

PUBLIC FINANCE and OUR POVERTY

*The Contribution of Public Finance to the Present
Economic State of India*

BY

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Commendatory Foreword

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Dedicated to

*Him who bears the burden and the heat of
Whose extravagance consists in maintain-
ing the most luxurious government in the world:
Whose generosity is in paying his taxes
the cost of the subsistence of his
children,*

and on whose shoulders

Britain rests.

*Thou shalt not mill
out the corn"*

Foreword

This booklet is a reprint, revised where necessary by the author, of the chapters written by Professor Kumarappa and put in *Young India*. They examine the economic policy of the British Government and its effect on the masses. They are, therefore, very reasonable. The value of the chapters is enhanced by the addition of a very careful and judicious commentary by the author himself. This booklet both to the Indian and Western readers.

Kanad

20th April, 1930

M. K. Gandhi

Preface

Suggestions have been offered which indicate that the theme set forth in the title with its implications and limitations thereof has not been kept in mind by many readers.

May I state at the very outset that I am neither concerned with allocating responsibility nor with a comprehensive enquiry into the causes of poverty in India. This essay is merely an attempt to point out the injurious fiscal policies with the hope that good will result. I am, therefore, not concerned with all the circumstances which have impoverished the country, such as morcellment of land etc., however enchanting it may be to trace the economic course of the nation from the fabulous wealth of ancient India to the stigma of poverty now attaching to that very land. Although the changes in the environmental conditions which have brought these about are varied and fascinating, we cannot within the scope of this booklet get into such a maze. I have deliberately limited myself to only one factor, viz., Public Finance.

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Even in such a limited field we are not concerned with remote periods, but with the

policies of an administration stretching over about a century prior to the present time. This historical aspect of the enquiry entails using evidence which may appear to be out of date. But it is well to remember that we are not dealing with present day policies only, but with past policies which have left their indelible marks on the economic condition of the people.

I have preferred also to judge by results and actions rather than by austensible reasons advanced by Finance Members in an oratorical flourish. Because of this, I have refrained from dealing largely with present day affairs and have limited myself to tried policies of the past; for instance, my reference to the Excise Duty on cotton. In matters of this kind we can only go by what has been achieved and not merely by methods in use. It is no good pleading that a tax or an expenditure is good in itself. What we have to judge by is by the alternative. While there are pressing needs, if the revenue is used for less pressing objects, however important or beneficial these latter may be in themselves, it is wrongly used. When children are starving, food and the means of obtaining food are more important than reading and writing and the three Rs are more important than a college education in a land of illiterates. It is futile to claim credit for building railways, good roads etc. We have to take into consideration at what 'alternative cost' these have been built and what use they are being put to and which part of the population benefits by them. If these are for the

benefit of the foreign merchant, the plutocrat or the exploiter, to the neglect of the needs of the poor, it is a blot on the administration rather than a matter to be vaunted with legitimate pride.

Even this theme is too wide to be dealt with adequately in a booklet of this kind. Here it is only possible to indicate the main lines of inquiry. The method pursued is to present evidence and then corroborate the author's conclusions from accepted authorities.

As the figures used in the body of the Essay relate to 1925/26 an Appendix has been added giving the latest available figures. Advantage has been taken of this to supplement other information as well, especially table IV of Appendix A will be found to be of great interest. France has always been considered a classic example of a stagnant population. When allowance is made for the territorial increase of British India during the last five decades, the reader will note that, India 'takes the cake' even in this. So that increase in the density of the population does not supply a solution to the poverty of India as the Government protagonists will have us believe.

The material used in this essay was originally collected while I was a student under Prof. E. R. A. Seligman of Columbia University, New York, and was put together in a form suitable to the general reader and published as a series of articles in the *Young India* during November, December 1929 and January 1930.

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