, and one which, if some remedy is not applied to it, will grow from year to year, until at last it becomes a vast calamity for the country. The noble Lord the Secretary of State for India made a long and able speech about a fortnight ago in introducing the Bill. He explained to the House with great fairness the condition of the Indian finances; and, making exception for that little colouring

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which his position almost compelled him to give to his statement, I have nothing whatever to complain of with regard to it. I read his speech with great care, and I must confess that when I came to the end of it I felt great anxiety. The case the noble Lord laid before the House and the country is one calculated to excite our alarm, because he showed us that with regard to the finances of India it is scarcely possible to conceive anything in a worse condition. But the finance of a country is almost everything of a country; for it means public order, it means the industry of the people, it refers to the economy or extravagance, to the goodness or evil of the Government. Looking at the Government of India in past times through that single department of finance, there is no Government in Europe or in the world more deserving of emphatic condemnation. The noble Lord told us,—and the facts are so brief and lie in so small a compass that I will restate at least some of them—the noble Lord told us that, including the liability about to be contracted, the debt of India is at least £80,000,000 sterling. He excluded the sum which is to be paid at some remote day to the proprietors of East India stock, and he excluded also the guarantees for public works in India, which, of course, stand altogether upon another basis, and may be proofs of improved government. At all events, they are not grounds upon which to condemn a Government, as I think I should be compelled to condemn that of India, with regard to the £80,000,000 of funded debt. At the same time, the noble Lord showed us that the expenses of the Government are continually increasing, and, to make that which is so bad much worse, that the revenue is diminishing. Now, a Government with a constantly increasing debt, a constantly increasing expenditure, and a constantly diminishing revenue, is in a position of great danger, and is rapidly approaching an abyss which I shall not attempt to describe. It is an unfortunate thing too for the Government of India that, owing to its incessant borrowing and its excessive want of faith to those from whom it has borrowed, it has almost entirely lost its credit, and that it will require all the management and all the honesty of the noble Lord to retrieve its position in that particular. The noble Lord is now asking the House to permit him to borrow £7,000,000 in this country, and at the same time there is an open loan at Calcutta at the rate of $5\frac{1}{2}$ per cent. I believe the Indian Government is undertaking to repay the loan at a certain period, which period will certainly arrive, but I do not suppose there will be the remotest chance of its being able to repay the money. I regret that the noble Lord

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should have used the argument which, I admit, is common enough, that the Indian debt is only three or four times the amount of the annual revenue. The noble Lord, I think, urged that it was only twice, but it is somewhat more than three times the amount of the net revenue. It is common to compare India with England, where we have a debt amounting to ten or twelve years of our annual revenue; but I think it is bad policy for a man who is just beginning to get wrong in his finances to compare himself with somebody who has been getting into debt in a manner unparalleled in the world; and to say that India must always be right and safe as long as she is not so far advanced in the career of borrowing as England, is not a remark worthy of a statesman, or one which the noble Lord ought to encourage. The argument would be bad if the comparison were sound; but the comparison is not in the least sound. We know that through the increase of population, of machinery, of productive power, and of capital, the debt of England upon the people of England is much less onerous than it was some years ago. But that is not the state of things in India. The noble Lord admits that there is no elasticity in the revenue of India; and every increase of the interest upon its debt must necessarily involve the noble Lord and his Government in a greater deficit, unless he can produce some elasticity in the revenue, or discover some new sources of taxation. Come now to the Indian expenditure, which the noble Lord says is increasing. I am prepared to assert that there does not at present exist in the hands of the noble Lord, or of his Council, or of this House, any powerful or efficient check for or any control over the increasing expenditure of India. If the noble Lord would tell us all that he knows, and all that he thinks about it, he would inform us that at the present moment the funds of the Indian Government are being poured out like water in every part of the Indian empire, and that there is no responsibility or check whatever. At the same time he admits that his revenue is falling. The land-tax, which is the most permanent of the sources of revenue in India, has fallen considerably during the last few years; and the noble Lord also admits, with great frankness, that the £3,000,000 or £4,000,000 net which are obtained from the monopoly and sale of opium is a sum held by the most precarious tenure, and that it is just possible—nay, it is rather likely—that the Government of China, having been compelled to admit opium from India, will, now that its sense of morality has been forcibly beaten down, permit the growth of opium in its own country. Then, of course, the

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£3,000,000 or £4,000,000 received from that source by the Government of India will disappear, and the deficit, which, with that revenue, has been increasing, will become such as to require many Loan Bills, like the present, to fill up the gap. And let the House bear in mind that the state of things which I am describing has not arisen from the recent revolt. The system of constant deficits existed before the revolt. Every thirteen out of every fourteen years during the lifetime of the oldest Member of this House have been thirteen years of deficit, and it is only an aggravation of this state of things that we have to attribute to the revolt. If the revolt had never happened—if the Government of India had remained unchanged and unamended—its difficulties would have been gradually increasing, and its debt augmenting, in future years, as they have been in the past. Upon former occasions I have condemned the Indian Government by the use of facts and arguments like those which I am now using. I am sorry to say that I do not see the slightest probability, notwithstanding what took place last year, of any change for the better. The right hon. Gentleman the Member for Radnor (Sir George Lewis) says that last year the Government of India was changed in form. The fact is, it was changed only in name. It was scarcely changed in form, and hitherto it has not been in the least changed in principle. An hon. Gentleman who was recently a Member of this House, but who is now a Member of the Indian Council—I allude to Mr. Mangles,—was examined the other day before a Committee upstairs. I am told he was asked whether he approved the present constitution of the Indian Government. He answered with great frankness, that of course he did—that Government of India was conducted now by the same men as before, and upon the same principles as before, and, as he approved the Government of which he was a distinguished member in past years, it was not to be expected that he should condemn the same thing with little or no alteration in form, and a real alteration only in name. I am not now condemning the noble Lord. One of my objects is to point out to him that, however honest and enlightened is the Minister who may have the chief part in the affairs of India, it is utterly impossible, under the organization which now exists here and in India, that he should be able to bring about in that country the changes which are absolutely necessary if you would ever restore Indian finance to a condition of soundness. Let the House consider whether it be possible to apply a remedy to the present state of things. We have now an India Loan Bill

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before us. It will not be the last. You will have an India Loan Bill every year unless you yourselves or somebody else can enforce an alteration of the state of things in India. Let us compare ourselves with the Native States. It is customary to say that we have conferred untold—no doubt, they are untold—they never will be told—advantages upon the people of India by our government. But is it not a remarkable fact that when the Governments of India were suppressed—I believe about twenty of them were suppressed—they were able by some means to maintain themselves? They had no debts, for borrowing money was not a practice in India; and having no interest to pay they had generally a surplus. I believe, indeed, that one of the great temptations to the English in India to conquer and annex territories was greed of the surpluses supposed to exist in various Native States. The noble Lord might tell us, for he must know the facts better than I do, that when Oude was annexed, a considerable sum was found in the Exchequer, and the revenue was nearly double the whole expense necessary for conducting the Government of the kingdom. We have abolished between twenty and thirty Governments, and laid hold of as many States; we have established one great central authority:—and yet notwithstanding all that, we wring from the people as much as they can pay, and spend it all; we borrow from them and from England £80,000,000 sterling, and spend it all; and, after getting all that the people can be forced to pay, and, in addition, spending all that we can borrow in India and at home, we now find ourselves, with faith and credit broken, with a deficit which increases from year to year, and with a state of things so appalling that you have Gentlemen on both sides of this table inquiring whether it will be necessary to bring in, not only the authority, but the security and guarantee of England to enable you to raise in the English market a sufficient sum for carrying on the government of India. I am not exaggerating in the least. The facts are patent to all, and if I am saying any thing condemnatory of the present or past Governments, I am using no language of my own, but merely repeating what has been laid before us in official speeches and returns. Up to the present time nothing whatever has been done in the way of remedy. More debt—more taxes, if you durst levy taxes—but no better government, and, as far as I can see, very little doing in that description of public works which I think necessary to develope with any success the industry of the people of India. The noble Lord is not to blame for all the past. I know that long before he ob-

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tained his present office his opinions were, as far as I could comprehend them, of the most enlightened character with respect to the government of India. But I say that, filling the office which he now holds, the responsibility of providing a remedy, of introducing a new and better system, rests upon him, and he cannot by any means, nor ought he to attempt even to, evade it. What, then, can be done? The right hon. Gentlemen the Member for Radnor does not seem to think that much can be done. He thinks we could pay the cost of the Indian army, if necessary, and thus balance the Indian finances. But that would not be the way to balance the English finances; and, as the right hon. Gentleman may possibly be looking to be again Chancellor of the Exchequer in this country, I am rather surprised that he should make a suggestion so unreasonable and so perilous. He thinks that nothing can be done in the way of diminishing salaries. I admit that not a great deal is possible in that direction, but at the same time something may be done. The noble Lord admitted in his speech the other night that no service in the world is so highly paid as the civil service of India. I should say that no service is so extravagantly paid. The principle there never has been how we should best economize what was absolutely necessary, but how we should best plant on the revenues and service of India a large number of our countrymen, who should enjoy great and comfortable salaries while employed for not a very long period, and who might return with fortunes, to occupy a very respectable, if not a high position in society in this country. Is there any reason why the payment of the Indian officials should be so great? It was said that the distance of India is so great that men went there and did not return until they came back with grey hairs and bad livers. But that is not the case now; and as for the climate, I do not believe one-tenth of what used to be said about it. About a dozen years ago, when we had a Committee to inquire why the growth of cotton was not extended in India, I saw some scores of gentlemen who had served fifteen or thirty years in India; and since then I have seen many scores, I was going to say hundreds more; and for the most part they appeared in just as good health as if they had been living for one half of the year in London, and for the other half had enjoyed themselves in the Highlands of Scotland. I discard therefore the distance from England and the condition of the Indian climate as being reasons rendering it necessary to pay the service in India so extravagantly as heretofore. A strong proof that I am warranted in so doing is afforded by the fact

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that you do not pay the officers of the army, who must suffer as much from the climate, so highly as you do the civil service. You do not pay your chaplains on an unreasonable scale. Then, with regard to the men engaged in commerce, planting, or agriculture in India (I am sorry to say that there are not many of them), their profits are not so much in excess of ordinary profits as the salaries of the civil service in India are in excess of the salaries paid by the Government in this country, and by the Governments of other European nations.

- Compare the salaries of the civil service in India with the salaries given in the island of Ceylon. I recollect seeing within the last few weeks, in a letter in one of the London newspapers, a list of certain salaries in India, and likewise of the salaries of certain officials supposed to hold a corresponding rank in the island of Ceylon; and the difference between them was that the salaries of the Indian Civil Service were double or at least 50 per cent. higher than those of the Ceylon service. That difference is enormous, and is not in the smallest degree to be accounted for by distance from England or any condition of climate, for in those respects India is at least as favourable to Europeans as Ceylon. If the noble Lord would save something out of the Civil Service he could do one of three things, each of which would be advantageous; he would be able either to employ a much larger number of Europeans in certain departments of the Indian service, or he would be able to pay much better salaries to a better class of Native officials; or, if he did not choose to have more Europeans, or to pay more to Native officials, he would have whatever saving there was left in the Indian Treasury, and would not, possibly, require to pay 6 per cent. for loans, or ask this House to enable him to raise money from year to year. It is quite true, as stated by the right hon. Member for Radnorshire, that the great source of expenditure is the military outlay, and I was glad to hear him say (for it is right that the moral and Christian people of England should know it) that, with all our civilization, with all our boasts, with all our missionaries, and with all our talk about the Bible, from the people of England, from the people of India—from their toil every year—there is being now expended, not including the debt of India, about £36,000,000 sterling in purely military affairs—upon the army and navy in that country and in this. The noble Lord told us that the European force in India is upwards of 91,000, and the Native force upwards of 243,000 men; so that there is now in India an effective force of not less than 334,000 men. I will ask the House a very short

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question. There is no difference of opinion on the part of the historians of India or of the Englishmen who have been resident there on one point. They have all admitted and assented hundreds of times that there is not in all the world a people, taken as a whole, more industrious, more docile, or submissive to authority, by nature and habit, than the population of British India. They are a people of that character that, if governed with ordinary wisdom and justice, instead of an army of 334,000 men being wanted, they would require no more force than would be necessary to form a full and efficient police establishment in every part of the Indian empire. I think the right hon. Member for Radnor was near saying the same thing; and for the honor of England, the good of India, and the credit of human nature, it would be better that you should leave India altogether, than maintain your power there at this enormous cost, and with this great calamitous question looking us in the face, as it will from year to year, unless some great change be made. There is another question to which I must ask the attention of the House for a minute or two. I know the noble Lord can save no salaries from the Civil Service to such amount as he would require to enable him to balance his finances; but I believe he might save sufficient by a diminution of the forces. However, a change like this must be accompanied by other changes, or else you cannot have complete success. What is it that every one who has been to India or has written on it with any degree of information tells you? It is that in no country in the whole world is there such a combination of soil, climate, population, industry, and even water, if you will only garner it up at the proper season, and use it when you want it—there is no country where there are so many elements of comfort and abounding prosperity to the people as are to be found within the British dominions in India. There is everything from nature—she gives with no scanty hand—but from the first hour when you planted your foot there, your system has been one by which the benevolence and goodness of God to the country has been thwarted. The noble Lord has been in India, and he knows perfectly well that, taking all these elements into consideration, the industry of India, regard being had to the vastness of the population, is almost as nothing; and that, with respect to public works, they all put together do not approach in point of extent the public works in one of our moderately-sized counties in England. The noble Lord knows also, from recent experience in respect to Ireland, that without a clear ownership and secure tenure in the soil the industry of every coun-

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tion process.

try is garotted, and can by no means prosper and extend. The noble Lord knows that there are districts of India in which it is utterly impossible from want of roads to bring any portion of the produce to the sea coast; and he knows further that but a moderate outlay in certain districts in gathering up and saving the water during the rainy season, for distribution over the lands in the dry season, would bring within two years, and permanently forward, perhaps twenty-fold into the Indian Treasury. I want to ask the House whether it is willing, after all the experience we have had, that this Indian Government, like some old lumbering wagon, should still be dragged along through the old ruts with the same slowness and with the same, now evident, peril to all those concerned with it. Last year I took the opportunity, on the third reading of the Bill which formed the present Indian Council, to state to the House at some length my views with respect to what would have to be done in that country, if ever it was to become anything but a trouble and discredit to us. I laid down the principle that you would require at home absolute simplicity in your Government, and in India a process which I would call one of decentralization, in order that you might have a more effective Government there. I insisted on it that the Governor General at Calcutta was totally incompetent, and must ever remain so, to govern a country whose population is variously stated at from 150,000,000 to 200,000,000. I have here a short extract from a letter which was recently written by the British Indian Association of Calcutta to the Bombay Association, in which they refer to these propositions, and discuss this question of centralization. As it is very brief, I will read it to the House. They say—

“The Committee can conceive of no system of administration more prejudicial to the improvement of the various races inhabiting India, and more pregnant with mischief to the essential interests of Government, than a deep-laid, wide-spread, and elaborate centralization, which now prevails in this country. A central power, however skilful and enlightened, cannot, of itself, embrace all the details of the existence of so vast a nation—or rather of so many nations as those of India. Such vigilance exceeds the powers of man. The tendency of centralization, as you are aware, is uniformity, but the distinguishing feature of the Indian communities is variety. A single nation may thrive under centralization, for there the principle of the unity of action has a wide field for play. But centralization for a number of nations, each at a different stage of progress, and with various degrees of intelligence, can have no principle for its basis; for it is the practical confusion of all principles imaginable.”

Now, I agree with the Indian gentlemen—and intelligent and respectable they are in every sense—who have written

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the letter from which I have read this extract. I believe it to be utterly impossible for any human being in Calcutta, with any power that you choose to give him, to exercise such a governmental eye as there ought to be over every portion of that vast dominion. I proposed, in opposition to this course, that you should revert rather to an ancient plan, and establish something like municipal Presidencies in India, by which the eye of the Government should be brought more directly over the interests of every particular locality and province. And, in addition to that, there is another point which I believe to be not less essential. It is, that you should draw into your councils, and incorporate in some degree with your Government, the best and most intelligent of the Natives of the country which you have undertaken to govern. The noble Lord told us the other night—and I know exactly the difficulty which he sees—that, in endeavouring to raise the revenue to a level with the expenditure, there is extreme difficulty in India in imposing a new tax. He cannot act as his colleague, the Chancellor of the Exchequer, does with the people of this country; for if the Governor General makes one step in the direction of a new tax, he may commit some blunder of which he is not aware; he may excite some suspicion which he cannot suppose could exist; he may create an alarm among millions of his subjects; he may bring about a disbelief of the good faith of the Government; and it might not be difficult in certain localities, by such a course, to stimulate actual revolt. But if in your local Indian Councils you had two or three or four—for I am not pleading for a majority—of intelligent and influential men, Natives of the country, and if these questions of taxes were discussed in those councils openly, I believe that it would be quite as competent for the Government to persuade the people of India to anything that is just and necessary, as it is for any other Government to persuade any other people; and if they found, joining with you in your Government, paid as your servants are paid, and treated with an equal degree of liberality, some of their countrymen, I have no doubt—at least I have a strong belief—that it would be possible, looking over the vast population in all the cities of India, to select some new impost which might touch those who have property, and leave unscathed the vast body of the poor, and from which the noble Lord, if it were necessary to balance his finances, or to relieve the taxpayer in some other quarter, might obtain an amount, which, acting as he does now, without co-operation with the Natives, he might think it hazardous to attempt to raise. The noble Lord is in a

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position of the highest responsibility and the greatest difficulty. He committed a fatal error last year when, in obedience to his colleagues, he proposed to surround himself with the instruments of the former misgovernment of India. The noble Lord may not find direct votes of want of confidence in himself in his new Council; but we all know that one man sitting with fifteen others—though he does not see the direct opposition to his plans and principles—may find a difficulty constantly brought before him, offering itself at every step of his path, which he will be utterly unable to overcome. As regards the government of India, we know perfectly well—I know it from private correspondence which comes by every mail to an association in this city with which I have been many years connected—correspondence both from Europeans and Natives, that not even a shadow of change has been brought about in India in consequence of the alteration in the name of the Government made last year. The House may remember the case of the Principality of Dhar, with respect to which a question was asked of the noble Lord last Session. Dhar was a Principality with a revenue of £50,000 a year. The Rajah was a boy of thirteen; he was not even charged with having done anything to forward the objects of those who were engaged in the revolt, because a lad of that age could hardly be held accountable—the only charge against him was that those who were connected with him had not been sufficiently zealous on behalf of the English; but his principality is confiscated—"annexed." The phrase is sometimes sneered at when we speak of language used to describe certain proceedings on the other side of the Atlantic; but it is now an English word certainly as regards our territorial aggressions in India. I understood last year that the noble Lord did not approve of the annexation of the Principality of Dhar, and that instructions had been sent out to India with regard to it. But the annexation has not been relinquished; and those who have asked the noble Lord whether he has any papers to lay upon the table containing the explanations offered by the Governor General, or by any authority in India, have been told that there are no such papers, and that there have been no such explanations. It is plain that the Indian Government in England know no more about the matter than they did last summer. The fact is, that the Government in India do not care a straw for your Government in England; and there is no man who has travelled in India during the last twelve months who will not tell you that in discussing the matter with the officials there some of those gentlemen have made

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use of language which would not be polite anywhere, and certainly would not be suitable in this assembly, when they have endeavoured to describe how very little they cared about the Government at home. I say that unless they are made to care they will drag the country into a great calamity. It is imperative that the noble Lord, or whoever may fill his office, should insist upon this—that no Governor General, no Governor of any Presidency, should for one single post neglect to execute the orders that go out from this country. Recall him instantly if he is not obedient to his chief; for by that means alone can you impress upon the minds of your great pro-consuls in India that there is a power here, although thousands of miles distant, that can pull them down and check them in their career of wrongdoing towards the population over which they govern. Look at the Proclamation which the noble Lord sent out. What can be more admirable than its tone and intention? Does anybody believe that the noble Lord was dishonest in sending it out? Does anybody believe that the Queen did not intend what is said when she put her hand to that new charter for the people of India? We all believe that the noble Lord was in earnest: we all know that the Queen was in earnest. But that Proclamation is an absolute reversal of the general policy which has been pursued in India; but its execution has been left in the hands of your old instruments, your civil service men, those who have monopolized the patronage and emoluments of India for generations; and unless there be a Minister here with a firm hand, backed by his colleagues in the Cabinet, and backed also by Parliament, depend upon it that gracious Proclamation of the Queen, which has been translated into all the languages of India, will, in five years, be no better than waste paper; for it will not in the slightest degree change the conditions upon which Englishmen in India have governed that country. The right hon. Gentleman the Member of Radnor remarked almost exclusively upon the question of the debt, and I wish to say one or two sentences with respect to it. I do not think that any person who has lent money to the Indian Government has a shadow of a claim, either moral or legal, upon the revenues or the taxation of India. He knew his security; he bargained for his rate of interest; and that rate of interest has been on the whole very nearly double that which he would have received had he lent his money to the English Chancellor of the Exchequer. At the same time I am bound to say that I believe there is no real justice in the people of England fixing these debts upon the Natives of

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India. Some of them were incurred in the Affghan war. Well, does anybody mean to say that it is just that the people of India should pay a debt which was incurred, not by the policy of any one in India, but by the policy of the English Cabinet at home? So also with regard to this very revolt, which will cost the noble Lord's Government, or at all events will cost somebody, £40,000,000. I undertake to say that when the account is made out, when the country is entirely pacified, and all the expenses are reckoned up—and I believe all of them will be reckoned up—that £40,000,000 will not more than cover the cost of this revolt to the Government of India. The right hon. Gentleman the Member for Radnor, after the speech he made last year, now says that it was an unjustifiable revolt. The noble Lord the Member for the City of London (Lord John Russell), in a work recently published, has written in justification of the American War of Independence. Now, I won't go into that question, but I think after the speech the right hon. Baronet the Member for Radnor made last year, in which he pointed out the atrocities of the past Government of India, it is rather inconsistent in him now to say that there has been no cause and no excuse for the conduct of the people of India during the last two years. I do not want to enter into any defence of the people of India with regard to that. My object has always been to promote that kind of Government for India which was based upon justice, and which all the people could feel and see, and to secure your power in that country without calamities such as we have seen, and without the necessity of maintaining an army of 334,000 men. I think that the £40,000,000 which the revolt will cost is a grievous burden to place upon the people of India. It has come from the mismanagement of the people and the Parliament of England. If every man had what was just, no doubt that £40,000,000 would have to be paid out of the taxes levied upon the people of this country. ["No, no!"] An hon. Gentleman says "No, no!" Well, I won't enter into a dispute with him. His notions of what is just may be very different from mine, but I think if he were neither an Englishman nor a Native of India, and had read an impartial history of the transactions of the Government of this country in India during the last 100 years, or during the 200 years, he would come to the conclusion that if revolts have ever been justified, there have been excuses for this revolt, and if we in pursuance of the policy sustained by this country should involve ourselves in these vast expenses it is more just that we should pay the expenses

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than that we should impose them upon a people whom we have succeeded in re-subjugating. Now, Sir, I am sorry on this occasion, as I was last year, to stand up and to speak for half an hour or an hour in disparagement of the course which the Indian Government have pursued in India; but I am convinced that the course they have pursued has led by a logical and inevitable process to the position in which we find ourselves. And I am equally convinced that, unless somebody undertakes to reverse the system pursued in India ten years hence you may have another great revolt, and, perhaps, with consequences to the credit and position of this country, more disastrous than any that have happened within the last two years. If we could only once believe that England would profit as much—I believe much more—by a just and wise Government of India than she can ever profit by an opposite course, we ought out of simple selfishness, as it were, to reverse the helm and give the Government a different direction. We hear how much the trade of India has increased, and I know that down in Manchester for months past there has been a prodigious impetus given to trade in Lancashire by the extraordinary demand in cotton goods for India. No doubt a large portion of that demand arises from the squandering of the many millions which the Government has expended there; but I also know very well, as a manufacturer, as a person who has, whether as a manufacturer or a Member of this House, investigated Indian affairs, that you cannot push your goods a mile further into any part of the country without finding customers waiting for you. There appears to be no limit—there can be no limit that we can reach for a long time—in trading with 150,000,000, or 200,000,000 of persons, if you will only give them a chance of reaping the fruits of their industry and securing the enjoyment of that which they produce. I hope the noble Lord will believe as I assure him, that I have not made a single observation for the purpose of finding fault with his Government, or with anything that he has done since he came into office as Minister for India; but I do beseech him well to deliberate whether, with the machinery that now exists after the twelve months' experience that he has had, it be possible for him or for anybody else to bring about the change of circumstances and the change of policy which are necessary in India; and if he should come to the conclusion which I believe no Minister for India can escape from, I hope that before long he will be prepared, either as Minister for India, or as a non-official Member of the House, to declare to us, what his experience teaches him, that what we did last year

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was provisional, and only for an experiment; and that we must, within a very short period, entirely reconstruct the Government of India, not only in this country but in India itself.

Mr. Ayrton.

MR. AYRTON said, he thought it would be most injurious if it should go forth that India was in that desperate financial condition which his hon. Friend (Mr. Bright) had suggested. India had in times past been in a condition tenfold more desperate than it now was. Time had been when it was compelled to borrow money, not at £6, but at £12 per cent., and failed to get it even at that rate. He had no doubt that at this moment much more confidence was felt in India in the durability, the strength, and, he might say, the solvency of our administration than in this country. His hon. Friend had said that the change which took place last Session could not for a moment be maintained, and ought to be immediately abrogated; but he also said that he saw no chance of a Government in India unless it were controlled by the strong hand of a Minister in this country. He would ask his hon. Friend how any Minister could exercise such power as he had suggested, unless he had the assistance of some men who had a practical knowledge of the administration of affairs in India? He did not by any means take a despairing view of the present financial condition of that country, or of its future prospects. He did not think it was the duty of the Government of India to get rid of the opium duty, or of the salt revenue; or, in short, of any of those great means by which the revenue must necessarily be collected in India. The treaty with China would greatly increase the trade of India, and enlarge its resources. He looked upon the land revenue as an abiding source of revenue, and thought that it would undergo a great increase with the growing prosperity of the people; and he believed that if it were judiciously administered during the next five years, it would more than cover any additional charges that might be put upon India by the recent disturbances. There were even at present many men in India who confounded the right to possess the soil with the liability to pay taxes. There were positively public servants who declared that the Government was the owner of the soil, and that the people were merely tenants at will. He ventured to say that the whole history of India established conclusively that the people in possession were the absolute owners of the soil, and that the revenue that was taken from them was nothing more than a land-tax. Ages ago it amounted to 30 per cent. of the produce. The Mahomedans increased it in some

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the soil.

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places, and to such an alarming extent had it been raised, that insurrections had taken place. There were millions of acres in India that were not properly waste land, though it was unoccupied; if they made grants of this land tax free, they were only giving a bonus to the tenant to cultivate it at the expense of the rest of the community, as if the Chancellor of the Exchequer remitted the house-tax on unoccupied houses to induce persons to inhabit them. The result was that while they were endeavouring by commissions to re-impose the tax on those who held lands free of it, they were granting lands tax free, because they were unoccupied, and thus depriving themselves of a legitimate source of revenue, which would increase as the country was opened by roads and railways, and greater value was created for agricultural products. The Acts of the Government of India prescribed the conditions under which the grants of former Governments should be considered valid and legal. Those conditions were settled on the first occupation of the several territories, and what the Natives of India complained of was that these conditions, after a lapse of thirty years, had been changed; and secondly, that their whole rights were put without the pale of the law, were withdrawn from every judicial tribunal, and remitted to the arbitrary discretion of the Government. That was the evil which the noble Lord was asked to arrest; instead of complying with this reasonable request, it was proposed to extend the power of resumption to the Presidency of Madras, and the noble Lord would see how necessary it was that he should do justice on this question if he wished to pacify the minds of the people of India. The noble Lord, in speaking of the progress of India, did not bring his facts quite down to the present time, the returns put into his hand being rather early, and none of them dating later than 1857. To show how much room for hope there was, he would merely give one illustration. The noble Lord had adverted to the Bombay Railway, and stated that eighty-eight miles had been constructed, and that the return had been $4\frac{1}{2}$ per cent. upon the capital. In another six months the traffic on that railway had so increased that the returns exceeded £5 per cent.; in another six months an additional fifty miles of railway had been opened, and the returns had increased to $6\frac{1}{2}$ per cent. Since then sixty miles more had been constructed, and there was every reason to believe that the returns would be in the same, if not a greater ratio. As soon as the interior was put into communication with the ports of India, he firmly believed that the value of land would increase; unoccupied ground would be

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brought into cultivation, commerce would extend, and the land revenue, if husbanded, would be quite equal to the charges to which the Government were put. The placing a permanent land-tax upon the land in India was, he thought, a blunder which they had better remedy as soon as possible, and he saw no better means of doing so than by redemption; but there was no time to capitalize revenue so favourable as when money was at a high rate of interest, and the noble Lord should wait until it could be capitalized at twenty-five years' purchase. He knew very well that some hon. Gentlemen on his side of the House were of opinion that there was very great merit in keeping the finances of England separate from those of India in borrowing money. He believed that to be most erroneous in principle, and most wrong in practice, for they never could separate India from the British Empire. Were they prepared to give it up to any country that would take it off their hands? Could they give it up to France and Russia? No! it must always be treated as an integral part of the Empire, and that being so, the maintenance of the British Empire involved the maintenance of every part of it. There were at this moment £5,000,000 in the Treasury accumulating at 3 per cent., a guarantee fund for the proprietors of India Stock, in relief of the Indian revenue, and yet practically they were borrowing money at 6 per cent. The result was, that the £5,000,000 would increase very little at 3 per cent. in twelve years, at compound interest; but the money borrowed at 6 per cent. would double itself in that time. From the beginning of 1857 to the beginning of 1858 they had borrowed £8,000,000 at 6 per cent., whilst the price of English securities had been only $3\frac{1}{4}$, so that there was a clear loss of $2\frac{3}{4}$ per cent. Let hon. Members calculate what that would amount to in twenty years. They would find a sum equal to the whole amount of capital sunk in this additional interest alone, and we should then remain chargeable with the original amount of the debt. Such a charge must either directly or indirectly fall upon the people of England, and it would be a far better policy to bring the credit of England to bear upon India and borrow money at once at $3\frac{1}{4}$ per cent. and lend it to India, receiving from India the interest and a certain percentage for a sinking fund. That would still be a separation of the finances, and they would not lay so heavy a charge on India as they were now doing. With respect to the question of reducing the expenditure, no doubt the army was the first item which would have to be considered. That item might safely be reduced if there was peace and

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quietness in India. But how was the reduction to be effected? It had been the misfortune of the noble Lord to hear from his (Mr. Ayrton's) side of the House nothing but general remarks on that subject. The noble Lord must retrench everything, and he must meet his difficulties. But when they came to the question of how that was to be done, he did not see that the noble Lord received the least assistance from the right hon. Gentleman the Member for Halifax, nor from the right hon. Gentleman who sat beside him. They placed before the noble Lord the whole question as one full of difficulties, and in the politest manner possible requested him to solve them. He would take the liberty of impressing the noble Lord with some of the views which he entertained of the mode of meeting those difficulties. In the first place, he ventured to address himself to the question of the European army, and he would ask the noble Lord whether he thought that any part of that army ought to be a local army, or whether it ought not to be wholly incorporated with the British army. Its efficiency should depend less upon its numbers than on the facility and rapidity with which it could be moved. An army of 50,000 men which could be moved to any place on an emergency was equal at least to an army of 100,000 if they got into a state of immoveability, which was the tendency of mere local armies. It had been said of the first Napoleon that his battles were as often won by the legs as by the arms of his soldiers. With respect to the maintenance of cavalry regiments in India, he thought, to be efficient, they must be English, and in point of fact, the native army would be far better if it were reduced to a kind of local police. He hoped that the noble Lord would deal with those subjects himself, and not remit them to the Government of India, actuated as it was by all the old prejudices of a service which had ceased to be efficient. There was another point upon which he wished to express an opinion, and that was regarding the administration of justice. There was no greater means of economy than to attach the Native population to our rule by means of an efficient administration of justice; but if the noble Lord trod in the steps of the philosophers at Calcutta who would administer justice to all classes in exactly the same manner without the slightest reference to religious feelings and national prejudices, he would be laying the foundation for future disturbances. He was of opinion that the principle of the ancient Roman system was the only true principle for governing a large empire like that possessed by England—they ought to administer justice to the people by races,

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or by classes. They could not place them all under one system of administration of the law, as had been suggested. Europeans, for instance, in India, were almost as much dissatisfied as the Natives by being obliged to resort to tribunals which were inconsistent with their ideas, and they could no more put down the feeling that rose in the minds of Europeans by their habits and education, than they could put down the Native prejudices of the Indians upon this subject. It was not enough that the noble Lord should deal with the courts of superintendence, but he must put the local administration of justice in India upon a more satisfactory footing by making the people take a more active part in the administration of justice. With respect to the employment of Natives, he thought they might prove extremely useful for their information and their influence, but they could not safely invest them with any political power. They might have a council of advice composed of Natives, but it was impossible to make them legal members of a council with power to vote against the Governors or control the Civil Service of India. It would be utterly impossible to establish a Native council which should sit side by side with the British authorities, because he was satisfied that for years to come the executive Government of India must be confided to a body of experienced European civil servants such as at present existed. That, however, would not justify them in treating the Natives with an amount of arrogance which had been complained of, and which was so offensive, that Natives too often could not come into the presence of the civil servants without feeling the utmost humiliation. On the contrary they ought to be treated with kindness and courtesy; their advice should be asked, and in every district the collectors should endeavour to do what the Native Princes did—make the more influential Natives fully respected by the community at large, and use them for the maintenance of authority and order. Our Governors, like the old Native Governors, ought to hold a sort of durbar, at which the opinions of the principal Natives might be canvassed as to matters which interested them; and the district officers ought in the same manner to take counsel of their community. In this manner the self-respect of the Natives would be increased, and such moral means as these would preserve the peace where otherwise an army would be required. Some people thought the present state of things in India the height of civilization; he thought it the height of expenditure, rendering an enormous establishment backed by military authority necessary. But if the wealthy Natives were encouraged to

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act in co-operation with European civilians such would not be the case. It was an important question to determine how expenditure could be cut down. When the Crown, in 1833, proposed to take away the rights of the East India Company, it was said, "You cannot do that, because our revenue is insufficient." The Duke of Wellington replied, "You must reduce your expenditure; and if you say you cannot do it you must be made to do so." Lord Ellenborough then soon set to work and succeeded in reducing the expenditure to the extent of more than a million. Since that time many abuses had crept in which required reformation. He believed that the majority of the offices might be filled by Natives, to whom a salary might be given commensurate with the services they performed and the position they held in society; but these salaries need not be on such a scale as for Europeans, who left this country at the sacrifice of health, prospects, and family connections. It should therefore be decided what offices Natives were capable of filling; proper salaries should be offered for the performance of the duties of such offices; and then if Europeans chose to accept such appointments and such salaries they should be allowed to do so; but afterwards no attention should be paid by the Government to appeals from them for increased remuneration. This would put a stop to much increased expenditure. The noble Lord, in speaking of the salaries paid by the Government to the civil servants, said that they could not pay on a proportionately less scale than railway companies. At present railway companies were obliged to pay high salaries because Government did so, although the duties could be performed equally well for less money. The origin of such high salaries was no doubt the fact that civilians originally were found to be revelling in rapacity and wrong, and then high salaries were paid to make dishonest men honest. India was then a *terra incognita*; people of doubtful character were banished to India in the hope that they would die there and never come back again. But such was not the present state of that country. The civil service of India now, indeed, in point of character and reputation, ranked higher than any public service in the world; and it is wholly unnecessary to purchase the honesty of its members by offering them extravagant emoluments. So much was this the case that—just to give an instance—he might mention that during the whole time he was in India but one charge was made against a civil servant, and that had such an effect upon the individual charged that he committed suicide. He thought that many of the evils recently developed were the result of

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unjustifiable attempts to reduce the expenditure of India by the confiscation of Native States; but this policy was now at an end, and he hoped that the noble Lord would be enabled for the future to keep under efficient control the expenditure of India. That upon which the strength of English Government in India would mainly depend was the Natives' conviction that those in authority in India were merely the servants of a greater power in this country; and that that power was of such a nature as to be able efficiently to control every act of administration; to protect them from every attempt at injustice; and that if, being well treated, they endeavoured to rebel, it was strong enough to send an army that would crush every rebellious act of which they might be guilty. Such a conviction would render English Government not only useful, but harmonious to the feelings of the people of India; and such a Government only could be permanently maintained in India with advantage to the people there and of this country.

Mr. W. Ewart.

MR. W. EWART believed that, looking at the future state of India, a splendid prospect presented itself as the result of the development of the resources of that country. Indeed, when an efficient system of irrigation and internal communication was established, he thought there would be a development which would not only surpass expectation, but almost outstrip imagination itself. He, therefore, differed from the hon. Member for Birmingham in his views. The personal wealth of the people of that country would, under such a beneficent policy, largely increase, and from the augmented incomes of the commercial classes it might be possible to raise an impost which, while it would not be grievous to those who had to bear it, would render important aid to the finances of India. It had been said that the old Native Governments contrived to supply themselves with revenues, and it seemed to be thence inferred that their system of management was superior to ours. But, he apprehended, that, in matters of revenue, they supplied themselves by a somewhat summary system, according to

The good old plan
That they might take who had the power, ●
And they might keep who can.

He did not, and never did, think the present Council would become the permanent Government of India, but always regarded it as an intermediate state of things—a kind of isthmus between the old and that which would be the future Government of the country. He thought there was too much centralization at present, and that a more localized system of Government would be found beneficial. It would

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be wise in the Government gradually to prepare the Natives for some sort of self-government hereafter. Far distant was the time, perhaps too distant for present contemplation, when India could be politically self-governed; but she might gradually be prepared for it. Meanwhile he would advise the constitution of municipalities to be extended in India. Why not accustom the Natives, under the lead of Europeans, and in concert with them, to superintend the improvement of their towns, to levy rates where rates could be borne, to investigate local questions, and look after local institutions; even in the country, they might, in the form of committees, and in common with Europeans, if Europeans resided there, superintend the formation of roads and bridges. Thus their minds would at once be enlarged and practised, instead of being narrowed and untaught. With the same view, he would recommend the general use, wherever it was practicable, of the system of *punchayets*, or small juries of arbitration; thus calling into action the dormant powers of the Native mind. Further, he strongly advised an enlargement of the Legislative Councils in the different Provinces. Let there be in each at least one or two non-official Europeans to represent the interests of commerce and agriculture. These Councils often wanted local and practical knowledge. They were too official. Two or three Natives might also be advantageously introduced into the Legislative Councils. Such improvements as these would gradually emancipate the Natives of India from their present state of darkness, and lead them to self-reliance, and finally to self-government.

MR. WILSON said, he would not have troubled the House if it had not been his duty to act a rather conspicuous part in some transactions which had been canvassed, particularly as to the establishment of railways in India; and if he had not differed entirely from almost all the speakers who had preceded him. The difference of opinion was, that instead of having apprehensions of the future, he had the greatest hope in the resources of India being developed, and the only part in the speech of the hon. Member for Birmingham in which he entirely concurred was the expression of the hon. Gentleman's confidence in the unbounded natural resources of that country. It was a curious and instructive fact, that if they examined into the history of Indian finance, almost every increase of debt might be referred to wars undertaken either for the maintenance of peace or the subjection of foreign States, and he agreed with the right hon. Gentleman the Member for Radnor (Sir George Lewis) that if they pursued an ordinarily prudent

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course, they might avoid insurrection and annexation. The present amount of Indian debt was £75,000,000. By the addition of the £7,000,000 now proposed, it would be £82,000,000, and he should be very glad if, when peace was entirely established, it should be no more than £90,000,000. Assuming the debt to be £90,000,000, the increase consequent on the mutiny would be £35,000,000, and taking the interest of that sum at 5 per cent., they would have to provide £1,750,000 a year in addition to what was required prior to the revolt. He knew that there had been, for some years, annual deficiencies, but they arose from a large expenditure on public works, which the noble Lord had very properly said should be regarded as investments for future benefit. If they took £2,000,000 for the interest on the increased debt, and £1,000,000 more for the deficit by expenditure on public works, there would be a deficiency of £3,000,000 on the regular expenditure of India. The question, therefore, arose, was it possible to discover a means by which the Indian revenue could be increased to that extent. Judging from the experience of the past, and what they knew of the present, he did not despair of seeing such an increase of revenue within the next three or four years. It was common to talk of reduction of expenditure, and it was a proposition which was always received with loud cheers, but he never found it put in practice. Advice might be given to the noble Lord to cut down expenditure in this or that quarter; but the noble Lord would find it exceedingly difficult, and some years hence it would be found that the permanent expenditure of India, like the permanent expenditure of this country, had a tendency to increase rather than to diminish. Much must depend on how the military affairs of India were finally settled, but he did not think they could calculate upon any large saving on that score, and, at all events, not for a considerable time to come; because it would be no economy, but rather the reverse, to leave anything undone, in order to make at the present conjuncture, as far as possible, a final and complete settlement of the country. But was there nothing in the past which gave encouragement for the future? Hon. Gentlemen who spoke in such disparaging terms of the resources of India could not have watched narrowly the growth of Indian revenue. With the present sources of income the net income in 1850-1 was £18,841,000, and in 1856-7 it was no less than £23,208,000; being an increase of £4,366,000. It was true, that during that period there had been considerable accessions of territory; but the net income obtained from those

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sources amounted to only £1,473,364, leaving an increase in round figures of £3,000,000 in those six years from the improvement of the revenue. That increase had arisen from every branch of the public income; it had not been accidental, but had grown up year by year; and therefore he did not see any reason why we should doubt or hesitate about the probability of the increase going on in the same ratio for the future. In some branches of the revenue it was going on in a still larger ratio. The net increase in the land revenue during the six years, after deducting the sum obtained from newly acquired States, was considerable. In the North-West Provinces the increase was particularly remarkable; and the experience of that part of the empire showed that recent legislation in the matter of settlements had not been so bad as the hon. Member for Birmingham seemed to believe. In the year 1838-9, before the settlement, the land revenue demanded in the North-West Provinces amounted to £4,554,000; that collected to £3,630,000; and the unrecoverable arrears to £694,000. In 1847-8, after the settlement had been completed, the amount of tax demanded fell to £4,292,000; but that collected rose to £4,248,000; and in the year 1854-5 the amount was £4,598,000, with no appreciable arrear at all. No one who looked at those figures could doubt that we had effected a great improvement in the condition of the people and in the revenue of the State. The hon. Member for Birmingham had referred to the enormous expenditure which marked the Government of India in the present day. Bad as he might think things in this respect, they were not half so bad as they were in former times. In the year 1793 Mr. Dundas stated in that House that on an average of three years the land revenue amounted to £6,897,000, and the charges for its collection to £5,283,000, or 75 per cent. upon the receipts. At present the land revenue was £29,613,000, and the charges of collecting it £6,343,000; or only 20 per cent. upon the receipts instead of 75. His hon. Friend must admit, then, that bad as things were now, they were worse then. While speaking of the land revenue he was anxious to express his disapproval of what he understood to be an opinion which the noble Lord expressed the other night. If he understood the noble Lord, he said that it was desirable, in making new settlements of waste or jungle land, not to let the land for long periods, but to sell it in perpetuity; and where land was let at a small rent, that there should be the power of commuting the tenure into freehold. He could hardly conceive a policy more dangerous

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to the future finances of India. It was to repeat the error committed in Lower Bengal by the settlement of 1786, which had been, both financially and socially, a mistake. The Indian Government held the land of that country not as absolute owners, but only as trustees for the whole community, and they had therefore no right to make a gratuitous present of that land to particular persons, which belonged to the whole of the public. The Government of India was entitled to receive the rent or the tax for the land for the public use, and if they alienated that source of revenue they did so to the disadvantage of the future people of India, who would have to supply the deficiency by taxation. He could not agree in any principle the tendency of which would be to repeat the error committed by Lord Cornwallis by giving a perpetual settlement, or by converting existing settlements for long periods into perpetuities. No doubt formerly the annual settlement was one of the greatest evils which could attach to cultivation, for they assessed according to the crops; but that was no reason why, instead of adopting the intermediate system, they should alienate the land for ever. He had the greatest confidence that if they made settlements for twenty, thirty or even fifty years only, that the steady improvement of the land revenue would go on. Much had been said as to the railway system introduced six or seven years ago, and much fault had been found with regard to the guarantees which had been given. He regarded railways and similar works as the main foundation of our hopes for the development of the Indian land revenue. He would ask the House to consider the condition in which the question was in 1849. From 1844 to 1848, during a period of the most excited speculation, some of the wealthiest and most influential merchants of London endeavoured in vain to induce the English public to support Indian railways; and it was only after the greatest labour and difficulty that the Government was persuaded to adopt the system of guarantees. To have given simply a guaranteed dividend would have led to great financial loss to the Government, and therefore the Board of Control based the arrangement into which it entered with the railway companies upon a combination of private enterprise with Government supervision. The right hon. Member for Kidderminster (Mr. Lowe) asked why the Government did not undertake the works themselves; for, he added, if the Government had done so, and a mutiny came, they could have suspended the outlay, and taken away the men in aid of the Government requirements elsewhere. The Government of that day thought that

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that was one of the strongest reasons to influence them the other way. They foresaw that if the Government undertook the works, and any extraordinary event occurred, they would be suspended, and then indefinitely postponed. The right hon. Gentleman also said that if the Government had not guaranteed five per cent., but constructed the railways themselves, they might have obtained a profit of ten per cent. Was he not aware, that though the railways constructed by private individuals might be profitable, it might be very different if Government constructed them? In Belgium the Government had constructed railways, but they never paid, he believed, one per cent.; whilst one constructed by private enterprise, on the other side of the French frontier, paid six per cent. Another very important consideration which influenced the Government was that they thought it was of the utmost importance to introduce a new and independent English element into India. For these reasons they thought it best that the works should be executed by private enterprise rather than by the Government. But he was at the same time bound to admit that the practice of guarantees was one which should be followed with the greatest reserve and caution; that no new guarantee should be given for branch lines until the main lines had been almost entirely constructed; and that in no case should Government aid be extended to a railway running alongside a great navigable river. There was another matter, in reference to the settlement of the land revenue, to which he wished to call the attention of the House. It was called a robbery if the Government raised the rent when a new settlement took place; and there seemed to be a notion that the cultivator of the soil was entitled to continue in possession at the same rent. That matter had been seriously considered a few years ago, and a despatch was written by the then Government, which stated their opinion that the only satisfactory principle on which the renewal of settlements should be made was that, while attention should be paid to the value of the land at the time, a liberal allowance should be made for improvements attributable to the tenant himself, especially such as were of recent date. Where the Government had, by expensive works of irrigation and the introduction of railways, given increased value to land, there was no earthly reason why the rent should not be increased proportionately. The next head of revenue from which he hoped for increased income was the Customs' duties. These were collected almost entirely upon imports from this country, but in almost every case there were high differential duties as against foreign

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produce. In many cases there was double the duty on foreign articles that there was on British articles. They must consider that they were dealing with a crisis. They did not think it unwise to raise their import duties during the war with Russia? The duties in India were moderate but differential, and if it was wise as a temporary measure to raise their duties on imports at home, why not do the same with regard to India? The goods thus imported were consumed almost exclusively by the wealthy classes of that country, and not by the cultivators of the soil. The export duties were extremely small, but the price that all articles of Native produce brought was high. It had been said, and he agreed in it, that no duty was worse than an export duty, but financial embarrassment and derangement were even more so. No doubt if they were to put an export duty on any articles exported from India it must be done with very great care. There were articles such as cotton that could bear no duty because of the competition with America; but on the other hand indigo was grown in no other part of the world but India, and that cheaply; and although there was a duty of 6s. on 84 lbs. it must be regarded as extremely moderate. The crop was worth between £2,000,000 and £3,000,000 sterling. No doubt by a wise discrimination in dealing with regard to the customs and import and export duties, they had it in their power, without injuring the trade of the country, or inflicting any hardship on the cultivators of the soil, to raise the revenue at very little expense and pressure on the people. Then as regarded the salt duty, he for one always thought it was an objectionable tax; but they must touch on sources of revenue in a country like India, where they had the prejudices of the people to deal with, with the greatest possible caution. He should like to see the salt duty abolished, but it was not so much the duty as the cost of its conveyance, that rendered salt so dear; and when India got railways, and better and cheaper conveyance, it would be tantamount to a reduction of the salt duty. He did not share in the apprehensions that were entertained with regard to the subject of opium. The noble Lord (Lord Stanley) had told the House that the Chinese Government might legalize the culture of opium. But its growth and manufacture were not now prohibited in China, but it was of an inferior description, and could not possibly compete with the opium of Bengal, any more than the admission of beer would compete with Burgundy at the tables of the rich. Opium had always been a fluctuating source of revenue, but he did not share in the

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apprehension of its total loss. The noble Lord had hinted at an excise duty, but he should be unwilling to take the responsibility of exchanging the present revenue from opium for so uncertain a source of revenue as an excise duty would be, with the numerous evasions to which it would be subject. There were many rich classes under British rule who did not at present contribute a fair proportion towards the taxation of the country,—for example, Native bankers, and Native cultivators, and Native capitalists in the interior, who lent out money at usurious rates of interest, and who were the proprietors of almost every crop before it came off the ground. It was worthy of consideration whether, by stamp duties upon the transactions of these persons, a greater revenue would not be derived from them. Upon the other hand, if the Government allowed the establishment of banks upon the principle recommended by Mr. Thomason in the North-Western Provinces, advantages would be conferred not only upon the capitalists, but upon the Native ryots, who were subject to their extortions at the present time. With reference to what had been said regarding a reduction of the civil expenditure, it was true that the increase of expenditure in that department was the necessary consequence of civilization. They wanted better schools, better roads, and the whole of the political and educational establishment of the country to be put on a higher scale, and they would find that source of expenditure continually increase rather than diminish. He believed that the Government would never be able to employ Native agency with advantage unless under European agency. With reference to the question of granting an Imperial guarantee to India, he thought, whether looking at it, in an Indian or British point of view, that it was one beset by every possible objection, and he could not conceive anything more detrimental to India itself than to introduce a laxity into its financial economy and transactions, and to open the English Exchequer to the demands and requirements of that country. The introduction of that principle would introduce a laxity fatal to the good government of India. It was said that if we interposed our guarantees we should raise Indian credit; but if so, would they not depress British credit? Our national debt was £780,000,000, and we had added £40,000,000 to it during the last four years, and if we took upon ourselves the indefinite debts of India, would it not cripple our credit in European markets? India was scarcely out of the throes of a great revolt, and prior to that her capitalists and bankers held a large amount of the public debt; but they sent it to

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Calcutta and sold it in large quantities, and did not hold it now; but the moment India was tranquilized these bankers and capitalists would reinvest their capital in Indian stock, and they would find that Indian credit would rise as before. The Government of India were formerly able to borrow at $3\frac{1}{2}$ per cent.; and was there, therefore, any necessity to call on this country to interpose any guarantee? In the Bill of last Session the word "only" was introduced into the clause "that all future charges shall be on the revenues of India," but in the Bill of this Session the word "only" was omitted, and in Committee he should propose the reinsertion of the word. Looking at the enormous increase in the trade of India, looking at the gradual development of its resources, and at the way in which the rebellion had been suppressed, and British authority established over Native insurrection, in a manner that neither Natives nor Europeans expected, he believed that the future rule of India would be far more secure than it ever was in former times. Looking at the development of her river navigation, at her improvements in railways, and at the enormous influx of wealth during the last three or four years, we had nothing whatever to fear as to the future resources of India, neither had we the slightest reason to entertain the expectation of this Government being chargeable either with a guarantee of debt, or with any portion of the cost and charges of India.

Lord Stanley.

Admission of
natives into
Legislative
Council.

LORD STANLEY: Sir, one, and not the least, difficulty experienced in addressing the House after a discussion such as has now taken place is, that the debate has ranged over such a variety of topics that it is next to impossible to enter for any practical purpose into the majority of the subjects that have been discussed. Many suggestions have been thrown out for the better government of India—some of them of much value—which will receive, as they deserve, the fullest consideration. One hon. Gentleman has told us that among the principal requirements of Indian administration was the admission of a certain number of Natives into the Legislative Council of India. I quite agree that it is very important to obtain as far as possible a genuine expression of Native opinion upon matters which are discussed in India; but the objection to the plan of proceeding suggested is this, that you cannot find any one, two, or three Natives who can be said in any sense to represent the Native population as a whole. You might as well look for one, two, or three men to represent Europe. So again, the question of judicial reform has been mooted. That is a question of the deepest interest. It is one that must and does call for

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immediate and careful consideration; and I shall only repeat to-night, what I said on a former occasion, that I am quite satisfied—the Government here is satisfied—that any partial, fragmentary, and incomplete mode of dealing with this subject would introduce greater complication than it would remove, and that when the question comes to be dealt with, it must be in a comprehensive manner. As to the subject of Enam at Madras, I may remind the House that this question will be reported upon by the new Governor of Madras, and that pending the receipt of his opinion no definite step that can commit the Government will be taken. Now, the hon. Gentleman opposite (Mr. Wilson), with much of whose speech I agree, said it was a fatal error to sell uncultivated lands in India in perpetuity to private persons; that they would be merely making a present to them of that which was a lease or grant, the property of the State; and that leases for a given number of years would afford the cultivators all the encouragement and security they desire, whilst it would eventually be much more advantageous to the revenue. I apprehend that that is not found practically to be the case; because both in India and the Colonies the one point on which all those agree who apply for lands of this description is, that they desire to have them in perpetuity, to pay a sum down and be released from all further obligation. And when I am told that a thirty years' lease, or a lease for a term of years at a fixed rent, subject to be raised at the end of the term, is found sufficient in England for all practical purposes, I answer that there is no analogy between the case put and that of a tenant who holds lands in this country, who, when he comes upon a farm on a lease for years, finds that the most considerable outlay for buildings and permanent work has already been made by the landlord. The hon. Member for Birmingham has accused me of making light of the debt of India by comparing it to that of England, and says that I have justified one bad thing by a comparison with another. I beg to say in reply that I never thought of making light of the Indian debt by comparing it with that of England; I never made light of the injury which is inflicted on India by the burden of that debt; I admit that it is a great drawback and a great inconvenience; but my argument was and is this—that as England has enjoyed an immense amount of material prosperity even under an enormous pressure of debt—there is no reason why India should not be equally able with increased resources to bear even a greater burden than the present. The hon. Member for Birmingham answered his own argument when he

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admitted that he saw no limit to the development of the future resources of India. That is what I fully believe, and believing that the trade of India will increase to an extent altogether beyond our present expectations, I contend that the amount of this permanent burden, even taking it at £90,000,000—looking at what the resources of the country will be when properly and fully developed—will not be greater than those resources will bear. Frequent remarks have been made on the deficit in the Indian revenue. It is said that there has been a continual deficit, and that the debt has constantly increased. It is true that the debt has constantly increased; but I have not heard any contradiction of the statement I made on a former occasion—namely, that, although there has been a considerable increase in the debt absolutely, yet previous to the mutiny there has been no increase in the amount of the debt relative to the amount of the revenue on which it is charged since the beginning of the century. Nothing could be further from my intention than to convey the impression that the Government have referred the whole question as to the mode of raising the revenue to the Government of India, and thrown the whole responsibility on them. What I did say was that we have offered suggestions and made propositions, but that we think it better to leave some discretion to the Government there and not to fetter them by too minute instructions. A question largely touched on to-night, and on a former occasion, is that of the salaries of the civil service. I have stated, and I state again, that I do not mean to pledge myself that those salaries are incapable of considerable reduction; but this I will assert that the whole amount of retrenchment which it would be possible at any future time to make in that branch of the public expenditure is absolutely insignificant when compared with the outlay which takes place in the military department. It is to that enormous excess of military expenditure that the present financial embarrassment is owing. A comparison had been made between the salaries of the civil servants of Ceylon and those of Madras. I remember seeing that comparison drawn up in considerable detail in a journal not long ago. It is quite true that in point of climate there is not much difference between the two places, whereas the salaries in Madras are much higher; but it is fair to remember that the whole administration of Madras is on a scale incalculably larger than that of Ceylon. In Madras there are 20,000,000 of people, in Ceylon there are less than 2,000,000 of people, so that it is natural that those holding corresponding

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offices should have lower salaries. Again, we are told that the clerical and military services do not receive the same enormous rate of pay as the civil service. As regards the clerical service, that was rather an unfortunate assertion, because it so happens that the salaries paid to chaplains in India do very greatly exceed the rate of salary given for corresponding duty at home. It is reckoned that, taking the whole of the ecclesiastical appointments in this country, the average income of each clergyman would not amount to £300 a year; while, in the Indian service, the chaplains are paid £600 a year, with a prospect of rising to £900 a year, and in some cases even more. Then, again, with regard to the military pay and allowances, it is impossible to forget that they are much higher in India than in any other part of the globe. I cited the other night the case of those employed on railways and the high rate of salary paid to them, as a proof that the Government did not stand alone in finding it necessary to give a high rate of remuneration for services in India. We are told to-night that that is an unfair example—that it is the amount which the Government pay to their servants that fixes the rate of remuneration offered by private employers; but I doubt whether that can be made out to be the case. When the option is offered to a railway engineer to serve on a line in India or to be employed in England, he does not consider what is paid to civil or military servants in India, but he considers whether it would answer his purpose to submit to the various inconveniences of a protracted residence abroad, and whether the increase of salary offered is such as to make it worth his while. I have fully admitted that in fixing future salaries, it should be borne in mind that the inconvenience attendant on a residence in India resulting from distance is an inconvenience which every hour is tending to diminish; but that inconvenience, which arises from climate, is not so imaginary as some hon. Gentlemen are inclined to suppose, because it is well known that children born in India are sent to England, or if not, to England, they are sent to the hills. In the latter case a man is obliged to keep one establishment there and another in the plains; so that all his expenses are doubled. With regard to Mr. Ricketts' report on these salaries, it has been received in this country, in a printed shape, occupying five considerable folio volumes. I do not pretend to have mastered its contents, but the general result is that an increase rather than a diminution of the total expense is recommended. It is fair, however, to explain

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report.*Lord Stanley.*

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that that increase is produced by the recommendation that an increased amount of European labour and superintendence should be had recourse to in some departments. There are proposals for reductions in existing offices and others for the creation of new ones. It may be possible to separate one from the other, and to adopt, I hope, some of the proposals for reduction without adopting those for increased expenditure in other respects. I have called for a statement of the views of the Government of India with regard to the Report, and when it has been received Her Majesty's Government will take the subject into consideration; but I must repeat that if the total amount of retrenchment were larger than I believe it will be, still a very small saving would be available for existing purposes, because you cannot cut down the salaries of the present possessors of office. Therefore it would be only misleading the House if I were to hold out the prospect of a considerable reduction in this quarter. It is to the reduction of the military expenditure almost exclusively that we must look, and I agree that when India is restored to its normal state, there will no longer be any need for so large a Native army as has hitherto been maintained. The House will have an opportunity very shortly of seeing a good deal of evidence taken on this subject here and in India, but until the Report of the Commission to inquire respecting the reorganization of the Indian army, and the evidence taken by that Commission, are received, it will be desirable to avoid any discussion on this subject. With respect to the Imperial guarantee, I have been told that the Act of last year makes no difference in that respect; and in that statement I fully concur. I fully allow that the Indian creditor has no claim whatever except on the Indian revenue; nor have I ever held language to a different effect. What I have stated, and what I do not hesitate to state again, is, that the Indian creditors have the first charge on the Indian revenue. If that revenue, after paying the interest of the debt, were to be found not to suffice for carrying on the civil and military administration, then the question would arise as to who would be responsible for the defence and Government of India. It is in that way that the question of responsibility will turn up. With respect to the proposal of the hon. Member opposite (Mr. Wilson), I was not aware that there was any difference between the Act of last year and the present Bill. The omission of the word "only" is, I apprehend, not material, but I have no objection to its insertion. We have been told that the change made in the government of India last year

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is one of form, and has produced no practical result to the country. I venture to doubt whether that is a correct statement. It is quite true that before the change there was an Indian Minister responsible to Parliament for the conduct of Indian affairs; but the first and most practical difference which the measure of last year has made is this, that two departments, formerly in perpetual conflict, are now working in harmony. There has been some, not very considerable, saving of expense; and in the transaction of business at home there has been experienced a very considerable saving of time. In India it is considered that that delay in forwarding answers to questions sent home, which was so much complained of before, is materially diminished since the Act of last year. And when it is asserted that no alteration has been made, and that everything remains as it was, it will be worth while to recollect that different classes of objectors, from precisely opposite motives, hold the same language. Those who maintained that no improvement in the Government of India was required are naturally unwilling to admit that any has taken place; and those who believed that much more extensive reforms were needed will likewise hold the same language, and deny that anything has been effected worth mentioning. As to the influence which the change will have on the Government of India, I apprehend that it is quite possible that expectations may have been formed on that point which it was impossible to satisfy. Practically the Government in India is carried on as it was before. Instructions are sent from home, but a large amount of discretion is necessarily vested in those who administer the affairs of that country on the spot—a discretion which is as large as the responsibility devolving upon them is heavy. We hear it said sometimes that the administration of Indian affairs is falling into the old routine, and that it is guided by the advice of those who are called “Old Indians.” I believe that all persons, whether possessed of Indian experience or not, have been led in many respects greatly to modify their ideas upon Indian affairs by the events of the last two years. No doubt those who have been connected with the civil or military services in India form peculiar notions, just as professional men at home become imbued with the ideas of their profession; but I do not admit that they alone guide us. I believe that in India, as in England, the best security for a proper Indian administration is a due admixture of those who bring Indian ideas and experience to bear upon Indian subjects, and of those who bring English ideas to bear upon Indian opinions. I am far from thinking that

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it would be well, whether in London or Calcutta, to entrust the Indian administration exclusively to those who take an Indian view of such matters; but neither can I consent to hold, what is now a common doctrine in some quarters, that Indian experience is a disqualification,—that the best way of administering the complicated affairs of a great empire is that the administrator should be absolutely new to the work; and come to their consideration without any previous knowledge. I have always felt, and I repeat it now, that there have been in our system of Indian administration many abuses that required weeding out—that there were many reforms necessary,—but I cannot forget that that administration as a whole has produced some of the ablest men, and called forth some of the noblest qualities, which have been exhibited in our history. I cannot assent to, I cannot hear without protesting against, a doctrine that has become somewhat common, that our administration of Indian affairs has been nothing but a blunder or a crime.

Sir E. Perry.

Liability of
English ex-
chequer for
present loan.

SIR ERSKINE PERRY said, it was agreed on all hands that money must be raised in this country now, but the real question present to the minds of all was whether any ultimate liability of the English Treasury was involved in this loan in the case of disaster befalling our Indian Empire. They were all agreed that the present circumstances of Indian finance presented some alarming features. The increase of expenditure consequent upon annexations, although accompanied by increase of revenue, had been admitted in the statement made by the noble Lord, and by many other authorities. That being so, and the system of providing for an annual deficit by an annual open loan being in force, the question was whether, if this state of things were to continue, it was not evident that this country must be charged with the cost sooner or later, or India be lost. His hon. Colleague (Mr. Wilson) had given a somewhat different description of the state of things; but his views were at variance with those of the highest Indian authorities. The hon. Gentleman had shown truly an increase of three or four millions of revenue during the six years in question, but this increase, like all former increases arising from annexations of territory, had been accompanied by a still greater increase in expenditure. The right hon. Baronet the Member for Radnor (Sir George Lewis) had frankly admitted that a time would come when England must step in to assist in meeting the charges in India, and he suggested that the best mode would be by bearing the cost of the army to be maintained there. If, then, they were to take the cost

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of maintaining 50,000 or 60,000 European soldiers, the expenditure might be estimated at between £2,000,000 or £3,000,000; while the interest, taken at 5 per cent. on the £40,000,000 which would be required as the cost of the rebellion, would amount to £2,000,000. Under these circumstances, he asked the House as practical men whether it would not be better to lend the credit of this country at once, so as to raise the £40,000,000, and allow the revenues of India to recover themselves, without imposing at a moment like this a heavy and crushing burden upon its resources. The hon. Gentleman, the Member for Devonport (Mr. Wilson), said there was a moral advantage in making the people of India pay the expense of putting down the mutiny as a guarantee for future good conduct; but it should be remembered that from the nature of taxation of India it is impossible to impose the slightest additional charge on the people, or at all events on the agricultural population, who were the parties involved in the rebellion. He was aware it might be asked, "Why should India get a guarantee when no other British colony has ever got it?" The answer was that colonial debts were raised for colonial purposes, they were raised by Colonies having self-government, and if those Colonies ripened into independent States, the new country would take all the benefit created by the public works as well as to the debt incurred in its behalf. But the Indian debt was not created for Indian purposes, but for the maintenance of English rule in the country. This debt was neither more nor less than the price of the conquest and reconquest of the country. If this were so, and the connection between the two countries was inseparable, why not raise the money in England, by which means they would secure two advantages—they would raise the money upon cheaper terms, and, without the slightest ultimate risk to England, allow India to recover itself, and a more healthy system of finance to be adopted, and secondly by making it apparent that a defective system in India involved charges in England. They would fix the attention of statesmen and constituencies on the subject, and thus ensure a vigilance in respect to Indian affairs that could not be overrated. The truth was becoming apparent to all that India could not be governed, for centuries to come, otherwise than despotically; giving, as he contended should be the case, a due share in administration to Natives of ability, station, and character. But to make a despotism by England, the mother of freedom, justifiable either in our own eyes or in those of Europe, it was necessary that our administrators in the East should be

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subject to the strictest and most searching control by enlightened public opinion in this country. Nothing was so certain to ensure this constant surveillance as to make it apparent to the English people that bad government in India produced pecuniary liability here. These observations would have been perfectly futile if no more loans were to be applied for on behalf of that country; but hon. Members would remember that last year we had had a claim on their behalf of £3,000,000, and this year £7,000,000 more were required; and although hon. Members might cry "no" when he stated his conviction on the subject, he still thought that this would not be the last application that would be made on behalf of the Government of that country.

Mr. C. Bruce.

Liability of
England.

MR. CUMMING BRUCE said, he did not rise for the purpose of objecting to the extremely reasonable proposal of the noble Lord, but to express his surprise at the repudiation of all liability on the part of this country for the embarrassments of the Indian revenue, which had been so strongly urged by the hon. Members for Halifax and Radnor, as well as by other hon. Members. A very great statesman, and whose name was always mentioned with great respect in that House, had so long ago as the year 1842, when introducing the income tax, expressed his views with regard to the liabilities of India. Sir Robert Peel, who did not entertain very Utopian notions generally, expressed himself in a marked manner in reference to our liability for the possible future embarrassments of India; and he (Mr. Bruce) well recollected the attention which the House paid to that portion of his speech, and the assent given to the opinions he enunciated. Nor was any person more capable of guiding the decisions of the House upon a question of finance than was the late Sir Robert Peel. In bringing forward his proposal to restore the finances of this country by imposing an income tax, he said that he thought it his duty to call the attention of the House to the state of the Indian finances; and stated that he was quite aware that there might appear to be no immediate connection between the finances of India and this country; but it would be a superficial view of our relations with India if they should omit the consideration of that subject.

"Depend upon it," said he, "if the credit of India should become disordered—if some great exertion should become necessary—then the credit of England must be brought forward to its support, and the collateral and indirect effect of disorders in Indian finances will be felt extensively in this country." [3 Hansard, lxi. 423.]

Now he (Mr. Bruce) perfectly agreed in the opinion enunciated in that extract, and it seemed to him that on every

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principle of equity, when they assumed, as they thought fit to do last year, the government of India, which—say what they might—was done not less for the benefit of this country than the advantage of India—it seemed to him that on every principle of equity and common sense they could not repudiate the liabilities of the Indian revenue. We were bound as honest men in taking the Government to take it with all its liabilities. To a great extent those embarrassments had arisen from the action of the Imperial Government on the East India Company. The noble Lord stated the other night in the candid speech in which he introduced the subject that there were certain years in which there was a surplus—they were years of peace; but there were many more in which there were great deficiencies, in consequence of wars of aggression and annexation. The Indian debt would soon, chiefly in consequence of these wars, amount to £90,000,000. A great number of these wars had been forced on the country in consequence of the now happily extinguished Board of Control acting against the consent of the Board of Directors. The House of Commons was the only power which could control the Board of Control, and prevent the imposition of burdens occasioned by such mistaken policy and profligate expenditure; and as the House had not opposed, it must be considered as having sanctioned, this policy. It became, then, very ill for them to shirk their liability in case the necessity should arise. At the same time he did not apprehend any such necessity; for he agreed in what had been said of the hopeful view of the finances of India. His belief was that the resources of India were really inexhaustible; and that when men of energy and capital embarked in commercial speculations, the revenues of India would revive in a much shorter period than have been anticipated. With respect to the incurring of the liability, he asked whether any body in this country, though it might have cost £100,000,000, would have avoided that liability by withdrawing our troops from India, and leaving unavenged and unrelieved those gallant men, those devoted women, and helpless children who bore the first brunt of that demoniacal rebellion. By doing so we should have forfeited our position as the first great power in Europe. Could there be any doubt that we should have chosen rather to have incurred the greatest liability than have submitted to such a loss as that of India. There would have been but one shout from Land's End to John o'Groat's, from the Scilly to the Shetland Isles, of indignation at such a suggestion.

Mr. Cumming Bruce.

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Opium trade.

He disagreed entirely with those who thought that incurring at once the liability of India would lead to reckless and extravagant expenditure; on the contrary they would have the hon. Member for Lambeth (Mr. Williams), upon whom the mantle of Mr. Hume so gracefully sat, inquiring, with a scrutinising eye, into every item, and in that task he would be assisted by other Members of the House who regarded the expenditure of India with the most watchful jealousy. With regard to the opium trade, he was aware that many very excellent persons in this country were opposed upon moral grounds to the opening of that trade; but he was informed that in many parts of India opium was an absolute necessity of health and life. Some years ago, a most violent and malignant fever broke out in the gaol of Assam, which carried off the people in such numbers that the Government sent up a Medical Commission to investigate the nature and the cause of the disease; and the Commission reported that they could attribute it to nothing else than that the prisoners had been deprived of the opium which they had been accustomed to take. He was informed also that in certain districts of India every man, woman, and child took a small dose of opium every morning, and that it was absolutely essential to them for the maintenance of their vital powers. He did not believe that the use of opium in that country was immoderate, and he thought, therefore, that the imposition of any excessive duty which would prevent its cultivation would be much to be deprecated. He did not participate in the fears expressed that in consequence of a provision in the recent treaty with China the opium revenue might altogether fail us, for the opium manufactured in China was of a very inferior quality; and that imported from India would always command the markets of China. The clause referred to would tend more to regulating the trade, and putting an end to the evils and violence inseparable from a trade carried on by smugglers, than to increasing the amount now imported under a system which all must deprecate.

Motion agreed to : Bill read a second time.

Mr. Cumming Bruce.

SIR C. WOOD'S FINANCIAL STATEMENT,

1859-60.

EAST INDIA LOAN.—COMMITTEE.

Order for Committee read.

House in Committee.

MR. MASSEY in the Chair.

SIR CHARLES WOOD: It has often been my duty to address the House upon questions of great national importance, and more than once upon the subject of India; but I confess I never addressed it under feelings of such deep responsibility as those under which I now rise to bring before the Committee the state of India, more especially in reference to its finances. I do not think that my hon. Friend the Member for Birmingham overstated the importance of this subject, when he told us the other night that it was hardly second to those questions of domestic and foreign policy which have occupied our attention for the last two months. When we consider not only how important India is to England, but the many millions in that country who now own the sway of the British Sovereign, and as to whom we have undertaken the solemn duty of providing good Government, I do not think it possible to overrate the task which is imposed upon the Government and the Parliament of this country. It is not my intention, however, upon the present occasion to go into general questions concerning the state or welfare of India. Her financial prospects are grave enough to occupy the attention both of Government and of Parliament; and certainly no deeper responsibility was ever imposed upon either. It will need all the wisdom and all the energy which the Government can bring to the consideration of the subject; it will require all the aid and support which I doubt not they will receive from Parliament to deal properly with a matter of such vital importance. It is not necessary for me to remind the Committee of what vital importance to all countries the state of their finances is. If their financial state be good, there are few dangers which

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State of
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they may not confidently hope to overcome; if their financial state be bad, there are few dangers with which they can effectually cope. I need not say, because I am convinced that every one who hears me is aware, that the financial state of India at this moment demands the most anxious consideration. In saying that, however, I must not be understood to say that the future prospects of India are, in my opinion, gloomy or hopeless. I confine that statement to the present time, when we have not recovered from the effects of an overwhelming and unforeseen calamity. When we have surmounted the difficulties of the next two or three years, I see no reason why India should not be restored to that state of prosperity, material and financial, in which she was before the late mutiny broke out. I see no reason whatever to anticipate that she may not be restored to that state in which it was my good fortune to leave her when I held the office of President of the Board of Control. It is but four years and a half since I filled the post which I have now the honour to occupy of Indian Minister, and a more grave and melancholy contrast can hardly be conceived than that which exists between the state of India when I left that position, and the state in which I find her on resuming it. At that time we had, as I hoped, closed our career of war and conquest. Universal confidence prevailed. We had an army in the fidelity of which every one trusted, and for which those who were best acquainted with it—namely, its officers—would have answered with their lives. We had a surplus revenue; and the only object we had was to develop the internal resources of the country, to devise an improved system of education, to promote a better administration of justice, the more rapid progress of railways and electric telegraphs, to improve the navigation of the rivers and the means of irrigation, and, in fine, to bring out those resources which India so abundantly possesses, and which may make her the source of wealth, not only to herself, but, by furnishing us with an ample supply of raw materials for our manufactures, to this country. Since that time the whirlwind of the mutiny has passed over the land, marking its course with murder and bloodshed. Confidence is destroyed; our trusted soldiery have proved unfaithful; public works are checked; and financial difficulties of the most serious description have been caused by the late events. Within the last few weeks, to those misfortunes has been added the discontent, and I am afraid, I must say, from the reports just received, the mutiny of a portion of the local European troops in India. These are difficulties great enough

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to grapple with. They require the most careful consideration—the most vigorous and well-matured action—on the part of the Government and the Parliament. I do not intend, however, as I have already said, to go beyond the financial position of India on the present occasion. At an earlier period of the Session, the noble Lord who preceded me as Secretary of State for India, went at considerable length into many subjects connected with the general state and welfare of India. Those who take an interest in India expressed their opinions at that time, and, considering not only the importance, but the vastness of the subject which I must bring before the Committee to-night, I think I shall best consult the wishes of hon. Members, and enable them to form a more clear judgment upon the one great and important question of the finances of India, by abstaining from going into those general topics which were abundantly discussed at the commencement of the Session, and upon which I cannot pretend to be able to throw any additional light at the present moment. The noble Lord, upon the occasion to which I have referred, in dealing with the state of Indian finances, necessarily spoke from imperfect information. Very soon after his statement was made, further information of the most serious character as to the finances of India reached this country; and although I think the reports which then appeared rather exaggerated the evil, yet the accounts which we have subsequently received, and which have been laid on the table of the House, present no very promising prospect for the next year or two at least. I have laid on the table every despatch which has been received. No information has been withheld from the House. The despatches were printed and delivered on Thursday morning. The annual accounts up to 1858 have also been laid on the table, but I am sorry to say they have not been printed, though I do not think they materially affect the question now before us. I repeat, then, the House is in possession of all the information which we can place before it in respect to Indian finance. But, before proceeding to deal with the figures, there are two further observations which I may be permitted to make. One is that the House must remember that it is perfectly impossible to answer with precision for the absolute accuracy of the sums. Since the 30th of April 1858, everything is a matter, not of account, but of estimate. Of course the estimates will be nearer the truth when they apply to the past than to the present year; but there will be discrepancies, many, however, of which will be accounted for by the alteration of circumstances which is explained in

Accounts to
1858.Unavoidable
discrepancies.*Sir C. Wood.*

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Rupree at 2s.

State of India
before mutiny.

Deficit of
1857-8.

Deficit of
1858-9.

the papers before the House. For instance, the annual sketch estimate is dated the beginning of April, but a most material alteration is made in it by a despatch dated the 14th of May. I cannot pretend, therefore, to great precision in statements of figures. I shall deal with the subject in round numbers, keeping as near the truth as is possible in matters of estimate, not of account. The second observation which I have to make is, that in my statement I shall speak of the rupee as being equal to 2s. of our money. Some confusion was caused by the statement of my predecessor, owing to the circumstance that in one place he took the rupee at 1s. 10½d., and in another at 2s. I think it will be more convenient, and will certainly prevent misunderstanding, to calculate the rupee invariably as being worth 2s. Let me premise also that I do not intend to go back beyond the month of April 1857. I shall not go back to the accounts of former years in which the rupee is taken at 1s. 10½d. It so happens that the last financial accounts which have been printed are those for the year ending the 30th of April 1857, and, as that was the last complete year of peace, the mutiny breaking out in May 1857, we have the best possible point to start from. At that time the revenue and expenditure of India may be said to have been equal. The debt of India bearing interest was £59,442,000. The annual interest upon that debt was £2,525,000, and the military expenditure was £12,561,000, of which £12,196,000 was ordinary, and £365,000 extraordinary expenditure, likely to cease in the course of that year. That was the state of India immediately before the mutiny broke out. In the course of the two subsequent years, the expenditure considerably exceeded the income. In 1857-8, the expenditure was about £40,226,000, including an item of interest upon the railway capital, which is a charge on the revenue of India; and the revenue was £31,706,000, leaving a deficit in the course of the year of £8,520,000. In the next year 1858-9—hon. Gentlemen will remember that the financial year in India ends on the 30th of April—the expenditure, including the interest on railways beyond the receipts, amounted to £48,507,000. The revenue was £33,800,000, thus leaving a deficit of £14,701,000. The deficit in the two years was £23,221,500. That deficit was provided for in the following manner:—We have borrowed in India in 1857-8, £5,157,000, and in 1858-9, £5,398,000, making together borrowed in India in the two years in round numbers £10,556,000. We borrowed in England in 1857-8, £4,788,000, in 1858-9 (and this is exclusive of my noble Friend's loan), £8,773,000,

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being a total sum borrowed in England of £11,562,000 for the two years. The whole sum borrowed is £22,118,000, and the remainder of the deficit is made up by a diminution of balances up to this time of £1,103,000, the sum borrowed and the diminution of balances being of course equal to the excess of the expenditure, or £23,221,500. That is the state of things up to the 30th of April last. On that day the debt of India bearing interest there and at home amounted to £81,580,000. The interest on that amounts to £3,564,000. But then comes the item of expenditure which is the source of our difficulties—the military charges of that year, which amounted to £25,849,000, including the expenditure on military buildings. It is fair, however, to say that some portion of that was due to the charges of previous years. That is as near an estimate as can be made for the year ending April last.

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I now come to the income and expenditure for 1859-60. Hon. Gentlemen who may happen to have in their hands the late despatches laid before the House, will see that there is a despatch dated April 1, containing a sketch estimate of the year 1859-60. Owing, however, to information subsequently received, the statements in that account are corrected by a rough estimate of receipts and disbursements for 1859-60, which will be found at page 34 of the same papers. It will be better, I think, to proceed upon the estimate only, without referring to the previous one subsequently corrected, excluding also from consideration a great deal which appears in that account, because mixed up in it are not only the receipts and expenditure, but the balance one way and the other as between the two countries. I shall, however, deal only with revenue and expenditure, leaving unnoticed the cash account between India and England. The expenditure in India I will take at £38,380,000. It appears in the account at £39,000,000, but then they include part of the expense of the stores from England, which is rather a charge in England than in India, seeing that the expenditure takes place here. Excluding that item, but including the payment on account of the Tanjore debt, which is in point of fact a repayment of the debt, the expenditure in India in 1859-60 is £38,380,000. The charges at home, including the stores, is £5,581,000. I then come to a large item—namely, the interest on the railway capital paid into the Treasury here, which interest becomes chargeable upon Indian revenue as soon as the capital is so paid. I hope that ultimately, when Indian railways become remunerative, this item will cease to appear in the accounts, but at present it

Estimate of
1859-60.

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Compensation
for losses.

constitutes an annual charge, which must be provided for either out of the revenues of India or by a loan. The interest for this year is about £1,114,000, while the receipts on account of Indian railways in the course of the year are upwards of £200,000, so that I take the item at £900,000. I must then add the charge to which the noble Lord referred, but as to which he was unable to give any estimate to the House—namely, the compensation to be paid in consequence of losses by the mutiny. In some cases, to a small extent in the Punjab, a fine was instantly imposed on the villages, and compensation was made. With regard, however, to the greater part of the losses, no such measure was possible. An officer has been appointed in India to receive claims on this ground, and the amount has been sent home to this country; but his report is only a *prima facie* one, and as to some of the claims no sufficient evidence has been received to enable him to adjudicate. Now, I must say that I cannot admit these to be claims of right. In many cases—such for example, as the Santhal rebellion—no compensation at all was allowed. In other cases compensation was given as a matter of favour distinguished from right—a just and due consideration, I think, for the losses of the parties, though not going to the full extent even of the admitted injury, but dealing with different kinds of property on different grounds, and allowing a proportion of the loss ultimately established. The view which the Government entertains on this subject is that a distinction should be made between property which it was impossible to move, and property which might have been saved from injury. In the one case we propose to give about one-half, and in the other one-third of the loss which was ultimately established. The estimated amount, taking these figures, would be somewhere about £800,000; but, supposing that there are some claims not yet adjudicated, and others not brought in, I take a margin. The whole compensation allowed may not, perhaps, be as great as the losers will be anxious to obtain, but considering the financial state of India, I think it will be a reasonable one. We propose to limit the amount of compensation to £1,000,000. Adding that to the sums I have already stated, the charge for 1859-60 will amount to £46,131,500. With regard to the revenue, the estimate, as stated in the papers to which I have referred, is £35,850,000. That includes the amount which it is calculated will be received from the additional taxes that have been imposed. Their probable proceeds will be found at pages 16 and 17 of the last papers presented to Parliament. The estimated amount of Customs' duties is

Customs
duties.

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about £1,000,000, and the increase of opium is also stated. Now, I know that considerable objection has been taken to the increase of Customs' duties, and much complaint has been made at Calcutta, at least, of the charges thereby imposed on the European population. I am not one of those who are fond of an increase of Customs' duties as a permanent source of revenue; but it was essential for the Government of India to have money at once. They might have imposed duties which would have brought in money at some future time; but they wanted it immediately, and I know of no way in which they were so sure of procuring it as by the course which they took in increasing the Customs' duties. However, therefore, some hon. Gentlemen may object to the increase of the Customs' duties as a permanent source of revenue, I think the Government of India were, under the circumstances, perfectly justified in taking the course which they adopted. I hope, nevertheless, the time may come when it will be found possible to reduce some at least of those duties to their former state. The increase of the duty raised upon opium is from 400 to 500 rupees per chest in Bombay, and I do not, I confess, think there is any objection to our getting a *maximum* duty upon opium, if in doing so, we do not diminish the production of the article. Including these two items of increase,—and they are the only duties of whose increase I am aware,—I estimate the product of the revenue of India for this year at £35,850,000; which sum, deducted from the anticipated expenditure, leaves a deficiency of £10,250,000. I am, however, afraid that I must ask for a further sum beyond that amount. In consequence of what has taken place in India, we have been unable to push on railway works as fast as we could desire, and as fast as we should be justified in doing by the amount of capital which has been received in this country. The estimated expenditure for railroads for the next year in India is about £8,000,000, while the amount, which will be raised in this country, is about £6,000,000. I have stated already that the balances have been reduced upwards of £1,000,000. The fact is, that having the railroad money in hand, we were able to reduce them by a larger amount than would otherwise have been prudent. In order, therefore, to provide for the additional expenditure which we must incur beyond the sum which we shall receive for railways in the course of the year, we must ask for a further sum of rather more than £2,000,000 to make up our balance to the sum which we ought to have in hand, thus raising the deficiency for the year to a sum of £12,500,000. [Mr. BRIGHT: £12,250,000.]

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Duty on
opium.

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Provision for
deficit of
1859-60.

Twelve millions and a half is the sum for which I propose to ask the House. Then comes the question how is provision to be made for raising that sum. From the accounts to which I have already referred, page 34, I find that the Indian Government expects to receive a sum of £300,000 from the old 5 per cent. loan. Of that amount the last accounts inform me they have already received £276,000. The great probability, therefore, is that they will receive the entire sum. They then estimated the receipts on the 5½ per cent. loan and Treasury bills at £5,600,000. I regret, however, to be obliged to say that I do not think, having made the best calculation in my power, they will receive anything approaching that amount. They have received in the course of the month of May altogether about £125,000. I trust, therefore, that they will receive at least twelve times as much in the course of the twelve months. Last year they received in the course of the month subsequent to May, payments considerably exceeding those which they obtained in that month. Under these circumstances, I estimate that they may expect to receive from £1,500,000 to £1,700,000 in the course of the year. Adding that amount to the £300,000, to which I have already alluded, I have calculated the probable receipts from India for the twelve months commencing in April last at £2,000,000 instead of £5,600,000. The accounts which reached me to-day are not very encouraging on this point, but it may be that when they find in India we are disposed to assist them—as I trust the House will enable me to do—confidence may be restored; and my estimate of a receipt from India of £2,000,000 justified. The noble Lord opposite took power to issue seven millions of debentures this year. Of those, five millions have been issued which have produced in cash, in round figures, £4,800,000, which sum, added to the £2,000,000 I hope to receive in India, will make altogether £6,800,000. That amount being deducted from the £12,500,000 which I stated to be the amount of the deficiency, will leave £5,700,000 for which provision must be made. Now, of course, it is impossible for me to say what amount of cash I shall receive from the debentures which are unissued. The £100 debentures of the noble Lord brought £95 in cash, and I trust the money market will be disposed to come forward liberally and support the Indian market in this case. But, however that may be, I clearly must take some margin, and after the accounts which I received to-day, I am afraid it must be a considerable one, in order to render myself secure of obtaining the money which I want. I estimate that it is necessary

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to have a margin above £5,700,000, and I propose, therefore, to issue the two millions of debentures which the noble Lord opposite left unissued, and to take power to borrow five millions more, making in all seven millions, which I think it will be necessary to provide to meet the probable demands from India for the current year. If, as I anticipate, I should by means of this loan be enabled to meet the expenditure of the year, I calculate that at its close—that is to say, in April 1860—the Indian debt would amount to £95,836,000, and the interest of the debt to nearly £3,900,000. I should be glad that I could now bring to a close all that I have to state to the House; but I think it will be only fair to those who may be called upon to lend their money on Indian securities that I should, as far as I am able, without entering into minutiae, state what are the prospects of the ensuing year. It will be unnecessary to provide any sum for compensation for the mutiny in the course of next year; but, upon the other hand, it will be necessary to add to the expenditure the interest of the debt incurred in the present year; and so far as I can judge, the increased charge for interest will amount to £600,000. There will be an addition to the interest on railroad capital of about £200,000. I do not therefore think, judging from the expenditure of the past, that I can put the expenditure of next year at less than £46,000,000. We should therefore start in 1861 with a charge nearly as high as that which we have to bear in the present instance. Taking the revenue in like manner without any additional taxation, and allowing something for the greater amount of opium which would pay duty, I will put the income at £36,000,000, which would leave a deficit to start with of £10,000,000. This sum will of course be reduced by any reduction made in expenditure on the one hand, and upon the other by any increase that may be effected in the revenue. There will, however, be on the 30th of April a deficiency of £10,000,000 in round numbers. It is needless to say that it is indispensable that the income and expenditure should be more nearly balanced. The first question which presents itself is, how is that object to be effected? The answer is a simple one. By a considerable reduction of expenditure, and, as I hope, by some increase of income. Now, with respect to the making a reduction, I can only say that something must depend on the state of India. The reduction of this year would be larger but for the discontent which exhibited itself among the local troops, which could not be foreseen, and which rendered it necessary that some of the Queen's regiments should be detained in India when

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Reduction
of civil
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Public Works.

they might otherwise have come home, and thus relieve the Indian Government from the expense of their maintenance. In any estimate which I may make this evening, the House must therefore bear in mind that I am proceeding on the supposition that no unforeseen events will occur to disturb the tranquillity of India, and that no demand will be made on us for expenditure beyond that which is requisite in ordinary and peaceful times. If any thing should occur to disturb the state of peace, no calculation can be depended on. The first item in which expenditure may be reduced is the civil establishments of India. I think I should deceive the House if I told them that, in my opinion, any considerable reduction could be made under that head. The noble Lord said the same thing early in the Session. I concurred with him at that time, and although in particular places, or particular offices, some reduction may take place, I believe that it cannot be more than will be sufficient to meet the additional demand for the superintendence of European officers which the best interests of India require. I do not think it would be just or fair to reduce the amount of the salaries of persons who, in nine cases out of ten, are not receiving now any overpayment for the services rendered. Some reduction may be made on new appointments to offices, but the demand for the employment of additional Europeans will be to such an extent that we should be proceeding without reason if we supposed that any reductions in the civil establishment would make any material impression on the expenditure. I was reading the other day an amusing book, which, as it was not written by an Englishman, is therefore more impartial testimony, and in it the writer states in very strong terms the evil of a want of European superintendence. He says, "The only possible remedy is in the great increase of European officials. It is not too much to say that it requires 100 men to perform the work now assigned to a single magistrate." Making a large allowance for that estimate, I believe myself that if you are to introduce an improved system of administration, additional European superintendence is absolutely required, and therefore I do not think it possible materially to reduce the civil expenditure of India. The next item of any large amount is the public works of India. There is no expenditure which I should be so sorry to reduce as that. At the same time I believe that some saving may be made without, in the slightest degree, impairing the value of the works. This, however, is not a source from which any large reduction could be obtained, although I believe that without stop-

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ping works of great public utility, some reduction of expenditure may be made. I also think some saving may be made in the home expenditure, and in the articles furnished from this country to India. But after all, every one is aware that the great item in which reduction can be made is that of military expenditure. The amount of troops in India before the mutiny was of Europeans, including the officers of Native regiments, 45,522; of Natives 249,153, making together 294,675. The amount of troops at this moment in India is, of Europeans, 110,320; of Natives, 207,765; making together 318,085, to which must be added police militarily organized, 89,829, giving a total of 407,914. We also have in England depôts of regiments of the line in India 21,700, and depôts of local corps about 2,000, so that, including the force in India, the force on Indian pay at home, and the military police in India, the total force at the present moment is 431,600. I do not know that it is very unnatural, considering the state of alarm which prevailed in India, that the Government should have raised levies in every part of India, and those levies swell the number. But the danger having passed away, I do not see any reason why those levies should be kept up any longer. A reduction has been effected to a certain extent, and orders have been given for further reduction. But the Governor General has stated it to be impossible, in his opinion, to reduce the expenditure in the course of this year more than to the extent of £2,000,000, whether by sending regiments home, or by a reduction of the Native force. I think every hon. Gentleman present must agree that it is perfectly indispensable to maintain a larger European force in India than we have hitherto done. No doubt the paucity of Europeans in India gave encouragement to the mutineers, and Sir John Lawrence has told me that the Native chiefs told him such was the case. I think it is also clear, from the opinion of Sir John Lawrence—and no one's opinions are entitled to greater weight than his—that the mutiny may be considered almost exclusively a military mutiny. He states, in a despatch which was referred to the other night—

“The mutiny had its origin in the army itself; that it is not attributable to any external or any antecedent conspiracy whatever, although it was afterwards taken advantage of by disaffected persons to compass their own ends; and that its proximate cause was the cartridge affair, and nothing else.”

I think it is a very satisfactory thing that the Native population generally took no part in the mutiny. The exception, of course, is in the province of Oude and its neighbourhood, from which the Sepoys were principally drawn;

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and whose families could not but have had considerable sympathy with their brothers and sons who originated it. But, with the exception of Oude and the neighbouring districts, the Native population took no part in the mutinous proceedings; on the contrary, they, in many instances, showed most kind consideration for Europeans, whom they sheltered, concealed, and protected. Sir John Lawrence goes on to say that he believes the "mutiny arose from their belief that a systematic attempt was about to be made on their ceremonial religion, and, seeing the force of Europeans, from a sense of overwhelming power acting upon men exasperated by a fancied wrong." I am inclined to believe, from all we have heard, that that is a just and true account, as near as we can form an opinion, as to the cause of the mutiny; and from this we learn two things. We learn first of all that we must be very careful not to give to the Natives of India any reason to believe that we are about to attack the religious feelings and prejudices which they hold so dear. No doubt in the recent case there was no just cause for suspicion; but they entertained that belief. We have seen the consequences, and if we hope to retain India in peace and tranquillity, we must take care so to govern it as not only to consult the interests, but the feelings of the Native population. If we have a contented population we shall require less force; and then we shall be able to do that which we learn in the second place—namely, not to maintain so large a Native force in India as we have done. Wherever there was no Native force, there no disturbance arose; but almost in every place where a Native force was stationed, there disaffection, if not mutiny, appeared. Well, then, if we can reduce the army, we can reduce our expenditure, and consequently may be able to reduce taxation. But we must keep up a larger European army in India than we have done; and we cannot entirely dispense with some Native force. There are many places at which European troops cannot be stationed without great loss of life; and even where Europeans are stationed, there are many duties unsuited to men from this country; for these duties we must have Natives of India. To what extent a reduction of the army can be carried, it is not easy from hence to say. In India a much better opinion on that point can be formed than in England. Various estimates have been furnished me of the force that will be required, but I cannot say that we are as yet in a condition to determine the question. I will read to the House an extract from a paper written by Sir B. Frere, the Commissioner of Scinde, which seems to con-

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vey in clear language the principles on which in my opinion we should proceed to make this reduction of the army. The question asked was as to the number of the military force that should be kept up in India, and this is the answer:—

"It seems to me principally, if not wholly, a question of finance. Our income is limited, and capable of little rapid extension; large portions of it are very precarious. We cannot long go on borrowing. It is necessary to our existence that we should bring our expenses, of which the military charges are the heaviest portion, within our income. Even in a military point of view, the value of a surplus income, good credit, and a contented Native population, which needs no large force to keep it from rising, is greater to us in India than that of a powerful and well-prepared army. Give us the former, and time, and we must, with our naval superiority and vast mechanical resources, always be a fair match for any enemy, whether internal or external, that can assail us. But if we have a deficient income, low credit, and discontented classes among our own subjects, the largest and best appointed army will only precipitate our downfall. Time will then befriend our enemies, who will have only to force us to keep our army up to a war standard in time of peace, in order to ensure our ultimately ruining ourselves by costly victories. This is not the place to dwell on the political and social questions affecting the feeling of our subjects towards our Government, further than to note that no army we could possibly maintain, if our own pecuniary resources were double what they are, could enable us long to hold the country if any large classes once become convinced that there are other Governments possible which would be preferable to ours, and to introduce which it is worth their while to make some present sacrifice. Hence it is necessary, in answering the present question, always to bear in mind that we must bring our expenses within our income, and that the vital question is not, what do we want to ensure our perfect safety, but what can we afford to spend for defence, and how can we lay it out to the best advantage?"

This extract shows the principles on which we must proceed in reducing our army, and the true sources of our strength in India; we must avoid a system that creates a discontented population, and forces us to make perpetual loans. It is just to the noble Lord (Lord Stanley) to say that he has enforced these principles in his military despatch to the Governor General, dated the 7th of April last. He says—

"I have now to request your earnest attention to the object of relieving the drain upon your resources by avoiding all expenditure which is either not absolutely necessary, or which can be postponed without serious detriment to the public service. It appears that until our finances are placed upon a sound basis, we are not at liberty to consider what expenditure is desirable or likely to be beneficial, but what is essential and within our means to allow. Now that hostilities on a large scale have terminated, a considerable reduction of commands, whether of divisions, brigades, or stations, with the staff attached thereto, must obviously be practicable. It is obvious that the finance of India cannot be placed on a satisfactory footing without a very large reduction

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of the military forces, Native as well as European, maintained at a cost which cannot be estimated at less than twenty millions per annum. It appears from the annexed statement that the comparative strength of the Native armies, inclusive of police and other levies, exceeds by at least 50,000 men the forces which were maintained before the mutiny. The paramount necessity for an early and considerable reduction of military expenditure will not be lost sight of in this country. I shall not fail to use my best exertions to reduce to the utmost limits the home charges on account of Her Majesty's forces in India."

It was intended early in the year to send home ten regiments from India, but in consequence of recent events part of that force has been detained in India. However, I believe that seven regiments have actually left, and are on their way home. I have said that the Indian expenditure before the mutiny was £12,000,000; it is now £21,000,000—an increase of £9,000,000, on which reductions may be effected. I cannot say we shall be able to reduce the military expenditure so low as it was before the mutiny, yet there is a large margin on which reduction may be possible now that military operations have ceased, and the expense of marching and transporting troops has come to a close. All I can say is, that the most rigid care shall be taken to effect a reduction of our Indian expenditure as rapidly as it can be done consistently with the safety of that country.

Revenue.

With regard to the revenue, authority has been sent to the Indian Government to raise the salt duty in Madras, in Bombay, and the North-Eastern Provinces. The estimated produce of that duty is £300,000. The Indian Government has also expressed its intention of considering the possibility of imposing some other duties; these are a stamp duty, the payment for a licence by traders, and, if possible, a succession duty. No account has been received from India of the precise measures which the Government intends to take with regard to these duties, nor can I form any estimate of what amount of revenue they will probably produce; but certainly several hundred thousand pounds ought to be raised by them altogether. But when we have done all we think it is possible to do for the reduction of the expenditure and the increase of the revenue, it will still leave a considerable deficiency, which will have to be provided for by loan. It may be four or five millions, or it may amount to six millions—I hope it will not exceed this last sum—which will have to be provided for next year by loan. Altogether I fear we cannot anticipate the closing of the account of the mutiny before the debt of India is raised to upwards of £100,000,000. In that debt a considerable reduction might be effected if this country would associate

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itself with the finances of India. Circumstances may arise when the propriety of doing so will become a serious question. The noble Lord (Lord Stanley) saw the probability of it. No one has expressed a stronger opinion against it than myself; but when the house looks at the circumstances of the case, it must not shut its eyes to the possibility of a state of things arising in which we may have to entertain the proposal. If we bring our expenditure within our income, as I hope we shall within the next two or three years, all will then go well; but if any circumstances arise,—and they may arise as unexpectedly as the recent mutiny,—which add to our expenditure, the matter will then become very serious indeed. In order, however, to put the finances of India on a sound footing, it is necessary to take some steps for the purpose of putting them under proper superintendence. The organization of the financial part of the Indian Government, in my opinion, has always been very unsound. In this country the Chancellor of the Exchequer, who has to meet the expenditure, has also to provide the Ways and Means; but in India the department which provides the money has no connection with the department which spends it. A mode of administration more likely to lead to carelessness and extravagance one cannot well conceive; and it will, I am convinced, be most advantageous for India if some person is sent from this country well versed in our financial system, acquainted with our mode of keeping accounts, and of raising and checking the expenditure of money, to take charge of the Financial Department in that country; and it is the intention therefore of Her Majesty's Government to send out to India some person in whom they may have confidence with that view. I am not now imputing blame to any officials in India, who may have had to do with the financial departments; it is the system which is to blame. If this be done, if we can meet the pressure of the next two or three years, I have little fear for the Indian finances. It is a remarkable thing that, spite of recent circumstances, the revenue has continued to improve. In 1856-7, the year before the mutiny, the revenue produced £31,700,000. In the year 1857-8, the year in which the mutiny broke out, the revenue in round numbers was about the same—£31,700,000. In 1858-9, it was £33,800,000, being an increase of nearly £2,000,000; and the estimate for 1859-60 is £35,850,000, being an increase of £4,000,000 including £1,000,000 from additional taxation, since the year before the mutiny. It is to be remarked, too, that this increase has arisen simply from improvements in the revenue, and

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Trade of India

not from accessions of territory. In the ten years before the mutiny there was an increase of revenue, mainly caused by accessions to territory, which did not meet, however, the increased charges; but this increase is owing entirely to improvements in the revenue. The accounts of the trade of India are also very satisfactory. My hon. Friend the Member for Birmingham will be glad to hear that the export of cotton from India is on the increase. The average of the five years ending 1852-3 was 116,000,000lbs; for the five years ending 1858-9 the average was 175,000,000lbs.; and it is curious enough that the cotton goods sent to India in the last six months was equal to the value of the whole exports to that country in 1856. We need not, therefore, despair for the future of India. A large portion of the country has been entirely untouched by the late calamities; even in the districts where the mutiny raged, it generally passed lightly over the Native population. Trade is improving, the sources of material prosperity are on the increase, and if we have not a recurrence of such events as those which we have recently had to deplore, I see no reason why India should not again be flourishing and prosperous. It has great natural resources, labour is cheap, the cultivators are skilful and industrious, English capital is going there, and I sincerely hope that we may, under the blessing of Providence, very soon see the Natives of India a happy, prosperous and improving people. The exact sum, which I am about to ask power to borrow for the service of the Government of India, is £5,000,000. That I believe will enable us to meet all the demands of the present year—as to what may be wanted—for the future I must wait until the time comes. For one or two years, as I have pointed out, there may be demands on the money market, but after that I hope that the income will meet the expenditure. I ought to say that I do not require this sum of £5,000,000 all at once. How much I shall want, will of course depend, to a certain extent, on the receipts of the Indian Exchequer. I certainly shall not require it all until the end of April; but I think it would be unwise of me if I did not take at once sufficient to carry me through the year.

Mr. Crawford.

MR. CRAWFORD said, he could not help expressing his concurrence to a certain extent with the sanguine view which the right hon. Gentleman (Sir Charles Wood) had taken of India prospectively, but he thought that in his statement he had overlooked one important feature, namely, that there were at present about £7,000,000 of India bonds in existence, the owners of which had the option of being

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redeemed by giving a year's notice. There had also been placed upon the market within the last year about £13,000,000 of debentures, which would come in course of payment in the years 1863 and 1864. So that, on the whole, a sum of about £20,000,000 of debt would have to be provided for in the course of the next four or five years. He could hardly, therefore, concur altogether with the expression of satisfaction with which the right hon. Gentleman had concluded his speech. He would also like to have heard in what manner the right hon. Gentleman proposed to raise the £5,000,000 which were now asked for. It was to be hoped the mode intended to be adopted was not by way of debentures,—an expedient which many practical authorities on that question were convinced would prove a failure. The debenture market, as far as India was concerned, was overdone. The public did not regard debentures favorably enough as a means of investment to enable the right hon. Gentleman to depend upon such a source. A great many of the principal holders of money were absent from the tenders for the last Indian loan, a great portion of which was taken up by the gentlemen of the Stock Exchange and private gentlemen; but they were bitten on that occasion, and were not likely to come forward again. With regard to the increase of the customs duties in India, he was perfectly prepared to admit that there was no more legitimate mode of raising resources in times of difficulty than by such an increase, if it were not carried to such a point as to interfere with the consumption of the commodities on which they were raised. He did not think, speaking generally, that the trade of India had been hitherto subject to anything like an inordinate rate of customs duty, and he thought no particular disadvantage would result from the direction the increase was proposed to take. But great exception had been taken, and he thought justly, to the mode in which the increase had been effected. The authorities in India had no doubt followed the course pursued in England, and had made the increase take effect from the date of the Resolution passed in Committee; but the public mind in India was not accustomed to so rapid a change of circumstances. Considerable difficulty had consequently been caused. In Bombay, for instance, it was the practice of merchants to contract to deliver large quantities of goods at certain prices. The effect of the sudden alteration was, that all goods that had not passed the Custom House were subject to the rise. The Bombay people declined to pay, took legal opinions, and were advised they were not liable. A suit was threatened to enforce payment, and if the

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suit had been instituted and carried to the Privy Council, all trade at Bombay would have been suspended until its final decision. Such was the disposition of the Natives; they declared they would not transact any more business until the question was settled; and it resulted in the merchant, the buyer of the goods, paying the excess of duty out of his own pocket. He knew another instance where a gentleman had had to pay as much as £6,000 out of his own pocket additional duty on goods for which he had contracted before the duty was raised. He mentioned these circumstances to show how necessary it was, especially during times of confusion like the present, to consult, as far as possible, in India the Native mind and feeling, and not to introduce habits and ways of thinking to which they were unaccustomed, for the Native mind became unsettled, suspicious, and felt no confidence in the actions or intentions of the Government. Indeed, many of the difficulties we had had to contend with in India were produced by the ever-shifting and almost dodging policy of the Government in its endeavours to raise money. He observed also that the local Government had been authorized in one of the despatches to increase the export duties. Export duties he considered economically wrong, unless goods to which they were applied were a monopoly in the country in which they were manufactured or grown. Such exceptions to this rule might be found in the opium of India, the guano of Peru, and the tallow of Russia. But such articles as hemp and rape seed, and numerous other seeds which had entered to an enormous extent into the export trade of India, were the products of other countries as well; and therefore to whatever extent you increased the export duty upon them to that extent you placed the dealers in those commodities at a disadvantage as compared with the dealers of other countries. An export duty would eventually operate as a tax upon land by adding to the charges of sending the produce of the land to the foreign market; and as the land in India was the chief source of revenue, it followed that an export duty was one of the worst expedients that could be resorted to for the purpose of adding permanently to the resources of the State. The right hon. Gentleman had referred to the railways, and appeared to be looking forward to the time when the railways would be no longer a burden to the State. It might be satisfactory to the House to know that in the case of one of the most important of the India railways with which he (Mr. Crawford) was connected, and which was now in course of construction, they were taking upon the 143 miles already

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duties.

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opened from Calcutta to the coal districts, and to the North-West, £34 per mile per week; and as the traffic was carried at about 45 per cent. working expenses, it followed that the net earnings were from £18 to £19 a mile per week. The cost of this line was not more than £12,000 a mile, so that the net annual return was considerably more than the guaranteed interest, and, in point of fact, the railway had repaid to the Government already about £250,000 against the advances made on account of the guaranteed interest. In the case of the Great Indian Peninsula line, on the other side of India, they were taking £18 a mile, the cost of carrying on the traffic being about the same. It would be seen by going into the figures that that also was earning sufficient to repay the guarantee. The line also from Allahabad to Cawnpore, which was 126 miles long, was opened last March, and upon that the earnings were in the gross about £18 or £19 a mile. Therefore, it might be taken almost as a certainty that as those railways were opened up, the amount of revenue received from them would greatly exceed the guaranteed interest, and that the railways would not form any permanent charge upon the Government. It was true that the Government of this country had found it necessary to pay large sums of money to the proprietors of those railways during the progress of construction, but that money had been paid not out of the funds of India, but out of the funds of the shareholders themselves. The power having been given to pay up the calls to a great extent, they had done so. They had paid the money in advance to the Indian Government in this country, and those payments had largely exceeded the amount returned in the shape of the guaranteed interest; so that thus far the guarantee had not operated as a tax upon the Indian finances. In a paper issued last week, giving a statement of the public debt of India, he found included amongst the creditors of India his Majesty the King of Oude, for a sum in the whole amounting to £1,770,000, in three several sums, bearing interest at the rate of 6, 5, and 4 per cent. respectively. He wished to know whether these sums represented a debt due by India to the State of Oude, and if so, whether the right hon. Gentleman (Sir Charles Wood) would have any objection to state what course the Government intended to take in respect to it—whether it was intended to “write the money” off, as it was termed in commercial phrase, or still to regard it as a debt? It was with great satisfaction that he heard the announcement that it was intended to send out some gentleman of large financial experience to take charge of the financial administration of

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India,—a course which he had himself suggested last Session, and from which he anticipated great advantage. He thought the time had arrived when some improvement in the banking affairs of India might be introduced. By banking on a large scale, as in this country, he believed that a great improvement might be effected in the mode of carrying on the public service.

Lord Stanley.

LORD STANLEY: Sir, I agree in part of what has fallen from the right hon. Gentleman, and even if I differed from some of his opinions to a greater extent than I do, still I should feel that as he must be bound to some extent by the course of those who preceded him in office under circumstances of a very unusual description, he is entitled not merely to forbearance from opposition, but to the cordial aid of this House; and that aid, I may venture to answer for those who sit on this side, will be freely and frankly given. It is hardly possible to conceive a situation of greater difficulty or responsibility than that which is occupied by whoever is at the present time Minister for India. The India of 1859 is totally different from the India of three or four years ago. No doubt external peace has been restored, but there is, I am afraid, an amount of animosity, distrust, and ill-feeling in India which will take a considerable time to eradicate. The military reputation of England has been retrieved, but it will be impossible for the Natives of India to forget that our power was during many months seriously shaken; and that it was so shaken although a considerable proportion of those who had the greatest power and influence in the country, not only held aloof from the movement of the Native army, but cordially supported us. The financial difficulty has been clearly stated by the right hon. Baronet, and, so far from there being any tendency in this country to underrate its magnitude, we are now, whatever may have been the case twelve months ago, rather in danger of running into the opposite extreme, and of considering it as more permanently formidable than it really is. All the sources of difficulty which I have mentioned are in great degree temporary in their character; but while they last they are undoubtedly the most serious obstacles that a Minister can have to encounter. The question of Indian finance may be either a very wide or a very narrow one, according to the manner in which it is considered. There is no subject connected with the government of the country that does not somewhere or another touch upon the question of finance; and therefore, if we were to go into all the topics that might be dealt with in considering the proposed loan, I scarcely know within

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what limits it would be possible to confine the debate of this evening. I cannot, however, avoid mentioning one or two matters which are not strictly in connection with the propositions of the right hon. Gentleman; but at the same time I shall endeavour as closely as I can to keep to the subject actually before us. In the present state of things it is clear that a deficit like that which exists at the present moment can be diminished only by one of three modes. Either taxation must be increased or some measures must be taken to obtain relief beyond the limits of India, or else there must be a reduction either in the civil or military expenditure. The right hon. Baronet has not held out much hope of an augmented revenue from an increase of taxation beyond that already sanctioned, or now under consideration, and I am glad that he has not done so. The measures actually taken by the Government at Calcutta for increasing the taxation of India were determined upon independent of, though coincident with, those sanctioned by the Government at home. I believe, indeed, that the two schemes crossed each other on the road. The Government at Calcutta proposed a larger amount of increase than that which was recommended from this country. I am far from saying that they were wrong in doing so; in fact, on the part of the Government at home, I at once acquiesced in the course they took; but I mention the circumstance to show that the view of the Government in this country was not favorable to a larger increase of taxation than that actually adopted. A considerably larger sum will be realized from the scheme of the authorities in India than that which would have been received if the recommendations of the Government at home had been carried into effect; but when those sources of revenue have been exhausted, I am not very sanguine that more can be obtained in other modes from the people. Certainly, at all events, a great majority of the schemes of new taxation which have been put forth, both here and in India, have been more calculated to be dangerous than productive. The proposed tobacco tax, for example, would be a tax upon the poorest class of the people, depriving them of one of the few luxuries which they enjoy, and from its nature it would be singularly liable to evasion, unless the collection were enforced by means of a Government monopoly, which would be objectionable in every respect. The plan of a succession tax seems at first sight more feasible, but we must remember that in India such a tax would assume a very different character from that which it bears in this country. I speak with some hesitation and doubt, but I do not believe that

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you would find it easy to impose anything in the nature of a succession-duty upon property other than landed property. To attempt to ascertain the amount of capital possessed by a Native merchant or banker would only be to incur disappointment and failure; your tax would be evaded with the greatest possible facility, and would prove unproductive unless the collection was conducted on a system so inquisitorial as would not long be tolerated even among the patient people of India. Even with respect to landed property many difficulties present themselves, for it should be remembered that in India, where the Government is the owner of large portions of the land, and where the cultivators of the soil stand in the relation of tenants, the Government is already receiving in one shape or another as much as the land can yield without making its cultivation unprofitable. Any attempt, therefore, to tax a man who succeeded to the occupation of lands which he held subject to large payments to the Government would simply be taking out of one pocket what you are putting into another. So with respect to the proposal to impose licences upon certain trades. That is a proposition not free from objection in principle, and if an attempt were made to put it in force, its effects would require to be very closely and carefully watched. Upon the whole, looking to the present amount of your taxation in India, and the considerable increase now being made in the various branches of revenue, I do not think we can expect much more from that source. Then comes the question which we have mainly to consider this evening—whether it is necessary or possible to afford any relief to the finances of India from any quarter beyond India itself. Some discussion took place at the beginning of last Session as to the possibility of an Imperial guarantee for Indian loans. The arguments for and against a retrospective guarantee—that is to say, a guarantee upon debt already contracted—are capable of being summed up in few words. It is argued in favour of such a measure that in the event of the Indian Empire being lost, the pressure which its creditors would bring to bear upon the Imperial Government would be such as no Government could resist; that if the Indian Government were able to borrow at an English rate of interest, upwards of £1,000,000 per annum would be saved; and finally, that a guarantee would not entail upon the Imperial Government any actual outlay, nor would the amount, large as it might be, be sufficient materially to lower the credit of England in the market. It is contended, on the other hand, that the contingent obligation to which you would

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render yourselves in a certain event liable would be greater than any Government ought to take upon itself without absolute necessity; that it would be wrong to remove from the Indian Government that liability to financial difficulty and distress which is one of the best securities against rashness and improvidence; and that—to this argument I attach more weight than to the two others—you cannot afford the benefit of a guarantee without creating a feeling of apprehension on the part of the holders of your existing debt. It is well known that the reduction of interest a few years ago, however reasonable and proper according to English ideas, created among the Natives a greater feeling of uncertainty and unwillingness to trust the Government than any other step which we have taken; and I am afraid that an Imperial guarantee, naturally followed by a reduction of interest, would produce the same discontent only upon a larger scale. I am not surprised, therefore, that the right hon. Gentleman does not ask Parliament to take upon itself retrospectively the whole or any part of the Indian debt; but I confess I do entertain some doubt whether, looking only to the circumstances of the moment and to the loan which it is now proposed to raise, the same determination that India shall rely wholly upon Indian resources is applicable to its present condition. I think it may be fairly argued whether under present circumstances India is not entitled to look for aid in some way or other to the Government of this country. I have heard it stated in this House, and upon high authority, that financially we have gained nothing by the possession of India; that all we have got by it is the power of trading there, which we should equally possess if it were an independent country. But in examining the financial relations of the two countries, it is impossible to overlook the fact that for half a century past an immense number of Englishmen have been employed and supported out of the revenues of India; that those who go there are for the most part persons without fortune; and that they return, not all with great wealth, but still with a competence derived from Indian resources. I believe the amount of contribution, not to public, but to private necessities, from the people of India to the people of England, cannot be taken at less than from £5,000,000 to £6,000,000 sterling. Now, that is a sum which, in striking a balance between England and India, we cannot fairly leave out of sight. But I do not think you can argue this as altogether a question of right or policy. I am afraid—and this is one of the very few points upon which I differ from the statement of the right hon. Gentleman—that

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something in the nature of Imperial assistance will become before long a matter of absolute necessity. I confess I am inclined to doubt—and on this point I am supported by the authority of an hon. Gentleman who is far more intimately acquainted with this matter than I can pretend to be—whether it will be possible to throw so large an amount of debentures upon the market (if that be the course adopted) without considerably decreasing their value; and I believe it is well known that if the value of the security falls below a certain point, you not only have to give higher terms, but it will not be saleable upon any terms. Well, then, I think it ought to be considered whether the operation which the right hon. Gentleman proposes will not seriously affect the progress of those public works upon which he justly lays so great a stress. We must remember that it is not only the Government of India which wants money, but I think I understood him to say that something like £8,000,000 would be required by the various public companies connected with India. They will go into the market equally upon the credit of the Indian Government, so that in point of fact there will be required not £5,000,000, but £11,000,000, which the Government and the companies will be borrowing together. I think, therefore, the question may arise—not merely as a matter of policy or of right, but as a matter of sheer necessity consequent on failure of credit—whether the assistance of the Imperial Government should not be given, not retrospectively, but to satisfy present exigencies, and to cease when those exigencies cease. If, however, no proposition of that kind is entertained by the Committee, then, I think, another question arises, which may be taken in either of two ways as between the finances of India and England. Parliament will have to consider on what ground it can justify, at a time of difficulty like the present, the distinction which has always existed, and for which I have never known a reason assigned, between the military expenditure of the Colonies and the military expenditure of India. It would be madness to contend that the same rule should be applied to the two cases. That would be wholly out of the question; but I think that both the Indian and the colonial system of military expenditure might mutually borrow something with advantage. Take, for instance, the case of a large colony like the Cape, where the finances are flourishing, and the population prosperous, but where an enormous military expenditure is borne by this country. I have never been able to understand why the British Government does not reduce its military expenditure on account of such colonies as these,

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giving to their Governments the option of defraying part of the charges of the Imperial troops stationed there, or of establishing a local militia. Of course I know that you are bound by many old engagements, and that if any change is made it must be a gradual one. But the fact remains that in the case of the Colonies we take too much of the military expenditure upon ourselves, while in the case of India we go into what I think is the opposite extreme, by absolutely refusing to hold ourselves liable for any portion of the military expenditure there. Now, I think that, not relying on one single instance, but taking the whole course of our colonial Government in this respect, and comparing the two systems, it would not be difficult to prove that unless the force in the Colonies is altogether lavish and disproportionate to their wants, India has in point of justice some claim—to what extent I am not at present prepared to say—to Imperial assistance in bearing its military charges. If this view be not adopted, there is another which deserves consideration. I think it will be found if we look into the history of the military charges imposed upon India, and of the wars carried on by the Indian Government, that some of these—and those the most expensive—have been distinctly undertaken from English and Imperial as distinguished from local policy. Take, for instance, the Afghan war. It can be proved that England, considered apart from her connection with India, had an interest in that war. It was an English war, carried on from motives of European policy; and yet I believe every shilling of the expenditure has been defrayed by the Indian Exchequer. Now, I mention these circumstances because if the Indian Government is driven, as I believe it will be by necessity, to appeal to this country for financial aid, either in the form of a guarantee for a new loan or in any other way, I think it will be wise and just to remember that that appeal is not altogether a groundless one, that it is not an appeal *ad misericordiam*, arising merely from the necessities of the Indian Exchequer, but that it really has some foundation in reason and in justice. Well, then, let us next consider what it may be possible to accomplish in the reduction of Indian expenditure. We have been told of a deficit of £10,000,000, the expenditure in round numbers being £46,000,000, and the income only £36,000,000. With regard, first, to the cost of the civil service, I pass over the expenses of the Home Government, for they are comparatively insignificant. The question was argued at great length and was very recently settled by Parliament, and I do not apprehend that for the sake of any

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slight saving of the salary of one or two members of the Council it would be worth while for Government or for Parliament to interfere with that settlement. The principal value of the Home Council of India will, I think, be found to consist in the assistance which it will afford to the Indian Minister of the day in resisting claims and charges which there is always a tendency to throw unduly upon the Indian Exchequer. I am not speaking now of any particular time or Government; the controversy to which I refer has gone on ever since the Board of Control was established; but where there is a large amount of discretionary military expenditure with regard to which, at various times, questions may arise as to whether it should fall upon India or upon England—where there is a Chancellor of the Exchequer and a Government naturally bent on reducing English expenditure as far as they can in the Parliamentary Estimates—there will always be an inclination, an involuntary, an inevitable inclination, to throw upon India, especially in military matters, financial charges which belong properly to England. A body of men like the members of the Indian Council, who are independent of the Government and of the Treasury, will therefore be highly useful in resisting this pressure. With respect to the larger question of the civil administration in India itself, I can only say that in dealing with it there are in my opinion two distinct and separate points to be considered. The first is what course we ought to take with respect to that subject at the present; the second, what it may be in our power ultimately to carry into effect. Looking merely to the exigencies of this or to those of the next two or three years, I concur with the right hon. Gentleman opposite in thinking that nothing worth speaking of can be done in the way of reduction in that direction. I say so because it is quite clear that, except in case of extraordinary emergency, you could hardly reduce existing salaries by any large amount, and it may be a question, if you did so, whether the saving thus effected would compensate the country for the discontent which such a proceeding would unquestionably create. With respect to the future, I can only say that I do not concur with what fell from the right hon. Gentleman—and it was almost the only sentence to which he gave expression which I heard with regret—as to the expediency of increasing the amount of Europeans employed in the civil service in India. The state of feeling which exists at the present moment—a state of feeling which is, perhaps, not the unnatural result of the distrust and jealousy which such a struggle as that which they

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have just gone through tends to engender between two distinct races—may be favourable to such a change. That feeling, however, will not, I feel assured, be permanent in India; and I, for one, see no good reason for altering the opinion which met with such general concurrence in 1853, and which was favourable to our introducing ultimately larger and larger numbers of the Natives—especially the educated Natives—of India into the civil service. I do not, indeed, suppose that any-one would propose to do away with the covenanted service. It may or it may not become, in the course of time, faulty as an institution; but it is at the present moment working well, and you cannot dispense with it. Without taking such a course, however, means may be adopted to remove that which in India forms the principal ground of objection to the service, namely, its entirely exclusive character. I am aware of the risk of favouritism and jobbing which may be incurred by a departure from the strictness of the existing rule, but I also know that nothing operates so much to discourage those who form the uncovenanted service of India, whether its members be European or Native, as the knowledge that there is a limit in the degrees of official rank beyond which they must not hope to pass. And when I had the honor of being in office, as Secretary of State for India, I intended to bring before the House—for I believe the object which I had in view could be accomplished only by means of an Act of Parliament—a measure by which I thought the present necessities of the case might be met. I should have proposed that it should be possible—notwithstanding former Acts limiting certain offices to the covenanted service—that the uncovenanted servants should be admitted to any or to all of those posts, but only after a certain number of years' service in the country, and upon the recommendation of the Governor General, and with the sanction of the Secretary of State. If you establish these three checks, aided as you would be by the individual jealousy of the covenanted service itself, which always looks with disfavor upon those who enter it from without, and would prevent the privilege from being abused, and if you proceed in the first instance gradually, admitting in rare instances those who deserved well in the lower branches of the service of India, be they Natives or Europeans, my opinion is that you would be enabled ultimately to effect, I will not say a very large, but a considerable saving in the general expenditure of that country. You would do more—you would give satisfaction to a large class of persons who now naturally look upon their position with feelings of dis-

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content, and thus economise, though in a different way, to a greater extent than you suppose. There is also another measure with respect to the Indian civil service on which I am anxious to say a few words, and which is, I believe, at present under consideration. I thought a saving—though certainly, perhaps, not a very considerable one—might be effected by dealing with the higher departments of the Indian service, and thus affording an indication of the intention of the Government to enforce economy in earnest. In speaking of the higher departments of the service, I refer especially to the composition of the Governor General's Council in Calcutta. At present that council consists of four members, each of whom receives a salary of £8,000 per annum. They are, however, charged with the duties of no particular department, and simply revise and superintend, as it were, the whole administration, thus acting as a nominal—for it is only a nominal—check on the Governor General, while they write minutes home on all the subjects which come under their notice. Now it is, I admit, quite right that the Governor General, who has had in many instances no previous acquaintance with India, should on his arrival there be surrounded by competent and experienced advisers. I am nevertheless of opinion that you might have a Council equally efficient as the present, and yet effect a saving of expenditure to some extent, if, instead of employing councillors who discharge no executive functions, you would engage the services of those in that capacity who happened to be the actual heads of the principal departments. I of course did not mean these observations to refer to those who now occupy the position of members of the Council in India. I simply meant to suggest it as a proposal worthy of consideration that as in England we have a Cabinet—which is the consulting body—the individual members of which have charge of separate departments, while they are collectively responsible for the conduct of affairs, so in India a similar system might be established. Something would be saved directly by the adoption of such a course; but I believe a still greater advantage might be gained indirectly, inasmuch as there would be less cause for complaint in the lower branches of the service when it was found that reductions had commenced in the higher quarters. But however that may be, I am of opinion that in considering the balance of income and expenditure, it will be found that a large reduction in the present outlay in India must be on account of railways. About £20,000,000 capital—to speak in round numbers—have been paid up. The interest which the

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Indian Government has guaranteed, and which is paid, amounts to £1,000,000. From this expenditure there has been as yet very little return, inasmuch as there are only a few lines open, and there is in consequence hardly anything to be set off against the outlay. When, however, the main lines are once completed, I feel confident that although a line here and there, which has been constructed for military purposes, may not pay, it will be found, setting off the good against the bad, that they will more than meet the amount which has been guaranteed. You may, therefore, look forward to a prospective reduction in this respect of £500,000 or £1,000,000. I cannot help thinking also, although the point is one on which I venture to give an opinion with some hesitation, that the sums we have paid in the shape of compensation for losses incurred will not be altogether without an off-set in future years. The account is not, at all events, so unfavourable as it may appear to be, because, notwithstanding the large and liberal sums which have been given to our Native allies, and to those who have suffered by the outbreak in different parts of India, something will be saved to the revenue from the forfeiture of pensions and estates. But passing from that subject, I may be permitted to observe that the right hon. Gentleman stated only the simple and literal fact when he told us that the question of equalizing the balance of income and expenditure depended mainly upon the position in which we maintained our military force. The expense of the Indian army previous to the insurrection was £12,500,000. It has been since that period nearly doubled, and that circumstance alone would more than account for the total deficit of the last two or three years. Upon this score I entertain no sanguine anticipations, inasmuch as I think it will be impossible to return for some time to the old standard in the case of our military force in India. The right hon. Gentleman stated truly enough that previous to the mutiny between 45,000 and 46,000 troops were the *maximum* amount of the European force in India; the number of the Native army being then 250,000, while they have since increased enormously, the European force also being much greater than before. Now, with respect to the Native troops, I may say that if no reduction has been made before the present time in their number, it has been because the Government of India on the spot did not think it expedient that any such reduction should be made. The Indian authorities have, indeed, been pressed over and over again by the Home Government to make such reductions in the Native force as

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they thought could be made consistently with the safety of the empire. For my own part, I believe this may be done, and done soon, without giving rise to any discontent on the part of the men themselves, especially in the case of men such as those who come from the Punjab, and who were informed that their services would be required only for a particular emergency. Looking at the whole military question, and with a lively recollection of the condition of Indian finance, I confess, though on this point I speak with hesitation and doubt, I do not see that it would in any case be safe or wise to reduce the European force hereafter to be retained in India below 60,000 or 65,000. I am not speaking of what would be advisable in a military point of view, but I do not think any Minister would take upon himself to reduce the European force below that number; and I am afraid that even this force would impose a very serious burden on the resources of India. With regard to the Native force, undoubtedly a much larger reduction might be made, and I think when the immediate exigency is over, this question of military police, on which an enormous outlay has taken place, ought to be looked into carefully and minutely. In every case this great force of military police was raised by the authorities on the spot with the view of meeting the emergencies of the moment, and not in consequence of directions from home. I do not say that it was a mistake, or could be avoided; but, of course, when the force was partially created, and a good deal of money had been spent, we had no option except to sanction that expenditure. I know that many of the highest authorities in India doubt whether, with the exception of newly-acquired countries, any police force should be kept on a purely military organization. There is the danger of such a force becoming neither one thing nor the other—not disciplined enough for a military force, and at the same time too regular a force for the ordinary duties of police. If I had to suggest the means by which the difficulties of this question of military organization could be diminished, I should say that in the first place it would be better for the Indian Government to confine their attention to the army of Bengal, and not attempt to introduce large changes into those of Madras and Bombay. I think, also, that whatever other steps are taken, a large proportion of the European force maintained in India—probably not less than two-fifths—should be troops exclusively for Indian service. I say that on many grounds, partly because it is a great object to save the cost of transport to and fro, but mainly because I

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think that if you withdraw from the Governor General and the administration of India the assistance of many hundreds of able and intelligent young men who have gone out as officers, intending to pass their lives in India, and available for either civil or military duties; and if you replace them by men of equal intelligence and ability, yet not intending to remain beyond a few years, you weaken the Indian administration in a civil and military point of view to an extent hardly possible to calculate. I do not know that there are any other remarks which I feel it my duty to make at present. The subjects connected with Indian administration are almost without limit, and it is possible to go into them at much greater length; but I have endeavoured to dwell upon those which have a more immediate and practical reference to Indian finance.

MR. BRIGHT: Sir, I have so often addressed the House upon the question of India that I feel some hesitation in asking a portion of the time of the Committee this evening. But notwithstanding an observation of the right hon. Gentleman the Secretary for India that he does not see anything gloomy in the future of India, I confess that to my view the question assumes yearly a greater magnitude, and I may say a greater peril. I think, therefore, that having given some attention to this subject in years past, I may be permitted to bring my share, be its value more or less, to the great attempt which we are now making to confront this great evil. When we recollect how insufficient are the statements which he has from India, the right hon. Gentleman has given us as clear an account of the finances of India as it was possible for him to do; and looking at them in the most favourable point of view we come to this conclusion: we have what we have had for twenty years, only more rapidly accumulating, deficit on deficit and debt on debt. The right hon. Gentleman told the Committee that when he left the Government of India, I think, in 1855, everything was in a most satisfactory condition. Well, it did happen in that year, perhaps by some of that kind of management which I have observed occasionally in Indian finance, that the deficit was brought down to a sum not exceeding £150,000. [Sir C. Wood: There was a surplus of £400,000.] The deficit, I believe, before the mutiny was £143,000. But if the right hon. Gentleman will allow me to take the three years preceding the mutiny, I think that will give a much fairer idea of the real state of the case, and it is not the least use shutting our eyes to the real state of the case, because some day or other it will find us out, or we shall find out it. The

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real state of the case in the three years preceding the mutiny, 1855, 1856, and 1857, ending the 30th of April, is a deficit of £2,823,000, being an average not very far short of £1,000,000 a year. That is the state of things immediately after the right hon. Gentleman left office. I do not the least find fault with him. He did not make the deficit, but I merely state this to show that things were not in that favourable state at the moment which the right hon. Gentleman would induce the Committee to believe. Keeping our attention to that period, there is another point of view, also, very important. It appears to me that any Government must be an excessively bad Government which cannot defray its expenses out of the taxes which it levies on its people. We know, and every one has for years known, that in India there is a source of revenue, not from taxes levied on the people, but from opium, very like the revenue derived by the Peruvian Government from guano. If we turn to those three years and see what relation the expenditure of the Government had to taxes levied on the people of India, we shall find, though we may hear that the taxes are not so much as we imagine, or that the people are extremely poor, or that the Government is very extravagant—we shall find that the sum levied for the sale of opium and transit was no less than £10,500,000, and if we add that to the £2,800,000, we get a sum of £13,300,000 which is the exact sum which the Government of India cost in those three years over and above what was raised from the people by actual taxation. I say that it is a state of things which ought to cause alarm, because we know and we find it stated in the last despatches that the income derived from opium is of a precarious character, and by the variation of climate in India, or by the variation of policy in the Chinese Government, that revenue may very suddenly either be very much impaired or be cut off altogether. The right hon. Gentleman brings us to the condition in which we are now, and it may be stated in the fewest possible words to be this,—that the debt of India has been constantly rising; in fact, as long as we have any recollection of the country, that it amounts now to £100,000,000 sterling. [“No, no!”] The right hon. Gentleman said £95,000,000, but he said there would be £5,000,000 next year, and I will undertake to say that it is fair to argue on the basis that the debt of India at this moment is about £100,000,000, and there is a deficit of £12,000,000 this year, and there may be expected to be a deficit of £10,000,000 next. It is not to be wondered that it should be difficult to borrow money on Indian account. I

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am not surprised at the hon. Member for Kendal (Mr. Glyn) being so lively in the House to-night, and other hon. Gentlemen connected with the city, who, I understand, have been impressing on the Secretary of State the fact that money cannot be had in the city for the purpose for which he wants it. I do not wonder that it is difficult to raise money on Indian account. I should think it extraordinary if it could be borrowed without a high rate of interest, and that it can be borrowed at all can only arise from the fact that England, whatever disasters she gets into, generally contrives by the blood of her soldiers or by the taxation of somebody to scramble through her difficulties, and to maintain before the world, though by enormous sacrifices, a character for good faith which is scarcely held by any other country in the world. With regard to the question of an Imperial guarantee, I take an opposite view from the noble Lord (Lord Stanley) on that particular point, though I agree with what he said as to certain expenses thrown on the Indian Government. Last year I referred to the enormous expense of the Affghan war—about £15,000,000—the whole of which ought to have been thrown on the taxation of the people of England, because it was a war commanded by the English Cabinet for objects supposed to be English, but which, in my opinion, were of no advantage either to England or India. It was most unjust that this enormous burden should have been thrown upon the finances of the Indian Government. But I do not oppose an Imperial guarantee, because I particularly sympathize with the English taxpayers in this matter. I think the English taxpayers have generally neglected all the affairs of India and might be left to pay for it. But there was no justice in imposing on the unfortunate millions of India the burden of a policy with which they had nothing to do, and which could not bring any one of them a single handful of rice more—it did bring them rather loss than more—than he would have eaten without it. But I object to an Imperial guarantee on this ground,—if we let the Service of India, after exhausting the resources of India, put its hands into the pockets of the English people, the people of England having no control over the Indian expenditure, it is impossible to say to what lengths of unimagined extravagance it would go; and in endeavouring to save India may we not go far towards ruining England? But look at this question of Indian finance from another point of view. The noble Lord (Lord Stanley) and the right hon. Gentleman the Secretary for India have both referred to the enormous amount of the

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whole taxation of India taken by the military service. I believe it has been shown that at this moment almost, if not altogether, the whole of the net revenue of India is being absorbed by the military service of that empire; that not a farthing is left out of the whole net revenue of India to pay the expenses of the civil government or the public creditor. If we leave out the opium duty, perhaps we shall see how far the military service bears on the taxation of India; we shall see that more than its net amount is absorbed by the military service. That is a state of things that has never existed in any other country or among any other people, for any considerable period, without bringing that country to anarchy and ruin. We have been told by the Governor General that the great bulk of the revenue of India is not elastic; that with regard to the land-tax there had been for a long period no increase in it; that, on the contrary, that large source of income had decreased. He tells us, further, that the army cannot at present be largely reduced with safety. If so, what is the end to which we must come? Either the Government of India must come to an end, or England itself must become tributary to India. Seeing that the Chancellor of the Exchequer has within the last fortnight asked £70,000,000 of the English taxpayer for the expenses of the English Government, to ask nine or ten millions more for the government of India would certainly cause great dissatisfaction in this country. The picture is, to my mind, an alarming one, notwithstanding the cheerful view taken of it by the Secretary for India, and it has filled many besides myself with dismay. Now, looking round for modes of escape from this position, I believe they exist, if we had the courage to adopt them. An hon. Friend has asked me—"Is there nobody to tell the House of Commons the truth on this matter?" I might ask why he has not done it himself. I suppose he is afraid of being thought rash; but his advice is that the Government should re-establish the independence of the Punjab, recall the Ameers of Scinde, restore the Government of the King of Oude, giving to it the dependency of Nagpore. I confess, whether it be rash or not, that I think it would be wise to restore the Government of the Punjab, and to give independence to that province which is called Scinde, because—I will not say because—but it is one reason, as from that part of the country no revenue is received in excess of the expense which its retention causes to this country, why we should endeavour to bring our dominions in India within a reasonable and manageable

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compass. No policy can be more lunatic than the policy of annexation we have pursued of late years in India, and the calamity we are now meeting is the natural and inevitable consequence of the folly we have committed. It is not easy for great generals and statesmen who have been made earls and marquesses, and had bronze statues put up in their honor in our public squares—it is not easy for the statesmen who have done all this to turn round and reverse it all; they have not the moral courage to do it; it might be an act of peril; it might appear a descent from the summit of empire and be wrongly construed throughout the world. But as a question of finance and good government, we should a few years hence admit that it was a sound policy. But I will not pursue this subject, for I may fairly take it for granted that the House of Commons and the Government of England are not likely to take such a course till we are reduced to some extremity even greater than that which now meets us. But there is another course that may fairly be recommended. It is to take India as it is, the empire with all your annexations as it stands, and see if it is not possible to do something better with them than you have done before, and give it a chance in future years of redeeming not only the character of the Government but its financial and legislative position. The noble Lord (Lord Stanley) says there cannot be any great diminution in the expenditure for the civil service of India; but I do not in the least agree with the Secretary for India when he says that the gentlemen of the civil service in that country are not overpaid. Every one knows that they are overpaid; except some very large incomeed bishops of whom we have heard, no men are so grossly overpaid as the officials of the civil service in India. The proof of this may be found everywhere. Look at the Island of Ceylon; there the duties are as arduous and the climate as unfavourable as in India, yet the Government does not pay its officials there more than one-half or two-thirds of the salaries they are paid in India. There are in India itself many hundreds of Europeans, the officers of the Indian army, all the Indian clergy, and missionaries; there are also English merchants carrying on their business at rates of profit not much exceeding the profits made in this country. But the civil service of the Indian Government, like everything privileged and exclusive, is a pampered body; and notwithstanding it has produced some few able men who have worthily done their duty, I do not think the civil service of India deserves the loud praise we have so frequently heard awarded to it by speakers in this House. Now, if you could reduce the

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expense of the civil service by any considerable amount, the best thing you could do with the money would be to increase the establishment by sending a greater number of competent persons as magistrates, collectors and officials into the distant provinces, and thereby double the facilities for good government in those districts. If you could reduce the income of the civil service one-half, you could for the same money have a more efficient service throughout India than at present. You might not save money, but you would get a more complete service for it. But for the military question, the House of Commons will certainly have to take it in hand; Secretaries for India are afraid to grapple with it. I am not astonished that they feel some hesitation in doing so, for from every one connected with the military service they would hear the strongest objections to reducing the number of the troops. But let me ask the Committee to consider what it has just heard. Before the revolt the European troops in India numbered 45,000 and the Native troops 250,000; now, the 45,000 European troops are 110,000, and the 250,000 Native soldiers are raised to 300,000. What was it that we heard during the Indian mutiny; what was the cause of all the letters that appeared in the newspapers? Why every man said that the great evil was having a Native army far larger than was required? That has been the source of peril, and that was the real cause of the mutiny. Now, we have even a larger portion of this most perilous element than we had before. The authorities in India do not appear to have learnt anything from the mutiny, or they have learnt that all that was said in this House and in this country was untrue, because they have 50,000 more Native troops than they had before the mutiny. Therefore, the mode of argument appears to be this:—A Native army was the cause of the mutiny, the cause of all our perils, and that now it is necessary to have more of it; and as that is the perilous element, of course, 45,000 troops are not sufficient to keep them in check; therefore you have at present 110,000; and certain officers who were examined, and the Commissioners who reported, recommend that you shall always have at least 80,000 Europeans there. If we are only to have one body of troops to watch another, it seems to me there can be no hope of any diminution of our military force, nor any real reduction in our expenditure. Why is it that you require all this army? Let me ask the Committee to look at the matter as sensible men of business. The revolt, which has been such a terrible affair, has been suppressed. It was suppressed mainly by the 45,000 men in India, and not by the 110,000

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you have succeeded in having there at a later period. More than that, there is not at the present moment any alarming amount of dissatisfaction in India, or at least the dissatisfied are dispirited, and have lost all hope of resisting the power of England, and must for a long period, I think, remain wholly dispirited. At the same time, you have disarmed the people over a vast province. There are millions of people in India, a great number of whom were previously in possession of arms, who do not now possess a single arm. I have seen in the last accounts, only a day or two since, a statement that not less than 1,400 forts in the kingdom of Oude alone have been destroyed, and we know that many more have been destroyed in other parts. There is at this moment no power for combined organized armed resistance against you, except that which is in the Native army, which the Indian Government has been building up of late to a greater extent than ever. The noble Lord (Lord Stanley) spoke of one point—the great importance of which I admit—the want of confidence and sympathy that must have arisen between the two races in consequence of the transactions of the last two years. The shock of revolt must have created great suspicion and hatred and fear, and there is nothing out of which panic grows so easily as out of those conditions. I believe that is the case in India, and perhaps there are indications of something of the kind at home. There is a panic, therefore, and neither the Governor General, nor the civil service, nor military officers can make up their minds that they are safe, recollecting the transactions of the past two years, in having a less military force than we now have in India. But if you ask those gentlemen they will never say they have enough. There are admirals here, as we know, who are perfectly wild about ships, with whom arithmetic on such a question goes for nothing. They would show you in the clearest possible manner that you had not ships enough. So also, although I am glad to find not to the same extent, as to troops. Some one said the other night, in answer to an hon. Gentleman, about an increased force of a particular kind—"There is nothing like leather," and it is so. I say naval officers and military officers are not the men to whom the Chancellor of the Exchequer should depute the great and solemn duty of determining what amount shall be expended for military purposes. There is not a country in the world that would not have been bankrupt long since, and plunged into irretrievable ruin, if the military authorities had been allowed to determine the amount of military force to be kept up, and the amount of revenue to be de-

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voted to that purpose. I have another objection to this great army, and I now come to the question of policy, which, I am sorry to say, for India, has not been touched upon. I do not think this is a question to be merely settled by a very clever manner of giving the figures of the case. Those figures depend upon the course you intend to pursue, upon the policy which the Government intends to adopt, in that country. With this great army two things are certain,—we can have no reform of the Government of India in India of any kind, nor an improved conduct on the part of the English in India towards the Natives in India. With a power like this, 110,000 English troops, with an English regiment within an hour's reach of each civil servant, you will find the supremacy of the conquering race will be displayed in the most offensive manner. Everybody connected with India—the hon. Member for Devonport (Sir Erskine Perry), the hon. Member for Aberdeen (Colonel Sykes)—all who are connected with India, know well that when the English were supposed to be feeble in India, when they had not a great army in the field or a great revenue to support it, every Englishman treated the Natives by whom he was surrounded rather with the feeling that he was an intruder in the country, and that it was not only proper but absolutely necessary to treat in a conciliatory and just manner the great body of the Natives of India; but precisely as our power increased the conduct of our countrymen changed; and I find in the excellent book of F. Shore that thirty years ago he describes this as the very source of the growing ill-feeling between the races in India. It has grown from that time to this until we have an irritation and animosity which in our time, it may be, we shall see very little removed, or perhaps never wholly allayed. A Government, then, with this vast army, must always be in a difficulty. Lord Canning, nor lord anybody else, can turn his attention to anything but this wearing, exasperating question of how money is to be got for the next quarter to pay this army. He can't turn his attention in any way to reforms, and I am convinced that this House must insist upon the Government reducing the large amount of its army whatever be the risk. A large army will render it impossible for you to hold the country, for you will have a constantly increasing debt, and anarchy must inevitably overwhelm you in the end. A small army, a moderate, conciliatory and just Government, with the finances in a prosperous condition, and I know not but for generations and centuries this country may possess a share, and a large share, in the government of those vast territories

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which it has conquered. As to measures of reduction, I admit that it is of little use attempting them unless accompanied by amendment, and I have this charge to bring against the Indian Government. I did hope when the noble Lord spoke to-night that he would have told us some thing which I am sure he must have known,—that there is no such thing as a real Government in India at all; that there is no responsibility either to a public opinion there or to a public opinion at home, so that we can expect a better policy or happier results. Let hon. Gentlemen imagine a Government like that in India, over which the payers of the taxes, have not the slightest control; for the great body of the people in India have, as we all know, no control in any way over the Government. There is no independent English opinion either that has any control over the Government, and the only opinions are that of the Government itself, or those of the military and civil services, and chiefly of the latter. They are not the payers of taxes; they are the spenders and the enjoyers of the taxes, and therefore the Government in India is in the most unfortunate position possible for the fulfilment of the great duties that must devolve upon every wise and just Government. The civil service, being privileged, is arrogant, and I had almost said tyrannous, as any one may see who reads the Indian papers, which mainly represent the opinion of that service and the military service, which, as everywhere else where it is not checked by the resolution of the taxpayers and civilians, is clamorous and insatiable for greater expenditure. The Governor General himself—and I do not make any attack upon Lord Canning, although I could conceive a Governor General more suited to his great and difficult position—he is a creature of these very services. I now ask the noble Lord to remember a case which happened during the time he held office, and if the Committee will allow me, for the sake of illustration, to refer to it, I don't think it will be any waste of time. Hon. Gentlemen will recollect that during the last year my hon. Friend the Member for Stockport (Mr. J. B. Smith), who has paid great and untiring attention to Indian subjects, put a question to the noble Lord relating to the annexation of a small territory called Dhar. What has been the course of events in relation to that case? The news of the annexation reached this country on the 20th of March last year. Upon the 23rd the question was put in this House, when the hon. Member for Inverness (Mr. Baillie), then Under-Secretary, replied that the Government had just been informed of it by the Governor General, and that he was solely responsible for the act, the Government here having had no pre-

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vious communication. Upon the 11th of June the noble Lord (Lord Stanley) announced to the House, in answer to a question, that he had disallowed the annexation of Dhar. The despatch disallowing it has since been laid upon the table. It is dated June 22, and it asks for information from the Governor General. In India they assumed this unfortunate Rajah to be guilty of misdemeanor, because his troops had revolted, and the noble Lord in his despatch said, as I think, very sensibly—"If we can't keep our own troops, what argument is it for overturning the independence of the territory of Dhar, seeing that the Rajah himself has been faithful towards us, but his troops have rebelled?" The noble Lord asked for further information. In the preceding April the Ranee, the mother or step-mother of the Rajah, a mere boy of 13, sent two memorials to the Governor General, one by post, and the other through the local British officer, remonstrating against the annexation, and proving, as far as she could, that the Rajah had not been guilty of any wrong against us. This memorial was not acknowledged until August, when the Secretary for the Government of India desired the Ranee to forward the memorial through the Governor General's agent in Central India. In April these papers were laid upon the table of the House with one exception. The Ranee's memorial was not included in those papers. Now, when those papers were laid before the House, why was not that memorial, relating to the annexed territory, sent home and printed with the other papers, so that hon. Members of this House might have read it? The letter of the noble Lord (Lord Stanley) was dated the 22nd of June, 1858, and to this hour it has never been answered. The noble Lord's despatch disallowed the annexation; it condemned it, and asked for information. From the date of that despatch to this present 1st of August, 1859, there has not come any official information from the Governor General of what he has done, or any answer to the noble Lord's despatch, although sixteen months have elapsed. I say it is not fitting that the Secretary of State for India should be treated with utter disregard, if not with something like contempt, by any great satrap who happens to be sent out to govern any of the provinces of this country. Why, this very case shows that in the midst of the terrible hurricane of that mutiny the thirst of annexation was unslaked. At the very moment, or just before, that the Queen issued Her gracious proclamation here, the Government in India annexed the territory of this Rajah, a boy of 13 years of age, manifesting at the same time an utter disregard of the

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Government at home, and the just sentiments, if they could have been ascertained, of the whole body of the people of this country. And this must be so as long as you have a Government like that of Calcutta. Procrastination is its very nature. The noble Lord opposite (Lord Stanley) did an excellent thing. He did honour to himself by appointing a man of a new sort as Governor of Madras. I have not an extensive acquaintance with Sir C. Trevelyan, but I believe him to be a very intelligent man and very earnest for the good of India, and anxious to do the best he can for that country. But he finds that at Madras he is like a man who is manacled, as all the Governors are. He is able to do almost nothing. But he has a spirit above being the passive instrument for doing nothing in the hands of the Governor General, and he has been disposed to make several changes which have looked excessively heterodox to those who are connected with the old Government of India, and which have shocked the nerves of the fifteen old gentlemen who meet in Leadenhall Street, and their brethren in India. I find that among the changes endeavoured to be effected by Sir C. Trevelyan, the following are enumerated:—He has endeavoured to conciliate the Natives by abolishing certain ceremonial distinctions which were supposed to degrade them when visiting Government House; he has shown personal courtesy to them which appears to be too much neglected in India; he has conspicuously rewarded those who have rendered services to the State; he has made one of the Natives his aide-de-camp; he has endeavoured to improve the land tenure, to effect a settlement of the Enam, and to abolish the impress of cattle and carts. He has also abolished three-fourths, or, perhaps, more, of the paper work of the public servants. He has also begun the great task of judicial reform, than which none is more urgently pressing. But what is said of Sir C. Trevelyan for instituting these reforms? He has raised a hornets' nest about him. Those who surround the Governor General at Calcutta say—"We might as well have the Governors of the Presidencies independent if they are to do as they like without consulting the Governor General as has been done in past times." The *Friend of India* is a journal not particularly scrupulous in supporting the Calcutta Government, and which has a horror of any Government of India except by the Governor General and the few individuals who surround him. A writer in the *Friend of India* says:—

"Sir C. Trevelyan relies doubtless on Lord Stanley, and we do not dream of denying that the Secretary of State has provocation enough

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to excuse the unusual course he seems obliged to pursue. To send a reform to Calcutta is, at present, simply to lay it aside. It will probably not even be answered for two years, certainly not carried in five. Even when sanctioned, it will have to pass through a crucible through which no plan can escape entire. That weary waiting for Calcutta, of which all men, from Lord Stanley to the people of Singapore, now bitterly complain, may well tempt the Secretary to carry on his plans by the first mode offered to his hand."

Governor
General.

Here are only a dozen lines from a long article, and there are other articles in the same paper to the same purport. I think, then, that I am justified in condemning any Secretary for India who contents himself with giving us the figures necessary to show the state of the finances, which any clerk in the office could have done, and abstains from going into the questions of the Government of India, and that policy upon which alone you can base any solid hope of an improvement in the condition of that country. There is another point I would mention. The Governor General of India goes out knowing little or nothing of India. I know exactly what he does when he is appointed. He shuts himself up to commence the first volume of Mr. Mill's *History of India*, and he reads through this laborious work without nearly so much effect in making him a good Governor or General as a man might ignorantly suppose. He goes to India, a country of twenty-one nations, speaking twenty-one languages. He knows none of those nations, and he has not a glimmer of the grammar and pronunciation of those languages. He is surrounded by half-a-dozen or a dozen gentlemen who have been from fifteen to forty years in that country, and who have scrambled from the moderate but sure allowance with which they began in the service to the positions they now occupy. He knows nothing of the country or the people, and they are really unknown to the Government of India. To this hour the present Governor General has not travelled through any considerable portion of the territory of India. If he did, he would have to pay an increased assurance upon his life for travelling through a country in which there are very few roads and no bridges at all. Observe the position, then, in which the Governor General is placed. He is surrounded by an official circle, he breathes an official air, and everything is dim or dark beyond it. You lay duties upon him utterly beyond the mental or bodily strength of any man who ever existed adequately to perform. Turning from the Governor General to the civil service, see how short the period in which your servants in that country remain in any particular office. You are constantly criticising the bad customs of the United States,

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where every postmaster and many other officers lose their situations, and others are appointed whenever a new President is elected. You never make blunders like the United States, and you will therefore be surprised at a statement given in evidence by Mr. Underhill, the Secretary of the Baptist Missionary Society. He says that in certain districts in Bengal there are three or four Englishmen to 1,000,000 inhabitants, and that the magistrates are perpetually moving about. I have here the names of several gentlemen cited. Mr. Henry Lushington went to India in 1821 and remained till 1842. During these twenty-one years he filled twenty-one different offices; he went to Europe twice, being absent from India not less than four and a quarter years. Upon an average, therefore, he held his twenty-one offices not more than nine months each. Mr. J. P. Grant was Governor of Bengal. That was so good a place that he remained stationary in it. But he went to India in 1828 and remained there until 1841. In those thirteen years he held twenty-four different situations, being an average of less than six months for each. Mr. Charles Grant is a name which for three or four generations has been swarming in India. He was in India from 1829 to 1842, and in those thirteen years he filled seventeen offices, being an average of only eight months for each office. Mr. Halliday, Governor of Bengal, went to India in 1825 and remained until 1843. In those eighteen years he held twenty-one offices, and he did not become stationary until he was accredited to the lucrative and great office of Governor of Bengal. I think these facts show that there is something in the arrangements of the Indian Government which makes it no Government at all, except for the purpose of raising money and spending the taxes. It is no Government for watching over the people and conferring upon them those blessings which we try to silence our consciences by believing the British Government is established in India to promote. What can a Governor General do with such a Council, and with servants who are ever changing in all the departments? I am not stating my own opinion, but what is proved by the blue-books. Mr. Halliday stated that the police of Bengal were more feared than thieves and dacoits. But how is this Government, so occupied and so embarrassed, to be expected to put the police on a satisfactory footing? With regard to justice, I might appeal to any gentleman who has been in India whether, for the most part, the Judges in the Company's Courts are not without training, and if they are without training, they will probably be without law. The delay is something of which we can have no conception, even with

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our experience of the Court of Chancery in this country, and perjury and wrong are universal wherever the courts of the Company's service have been established in India. Of their taxation we hear enough to-night. It is clumsy and unscientific. In their finance there is such confusion that the Government proposes to send out somebody, not to raise revenue, not to spend it, but somebody who will be able to tell you how it is, for that is what you want to know. They have no system of book-keeping whatever. The Secretary of State to-night gives us a statement of revenue and of expenditure up to the 30th of April, 1858, sixteen months back, and even for the year preceding he can only furnish what he calls an "estimate." Would any other Legislative Assembly in the whole world, except this, tolerate such a state of things? I did try myself several years ago to get a statement of the accounts up to a later period, but I found it was of no use. They ought to be brought up to a later period; the thing is quite within the range of possibility; it is simply not done because there is no proper system of book-keeping and no one responsible for not doing it. You have no Government in India; you have no financial statement; you have no system of book-keeping; no responsibility; and everything goes to confusion and ruin because there is such a Government, or no Government, and the English House of Commons has not taken the pains to place things on a better footing. The Secretary of State to-night points to the increase in the English trade. In that trade I am myself interested, and I am most delighted to see that increase; but it should be borne in mind that just now it is not a natural increase, and therefore not likely to be permanent. If you are spending so many millions in railroads and in carrying on war,—that is, £22,000,000 for your armaments in India, instead of £12,000,000,—is not that likely to make a great difference in your power to import more largely from this country? Do not we know that when the Government of the day was pouring English treasure into the Crimea, the trade with the Levant was most materially increased? And, therefore, I say it will be a delusion for the right hon. Gentleman to expect that the extraordinary increase which has taken place within the last three years will go on in future in the same proportion. Now, the point which I wish to bring before the Committee and the Government is this, because it is on this that I rely mainly—I think I may say almost entirely—for any improvement in the future of India. It would be impertinent to take up the time of the Committee by merely cavilling at what other people said, and pointing out their errors

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and bulnders, if I had no hope of being able to suggest any improvement in the existing state of things. I believe a great improvement may be made, and by a gradual progress that will dislocate nothing. I dare say it may disappoint some individuals, but where it will disappoint one man in India it will please a thousand. What you want is to decentralize your Government. I hold it to be manifestly impossible to govern 200,000,000 of persons, composing twenty-one different nations, speaking as many different languages, by a man who knows nothing of India, assisted by half-a-dozen councillors belonging to a privileged order, many of whom have had very little experience in India, except within narrow limits, and whose experience never involved the consideration and settlement of great questions of statesmanship. If you could have an independent Government in India for every 20,000,000 of its people, I do not hesitate to say, though we are so many thousand miles away, that there are Englishmen who, settling down among those 20,000,000 of people, would be able to conduct the Government of that particular province on conditions wholly different and immeasurably better than anything in the way of administration which we have ever seen in India. If I were Secretary of State for India, and not being so I would recommend the right hon. Gentleman to do that which I could do myself, or I would not hold his office for one month; because, as to holding office and coming before the House Session after Session with a gloomy statement, and with no kind of case to show that you are doing anything for India, or that you are justified in holding possession of it at all, is nothing but to receive a salary and to hold a dignity without any adequate notion of the high responsibility attaching to them. I am not blaming the right hon. Gentleman in particular; he is only doing what all his predecessors before him have done. There has been no real improvement since I have sat in Parliament in the Government of India, and I believe the Bill of last year is not one whit better for purposes of administration than any that has gone before. But he would suggest to the right hon. Gentleman whether it would not be a good thing to bring in a Bill to extend and define the powers of the Governors of the various Presidencies in India? I do not ask the right hon. Gentleman to turn out the fifteen gentlemen who assist him in Leadenhall Street to vegetate on their pensions, but I ask him to go to India and take the Presidency of Madras for instance. Let arrangements be made by which that Presidency shall be in a position to correspond directly with him in this country,

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and let every one connected with that Government of Madras feel that, with regard to the interests and the people of that Presidency, they will be responsible for their protection. At present there is no sort of tie between the governors and the governed. Why is it that we should not do for Madras what has been done for the Island of Ceylon? I am not about to set up the Council of Ceylon as a model institution; it is far from that, but I will tell you what it is, and you will see that it would not be a difficult thing to make the change I propose. The other day I asked a gentleman holding an office in the Government, and who had lived some years in Ceylon, what was the state of the Council? He said it was composed of sixteen members, of whom six were non-official and independent, and the Governor had always a majority. He added that at the present moment in that Council there was one gentleman, a pure Cingalese by birth and blood, another a Brahmin, another a half-caste, whose father was a Dutchman and whose mother was a Native, and three others who were either English merchants or planters. The Council has not much *prestige*, and therefore it is not easy to induce merchants in the interior to be members and to undertake its moderate duties; but the result is that this Cingalese, this Brahmin, this half-caste, and these three Englishmen, although they cannot out-vote Sir H. Ward, the Governor, are able to discuss questions of public interest in the eye and the ear of the public, and to tell what the independent population want, and so to form a representation of public opinion in the Council, which I will undertake to say, although so inefficient, is yet of high importance in the satisfactory government of that island. Why is it that we can have nothing like this in the Councils of Madras or Bombay? It would be easy to do, and I believe that an Act of Parliament which would do it would lay the foundation of the greatest reform that has yet taken place in India. At present all the governors are in fetters, and I see that blame has been imputed to Sir Charles Trevelyan for endeavouring to break through those fetters. No doubt an attempt will be made to get him recalled, but I hope that the right hon. Gentleman, while he moderates the ardour of the Governor so far as to prevent a rebellion among the civilians, will support him honestly and faithfully in all those changes which the right hon. Gentleman knows as well as I do are essential to the improvement of the government of that country. There is yet another question, and that is, what is to be done with regard to the people of India on the subject of education, and especially with reference to the

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matter of religious instruction? I beg the right hon. Gentleman to be cautious how he takes the advice of any gentlemen in this country who ask him to make changes in the established order of things there by appearing in the slightest degree to set yourselves to overthrow the caste and religion of the Natives of India. I have here an extract from a letter written by a gentleman who was present at one of the ceremonies of reading the Queen's Proclamation in November last. He says:—

"Not less than 7,000 Natives of all ranks and conditions and religions flocked to the esplanade at Tellicherry, where there was no show, but the parading of a company of Sepoys, who fired a *feu de joie* very badly, to hear the Queen's Proclamation read. All who heard, all who heard not, manifested the deepest interest in it. The pledged inviolability of their religion and their lands spread like wildfire through the crowd, and was soon in every man's mouth. Their satisfaction was unbounded. . . . I mentioned that I went to Tellicherry to hear the Queen's Proclamation read. We have since had it read here (Anjara-kandy). You will see an account of what took place on the occasion in the accompanying copy of an official report I addressed to the assistant magistrate. What I have described understates the feeling manifested by the people. They were all eyes and ears, listening breathlessly to what was being read. You will observe that convening them for any public purpose whatever, except here, was a thing unknown, and would have been a thing scouted under the Company's government. Here I always assemble them, communicate everything they ought to know and hear, and talk it over with them. But a Queen's Proclamation is not an every-day affair, so they came in crowds; and I will venture to say that there is not another place in the Queen's India where it was so clearly explained to them or so thoroughly understood. But the impartial toleration of their religion and caste was the be-all and end-all of their comments, praise, and individual satisfaction. One Mafitta said—'They had had scores of proclamations upon every conceivable subject, but never one so wise and sensible as this.'"

The East India Company was a wonderful Company for writing despatches, and there is nothing so Christian as their doctrine, nothing so unchristian as their conduct. That Proclamation has in it the basis of all you should aim at in future in India—a regard to the sacredness of their property and the sacredness of their religion, and an extension to them of as regular and full justice as you show to your own fallen countrymen who are living in this country. Depend upon it, these Natives of India can comprehend this as well as we comprehend it; and, if you treat them as we are treated, and as they ought to be treated, you will not require 400,000 men to help you to govern a people who are notoriously among the most industrious and most peaceable to be found on the face of the earth. There has lately been an act done by the noble Lord (Lord Stanley) to which I must allude. Why he

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did it I do not know. I am sure the noble Lord did not mean by it to do an act of injustice, though very great injustice has been done. A question was put the other night about a Native of India who had come to this country to qualify himself for entering into competition for employment in the civil service of his country. I have seen that young gentleman, and conversed with him; and when I state his case, it will be seen whether he has been treated well or wisely, though the regulation under which he has suffered may have been made without any reference to him individually. He arrived in this country in June, 1856, and remained preparing himself for competition for two years and a half till December, 1858, when a new regulation came out, which made twenty-two, instead of twenty-three years of age, the period for entering the civil service. He might have been ready for competition in July, 1860, but he could not be ready in July 1859. Under these circumstances, he would be past the age of twenty-two before he could be able to present himself for examination. The consequence is, that he has been obliged to turn himself to another channel for employment. His father is an assistant builder in the Government dockyard of Bombay, and has been in England. There was great interest excited among the Natives when the young man left India to come to England, and there is great disappointment among his friends at the result. He has been laughed at for trusting the Government, and it is said that while the Government go on changing their regulations in this way no faith can be put in them. Now this is the first case of this kind that has happened. This young gentleman, or his father, has expended £1,500 in bringing him here and in endeavouring to give him the best education, solely with a view to suit him for the civil service. If he had entered into that civil service a great thing would have been accomplished. The result would have been that the House and the Secretary for India would have seen that it was very unjust, while the son of any one here could at home pursue his studies and enter into competition for the civil service, the sons of the Natives of India who wished to enter into the service of their own country must come thousands of miles at great expense, and live apart from their families for years before they were able to accomplish their object; and the result must have been that you would have established in some city in India the same mode of examination that you have established here. You must have been led to do that which would have enabled young men in India to offer themselves for the civil service of their country on as

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favourable terms as could be done in England. I am sure the noble Lord never had the slightest idea of the regulation having reference to this young man, or of injuring him; yet it has been done, and what has occurred leads to the conclusion that either somebody very deep in these matters has been at the bottom of this change, or that some wonderful combination of unfortunate circumstances has been at work by which that which we have all so much at heart has been retarded. If the noble Lord had struck out this regulation, or made a new one, by which this young man could have had a chance of going home as a servant of the civil service, the fact would have been worth a regiment of soldiers in India. In speaking on this subject I have nothing new to offer to the attention of the House. I have propounded the very same theories and remedies years ago. They are not my remedies and theories. I am not the inventor of local government for India, but the more I have considered the subject—the more I have discussed it with Members of this House and with gentlemen connected with India—the more I am convinced that you will not make a single step towards the improvement of India unless you change your whole system of government—unless you give to each Presidency a government with more independent powers than are now possessed by them. What would be thought if the whole of Europe was under one governor, who knew only the language of the Feejee Islands, and that his subordinates were, like himself, only more intelligent than the inhabitants of the Feejee Islands are supposed to be? You set a governor over nearly 200,000,000 of human beings, in a climate where the European cannot do the work he has to do so well as here, where neither the moral nor physical strength of the individual is equal to what it is at home, and you do not even always furnish the most powerful men for the office; you seem to think that the atmosphere will be always calm and the sea always smooth—and so the government of India goes on. There are promises without number of beneficial changes, but we never hear that India is much better or worse than before. Now, that is not the way to do justice to a great empire like India. If you had had a Native government in India, the late disturbances among your own troops would not have happened, and I own I tremble when I reflect that every post may bring us, in the present temper of the European troops in India, some dire intelligence of acts which they may have committed, thinking this a convenient opportunity for pressing some great claim of their own. I beg the Committee to consider this matter, notwithstanding

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that the right hon. Gentleman is not disposed to take a gloomy view of the state of India. Look at your responsibilities. India is ruled by Englishmen, but remember that in that unfortunate country you have destroyed every form of government but your own, you have cast the thrones of the Natives to the ground. Princely families, once the rulers of India, are now either houseless wanderers in the land they once called their own, or are pensioners on the bounty of the strangers by whom their fortunes have been overthrown. Nobles and gentry for ages are now merged in the common mass of the people. All over those vast regions there are countless millions helpless and defenceless, deprived of their natural leaders and their ancient chiefs, looking with only some small ray of hope to that omnipresent and irresistible Power by which they have been subjected. I appeal to you on behalf of the people. I have besought your mercy and your justice for many a year past; and if I speak to you earnestly now, it is because the object for which I plead is dear to my heart. It is not possible to touch a chord in the hearts of Englishmen, to raise them to a sense of the miseries inflicted on that once happy country by the crimes and the blunders of our rulers here? If you have steeled your hearts against the Natives—if nothing can stir you to sympathy with their miseries, at least have pity upon your own countrymen. Rely upon it, the state of things which now exists in India must, before long, become most serious. I hope that you will not show to the world that although your fathers conquered the country, you have not the ability to govern it. You had better disencumber yourselves of the fatal gift of empire rather than the present generation should be punished for the sins of the past. I speak in condemnatory language, because I believe it is deserved, and I hope that no future historian will have to say the arms of England in India were irresistible, and before their victorious progress that ancient empire fell, but she was finally avenged, because the power of her conqueror was broken by the intolerable burdens and evils she cast upon her, accompanied by a waste of human life and a waste of money which England herself was not able to bear.

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MR. T. G. BARING said, the hon. Gentleman owed no apology to the Committee for addressing them on a subject to which he had paid much attention for so many years past, and on several points he agreed very much with what the hon. Gentleman had said. He did not think, however, that there was any foundation for the complaint that the Secretary of State for India had confined himself to a dry state-

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ment of figures; as it was but a short time ago since the noble Lord who preceded him in office had entered into a very able and comprehensive statement with regard to all those questions of public policy which the hon. Member himself had brought before the House to-night, and the present question was essentially a financial one; he would, however, touch upon a few of the points to which the hon. Gentleman had adverted. He agreed with the hon. Gentleman that the Governor General was overworked, and that it was impossible for him to give his attention to all the matters submitted to him. That would probably explain why there had been no answer to the despatch in reference to the annexation of Dhar. A further despatch had, however, been recently sent out to India. The hon. Gentleman alluded to the frequent changes of office passed through before a civil servant attained high office in India. The recommendation in Mr. Rickett's report that salaries should be personal, and not attached to the office merely, would probably meet many of the objections on that point; but the hon. Gentleman must recollect that much the same thing happened in this country, as most of the persons who held posts of great political importance here had passed through a great variety of offices. With respect to the Government of India, one change at least of great importance had been announced to-night,—the union of the finance and revenue departments under a Member of Council appointed from this country to take charge of them both. That arrangement might be expected to confer great benefit on Indian administration. The hon. Gentleman was not quite accurate in saying that we had merely an estimate of the revenue of 1857-8, since the accounts for that year had been laid on the table and printed. We had an estimate only for 1858-9, for of course it was too early yet to have received the accounts of that year. With respect to Sir Charles Trevelyan, he could assure the hon. Gentleman that the Home Government had not the slightest desire to fetter his laudable zeal. From his great abilities and his knowledge of India, he was qualified to deal with questions of the highest importance, and, so far from any obstacle being thrown in his way, any suggestions which he might have to make would receive the fullest consideration. Several suggestions of his were now under consideration, such as a proposal for shortening correspondence,—and certainly a change might be made in that particular with great advantage to both the Government at home and in India. With regard to the Enam Commission, Sir Charles Trevelyan had forwarded his opinion, but the

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opinion of the other Members of the Madras Government had not yet been received. The question was one which required the most deliberate consideration before any decision could be arrived at with regard to it. One circumstance connected with a minute of Sir Charles Trevelyan had certainly excited considerable comment in India, but it was an exceptional circumstance. It appeared that a minute written by the Governor on an Act passed by the Legislative Council had been published in one of the Madras newspapers before it was communicated to the Supreme Government at Calcutta or the Home Government,—a circumstance which had naturally attracted much attention. With regard to the question of decentralization, he could not go along with the hon. Gentleman in thinking that the minor Governments of India could be made independent of the Supreme Government. The chief powers of Government must rest in the hands of the Supreme Government; the financial check must be there, and the military control; but he admitted that a considerable saving of time would be made by relieving the minor Governments from the necessity of referring to the Supreme Government in regard to matters of detail. With regard to the Natives of India, the hon. Gentleman had justly drawn attention to the necessity of associating the Natives in the Government of India. He entirely agreed with him. The right hon. Baronet (Sir Charles Wood) was of the same opinion, and there would be no disinclination on the part of Her Majesty's Government to do so when opportunity offered. In reference to the case of the Native gentleman who had come from Bombay to offer himself as a candidate at the next competitive examination for the Civil Service, but was prevented from doing so, that decision was come to by the noble Lord the late Secretary of State, and the cause of his exclusion was simply this. The limit of the age had formerly been 23; two years ago it was changed to 22; in consequence of some remonstrance it was retained at 23 for this year only; and as far as his age was concerned, the young gentleman was perfectly able to go up this year, but he wished to postpone his examination until next year when he would be above the age. To show that full justice had been done in this case, he might mention that the noble Lord opposite, the late Indian Secretary, had referred the matter confidentially to Sir Edward Ryan, one of the Civil Service Commissioners, who was the person by whom this young man was originally recommended to come over to England; and his opinion was that except by altering the regulation as to the limit altogether, there was no way by which this

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young gentleman could come up. He regretted the case, but the decision could not be avoided. The real question, however, before the Committee was the financial question; and that of course depended mainly upon the amount of the military expenditure. The hon. Gentleman had stated he saw with regret, and almost with despair, that it now equalled the net revenue. This was hardly quite accurate, for in point of fact it was only two-thirds, and he (Mr. T. G. Baring) drew a more satisfactory conclusion from the fact: the military expenditure for the year 1859-60 was estimated at £21,000,000, the year before the mutiny it was only £12,000,000, showing a margin of £9,000,000 for a reduction to what it was before the mutiny; and when that was accomplished, as he hoped it soon would be, the revenue and expenditure would be equalized. The reduction in the military expenditure could not but be gradual. During the mutiny a large number of Native levies had been raised which could not at once be reduced, as it would not be advisable to let these levies who had served us well in the late struggle think they were hardly treated. The Government of India were applying themselves with great vigour to this question of the reduction of the Native army. The noble Lord, the late Secretary, had given instructions to that effect. A despatch had been received this morning announcing certain reductions, and no exertions would be omitted by the Government, either at home or in India, to reduce as fast as possible the large military expenditure which was the main cause of the present financial difficulty. As to reductions in the salaries of the civil service, the hon. Gentleman had again drawn a comparison between the salaries of the civil servants in Ceylon and those in India as an argument for reduction in India; but the climate in Ceylon was much better, and if the number of Europeans in proportion to the population was taken into account, the comparison would not be so unfavourable. He believed the salaries of working men in India were not too high. He believed, however, there were some which were not working appointments and which ought either to be reduced or abolished. As far back as 1855, the right hon. Baronet (Sir Charles Wood), then President of the Board of Control, sent out instructions for a revision of the salaries of the civil service. The gigantic undertaking was entrusted to Mr. Ricketts. His report, occupying five folio volumes, had just been received, but had not yet been considered; he recommended some reductions, but at the same time certain additions. With regard to the uncovenanted servants, Mr. Ricketts raised the question

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whether the number should not be increased, and also recommended the employment of additional Europeans of whom there was now a great want, as was proved before the Committee upon Colonization upstairs. Mr. Ricketts recommended the division of some of the large collectorates, which were too much for the supervision of one man, and upon the whole we could not look for any large saving in the cost of European superintendence in India. With regard to the actual position of the finances, the right hon. Baronet had stated that for the year 1859-60 the deficiency would be £10,000,000. To meet this there was the loan of £7,000,000 raised by the noble Lord the Member for King's Lynn; of this £4,500,000 had been obtained, £2,000,000 were expected to be raised in India, making £6,500,000, which with £2,000,000 of the English loan not yet called in made £8,500,000; they now proposed to take power to borrow £5,000,000, making £13,500,000 as against a deficiency of £10,000,000; but there was a sum of £2,000,000 required for railway expenditure, leaving it £12,000,000 against £13,500,000—not too large a margin under the circumstances. The hon. Member for London (Mr. Crawford) had complained of the new export duties upon raw materials; but in fact no additional duty had been placed on jute or hemp, and the duty had been entirely taken off raw silk and some other articles which came in competition with the produce of foreign countries. With regard to the future financial prospects of India, he trusted the Committee would believe the Government were determined to make every reduction which was consistent with the efficiency of the military service and of all other departments. The charge for interest on the railway expenditure would soon be diminished, or disappear altogether. The revenue of India had always hitherto shown a great and steady increase from year to year, and there were sources of taxation yet untouched. When they recollected all these facts, he thought the Committee would feel that the right hon. Baronet had not taken too sanguine a view when he expressed the hope that, if tranquillity were preserved, in two or three years the income and expenditure would be balanced. That this result should be realized, it was, he agreed with the hon. Member for Birmingham, essential that the people of India should be convinced that the country was to be governed for the promotion of their interests, and that the principles of Her Majesty's most gracious Proclamation should be conscientiously carried out, perfect religious equality being secured to all classes of Her Majesty's subjects.

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MR. DANBY SEYMOUR said, he regretted that the right hon. Gentleman the Secretary of State had not dwelt more on the general question of the Government of India. He seemed to differ from the noble Lord, his predecessor, on some points; amongst others, with regard to the expediency of the sale of the fee simple of the land, as proposed by Sir C. Trevelyan. In his (Mr. Seymour's) opinion that was a most useful proposal, and if carried into effect at Madras with success, he trusted the Government of India would depart from its usual course, and not allow the change to be confined to the district for twenty years. Some years ago a great improvement was effected in Chittagong by the substitution of oral pleadings in the court for the long written form before in use, but nothing had since been done to introduce the change elsewhere. There was one great fault in India, that if an intelligent officer made an improvement, the apathy and clog of the central Government prevented its being carried out. There was a plethora of business at Calcutta, which it was impossible to get through satisfactorily, and this led to the saying that when "once a thing was referred to Calcutta it was shelved for ever." The question was,—did the Government really wish to carry out reforms, and had they taken the practical means of doing so? One subject would afford an illustration—the reduction of the salaries of the civil service; the idea was right, but they did not begin the right way. The right hon. Baronet the Secretary for India, when he was formerly in power, ordered one of the ablest officers in India, Mr. Ricketts, who, he thought, had been unwisely taken from his duties at a time when civil servants were greatly wanted, to go into every part of India and to inquire into every office and every Presidency. This took him two years to do, and that gentleman had since produced twenty-two reports; but though it was now four years since this direction had been first issued, no measure whatever of a practical character had yet resulted from his labours. The original idea of the right hon. Baronet (Sir Charles Wood) was a good one: It was to prepare a classification of officers in this country, and consider the reduction of their salaries, and then send the scheme out to the Government in India for them to make their remarks on it. As was usually the case, however, with Presidents of the Board of Control and Secretaries of State for India, the right hon. Gentleman was overridden by the gentlemen around him, and the question had remained in the same state to the present time. The army of Bengal was known to be in a dangerous state of insubordination for ten, or even twenty

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years before the mutiny broke out; and here he must say that the Marquess of Dalhousie was not to blame. The noble Marquess had paid great attention to the subject, and had prepared, long before he left India, a series of despatches in which he suggested the reorganization of every part of the Indian army. The first of those despatches was sent home. It was a very important one, for it suggested the conversion of the regular into irregular cavalry. The noble Marquess said to the India House—"You have nothing to do but to send me back your authorization as quickly as possible, and I will carry out the plan." But what took place? That despatch remained unanswered for eighteen months, and then a refusal to sanction the scheme was returned to India. He (the hon. Member) believed that if he had been permitted to make the attempt, the noble Marquess would have succeeded in carrying out those reforms which his experience so fitted him to inaugurate, and he might thus have saved the country from the dreadful explosion that followed. He (Mr. Seymour) had great pleasure in hearing his testimony to the noble Marquess's great administrative ability, though he was certainly no admirer of his policy of annexation. No doubt the hon. Member (Mr. Bright) was quite right in saying that the amount of our Indian army must depend upon the principles upon which we governed the country. The noble Lord (Lord Stanley), by his proclamations, by his sending out such a benefactor to India as Sir C. Trevelyan, and by his treatment of the people, had begun to draw them towards us; and he (Mr. Seymour) hoped that the right hon. Baronet would follow in the noble Lord's steps. The people of India were capable of warm emotions, and the best way to attach them to our rule was to show them that we took an interest in them, by diminishing the interference of officials, and by listening to the reasonable complaints that from time to time they might send to this country. The Native princes who came to this country to urge their claims had not hitherto had their cases properly considered or had justice done to them. Take the case of the Stipendiary of the Carnatic. The other day that gentleman, a prince in his Native country, brought to him (Mr. Seymour) quite a touching letter which he had written to the right hon. Baronet, and in which he stated that though the Government had acknowledged the claims of his family, they could not obtain any practical redress. He (Mr. Seymour) was glad to hear the right hon. Gentleman say a few months ago that he was averse to the alienation of land, so long as an heir could be found by any Hindoo theory.

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of relationship or adoption; and if the right hon. Gentleman, now that he held an official position, would only repeat that observation, he was sure it would be hailed in India with the deepest satisfaction. With regard to the question of revenue, he thought all the propositions of increased taxation were open to great objection. First, as regarded the salt tax, that impost was already a great burden, which it would be most impolitic to increase, especially in Madras, where at least 50 per cent. of the produce of the soil was consumed by the assessment, and the population were reduced to the greatest state of penury. If they expected people to accumulate property which could be taxed, they must reduce rather than add to their burdens; besides all which, the salt tax prevented the Natives from availing themselves of that vast source of wealth which presented itself in the great shoals of fish frequenting their coasts. Then, again, what could be a greater grievance than the stamp duties, the augmentation of which was proposed? No one in India at present could come before a court of justice without the stamp of permission; and, in fact, the stamps were a great public nuisance which yielded a very small revenue. As to the new licenses, he really did not know what they could mean, for the tax on spirits already existed in the form of licences. The succession tax, again, could scarcely bring much to the public coffers in a country where land was said to have no value. There were several taxes which would be far better than any of those mentioned by the right hon. Baronet. Why not, for instance, devise some plan for making the moneyed classes contribute to the public Exchequer? In Russia every merchant was obliged to belong to one of three guilds, and then a tax was laid on each of those institutions. Why not adopt a similar plan? If we must have an increased revenue, we should have recourse to forms of taxation which would not offend the oriental mind. In Southern India there was the *motufur*, a collection of small taxes. No doubt some of those were bad ones, but there were some of them that were not. Again, why not adopt a tax which had existed in every country in the world, namely, a poll tax? At all events it was necessary to find something better than taxing the poorer classes of the Indian people. Another source of revenue that would be perfectly legitimate was a sale of lands. There was no reason in the world why the Government of India should not, like that of the United States, derive a large annual sum from this source. There were enormous tracts of land lying desolate in India. The people of India were very anxious to redeem their land

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from assessment, and why should not that be permitted? A revenue of £1,000,000 or £2,000,000 might be obtained from that legitimate source. He was glad to hear the noble Lord speak as he had done of the exclusiveness existing in the civil service, and of the intention he had formed of introducing a more liberal system. Civil services existed in every despotic country, but in no country was a man who wished to enter the civil service required to enter at the bottom of the service as the only means of reaching the top. It would be a great improvement to let persons enter at the third or fourth rank with the permission of the Government. In the case of Mr. Venables, the Government had been absolutely unable to reward him as they wished, simply because he was not a covenanted servant. Last Session he (Mr. Danby Seymour) asked the House to consent to the repeal of the Act of Geo. III., with the view of enabling the Secretary of State to permit the civil service to be entered in the way he had referred to. Years ago the Marquess of Dalhousie and other high authorities in India recommended that alteration. If it were adopted, it would allay the bad feeling which existed between independent Europeans in India and the official community. Of late that feeling had been much diminished by the trying circumstances under which the two classes had been brought together, but with the return of peace it would revive: and there could, at all events, be little doubt that the disparaging manner in which the independent Europeans used to speak of the officials just before the mutiny had done the Government no good. It would likewise be a great improvement to resort once more to the old plan of placing the heads of the different departments in the Council. The Councils were formed of men who had been longest in the service, and it was not etiquette for a man to enter the service again after he had been a member of the Council. Such men were looking to their return home, and were likely to feel much interest in public affairs. The consequence was that at present these Councils were clogs upon the Governor; but if they were formed in the same manner as our own Cabinet was formed, they would possess all the knowledge that was necessary, and all the interest that they ought to feel in the prosperity of India. They would also feel a greater responsibility. He did not think that the statement of the hon. Member for Birmingham was overcharged. There was in India a universal complaint of the stagnation of affairs, and the decentralization advocated by the hon. Member was called for. Decentralization, however, could not be carried out to the extent ad-

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vocated by the hon. Member. But Burmah, the Tenasserim Provinces, and Singapore should be put under separate government, and attached to the Colonial Office. Burmah had nothing to do with India. Its people were a totally different race from that of India. Singapore was much more closely connected with China than India. The Council in Calcutta was too overworked to attend to the government of these places; and, in fact, they were left to Under-Secretaries, whose names no one had ever heard of. With regard to the resources of India, he could not see why the Government should not make use of its credit, as Russia did. In Russia, Government paid its soldiers in Asia with paper, which circulated everywhere; the Government refused to give India the same facilities for establishing banks which were accorded without hesitation to the Colonies. There were dreadful complaints of the way in which business was done at the India House, and it was said to be not half so well done now as when the two departments were divided. He had heard that two-thirds of the establishment might be dispensed with, and he trusted that they would set an example to the Government in India by the way in which they would put to rights the Government at home.

MR. VANSITTART said, he was glad to hear that the right hon. Baronet did not intend to reduce the salaries of the present incumbents of the civil service. Now that India had become an integral portion of the British Empire, we required the introduction of a new system and a greater number of civil functionaries with reduced jurisdictions in the Mofussil—*i. e.*, the provinces. Indeed, each of the present districts of those officers ought to be divided into two, or even four, so as to bring justice to every man's door. He would introduce a new tone in society, a stricter supervision in every single department, and a simple, civil, and criminal code in the place of our present tardy, complicated, and cumbersome system. He would strongly advocate the immediate abolishment of that costly and nonsensical Legislative Council at Calcutta, unless it could be remodelled upon a totally different footing; and he would at once amalgamate, without further reference to India, the Supreme Courts with the Sudder Courts, and adopt such other measures as would induce the English capitalist to invest his money and enterprise in the country; for we might depend upon it that the greater the number of Europeans who could be induced to settle there, the stronger would be our hold over the Natives, and the more would they see to admire and respect in the English character. As an instance

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of this growing feeling, he could not do better than read the proceedings of a meeting held in the Town-hall of Calcutta last November to consider a loyal address to Her Majesty on the occasion of the promulgation of the Proclamation penned by his noble Friend the Member for Lynn,—a Proclamation which had been pronounced in all parts of India, and by all classes, civilians, merchants, colonists, and Natives of every sect, creed, denomination, and caste, to be a great success. Mr. Wylie took the chair, and amid tremendous cheering, pointed out that the word “amnesty” was heard for the first time in India, and it was Christianity alone which taught men to forgive. Baboo Ramgopal Ghose then rose from the Hindoo side of the House, and spoke as follows in English :—

“ If I had power and influence I would proclaim through the length and breadth of this land, from the Himalayas to Cape Comorin, from the Brahmapootra to the Bay of Cambay, that never were the Natives more grievously mistaken than they have been in adopting the notion, foisted upon them by designing and ambitious men, that their religion was at stake, for that notion I believe to be at the root of the late rebellion. They do not understand the generosity, the benevolence of the governing Power, the even-handed justice with which that Power is willing and anxious always to do that which is right between man and man, without any reference whatever to the fact whether the men belonged to the governing or to the governed class.”

When he saw highly intelligent Hindoos attending public meetings and giving vent to such noble sentiments, when he reflected upon the elasticity of the resources of India, and when he beheld men like Sir Charles Trevelyan acting in a bold and energetic manner, he could not but think that all we required was the co-operation of an equally bold and energetic Indian Minister at home, in order to insure to India a glorious future ; and, notwithstanding the gloomy forebodings entertained by so many in consequence of the financial depression under which she was at present suffering, he believed that only a few years were required to restore India to the state in which she was before the mutiny.

Mr. Gregson.

MR. GREGSON said, he agreed with the noble Lord the Member for Lynn that a tax upon tobacco would be an exceedingly undesirable mode of increasing the revenue of India. It was tried a few years ago, and failed. He could not but thank the right hon. Gentleman the Secretary of State for not having proposed an Imperial guarantee, which would be very unfair to those who had already lent us money. He thought that some reduction might be made in the military expenditure, but condemned the proposal to increase the duty upon salt. It was not justified by the paltry increase of £300,000 which was all that was expected from it.

Mr. Gregson.

Considering the difference in the value of money in the two countries and the elasticity of the resources of India, he thought a higher rate of interest might be given than that at which the last loan was raised. The Bank of India were paying 9 per cent; therefore 4, 5, or even 6 per cent. was a moderate rate of interest for an Indian loan. In this view the rate of interest upon the Indian debt was not, in his opinion, greater than that which we paid at home.

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MR. KINNAIRD regretted that the Government had resolved to refuse to India the temporary assistance of an Imperial guarantee. India had been the source of great advantage to this country; the Secretary of State admitted that her resources were elastic, and yet she was not to receive that small aid which was readily granted to the West India Islands in a moment of difficulty. Every one acknowledged that a guarantee must ultimately be given. Why not, then, give it at once, and so by a bold policy meet a temporary evil? He regretted that when a Governor General was wanted for India, Ministers should send out a man who knew nothing of that country, for such a man was at the mercy of his council for two or three years at least, and only became acquainted with the duties of his position about the time he was removed from it. The question of the finances of India was one that would brook no delay, and he hoped that with a deficit staring them in the face measures would be adopted to balance the income and expenditure. He was persuaded that the thing not only ought to be done, but that it could be done, if right measures were adopted. To say what those measures were, required a man of vast experience, and one who possessed an aptitude for finance. He had no hesitation in declaring his firm conviction that such a man existed if only scope were given to his transcendent ability. Sir J. Lawrence was a financier of a very high order. It was his custom when directing the operations in the Punjab to impress upon all under his influence that the whole system of Government depended upon the ways and means. He did not ask what was desirable only, but was practicable. In that newly-conquered Province, when the mutiny of 1857 convulsed the North-West, and separated him from the seat of the Supreme Government, Sir John Lawrence, by the financial measures which he adopted, contrived not only to meet the current expenses of his own Province, but to raise new levies for the war who had to be paid in advance, to maintain the army at Delhi, to subsidize the Ruler of Afghanistan, and in other ways to uphold the credit of England in their own territory and beyond their frontier. There was,

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therefore, amongst them a man not only with a head for finance, but well practised in it,—one who had shown his ability and stood when weaker men would have broken down,—and it would be their own fault if his tried ability for finance was not enlisted in the service of the State, and that not indirectly in a position of comparative inferiority, but directly in one of definite responsibility and power. He exceedingly regretted that at a critical moment in the history of India the right hon. Baronet had failed in giving the Imperial guarantee to the loan which was to be effected. The time would come, however, when this would have to be done, and by neglecting it now an additional burden would be entailed both on India and on this country.

Mr.
Coningham.

MR. CONINGHAM remarked, that he also regretted that an Imperial guarantee had not been given, by which an enormous sum of money would be saved hereafter. He trusted that on fuller consideration the right hon. Gentleman would adopt a course which alone could lead to the permanent restoration of our authority and prestige in India.

Mr. Hankey.

MR. HANKEY deprecated the middle course which the Government were taking by leaving matters as they were. The existence, by a legal fiction of the East India Company, which might easily have been abolished altogether, alone prevented the Indian Council from borrowing money in any part of the world. So long, therefore, as it was necessary to come to Parliament every year and ask for a special vote in order that money might be borrowed for India, the people of this country would believe that there was a quasi-guarantee by the Imperial Government. This was shown by the fact that whilst the rate of interest in India was six per cent., a 4 per cent. loan raised in this country was at 94. No one would believe that a loan raised by the sanction of Parliament would ever be repudiated by them.

Sir Charles
Wood.

SIR CHARLES WOOD, in reply, said, he was much obliged to the Committee for the reception given to his statement. With regard to the remarks of his hon. friend (Mr. Bright), he could not think he was open to censure for not having expressed his views upon almost every conceivable subject connected with India. It had seemed to him that he was best consulting the wishes of the House, at this time of the Session, by confining his statement to the finances of India, which certainly afforded sufficiently wide scope for debate. It was surely unnecessary to repeat the discussion which took place earlier in the Session on the general condition of India, especially when he felt that he had not been long enough in office to be quite aware of all that was going

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on in his department. The noble Lord (Lord Stanley) had stated that a sum of £6,000,000 was to be raised by railway debentures in the current year. That was a slight error. It was true that £6,000,000 were to be raised for railway purposes, but of this £3,500,000 would be raised by calls upon the shareholders, and only about £2,500,000 by debentures. The hon. Member for Birmingham said that he represented the debt of India at £100,000,000. Now, the debt was so large already that no one need exaggerate its amount. It was not, however, quite so bad as this. What he had said was, that before we were finally clear of the charges entailed by the mutiny, the debt of India would amount to upwards of £100,000,000. This estimate, of course, included the sum which we should have to borrow next year, and probably in the course of the year following. With regard to Sir Charles Trevelyan, he could assure the Committee that he had no indisposition to support him in the very useful reforms which he would, no doubt, introduce into the Presidency. Sir C. Trevelyan and he were old friends. On previous occasions he had had to defend him against unfounded attacks. Sir Charles Trevelyan would no doubt bring great knowledge and great zeal to bear upon the administration of affairs in Madras, and if he only tempered his zeal with discretion he would be a most valuable public servant. The hon. Member (Mr. Bright) had spoken, he thought, in undeserved terms of the Earl (Canning). At the time of his appointment the noble Lord was a Cabinet Minister of known ability, and the mode in which he had conducted the Government of India under the most arduous circumstances in which a Governor General was ever placed merited the warmest approbation of his fellow countrymen. He would not follow the hon. Member for Poole (Mr. Danby Seymour) through the various taxes to which he had referred, but would merely remark that he had not imposed any taxes, not was it known to what conclusion the Indian Government would come on the various points to which the hon. Member had referred. He was not of opinion that a poll tax would be a popular one; there was already a tax of that kind in the Province of Pegu, and he thought that it should be done away with as soon as possible.

Resolution agreed to.

Resolution.

Resolved,

"That it is expedient to enable the Secretary of State in Council of India to raise money in the United Kingdom for the Service of the Government in India."

House resumed.

Resolution to be reported To-morrow.

Sir C. Wood.

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EAST INDIA LOAN BILL.

CONSIDERATION.—THIRD READING.

Order for Consideration read.

MR. CRAWFORD said, he felt very much disappointed at the restricted and narrow view taken by the right hon. Gentleman the Secretary for India on introducing this Bill of the pecuniary liabilities of that country, and the manner in which such liabilities were to be met. During the next four or five years it would be necessary to provide not only for a large amount of East India bonds and debentures, but also, upon the security of the revenues of India, for the large sums required to complete the railways in progress in that country. He therefore regretted the right hon. Gentleman had not taken a comprehensive purview of the whole matter. He had on a former occasion objected, and he repeated his objection, to any guarantee being given by this country for a loan raised for the service of India. He thought, however, that Parliament should do as it had done on former occasions of much less pressing emergency; it should interpose to borrow money on the credit of this country, and then lend it again for the service of India, taking some specific adequate security for the repayment of the debt. If the right hon. Gentleman went into the market to borrow £5,000,000 on Indian debentures, the attempt would be a failure; or, if the right hon. Gentleman succeeded in obtaining the money, it would be on terms that would be tantamount to failure. The money could not be had under £5 or £5½ per cent. On the other hand, the right hon. Gentleman could get any amount of money at 3¼ per cent. on the credit of England. Another advantage of the plan he suggested would be, that it would raise the position of the other Indian securities then in the market. He was aware that at this period of the Session it would be useless to attempt anything in this matter. His object, however, was by calling the attention of the House to prepare the House for the full consideration of the subject next Session. The time could not be far distant when this country would be called upon to relieve India from her present difficulties. He regretted to hear from a right hon. Gentleman in that House that India was of no value to England, and he should further regret that such a statement should pass current in this country. He would just mention a few figures which would show in what manner India was of value to this country. In the first six months of the present year the exports of manufactured goods

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Mr. Crawford.

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to India amounted to no less than £7,374,000; the exports of iron alone to £1,273,000; and the whole exports during that period to not less than £10,000,000. She also supplied, in the first instance, nearly the whole of the money required for carrying on our trade with China. This country then had the greatest possible interest in supporting the credit of India.

Mr. Vansittart.

MR. VANSITTART said, he wished to ask the right hon. Gentleman the Secretary of State for India whether it was true, as had been reported, that the right hon. Gentleman the Member for Devonport (Mr. Wilson) had accepted a very important appointment in connection with Indian finance? As he had himself given notice that he would that evening move some very important resolutions relating to that subject, he was anxious to know whether the right hon. Gentleman had accepted the proposal made to him to proceed to India. On the general question now before the House he would not detain them long. He had already stated his opinion that Parliament would, at an early date, have to take into serious consideration the expediency of giving India the benefit of an Imperial guarantee. There was no doubt that the borrowing powers in India were almost exhausted; and in corroboration of that assertion he might state that out of a loan of £5,000,000 attempted to be raised at $5\frac{1}{2}$ per cent. in India, the Government had been able to obtain only £1,000,000, although the loan had been before the public for a very considerable period. This country had not hesitated to go into the market for £20,000,000 sterling for the emancipation of the negroes in our West Indian colonies; it had also raised £10,000,000 for the mitigation of the sufferings of Ireland; and it had even pledged its credit on behalf of Turkey. Why, then, should it haggle and *finesse* in the most unstatesmanlike and undignified manner rather than enter the market to procure the means of affording relief to 180,000,000 of our own fellow-subjects in India?

Imperial
guarantee.

Mr. Ayrton.

MR. AYRTON said, that as he had already done on former occasions, he must again protest against the doctrine that the finances of India were exclusively the concern of India, and that that country must be left to depend entirely on its own resources. Such a doctrine could only stand on the assumption that the Government of India was like a colonial government. But in the latter case the Government was carried on under the direction of the people themselves, though under the supervision of some colonial authority. On the other hand, in India, we had established

Mr. Ayrton.

an English government which was entirely directed by English subjects, and controlled by the Government in this country. As long as the present system was pursued, it would be impossible to bring the expenditure of India within the resources of India. It was a sinking principle to propose loans from time to time for India while the whole question of Indian administration was but imperfectly brought under the consideration of that House. Concurring in the recommendation of the hon. Member for London, he thought we should not enter into any complicated guarantees, but should obtain money at the cheapest rate on the credit of England, and then lend it to India on the security of its revenues. The reduction in the interest which India would thus have to pay might form a sinking fund, out of which both the principal and interest of her debt could speedily be extinguished. Why should we go on wasting £10,000,000 a year merely to maintain those abstract principles of political economy which were so dear to the dogmatists on the Treasury bench? He deeply regretted that they should persist in this course, but he regretted the more that they were entering upon those transactions without any explanations from the right hon. Gentleman, the Secretary for India of improvements or political arrangements in progress, which would render it unnecessary at some future time to sanction these loans. He had heard no explanation—nothing had been done or said which would lead them to the belief that at the end of next year the affairs of India would be in a better position than they were at present; and, indeed, an hon. Gentleman who knew a great deal about India had told them that next year there would be a demand for another loan. It was true, indeed, that the Government were about to send out an English financier, who by the magic of his inspiration was to set the finances of India in order, and afterwards turn his attention to the improvement of her civil administration. That, however, would be inverting the natural order of things. First reform the civil administration, and the finances would in a great measure correct themselves. Centralization in the Government of India had been the hobby of the Whig party; but it was to be hoped that the admirable state paper of Sir B. Frere on that subject would induce them to revise that system which had been the fruitful cause of so much of the evil by which India had been afflicted. The first steps towards amelioration was to compel the civil services to feel that they were to govern India, not for their own convenience and advantage, but for the benefit of the Natives. It was to be

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Local
European
army.

regretted that the Secretary of State proposed to give way to the views of the "Old Indians" in regard to the maintenance of a local European army. The only effect of perpetuating the distinction between the local European force and the Queen's ordinary troops would be to sow afresh the seeds of the position which we had recently witnessed, and to impair the resources of both India and England. In point of efficiency as well as of economy, it would be far better to get rid of a European force in India that was purely local, and to substitute for it Queen's regiments, each having one battalion in India and another at home, and both being identical in interests and sympathies. There ought to be no local service for the officers, who ought all to enter the Queen's army, and when they had specially qualified themselves for duty in India, they might be transferred to that country according to a principle of selection by merit. The mutiny in the Bengal army had been ascribed to the want of a sufficiency of European officers. That was a very convenient cry for the late Court of Directors, who wished to increase their patronage. Colonel Green, in his evidence before the Commission on the organization of the Indian army, stated that only four officers were requisite for a Native regiment, a greater number being not only unnecessary, but tending to lower the character of the officers in the opinion of the Natives under them: and the Commission itself had recommended for the irregular Native regiments a small staff of officers, who, by dint of their superior capacity, managed their men far better than the less efficient, but more numerous staff attached to the regular Native levies.

Native army.

Col. Sykes.

COLONEL SYKES said, that he believed that if the hon. Member for the Tower Hamlets had ever been a single day with a Native regiment, the House would have been spared the remarks—for which there was no foundation—that he had just made on the subject of the Native army. A gentleman who had never been out of Bombay could not well tell what a Native soldier had on his back when in the field. He (Colonel Sykes) had served with armies of the three Presidencies in the field, and emphatically declared that the efficiency of Native regiments in action depended entirely upon the number of European officers with them. Adverting to the subject more immediately before the House, he had next to offer a few observations, not as an apologist of the Indian Government, but in the interest of the tax-payers of India. There could be no doubt that the present financial condition of India had produced great

Present
Financial
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Colonel Sykes.

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distrust. He found that in India on the 19th of April last, the four per cent. loan was at $22\frac{1}{2}$ per cent. discount; the five per cent. loan, though guaranteed for fifteen years, was at $11\frac{1}{4}$ per cent. discount; the five and a half per cent. loan now open, and obliged to be guaranteed for twenty years, was also at a discount; and the Treasury-bills were issued at the rate of $5\frac{1}{2}$ per cent. In England also the Loan Debentures, which were issued last year at 4 per cent., £95 paid for every £100 subscribed, were at $93\frac{1}{4}$. As a contrast to this, on the 30th of April, 1854, the home bond debt of the Company was £3,899,500, the *minimum* rate of interest upon the greater portion of which was £2 10s. per cent., and the *maximum* £3 5s. per cent. In India, in 1853, the cash balances had accumulated to £15,439,135 sterling, and so satisfactory was the general state of Indian finance that the Marquess of Dalhousie was in a position to offer to pay off the five per cent. loans, and a financial operation took place involving a reduction of interest upon £28,222,452; whereas now money could not be obtained at 6 per cent. Even after that operation a loan was opened at $3\frac{1}{2}$ per cent., towards which more than half a million sterling was subscribed. Why, then, the present revulsion? Was it that the revenue had been steadily decreasing? A table that he had in his hand gave the net revenue of India for the last fifty years. In 1809-10, it amounted only to £11,238,410; in 1819-20 it rose to £13,016,790; in 1829-30 to £14,200,005; in 1839-40 it stood at £13,742,360; in 1849-50 it increased again to £19,510,098; and in 1856-7 the gross revenues were £33,303,391. All this increase took place before the transfer of the Government to the Queen, and according to the statement of the Secretary of State the gross revenue of India was estimated in 1859-60 at £36,190,349. There had, consequently, been no ground whatever for distrust on account of the diminished capability of India to meet her engagements as far as revenue indications went. Well, then, could that distrust be ascribed to an enormous increase in the military expenditure during the period to which he had referred? In 1809-10 the military charges absorbed nearly 59 per cent. of the net revenue; in 1819-20 they absorbed 64 and 2-10ths per cent.; in 1829-30 they took 53 and 7-10ths per cent.; in 1839-40 they were 57 and 7-10ths per cent.; in 1849-50 they were 51 and 6-10ths per cent.; while in 1859-60 they were estimated at 58 and 4-10ths per cent. of the gross revenue. It ought not, therefore, to be the present military pressure that was the cause of distrust. Was it the pressure of the interest on the debt in relation to the net revenue of

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India? The pressure of the interest of the debt in relation to the net revenue in 1809-10 was 18 per cent.; in 1819-20 was 12 and 8-10ths per cent.; in 1829-30 was 12 and 1-10th per cent.; in 1839-40 was 9 and 7-10ths per cent.; in 1849-50 was 10 and 5-10ths per cent., thus indicating a gradual diminution of pressure but still infinitely lower than it was in 1809-10. For the year 1859-60 it was estimated at 13 and 9-10ths per cent. on the gross revenue. At the moment the finances were getting into a healthy state, the Government of India was compelled to carry on expensive public works for irrigation, roads, bridges, and other undertakings beyond the means of the Treasury. The distrust which existed with regard to the finances of India was very much due to the recent mutiny no doubt, but it was also in part attributable to the statements of the hon. Member for Birmingham (Mr. Bright) and of the hon. and learned Gentleman who until recently represented Devonport (Sir Erskine Perry), who had taken a gloomy view of the question. What, then, was to be done under the circumstances? India was not like a colony, but was to be treated as a portion of this country, and it was for Imperial interests and not for Indian interests that the present loan was asked. It was said in a recent article in *The Times*:—

"The first thing to do is to recognize the fact that India is now as much a portion of the British empire as Yorkshire or Westminster. To suppose that we can go on spending lavishly and borrowing recklessly, and that we can at some future day repudiate the obligations entered into by our officers, is a folly which is only redeemed from being a wickedness by its utter absurdity. England could no more repudiate her Indian loans than she could repudiate her Consols."

The remedy, then, which he (Colonel Sykes) would suggest, was comprised in two talismanic words; "Imperial guarantee," and the moment those words were embodied in an Indian Loan Bill universal confidence would replace the distrust which now existed.

Mr. Glyn.

MR. GLYN said, he did not wish at that moment to enter into the question of an Imperial guarantee. He merely rose to express his satisfaction at one of the provisions of this Bill, which gave the Secretary of State a new power of creating either capital stock or annuities. He believed that it would be a useful and an efficient provision, and that his right hon. Friend would discover when he tried to raise the money that the market for debentures would be extremely heavy, and that it would be absolutely necessary, therefore, to have recourse to some other mode. He would suggest to his right hon. Friend whether he should not next Session introduce a Bill giving to the present holders of

Mr. Glyn.

Conversion of
debentures
into new
stock.

debentures the power, if they chose, to convert those securities from time to time, either when they were due or previously to their becoming due, by negotiation, into the new stock. It would be a convenient mode of dealing with the subject. It would relieve the debenture market, and would give his right hon. Friend a fixed instead of a floating and redeemable stock at a particular period.

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SIR EDWARD COLEBROOKE observed that the announcement of an Imperial guarantee for a new loan would rather injure the holders of the older stocks. But the question of an Imperial guarantee was too large to be discussed at that moment, and it must eventually come before Parliament. When the right hon. Secretary for India made his statement with reference to Indian finance, he informed the House that a right hon. Gentleman was about to proceed to that country to set its finances to rights, and he wished the right hon. Baronet (Sir Charles Wood) would state distinctly what position that Gentleman was to occupy. He had understood the right hon. Baronet to say that this defect existed in India—that the same officials who were responsible for the collection of the revenue were not responsible for its expenditure. He had always supposed that the Governor General in Council was responsible both for the collection and expenditure of the revenue, and he thought nothing could be more dangerous than to set up a departmental authority opposed to that of the Governor General. If the object was merely to send to India a Gentleman who would take part in the Council, and who might be checked by the other members of that body, he believed that in such a position a person experienced in English finance might confer great benefits upon India, especially if he placed himself in communication with gentlemen possessing local experience; but if, as he understood from announcements in the public journals, this Gentleman was to supersede the public officers of the finance department in India, he thought a change would be effected in the constitution of the Indian Government, which ought not to be made without the assent of that House. Such a measure would imply a want of confidence, not only in the civil service of India, but in the Governor General himself.

Sir E.
Colebrooke.

Position of
Financier
appointed.

SIR HENRY WILLOUGHBY remarked that he was also anxious to know something about this financial council. Being acquainted with the peculiar character of the civil service in India, he thought that unless great precautions were used they would make "confusion worse confounded," and do very great mischief. He considered that the question

Sir H.
Willoughby.

Sir E. Colebrooke—Sir Henry Willoughby.

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borrowing.

of Indian finance was in a rather perilous condition; but there was one point which he certainly could not understand. It was, who by law had the power of borrowing money upon the revenues of India? It appeared to him that the House, after having destroyed the Company, had no option but to look boldly in the face the question which related to that dependency, its finances, and its army. With respect to finance, he thought it was necessary that the borrowing power should be under one control, place that control where they would; and he had the highest opinion of what the Secretary of State and the new Indian Council had done since they had been in existence. In fact, the House knew little of how well and ably they had performed their duties. But he was persuaded that the power of borrowing and charging the revenues of India must be placed in one set of hands; for nothing could be more unwise than borrowing large sums of money in this country, and at the same time borrowing by open loans in a period of difficulty, and so destroying our own finances. He hoped, therefore, the right hon. Gentleman would explain in whose hands legally the power of charging the revenues of India now rested.

Mr. Williams.

MR. W. WILLIAMS said, all gentlemen connected with India seemed very anxious to have the guarantee of the capital and industry of this country for their loans, and no doubt it would be the most effectual guarantee possible. The present embarrassment of the finances of India was owing to the extravagance of the Government. They had been promised that the Government in this country would exercise a direct control over India, but that was not so; a most important despatch had remained unanswered for twelve months, and that showed how little the Government in India cared for the control over them. It would be a most fatal mistake to grant an Imperial guarantee. A paper currency was the only way to re-establish equilibrium in the finances of India. Retrenchment ought to commence in the home department of the Government. Any money required could be raised without a guarantee; and if once they commenced the system it would never be put an end to, and there would be a stop to all ideas of retrenchment and economy.

Sir C. Wood.

SIR CHARLES WOOD was understood to say, he quite agreed with the hon. Member for Evesham (Sir H. Willoughby) that it would be far more convenient that he should reserve anything he had to address to the House on the subject of the Indian army until the next Bill on the paper [The European

Mr. Williams—Sir C. Wood.

Troops (India) Bill] came on for discussion. As to the great question of an Imperial guarantee, it was a matter of such vast magnitude and importance, and one on which such diametrically opposite opinions were entertained, as, indeed, had been somewhat exemplified in that debate, that, if discussed at all, it ought not to be discussed in the incidental and imperfect manner which was alone possible on that occasion. The Government had not deemed it advisable to make any proposal of that kind at present. At the same time he had thought it incumbent on him the other night to intimate his opinion that circumstances might hereafter arise when it would be the duty of the House at any rate to give that subject its most serious consideration. He did not, however, believe that the occasion had yet arisen, or that there was any pressing necessity for the consideration of the subject. He had also previously stated that the financial position of India opened so wide a question that he had not thought it expedient then to enter into the civil and military administration of that country. In the civil expenditure there was not much reduction to be made. Some of the civil salaries, might, indeed, be reduced; but the chief source of retrenchment lay clearly in the military charges. Before the mutiny broke out the revenue and expenditure were almost equalized; and, now that India was rapidly resuming her former tranquil state, it was to be hoped that by the adoption of a system of Government in accordance with the interests, the wishes, and the feelings of her people, a large diminution in the military expenditure would be effected. With regard to the sending out of a person to supervise, and he trusted to improve, the financial condition of India, he hoped that his right hon. Friend the Member for Devonport (Mr. Wilson) would be induced to undertake that task. [Mr. Vansittart: Has he accepted the office?] He had not accepted it; but no other man in this country possessed the commercial and financial knowledge combined with the great Parliamentary experience of his right hon. Friend, or was so well qualified as he was to attain the end in view, namely, the improvement of the system of finances in India. It was, of course, a very serious question for his right hon. Friend whether he would undertake a duty of that kind; and although he had pressed him to do so, there were various considerations which rendered it doubtful whether he would accept the appointment or not. He hoped, however, that in a few days his right hon. Friend would be able to decide, and that the Government would be authorized in announcing that he had accepted a situation

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in which he would labour to promote the interests both of India and of this country. It was not for him (Sir C. Wood) to answer for what was said by other people, or what appeared in the public prints. The responsibility for the expenditure of India rested with the Governor General and his Council, and not with any single individual. The finances of this country, like every other public department, were, for example, under the special direction of a particular Minister; but everybody knew that the Chancellor of the Exchequer was not exclusively responsible in matters of revenue and expenditure. So, if his right hon. Friend the Member for Devonport, or any other person, went out to India in the capacity he had described, he would not go as the *alter ego* of the Governor General, and he would not be solely responsible for the finances of that country. He would be a member of the Council of the Governor General, taking charge of the financial department; but the Governor General and the Council would be responsible for his acts, because he could do nothing without their sanction and concurrence. He was glad to hear that the hon. Member for Kendal (Mr. Glyn) approved of power having been taken by that Bill for raising the loan either by debentures or by stock. There being a difference of opinion as to the best mode of effecting that operation, he thought it right, in the present state of the money-market, to arm himself with the power of taking either course which might be most advisable. The hon. Member would also see that, by the tenth clause of the Bill, power was given to raise money for the payment of debentures by the creation of stock. In answer to the question of the hon. Baronet (Sir H. Willoughby) he had to state that there could be no doubt that the Governor General in Council in India had power under the authority of the Act of Parliament to raise money and charge it on the revenues of India, that power being exercised with the sanction of the Secretary of State for India and his Council in this country.

Motion made and Question proposed,—“That the Bill be now read the third time.”

Mr. Newdegate.

MR. NEWDEGATE said, that amongst the Orders of the day was a Bill for continuing the exemption of Roman Catholic Charities from the general law; and this being a day on which motions took precedence of Orders this had occurred: that at three o'clock this morning it was proposed that the House should meet at one to-day, and that Orders should have precedence of Motions. The effect was to contravene the Standing Orders of the House, and this particular

Mr. Newdegate.

Bill would be brought in at a morning sitting upon a day when, according to the usual practice, it would have stood for the evening sitting. He wished to know when the right hon. Gentleman proposed to take the Charitable Trusts Bill. 9TH AUGUST
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MR. SPEAKER said, the course taken was in accordance with the rules and Orders of the House. When the House met before two o'clock the rule was to adjourn at four o'clock and meet again at six o'clock; and though no doubt it was a fault that no distinction had been made on the paper between the morning and evening sitting, no inconvenience could result if the rule were borne in mind. The Speaker.

MR. NEWDEGATE said, that to put himself in order, he would move the adjournment of the House. He wished to remark that the paper delivered to hon. Members, although it contained a number of Orders for the morning sitting, made no reference whatever to an evening sitting. Mr.
Newdegate.

Motion made, and Question proposed,—“That this House do now adjourn.”

SIR GEORGE LEWIS said, he would take the Roman Catholic Charities Bill in its order. If any discussion was likely to arise, he hoped hon. Gentlemen would consent to postpone it till to-morrow, on the question that the Bill be committed. Sir G. Lewis.

MR. MALINS: Will the Orders have precedence in the evening? Mr. Malins.

SIR GEORGE GREY: No; the usual rule will be followed. Sir G. Grey.

Motion by leave *withdrawn*.

Main Question put, and *agreed to*.

Bill read third time and *passed*.

EAST INDIA LOAN BILL.

COMMITTEE.

Order of the Day for the House to be put into a Committee on the East India Loan Bill, read. 11TH AUGUST
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THE DUKE OF ARGYLL, in moving that the House do go into Committee upon the Bill said, that the financial condition of India had been considered at considerable length shortly before the dissolution of the late Parliament, and an intimation was then given by the late Government that it would be necessary before long to introduce a measure of the present description. So far the necessity of the Bill might be considered to have been acknowledged by all Duke of
Argyll.

Duke of Argyll.

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Deficit of
present year.

parties, and he might now move it through all its stages without entering into any statement in its support. But he thought it desirable that he should call their Lordships' attention to some facts connected with the financial condition of our Indian Empire. The deficits in the two years during which the mutiny had been raging was respectively £8,500,000, and £14,700,000. That, however, was to be expected, and the only observation he would make upon those figures was that the back of the mutiny had been broken before the great mass of troops sent from this country had arrived in India, and it was only since that period all the expenses attendant upon those forces had become chargeable upon the Indian revenues. It was only when they came to consider the deficit of the present year that surprise was excited. The total sum to be provided for the year 1859-60 was no less than £12,500,000. It was natural to ask why, now that the mutiny had been suppressed, there had not been a greater saving as compared with the previous year—than appeared upon the face of the papers—about £2,500,000. But, although £12,500,000 was the sum that would have to be provided by loan or otherwise, yet that was not the actual deficit of the year, since about £2,250,000 arose from charges for compensation for losses during the mutiny, and the necessity of restoring the balances to their former condition. The real difference between the income and expenditure strictly belonging to the year was about £9,300,000. But even those figures did not represent the whole saving that had been effected by the Indian Government; for the expenditure for 1859-60 included large sums paid on account of the railways, and the interest of the debt which had been incurred during the previous two years. If those extraordinary charges were deducted, the amount of saving effected in the military expenditure for 1859-60 would be found to be nearly £4,500,000. Some persons might be dissatisfied with the extent of the saving thus effected; but the Governor General had lately found himself unable to send home as many troops as he had hoped to do; and it must also be borne in mind that the expense of bringing home troops was as great as that of sending them out. It had been stated that our Indian Empire was in a state of chronic deficiency, and that it seemed to be approaching a condition of complete bankruptcy. But that was really far from being a correct view of the subject. The truth was that, when the mutiny began, the income and the expenditure for India were almost exactly equal, there having been for the preceding year only a small adverse balance to the amount of

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£170,000. A sum, however, larger than that adverse balance was owing to the charge incurred in the Persian war, and without that charge there would have been an absolute surplus in the year 1856-57. Moreover, during the whole of the four years which preceded the mutiny the deficit had been steadily decreasing, and even a large proportion of the deficiency then existing was attributable to the large outlay incurred on public works. They might, therefore, say that at the commencement of the mutiny the financial condition of our Indian empire was by no means of an unsatisfactory description. Let him say one word with respect to the means which had been adopted for the purpose of meeting the deficiency which had arisen in the course of the present year. In the years 1857-8 and 1858-9, the deficits had been made good by means of loans effected partly in England and partly in India; and the sum raised by way of loan in this country exceeded by an amount of only £1,000,000 the sum raised in the same shape in India; the figures in the two cases being respectively £11,500,000 and £10,500,000 in those two years. But the power of raising money by loan in India had greatly diminished in the course of the present year. That result had been attributed to the financial measures adopted by the Indian Government; but he believed that facts were directly opposed to such a conclusion. The loan in India had been going on very satisfactorily until the end of last November, or the beginning of last December, when the weekly subscriptions suddenly decreased by almost one-half. But that falling off had not been contemporaneous with any action whatever on the part of the Indian Government. In the first week in November that Government had indeed issued the Proclamation by which the Queen took into her own hands the direct Government of India; but no person could attribute the diminution in the loan to that event. It could not be supposed that the Proclamation of the Queen's supremacy would tend to diminish the value of Indian securities. No financial step was taken by the Indian Government until the 26th of January last, and their financial policy could not have been the cause of a condition of the Indian money market which had previously been in existence. But as a sum of £10,500,000 had been raised by way of loan in India during the two preceding years, it was clear that the capitalists of that country must have felt, in the midst of the mutiny, the most perfect confidence in the continuance of our dominion. That view of the matter was clearly set forth in a passage contained

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deficit.

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in a despatch which had been recently received from Lord Canning, and that passage he would proceed to read to the House :—

“ We are aware that it has been said broadly that our loan operations of late in this country have failed of success; but it is shown by the figures to which we have just referred that, speaking of those operations as compared with the operations of former years, this cannot be said with truth; and that it is not true absolutely, may, we venture to think, be assumed from the fact that in each of the two last years, during a crisis of unparalleled difficulty, we have obtained from Indian resources alone the means of meeting not only the extraordinary charges of the State, but also the immense disbursements of all the railway companies in this country.”

Revenue.

He (the Duke of Argyll) believed that to be perfectly true. Under the Bill then under their Lordships' consideration the Government would be invested with a power of raising in this country the money required in India; and he believed that when Indian capitalists saw how easily the money could be borrowed in the English market, they would again be induced to come forward with their former readiness to contribute to loans of that description. It was very satisfactory to find that there had been no falling off in the revenue. It was a thing which at one time could hardly have been thought possible, but it was nevertheless a fact that the revenue raised in India during the mutiny was as large as that raised in the year which had preceded that outbreak. [The Earl of Ellenborough indicated dissent.] The noble Earl shook his head, but the figures showed the accuracy of his (the Duke of Argyll's) statement. The Indian revenue in the year 1856-7 was £31,700,000; and the revenue during the first year of the mutiny was almost exactly of the same amount. In the second year of the mutiny it was larger by a sum of nearly £2,000,000, and the estimated revenue of the present year, including the produce of new taxes, was larger by a sum of somewhat more than £4,000,000. A large sum had, within the last year, been remitted to India in bullion, but that need not alarm this country. Such a remission would be necessary so long as the present outlay on railways continued. The following explanation was given to the Secretary of State for India under the late Government by the Indian Government on this subject :—

“ The necessity for this requisition arose, not from any discovery that our gross expenditure would be largely in excess of what had been calculated, or that our revenues would be greatly less than had been expected, but solely from the great and sudden falling off of subscriptions to the loan. This circumstance, which even now has not been

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satisfactorily accounted for, was beyond foresight. But we had never concealed from ourselves, or from your Lordship, that such a contingency was possible." LITH AVENUE
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It was clear, he thought, that there need be no alarm in the public mind with reference to the large demand made on the Treasury for remittances in bullion. Before he sat down he wished to say a few words on the present condition of our Indian empire. It was not surprising that great alarm should exist in the public mind at a deficiency of £9,000,000, £10,000,000, or £12,000,000 in our Indian revenue, and that very wild schemes and advice should be given as the remedy of this state of things. He saw it said that we could not save our Indian empire otherwise than by dismembering it. It was contended that the whole misfortune was due to the policy of annexation, and that we had better give back to the Native Princes a part of the territory that we had taken from them. This was not a remedy that any Government would be likely to adopt. Nor was it true that the present extent of our Indian empire had been the result of a deliberate and preconceived policy of annexation. It had come to us step by step and bit by bit, simply from the close contact between the vigorous civilization of the West and the decayed civilization of India. Where an attempt had been made to settle a war without annexation, as in the case of the first Sikh war, the attempt had utterly failed, for Lord Dalhousie as soon as he arrived found himself involved in a second Sikh war. The annexation of Oude was not an annexation of conquest, but arising from other causes, and justified, as he thought, on other grounds. He believed that it would be a crime of the highest order to restore that kingdom to the dominion of the Sovereign from whom we took it. That annexation once made was an irrevocable act. The annexation of the Punjab no one would regret who remembered that it was in great part through the aid given by the Governor and people of that province that our Indian empire had been rescued during the recent mutiny. Then it was said that it was necessary to break down the great office of the Governor General, and constitute independent Presidencies. There had been for a long time complaints on the part of the minor Presidencies that they were held by too tight a reign. Without entering into the merits of this proposal, he would only now say that the natural course of things seemed to him to be adverse to its adoption. The progress of events, the introduction of railways and telegraphs, tended rather to

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unite than divide our empire. During the late mutiny the Governor General had been enabled to send orders to Sir John Lawrence and Mr. Frere, on the very confines of our empire, with more rapidity than the Marquess of Wellesley had been able to communicate with Lucknow and Hyderabad. He knew that great complaints were made by the minor Presidencies that more money was not laid out in them upon public works. That expenditure might be required, and might eventually be profitable, but it would not in the first instance tend to the saving of money, but rather to the increase of expenditure. The reduction of civil salaries was pointed out as another mode of restoring the finances of India, and a detailed report on this subject was under consideration both in India and at home. But even if a reduction were made in the salaries of civil servants in India, the increasing demands of the administration of a great empire would compel the Government to lay out that saving upon other salaries. Upon the whole, therefore, and on the average of years, it would not be advisable to look to the reduction of civil salaries as a means of restoring the balance between income and expenditure in India. Those salaries must be high to induce the best men in this country to give their lives and abilities to the service of India. If those salaries were reduced below the point which would secure the services of the best men we should make a great mistake. He came back then to the proposition that the only hope for the finances of India must be in reduced military expenditure. The military expenditure of India in ordinary years had been before the mutiny £12,000,000, excluding all extraordinary charges. That was about the amount now voted for the military service of the whole British empire, and he could not doubt that the defence of our Indian empire would be maintained, now that tranquillity had been restored, for even a smaller sum. If that sum were sufficient before the mutiny, it would be more than sufficient in future. There was no longer any Native Power that could give the Indian Government any uneasiness. The complete disarmament of our own subjects was proceeding. We might not be able, nor perhaps was it desirable, to deprive them altogether of small arms. But not a gun could be cast in India without our consent, and it had been proved that a Native army without artillery was useless. It was beyond all question, he thought, that our relative superiority to the Natives had not only not decreased but rather increased. On all these grounds he thought the true solution of the present difficulties was the reduction of the

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Indian military expenditure to a sum not greater than it was before the outbreak of the mutiny; and unless the Government could do that, he confessed he saw no immediate prospect of bringing the expenditure within the revenue. He assured the House that the subject would continue to receive the anxious consideration of the Government.

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Moved, that the House do now resolve itself into a Committee upon the said Bill.

THE EARL OF ELLENBOROUGH: My Lords, if I were to go through the different topics which the noble Duke has touched upon, I should certainly occupy your Lordships' attention till the time fixed for the termination of the Session. Least of all do I wish to go into the question of annexation, which is far too wide and too important a subject to be discussed in an incidental manner, at the close of a Session. I will refer, therefore, only to the financial topics, and on these I wish to say as little as possible. I cannot oppose the present Bill, because I recommended the very measure, and no doubt the state of things has not improved since that time. At that time we had every reason to believe that the Government would be able to borrow all the money they wanted; but now the power of borrowing is nearly gone. I have looked over the Indian Estimates, and I cannot help thinking that the expectations of revenue are over-estimated, and I think also that the expectations of deduction in the military expenditure in Madras and Bombay are still more over-sanguine. However, your Lordships have read the papers, and you can form your own opinions upon the subject. I must say that I think it is very hard upon the Indian Government, and most intolerable, that in the midst of their financial difficulties they should be compelled to pay £5,000,000 towards the mercantile speculations of the gentlemen who have determined to establish railways in India. I do not think that the expenditure on railways should be mixed up with the general expenditure of the country; and I do hope that, if any further guarantee is granted to any speculators in railroads, it will be provided that the money shall be drawn out where it is paid in, and that the Government in its relations with them shall simply act as bankers. Many years ago, before the Government of this country determined upon granting guarantees of 5 per cent. upon the railway speculations, I ventured to caution your Lordships and the public against the danger likely to arise from these transactions. I said, and I think it stands to reason that it should be so, that if you offered to guaran-

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tee 5 per cent. upon the expenditure, and gave the shareholders whatever advantage might be derived from the surplus profit, it would be idle to attempt to induce persons to lend you money at 4 per cent., or at any less rate than 5 per cent. The consequence of this course of the Government has been to extinguish its power of borrowing money under 5 per cent. I most deeply regret it; it has created a burden most severe, and has introduced great complication into our monetary transactions in India. The state of things now is, that after this year allowing £7,000,000 to be borrowed, we are obliged to sanction the borrowing of £5,000,000 more. The remedy does not solely lie in an increase of taxation. I venture to caution the Government against establishing any new taxes. It is only by increasing the pressure of the old taxation that the Government can safely increase the revenue; but I confess I do not expect any material improvement in our financial condition from an increase in the revenue. It must be effected by diminution of expenditure. I have seen it announced that it is the desire of the Government to induce Mr. Wilson, a very able gentleman, to go to India, to act as Chancellor of the Exchequer there, and to be an Extraordinary Member of the Council. I think this step is a right and proper one. I had myself the same design some thirty years ago; I had it in contemplation then to send a very able man, and one of great capacity, to undertake a similar office; and if the then Government had lasted long enough, I think it not at all improbable that the arrangement would have been carried out. Your Lordships will recollect that on more than one occasion I urged on the House and the Government the expediency of substituting a statesman for a lawyer as an Extraordinary Member of the Council. If Mr. Wilson, or any other gentleman accepts the office—and I hold very strong opinions as to the duty of public men to serve their country—I hope that he will have the assistance of other able men; for, without such assistance, I fear he will not be able to effect much good. I think that any gentleman who goes out as Chancellor of the Exchequer will find himself very much embarrassed if he has not the same assistance which the Chancellor of the Exchequer has in this country. Whoever undertakes the office will have to produce order out of chaos. It is impossible to describe any state of things worse than that which I recollect to have existed in financial accounts of India. We had to teach the public servants not only habits of business, but habits of obedience, and this latter duty was the most difficult to

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accomplish. But with the assistance which he might take out, and the assistance which he will obtain there, he will be able to reduce the accounts to something like an intelligible state, and I think that then a very material reduction may be made in the expenditure. I agree with the noble Duke, but I go much further than he does, in deprecating the announcement of any reduction in the stipends attached to the civil service. I feel perfectly certain that while that resolution would not be productive of any great benefit to the finances, in a political point of view it would produce the most injurious effects. It would, in fact, produce a revolution in the mode of conducting the business of the country, because it would produce a revolution in the men. The civil servants during the first few years of office get into debt; during the few subsequent years they pay off their debts and become free men; and it is only during the last few years that they are in receipt of a salary large enough to allow them to realize sufficient to enable them to come and reside in this country with any degree of comfort. If you reduce their income, you will make it still more difficult to realize these sums, and you will defer the period of their return. You will thus stop promotion, and thereby declare that India is no longer to be governed by young men, but that it shall be governed by old men. It has been the youth employed in the public service of India, more than any thing else, which has tended to that success which we have enjoyed. There is this further reason. Before the salaries were raised to their present rate, there was more than suspicion of the probity of the persons employed in the public services in India, and the present system is in some sense a guarantee for the probity of those who administer the government of the country, in which each collector may be said to exercise the power of a pro-consul. During the last thirty years I have known of only three cases of such suspicion. The Government of India has been raised and sustained by the youth and energy of its civil servants, and I trust that nothing will be done to impair the service. I think that the Chancellor of the Exchequer of India may make some deductions in the Native establishments. I confess I have always looked with regret and displeasure at the continual increase of Native establishments. You cannot appoint a new official without immediately receiving a demand for an enormous establishment that doubles the expenses connected with the department. I doubt the expediency of these great establishments. I believe there are persons who, in a great measure, take advantage of their

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positions to do benefit to themselves and injury to the service. I am quite sure that an intelligent, energetic Government might most materially reduce these establishments, which would be a great saving to the public. I remember, several years ago, calling for a return of the civil servants of the State, when I found that they were more numerous than the army; and yet that is for the purpose of carrying on the ordinary business of the country. My Lords, there is no doubt that great reductions must be made in the military establishments, and I very greatly regret that this Session has terminated without our having received from the Government a statement of their views with respect to the reorganization of the Indian army. My own views on that subject are very distinct. I feel the necessity of a great increase to the European force far beyond its present strength; and I know that the expense of the European force is practically equal—number for number—to the expense of three Native establishments. Therefore, if we increase to double—almost to treble—the European force, looking at the same time to the increase which has taken place in the Native force, of which we have so much reason to be jealous, this does appear to me to be an act of unreason, and I cannot comprehend how the Government has not taken advantage of the first moment of re-established tranquillity to commence with energy to reduce the establishment of these Native regiments. It is of very little use to reduce the privates only; there must be reduction of officers as well. Without that there is no economy. And I believe up to the present time—I do not speak with absolute certainty—there has been little or no reduction in the officers of regiments in India; so that the staff remains almost the same that it was two or three years ago. My Lords, I hold it absolutely necessary to have this great European force in India, and I think that a great European force should be formed as economically as possible; for of this I am quite certain, that that which is most politic is also most economic. It should be a principle of our Government to create in the European army a balance of the local force against that which is called the army of the line; and, moreover, that they should have a Native force which would balance the European force. It is only by a system of balances that we can ultimately hope to retain our empire in India. My Lords, proceeding on that principle, I would at once effect a reduction—and the present state of things renders it practicable—of the entire number of Native troops which is in excess of the European soldiers that you have in that country. That would be a reduction

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of no less than 94,000 or 100,000 men—for your Lordships may hear with surprise that, at the present moment, while we have in India 110,000 Europeans, we have besides that European force 194,000 or 195,000 Native troops, in addition to 80,000 policemen—indifferently armed and disciplined no doubt—but making altogether a Native force of 275,000 armed men, while the European force is but 110,000. I feel that it is only by a very large and immediate reduction of that Native force that it is possible for us to look ultimately for a reduction of the Indian expenditure. I will not look gloomily on the future of India. It is the noblest empire that ever was acquired by man—at least it might be made so by good government. It is to the eternal honour of this country that 100 years have expired since we acquired that empire; and perhaps it is even more to our honour that in the last two years we were enabled to recover it when it seemed nearly lost. There is nothing that would ever induce me to relax the hold which this country has on India; and I only trust that this Government, discarding every consideration but that of the public interest, will determine to do everything which it is possible to do to enable us to retain that empire, and, retaining it, to confirm our rule to the benefit of the people.

LORD LYVEDEN said, that having been very much mixed up with the administration of the affairs of that important dependency, he might be permitted to offer a few observations on the present occasion. He wished to express his regret that this Bill had not been introduced at an earlier period, in order that the question might have received that deliberate attention and consideration which its gravity required. The measure before the House was, in his opinion, fraught with deeper and larger consequences than were involved in the mere financial question; for the position of India as regarded monied interests could not be separated from other important details. He agreed with the noble Duke in thinking that there was no cause for despondency:—if he had any such feelings they would be derived from alarm at the want of vigour, unity, and responsibility in the Indian Government. It had been supposed last year, when the system of double Government was abolished nominally, that the evils arising from a want of responsibility would be put a stop to; but unhappily in reality they were still found to survive. He hoped that when Parliament assembled next year, effectual measures for remedying this defect would be adopted. Nothing could more strongly illustrate his meaning than what has happened on the recent act by European

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troops, he would not call it of mutiny, but certainly of insubordination. Did anybody doubt that revolt might have been avoided by good management; and, if so, on whom was the responsibility to devolve? Was it on Lord Clyde, Lord Canning, the Council of India, or the Council at home or the Secretary of State? No one could say where it ought to rest; and it was, therefore, clear that, as regarded the administration of Indian affairs, there was a total want of responsibility at the present moment. He regretted, likewise, that the difficult subject of Indian finance had not been approached in a bold and intelligent spirit, especially as regarded the question of a national guarantee. Why was not this at once made an Imperial question? Why was the credit of this country not directly given in aid of India? They would save millions by so doing. He believed that if the time ever came when India could not meet its engagements no one would be bold enough in this country to repudiate the debt. To attempt to repudiate that debt would shake both their political and commercial credit. He could not hear gentlemen talk about abandoning India without a certain amount of shame. Abandon India! We never could consent to give up the pride of centuries, to restore to barbarism the countries in which we had implanted civilization, and to abandon the hopes that we entertained of bringing millions of our fellow beings by safe, cautious, and steady steps, to a holier aspiration and purer belief. He was, however, surprised that the noble Duke had not informed their Lordships what course would be adopted by the Government as to any future financial assistance which might be required by India—whether it would be afforded in the shape of a guarantee, or by any and what other means. The question which was now most pressing was the equalization of the expenditure and revenue of India. To accomplish this, both the civil and military expenditure must be reduced. Yet to the reduction of the civil expenditure the noble Earl opposite (the Earl of Ellenborough) was absolutely opposed. Three years ago he ventured to suggest that the emoluments of the civil servants might be reduced; and though he was then accused of rashness, similar opinions had lately been expressed by both Secretaries of State, Lord Stanley and Sir Charles Wood. His opinion was that, as had been well urged by the noble Duke, you ought to make the scale of payment such as would induce good men to enter it, but nothing more. The Indian civil service was a very fine service, but it was the highest paid service in the world. The remuneration of its members was from the beginning a competency, at the end an

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ample fortune. He saw nothing in the climate of India which rendered it necessary that public servants in that country should receive salaries so much higher than those which were paid in other colonies where equal discomforts had to be encountered; still less could he account for the fact that gentlemen going from Ceylon to Madras should at once jump from comfort to luxury. Payment ceased to be judicious when it merely resulted in an increase of expense without a corresponding increase of efficiency. He did not think that a reduction of salary would diminish the probity of the civil servants. Probity was not necessarily the consequence of a high salary; and, indeed, the wealth that induced luxury was more likely to impair than to promote it.

THE EARL OF ELLENBOROUGH: I say that there is no luxury in India.

LORD LYVEDEN: That must be a matter of comparison; what one man might consider a luxury another might consider a necessity; but he thought he was justified in saying that, compared with that of officers in other colonies, the condition of the civil servants in India was luxurious. He thought there might be a much larger employment of uncovenanted servants, and that in this way economy and reduction might be effected. One advantage of reducing the salaries of the civil servants would be that you would enlist that powerful body in support of other reductions, which, so long as their own emoluments remained untouched, they would always oppose. This reduction must, as Sir Charles Wood had said, emanate from home, and before that could take place there must be considerable reduction in the home Government itself. You must reduce what the present Prime Minister called that gigantic job, the Indian Council. You must reduce its members to six, make them heads of departments, and so get rid of the committees, which were rather committees of conversation and discussion than of action, and which would be found by all Secretaries of State rather encumbrances than advantages when prompt action was necessary. After all, however, the great saving must be effected in the military expenditure, and he was glad to hear the noble Earl say that in his opinion great reductions might be made in both the Native and the European forces. Another question which involved expenditure was the maintenance of a local European force. That question had in fact been decided by a Bill which was now waiting for second reading by their Lordships, and which, while professing to waive, really settled the great question which was referred to the Commission which considered the re-organ-

European
local force.

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Position of
Mr. Wilson.

Taxation.

zation of the Indian army, for it provided for a larger European local force than we had ever had before. Two steps which would facilitate the reduction of the army would be the establishment of an effective police, and the adoption of a system of paying money in notes through the medium of branch banks, instead of the present practice of carrying bullion with an escort of troops from one part of the country to another. The noble Earl, in speaking of the expected mission of Mr. Wilson to India, had spoken of him as a Chancellor of the Exchequer. He had never understood that he was to act in such a capacity, and he was sure that if he was to have anything like the powers of a Chancellor of the Exchequer in England it would involve a great interference with the Government of India. All that he imagined that Mr. Wilson would have to do would be to take office as a Councillor, to examine into the accounts, and to institute, if he could, an effective method of keeping them, and to report to the Governor General, who would either act upon his own responsibility or after reference home. Mr. Wilson would find that he had a good deal to learn and might possibly meet with considerable opposition, particularly if he was to have thrown upon him the invidious task of reducing the expenditure. He hoped, however, that he would be armed with such authority, and so backed at home that the country might obtain the full advantage of the suggestions which he might make. If we could effect a considerable reduction in the military and a small reduction in the civil expenditure, our only other resource for producing a balance would be an increase of taxation. He was quite ready to admit that such an increase would be difficult; but he could not help thinking that some taxes might be found, such as a succession duty, to which the Natives were accustomed, which they would pay willingly, and which might produce a large addition to the revenue. He hoped that, without oppressing or injuring the Natives of India, money might be raised by additional taxation. He believed that the merchants of India were of all persons in a civilized state the most exempt from taxation, and he was of opinion that means might be adopted to arrive at a knowledge of the amount of their gains as had been done in the case of traders in this country assessed to the income tax. Therefore, he did not despair of obtaining a similar revenue in India. If the taxation could be increased without injuring or annoying the Natives, and if the expenditure, civil and military, could be reduced, the future of India might

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be looked to, not with apprehension, but with more sanguine hopes than it seemed at present to be contemplated. That immense empire, hitherto a source of glory to this country, might then become a source of wealth, and afford an open field to men of energy and industry, who would not only found their own fortunes, but add fresh honour to the English name.

THE EARL OF ELLENBOROUGH said that the noble Lord supposed that he had said that there might be an immediate reduction of European troops. He had expressed no decisive opinion on that point, as he had not sufficient knowledge with respect to it; but he trusted that the time was not far distant when some reduction might be made. When, however, the number of European troops was reduced, it would be necessary to reduce the Native troops to a similar amount. With respect to the appointment of Mr. Wilson, there could not be the smallest objection to make one of the Members of Council a financial member, but it should be clearly understood as his duty that he must co-operate with the Governor General.

Motion agreed to.

House in Committee accordingly.

Bill *reported*, without Amendment, and to be read third time *To-morrow*.

Earl of Ellenborough.

SIR C. WOOD'S FINANCIAL STATEMENT,

1860-61.

INDIAN BUDGET—EAST INDIA LOAN.

COMMITTEE.

Order for Committee read.

House in Committee.

SIR CHARLES WOOD said :—A year ago, or thereabouts, it was my duty to lay before a Committee of this House the best estimate which I could then give of the Indian revenue and expenditure. Since then two events have happened which materially affect the statement which I shall have to make to-night. One is that a gentleman whom we all know, Mr. Wilson, has proceeded to India to aid with his financial knowledge and experience the Indian Government in their measures of fiscal administration, and in the endeavour to bring the finances of India into a sounder position. The other event is that the Indian Government, aided, no doubt, by Mr. Wilson's experience, have proposed, and by this time, I have no doubt, have carried into law, the most important financial measures which have for some time been brought forward in India. The statements which Mr. Wilson has made, very much like those of the Chancellor of the Exchequer in this country, and which are among the papers printed for the use of the House, are so clear and full, that I might almost dispense with any but a very short summary of them. On the other hand, the proposals of the Supreme Government have excited great criticism and great opposition, and have led to a controversial correspondence with the other Governments in India. The diversity of opinion and of statement is so great, that it is not very easy to unravel the web, and it would be still more difficult to put the whole controversy before the Committee. It is not necessary, however, to do so; and I hope I shall

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Controversy
between
Governments
of India and
Madras.

be able to state the results, and to make them clear in no very great compass. The correspondence on the table is almost entirely that which arose between the Government of India and the Government of Madras in reference to these measures. They were laid on the table in connection not only with the proposed financial measures, but with the recall of Sir Charles Trevelyan. Upon that subject I hope it is utterly unnecessary to say a single syllable. In the whole course of my public life I never had so painful a duty to perform, and I regret exceedingly that necessity; for I believe it has deprived the Presidency of Madras of the benefit of services which would have been invaluable. I had the pleasure of seeing Sir Charles Trevelyan this morning, and he promised to give me every information and assistance in reference to the Government of Madras; and I should not be doing justice to him or to myself if I did not take the earliest opportunity of expressing my grateful sense of that assurance. In addition to the correspondence on the table, there is a letter from the Government of Bombay—a Minute of Lord Elphinstone's—and an answer from the Government of India. The papers would, I think, have been incomplete without those two documents, and, in fact, they were almost necessarily included, as they are referred to in the Minute of the Madras Government. Here, again, I cannot help saying what a loss to India and to this country has been the death of Lord Elphinstone. No man had greater experience of Indian administration under ordinary circumstances; and when the late mutiny called for more energetic action, in no respect was he wanting to the emergency. I can only say that his is a loss which this country, equally with India, must greatly deplore. Having paid this tribute to his memory, I will only say that in addition to this voluminous correspondence, there are the ordinary finance accounts of India, with an explanatory despatch; and beyond that there is a paper which is still more material than any—a comparative account of revenue and expenditure for the last five years. There are some differences between the finance accounts and the figures contained in that paper; but the comparative account is compiled from more recent information, and contains some items which are not in the other accounts. Before, however, I go to the expenditure and income of the year, I wish to refer to the deficits of the last two years. I have been sometimes accused of taking too gloomy a view of Indian finance. I can only say my sole object has been to present to the House and the country the most faithful

Comparative
account for 5
years.

Deficits of last
2 years.

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accounts in my power to produce. I stated last August 187th August 1860. what I estimated the deficit of the years ending April, 1859, and April, 1860, would be. I was wrong, no doubt, both as to revenue and expenditure. The revenue has been larger and the expenditure has been larger than I anticipated; but the two have so far kept pace together that the deficit is as nearly as may be what I stated. I estimated the deficit of 1859 at £14,707,000, whereas it was only £14,187,000. For the year ending April, 1860, I put the deficit at £9,281,000, while it was actually £9,981,000. Payments are sometimes thrown from one year to another which prevents a perfectly accurate estimate; but while my estimate of the deficits for the two years was £23,988,000, the actual amount was £24,168,000, there being only a difference of about £180,000. The close agreement is, of course, to some extent accidental; but I think I may take credit for having formed no inaccurate estimate, and for not having exaggerated the unpromising state of affairs.

I now come to the present year. The expenditure in 1859-60 was £45,890,000, and the income £37,796,000, leaving a deficit of £8,094,000. To that is to be added the guaranteed interest upon railroads which amounted to £887,000, making a total deficit of £8,981,000. The expenditure for the year 1860-61 is estimated at £43,958,000 and the income at £37,762,000, leaving a deficit of £6,196,000, to which is to be added the guaranteed interest upon railroads, which has this year increased by £400,000, and amounts to £1,276,000, thus increasing the total deficit to £7,472,000. It seems to me that the mere statement of these figures is enough to dispose of the controversy which has been carried on in India, and completely overthrown the opinion of the Government of Madras, and of that of Bombay, that is, that the whole deficit might be made good by a reduction of military expenditure. When I show the Committee that the deficit is £7,400,000, it can be conceived how difficult it would be to get rid of such an amount by a reduction in the military expenditure to that extent within the year. The military expenditure for the year is estimated at £15,276,000, and deducting from that amount the supposed deficit, there would remain in round numbers £8,000,000, which sum would be £3,000,000 below what the military expenditure was in the year before the mutiny. No one can be sanguine enough to expect that our military expenditure can be reduced as low as it was before that mutiny, now that a large additional European

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force must inevitably be maintained under the altered circumstances of India. In the Estimates upon the table the proposed reduction in the military expenditure is about £2,600,000, and if we were to add to that the amount of the deficit, a reduction of no less than £10,000,000 must be made in the military expenditure at the end of this year. Will any one maintain that that will be possible? That Estimate is made by the Government of India, not upon any hypothetical notion of their own, because they had received the actual estimates of reductions from the Governments of Madras and Bombay. The reduction proposed by the Government of Bombay is £655,000, by Madras £591,000, while reductions by the Government of Bengal swell the total amount to £2,600,000. This question of what reductions in the military expense can be expected is not a question upon which we are without experience, as attempts were made last year to make reductions, and the greatest pressure was employed to enforce them. The Government of Madras, however, last year reduced its expenditure by only £330,000, but that of Bombay was actually increased by £197,000. There was a larger reduction in Bengal, where, of course, it was more natural to expect it. In the last and the present years there will be a total reduction of military expenditure of £6,000,000—namely, £3,400,000 in 1859-60, and £2,600,000 in 1860-1; and I am not sanguine enough to think that reduction can be carried much further within the year. That is the state of affairs for the present year, but we must, of course, look beyond and see what are our prospects or reductions in future years. I have always taken the year 1856-7 as a pattern year. It was the year immediately preceding the mutiny when there were no additional expenses, and when the income and expenditure in India were about equal. Starting from that year I find that the military expenditure has increased by £3,785,000. For local corps there is besides an increased sum of £333,000, and for transport £141,000. Then there is an increased home charge for payment in this country, on account of troops £1,195,000—making a total of £5,454,000. But in looking at this question we must include the police, which has necessarily been increased to a considerable extent. Since 1856-57 the increase in the police has amounted to £1,024,000, so that taking military and police together the increase has amounted to £6,478,000. Then there has been an increase of expense for barracks during the last four or five years. It is not necessary in regard to Native troops to have this

Comparison
with 1856-7.

Military ex-
penditure.

Barracks.

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kind of accommodation, as they provide for themselves after their own fashion, but in the case of European troops it is not reasonable or fair that we should send them to India without providing for them such barracks as are necessary for their health. It has been thought right, too, to construct the barracks in such a way as to make them capable of defence—to make them fortified posts to which in cases of emergency the women and children, and invalids, might retire. This naturally entails considerable expense, though it is an expense that cannot last more than a year or two. But though this expense has increased from £374,000 in 1856-7 to £1,827,000 in 1859-60, there has at the same time been an almost perfect stoppage of expense on account of civil public works and buildings; and, therefore, though I anticipate a considerable reduction in regard to military buildings in the course of the next year or two, I do not expect any reduction whatever in the total expenditure for public works. There has been, as I have stated, a great increase of expense in military buildings; that will be stopped in the course of next year, but the saving thereby effected will be counterbalanced by the increase that will take place in civil public works of various kinds which are most urgently required in all parts of India. There will be a transfer from the military to the civil expenditure, but the charge on the Indian revenue will not be diminished. There has been since 1856-7 an increase in the cost of collection of £476,566; civil and political establishments, £508,361; judicial establishments, £163,625; public works, £452,732; miscellaneous, £124,573—making a total of £1,725,857. There is another item of increased expense—the interest on the debt. Before the mutiny took place the debt was £59,442,000, and the interest £2,525,000. In 1859-60 the debt is £97,851,000, and the interest is £4,461,000, being an increased charge for interest of £1,936,000. Beyond that there is an increased charge for what is called guaranteed interest on railways. In 1856-7 the amount of guaranteed interest was £404,000; 1857-8, £526,000; 1858-9, £606,000; 1859-60, £887,000; 1860, £1,276,000; being an increase of £872,000. The sum total of all these increased charges since 1856-7 is military, £5,454,000; police, £1,024,000; civil, including buildings, £1,725,800; interest on debt, £1,986,000, and of interest guaranteed to railways, £872,000—making a total increase of £11,011,800. The revenue has increased, partly from the old sources and partly from additional taxes, to the extent of £1,400,000. A large portion of the arrears due subsequent to the mutiny

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Cost of
collection.

Interest on
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interest on
Railways.

Revenue.

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has been paid up, but I do not anticipate more receipts from that source; and, after as fair and impartial an estimate as we can make of the entire revenue and of the expenditure, the result arrived at is that we shall have a deficiency for 1861-2 of about £6,611,000. Then comes the question how is that to be met? Are we to borrow? I think not. I am of opinion that to leave the Indian Government the power of borrowing, as has been the practice, on open loans, would hold out the greatest temptation that can possibly be offered to a wasteful expenditure. It has always been found to be so, and therefore it is the last step that ought to be taken if it is wished to promote economy. This House has resolved, very wisely as I think, not to guarantee the payment of any part of the Indian debt, but to throw the Government of India entirely upon its own resources. That being so, and when they are made to feel that they are themselves responsible for every shilling of their expenditure, they will find in it an inducement to economize in their outlay as far as possible. I am satisfied that these two considerations—the knowledge that they have not the power to borrow, and that they are responsible for their own expenditure—will go very far to render the Indian Government cautious of imposing any unnecessary charge on the revenue of India, and to produce the most rigid economy. Then, if we are not to borrow, there is no other resource but to impose additional taxation. I have explained to the House that I am speaking of that which I believe is possible for the next three or four years; and I must repeat my conviction, after careful examination of the whole case, that it is impossible to effect any such reductions of expenditure as would meet the deficiency of the revenue. We must, then, have recourse to taxation, and the question is, what ought that taxation to be? On this point the most various opinions have been pronounced. Just to take one instance, we have been often told how foolish it was to look upon the revenue from opium as an uncertain revenue, and that we were entitled to reckon it as a perfectly certain source of revenue. That assertion, however, made last year, has this very year received a signal contradiction, for the Government has been obliged to increase the price paid for opium. They anticipate a reduction of the receipts from that source of £300,000 and an increased charge of £275,000, so that the amount of revenue received from opium will be £575,000 less than last year. I think we ought not to rely on such a source of income. A good deal has been said about Mr. Wilson visiting India with English notions, and about

Taxation.

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his having started a scheme of taxation that no one in India ever heard of before. If hon'ble members will look to the papers, they will find that this question of raising a further income in India was under discussion for about a year before Mr. Wilson's arrival. The first of the papers on the table of the House will show that the whole question of the system of taxation necessary to supply the deficit was discussed during the whole spring and summer of 1859, and that a Bill was introduced into the Legislative Council for a license tax, which was more or less of an income tax, in the summer of 1859. During the whole of this discussion an income tax in some form or other was more or less contemplated, and the opinion of the Madras Government upon that subject is given. It will be found also, by reference to the papers, that although the Government of Madras objected to any additional taxation at all, yet Sir Charles Trevelyan said that if the time ever came for the imposition of such additional taxation, an income tax, and not a license tax, would be the best method of raising the revenue. As soon as Mr. Wilson arrived in India he went up the country to join Lord Canning, and with his full concurrence and approbation it was determined that the new taxation should be that which has been proposed—an income tax, with the addition of a duty on licenses to trade, and a duty in some shape on tobacco. This was done without communication with the officers of the Government in the various Presidencies; and, with the fullest concurrence on the part of the other Members of the Government in India, with the approbation of the Governor General. After the fullest consideration and discussion, the Bills were put substantially into the shape in which they now stand. I am not aware that any other course was open to the Government than that which I have described. I attach great weight to the opinion of Sir Bartle Frere. He was not an officer of the Bengal Government. He came from Scinde and Bombay to Calcutta with the conviction that additional taxation was not necessary in India, and that by a reduction of expenditure the Indian deficit might be met. Sir Bartle Frere was, however, unprepared for the state of things that he found at Calcutta, and, unwilling as he was to admit that reductions could not be made, and that taxation was necessary, he was compelled to admit that no other alternative than the levying of new taxes was open to the Government. Sir Bartle Frere said—

Income Tax.

"I therefore assented to Mr. Wilson's schemes not as free from difficulty and danger, but as less open to objection on that score, and

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far more complete and effectual for their purpose, than any which had been offered. I believe that I rate the risks much higher than he does; but I am convinced that the risks are as nothing compared with the certain ruin of drifting into bankruptcy, or remaining as we are."

He also stated that the notion that the taxes proposed were alien to former practice in India, was unfounded. He stated, on the contrary, that taxes of the same character, but not so fair in their incidence, had been constantly imposed and paid in India. In another Minute Sir Bartle Frere said:—

"No notice has been taken of the fact that during the present discussion no scheme of fresh taxation has hitherto been pronounced by any one, Native or European, which would bear a moment's examination, which has not included some form of direct taxation, all more or less partial, inadequate to our wants, or otherwise more objectionable than that selected by Mr. Wilson; but all direct taxes, and generally, in some form more or less cumbersome, taxes on incomes—such taxes, in fact, being from the earliest times component parts of all Native schemes of finance. It seems to be forgotten that up to 1834-6 taxes on incomes, trades, and professions were levied almost universally throughout British India, under various names, and that they were then abolished in parts of Bengal and throughout the North-Western Provinces and Bombay, not because they were in theory bad taxes, but because they were so unfairly assessed and unequally levied that it was difficult to reform them in their then existing shape."

The Indian authorities felt that, much as some persons objected to the income and licensing tax, no one had proposed a scheme of taxation at all adequate to the necessities of the case, or which would not have left us drifting into bankruptcy. That being so, they took the greatest pains to gather information from the greatest number of persons; and after giving the subject the fullest consideration, the Government of India, without a dissenting voice, determined on adopting the system of taxation of which I am now speaking. I confess I thought the low point at which the income tax began a great objection to the scheme. Mr. Wilson, however, informs me that in India no complaint was made on that score, and that a person in the receipt of an income of 200 rupees was very much in the same position as a person having £100 a year in this country. It was also felt that if the limit were raised, the tax would be altogether unproductive. It was thought by some that it pressed rather hardly upon the smaller landholders; but, with the alterations and amendments adopted since its introduction, the Indian Government consider that it will not press hardly at all upon leaseholders for twenty or thirty years, whom they wished to see pretty well exempted from the tax. In the Presidency of Madras there are 1,518,187

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landholders, only 1,800 of whom would pay the tax, if assessed at half the amount of the rent paid. So that, out of the 1,518,187 holders in that Presidency, not less than 1,516,387 persons would be exempt from payment, if assessed at one-half the rent. It is now proposed that the tax shall be levied on one-third, instead of one-half the rent; which, in the Presidency of Madras, will reduce the number of those who pay the tax to a much smaller number. We hear from the Punjab, and various parts of India, that there will not be the smallest difficulty in raising the tax. I am not aware whether hon'ble members have seen a letter addressed to Mr. Wilson by the Rajah of Burdwan, the largest landholder in Bengal. He sees the value of the rule of Great Britain in the protection given to life and property; and declares that the Natives of India, who derive so much benefit from that protection, ought not to object to pay so small a percentage of their incomes for this purpose. Such a declaration is highly to the credit of the Rajah of Burdwan; and I trust that in these sentiments the Rajah only represents the large zemindaries and landholders of Bengal. It has been frequently said that the mercantile classes, both European and Native, ought of all men to contribute to the wants of the State, considering the benefit they derive from our rule and the protection they enjoy. The result of the taxation now proposed is, that the small landholders will escape; that a small number will pay; and that the tax will be paid, as it ought to be, by the richer landholders and the mercantile classes, who have hitherto paid nothing to the revenue. The license-tax also presses on the latter class, which, in fact, derives the greatest benefit from our rule, and contributes the least to its expenses; and for it, I think, the most objectionable shape has been selected. Within the last few days one of the strongest opponents of this system of taxation has confessed to me his opinion that, if taxes must be imposed, they have now assumed their least objectionable form. I think that the many amendments, which have been introduced into the Bill, have placed the taxes in the shape in which they can best be levied. Of course I am bound to admit that I contemplate the new mode of taxation with some anxiety; but, considering the circumstances of India, and seeing that no other alternative has been proposed, and that unless we are prepared to raise additional revenue for the purposes of the country, we must proceed in the ruinous course of incessant borrowing, I feel we can do nothing better than give our cordial support to the Government of India, who are directly

License-tax.

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responsible for the administration of that country, and who, being on the spot and in the midst of the people, have the best means of judging what taxes it is possible and expedient to levy. I have the strongest conviction that the less this country interferes in the affairs of India, the better they will be administered. We have frankly told the Government of India what our opinions on the question were; and are now prepared to give them our cordial support in carrying out the determination they have formed. The next point I come to is the probable produce of the tax. It is very difficult, of course, to estimate with any certainty the produce of any new taxation. The Government of India expect that no very large sum—probably not more than £1,000,000—will be raised during the present year; and that £3,500,000 will be obtained in 1861-2. Deducting this amount from the deficit which I have already mentioned, we shall still have in 1861-2 a deficit of upwards of £3,000,000. I am in hopes, however, that the Government of India, by making, as I have no doubt they will do, an earnest effort, will be able to make a still further reduction in the expenditure for 1861-2; which is obviously indispensable, if we are to equalize our income and expenditure. There is, unquestionably, considerable scope for reduction. I have said that I do not think the Civil Service expenditure can be diminished, but there are various branches of the military expenditure in which a saving may possibly be effected. The military expenditure of 1860-61, exclusive of buildings, may be estimated at £17,000,000, and the police at £2,000,000. These must be taken together for any increase in the one would lead, to a certain extent, to a reduction in the other. We have here an expenditure of £19,000,000, in which it will be very hard indeed if we cannot effect a reduction of £3,000,000, or even more than that, in the course of the year. With that reduction and the increased taxation, I think there is a reasonable prospect of placing the income and expenditure on an equality during 1861-2, or at any rate in the following year. The ordinary sources of revenue show marked symptoms of improvement, and in the course of three or four years I hope the ordinary income will meet the ordinary expenditure. That cannot be done at present, however, unless there are some extraordinary resources to draw upon; and it is as clearly demonstrated as any matter of finance can be that additional taxation, to at least the amount which we expect will be derived from new taxes, is indispensably required at this moment. The prices of

Military and
Police expenditure.

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produce I am glad to say are rising, and the wages of labor in all parts of the country are higher than they ever have been. In Madras there is abundant employment for every one; and Sir Charles Trevelyan tells me that the men of some disbanded troops have found there higher wages than in the Army. This is very remarkable, as formerly men in the military service were held to be in a much better position than others. These circumstances indicate an improvement in the condition of the people, and consequently an increased power of consumption. Therefore I think I may fairly say that there is every prospect, in the course of time, of a reduced expenditure and an increased income. The more immediate question is—how I am to provide for the deficit of this year? I am glad to say that I shall be able to do so from the balances in the Treasury, without bringing them below what both the Indian and home Governments deem to be safe. It may be asked, then, why I propose to take any power of borrowing? My answer is, that I depend in a great measure, for the means of defraying my home expenses, on the sums to be paid in by the railway companies. We receive into the home treasury all the sums paid by them. The expenditure in India for railway purposes is provided out of the Indian Treasuries, and I apply to disbursements here the sums which would otherwise be sent to India for that purpose—instead of receiving remittances from India. If the railways pay all they ought to pay, then I shall not require a single shilling additional. There may, however, be some deficiency on their part, and it is to provide against that that I propose to take the power of raising, if it should be necessary, a loan of £3,000,000. In the course of this year the railway companies ought to pay in £7,000,000. Of that amount between £4,500,000 and £5,000,000 will, we expect, be expended in India for the construction of railways. What is not disbursed in this country, and would, if the Indian Government did not defray the expenditure on railroads in India, be sent to India to defray railroad expenditure there, is left in the Home Treasury, and it is on this balance that I depend for meeting the home expenses. I have, however, thought it wise and prudent to take powers to raise £3,000,000, in case the railway companies should happen to pay in less than I now anticipate. I hope and trust that the railways will provide the full amount required, and that I shall not need to avail myself of the borrowing powers which I now propose to take by way of precaution. The Resolution which I shall place

Reasons for
loan.

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Customs duty.

in the hands of the Chairman is a general Resolution, but in the Bill which I shall introduce I shall insert a clause limiting the power to raise money to £3,000,000. With regard to the Customs duty, which is to be at the uniform rate of 10 per cent., I have not heard much complaint of the rate of duty, though it is very odd indeed if some of those who have to pay do not complain of the taxation. The objection which the hon'ble member for Sheffield has taken is opposed to the view of Sir Charles Trevelyan, who says—

“The circumstance that the new advantages conferred by the arrangement are in favor of the European interest is an additional reason for distrusting our first impressions. In both points of view the arrangement is singularly advantageous to the European mercantile interest in this country.”

Paper
currency.

Railroads.

The objection principally urged is not so much to the amount of duty as to the valuation on which it is assessed. Several representations were made to me on the subject by deputations from manufacturers, and to all of them I have drawn the attention of the Indian Government. Among others it was stated that the system at Calcutta is not so fair as that pursued at Bombay, where the duties approximate more nearly to what they profess to be—namely, *ad valorem* duties. It is the intention of the Indian Government to call on civil servants at Bombay and Madras, as well as representatives from the Chambers of Commerce of Calcutta, Madras and Bombay, who are well acquainted with the matter, to meet at Calcutta for the purpose of devising such a system of valuation as shall be as nearly as possible equal and uniform. With regard to the paper currency, I am afraid that in Calcutta, as well as here, a great deal of time has been taken up in the discussion of financial subjects, and that from that cause the measure has been delayed. As far as I can learn, the proposal has been favorably received in India, and I hope before long to receive from Calcutta the Bill which has been introduced for that purpose. It will no doubt be a great convenience and advantage to trade; and at the same time, by facilitating the transmission of money from place to place, it will remove the necessity of large balances being held in the 365 treasuries which exist in India. The railroads are going on, upon the whole, very satisfactorily in India. We hope that by the beginning of next year 1,200 or 1,300 miles will be open for traffic. Some of the works are very heavy, and render necessary a large expenditure. A very able Report has been laid on the table, which gives the fullest information on this subject. In order to complete the railways £52,500,000

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will be required. The amount authorized to be raised is £36,500,000. The amount paid up is £29,500,000, and the amount expended is about £28,000,000. Of the £29,500,000 which has been raised, £25,250,000 has been raised by shares, and £4,250,000 by debentures. The traffic returns are, so far, very good, and when it is remembered that none of the lines are open between substantial termini, there is every reason to believe that, when great towns become the termini of the railroad lines, the returns will increase far beyond the ratio of distance on the lines now in operation. The electric telegraph extends nearly 11,000 miles. The sub-marine cable appears to be subject to a great number of accidents; and, although on one occasion a message was received in six days from Calcutta, communication has been interrupted by an accident to which I fear the cable will be very liable in the Red Sea and on the coast of Arabia. A line will shortly be laid down between Calcutta and Singapore which will very much shorten the time necessary for communication with China. The civil public works have been very much at a stand-still during the mutiny. Many of them were interrupted because it was necessary to draught off the officers superintending them to military duties, and since then the officers have been employed on military public works, the necessity for which has been more pressing. But I trust the necessity has passed away, and that we shall be able to revert with increased vigor to the civil public works, and to which I attribute the greatest possible value, as tending to benefit the resources of India. The works which are being proceeded with in the Punjab are the Baree Doab Canal, the trunk road to Peshawur, and the Attock tunnel under the Indus. The last promises the greatest success, and when completed will be a very wonderful work. In Scinde the irrigation works are going on, and an expenditure has been authorized which will open up canals throughout the Province. These works are being carried on as fast as is consistent with the non-disturbance of the labor market. The harbour at Kurra-chee and the works there are in course of improvement. In Bengal 17 roads are under construction, 450 miles long, which will be feeders to the railroads; and a new town is being created at Mutlah. The Orissa works, for saving Cuttack from the violence of the Mahanuddy, and utilizing the waters of the stream, are works which the Madras Irrigation Company propose to undertake without any guarantee. Negotiations are not quite concluded, but if they do not undertake it we shall do it ourselves, and in one way or

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graph.

Public Works.

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Land settle-
ment system.

the other it will certainly be done. The Godavery works are delayed for negotiations with the Nizam. If we are to respect the rights of Native Princes we cannot take possession of the banks of a river running through their territories without previous arrangement, although we may propose to improve them. I do not anticipate any objection in this instance, but we must make such arrangements as will entitle us to effect the improvement with the Nizam's concurrence. In Southern India two roads are ordered through the Eastern ghauts to effect communication between the cotton districts and the port of Sedashevaghur. Gogo will soon be connected with the cotton-growing districts of Ahmedabad, and the anchorage improved. We have also sanctioned the proceedings of a Company formed for constructing docks at Bombay. I am not aware that I have anything more to say on this important subject, but I must pay a tribute to the course which Lord Canning has been pursuing in Upper India, by which a revolution, as I hope and believe, will be effected in the feelings of the higher classes. I do not mean to underrate the conduct of those who have hitherto administered Indian affairs in reference to land settlements and matters of that kind. They have invariably been actuated by benevolent and beneficent intentions, but somehow or other they have not succeeded. The ryotwar system was introduced in Madras with the belief that it was calculated to promote the welfare of the people. We introduced what is called the village system in the North-West Provinces, and considered it as a vast improvement on anything that had been done before, and on our taking possession of Oude we introduced it there. In the North-West Provinces the result was the utter destruction of the old landowners. In truth we thought we were conferring a benefit on the villagers by emancipating them from the oppression of the talookdars. In the North-West Provinces the result was that the property of the landowners was sold up and got into the hands of the great money dealers. During the mutiny the people rose up and turned out the legal owners, and re-installed the old hereditary landowners. In like manner the villagers in Oude rose against us, under their talookdars, who, in many cases, had exercised the greatest cruelty and injustice towards them. On the whole, however, they preferred the former system to that which we introduced. The mistake we fell into, under the influence of the most benevolent feelings, and according to our notion of what was right and just, was that of introducing a system foreign to the habits and wishes

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of the people. A curious result of what was called the confiscation of Oude was that, whereas we thought that it had been proposed to confiscate the talookdar system in favor of the village settlement, the latter has become confiscated, and the property is re-invested in the talookdars. Lord Canning has carried that system a little further and has enlisted on his side the feeling of the landowners. He has invested the talookdars with magisterial powers to a certain extent, and the report of the Commissioner in Oude states that they undertake these duties with alacrity, and show a disposition to exercise the powers with which they are invested, and to administer justice with great impartiality. It is exceedingly gratifying to find that these persons exercise their responsible functions in so satisfactory a manner, and I hope this course of proceeding will have the effect of attaching the landowners of the country to our rule. A similar system has been carried into effect, but only to a certain extent, in the Punjab, where Lord Canning proposes to invest the Sirdars with the same magisterial powers. A further step has been taken in assuring a great number of chiefs in the northern part of India that we recognize what is called the right of adoption. The manner in which certain properties had been taken possession of has told very much against us. Lord Canning assured several of the great chiefs that, in the event of their dying without heirs, adoption, according to the customs of the country, should be recognized. He has proposed to carry this a great deal further, and to give to the generality of the chiefs the same assurance, anticipating, and I believe truly, the most beneficial effects from such an announcement. He says that unless something of this kind be done, you cannot depend on the attachment of the people. It is necessary to attach them to us, and to make them feel that they would lose and not gain by a change of rule in India. If the result he anticipates should be attained, it will be very much easier then to withdraw some of our troops from those places where our rule would be exercised over a well-disposed and contented people of all classes, and not merely the masses, who certainly showed no indisposition to our rule during the late mutiny; for the only districts where the population took part in the mutiny were those in which the brothers, sons, and relations of the mutinous Sepoys dwelt. But I hope that by the measures now adopted we shall soon secure not only the passive but the active attachment of the people. Under these circumstances, I trust that India may by the blessing of Providence

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Magisterial
powers to talook-
holders.

Right of
adoption.

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be preserved in peace, and that we may look forward in time to the improvement of the country, and to the application of English capital, which is necessary to the development of its resources, by which I believe that the finances of the country may be restored to a healthy and prosperous state. The right hon'ble gentleman concluded by proposing the Resolution, which he had explained in the course of his speech.

Mr. Danby
Seymour.

Deficit of
1860-61.

Mr. Wilson's
and Sir
Charles
Trevelyan's
estimates.

Army and
Police.

MR. DANBY SEYMOUR said, that as far as the financial part of the right hon'ble gentleman's speech was concerned he had never heard a more unsatisfactory or unfair statement. The right hon'ble gentleman stated that the lowest point to which the Government of India could reduce the deficit for the year 1860-1 was £7,000,000; whereas Mr. Wilson, in the Council at Calcutta, showed that the deficit might be reduced now to £5,700,000. It was true that Mr. Wilson did not get down to that figure until he was hardly pressed by Sir Charles Trevelyan, who had shown that the military expenditure of the Madras and Bombay Presidencies might be reduced within the present financial year by upwards of two millions, and before the end of the following year by another million. A very small decrease had been taken into account, and not the very large decrease which Lord Elphinstone and Sir Charles Trevelyan spoke of. How was it that Lord Elphinstone was regarded as a high authority when he spoke in favor of amalgamation, and as no authority at all when he pronounced against the plans of Mr. Wilson? Both Lord Elphinstone and Sir Charles Trevelyan stated that our expenditure in India need not be greater after the mutiny than it was in 1856. It was true that they did not go into details, because they had not the accounts, but they should not on the statement of Mr. Wilson impugn the testimony of the Governors of Madras and Bombay. It was said by Sir Charles Trevelyan that the delay in effecting a reduction of expenditure was caused by the sluggish action of the Supreme Court; and the Commander-in-Chief also stated that they could reduce the army if the Supreme Court would take up the question of the police, and get the police to do duty performed by the army of Madras. But the Supreme Council kept the project for a police force before them for another year, and that was the real cause of the army of Madras not being reduced, as had been anticipated by Sir Charles Trevelyan, and also by Sir Patrick Grant. The right hon'ble gentleman put down the police at £2,000,000, but Sir Charles Trevelyan declared that the police necessary for the Presidency of Madras, with its population

Mr. D. Seymour.

of 30,000,000, would not exceed £123,000, or, at the utmost, 13TH AUGUST 1860.
 143,000 a year. Sir Charles Trevelyan was supported in that statement by the chief of police, and he went into details to show that for, at the most, 140,000, they would have one policeman for every thousand inhabitants. He (Mr. D. Seymour) would therefore ask the right hon'ble gentleman how it was that that estimate was put so high. It appeared that the Supreme Council were making an effort to keep up this enormous expenditure to the highest point, instead of reducing the expenditure to the lowest amount. The Budget of the right hon'ble gentleman, therefore, was unsatisfactory, as he had failed to show that he had used to the utmost his endeavours to keep down the expenses in India and in this country to the lowest point. Sir Charles Trevelyan said that having visited all the Indian Presidencies, served twelve years in Bengal and Upper India, and made Indian affairs his study all his life, he was of opinion that the military expenditure might be reduced to £11,500,000, the standard before the mutiny, with great additional security to our position in India. He went on to say that Mr. Wilson had not only over-estimated the sum which the army need cost, and which was believed by responsible persons to be necessary, but that he had under-estimated our resources in India for the future. The amount of the estimated increase in the revenue for 1860-1 was, in his opinion, much too small; and Sir Charles declared that if real protection to life and property were established in India by an adequate system of police, the magnificent valley of the Ganges alone would yield a greater revenue than the whole of British India now produces. He could not find that in his military estimates Mr. Wilson had ever counted on a sufficient reduction in the armies of the minor Presidencies, but Sir Patrick Grant said that several regiments might be disbanded were it not for the apprehension of a rising of the population of Southern India in consequence of the imposition of the three new taxes. What better authorities could they have than the men who had been charged with the superintendence of the military and civil resources of the country? They showed the great decrease that might be effected by the cutting down of the military expenditure, if the Government did not harass the people by the imposition of new taxes, and surely they knew as much about it as the secretaries in Bengal, who were not responsible for anything.

Revenue
under-
estimated.

The right hon. Gentleman said that £1,500,000 would be required this year for building barracks and forts for the reception of women and children, and it appeared from the

Barrack
buildings.

Mr. D. Seymour.

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Stoppage of
Public Works.

Railway
guarantees.

Estimates that a similar amount would be required next year. That was equal to what the Government asked for to fortify Great Britain. But there was no security that that expenditure would not be continued from year to year. He should wish to know whether the whole question of fortifications in India had been considered by the right hon. Gentleman, and whether he had enquired into the best points for establishing forts. M. Brialmont was now occupied upon a great general work upon fortifications, and had specially considered the case of India. When such an enormous expenditure was contemplated, surely the whole subject should be considered, and the best authorities, British or foreign, should be consulted. The right hon. Gentleman spoke of "many places," but the highest authorities in India were of opinion that the forts for the reception of troops and the protection of the helpless portion of the European community should be as few as possible. But in order to carry out this military expenditure the outlay for civil works had been stopped. He regarded it almost as a crime to discontinue works which produced from 40 to 600 per cent. interest upon the outlay, when, as Sir Charles Trevelyan said, "if we sowed water we reaped gold." He regretted that the plan suggested some years ago by the Marquess of Dalhousie had not been carried out—that they had not come to that House for a loan for public works, and kept a separate account of such advances, and then their system of borrowing would not be looked upon by strangers as a sign of the weakness of the empire, but of prudence and wisdom, when they raised money in that way, instead of burdening the people with increased taxation? Before the mutiny, three millions a year were laid out on those works, and two millions during the mutiny. Now, these sums should not have gone into the general account, but a separate one; and if it were publicly known for what purpose this money was raised, the result would be favorable to the Government. Again, with regard to railway shares. They had guaranteed shareholders to a large amount. Never had fifty millions been better laid out than in making those railways. They had guaranteed, from the time the money was subscribed, an interest of 5 per cent. That had amounted to about half a million, and in future years would reach a million. Now, instead of taxing the people to pay this million; instead of putting on a tax for five years, as it was said, but which, from what they knew of the income tax in this country, was likely to be permanent, and which, he was prepared to contend, should be made permanent; that money was a fit subject

Mr. D. Seymour.

to be paid from a public works loan. With regard to the paper currency, he believed it would be of the very greatest advantage to India. A paper currency was spread all over Russia, who paid her troops in Asia by that means, and found it to answer. He had always advocated the introduction of a paper currency; and he was glad that at last they were on the eve of seeing it established. He would also call the right hon. Gentleman's attention to the desirability of expending the money proposed to be laid out at Galle in providing a port near Cape Comorin; and would refer him to the plans prepared by Colonel Cotton upon that point; whose estimates ought to be laid upon the table. Again, there was a charge for making a road to Sedashevaghur; but a road would be of small use compared with the benefits which a short extension of the railway to that place would produce.

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Paper
currency.

Minor Publ
Works.

The right hon. Gentleman had spoken of the land sale, the questions of police, and of trusting the Native gentry. These were matters which all persons taking an interest in India had always advocated, and which had been pressed on the right hon. Gentleman for seven years. He had been struck by an observation of Mr. Campbell, the author of an excellent work on the resources of India, who replied to a question which he had asked, "why not promote the Native gentry to high offices?"—that there were none of them left. And when he (Mr. Seymour) said, "How is that? In former times we read of their having been employed by the Duke of Wellington?"—Mr. Campbell said, "Our system has been to destroy all the upper classes in India; we have left merely the ryot and an aristocracy of civil servants." He was glad to hear that they were now going to restore those gentlemen to that place in the Native society for which God intended them. With regard to the land question, the noble Lord, the member for King's Lynn, was the first Minister who took that view which he (Mr. Seymour) had always believed the right one; and which was, that they never would have a rich people, or a prosperous state of things in India, until they sold the fee-simple of the land. The noble Lord ordered the fee-simple of the land to be sold in certain cases; and Sir Charles Trevelyan was the individual who had done most in carrying out those orders.

Lord
Canning's
policy.

Fee simple i
land.

He should like to make one or two observations upon the accounts. Last year the military expenditure of India was nearly three-fourths of the whole net revenue; but if they wished the country to be really safe from bankruptcy, it was absolutely necessary to insist that that military

Military
expenditure.

Mr. D. Seymour.

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1860.

Established
Church.

expenditure should be enormously reduced. He saw a very considerable sum for the ecclesiastical establishment; that is, for the maintenance of the clergy of the Established Church. The amount for all India was not less than £125,000; and that sum was quite separate from that for the establishment of chaplains. The promotion of Christianity in India had gone on separately from the chaplains; and he might almost say, with reverence, separate from the Bishops; and it was well known that the most efficient teachers of God's Word in India were missionaries, who lived generally on £100 a year and under, while the chaplains had six times that sum. He strongly objected to the State Establishment which was growing up in India, and which did not exist in their Colonies. He did not believe that in the colony of Australia any allowance was made for Bishops or Ministers of the Established Church. The Bishops were continually asking for fresh chaplains to be placed upon the different stations; and he saw by the returns before him that there was a sum voted for carrying out the Bishop to Calcutta. He thought that religion and ministers of all denominations should be placed upon a certain footing, and that the Secretary for India, or the Government, should not have the power to transgress any rule which might be laid down in this respect.

Blue-book.

The right hon. Gentleman had promised to lay upon the table annually a blue-book which should give the House a complete picture of the prospects of the Indian empire; but he (Mr. H. Seymour) had not yet seen any thing of that kind. He remarked that the Punjab was made to show a surplus, and Bombay and Madras a deficit. They knew that the Punjab was a pet province of Calcutta, but he could not believe that it really did show a surplus, because they knew also that there was a larger portion of European troops placed in the Punjab than in any other part of India. They had the territories under the Governor General, the revenue of which was, he believed, £18,000,000, bringing in only £2,000,000, leaving £16,000,000 of a deficit. Attention was specially called to that point by the noble Lord the member for King's Lynn (Lord Stanley), who wrote out to India a peremptory letter that it should be altered; but the right hon. Gentleman had totally neglected this matter, as he had many other excellent reforms begun by his predecessor in office. The right hon. Gentleman was the complete autocrat of India. He did not consult his Legislative Council, and he governed India as the Emperor Nicholas governed Russia. The House of Com-

Mr. D. Seymour.

mons ought therefore to know what this autocrat was doing in his empire. He had on previous occasions suggested that there should be one Mint instead of three in India, and that the copper could be sent out ready coined, by which a considerable sum would be saved. The Bill called the Coast of Africa Act Amendment Bill ought to be postponed till next year, in order that not only Singapore, but Tenasserim, and perhaps Burmah, might be formed into a separate governor-generalship of the Malay provinces. The Government of Calcutta had plenty to do without looking after these provinces; and the people were a separate race, and required a different Government to develop their immense resources. These provinces might then be made to pay. Singapore, with its £10,000,000 sterling of commodities passing through it, ought certainly to be made to pay its own expenses. The right hon. Gentleman had said nothing of the Civil Service and the law reforms, both which subjects were of pressing importance. The law of India was a disgrace to any people, and the taxes upon obtaining permission to commence suits were unknown to any other country in the world. A Bill was brought in three years ago by the Law Commissioners of India, which the right hon. Gentleman had not yet presented to the House. The right hon. Gentleman (Sir Charles Wood) had been sixteen months in office, and he had done so little during that time that the India Office, it was said, might as well have been shut up. The delays in answering letters and transacting business were greater than they used to be under the Company's rule, and there had been indeed no perceptible improvement whatever since the East India Company had been done away with, and the right hon. Gentleman had presided at the India House. Since the right hon. Gentleman was raising a loan, why did he not make provision for the abolition of the taxes on the administration of justice, which were a scandal to the English rule? What also was the right hon. Gentleman doing about the sale of land? Was he encouraging the sale of land or not? Was the redemption of the land-tax still allowed? He believed Mr. Wilson, in his new scheme of taxation, was right in principle. The fault of the Government was that they had not done all in their power to keep down expenditure. A reduction of the salaries of civil servants would never be effected as long as it was left in the hands of interested persons in India. A plan of reduction ought to be drawn up at home by the Secretary of State, assisted by men of experience in Indian affairs. He was of opinion that the salaries of the higher

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New Govern-
ment of Malay
Provinces.

Law reforms.

Delays.

Civil Service
salaries.

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Appointment
of Under
Secretary of
State.

Sir C.
Trevelyan and
Mr. Wilson.

class of civil servants might well be cut down, and that the Native servants should receive higher remuneration. At present it was notorious that there were thousands of Native officials who received such a miserable pittance from the Government that they were obliged to pilfer in order to obtain a livelihood. The Secretary of State ought to set an example to the Indian Government by reducing the expense of the home establishment. He was surprised the right hon. Gentleman should not only have continued the office of Under-Secretary of State, of which Sir George Clerk, on his removal to Bombay, had advised the abolition, as it was a complete sinecure, but should have bestowed it upon Mr. Herman Merivale, who knew nothing about India, and had never been in that country in his life, instead of upon some tried experienced Indian official. With regard to Sir Charles Trevelyan, he thought that he had not shown discretion in sending so strong a Minute to a member of the Legislative Council against a law which after all he might have to carry into effect, but that literally, if not morally, he was justified by an order of the Supreme Council which appeared to authorize such communications. He did not believe, however, that if the Secretary of State had done his duty the difficulty would ever have occurred. Sir Charles Trevelyan and Mr. Wilson had been rivals in the public service in England for a vast number of years; and when Sir Charles Trevelyan was saying to a friend on leaving that he was making great sacrifices, his friend endeavoured to console him by reminding him that, at all events, he would not have Mr. Wilson near him. It was a parallel case to two appointments in the Crimean war, and it was the duty of the Secretary of State to warn Sir Charles Trevelyan and Mr. Wilson of the dangers to the public service which would ensue should they not agree together in India. There was no indication in the despatches that these rivals were not left to their own passions, and if anything passed in the shape of private letters he entirely objected to that kind of correspondence. It appeared to him that the Secretary of State was as indifferent upon this matter as when he replied to a question of his, that he knew nothing about and had not seen the Bills which threatened to convulse India. He did not find the same energetic desire to reduce expenditure expressed in the despatches of the right hon. Gentleman which he could trace in the despatches of the noble Lord the member for King's Lynn; and he really did not see the use of paying the right hon. Gentleman so much to do so very little. It was not the way in which the

Mr. D. Seymour.

right hon. Gentleman ought to execute his high office, and he was convinced that the right hon. Gentleman would never make a more satisfactory speech than the speech of this evening, while he conducted his business in the manner he had done since his return to the India office.

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He believed that Mr. Wilson's taxation would inaugurate a new era for India of the greatest possible importance. It was somewhat similar to that which commenced with our glorious Revolution, at which time the bulk of the taxation was raised by the land tax. Since then personalty had enormously increased, and the taxes had been gradually placed on that branch of wealth. The same principle was being introduced in India by Mr. Wilson, and he (Mr. Seymour) believed that the people of that empire were sufficiently enlightened to see that it would be to their lasting advantage and interest. He must say, in conclusion, the Whig theory of Government appeared to him to be that able men were to be found scattered on the streets. He had been amazed during the ten years he had been in Parliament at the appointments of the Whigs. Take the two last cases. There were two men of the greatest talent—in every respect exceptional men—men of whom there were very few produced in the course of a century—he referred to Sir Charles Trevelyan and Sir Henry Rawlinson, and both of them on account of some trifling blunders, which were more the fault of the Whigs than themselves, were recalled, and were wasting their lives in idleness. These men were the appointments of the Government opposite. They would never have been picked out by the Whigs, but they showed the greatest alacrity in getting quit of them.

MR. W. EWART said, he fully concurred in the praises which had been bestowed upon Sir Charles Trevelyan, but he thought that, after the course taken by that officer, the Government could not do otherwise than remove him, notwithstanding his great abilities, as they could never allow a governor to act at variance with the instructions of his superior. With regard to the army in India, he trusted that, in due course of time, it might be reduced, and he thought the reduction could be effected if a proper and vigorous police were established throughout the country. He was glad to hear that the Government of India had adopted the plan of appointing magistrates selected from the principal landowners of India, whether Europeans or Natives; and the recognition of the system of adoption he considered to be a wise concession, calculated to attach the territorial proprietors to the British rule. The estab-

Mr. W.
Ewart.

Recall of Sir
C. Trevelyan.

Mr. W. Ewart.

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Military posts in hills.	
Irrigation.	
Planters.	
Civil salaries.	
Imperial audit.	
India Council in England.	
Mr. Gregson.	MR. GREGSON said, he also concurred in regretting the loss which the public service had experienced by the removal of Sir Charles Trevelyan, who during the short time he had been in Madras had effected many improvements. He considered that the military expenditure might be prospectively reduced, and a considerable saving effected. In 1856 the revenue was £33,000,000, and in 1860 it had increased to £37,000,000, so that it might be hoped by degrees the income and expenditure would be equalized. He hoped that the right hon. Gentleman was not going to add to the heavy taxes which were being imposed on India any increase in the duty on salt. Sir Charles Trevelyan said, he should be sorry to see such an increase, and, consi-
Sir C. Trevelyan.	
Military expenditure.	
Taxation of salt.	

Mr. Gregson.

dering the millions of people in India who possessed not more than £5 a year, and who were consumers of salt, they ought to be spared any additional tax on this commodity. He hoped that the right hon. Gentleman would be successful in carrying out the reductions which he proposed; and, from what he saw of the increasing resources of India, he had every confidence that at the time when the right hon. Gentleman expected that the income would balance the expenditure, it would really largely exceed the expenditure.

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1860.

SIR HENRY WILLOUGHBY said, he could not quite agree with the hon. Gentleman in the sanguine view he had just expressed of Indian finance. In his opinion a more serious question could hardly come before the Committee than the prospective state of that finance, which seemed to him most alarming. When the hon. Gentleman referred to the increase which had taken place in the revenue between 1857 and 1860, he overlooked the elaborate Minute signed by Sir Bartle Frere and Mr. Wilson, showing that the increase did not arise from a legitimate development of the resources of India, but was owing to accidental circumstances, and that there was no reasonable mode of meeting the difficulty except by imposing these new and dangerous taxes. In considering this question the Committee should remember the doubt which beset every proposal respecting Indian finance. Mr. Wilson's first discovery on going out was that the deficit had been largely under-estimated; and the difficulty of discussions in this House on Indian subjects was that they could not be sure of the ground on which they were treading. The chief point on any question of Indian finance was of course the composition of the army. In 1856-7 there appeared to have been 45,000 Europeans and 287,000 Natives; and in the present year there were 80,000 Europeans and 300,000 Natives. He should like to hear whether these numbers were correct, because with any thing like that army it was perfectly impossible that Indian finance could right itself. In 1856-7 the expense of the army was £13,500,000; next year it was £17,500,000; then it was £24,000,000; in the following year £21,000,000; and for 1860-1 it was taken at £15,250,000. He greatly feared that the cost in the current year was under-estimated. But even taking it at that amount, and assuming that the income tax was ordinarily successful, how could you expect to wring such a sum from India or to avoid deficits for a series of years? Before you could touch a single rupee of Indian revenue it was neces-

Sir H. Wil-
loughby.

Increase of
revenue since
1857.

Army.

Sir H. Willoughby.

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1860.

sary to clear off ten or eleven millions of dead weight, in the shape of cost of collection, allowances and grants, and interest on the debt. When to this was added £15,000,000 for the army, and £800,000 or £900,000 for the navy, there was but a small sum left to defray the general expenses of Government. Mr. Wilson, with Lord Elphinstone and Sir Charles Trevelyan, agreed that the expense of keeping up a European army of 80,000 men in India would be enormous; and the whole question of military expenditure was one of vital importance. There was more danger of losing India by means of obnoxious taxes than even through a mutiny, and the greatest caution was therefore required in the imposition of new duties.

Mr. Gregson.

MR. GREGSON explained that he had quoted from memory the revenue was £32,000,000; he found on reference the net revenue was £33,300,000.

Mr. Roebuck.

MR. ROEBUCK said, he wished to refer to a question which had not been touched on during the debate. In the Indian mutiny a large amount of property was sacrificed by persons who were not in the Company's service, but were settlers and planters. The value of their property so destroyed was, by their computation, about £3,000,000. These losses were occasioned by the servants of the Company. The Indian army rebelled. The servants of the Company, therefore, caused all the losses that were incurred during the rebellion. By the law of England, any loss sustained in consequence of rebellion would fall upon the hundred within which the property was situate. The persons to whom he referred considered that they had a distinct right to come upon the Government for compensation. The Government had acknowledged that right, for last year the right hon. gentleman said the Government proposed to draw a distinction between property which it was impossible to move, and property which might have been saved from injury. They proposed to give half the value in the first case, and one-third the value in the second, and they further proposed to limit the whole amount to be distributed to £1,000,000; but within a few days after making that statement the right hon. Gentleman wrote a despatch, in which he recommended that in the cases of building factories, and crops where the admitted loss did not exceed 2,000 rupees, the compensation should be one-half of the admitted loss, and if the loss exceeded 2,000 rupees then only one-third of the additional loss beyond 2,000 rupees should be granted. In regard to jewels, cash, and personalty one-third of the admitted loss should be allowed; but in no one case

Question of
compensation
for losses.

Mr. Gregson—Mr. Roebuck.

should more than 5,000 rupees compensation be allowed. Thus there were two departures from the proposition which the right hon. Gentleman had stated to the House, and those departures seemed to militate against a principle which he had dwelt upon,—in order that India might flourish English capital must be introduced. But English capital would not be introduced unless its owners were satisfied that they were under the protection of English justice, and if questions of that kind were to be dealt with in the off-hand and fantastic manner in which the right hon. Gentleman had dealt with the sufferers by the late mutiny, a feeling of uncertainty would be created that would keep capital out of India. He might also refer to another class of cases—that of the insurance companies. Those offices insured the lives of civilians. Those civilians were called upon by the Government to act as soldiers. They did so, and many were slain. In all those cases the insurance offices paid the insurance moneys, and then appealed to the Government to reimburse them. The Government, however, refused to recognize their claim, and would not permit them to participate in the £1,000,000 that was to be distributed as compensation for losses. He would warn the right hon. Gentleman that this subject would be renewed next Session and in future Sessions, until justice was done, or the sufferers were convinced that they had no grounds of hope from the justice of Parliament or the Government.

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1860.

Case of Insurance Companies.

SIR DELACY EVANS said, he fully agreed with the hon. and learned Gentleman that civilians having been required to act as soldiers, and having perished in performing the duties of soldiers, and the insurance companies having liberally paid the claims upon them, those companies were entitled to expect a liberal consideration from the Government. The only part of the right hon. Gentleman's voluminous statement to which he should refer was the military expenditure. He was glad to find that it was intended to construct barracks calculated to preserve the health of the troops, and also places of safety for women, children, and treasure, in case of a sudden rising either of troops or people against our authority. He quite concurred in the remarks of the right hon. Gentleman as to the great loss the public service in India had sustained by the removal of Sir Charles Trevelyan from the Government of Madras. He admitted that the conduct of Sir Charles Trevelyan might have given some cause of complaint to the Supreme Government, but, on account of the undoubted abilities of that high officer, he (Sir De Lacy Evans) regretted that

Sir DeLacy
Evans.

Claims of Insurance Companies.

Fortified barracks.

Sir C. Trevelyan.

Sir DeLacy Evans.

19TH AUGUST
1860.

Reduction of
army.

some less severe course had not been pursued ; and he hoped that the Government would take a speedy opportunity of utilizing that gentleman's great abilities. He had listened with much attention to the statement of the right hon. Baronet, but confessed himself unable fully to understand it. Thus much, however, was clear that the whole statement rested upon the immense military establishment now retained in Bengal. In 1857 there were but 45,000 European troops on the Indian establishment, and in fact there were not more than 40,000 in that country. The neck of the rebellion was broken by those men. The capture of Delhi was the turning point of the mutiny, and that was accomplished without the aid of a man or a gun from England. The Government very properly made every effort to send out men, but the great event took place before they arrived, and it was always said that the Native population did not take part in the outbreak. He knew of no conquest more decisive than that which we had accomplished in India, and yet, notwithstanding the *prestige* our triumphant success had given us, English troops were being continually sent out to India. He believed that at this moment there were not fewer than 80,000 European troops in India, and he understood that the Native army had also been greatly increased. How was it possible in these circumstances to have the finances of India in a prosperous state? Why was it necessary to have this vast army in India? It would be easy to reduce them gradually and continuously, but he had not heard that there was any intention to make a reduction at all. He must say that independently altogether of financial considerations the retention of so large an army in India was very much to be deprecated.

Mr. Vansittart.

Loan.

MR. VANSITTART said, he regretted to hear the right hon. Baronet announce that it was necessary to raise another loan this year, as he had been in hopes, on perusing the speech which Mr. Wilson delivered in the Legislative Council of Calcutta on the 18th of February last, that that ruinous system was about to be put a stop to. On that occasion Mr. Wilson observed:—

“ But what has this state of our finances brought about? Our deficiencies have been supplied by loans in England and in India, and what have been the results? And here I claim the special attention of every one, Native and European, who feels a real interest in India. What was the state of our debt before the mutiny? What is it now? And let me ask what will it be soon if we are to resort to the miserable, the disreputable expedient of continuing to borrow in time of peace?”

With regard to that speech—and upon which they had refrained very properly from commenting up to that period,

Mr. Vansittart.

lest it might have embarrassed the operation of Mr. Wilson's financial scheme—it appeared to him that the most serious, almost appalling circumstance, that could not fail to strike the reader was that, since the commencement of the present century, with the exception of fifteen years, there had been an annual deficit, sometimes larger and sometimes smaller in amount, and that of the entire Indian debt of £97,851,807 no less than £38,410,755 had been incurred by the late mutiny of our Bengal Sepoy army. When Mr. Wilson left the shores of this country for India it was thought that he would have to provide for a deficit of a few millions, whereas on his arrival at Calcutta he found that the deficiency for the past year ending the 30th of April last, and for the current year, amounted to no less a sum than £15,790,129. A more gloomy view of the financial condition of a country had, perhaps, seldom or never been presented; and he thought, therefore, that great allowances should be made if the right hon. Gentleman had been compelled to resort to a severe system of taxation. He could not, however, approve the income tax portion of his scheme, which occupied 181 folio pages in print, containing 206 clauses, and which, by exempting nothing but the pay of private soldiers and non-commissioned officers, was ill-calculated to reconcile the Native population to the payment of such a novel, oppressive, and searching tax. He was aware that he had since amended it very materially, and that he had cajoled the zemindars to pay it by an abatement of the Government rent from one-half to one-third.

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1860.

Income tax.

SIR CHARLES WOOD said, the abatement referred to did not apply to the landholders. Sir C. Wood.

MR. VANSITTART was under the impression that it did, but he would not pursue that part of the subject. He must say, however, that he much doubted whether the right hon. Gentleman would not be disappointed with the returns under this head. In corroboration of that opinion he would only mention that an inquiry had been set on foot a few years since by the Indian Government, in order to ascertain what would be the probable return from a succession duty, similar to what prevailed in this country, and that it had not been estimated at more than thirty-seven lakhs of rupees, or £370,000. He would further observe that he could not anticipate any difficulty in regard to the machinery by which the income tax was to be collected. He apprehended that duty would devolve upon the Revenue Commissioners, Collectors, Deputy Collectors, and Assistants of Mr. Vansittart.

Sir C. Wood—Mr. Vansittart.

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1860.

Tax on salt
and tobacco.

Legislative
Council.

the different districts in the Mofussil, and that that much vilified body of public servants, the covenanted civilians, disregarding all apprehension of the consequences likely to arise in carrying out such an unpopular measure, would, with that zeal and fidelity for which they had always been distinguished, proceed to realize it in the same manner as they did the land revenue, the abkaree, and other sources of revenue. He considered the enhanced tax that Mr. Wilson had imposed on salt and tobacco, which latter article was the one sole luxury and universal solace of the toiling millions, to be not only impolitic but likely to be met in the interior with a dogged, passive resistance. Mr. Harrington, the member for the North-Western Provinces, laid himself open to ridicule by exempting himself and other officials from the first license tax which he introduced into the Legislative Council; but he thought it was to be regretted that he did not proceed with his second or amended Bill, as this mode of taxation was evidently not only far more in harmony with the feelings and prejudices of the Natives, but he believed that the returns would have been found to be more profitable. Indeed, he held in his hand a return which the right hon. Baronet laid on the table on the 30th of last month, and he found that the yield from the trade taxes in the province of the Punjab only was estimated at £230,000. The right hon. Baronet did not seem to be indisposed to introduce certain measures which were demanded by the transfer of India to the Crown; but he might depend upon it that it was hopeless to expect to effect any real practical good until the Legislative Council of Calcutta was remodelled; for it was absurd to suppose that a Council of eleven members, all paid nominees of the Government, could cope with the wants and requirements of such an enormous country as India. He had been conversing a day or two previously with Governor Keate and Sir Charles Macarthy, and he learnt that Trinidad with its population of 100,000 souls had a Council of twelve members, six paid officials, and six unpaid non-officials; and that Ceylon, with its population of 2,500,000, had a Council of fifteen members, nine paid officials, and six unpaid non-officials; whereas, India with 200,000,000 had a Council of but eleven members, all officials. That some non-official element was greatly needed had been fully confirmed by the mail which arrived that day, for it appeared when it left Calcutta that the Council, at the dictation of Earl Canning, were discussing a Bill having for its object to re-arm the Native population and to disarm the Europeans, and were it not for the fearlessness with which the Bill was opposed

Mr. Vansittart.

by those two upright judges, Sir Barnes Peacock and Sir Mordaunt Wells, it would probably pass into law. This being the case, could it be wondered at that the finances of India should have fallen into such a dilapidated condition, and that mutinies and agrarian riots should so continually take place? One word about the Indigo Commission then sitting at Calcutta. That Commission consisted of two civilians, Messrs. Seton-Karr and Temple; Mr. W. Ferguson, an indigo planter, chosen by the Indigo Planters' Association; the Rev. Mr. Sale, a missionary; and Baboo Chunder Mohun Chatterjee, chosen by the British Indian Association; and this mixed Commission was working admirably. Now, he thought they might draw an advantageous lesson from it, and request the Indigo Planters' Association, the Chamber of Commerce, and the British Indian Association to select two gentlemen from among their respective bodies, in order to associate them with the members of the present Legislative Council, and he ventured to say that their varied knowledge and this infusion of fresh blood would quicken that jaded Council into something like activity and efficiency. At all events, were the right hon. Baronet to adopt that suggestion, he would have the satisfaction of knowing that he had done something towards repairing the error into which he fell in 1853 by creating such a ludicrous assembly as it was at present: and that, although the Eastern horizon was over-clouded by financial difficulty, and the resources of India were well-nigh exhausted, yet they would not be quite without hope that her future might ere long assume a brighter and serener aspect.

18TH AUGUST
1860.Indigo
Commission.

MR. CRAWFORD said he could give a cordial concurrence to the Resolution with which the right hon. Gentleman (Sir Charles Wood) concluded his speech, as he looked upon it as a measure not only of caution but of absolute necessity. The hon. member for Poole had urged the construction of one or two more new railways in India, and had recommended an extension of the guarantee. He trusted that the Secretary of State would pause before he extended the system of guarantee, whatever the merits of the railways might be; because, if the plan of subsidizing were further carried on, the thing would be overdone, and a guarantee of 5 per cent. would be insufficient for the purpose. The railway companies were at present guaranteed 5 per cent. on their capital. When the lines were opened, if the profits exceeded 5 per cent., one-half the surplus went to the Government in repayment of their advances of interest during construction, and the other half was to be divided among the shareholders.

Mr. Crawford.

Guarantee
system.

Mr. Crawford.

5TH AUGUST
1890.

He would suggest that the agreement should take effect as soon as the lines were worked, although a portion was yet unconstructed, and that half the surplus profits over 5 per cent. should be immediately divided among the shareholders. Such an arrangement would, he thought, stimulate the companies to proceed with the construction of their lines.

Compensation.

The hon. and learned member for Sheffield had adverted to the question of compensation. He did not know whether the claimants to compensation had any common law rights or not; but he could not but join in an appeal to the right hon. gentleman to consider the sum of £1,000,000 set aside for this purpose as a *minimum* as well as a *maximum*. With regard to Customs duties, they were, no doubt, a fair source of revenue, but he could not but feel that there was a disposition in India to stretch this source of revenue, and to raise the duties so as to interfere with the trade of India. He entirely concurred with Sir Bartle Frere in the Minute quoted

Income tax.

by the right hon. Gentleman, that a tax in the nature of an income tax was one to which the Natives of India were in some degree habituated, and that if it were left to the Natives to carry out, they would readily conform to it, and it would form a most productive source of revenue.

Mr. T. G.
Baring.

MR. T. G. BARING thought the hon. member for Evesham (Sir Henry Willoughby) had no ground for the complaint he had made of the inaccuracy of the statements of his right hon. friend the Secretary of State for India. The Estimate which the right hon'ble gentleman gave last year of the deficit of the present year had proved to be within a few hundred thousand pounds of the actual amount. From the speech of the hon. member for Poole (Mr. H. D. Seymour), it appeared that nothing which the right hon. Baronet had done had had the good fortune to please him. The complaints of the hon. Gentleman were singularly inconsistent. According to him the Secretary of State governs India like an autocrat, and yet stoically leaves India to govern herself. If a Bill is introduced it ought to be postponed. If one is postponed it ought to be pressed. He complained that Papers had not been produced which no one had asked for, and that a document which had not yet been received from India had not been laid upon the table. In one breath he condemned the Secretary of State for not abolishing an office and for not filling it in a different manner. The hon. member declared that nothing had been done, and yet his whole speech was an objection to what had been done. He could inform the hon. member that there was no foundation for his assumption that any good measures

Mr. T. G. Baring.

introduced by Lord Stanley had been checked. The measures as to the sale of lands had not been altered; and the accounts which he was so anxious to see were contained in Papers which had already been laid before the House. An improved system of accounts was being introduced in India, much simpler and more rapid than the old system; and, in consequence, the Indian accounts had this year been presented for the first time within the period laid down by Act of Parliament. He denied that there had been any delay in the public works. As his right hon. friend had stated, all the works of importance were being carried on. The canals in Scinde were being pushed forward, the Madras Irrigation Company were actively employed, the improvement of the river Godavery was in progress. It was absurd to talk of a railway to Sedashevaghur, as it would have to be carried over a steep mountain pass, and would be enormously expensive both to construct and to work. If any new port were to be established instead of Galle, as suggested by the hon. member, it should be at the point where the Madras Railway touched the west coast, rather than on the south coast. He was glad to be able to inform the Committee that a decrease of nearly six millions since the year 1858-9 had already been effected in the military expenditure, and that there had been a considerable reduction in the number of Native troops. The Government of India were fully conscious that it was absolutely necessary that the Native army in India should be largely diminished, and were endeavouring to effect that object as rapidly as they could do with safety. It would be dangerous to be in too great a hurry in the matter. His right hon. friend had made allowance for the greatest possible reduction during the year in that branch of expenditure. The difference between the military expenditure of 1856-7, the year before the mutiny, and 1860-61 was £3,500,000; and that was the amount of reduction anticipated by the Secretary of State, in order, together with the estimated produce of the new taxes, to square the revenue and the expenditure for the year 1861-2. Hon'ble members, therefore, could not say that reduction in the military expenditure had not been fully taken into consideration. The hon. member for Poole (Mr. D. Seymour) was altogether mistaken when he asserted that the home expenditure had not been revised, for since he had been in office his right hon. friend had cut down the Home Establishment considerably, abolishing a number of offices and one whole department. A revised scheme had recently been approved

Mr. T. G. Baring.

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1860.

Accounts.

Public Works.

Military
expenditure

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1860.

by an Order in Council, which had been laid upon the table of the House, and if the hon. member for Poole had taken the trouble to examine it he would have seen that large reductions had been made. The Committee would also be glad to hear that by simplifying the mode of conducting business the time necessary for passing papers through the department had been very much reduced. He was glad to hear from the hon. member for the City of London that his experience of India confirmed the opinion of the great majority of persons who were conversant as to the feelings of the Natives, that the measures which were rendered necessary by the state of the finances would meet with no more difficulty than was incidental to the introduction of renewed taxes in most countries. He agreed with the hon. member for Windsor that the greatest reliance might be placed on the tact and ability of the officers of the Civil Service who would have to carry those measures into effect, and, while alluding to the civil servants, he might state that Mr. Rickett's Report was not laid on the table, because it occupied five folio volumes, and the expense of printing would be far more than commensurate with the advantages of its being printed. If, however, the hon. member for Poole desired to see the Report he would gladly furnish him with a copy, and he was sure that the perusal of it would occupy the hon. gentleman during the whole of the recess.

Mr. Ayrton.

MR. AYRTON expressed his regret that at so late a period of the Session, when many hon. members had left town, the right hon. Baronet should have made a statement of another year's mismanagement and another year's insolvency; for, if such a statement had been made at an earlier period of the Session, the House would have felt that it was its imperative duty to appoint a Committee to investigate the circumstances which had brought about so lamentable a result. It had been proposed to save 2 per cent. in the rate of interest by the Government of England making advances to the Government of India upon the security of the revenues of India. There were objections to that proposition, but it possessed this advantage—that the attention of Parliament would, under those circumstances, be specially directed to the manner in which the Government of India was conducted. Another course to meet the difficulties in Indian finance was an open loan, but the right hon. Gentleman dismissed that proposition, because it would foster the extravagance of the Indian Government. The course which was adopted was to his mind the worst of all, because it declared

Mr. Ayrton.

to the Government of India that, let their expenditure be what it might, they had only to write a despatch to the Secretary of State in Council, and the Secretary of State in Parliament would obtain authority to raise millions without consideration and without discussion. Credit must produce unlimited extravagance in the administration of the Indian Government, and the result at which they had arrived proved the truth of that assertion. The foundation of all improvement must be not to restore but to establish confidence in the British Government. He could see only one redeeming feature in the statement of the right hon. gentleman, and it was that in which he told them that the Governor General had at last entered on that career which could alone place the Government on a solid and enduring basis. Since the new school of the Civil Service was introduced it had been their settled plan to oppress, to harass, to degrade, to insult, and to injure the territorial aristocracy of India, and it was most gratifying to find that this policy was now to be abandoned, and that the Governor General had at last undertaken the duty of recognizing the rights of the territorial aristocracy to the possession of that territorial interest which many of them had enjoyed for centuries. But if that was a consoling circumstance, he could wish that it were not marred by other events which had taken place at Calcutta. He did not intend to express any opinion about these matters because the time for that had not yet arrived. They had not had on the table of the House the Bill introduced into the Legislative Council of Calcutta, and therefore it was impossible to form an opinion of the measures which had been the subject of discussion there. But it was a remarkable circumstance that upon the introduction of this new scheme of taxation, it was taken for granted that there was to be a very large expenditure, and that there must be a deficit. Mr. Wilson, in addressing the council, never condescended to explain whether there was any necessity for the new taxation, or whether it was possible to reduce the expenditure within the income. But it was one of the anomalies of the question that there was a Legislative Council at Calcutta, presuming to deal with the finances of India. It was announced to the council that the expenditure would be so much, and then they were to find the revenue. The whole subject had been withdrawn from the consideration of the House of Commons. Sir Charles Trevelyan pledged his official character—and the opinion was backed by Lord Elphinstone—that if the finances of India were properly managed, the military

Mr. Ayrton.

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Rights of
territorial
aristocracy.

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expenditure could soon be reduced to the same level as before the Indian mutiny. Against that firm and deliberate assertion on one side was placed the authoritative negative of Mr. Wilson, speaking likewise for the Commander-in-Chief and the Governor General. In this conflict it was impossible for members to form an opinion, unassisted as they were by a particle of practical information. All they could do was to assume the deficit to be as stated by Mr. Wilson, and to vote the amount requisite to cover it. This was the melancholy position to which the House of Commons was reduced, after undertaking the superintendence of the finances of India! The course pursued at Calcutta was such that it would become necessary next Session to consider whether such a mockery of legislative proceedings—such an injurious farce as the Legislative Council—ought to be continued. A few members, appointed by the Governor General at salaries of £4,000 to £5,000 each, met in a room, and entered into controversies in which they absurdly mimicked the proceedings of the House of Commons, addressing each other as the “hon’ble member” for a particular district, and having Treasury and Opposition benches each maintained by the State; but the effect of those discussions could only be to lessen British influence in the eyes of the Native population. There was taxation without the shadow of a real representation, and the sooner the errors resulting from the *doctrinaire* policy of 1834 were corrected the better, in his opinion, it would be. A tax might be levied without danger in any one district of India, in the Punjab, in Oudh, or Bombay; but as soon as it was attempted to apply the system generally, every sort of opposition and disloyalty was evoked which might attain to a pitch subversive of British rule in India. He hoped the right hon. Gentleman would think it right to establish separate Governments, each of which would apply itself to the local circumstances of its own district, and impose taxes in accordance with the feelings and ideas of the people. How was it to be supposed that the Natives of India could know anything of the 180 clauses of which this Bill was said to consist? Sir Charles Trevelyan rightly attributed their supposed contentment to their total ignorance. A Native inhabitant of Madras knew as little of the proceedings of the Council at Calcutta as a peasant in Lincoln did of the regulations of the Chancery of Austria; but they were painfully sensitive when visited by the taxgatherer. The large military organization which had to be kept up was required to guard against the danger to be apprehended

Separate
Governments.

Mr. Ayrton.

from sedition. But besides the military expenditure, there were other branches to which the right hon. Gentleman would do well to address himself at an early period. There was a very large item of £100,000 for naval expenditure in India, the necessity of which he never could make out. There was a little service kept up in Bombay called the Indian Navy, which was the growth of the East India Company, who thought, as they had an army, they must also have a navy. It had never done any useful service; it gave rise to a large expenditure, and a reduction might safely be made under that head. It was said that it would be quite impossible to reduce the civil service expenditure; but he found that though it had not been reduced, it had been considerably increased. But what was the cause of that increase? It was to be found in the tendency to set aside Native administration, and to substitute European. But it was by the use of Native agency, to be paid upon a Native scale, that they could economize the Indian expenditure. Again, the uncovenanted service was a sort of abortion between the regular establishment and the Native service. When a Native got into it he was overpaid; when an English gentleman got into it he was underpaid. He did hope that the right hon. Gentleman would apply his mind to the reorganization of the Civil Service in India, and that he would effect those reductions which he (Mr. Ayrton) believed could be accomplished, provided the right hon. Gentleman did not lend himself too much to the prejudices which had grown up in times past. He could not help expressing his regret that the right hon. Gentleman did not proceed with that most important measure which was the foundation of any improvement in the administration of justice in India—namely, the amalgamation of the Courts of Appeal, which would effect a saving not only of money but of time to the people, and must lead to very great improvement in every branch connected with the administration both of civil and criminal justice.

There was another point which he wished to impress upon the right hon. Gentleman. He (Mr. Ayrton) observed that no sooner was any scheme of improvement suggested in India, than forthwith it was made the pretext for an enormously expensive establishment. A despatch had gone out from this country, giving directions to improve the education of the Natives; and what was done? A great educational department was created, and he would venture to say there was more money spent in inspectors, superintendents, and chiefs, at salaries ranging from £300 to

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1860.

Indian Navy.

Civil Service.

Native
Agency.

Amalgamation
of Courts of
Appeal.

Expensive
Establish-
ments.

Mr. Ayrton.

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1860.

Improvement
of revenue.

£1,000 a year, than was actually spent in the education of the Natives. The same was the case with the Public Works Department, and in consequence of the new system of currency, he saw looming forth the Currency Commissioners, their deputies, and a whole staff of persons who, it would be said, occupied very responsible positions, and if any profit should arise out of the currency, it would be all absorbed in the enormous establishment which would attend its introduction into the country. That was a most pernicious system. With regard to the cultivation of the existing revenue, there was only one means by which the increase could take place, and that was by increasing the productive resources of India. That must be done by the foundation of an excise, customs, or land revenue. That, again, could only be increased, in the first place, by irrigation; and secondly, by improving the communications in India. He wished to impress upon the right hon. Gentleman that if he desired that the railways in India should flourish, he must be cautious in entering into engagements; but when he had entered into them, he should take care that they were honestly observed on the part of the Government of India. As far as his own observation had gone, he did not think the Government had exhibited that disposition faithfully to perform its engagements that the railway companies had a right to expect. He sincerely trusted that early in the next Session of Parliament the House would be favored with the measures which the right hon. Gentleman had shadowed forth in the present Session, and that he would be enabled to check and control the disposition to extravagance that was still manifested by the Indian Government.

Mr. Hadfield.
Customs
duty.

MR. HADFIELD complained that under Mr. Wilson's tariff the imposition of 10 per cent. Customs duty on British manufactures amounted to protection in favor of the Native manufactures. Nearly all the produce of India, which was sent to this country, came free of expense; but, under Mr. Wilson's tariff, the British manufacturer would be debarred from sending his manufactures to India, and from the same cause would also be prevented from ordering from India the produce of that country. That was a most unreasonable tax, which, he would venture to say, must prove injurious to India, both on the principles of political economy and free trade; and he therefore appealed to the better judgment of the right hon. Gentleman to say whether this tax on British manufactures was one that ought to be imposed. He desired to know if it was correct, as

Mr. Hadfield.

stated by the hon. member for Poole (Mr. H. Seymour), that £120,000 of taxes were raised in India from a Heathen and Mahometan population to maintain the ecclesiastical institutions of that country? He should be glad to hear from the right hon. Gentleman an explanation, or rather a contradiction, of that statement. His objection to it was that a tax of that nature was prejudicial to Christianity itself; and damaged the exertions made by different societies in this country, which, by voluntary contributions, defrayed the expense of Missionaries in India.

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1860.
Ecclesiastical
establishment.

MR. KINNAIRD said, he did not agree with the hon. member for Poole in all his invectives against the right hon. the Secretary of State for India, who had made a clear statement of the revenues and liabilities of India with great fairness, and without any attempt at concealment. He understood the right hon. Gentleman to say that he was most anxious to foster the introduction of British capital into India; and that the Madras Irrigation Company, having a simple guarantee, which cost the country nothing, saved, by the mere introduction of labor, a vast population from starvation. The Company were willing to undertake further operations without guarantee; but he understood from the right hon. Gentleman that the Government were ready to carry on the works themselves. Now, if he wished to introduce British capital into India, he had certainly better accept the terms offered by the Company.

Madras Irrigation Com-
pany.

MR. LYGON said, he hoped that the right hon. Gentleman (Sir Charles Wood) would review the system under which the official director of railways to the Indian Council dealt with contracts for the construction of lines in India. Those contracts ought to be thrown open to wider competition; and the specifications in connection with them ought to be delivered in plainer and more intelligible terms than those in which they had been hitherto couched.

Mr. Lygon.

MAJOR WINDSOR PARKER said, in reference to the observations which had been made by previous speakers to the effect that the course pursued by the authorities in India towards the Natives had been one of a discouraging and humiliating tendency, that if there was one point in which the Government of India had shown itself more anxious than another to conform to the customs and habits of the Natives, it was the way in which they had conducted their intercourse with them. In fact, the Government had evinced this disposition to an almost excessive degree; and he was quite sure, therefore, that there was no foundation for the observations to which he had alluded.

Major
W. Parker.

Mr. Kinnaird—Mr. Lygon—Major W. Parker.

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1860.

Mr. Gregson.

Sir C. Wood.

MR. GREGSON inquired whether the subscribers to the intended £3,000,000 would be liable to the income tax in India?

SIR CHARLES WOOD said, that the hon. member for the Tower Hamlets had complained of the late period at which this statement had been brought forward, but in making his remarks the hon. member must have forgotten that it was impossible for him (Sir Charles Wood) to make the statement until after the financial accounts were received from India; and it was only the previous day at three o'clock that a most important financial despatch from India was received. With respect to the comments made by the member for Poole (Mr. D. Seymour), he must say that he gave up all hopes of satisfying that hon. member, who attributed to him every thing that he considered to be wrongly done—even matters which were transacted when the hon. member was himself Secretary to the Board of Control. He could inform the hon. gentleman that he was not aware of any intention to expend money from the Indian revenue on improvements at Point de Galle. With regard to the improvement in the land revenue, owing to reductions in the land assessments, the credit of which the hon. member gave entirely to Sir Charles Trevelyan, he (Sir Charles Wood) must observe that he had himself suggested those reductions to Lord Harris, and therefore his hon. friend would perhaps allow him some little credit on this score. His hon. friend complained of the large expenditure arising out of the ecclesiastical establishments of India. But his hon. friend must surely know that ever since civil and military servants were sent to India it had been considered the duty of the Government to provide them with the means of spiritual instruction. He (Sir Charles Wood) had not increased those establishments in any way whatever, but had only filled up such vacancies as occurred. His hon. friend had spoken of the necessity of enforcing economy on the Government of India; but he had not lost sight of this subject, for of four despatches of his which were published there were two enforcing economy on the local Government in the strongest terms, and these were not the only despatches on the subject. His hon. friend was wrong in assuming that there was not a large allowance for reductions in the Bombay and Madras Presidencies. The reductions in those two Presidencies would amount to £1,200,000, and the Government had based their proceedings on the official returns. His hon. friend (Mr. Ayrton) said the House had no means of judging of the deficit.

Mr. Gregson—Sir C. Wood.

But there had been furnished to the House the financial account of the Indian Government, with the estimates for the current year, and every possible paper. There was, indeed, a plethora of information, for letters and papers had been produced beyond those ordinarily laid before the House, and he had never heard a complaint so unreasonable.

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MR. AYRTON remarked, that he had not complained of the want of a statement of figures, but of the absence of any details corresponding to our Army Estimates, so that nobody could form an opinion as to whether the account presented was reasonable or not.

Mr. Ayrton.

SIR CHARLES WOOD said, that he could only repeat that all the information usually furnished to the House was now on the table, with a good deal more besides. The hon. member for Poole attacked him for the appointment he had made of a gentleman as Under-Secretary of the India Board, who was not an Indian servant, and contrasted that appointment with Sir George Clerk, a very distinguished Indian servant, as Under-Secretary of the Board of Control; but his hon. friend entirely overlooked the change of circumstances. The Minister responsible for India did not necessarily possess any Indian knowledge. In former times the President of the Board of Control had not in his office any person connected with India, and therefore it was very important for him to have as one of his secretaries a person of experience in Indian affairs. The Secretary of State, however, had a Council of fifteen persons of large Indian experience, and it was therefore not necessary that he should add to them a sixteenth person of Indian experience as Under-Secretary. Mr. Herman Merivale was a gentleman of great administrative ability and of great experience, and he did not think it would have been possible to make a better choice. With regard to the question put by the hon. member for Lancaster (Mr. Gregson), there had been an increase in the duty on salt, but there was no intention of making any further increase. As to the planters who had lost property during the mutiny, he did not see the discrepancy to which the hon. member for Sheffield (Mr. Roebuck) referred between his speech last year and his despatch. He had stated generally the principle which the Government had laid down—namely the allowance of one-half in the case of fixed, and one-third in the case of moveable property, and that the probable amount of allowances would be £800,000. In the despatch he had entered more into detail, but its substance was the same. He declined to pledge

Sir C. Wood.

Mr. Ayrton—Sir C. Wood.

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himself to distribute *pro rata* the difference between the £1,000,000 and the sum first awarded. There might be some among the former and smaller holders who in equity might have a stronger claim than others, and he reserved to himself the power of considering whether any such claims might not be more deserving of attention. From private letters received from Mr. Wilson, he believed that the 1st of August was the period fixed for distribution. The hon. member for Windsor (Mr. Vansittart) had directed his attention to the state of the Legislative Council. He admitted it had not answered so well as he expected the purposes for which it was instituted, though he believed a great deal of injustice had been done to it, and, without giving any pledge on the subject, he would seriously consider whether some alteration might not be made in its constitution. There could be no doubt that some reduction might be made in the naval expenditure, but during the present Session he had experienced difficulty enough in dealing with the Indian army. Then as to the amalgamation of the courts, he should have been very happy if he could have attended to that subject this year; but the same obstacles which prevented legislation on other subjects had prevented it on that also; but he hoped early next Session to be able to introduce a measure for that purpose. He had always encouraged the construction of railways on the most liberal terms between the Government and the companies, but he was not prepared to say that full and open competition to an unlimited extent would be the best mode of procuring railway materials. In sending out such materials to India—he alluded particularly to rolling-stock—it was essential to see that they were constructed by competent persons. He could not agree with the hon. member for Sheffield that the Customs duties were imposed for protection, and not for revenue. The hon. member for Perth (Mr. Kinnaird) had misunderstood what he said on the subject of irrigation. What he stated was that he hoped the Madras Company would undertake the Orissa works without a guarantee, but that, if they declined to do so, the Government was prepared to undertake the works themselves.

Resolution.

Resolution agreed to.

Resolved,

“That it is expedient to enable the Secretary of State in Council of India to raise money in the United Kingdom for the Service of the Government of India.”

Resolution to be reported To-morrow, at Twelve of the clock.

EAST INDIA LOAN.—REPORT.

14TH AUGUST,
1860.*Resolution reported.*

"That it is expedient to enable the Secretary of State in Council of India to raise money in the United Kingdom for the Service of the Government of India."

MR. HADFIELD observed that the best way to improve India, and enable her to bear her own burdens, was to encourage the people to raise articles of produce that could be exchanged for our manufactures. India would never prosper as long as her produce was exchanged only for specie; and he contended that if the present tariff was continued, it would be most detrimental to the interests of that country. Mr. Hadfield.

MR. BAZLEY said, he had that morning received a letter from a gentleman intimately connected with the trade of India, stating that the tariff was operating most injuriously to trade. There was practically a protection of 25 per cent. in favor of Indian produce; and mills were in consequence being rapidly constructed for manufacturing purposes in that country, while the laborers were withdrawn from the operations of agriculture. He suggested that an Excise duty should be imposed on manufactures in India equal to the Customs duty now imposed on imported goods. Mr. Bazley.

SIR JAMES GRAHAM said, he wished to call the attention of his right hon. friend the Secretary for India to a matter which had received the consideration of a Committee of that House appointed to inquire into the question of Military Expenditure. It appeared from the Report of that Committee that £60,000 a year was paid by India into the British Exchequer for expenses incurred in connection with invalid soldiers; but he wished to advert to the fact that if the British army in India was in future to amount to 80,000 men, this sum of 60,000 would be wholly inadequate for the purpose for which it was paid. He believed that a sum of not less than £500,000 a year would in that case be necessary. He did not wish to interrupt the progress of business by any remarks on this subject; but it was clearly one that ought not to be lost sight of in connection with the subject of Indian finance. He hoped that when Parliament met next Session his right hon. friend would be prepared to bring the matter under the consideration of the House, with a view to some modification of the existing arrangement. Sir J. Graham

SIR CHARLES WOOD said, that in reference to the subject referred to by the hon. member for Manchester, as Sir C. Wood.

Mr. Hadfield—Mr. Bazley—Sir J. Graham—Sir C. Wood.

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well as the hon. member for Sheffield, he had to state that he had received no information that led him to suppose any such evil consequences as they pointed out were likely to flow from the Customs duties imposed on goods imported into India. The arrangement was strictly for revenue purposes, and he had no reason to suppose that it had injured trade. Speaking generally, India was prospering, agricultural produce had risen in price, and the value of agricultural labor had also been enhanced. The increase of manufactures in India was caused chiefly by the employment of British capital; and that was a result which he was sure no one ought to complain of. As to imposing an Excise duty on Indian manufactures he could not see the wisdom or propriety of such a course. He should like to know what his hon. friend the Member for Manchester would say if it were proposed to impose an Excise duty on cotton manufacture in this country. The proposition he had made was one which he hardly expected from a Free-trader. With regard to the Customs, the duty on many of the principal articles of British manufacture had been reduced from 20 to 10 per cent., on others it had been raised, so as to leave an uniform duty of 10 per cent. When it was found possible to reduce the duty the Government would be happy to do so; but, in the present state of Indian finance, such a course was not advisable. With regard to the charge of £60,000, now payable for the dead weight arising from the troops employed in India, he could only say that the subject was one requiring serious consideration; and he hoped that before long it would be possible to bring about such an adjustment of this and other charges as would place them on a fair and equitable footing.

Resolution agreed to.

Bill *ordered* to be brought in by Mr. MASSY, SIR CHARLES WOOD, and MR. BARING.

EAST INDIA LOAN BILL.

THIRD READING.

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1860.
Mr. Buxton.

Order for Third Reading read.

MR. BUXTON was anxious before the Session closed to ask the Secretary for India what amount of Native and European force he proposed in future to maintain in India. In the discussions it seemed to be taken for granted—

The Speaker.

MR. SPEAKER: The question before the House relates to the East India loan, and the hon. member's observations must be confined to the subject-matter of the Bill.

Mr. Buxton—The Speaker.

MR. BUXTON said, the loan was rendered necessary by the enormous amount of military force which was to be maintained in India. 20th August 1860.

MR. SPEAKER: The amalgamation of the two armies is provided for by a separate Bill.

MR. BUXTON said, he simply wished to ask what amount of force was to be maintained in India. The Commissioners had recommended a force of 180,000 Natives and 80,000 Europeans, in addition to which there were upwards of 100,000 armed Native police. What could be the reason for maintaining so large a force in time of peace? The Commissioners gave no reason for it, and, sitting in London, they could not be very good judges of what was necessary. The Native force in Bengal was at present 183,000 men, while in April last Sir Patrick Grant was of opinion that 54,000 would be sufficient. Then as to Bombay and Madras, the Commissioners recommended a force of 30,000 Europeans to be kept up, while Lord Canning and other competent authorities thought that 18,000 would be ample. In Bengal the Commissioners recommended that a force of 50,000 Europeans should be maintained; while eighteen out of twenty-seven witnesses were of opinion that a smaller amount, ranging from 20,000 to 45,000, would be sufficient. Not only were the number of witnesses against the Commissioners' recommendation, but also the weight of authority, including the names of Generals Low Browne, Pbllock, Ashburnham, Wilson, Jacob, Cotton, and Colonels Wylie, Master, Durand, and Steel, and Sir Charles Trevelyan. The maintenance of so large an European force would necessarily involve immense loss of life from the climate. He wanted to know what were the motives for maintaining an army of 350,000 men in time of peace, constituting an enormous burden upon the finances of India. Against what enemy was that large army required? Experience had shown that the only enemy we had to fear in India was the Native population whom we armed, and yet in defiance of that experience we were putting arms into the hands of 300,000 Natives.

COLONEL SYKES said, he did not rise to oppose the Bill—very far from it; because he believed that if the present extravagant policy were continued in India the right hon. Gentleman would have to come annually for even larger amounts than he now asked for. The right hon. Gentleman did not appear to contemplate the expenditure he was incurring for European troops in India. By a Return dated April of the present year, now on the table of the House,

Mr. Buxton—Col. Sykes.

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it appeared that there were then in India 94,829 effective troops of the Line, and 17,376 Europeans of the local army, together 112,205. Admitting that 10,000 had since been sent to China, there remained 102,205 European troops in India, besides 15,000 in depôts at home; while the estimates of the right hon. Gentleman only covered the expense of 80,000. Instead of 80,000 European troops in India, we had, in fact, 117,000 men to be paid from the revenues of India. The number of European troops recommended by Lord Clyde for the defence of Bengal alone was as follows, his Lordship giving only the number of batteries and regiments, which are necessarily considered of the usual strength, namely:—40 troops or batteries of Artillery of 200 men each, 8,000 men; 17 reserved companies of 100 men each, 1,700; 10 regiments European cavalry of 650 each, 6,500; 43 regiments European infantry of 1,050 each, 45,150; making in all 61,350 men. Now before the mutiny, in April, 1857, there were in Bengal, the North-West Provinces, Oude, and the Punjab, 22,907 European troops, namely:—2 regiments Dragoons, 1,310; 15 regiments Royal Infantry, 13,956; Local Horse Artillery, 999; Local Foot Artillery, 1,899; Local European Infantry, 3 regiments, 2,460; Native Horse Artillery, 447; and Native Foot Artillery, 1,836:—total, 22,907. That force, with some small assistance from the local force of the other Presidencies, had broken the neck of the rebellion; and yet now, when all India was at our feet, Lord Clyde thought a force of 61,350 men was necessary. Common sense pointed out that such an increase was uncalled for, and he hoped the right hon. Gentleman would exert his authority to prevent such waste of the revenues of India. There was also the cost of passages to be considered. Colonel Tulloch, the supporter and advocate of the amalgamation system, said that the relieving regiments would require 8,000; the relieved coming home, 8,000; recruits, 5,600; invalids, 4,000; recruits to replace invalids, 4,000; in all 29,600 passages to be provided annually, which, taken at Colonel Tulloch's estimate of £12 each, would make £355,200. Let the House contrast that amount with that of 1856 and 1857, when the number of troops required to be sent out and sent home, on the average of the two years, was 5,798 soldiers, instead of 29,600; at an expense of £69,576, instead of £355,200. Then there was the additional expense, which Colonel Tulloch had omitted to calculate, for the passages of wives and children. In 1856 and 1857 the average number was 1,007 out and home at a cost of £12,084. It must be estimated for the

Col. Sykes.

future at 5,035, and the cost of the passages £60,420, instead of £12,084. There must also be estimated the difference between the expense of maintaining an army of 80,000 Line, and a force partly local and partly Line, which was stated by the actuary in the Papers upon the table of the House to amount to £448,000. These sums added up would give the expense consequent upon the amalgamation at £888,820, which would annually fall upon the revenues of India, instead of £81,660 when the European troops were partly Line and partly local! With the increased expenditure for the civil and political establishments it was impossible that the revenues of India could meet the drain; and he repeated that if the right hon. Gentleman did not exercise the power he possessed of greatly reducing the expenditure in India, he would be under the necessity of coming to the House annually for constantly increasing sums of money.

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MR. HADFIELD complained that more than £140,000 should be exacted from the people of India, who did not agree with us in religion, for the maintenance of a religious establishment. Some years ago it used to be urged on the part of the Government that the introduction, or even the talk of Christianity in India, would set the country in a flame. Surely we had enough on our hands, in this country, of ecclesiastical matters, without troubling the Hindoos and Mahometans with an Establishment of any kind. Almost every denomination from this country had representatives in India, who were respected and peacefully dealt with by the inhabitants. What need was there for a Bishop and cathedral, and a whole ecclesiastical staff, where so many Christian denominations, supported without Government patronage, had their missionaries and their teachers?

Mr. Hadfield.

MR. DANBY SEYMOUR regretted to find that an erroneous impression had been produced by his speech on a former stage of this Bill. It was quite erroneous to suppose that Sir Charles Trevelyan had been influenced in his opposition to the measures of Mr. Wilson by any feeling of rivalry and hostility to Mr. Wilson. On a re-perusal of the despatches it was perfectly impossible to maintain such an opinion. Nothing could be clearer than that Sir Charles Trevelyan a year ago, and before Mr. Wilson went to India, most fully and fairly declared his opinion that the deficit must be met by a reduction of expenditure, and not by an increase of taxation. He was bound, therefore, to acquit Sir Charles Trevelyan of any personal motive or enmity to Mr. Wilson. He was persuaded that in the line he took

Mr. D. Seymour.

Sir C. Trevelyan and Mr. Wilson.

Mr. Hadfield—Mr. D. Seymour.

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Sir Charles Trevelyan had been influenced by patriotic motives and by his experience and observation in India. There was another point to which he wished to advert. The Secretary of State for India had never shown the House why he allowed 400,000 Native troops to be kept up in India. That was a larger number than we had before the mutiny, and the idea was preposterous. This vast army was the source of all our financial embarrassment. The police throughout India ought to be placed on the same economical footing as in Madras. Mr. Wilson stated that the deficit might be reduced to £5,700,000 if the extra military expenditure were cut off; but the right hon. Baronet estimated the deficit at £7,000,000. What was the reason of that discrepancy? He did not think that the right hon. Gentleman allowed sufficient for the Indian balances. He urged the right hon. Gentleman to lose no time in reducing the excessive expenditure of the local Government.

Sir C. Wood.
Military force
in India.

SIR CHARLES WOOD said, that as he had not anticipated a discussion on the military arrangements of India to come on that evening, he was not prepared to state the precise number of troops now in India. He thought the statements which had been made were erroneous, because the papers from which they were taken referred to a distant period. His own belief, though of course he could not speak positively from recollection, was that there were under 90,000 European troops in India. He could not venture to order the reduction of the number of troops in the face of the opinion of the Governor General and of the authorities in India, who being on the spot, had the best means of forming a correct judgment, and who had repeatedly and deliberately declared that, under present circumstances, they did not consider India would be safe with less than about 80,000 European soldiers. The calculations of the Indian Government as to expenditure were based on the amount of troops whom they proposed to retain in India. As to the matter of the ecclesiastical establishment in India referred to by the hon. Member for Sheffield (Mr. Hadfield), he had simply filled up such vacancies as occurred. It had always been understood that the means of spiritual instruction should be furnished to the Civil and Military Service of India, and some superintendence was certainly required. As to the observations of the hon. Member for Poole, he was very glad to hear the explanations which his hon. Friend had felt bound to make in reference to the attack which he had made some nights ago on the character of Sir Charles

Ecclesiastical
establishment.

Sir C. Wood.

Trevelyan. He hoped the hon. Gentleman would not again make an attack, as he did on the former occasion, wholly unsupported by the Papers on the subject, which he had clearly not even read. His hon. Friend had been anxious to make an attack on him (Sir Charles Wood). In order to make out his case the hon. Member made a most unwarrantable assertion in regard to Sir Charles Trevelyan, which, he was happy to say, he had retracted that evening. On the former evening he had made an ingenious structure of assertions. He said that Sir Charles Trevelyan and Mr. Wilson were rivals in this country, that they carried their rivalry to India, and that Sir Charles Trevelyan was actuated by that feeling in his public conduct. The hon. Member then went on to insist that he (Sir Charles Wood) must have been aware of this, and ought to have written minute after minute to put a stop to this rivalry, and asserted that he had not done so, and went on to say that if, instead of doing so, he had written private letters, to the same effect, it only made matters worse. Now, the hon. Member must have been perfectly ignorant of these things; he could not have known what minutes or what private letters were written. This sort of hypothetical imputation, however, signified very little, but the whole attack was based on that assertion with regard to Sir Charles Trevelyan, which was utterly unjustifiable. He, Sir Charles Wood, had thought it better at the time to allow it to pass unnoticed. His hon. Friend, with great credit to himself, had to-day retracted the imputation. Having read the papers, his hon. Friend had now shown most distinctly that the imputation that Sir Charles Trevelyan was actuated by a feeling of rivalry to Mr. Wilson was totally unfounded. His hon. Friend might have known that before he made the attack, if he had taken the trouble to read the papers; and he did accuse his hon. Friend of having utterly disregarded the character of a public man, in order to found upon it a very puny attack upon himself. He (Sir Charles Wood) stated at the time that the measures proposed by Mr. Wilson were measures introduced long before by the Government of India, and that Sir Charles Trevelyan expressed his opinion upon them before Mr. Wilson arrived in India. He was glad to find that his hon. Friend had discovered that what he had then stated was true; but if his hon. Friend had taken the trouble to read the papers before he made the assertion, he would have discovered that fact before he made an accusation which was very painful to Sir Charles Trevelyan. He entirely believed, as his hon. Friend ad-

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mitted now, that Sir Charles Trevelyan was actuated by no such motives. Sir Charles Trevelyan might have been imprudent in the course which he pursued, but he was convinced that that gentleman was prepared to sacrifice himself and his own position for what he believed to be necessary and advisable for India. His hon. Friend had, in another instance, shown that he had not read the Papers, or he would not have repeated the statement that he (Sir Charles Wood) had never enjoined economy in India. The letters in the Papers before the House were not the only financial letters addressed to India. They were only such as related to the recall of Sir Charles Trevelyan, but even in them there were two at least distinctly pressing economy on the Government of India. On the 10th of May he wrote to the Governor General in Council:—

“I shall be glad to think that, if possible, within a short period you will be able to reduce the expenditure within the present income, and I cannot refrain from again urging upon you the necessity of making every effort to effect a reduction of expense.”

On the 9th of June he again wrote:—

“In my despatch dated the 10th of May last, I repeated the injunction of Her Majesty’s Government to reduce the expenditure in India—especially that in the military department, to the lowest point consistent with efficiency and safety; and adverted to the importance of imposing on the people no further burdens than the financial condition of the State rendered absolutely necessary.”

He did not know what stronger expressions he could have used to show that reduction of expenditure was never absent from his thoughts; and he did not believe that a mail left without letters to the Governor General and Mr. Wilson urging on them the necessity of strict economy in the expenditure of India. The hon. Gentleman said that nothing had been done in the way of police. His hon. Friend made that assertion in utter ignorance of what had been done. That subject had formed the substance of three or four despatches to India. Sir John Lawrence differed from Sir Charles Trevelyan as to the description of force, but Sir John Lawrence had established a most efficient body of police in the Punjab. Detailed information and suggestions had been sent out, and the Government of India had been left to decide in what shape the police should be established. The hon. Gentleman had affirmed what was utterly groundless—that he had not taken into account the possible reduction of £800,000 referred to in one of Mr. Wilson’s Minutes. After that reduction was made the deficit was left, as he stated it, at £7,400,000. The first

Sir C. Wood.

estimate of military reduction for the year 1860-61 was £1,700,000. By the addition of £800,000 it was brought to £2,500,000. Mr. Wilson stated in one of the last Minutes, and he (Sir Charles. Wood) had stated on introducing the Budget, that the military reductions last year were £3,500,000, and this year £2,500,000, making together for the two years the sum of £6,000,000. When Mr. Wilson made the speech to which the hon. Gentleman had referred, stating the probable deficit at £6,500,000, he was not in possession of the information as to a considerable increase of the home expenditure. The information was sent from home. Mr. Wilson then framed his final calculations, which were shown in the figures in the papers before them—and these papers showed that the £7,400,000 deficit were, in point of fact, the figures of Mr. Wilson. He was sorry to say that he did not state the worst with regard to the state of affairs in 1860-61, because he referred to the year 1856-57 as presenting a balance of income and expenditure, but he found on further investigation that in that year there was a deficit of £400,000, owing to the guaranteed interest on railways. The deficit, therefore, in 1860-61 would be rather larger than he stated. The hon. Gentleman asked why he did not utilize the balances. Now, he did utilize the balances, for he paid the whole deficit of the year out of the balances; and he did not see what more could possibly be done with them. The loan was not for the purpose of defraying any portion of the Indian charges, but simply to provide against the contingency of the railway companies not paying in all the money required for railway expenditure during the year. If the railroads paid in the money they were engaged to pay in the course of the year, he should not borrow any money. He hoped that the explanations which he had given would be satisfactory, and he was glad his hon. Friend had made the *amende honorable* to Sir Charles Trevelyan.

MR. DANBY SEYMOUR disclaimed having mentioned Sir Charles Trevelyan in order to make an attack on the right hon. Gentleman. He had no intention of making any attack. It would give him far greater pleasure to agree with than to differ from the right hon. Baronet.

Bill read the third time and *passed*,

Mr. D. Seymour.

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mour.