

Speeches and Writings of
GOPAL KRISHNA GOKHALE

VOL. I : ECONOMIC

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GOPAL KRISHNA GOKHALE

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Vol. I: Economic

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Gopal Krishna Gokhale

Born : May 9, 1866]

[Died : February 19, 1915

P R E F A C E

Gopal Krishna Gokhale's speeches and writings were published for the first time in 1908 by Mr. G. A. Natesan of Madras. The volume contained Gokhale's speeches in the Imperial and Bombay Legislative Councils, some speeches made in England, speeches made by him from the Congress platform (including his Presidential speech of 1905), some public speeches, the evidence, both written and oral, before the Welby Commission and his note for the Decentralisation Commission. A second edition was published in February 1916, too late to be seen by Gokhale, but the editor says that the idea of publishing a second edition had matured a few months before his death. This edition contained a good deal of additional matter, as it added the speeches made by Gokhale after 1908, and his paper on "East and West in India" read at the Universal Races Congress in 1911. A third and last edition was published in 1920. It made some further additions, including what the Publishers called Gokhale's "Last political testament on Post-War reforms for India."

There has been no further edition of Gokhale's speeches since 1920, and Natesan and Co.'s edition is now out of print. The Deccan Sabha of Poona, of which Gokhale was the first secretary, considered that it would be doing a service to the public if it brought out a new edition of Gokhale's speeches and writings, as it understood on enquiry, that Natesan and Co. themselves had no intention of doing so. Indeed, Natesan & Co. gave full permission to the Sabha to print the material in their volume, for which the thanks of the Sabha are due to them. The Council of the Sabha accordingly appointed a Committee consisting of Prof R. P. Patwardhan (Chairman), Principal V. K. Joag, Prof. D. G. Karve, Prof. P. M. Limaye, Shri S. G. Vaze, Shri S. G. Gokhale and Shri D. V. Ambekar (Convener), to formulate a scheme for bringing out a new edition of Gokhale's speeches and writings. The Committee, after careful consideration, decided that it would be desirable that the new publication should be exhaustive, and include, as far as possible, all the speeches and writings of Gokhale; and that as it was impossible to include all these in one volume — Natesan's volume itself (third edition) consists of 1255 crown 16 mo. pages (!) — the whole material should be distributed among *three* volumes, the first to contain the Budget Speeches and other speeches and writings on *economic* subjects, the second, those on *political* subjects, and the third, *Miscellaneous*.

These proposals were accepted by the Council of the Sabha, and the Council charged the Committee itself with the duty of arranging

for the publication. The Committee had, in the meanwhile, been deprived of the assistance of two of its members, because Prof. D. G. Karve, owing to his many important preoccupations, was unable to take part in the Committee's work except at the earliest stage, while Prof. Limaye's untimely death in January 1961 robbed the Committee of his services. So the Committee entrusted the editing work to Prof. R. P. Patwardhan and Shri D. V. Ambekar and decided that Vol. I, on Economic subjects, should be brought out in the first instance.

Shri Ambekar began by making a careful list of all Gokhale's speeches in the Legislatures and making copies of the text of the speeches from the original official Proceedings. The text printed in this volume may therefore be taken as a faithful copy of the original, except in those rare instances in which the original printed Proceedings themselves contained obvious errors. These, of course, have been corrected. The text of Gokhale's oral evidence before the Welby Commission, similarly, has been taken from the official Report of the Commission, while that of his written evidence has been taken from the copy printed by the Committee of the Indian National Congress in London, as it is not given in the Report of the Commission itself.

Brief introductory notes have been given at the beginning of the Speeches, so as to make the context clear. Footnotes have been given to explain allusions, etc. Headings have also been inserted at appropriate places in each speech, which, it is hoped, will help comprehension.

It is a pleasure to acknowledge the help we have received from the staff of the Servants of India Society's Library and especially the Librarian, Shri Sovani, by way of prompt supply of the necessary books. Special thanks are also due to one of the Library staff, Shri V. D. Divekar, who prepared the Index purely as a labour of love.

We are conscious of several deficiencies in the editing, due to the lack of proper planning from the start. Every effort will be made to eliminate these defects in the succeeding volumes. At the same time, any suggestions from readers to make the work more useful will be gratefully received.

Poona, }
July 11, 1962 }

R. P. PATWARDHAN
D. V. AMBEKAR

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INTRODUCTION

Lokamanya Tilak, writing an obituary article on Gokhale in the *Kesari* of 23rd February 1915, gave as its heading a verse from the Mahabharata : मुहूर्तं ज्वालितं श्रेयो न तु धूमयितं विस्म् । which means, "Better burn out in a short-lived blaze than be smouldering for ever so long." The quotation was singularly appropriate to Gokhale's life and career. It was indeed a brilliant, but shortlived blaze. A graduate at eighteen, Professor at twenty, Secretary of the Provincial Conference at twenty-two, Editor of a serious and influential journal like the Quarterly of the Poona Sarvajanic Sabha at twenty-four, Secretary of the National Congress at twenty-nine, an important witness before a Royal Commission — (the Welby Commission) — at thirty, Provincial Legislator at thirty-four, Imperial Legislator at thirty-six, President of the National Congress and founder of an institution like the Servants of India Society at thirty-nine, member of a Royal Commission— (the Islington Public Services Commission) — at forty-six ; — what a brilliant career it was and how tragic that it should have been cut off at the early age of forty-eight ! For a parallel the mind turns to the great English financier-statesman who became Chancellor of the Exchequer and Prime Minister at the age of twenty-four, and continued to hold that office without interruption for twenty-two years, until his death at the age of forty-six. Pitt's famous speech of February 17, 1792 is justly admired for its firm grasp of the principles of national finance ; but Gokhale's evidence before the Welby Commission, given when he was 30, or his first speech in the Imperial Legislative Council, made five years later, is not less striking in this way than Pitt's speech at thirty-two. It was not given to Gokhale, as it was to Pitt, to serve his country in office, and to be a maker of Government policies. His career would assuredly have been more fruitful of results if his lot had been cast in happier times, and if he had enjoyed such opportunities ; but in one way it is even more remarkable than Pitt's, inasmuch as he, unlike Pitt, had none of the advantages of fortune or family influence.

At the early age of 20, Gokhale came into contact with that master mind of the late nineteenth century — Mahadeo Govind Ranade. For seven years, from 1886 to 1893, he was almost a daily visitor to Mr. Ranade. Gokhale's own native enthusiasm for public work was no doubt greatly stimulated and guided by this daily contact with Ranade. Ranade was at this time the guiding spirit of more than one public institution. He was one of the founders of the Indian National

Congress and attended its early sessions. He was the soul of the Poona Sarvajanic Sabha, and the originator of the Social and Industrial Conferences. Gokhale became Joint Secretary of the first Bombay Provincial Conference held at Poona in November 1888, and continued as the Secretary of the Provincial Conference for the next four years. He became Secretary of the Sarvajanic Sabha and editor of its Journal in 1890. In the previous year he had for the first time attended the annual session of the Indian National Congress, and he continued attending these sessions every year, and up to 1896, spoke on some resolution or other at each session. In 1896, when the Deccan Sabha was founded, he became its first Secretary. It was then almost as a matter of course that when a Royal Commission,—the famous Welby Commission—was appointed in 1895 to “inquire into the administration and management of the Military and Civil expenditure incurred under the authority of the Secretary of State for India in Council or of the Government of India, and the apportionment of charge between the Governments of the United Kingdom and of India for purposes in which both are interested” — and it was decided to invite a few Indian witnesses to give evidence before it, Gokhale should be among them. His evidence before the Commission, and his performance in the cross-examination, were a brilliant success. Gokhale, who was only 30 at this time, had here to confront and be cross-examined by men more than twice his age, who had spent long years in administration—men like Sir John Peile, 63, who had been Director of Public Instruction, Bombay, member of the first Famine Commission, member of the Executive Councils of the Governor of Bombay and of the Viceroy, and was now member of the India Council; or Sir Donald Stewart, 72, who, having at the end of a long and distinguished military career held the office of Commander-in-Chief of India, was now also a member of the India Council. To stand a searching cross-examination at the hands of such men required nimbleness of wit, amplitude of knowledge, and firm grasp of the subject dealt with, and Gokhale exhibited these qualities to a remarkable degree. As an illustration we may cite the following passage (pp. 588-9), where Sir James Peile is trying to get Gokhale to concede that agriculturists in India were increasing in prosperity. After giving the figures for the importation of precious metals into India for 33 years, amounting to 356½ millions in the aggregate, or an annual average of 10½ millions, Sir James Peile asks —

Are not these facts I have mentioned signs of decreasing, rather than of increasing, poverty ?

Gokhale—I do not think so.

Sir J. Peile—You do not ; can you tell us why ?

Gokhale—It all depends on what classes all these things go to. In addition to what you have mentioned you must also be able to show that these increased imports of precious metals found their way into the pockets of the agriculturists—into the pockets of these poorer people.

Chairman — May I ask a question on that? The fact of these large amounts pouring into India shows that India as a whole was not decreasing in wealth?

Gokhale — I do not think that they are very large sums after all, when you remember what a large country India is. Besides, I should like to know how much of that went to keep up the currency of the country; how much was absorbed by Native States, and how much remained in British India;

and so on, until at last Sir J. Peile had to give up the argument, and go on to another point.

We learn from a letter of Gokhale's to G. V. Joshi¹, written three days after his evidence, that at the end of his evidence, he was complimented by Sir William Wedderburn, who said that his evidence was 'much the best on our side', and that Caine had written to him to say that he had 'never seen a cleverer or more masterly exposition of the views of an educated Indian reformer on all the subjects dealt with.' It was a tribute to young Gokhale that he was asked to make a first draft of the Minority Report which Wedderburn, Dadabhai Naoroji and W. S. Caine had decided to make as members of the Commission.

With such brilliant performance behind him, Gokhale might have been expected to have received a hero's welcome on his return home at the end of July. But Fate had willed otherwise, and the period immediately following his return was destined to be the time of his greatest humiliation in life. Plague had made its appearance in Poona even when Gokhale started for England in March 1897. Soon after his departure, stringent measures were taken by Government for stamping out the epidemic, involving removal of plague cases, actual or suspected, to hospitals, and of other inmates to segregation camps; washing and fumigating of infected premises and burning of the clothing, etc. European soldiers were employed on these duties, and as might be expected, they were none too soft in carrying them out. Loud complaints appeared in the Press about the behaviour of the soldiers. On May 10, a joint memorial by the Deccan Sabha and the Anjuman-i-Islam was addressed to the Government of Bombay, making allega-

1. see footnote 1 on p. 447.

tions against the conduct of the soldiers, that they did not always respect even the sanctity of domestic shrines or the modesty of lady inmates, and citing definite instances of such behaviour. No reply was sent to the Memorial, and when questions were asked in Parliament, Lord Sandhurst, the Governor, telegraphed to deny all the allegations. Meanwhile, on June 22nd, the popular discontent found vent in the assassination of Mr. Rand, the L.C.S. Plague Commissioner, and Lieut Ayerst, an officer of the Army. The news of the assassinations created a storm in England. The assassinations were believed to be the work of a deep-laid conspiracy, and people spoke as if they were a prelude to another 1857. Gokhale, who had all along been receiving reports of the Plague Committee's work in Poona, both from papers and from private correspondents, then gave an interview to a reporter of the *Manchester Guardian*, in which, among other things, he mentioned that he had received reports from correspondents whose veracity he could not doubt, that two ladies had been violated by British soldiers, and that one of them had afterwards committed suicide. Questions were asked in Parliament about these reports, and the Secretary of State replied that Lord Sandhurst had denied their truth and called them a 'malevolent invention'. Soon after this Gokhale returned home, and immediately on return found that his correspondents were unable to supply proof of the reports they had sent him. He then made a complete and unqualified apology to Government. This made him extremely unpopular with his countrymen. Gokhale bowed before the storm. He felt deep anguish at heart, but he had not sat at Ranade's feet for nothing. He went on doing his self-sacrificing work, as a plague volunteer and in famine relief, confident that the day would come "when it would be generally recognised by my countrymen that this most unfortunate incident deserves to be thought of, so far as I am concerned, in sorrow and not in anger, and that under most trying circumstances I had taken the only course which was consistent with duty and honour." He had not long to wait for the clouds to pass away, and at the end of a little more than two years, in December 1899, he was elected to a seat in the Bombay Legislative Council.

The "apology incident" described above has led to much misunderstanding. In reality it sets in relief, more than any other event in Gokhale's life, the sterling traits of his character — his fearlessness, readiness to obey the call of duty, regardless of consequences, and sense of fairness to opponents. "Unpleasant as the episode was" it has been well said, "it served to bring out the true gentleman in Mr. Gokhale, and showed that in his hands the honour of his political opponents was as safe as his own". It was these qualities, no doubt,

which, as if by instinct, drew Gandhiji to Gokhale at their very first meeting (in 1896),— Gandhiji himself calls it "a case of love at first sight"*— and led him to honour Gokhale with the title of 'Mahatma'.

It was during the period of mental anguish and multiple anxieties, immediately after his return home, that Gokhale had to write his 'rejoinder to Mr. Jacob' (pp. 655-671). Mr. Stephen Jacob, who had been Comptroller and Auditor-General of India since 1890, had already been extensively examined by the Welby Commission, but after the Indian witnesses — D. E. Wacha, Gokhale, Surendranath Banerjee and G. Subrahmanya Aiyar — had been examined, he was recalled and examined once more, with particular reference to the points made by the Indian witnesses. Gokhale, like the other Indian witnesses, had to set himself to reply to Mr. Jacob's evidence. This 'rejoinder' naturally bears marks of the stress to which Gokhale was subjected at the time.

Gokhale's membership of the Bombay Legislative Council lasted for only two years — 1900 and 1901 — but it included an episode which occasioned extraordinary commotion at the time, and produced one of the finest speeches that Gokhale ever made. The episode referred to was the introduction, on 30th May 1901, of a bill to amend the Land Revenue Code of 1879, and its aftermath. Under the Land Revenue Code of 1879, all land held under the so-called 'Survey tenure' (i. e., land which had come under the Survey operations, and had generally been assessed thereafter) was held in perpetuity, subject of course to the payment of the land revenue (failure to pay this involving forfeiture of the land to Government.) The right of occupancy was also heritable and transferable. Now, the problem of rural indebtedness had for a long time past become a serious one in many parts of the country. In the official view, the growth of rural indebtedness was the result mainly of the *transferability* of the land under the Land Revenue Code. The peasant was thriftless; he spent lavishly on occasions like marriages and funerals; and when this involved him in pecuniary difficulties, went to the village money-lender, and mortgaged his land. Once in the hand of the money-lender, the peasant could never extricate himself; it came ultimately to the sale of the land to the sawkar, and the once free peasant ended by becoming a serf of the sawkar. What was necessary, therefore, was to put a restraint on the peasant's right of alienating his land. In the Punjab, owing to the exertions of a Civilian officer, Mr. S. S. Thorburn, an Act had been passed in 1900 — the Punjab Alienation of Land

* *Gokhale, My Political Gurn*, p. 55. Gandhiji goes on: "He seemed to me all I wanted as a political worker — pure as crystal, gentle as a lamb, brave as a lion and chivalrous to a fault".

Act — to restrain the peasant's power of alienating his land to whomsoever he pleased. Next year, the Government of Bombay introduced a measure which went much further than the Punjab one. The time seemed particularly propitious, because famine conditions had prevailed in the Presidency almost continuously for the last three or four years, there had been large arrears of land revenue, and it seemed likely that as much as about 1/3rd of the whole cultivated area of the Presidency would be forfeited to Government. Government therefore tried to rush through the bill as quickly as possible. The bill was published on May 18, and a meeting of the Legislative Council was called for the first reading on May 30 at Mahabaleshwar — an unprecedented proceeding. The Statement of Objects and Reasons accompanying the bill stated that "doubts had been raised as to the power of the Collector under the existing Act to grant an occupancy for a limited period in land under the survey settlement, or to impose a condition that the land may not be alienated; that in many cases, e. g. in Sind where land was subject to sudden diluvion, or in other districts where the cultivation of land required heavy manuring or intervals of fallow, it would inflict hardship on cultivators to insist on the acceptance of occupancies in perpetuity; and that therefore the bill proposed to give power to the Collector to give land on short leases and on special terms, which may include a restriction of transferability." Thus stated, the measure looked innocent enough; but its far-reaching, and indeed, revolutionary character was soon perceived, and became clear as daylight when Mr. Monteath, in moving for the first reading, gave it as the reason for hastening this legislation that 'there is at present an opportunity of taking an important step towards the solution of that momentous problem of a remedy for agricultural indebtedness'. (Bombay Legislative Council Proceedings, 1901, p. 179) 'We propose' he said, 'giving the Collectors authority to forfeit any lands for which revenue is in arrears and to regrant such lands without encumbrance to cultivating occupants, subject to the condition that the right of occupancy will lapse if the lands are alienated without permission.' 'Unless arrears are paid off to a much larger extent than has been anticipated, there will be an opportunity of creating the special tenure in some districts on a very extensive scale... We hope that advantage will be taken to a large extent of the opportunity... There will (then) exist side by side occupants with full power of transfer and occupants without it, and it will be seen who are the more prosperous... There is another advantage of no small importance attached to the scheme. (As regards suspensions and remissions of revenue), the occupants who retain the right of transfer will ordinarily be men who are not

entitled to any concession; those who have not the power will ordinarily be actual cultivators (who will be given the concession)". Only five non-official Indian members— Messrs. S. A. Chhatre, Gokuldas K. Parekh, Ibrahim Rahimtoola, Gokhale and the Chief of Ichalkaranji, — were present at the Mahableshwar meeting, and they all opposed the introduction of the bill, but the first reading was carried in spite of their opposition, and the bill was referred to a Select Committee, which included Chhatre and Gokhale. These latter submitted a minority report (pp. 418-425). In the interval before the second reading, which was taken up on 24th August, many meetings were held, and petitions poured in — among them those from the Deccan Sabha and the Bombay Presidency Association— protesting against the bill. G. V. Joshi also wrote two articles in the *Times of India* criticising the bill. In the debate on the second reading, Pherozeshah Mehta proposed postponement of consideration of the bill for six months, with a view to eliciting public opinion. All reason for urgency had in fact disappeared, because a large part of the arrears of revenue had already been paid, and the remainder also, it seemed, would be paid soon. Government, however, stood on their prestige, and rejected Pherozeshah's proposal, and then Pherozeshah, Sir Bhalchandra Krishna Bhatavdekar, Gokuldas Parekh, Daji Abaji Khare, and Gokhale walked out of the Council Hall. That Government were actuated by nothing but their sense of prestige was shown in the course of the subsequent discussion when they rejected an amendment moved by the Chief of Ichalkaranji the effect of which would have been to restrict the new tenure to land of the type mentioned in the Statement of Objects and Reasons (i. e. land liable to be affected by dilution, etc.) and to maintain the heritable and perpetual character of the occupancy in all other cases.

Gokhale's speech on the Land Revenue Code Amendment Bill was his last in the Bombay Legislative Council. In December 1901 he took his seat in the Imperial Legislative Council, in the vacancy created by the resignation of Pherozeshah Mehta, and sat in it for the next 12 years — the most brilliant period of his all too short life.

II

At the time when Gokhale entered the Supreme Legislative Council, and for several decades previously, the dominant economic problem, which engrossed the attention of statesmen and publicists, was and had been the problem of poverty of the masses. That India was, on the whole, a very poor country, that the mass of the people enjoyed only a scanty subsistence, and were, therefore, impatient of taxation, had been recognised by Anglo-Indian statesmen very soon after the

transfer of India from the Company to the Crown. Since the establishment of the East India Association in 1867, Dadabhai Naoroji had brought this question prominently before that body and before the public. The frequency of famines in the second half of the 19th century—(there was a famine in Orissa in 1866, one in 1873-74 in Bihar, in 1876-78 in Madras and Bombay, in 1896 over the whole of the country with the exception of Bengal, and the worst one in 200 years, affecting nearly half the country, in 1900)—and the loss of life occasioned by them—(the Orissa famine alone carried off a million and a half)—emphasised the seriousness of the problem. With the establishment of the National Congress in 1885, the subject of Indian poverty became a constant theme of speeches at the national gathering. The second Congress, that at Calcutta, held under the presidency of Dadabhai Naoroji, gave a prominent place to a resolution on poverty. It resolved that “this Congress regards with the deepest sympathy, and views with grave apprehension, the increasing poverty of vast numbers of the population of India, etc.”

Whether the poverty of India was in fact increasing or decreasing soon became a matter of controversy. The official view was that though the poverty was undoubted, it was gradually diminishing. The exponents of this view pointed to such things as the import of precious metals into the country, the increasing revenue under customs, and excise, and stamps, etc. in support of their view. In his Budget speech of 1901 Lord Curzon said that the national income of India, which had been calculated at Rs. 27 per head in 1882, had now risen to Rs. 30. This argument, however, ignored the fact that the level of prices in 1900 was at least 26% higher than in 1882*. As pointed out above, Gokhale had been already cross-examined on the subject of the condition of the agricultural classes when he appeared before the Welby Commission in 1897. The question was, as he said, somewhat outside that Commission's terms of reference and therefore he had not gone into it in detail (p. 586), but in his Budget speech of 1902 he devoted considerable attention to the subject, and made out a convincing case in support of his view about ‘deep and deepening poverty’ (pp. 11-14). It is noteworthy that in his concluding remarks, Lord Curzon made no attempt to reply to Gokhale's argument, but contented himself with saying that he agreed with his Finance Member in regarding

* According to the ‘Index Numbers of Indian Prices 1861-1931’ (published by the Department of Commercial Intelligence and Statistics, Government of India), with the prices of 1873 as 100, the index number (unweighted, for 39 articles), for 1882 was 92, and for 1900, 116, showing an increase of 26%; while the weighted Index number for 100 articles was for the two years 98 and 143 respectively showing an increase of 46%.

the increased receipts from customs, stamps, excise, Post office, etc. as evidence of increasing prosperity. The Finance Member had observed that it was wrong to suppose that the increase in the returns from Customs etc. indicated only "the prosperity of a small class, whilst the majority of the people are in distress. There might be grounds for such an idea, if we found our Customs returns increasing, only, or out of proportion, from importation of articles of luxury; if we found our railway receipts increasing, out of proportion, from first and second class traffic; if we found our Postal Savings Bank deposits increasing chiefly in the accounts of the large depositors; or, if we found our income-tax returns from the large incomes, rapidly augmenting; but it is the opposite of all this that is the case. As I have pointed out, it is from import duties on articles consumed by the agricultural and poorer classes, that we obtain rapidly increasing returns; it is from goods and third class passenger traffic that our railways have prospered; it is the small investors who multiply and increase their deposits in the Postal Savings Banks; and it is our income-tax returns from incomes above Rs. 2,000 per annum, which fail to meet our reasonable anticipations". Returning to the subject in his Budget speech of 1903, Gokhale said in reply that if the imports showed an increase in cotton goods used by the poorer classes, this was only evidence of the ruin of the indigenous cotton industry; that a few paltry increases in revenue under certain heads did not deserve to be taken seriously as conclusive evidence of growing prosperity; and that such incontrovertible facts as an increasing death-rate, independently of famine and plague, and increasing rural indebtedness, showed that the poverty of the country was not only deep, but *deepening* (pp. 38-9).

What were the causes of this 'deep and deepening' poverty of the country, and what were to be the remedies? Dadabhai Naoroji traced it to the annual drain of wealth from the country, caused by the use of foreign agency for the administration of the country. He accordingly laid very great stress on the substitution of native for foreign agency as far as possible, and, with a view to this, on Simultaneous Examinations for recruitment to the Imperial Services. In moving the resolution for Simultaneous Examinations at the first Congress, he used these words: "The resolution which I propose to you is of the utmost possible importance to India. It is the most important key to our material and moral advancement. All our other political reforms will benefit us but very little indeed if this reform of all reforms is not made. It is the question of life and death to India. It is the question of questions." D. E. Wacha moved the resolution on

Poverty in the second Congress, and he too said that 'one of the very first and most important remedies'—though, according to him, not the only one—was 'to minimise the foreign agency.' But as there was no prospect of any reform being carried out 'until we succeed in attaining a position whence our protests and appeals must be respectfully listened to,' the resolution went on to ask for the introduction of representative institutions as 'one of the most important practical steps towards the amelioration of the condition of the people'.

It is refreshing to find that the discussion on this resolution revealed a consciousness on the part of the delegates of the great complexity of the problem. Thus a member from Madras (Rao Bahadur A. Sabapathy Mudaliar) said that he was certainly in favour of the resolution, but 'even when we have that representative government, the people will have to realise that the chief causes which have brought about the great poverty of India are not all political.' Another, Pandit Jwalanth Sarma, from Calcutta, raised the question of population: "we should see whether it is any undue increase in the population which prevents their being supplied with food, or the scantiness of the production due to imperfect agriculture, or the neglect of industrial arts, that makes us poor. We must look into all causes; we must realise the fact not of a single cause but of a great many causes." Another member referred to the ruin of Indian industries: "One cause of this increasing poverty is the manner in which the production of most of the manufactured necessaries of life, clothing, tools, implements, etc., has been diverted from the hands of our countrymen into those of foreign manufacturers. I do think that with a considerable body of our people in the several councils, means would be found to revive our ancient and establish new industries, so that as time went on all our requirements in this line should be supplied to us by our own artizans." And yet another said that if the indigenous industries were ruined, "this is not so much the fault of England as our own fault. We should try to compete with England by establishing such institutions as would support our own artizans, and by purchasing things from them." This last is an echo of the Swadeshi movement, which had been started in Poona by Mr. Ganesh Vasudeo Joshi, — better known as Sarvajanic Kaka, — as early as 1869. The question of population too was broached as early as 1878 in an article in the second number of the Quarterly of the Poona Sarvajanic Sabha, entitled 'Overpopulation and Marriage Customs.' The article is unsigned, but it is not unlikely that it was from the pen of M. G. Ranade. Ranade's concern with the problem of population is evidenced by his paper on Indian Emigra-

tion, written in 1893, in which he speaks of emigration as affording a solution, even if partial, to the economic problems of India. A favourite idea of Ranade's, and also of Rao Bahadur G. V. Joshi's, was that in the then existing conditions of India, when old Indian industries had been ruined by the competition of English machine-made goods, by the policy of Free Trade, and by the extension of Railways, it was the duty of the State to foster new industries - firstly by giving protection to infant industries, but if political considerations did not allow this, then by subsidizing and in other ways supporting new industries. "In truth, there is no difference of principle," wrote Ranade, "between lending such support and guidance, by the free use of its Credit and superior organisation, in pioneering Industrial undertakings, or subsidizing private co-operative effort, and its guaranteeing minimum interest to Railway Companies." State action in various forms - for Simultaneous Examinations; for promoting technical education; for reducing the burden of taxation, particularly by the introduction of a permanent settlement; and for economy in administration, and in particular reduction in military expenditure; - was also called for by the Indian National Congress, and year after year resolutions were passed in this sense at its sessions. Excessive military expenditure was criticised even by a non-official European member - Sir Griffith Evans - at the budget session of the Imperial Legislative Council in 1893. He also criticised the Home Charges, and "the tendency on the part of the various departments in England to shove everything they can on India; e. g. mission to Persia or China." "The India Office charges also appear to be on a lavish scale." Indeed, this particular abuse - charging India with expenses which did not legitimately belong to her - had been drawn attention to by Henry Fawcett in the House of Commons as early as 1870.

Most of these arguments and suggestions we find adopted and developed by Gokhale. He did not set particular store by emigration, as Ranade had done. Indeed, he made efforts in the contrary direction, - to stop Indian emigration. In 1910 he moved in the Imperial Legislative Council that the Government should be empowered to prohibit the recruitment of indentured labour for the colony of Natal (pp. 284-294), and when Government actually stopped such recruitment, congratulated Government on its action (p. 295). In 1912, again, he moved a resolution recommending the prohibition of recruitment of indentured labour altogether, and made one of his finest speeches - perhaps *the finest* speech - in moving it (pp. 349-368). As the resolution was opposed by Government, rejection was inevitable, but it is noteworthy that the biggest vote that Gokhale ever obtained on any of his resolutions which were opposed by Government

was obtained on this. The reason why Gokhale opposed the system of indentured labour, and put such noble passion and eloquence into his speech against it, was that the system had led to great abuses, and he felt it an insult to India's national honour. Even Ranade had observed in his 1893 article : "Without a strict enforcement of the Protection Laws in their interest by the Government of India, the Coolie Emigrants would not be able to hold their own against the greed of their Employers, the Planters, who are not generally noted for their humanity. The Magistracy and the Government machinery in these Colonies, being entirely in the hands of the white population, are not very impartial in their treatment of the Indian settlers." "But notwithstanding these disadvantages," Ranade went on to say, "there can be no doubt that the system of Protected Emigration has, on the whole, been very beneficial." The condition envisaged by Ranade — strict enforcement of the Protection Laws — had, however, not been fulfilled, and the system had bred 'frightful immorality' and led to 'appalling human misery.' Gokhale's whole soul revolted against it. "There are disabilities enough in all conscience" he said in his 1912 speech, "attaching to our position in this country. . . . Why must this additional brand be put upon our brow before the rest of the civilised world?" (p. 357) "India is the only country which supplies indentured labour at the present moment. Why should India be marked out for this degradation?" It is perhaps the most powerful of Gokhale's speeches in this volume, and it is impossible to read it, even at this distant date, without being moved.¹

Nor did Gokhale lay much stress on the drain of wealth from India to England, of which Dadabhai Naoroji made so much. It is true that in his evidence before the Welby Commission, he conceded to Dadabhai that Indians were not able themselves to develop new industries 'because our capital is carried away from the country (p. 568);' that 'if what the nation might have saved in normal circumstances had remained in the country, we might have been much better able to take advantage of those resources' (p. 569). In his 1907 speech on the Swadeshi Movement, too, Gokhale puts "the annual cost to India of England's political domination at 20 crores of rupees," and goes on, "If this continuous bleeding is to cease, it is incumbent that our men should be employed more and more in the service of the

1. In a document which has been called "the last political will and testament of Gokhale", which was drawn up by Gokhale only a few days before his death, there is a clause asking that at the end of the war — (the First World War) — German East Africa, if conquered from the Germans, should be reserved for Indian colonization. This clause was added by Gokhale, we are told, on the insistence of the Aga Khan (see Srinivasa Sastri, *Life and Times of Sir Pherozesbah Mehta*, pp. 162-165 and also Aga Khan — *India in Transition*, Ch XIII "India's Claim to East Africa".)

State, so that pensions and furlough charges might be saved to the country". These are, however, about the only references in Gokhale's speeches to the subject of the drain, and on the whole he kept it out of sight. No doubt he felt, as did Ranade, that to hold "that as long as we have a heavy tribute to pay to England, . . . we are doomed and can do nothing to help ourselves" was 'hardly a fair or manly position to take up.'

Gokhale felt the humiliation involved in alien rule, but he considered that in the peculiar circumstances of the country, progress was possible only through the continuance of British rule (pp. 122, 137). Instead of inveighing, therefore, against the drain of wealth from the country, he devoted himself to a study of the country's finances, (and with what thoroughness did he study them!) and showed to the officials, with convincing arguments, and facts and figures to support them, how they could be administered for the greater good of the people. For some years before 1902, when Gokhale made his *debut* in the Imperial Legislative Council, Indian finances had shown large surpluses. Indian Finance Ministers and Secretaries of State for India had looked upon these surpluses as irrefutable evidence of India's prosperity, and at the Budget Session of 1902 speaker after speaker had congratulated the Finance Member on the surplus shown by the revised estimates of 1901-2. The very first sentence of Gokhale's speech struck a note of dissent. 'Your Excellency, I fear I cannot conscientiously join in the congratulations which have been offered to the Hon'ble Finance Member on the huge surplus which the revised estimates show for last year.' He pointed out that the surpluses were merely currency surpluses, due to the artificial raising of the value of the rupee, and the result, therefore, of veiled additional taxation. (This had already been pointed out by Pherozeshah Mehta in his budget speeches of 1899 and 1900, and by J. A. Wadia in moving Resolution XVII at the Congress of 1901. Indeed, the point had been made even in some of the evidence tendered to the Currency Committee of 1892). Gokhale urged that a system under which surpluses accrued for years in succession was an unsound system, because a surplus meant "so much more money taken from the people, either through miscalculation or in other ways, than was needed for the requirements of Government" (p. 112). They were, moreover, dangerous, because they constituted 'a direct invitation to the Government to increase expenditure,' and 'a temptation to the authorities in England to . . . shift a portion of their own burden to the shoulders of the Indian Government" (p. 53). Large surpluses were, therefore, a wrong in themselves, but if they did occur, they should be utilized either for the remission of taxation, e. g. for reducing the

duties on salt, raising the minimum limits for liability to income-tax, reducing the burden on the land in the temporarily-settled Provinces, taking off the excise duties on cotton, etc. ; or for promoting nation-building activities such as education, sanitation and medical relief. Gokhale repeated these demands year after year in the Imperial Council.

In his 1906 speech, he gave his view of what a 'comprehensive scheme' for improving the condition of the masses might be. This would include 1) reduction in the State demand on land, 2) composition of rural debts, 3) cheap credit to the agriculturists in cases of genuine need, 4) Irrigation and Scientific Agriculture, 5) Industrial and Technical Education, 7) Free, and later, Compulsory Primary Education, and 7) Works of Sanitary Improvement. (pp. 102-106). Surpluses should be utilised for such objects as these, and not for reduction of the unproductive debt of the country, which was so small that its further reduction was not a matter of much importance (p. 112), nor for building of railways, which should be conducted out of borrowings, and not from surpluses, which, being 'so much more revenue taken from the people than was necessary for the requirements of Government,' should be spent on works needed urgently for their welfare (p. 134). Gokhale's contention in his Budget speeches that surpluses should not be utilized for the construction of Railways may at first sight seem to run directly counter to the view maintained by him before the Welby Commission, that railroads should be built out of surpluses, and not out of borrowed capital (p. 566). The apparent contradiction is, however, resolved when we note that both the surpluses and the railways were different in 1897 from what they became in 1902 and the following years. In 1897 the era of large surpluses had not yet begun; and the Railways were still a losing concern. 1898-99 began the era of large surpluses, and Railways also began to yield a surplus from the turn of the century.

Besides surpluses and their proper use, other points which Gokhale emphasized in his Budget Speeches were the need of reduction in the military budget and of Indianization of the Services. He had already emphasized these in his evidence before the Welby Commission.

Till 1909 the only opportunity which non-official members of the Legislative Council had of criticizing the administration and making suggestions was at the time of the annual budget, and even then it was not open to them to move resolutions and divide the Council on them. Under the Morley-Minto Reforms, they obtained this right, under certain conditions, and Gokhale used it to press his

favourite idea that surpluses should be used for promoting the welfare of the people. Such were his resolutions on Surpluses and Sanitation in 1910 (pp. 164-170), on Surpluses and Provincial Reserves in 1912 (pp. 258-259) and on the Opium Fund in 1911 (pp. 201-213). (What Gokhale had in view with regard to this last was that as the revenue from Opium was destined to disappear in the course of 10 years from 1907 as a result of the 1906 agreement with the Government of China, progressively diminishing amounts only should be taken credit for on the revenue side of the budget in each successive year, and any surplus over this should be put into a reserve so as to avoid the necessity of fresh taxation, or, in the alternative, to be utilized for education, sanitation, etc.) He also moved resolutions for effecting reduction in the expenditure of various departments, e.g., Telegraphs, Stationery and Printing, Railways, Mint, Salt, Police, etc. (pp. 177-184, 219-234, 260-262), with the double object of effecting economies, and of drawing attention to the paucity of Indian personnel in the various departments. His anxiety to see that all available resources should be utilized for ameliorative measures, instead of for reduction of unproductive debt, led him also to propose in 1912 that the cost of building New Delhi should be met not from current revenue, but from loans (pp. 243-251), and that a Committee be appointed to inquire into the adequacy or otherwise of the resources of Local Bodies, which were the authorities directly concerned with people's education, sanitation, and medical relief (pp. 369-384). All these proposals were either withdrawn or rejected by large majorities. Sometimes, however, — though, it must be admitted, in very few cases — they served their purpose. Thus Gokhale's criticism of the working expenses of Railways in 1910 brought about some improvement next year (p. 234).

To his plea in his very first speech in the Imperial Legislative Council, that with large continuous surpluses for four years, it was wrong to maintain taxation at the existing level, the reply on the official side was, firstly, that they could not be absolutely sure about future surpluses, and secondly, that they could not reduce revenue at a time when they had increased expenditure in view — and that in directions which Gokhale would approve, such as education, police, public works, and sanitation. Yet next year Government did carry out two of Gokhale's suggestions, viz., reduction of the salt duty, and the raising of the taxable minimum for income-tax from Rs. 500 to Rs. 1,000. In 1904 Gokhale urged further reduction in the salt duty, and this too was conceded in 1905. Small grants were also made in the same year for education, for Police reform, and in aid of Local Boards. Gokhale's suggestions for relieving Local Boards from

responsibility for famine relief (p. 91), for still further reduction of the salt duty (p. 90), for grants to Local Boards for sanitation (p.106), were also acted upon in course of time. His plea that surpluses should not be used for reduction of debt, however, met with a different treatment at the hands of Government. "I am afraid" said Sir James Meston, the Finance Secretary, in 1911, "that in this respect, between the conservatism of the Finance Department and the radical optimism of the Hon'ble Member (meaning Gokhale), there is a great gulf fixed over which I cannot pretend to throw a bridge. Mr. Gokhale honestly believes that we make a fetish of this reduction of our unproductive debt. . . . We on our side believe equally honestly that the presence of our unproductive debt is an incubus and that its growth is a danger to be averted to the best of our ability. We believe that in steadily striving to reduce it we act in the country's best interest".

Nor did Gokhale's pleas for reduction in army expenditure, and in the demand from land, and for abolition of the excise on cotton, fare any better at the hands of Government. In vain did Gokhale urge again and again that the strength of the army (230,000 men) was far in excess of what the 1879 Army Commission itself had considered to be sufficient for India's needs (i. e. 180,000 men) (pp. 19,34 etc.); that General Brackenbury, who was Military Member of the Imperial Council at one time, had himself admitted in his evidence before the Welby Commission that the Indian army was in excess of India's own requirements (p. 37); that the defeat of Russia at the hands of Japan (1905) (p. 94), and later the conclusion of the Anglo-Russian Convention (1907) (p. 135), had removed the threat from Russia, rendering possible a reduction in the strength of the army ; and that the fact that a considerable portion of the Indian Army could be spared for service in South Africa and China showed that its strength was in excess of Indian requirements (p. 307). Alluding to this last argument, which had been made more than once from the platform of the Indian National Congress, Lord Curzon said in his Budget Speech of 1900 : " Let not any one carry away the idea that because for a few months or even for a year, we have been able to spare 8,000 of our British troops for Africa, the British garrison in India can be permanently reduced by that amount. There can be no more complete or foolish illusion. Because a man lends for a night the watchdog that guards his home to a neighbour who is being attacked by robbers, does it therefore follow that his own house will be able to get on in future without protection?" The imperious Proconsul was not very happy in his argument, because, as events turned out, the Indian troops remained in South Africa not ' for a few months or even for a year ', but for three years.

The case of the excise duties on cotton was as bad, or perhaps worse. When in 1894 financial exigencies led to the imposition of import duties after an interval of 12 years - (since 1882 Indian ports had been almost entirely free) - cotton manufactures were carefully excluded from the schedule. The omission was criticised not only by Indian members of the Council, like Gangadharrao Chitnavis, Fazulbhoy Visiram, Rash Behari Ghose and the Maharaja of Darbhanga, but also by representatives of the European trading community like Mr. Playfair and Sir Griffith Evans (both from Calcutta), and even a Bengal Civilian, Mr. Charles Stevens (later Sir Charles Stevens, and Lieutenant Governor of Bengal). A few days later, in the course of his speech on the Financial Statement for 1894-5, Sir Griffith Evans referred to the matter again, and spoke of the pressure brought by a Lancashire deputation on the Secretary of State. "After a few stock phrases about disinterested concern for the poor Indian, they showed their teeth, and gave him to understand very plainly that they would do their best to turn out any Ministry that opposed what they considered the interest of the trade, and pointed out that Lancashire was strong enough to win any fight she went into in earnest." Later in the year, cotton goods were included in the schedule, but a countervailing excise duty was imposed on Indian yarn which was supposed to enter into competition with Lancashire. Still later, in 1896, the import duty was lowered from 5% to 3½%, and the same amount of excise duty was imposed on all Indian cotton manufactures, coarse or fine, whether entering into competition with Lancashire or not. And there the duty remained till 1926, a constant reminder to India of the essential character of colonialism. "The excise duties have done" an English writer has said, "more than any other administrative act of the British in India in modern times, to impair the moral basis upon which the British control is supposed to rest."

Gokhale spoke of the cotton duties in 1902 (p. 7), 1903 (p. 31), and 1904 (p. 55); after 1904 he made no mention of the subject for several years more, — perhaps because after 1904 the worst days of the cotton mill industry seemed to be over, and soon 'a great wave of prosperity passed over the industry' (p. 329). When Gokhale returned to the subject in 1911, it was to support a resolution moved by the Hon'ble Mr. Dadabhoy for abolition of the excise duties. But he made it clear that he supported the resolution, not in the interest of the manufacturers, but in that of the consumers, on whom the duty ultimately fell, and who were the poorest of the poor (p. 330). And he suggested that the duty might be abolished only in the case of counts below 30, and retained for those above. This was characteristic of Gokhale: he considered Indian economic problems from the stand-

point of the toiling millions, and not from that of the rich few ; and this even though the Servants of India Society, which he had founded in 1905, found some of its chief supporters among the millionaire manufacturers. Thus, in 1911, when a bill to amend the law relating to Labour in Indian Factories came up for consideration, Gokhale moved an amendment imposing on the factory-owners the duty of giving free and compulsory education to children employed in the factories (pp. 320-323) ; when Pandit Madan Mohan Malaviya moved a Resolution proposing protection for the Indian sugar industry, Gokhale observed that the first question to be considered in connection with the resolution was how a measure of protection would affect the cultivator (p. 336) ; and in 1912 he would not even support Mr. Dadabhoy's proposal to raise the minimum limit for income-tax from Rs. 1,000 to Rs. 1,500, because such a measure would give relief to the middle class, whereas it was the poorer classes of the country who deserved relief earlier than the upper or the middle classes, since they bore a heavier burden, relatively to their resources, than the latter (pp. 341-342).

It was in keeping with Gokhale's concern for the welfare of the poor agriculturist that when in 1904 Government brought in a bill for the constitution and control of Co-operative Credit Societies, Gokhale welcomed it cordially, as a measure bearing promise of bringing some relief to the agriculturist and of evoking and strengthening in him "those qualities of prudence, thrift, self-reliance and resourcefulness, without which outside help can do him no great or permanent good " (p. 371). He suggested several improvements in the measure, such as modification of the principle of unlimited liability, filiation of the separate societies to a Central Bank, etc., which were carried out subsequently.

Prices had begun to rise in India from about 1905, and the matter had begun to cause anxiety by 1908. Gokhale referred to it in his Budget Speeches of 1908 (pp. 127-128) and 1909 (p. 143). He thought that the rise of prices had something to do with the heavy additions to the currency made by Government. The question of currency had assumed unusual importance at this time. The position, briefly, was this. Since 1835 there had been one standard rupee in British India, and the mints had been open to the coinage of silver on private account. The gold value of the rupee depended on the gold price of silver bullion, and it was round about 1/10th of the sovereign for about 40 years. From 1873 onwards however, silver, and therefore the rupee, began to decline rapidly in value in terms of gold. This caused great embarrassment to the Government of India in meeting its sterling obligations in England, and also upset the country's trade with gold-using countries. On the recommendation of the Herschell

Committee, therefore, it was decided in 1893 to give up the silver standard in favour of a gold standard, and, as a first step, the mints were closed to the free coinage of silver, the object being to divorce the value of the rupee from that of silver bullion, and to raise, or rather to arrest the fall of, its value through limitation of the number of rupees in circulation. At the same time it was declared that gold coin and bullion would be received at the mints in exchange for rupees at the rate of 1s. 4d. to the rupee, and that sovereigns and half-sovereigns would be similarly received at Government treasuries in payment of sums due to Government. This policy was successful, and by 1899 the value of the rupee rose to 1s. 4d. The rupee thus became a token coin, with the artificial value of 16d., whereas its intrinsic value was only 10d. The problem was how to keep it steady at that rate. The readiness with which Government supplied rupees in exchange for gold or sovereigns, and the declaration, in 1899, of the sovereign as legal tender (as recommended by the Fowler Committee of 1898) prevented the value of the rupee from *rising above 1s. 4d.*; while Government's readiness — (not as unqualified as in the former case, and not legally binding) — to supply sovereigns at the rate of 1s. 4d. a rupee, and to sell sterling bills payable in London at about the same rate, prevented it from *falling below 1s. 4d.* Thus all difficulties which Government had experienced on account of the fall in exchange were set at rest. The exchange was kept steady, the budgets yielded large surpluses, and trade went on undisturbed. There was a crisis in 1907-8, when owing to a falling-off of Indian exports, the exchange became weak; but, by utilising all the gold in its reserves — the Paper Currency Reserve and the Gold Standard Reserve — (which had been created in 1900 from the profits of the rupee coinage, and kept in London, partly in the form of gold and partly in securities) — and by raising a loan in England, Government was able to overcome the crisis and to maintain the exchange value of the rupee.

The system outlined above, — which, being neither a purely silver standard nor a purely gold standard, came to be known as a Gold *Exchange Standard*, — worked satisfactorily till the first World War. Still, it gave rise to more than one question. In the first place, though it provided a solution of the exchange problem, and the allied problem of balancing the budget, it did so only by imposing additional taxation, (though in a valid manner), on the country. We have seen that Gokhale made this point more than once, and on that ground argued for remission of taxation, etc. Then again, the currency had now become an artificial one; it was no longer automatic, as it had been before 1893, when the mints were open; rupees could now be

coined only by the Government; and may not Government make additions to the currency at its own sweet will? Gokhale thought that this had happened, that the marked rise of prices from about 1905 onwards was due to "phenomenally heavy coinage" by Government (p. 127), and he asked for "a close and immediate investigation by a competent body of men" into the question (p. 143). In replying to Gokhale, the Finance Member, Sir E. Baker, pointed out that the figures of coinage given by Gokhale for 1905-7 were not those of *net* coinage; (Gokhale himself had said that he had not been able to get the figures of rupees *recoined* during that period); and that if the figures of net coinage were taken, the coinage during the 15 years since 1893 would be found to be about 5½ crores a year, whereas in the 15 years preceding the closing of the mints, it was about 7 crores a year. Further, that the rise of prices could not be due to redundancy of currency, because it began in 1905, before there was a possibility of such redundancy; that the prices of other staples had not risen, like those of food-grains; that the gold value of the rupee had not depressed in anything like the same proportion as the rise in the price of food-grains; that prices had risen in other countries also besides India - e. g. in England, Germany, Egypt, and Japan; and finally that the additions to coinage made by Government had been only to meet the demands of trade, and "as long as Government refrained from coining rupees except upon demand of trade, there could be no dilution of the currency." However, Government did appoint one of its officers, Mr. K. L. Datta, to make an inquiry into the high prices. Mr. Datta, who submitted his report in 1914, found that "there was no sign of a redundancy of rupees for any length of time."

Other questions connected with currency were those of the location of the Gold Standard Reserve, and of the introduction of a gold currency. The Gold Standard Reserve was held in London, partly in gold, and partly in securities. It thus acted, in effect, as a support to the London Money Market. Indian leaders demanded that the gold in this Reserve, which belonged to India, should be held in India, and should be used to support Indian trade during periods of monetary stringency. Sir Vithaldas Thackersey moved a resolution to this effect in the Imperial Legislative Council in 1912, and Gokhale supported it (p. 387). The official reply was that if the Reserve were to be held in India, and employed in the manner desired, it would not be available just when it was needed, to support weakening exchange. Although Sir Vithaldas's resolution was defeated, it is noteworthy that as many as 24 votes were cast for it, as against 33 in opposition.

Gokhale also supported another resolution of Sir Vithaldas's, moved on the same day as that on the Gold Standard Reserve, for

opening the mints to the free coinage of gold. Coining of gold in India had been contemplated ever since the closing of the mints to silver in 1893, and the Fowler Committee had recommended it. The recommendation was accepted both by the Government of India and the Secretary of State, and in 1900 the Finance Member, Sir Clinton Dawkins, announced in the Imperial Council that steps were being taken to constitute a branch of the Mint at Bombay for the coinage of gold. But the Royal Mint raised a number of difficulties, and the British Treasury also opposed the idea, and the plan was indefinitely postponed. The opposition of the Treasury was based on the ground that "gold currency was not necessary for the maintenance of the gold standard, that even without a gold currency India was able to obtain whatever gold she required, and that a gold currency would be expensive." These arguments were plausible enough, but public sentiment in India was in favour of a gold currency, and Government had to take up the matter again when Sir V. Thackersey moved resolutions on it in 1911 and 1912. In 1912 Sir Guy Fleetwood Wilson gave a very sympathetic reply, and Sir Vithaldas withdrew his resolution. The matter was taken up by the Government of India with the Home authorities, but once more the British Treasury raised difficulties, and ultimately the question was referred, among others, to the Chamberlain Commission of 1913, which recommended that if Indian sentiment demanded a gold currency, and the Government of India were prepared to incur the expense, gold coins should be minted in India, but that it was not to India's advantage to use gold for internal circulation. The matter rested there, when the First World War broke out, creating new problems for Indian currency. As stated above, the arguments of the British Treasury and the Chamberlain Commission appeared plausible, but as remarked by Professor Cannan in his Foreword to Dr. Ambedkar's book on the "Problem of the Rupee", the expense involved in a gold currency would have been trifling, and as for India not needing a gold currency, "the position has been maintained not because Indians dislike gold, but because Europeans like it so well that they cannot bear to part with any of it."

In view of the position taken by Gokhale in 1912 it may seem strange that speaking in 1907 he had argued against the adoption of a gold currency (pp. 114-115). The question at that time, however, was about the purpose of, and the limits to be put on, the Gold Standard Reserve; Gokhale argued that it was not right to allow the Reserve to accumulate without limit, because it would never suffice to ensure the conversion of rupees into gold; and he hoped that if a limit were to be set to the Gold Standard Reserve, any further increase

in it could be diverted, directly or indirectly, to nation-building activities. Moreover, Sir Vitthaldas's resolution, which Gokhale supported, did not propose to *substitute* gold currency for silver, but merely to *add* a branch at the Mint for free coinage of gold.

III

On the whole, the concrete results achieved through Gokhale's suggestions and criticisms of Government policies do not seem to make up an impressive list, and Sir Guy Fleetwood Wilson's comparison of Gokhale to the Indian juggler who shows a mango tree with leaves and blossoms and even fruit where only a few moments before there was nothing but a bare pot (p. 384 note) seems a well-meant but empty compliment, devoid of all reality. This, indeed, could not be otherwise, when there was a standing Government majority in the Council. Yet Gokhale persisted with his self-appointed task. No doubt he had taken to heart the lesson taught by Ranade in 1891, when an elaborate memorial to Government, prepared by himself and Ranade, on famine conditions in the Sholapur and Bijapur districts, had brought from Government a reply of barely two lines, saying that they had noted the contents of the memorial. When Gokhale had expressed his disappointment at the reply, Ranade had said, " These memorials are nominally addressed to Government; in reality they are addressed to the people." Gokhale's speeches, similarly, though nominally addressed to the dozen or so¹ members who were present in the Council Hall, were really addressed to a much larger audience outside. Moreover, as he said in a speech at Allahabad in 1907, ' we are at a stage of the country's progress when our achievements are bound to be small, and our disappointments frequent and trying. That is the place which it has pleased Providence to assign to us in this struggle, and our responsibility is ended when we have done the work which belongs to that place. It will, no doubt, be given to our countrymen of future generations to serve India by their successes; we, of the present generation, must be content to serve her mainly by our failures.'

Many, perhaps most, of the views put forward by Gokhale in his speeches in the Legislative Councils and in his evidence before the Welby Commission, had been enunciated by others before him in the Press, as well as in the Legislative Councils and on the Congress platform, and notably by Dadabhai Naoroji, D. E. Wacha, Rao Bahadur Ranade, and Rao Bahadur Joshi. Early in his career, Gokhale learnt from these his elders, but he outgrew his pupilage in course of time, and not seldom put forward independent views of his own. Thus, as regards the Opium revenue, which even Ranade seems to have

1. ' Fifty or so ' after 1909.

regarded without disapprobation, Gokhale said that he had "always felt a sense of deep humiliation at the thought of this revenue, derived as it is practically from the degradation and moral ruin of the people of China" (p. 116), and when suggestions were made that the British Exchequer should make a grant to India to compensate her for the loss of the Opium revenue, Gokhale said that the proposal was an unfair one, and such as ought to be strongly deprecated (p. 117). "It is we who have financially benefited in the past by this Opium Revenue, and it is we who must be prepared to bear this loss when the Opium revenue is extinguished, seeing that the stain that will then be wiped away will be wiped away from us" (p. 190).

On Protection *vs.* Free Trade, again, Gokhale developed views of his own. In the evidence before the Welby Commission, he had declared himself categorically in favour of Protection (p. 568). But later, he distinguished between two kinds of Protection, the right kind and the wrong kind, and said that the right kind of Protection, if available, would do good to India, but as there was no likelihood of that kind of Protection in the existing circumstances, 'it is my deliberate conviction that, in our present circumstances, a policy of Free Trade, reasonably applied, is after all the *safest* policy for us' (p. 331). "Otherwise, influential interests, influential combinations, influential parties in England, who can have ready access to the Secretary of State, . . . will not fail to take the fullest advantage of the situation" (p. 332).

Even with regard to those demands which were, so to say, common property — e. g. reduction of salt duty, permanent settlement of land revenue, reduction in military expenditure, Indianization of the Services, etc. — Gokhale had his own way of presenting them. He presented them with such cogent logic of carefully investigated facts as almost to compel agreement. In arguing for reduction in the salt-duty in 1902, for instance, he pointed out how various Government spokesmen had been, since 1888, committed to its reduction at the first possible opportunity (pp. 8-9), and next year he met the contention that the salt-duty did not, after all, affect the mass of the population very much, and that any reduction in it would not reach them, but would only benefit the middleman, by citing the figures of the consumption of salt during the last twenty years (pp. 29-30). Similarly, when arguing for reduction in the demand on land, he compared the burden on land in India with that in other countries (pp. 77-78). And so in all the other cases. There was never an argument by Gokhale without the relevant facts and figures.

But to be able to present his case in this way required close and careful study. No one ever questioned the accuracy of Gokhale's statements, or that of the elaborately prepared statistics (e. g. those in

his speech on Increase in Public Expenditure, p. 297) on which he based his arguments. The best evidence of the study which Gokhale devoted to the preparation of his speeches is to be found in the replies which he gave at the close of debate on some of his resolutions. The debate on the resolution on Prohibition of Indentured Labour (pp. 349-368) may be taken as an illustration. Gokhale based his case to a large extent on the report of the Sanderson Committee, and a point on which he laid considerable stress was that the recruits who were sent to the Colonies under indenture were not told of the penal provisions of the contract they were induced to enter into. Now Mr. Fremantle, an official member of the Council, who had himself been a member of the Sanderson Committee, said in reply to Gokhale that though the penal provisions were not stated in the agreement or explained beforehand, after all the coolies who went under the system understood what they were doing. Gokhale made a telling reply. "This," he said "coming from my Hon'ble friend, is surprising. Let me appeal in the matter from Mr. Fremantle, Official Member of this Council, speaking against my Resolution, to Mr. Fremantle, member of the Sanderson Committee." And he quoted from the report of the Committee, which had been signed by Mr. Fremantle, a passage which confirmed his contention that the emigrants did not realize the conditions of the new life before them when they entered into the agreement (pp. 362-363).

The debate in the Bombay Legislative Council on the Land Revenue Code Amendment Bill affords another striking illustration of the firmness and accuracy with which Gokhale made his statements. Mr. Monteath, the Revenue Member, had taken exception to Gokhale's statement that under the existing law forfeited lands were sold to the highest bidder. He had said that whatever might be the practice, that was not the law on the subject. "Now, my Lord," replied Gokhale, "it is almost presumptuous on my part to pit myself in this matter against the honourable member, who is well known for his great abilities, who has been a Revenue Officer all his life, and who presides at present over the Revenue Department of the Presidency. Still, my authority for my statement is unimpeachable. Here I hold in my hand the Land Revenue Code of the Presidency, and I make bold to say that a reference to the provisions contained in it, on the subject of the disposal of forfeited lands and especially to Rule 60, will show that my view of the matter is absolutely correct". (p. 440).

But it was not merely careful study that gave its characteristic quality to Gokhale's speeches; it was also the spirit of 'sweet reasonableness' in which he viewed all public questions. While criticizing the Government, he was not inattentive to its difficulties. "No one denies," he said, "that the difficulties of the position are

great, and no one expects radical or far-reaching changes all in a day." (p. 49). And he held that in the peculiar circumstances of India, inspite of the humiliations of the situation, no real progress for the country was possible without the continuance of British rule. It was the combination of these two characteristics, — firm grip of his subject, (being the fruit of careful study), and fairness and moderation, (the result of due appreciation of the opponent's point of view), — which gave its peculiar quality to Gokhale's speeches, secured for him easy prominence in the Legislature, and won the admiration even of his bureaucratic opponents. In 1903, Lord Curzon referred to his Budget speech as one 'characterized by the great ability which we have learnt to associate with his utterances.' Of his speech on 'Reduction or Avoidance of Debt (pp. 171-175), Sir Guy Fleetwood Wilson, the Finance Member, said, "My Hon'ble friend has stated his case with his usual ability and fairness." Replying to his speech on Increase in Public Expenditure (25th January 1911), Sir James Mes-ton began by congratulating him 'upon the lucidity and extreme fairness, with which he has placed this complicated case before the Council,' and went on to compare him with Gladstone, in his "rare and happy knack of making figures interesting" (p. 311, note). Sir G. F. Wilson said of the same speech: "It is an intellectual treat to hear Mr. Gokhale give an exposition of his views" (p. 317, note). Of his speech on the 'Cost of Building New Delhi' (pp. 243-251) the same member said: "Mr. Gokhale has supported his Resolution in that eloquent and scholarly manner which always makes it a treat to listen to him." Of his great speech on Indentured Labour (4th March 1912), Mr. Clark, the Commerce and Industries Member, said: "He has argued his case with a vigour and eloquence which we have learnt to expect from him in this Council." And there was the famous compliment paid by Sir G. F. Wilson in 1913, when Gokhale was unavoidably absent from the Budget debate, that to discuss the budget without Gokhale was like "the play of Hamlet without Hamlet."¹ Indeed, these compliments from the official side were so profuse that the pleasure one feels in reading them is not unmixed with a certain

1. The whole paragraph is worth a quotation. The Finance Member began by saying: "I should like to preface my remarks by saying how deeply I regret the absence of one who has proved himself to be a true Servant of India, and that is Mr. Gokhale. I am sure that my regret will meet an echo in the heart of every man here, and I especially regret that he is absent owing to rather serious ill-health. It is difficult for those who served in previous Councils to express to those who are new to this Council what a great blank Mr. Gokhale's absence creates. It seems to be the play of Hamlet without Hamlet, and I think we all agree in wishing him a return to good health and a return to the Council next year." (Proceedings of the Imperial Legislative Council, Vol LI p. 683)

amount of trepidation: "How will Gokhale," one feels, "take these compliments? Will they blunt the edge of his criticism of Government?" But one feels reassured when one reads, in Gokhale's reply, "When the Hon'ble Member (meaning Sir G. F. Wilson) adopts a specially friendly attitude or a specially conciliatory tone, I don't mind confessing that I grow somewhat suspicious" (pp. 317-318).

If such were the compliments paid to Gokhale by members of the Government whom he criticized, no wonder that encomiums should pour in on him from his own admiring countrymen, — some of them being by far his seniors in age, grown grey in the service of the public. Thus, D. E. Wacha, on reading his speech on the Financial Statement, 1900-1901, in the Bombay Legislative Council (pp. 388-402) wrote to him: "Need I congratulate you on your able speech at the Legislative Council? What a marvel of patient and scientific industry you are!" R. C. Dutt, on reading the minority report on the Bombay Land Revenue Code Amendment Bill, wrote to Gokhale from London to say that he had read it 'with delight and admiration'. On reading Gokhale's first Budget speech in the Imperial Legislative Council, he wrote: "I am not in the habit of saying more than I mean: — and I can honestly assure you that I consider your Budget speech to be *the ablest and best that has ever been made* from our point of view in the Viceroy's Council. . . . Your cogency of reasoning is admirable, and your conclusions come with irresistible force of a sledge-hammer and pounds (*sic*) the official sophistries into atoms. I have never read any speech made in the Viceroy's Council, nor heard any in the House of Commons on an Indian subject, which was so effective or forcible. . . . I dare to prophesy—knowing all the eminent public men in India, — that you will be the strongest, the foremost, and the most irresistible leader among them, because you are inspired by the truest and honestest zeal for our country". In August 1906, Dutt writes, "You had my unstinted sympathy and admiration the day I read your *historic* speech in the Viceroy's Council; and today I feel more than admiration for you — I venerate you with all my heart and all my soul."

Of Gokhale's skill as a debater, it may suffice to give one or two illustrations. In 1911, in the course of the debate on his resolution for an enquiry into the growth of public expenditure, (pp. 296 ff.), Mr. Madge, a European non-official member, had said that he welcomed an enquiry, because it would effectively show that there was no unnecessary expenditure, and in particular, that not a single European soldier in the army could be reduced. He added that laymen should not be dogmatic when speaking of military expenditure. Mr. Madge must have made rather a sorry figure in the Council when Gokhale replied: "If only the Hon'ble Member had remembered his own counsel, we

should have been spared a proposition so extreme as that which came from him." (p. 315). The same member had said that an independent audit, which Gokhale had urged, was unnecessary. "Well", said Gokhale, "in this he and I differ, which is a small matter. But he should realize that he also differs from some of the greatest statesmen of England, Germany, France, and Australia. If he likes that singular distinction, I have no quarrel with him." (p. 316). In the same year, 1911, before proceeding to the discussion of the Financial Statement, the President, Mr. J. L. Jenkins, made some remarks about the scope of the resolutions which he would hold admissible under the rules. Gokhale raised a discussion on the matter, and ultimately it ended in the President saying that he had 'sufficient confidence in the skill and experience of the Hon'ble Member (meaning Gokhale) as a debater to be sure that whatever interpretation is placed upon the rule, he will be able to say whatever he wishes to say'! (pp. 196-200). Lord Curzon himself, speaking of Gokhale in the House of Lords, after the latter's death, said that "he had never met a man of any nationality more gifted with Parliamentary capacities. Mr. Gokhale would have obtained a position of distinction in any Parliament in the world, even in the British House of Commons."

Of Gokhale's style of speaking, Gandhiji has rightly said: "He is not an orator in the ordinary sense of the word. He does not seek to rouse the feelings of his audience. His only aim is to convince his hearers of what he has to say. His delivery is fast. His ammunition is his wealth of facts and figures; his arguments persuasive and full of enthusiasm, and his style simple but chaste and firm." So, too, S. K. Ratcliffe, sometime Editor of the *Statesman*: "Gokhale was not an orator, in the sense commonly intended when that much-abused word is commonly applied to the public speeches of the East. His gift of speech was perfect; his English was without flaw. He could on occasion make a thrilling assault upon the emotions of his audience, but, as a rule, he preferred to keep a tight hold upon himself. He spoke straight to the intelligence, and no man could surpass him in the presentation of a complicated subject. He was lucidity embodied."

For the serious student of India's post-1857 economic history the speeches and writings in this volume, — a model of clear thinking and lucid writing — are of inestimable value. And as for the publicist, it will be difficult to find another instance of equally sustained, thoughtful, and constructive criticism of a Government's policy by a non-official legislator. In India at least it has been, so far, the only one of its kind. Would that there were more such!

R. P. PATWARDHAN

Poona, 19th July 1962

Important Events in Gokhale's Life

- 1866, May 9 Birth at Kotluk (Ratnagiri District).
- 1876 Migration to Kolhapur for education.
- 1881 Passed matriculation examination.
- 1882 Studied in Rajaram College, Kolhapur.
- 1883 Studied in Deccan College, Poona.
- 1884 Graduated from Elphinstone College, Bombay; and joined the Law Class.
- 1885 Joined New English School, Poona, as a teacher.
- 1886 Became a Life-member of the Deccan Education Society, Poona; and began teaching in Fergusson College. Introduced to Ranade.
- 1888 Elected secretary, Bombay Provincial Conference. Edited English columns of *Sudharak*.
- 1889 First participation in the National Congress.
- 1890 Secretary of the Sarvajanik Sabha and Editor of its Quarterly.
- 1891 Appointed secretary of the Deccan Education Society.
- 1895 Worked as secretary to the Reception Committee of the National Congress which met at Poona. Elected Fellow, Bombay University.
- 1896 Resigned secretaryship of the Sarvajanik Sabha and helped in starting the Deccan Sabha, of which he became the first secretary. First meeting with Gandhiji.
- 1897 First visit to England for giving evidence before the Welby Commission. Apology incident.
- 1898 Organised plague relief measures at Poona.
- 1899 Elected member of the Bombay Legislative Council.
- 1901 Elected member of the Imperial Legislative Council.
- 1902 Retired from Fergusson College. Elected President, Poona Municipality.
- ✓ 1903 Elected additional Joint General Secretary to the National Congress.

- 1904 Made C. I. E.
- 1905 Founded the Servants of India Society.
 Second visit to England as a Congress delegate to
 represent India's case in view of the impending British
 General Election
 Presided over the National Congress at Banaras.
- 1906 } Third and fourth visits to England to agitate for the
 1908 } prospective reforms.
- 1907 Lecturing tour in Northern India.
- 1908 Gave evidence before the Decentralisation Commission.
- 1910 Inauguration of the Ranade Industrial and Economic
 Institute.
- 1912, 1913 and 1914 Fifth, sixth and seventh visits to England
 in connection with the work of the Public Services
 Commission.
- 1912 Visit to South Africa.
 Appointed member of the Public Services Commission.
- 1913 Organised financial assistance for the Indian struggle
 in South Africa.
- 1914 Declined offer of K.C.I.E.
 Attempted a Congress compromise.
- 1915 February 19 Death at Poona.

APPENDIX I*

(referred to on p. 617.)

Copy of a Despatch from the SECRETARY OF STATE FOR INDIA¹ to His Excellency the Right Honourable the GOVERNOR GENERAL OF INDIA IN COUNCIL.

(Financial No. 62)

India Office, London,
20th February 1879.

MY LORD,

1. I have considered in Council your Financial Letter, dated the 16th of September, No. 354, proposing a modification of the rules under which works may be sanctioned that are intended to afford protection against famine, and asking that, in special cases, the condition may be waived "that the annual income from a work must be estimated to be, within a limited time, equal to the interest charge on its capital cost."

2. In the Marquis of Salisbury's Despatch of the 23rd of July 1874, No. 387, it was laid down that the only ground on which certain works of irrigation and State railways could with propriety be excluded from the general account of Income and Expenditure, and placed under a separate head of Extraordinary, or as it is now called, Productive Public Works, was that the works included under that head would "prove remunerative, by yielding, in the shape of annual income, a sum equal to the interest on the money expended in their construction, including interest for the period subsequent to the commencement of each work during which no income is obtained." It was, however, added, "in regard to such works as shall be suggested with the view to the prevention of famine, and which may not come within the class of directly remunerative works," that your Government were not "necessarily to refrain from proposing them, if you should be unable to meet the expenditure from ordinary income, for, in such a case, the works might properly be constructed from borrowed money, the expenditure being included among ordinary charges under a separate head." It was further provided that all funds for productive works must be borrowed in India.

* This is Appendix No. 79 in the report of the Welby Commission.

1. *Gathorne Gathorne-Hardy* (Earl of Cranbrook) (1814-1906); president, Poor Law Board (1866); Home Secretary (1867); War Secretary (1874-78); Secretary for India (1878-80); Lord President of the Council (1885).

3. Thus the principle was distinctly set forth that none but remunerative works were to be included among those the expenditure on which was excluded from the ordinary accounts; and that, while it might become necessary to borrow for the construction of unremunerative works for the prevention of famine, the charge must be included in the regular accounts as ordinary expenditure.

4. Your Government pointed out that, in your opinion, the adoption of these rules might prove inconvenient, and that, as interest on money borrowed had been paid year by year out of the general revenues, and not provided by increasing debt, the expenditure might be continued on the supposition that any "additional interest on account of money borrowed for the purpose of constructing extraordinary works will be met from the increased receipts derived from similar works which have been, or will from time to time be, completed and brought into operation." To this argument, however, Lord Salisbury replied, in his Despatch of the 10th of August 1876, No. 305, that, "if works upon which loan funds have been expended are not remunerative to the extent of repaying the interest on the money expended on them, and additional works be annually undertaken which will be unremunerative in a similar degree, every additional work must tend to increase the annual charge for interest which will fall upon the general revenues." And, bearing in mind the uncertainty regarding the cost of obtaining from India the large supplies needed for the Home Treasury, Lord Salisbury added "that it would be unjustifiable to undertake, out of moneys to be obtained by borrowing, any outlay on account of new works, unless their yield will cover the interest of the loan."

5. This view was accepted by your Government, and Sir John Strachey,¹ in his Financial Statement, on the 15th of March 1877, observed that

it ought clearly to be understood that, if such charges as those for famine and for unremunerative public works cannot be provided out of the ordinary revenues the state of our finances must be unsound. . . . It cannot be too distinctly stated that charges for the relief of famine must be looked upon as ordinary charges. . . . For the future, it has been resolved, in communication with the Secretary of State, that no work shall, under any circumstances, be classed as extraordinary, unless we are satisfied that it will yield a net income sufficient to cover the interest upon its capital cost.

6. It had been laid down by Lord Northbrook² in 1874, "that, besides a fair surplus of income over ordinary expenditure, such a

1. see foot-note on p. 169.

2. see foot-note on p. 134.

margin should be provided, in addition, in ordinary times, as shall constitute a reasonable provision for meeting occasional expenditure upon famines ;" and, in referring to the subject in the debate of the 27th of December 1877, Sir John Strachey mentioned the argument of Lord Northbrook,

that, if this surplus were devoted to the reduction of debt, or to preventing the increase of debt for the construction of reproductive public works, in years of ordinary prosperity, there would be no objection to the public expenditure exceeding the public revenue in occasional years of adversity, so that we might then, without objection, meet the charges on account of famine from borrowed funds, to the full extent to which our surplus had permitted the discharge of debt, or prevented its increase.

7. The cost of the famines was estimated, on an average of years, at about 1,500,000*l.*, and provision was made for meeting this expenditure by measures of financial decentralization and by new taxation.

"The Government of India," said Sir John Strachey, "intends to keep this million and a half as an insurance against famine alone ; . . . we consider that the estimates of every year ought to make provision for religiously applying the sum I have mentioned to this sole purpose ; and I hope that no desire to carry out any administrative improvement, however urgent, or any fiscal reform, however wise, will tempt the Government to neglect this sacred trust."

8. On the 9th of February 1878, Sir John Strachey explained in greater detail the mode by which it was proposed to deal with the additional sum raised to meet the famine expenditure. It being a portion of the policy of the Government to borrow certain sums annually for the construction of reproductive works, this amount would be reduced, and the annual addition to the public debt would be proportionately diminished, by the appropriation of the million and a half raised for famine purposes, so that, when, on the occurrence of a famine, it became necessary to borrow, the amount of the debt would remain no higher than if the receipts to meet the famine expenditure and the corresponding outlay had not been brought into the account.

"The soundness of this argument," he observed, "depends of course on the assumption that the works which are constructed from our annual contribution of 1,500,000*l.* from the public revenues will be really reproductive, that is, that they will at the end of the ten years produce an income at least equal to the interest which we should have to pay, if we had then to replace by borrowing a sum equal to that furnished from the new taxes for their construction."

Arrangements were to be made with the Local Governments, throwing on them to a great extent the responsibility of protecting the people from famine in the manner prescribed ; "the provincial revenues," he

stated, "will have to supply to the Imperial Treasury, or to hold at its disposal year by year, a sum equal to the interest on the capital expended on all the reproductive works, constructed either with borrowed money or funds supplied from the new taxes." In this mode, said Sir John Strachey, the 1,500,000*l.* to be provided as an insurance against famine would be applied "virtually to the reduction of debt; and, when the calamity of famine actually arrives, we hope not only to be able to meet it without throwing fresh burdens upon the country, but to find that our means of giving efficient relief have been immensely increased by the useful works which we have carried out in the preceding years of prosperity."

9. These views were repeated, in almost the same words, in the letter from your Government, dated the 4th of January 1878, No. 7; and a general approval of your proposals was given by Lord Salisbury, in his telegram of the 12th of January, and again in his Despatch of the 1st of April last, No. 104, in which, however, he observed, that "it is necessary that, whenever the demand for bills and the state of the exchange will admit, the sum which has been provided from the Home Treasury to meet famine expenditure should be repaid from the million and a half which is to be raised annually on account of famines."

10. With the view of carrying into effect the policy on which you had determined, your Government published in the Gazette of India Extraordinary for the 18th of March a Resolution, No. 1911, defining the method in which it was to be put in operation through the agency of the Local Governments.

"It will manifestly be a necessary condition of success," it was observed, "in carrying out such a policy, that the works undertaken shall in fact produce the growing income from which to meet the gradual increase of interest charge, and it therefore becomes essential to examine very strictly the character of all projects brought forward for execution, so that borrowed capital shall not, under any circumstances, be supplied for any work of which it cannot reasonably be anticipated that it will in a definite period of time produce a net income at least as great as the interest on the capital outlay upon it. Further the same limitation . . . must also be applied to . . . the new resources lately specially created to provide a surplus from which to meet charges on account of the relief or prevention of famine. The justification for granting, for productive works, funds from the surplus revenues which might otherwise be applied to the extinction of debt, is that, so far as it prevents an increase of debt, it will virtually be equivalent to a corresponding discharge of debt, a condition, however, that cannot be fulfilled unless the works are properly remunerative." The "dead weight of interest charge during the time when the income of the works is not fully developed," might, however, "properly be met from the provincial revenues at the disposal of the Local Governments for carrying out works of internal improvement."

* Paras. 76-79.

11. These are the conditions which, in the letter now under my consideration, your Excellency proposes to modify, in order to complete the transfer of the liability for Productive Public Works to the provincial revenues and to meet the case of works not in themselves fully productive, but intended to give protection against famine, some of which have actually been begun during the late seasons of distress.

12. You explain that, in sanctioning the execution of a work from borrowed money, the cost of which was to fall on the general revenues of the country, you have hitherto, subject to the sanction of the Secretary of State, decided on the merits of each case whether or not the risk of constructing it should be incurred, with reference to the period within which it might be reasonably expected to become remunerative; and you are of opinion that this principle may be extended to the action of the Provincial Governments. At the same time you observe that, if unremunerative works are carried out from the money provided for the cost of counteracting famines, under conditions which reduce the surplus so provided beyond a certain limit, additional taxation will be eventually required to make good the loss. But, owing to the difficulty of discriminating between works strictly productive and those only admissible as providing against the effect of famine, you propose "to accept a yearly maximum dead-weight charge, to be fixed as experience may suggest, for works constructed as productive, whether under the existing strict conditions, or, as now proposed, in order to prevent famine, or give protection from famine, or diminish the expenditure for the counteraction of famine if it occurs. In other words," you "would limit to a specific maximum amount the net expenditure for the interest on the capital cost of all such works and their maintenance, after setting off all the net income yielded by the works."

13. This amount you would for the next five years fix at 25 lakhs of rupees in any one year, in addition to your "existing net liabilities," and you think that the Famine Insurance Fund of one million and a half sterling may be safely reduced by that sum, on the consideration that the construction of any works not fully productive according to the existing definitions which may be thus facilitated, will cause an equivalent reduction of your ultimate liability on account of famines when they occur.

14. In this manner you believe that the Local Governments will be provided with the means of undertaking works for protection against famine, while a safeguard will be furnished against the improvident extension of liabilities for works of which the remunerative character is doubtful, and the financial responsibility, which has hitherto rested

almost exclusively on the Government of India, will be shared by the Local Governments in a manner practically useful and conducive to the exercise of forethought and economy.

15. With this view you request sanction to a relaxation of the rules under which productive works may at present be undertaken, so that, in exceptional cases, works may be included in that class which are not directly remunerative, provided —

1. That a work will be unquestionably useful for the prevention of famine or as giving protection therefrom, or that, upon the occurrence of famine, it will probably cause reduction of the public expenditure commensurate with its cost;
2. That the total net yearly charge imposed upon the revenues of India, for the maintenance and payment of interest upon the capital invested in productive works of all classes, after setting off the income they produce, shall not, till the end of 1883-84, exceed the corresponding net yearly charge at the present time by more than 25 lakhs of rupees.

16. I have given a most careful consideration to this important question, and regret that I am unable to give my consent to the modification proposed. At the time that your letter was received, Sir John Strachey was in this country, and, with the advantage of the personal explanations received from him, I was in hopes that I might have been able, even if not sanctioning the proposal in the exact form made by your Government, to have sanctioned arrangements which would have been accepted by you as satisfactorily meeting your desire to proceed rapidly with the construction of protective works.

17. The events of the last few months and their effect on our financial position have, however, compelled me to reconsider the question of public works expenditure, and I propose to address your Excellency in another Despatch on this subject. In the meantime, however, I deem it necessary to express the opinion that the present condition of the finances does not justify any loan for outlay on protective works, or any expenditure on them beyond what may be met from the receipts from the special taxation recently imposed.

18. The first claim on these receipts being that of the Home Government for the repayment of debt already incurred on account of famine, I am of opinion that not less than one-half, or say 750,000*l.*, should be held available for remittance to England in the next and ensuing years on that account. The remainder may be appropriated, at your discretion, to the extinction of debt, to the relief of famine,

or to the construction of protective works, not necessarily directly remunerative, but obviously productive in the sense of guarding against a probable future outlay in the relief of the population. I cannot, however, under present circumstances, sanction the raising of capital by loan for the construction of works which do not distinctly fall under the regulations laid down for Productive Public Works.

19. To guard against misapprehension, I deem it necessary to draw attention to a statement in the concluding paragraphs of your letter, that you have omitted from the definition of productive works the condition prescribed in the 49th paragraph of the Despatch of the 23rd of July 1874, that they must be expected "to be remunerative, by yielding, in the shape of annual income, a sum equal to the interest on the money expended in their construction including interest for the period subsequent to the commencement of each work during which no income is obtained." This omission you infer that you are justified in making by the tenor of Lord Salisbury's Despatch of the 27th of September 1877, No. 310A. In that Despatch, which directed that the term productive should be adopted instead of extraordinary, and that the results should be exhibited in a new form, it was expressly stated "that no change is intended to be made in the character of the works henceforth to be admitted into this category." For the inclusion of any work in the productive class it is necessary that there should be a prospect of its repaying, within a reasonable time, the whole of the interest incurred on the money expended in its construction, though it is immaterial whether the interest which accrued during the process of construction be treated as a charge against the income of future years, or be added to the capital on which interest is to be paid.

I have, &c.

(Signed) CRANBROOK.

APPENDIX II*

(Gokhale's rejoinder to Mr. Jacob's evidence, tendered on 21st July 1897.)

The first half of the additional evidence, tendered by Mr. Jacob on 21st July 1897, deals with the subject of Provincial Finance, and is intended to be a defence of the existing system from the point of view of the Government of India. There is little or nothing in this portion which directly challenges anything I have said on the subject, but as Mr. Jacob's statement of the case is likely to lead to conclusions conflicting materially with those which I have endeavoured to press on the attention of the Commission, it is necessary for me to offer the following criticism on this portion of Mr. Jacob's supplementary evidence.

Replying to the criticisms of the Indian witnesses generally, Mr. Jacob contends that the existing contract system has on the whole worked satisfactorily, and in support of his contention, puts in two tables, comparing the growth of Imperial and Provincial expenditure during the past 15 years, and showing as a general result that while the Imperial net expenditure has grown but 7.7 per cent., the Provincial net exhibits an increase of 19.6 per cent., *exchange being excluded from the account*. Evidently, with such results before us, argues Mr. Jacob, it is incorrect to say that the Provincial services have been starved under the system. And he claims that as far as the resources of the Government have been available, the figures show that the Provincial Governments have had their full share of them.

I submit, however, that Mr. Jacob's comparison is not a fair one, for the following reasons :

(a) I think that Mr. Jacob's contention, that exchange ought to be excluded for purposes of this comparison, is not a sound one. Mr. Morgan Browne has already shown satisfactorily, in his evidence, that although exchange is responsible for some deterioration in the financial position of the Government of India, the increase in military and other expenditure is even more responsible for the result. From the taxpayer's point of view, moreover, it is the same thing to him whether his rupee is spent by the Government of India in meeting loss by exchange or in defraying the expenses of some frontier expedition. All he sees is that of the total amount that he contributes to the Government Exchequer, a continually increasing proportion is appropriated by the Imperial Government in whose expenditure his interest is comparatively remote, and that a continually diminishing

* This is Appendix No. 90 in the Welby Commission's report.

proportion falls to the lot of the Provincial Government in whose expenditure he feels a direct and immediate interest. If exchange is not omitted from the account, it will be seen that the Imperial net expenditure has grown by 24 per cent. as against a growth of 19.6 per cent. in the Provincial net.

(b) Assuming, however, for the sake of argument, that exchange, as given by Mr. Jacob in his reply to Q. 19,887, is rightly excluded from the calculation (though even then the criticism must remain that Government might have kept down the charge by avoiding, as far as possible, increase of sterling liabilities and home charges), there can be no justification for leaving out of account the railway and irrigation net charges. However these services may be financially regarded, the net loss accruing to the State on their account year after year is not debited to the capital account of the works but is paid out of the current revenues of the country. And if this charge is to be left out of account in making the comparison, almost every other charge might be omitted on the same principle.

The following Table (A) gives the net result of the Railway and Irrigation Account for the three quinquenniums from 1882 to 1896 :

TABLE A
Railway and Irrigation Account
Net Result

Year	Gross Expenditure	Receipts.	Net Expenditure, or Loss or Gain to the State.	Average	—
1882-83	13.59	12.49	- 1.10		
1883-84	12.81	13.56	+ .75		
1884-85	15.19	13.57	- 1.62		
1885-86	16.71	15.27	- 1.44		
1886-87	17.97	16.13	- 1.84		
Total	—	—	- 5.25	1.05	
1887-88	19.11	16.24	- 2.87		
1888-89	20.37	17.42	- 2.95		
1889-90	21.11	18.59	- 2.51		
1890-91	20.66	19.40	- 1.25		
1891-92	23.19	22.21	- .98		
Total	—	—	- 10.56	2.12	

TABLE A (Contd.)

Year	Gross Expenditure	Receipts	Net Expenditure, or Loss or Gain to the State	Average	—
1892-93	23.86	21.49	-2.37		
1893-94	24.69	22.59	-2.10		
1894-95	26.54	23.58	-2.96		
1895-96	26.45	24.15	-2.29		
1896-97 (Revised)	26.22	23.36	-2.86		
Total	—	—	- 12.58	2.51	Increase. Net
					1.05 } 1.46
					2.51 }

(c) Further, Mr. Jacob's comparison is rendered unjustifiably favourable to the Provincial administrations by the inclusion of two items of expenditure in the Imperial expenditure table, which, fairly speaking, ought not to be there, viz., *Interest* and *Famine Relief and Insurance*. Interest is a diminishing charge, (1) owing to conversion operations rendered possible by favourable conditions of the money market, and (2) owing to a feature of the Indian accounts which take all Public Works grants from annual revenues in reduction of rupee-debt. As to famine insurance, Government itself has so often described it as being in the nature of a surplus reserve (to be provided only when there is a surplus) and it has been so changing in amount, that it is manifestly unfair to include it when exchange has been excluded. The Provincial Governments, it should be borne in mind, have no such elastic and variable items of expenditure.

The following Table B gives the figures of Imperial net expenditure *minus* net interest and famine charges for the three quinquenniums :

TABLE B.*
 Net Imperial Expenditure.
 In Millions and Decimals of Millions.

Years	Imperial net Expenditure, excluding Exchange.	Net Interest and Famine Charges, included in (2)	Imperial Net Expenditure, excluding Exchange and Interest and Famine Charges.	Quinquennial Average.
1	2	3	4	
1882-83	27.23	5.27	21.96	
1883-84	27.44	4.94	22.50	
1884-85	26.27	4.74	21.53	
1885-86	28.99	4.36	24.63	
1886-87	27.21	3.01	24.20	
Total	137.16	22.32	114.82	22.96
1887-88	28.09	3.40	24.69	
1888-89	26.90	2.80	24.10	
1889-90	27.66	3.18	24.48	
1890-91	28.57	2.75	25.82	
1891-92	30.87	3.58	27.26	
Total	142.13	15.71	126.38	25.27

* The figures in these Tables (B and B 1) are, in several cases, obviously wrong. For example, taking the Totals for the first Quinquennium in Table B, if the figure in Col. 3 (22.32) is deducted from that in Col. 2 (137.16), the result (114.84) does not tally with that given in Col. 4 (which is 114.82). So also through the rest of the figures. There is evidence in Gokhale's correspondence to show that he had to prepare this 'rejoinder' in great hurry and under enormous mental strain, and this no doubt explains these discrepancies, which are so unusual with him.

With regard to the Totals in Col. 2 in Table B, however, it is possible to say that in spite of first appearances, they are correct. That is because in giving the figures for the different years in Col. 2, the third decimal has been omitted, without at the same time raising the second decimal to the higher digit where this was necessary.

TABLE B (Contd)

Years	Imperial net Expenditure, excluding Exchange.	Net Interest and Famine Charges, included in (2)	Imperial Net Expenditure, excluding Exchange and Interest and Famine Charges.	Quinquennial Average.	
1	2	3	4		
1892-93	30.33	3.12	27.21		
1893-94	29.74	3.09	26.65		
1894-95	28.47	2.75	25.72		
1895-96	29.73	1.85	27.97		
1896-97 (Revised)	29.51	2.34	27.17		
Total	147.79	13.16	134.72	26.94	Increase Net 23.96 3.93 26.94 } or 17 per cent.

Comparing 1892-93 with 1896-97 (revised) —

21.96 }
27.17 } 5.21 increase during the period,
or
23 per cent.

TABLE B 1.*
Variations in Interest and Famine Charges.

Net Interest Charge, exclusive of Exchange.				Famine Relief and Insurance. In Millions and Decimals of Millions of Rs.		
1892-93	3.79	Total for 5 years Average 16.05 3.21	}	1.48	Total for 5 years Average 6.27 1.25	}
1893-94	3.45			1.49		
1894-95	3.20			1.54		
1895-96	2.90			1.46		
1896-97	2.71			.30		

* see foot-note on p. 658.

TABLE B 1 (Contd.)

Net Interest Charge, exclusive of Exchange.		Famine Relief and Insurance. In Millions and Decimals of Millions of Rx.	
1887-88	3.33	.09	
1888-89	2.73	.07	
1889-90	2.65	.53	
1890-91	2.16	.59	
1891-92	2.34	1.24	
Total for 5 years		Total for 5 years	
13.21		2.52	
Average 2.64		Average .50	
1892-93	2.07	1.05	
1893-94	1.98	1.11	
1894-95	2.16	.59	
1895-96	1.26	.56	
Total for 4 years		Total for 4 years	
8.47		2.31	
Average 2.11		Average .57	
1896-97 Revised	.79	1.55	

Mr. Jacob's table for Imperial expenditure — corrected as suggested above, *i.e.*, by the inclusion of railway and irrigation net charges on the one hand, and by the exclusion of interest and famine expenditure on the other, would show, as per Table C., that the Imperial net expenditure has risen from 23.91 crores to 29.45 crores during the past 15 years, which gives an increase of 5.54 crores on 23.91 crores, or *fully 23 per cent.*, as compared with the provincial net, which has increased from 11.53 crores to 13.79 crores, or 19.6 per cent.

And this is excluding the exchange given by Mr. Jacob in his reply to Q. 19,887.

TABLE C.

Imperial Net Expenditure

In Millions and Decimals of Millions.

Quinquenniums.	Quinquennial Average as per Table B.	Railway and Irrigation Account, Quinquennial Average as per Table A.	Total of 1 and 2 (Net Results)
1882-3-1886-7	22.96	1.05	23.91
1887-8-1891-2	25.27	2.12	27.39
1892-3-1896-7	26.94	2.51	29.45
1st Quinquennium	...	23.91	
3rd Quinquennium	...	29.45	
Increase	...	5.54, or 23 per cent.	

These percentages of proportional growth of Imperial and Provincial expenditure are, however, a matter of secondary importance. The important question for the Commission to consider is, whether the distribution of services between the Imperial and Provincial Governments being what it is, the present distribution of the national resources between them is just and equitable. It is suggested in one place by the chairman, that if the Imperial Government imposes extra taxation and thus increases its revenues, the Provincial Government have no right to expect a share in the proceeds of the extra taxation. If the question were to be considered solely from the points of view of the Imperial or Provincial Governments, there would be considerable force in such an argument. But there is another standpoint from which also the question has to be looked at, viz., the taxpayer's standpoint. And as long as he considers that Provincial expenditure is more intimately connected with his welfare than Imperial expenditure, so long the objection to increased Imperial expenditure, no matter how met, must remain.

Q. 19,981. — Mr. Jacob mentions an increase of 39 per cent. in the expenditure on education in 14 years. I have not got his Table A before me, and so I have some difficulty in understanding his figures, which do not tally with those given in the statistical abstracts. Mr. Jacob's figures are larger than those which denote purely Government expenditure on education, and smaller than those which represent Government and local rates expenditure added together. I imagine his figures are net and are obtained after deducting miscellaneous educational receipts from the total Government and local rates expenditure on education¹. If Mr. Jacob's totals be divided into Government expenditure and local rates expenditure, I feel confident the former will show a much smaller percentage of growth than 39 per cent. In this connexion, I am surprised at Mr. Jacob stating that the existing provision for the education of the people in India is in excess of the requirements of the people, and is not fully availed of by them. Mr. Jacob says he speaks from personal experience in the matter. All I can say is that my own experience, and the experience of many others directly connected with the work of education, is diametrically opposed to that of Mr. Jacob, who will, moreover, see that his views on the subject are in direct conflict with the opinion emphatically expressed by Lord Ripon's Education Commission.² This Commission, after a most elaborate inquiry, recorded that the educational expenditure of the country was wholly inadequate to meet its needs, and appealed in such earnest terms to the Government of Lord Ripon to increase its educational grant, that his Lordship issued special instructions to the Provincial Governments calling upon them to increase their allotments to education, and promising, where necessary, aid from the Imperial Treasury for the purpose. This beneficial policy was, however, practically reversed four years later by the Government of Lord Dufferin, in a resolution to which I have already called the attention of the Commission.

Q. 20,005 *and following* — Here Mr. Jacob indicates in rough outline to the Commission a proposal of the Government of India, which, if adopted, is, I fear, likely to throw back rather than advance matters. He suggests that what is purely local expenditure (*i.e.* education, medical relief, roads, &c.) should be separated from the

1. This is correct. The Table referred to is given in Appendix No. 30 in the report of the Welby Commission, and shows the Provincial and Local Net Expenditure.

2. Appointed "with a view to enquiring into the working of the existing system of Public Instruction, and to the further extension of that system on a popular basis." Mr. (later Sir) W. W. Hunter was the president of the Commission (1882-83).

total of Provincial expenditure, and that a permanent grant from the Imperial revenues might be assigned in aid of such expenditure, a grant not to vary or increase with the increasing revenues of the country, but a fixed and permanent grant, and that it may be advantageously arranged that any further increase in the existing expenditure should be met from local resources. Such an arrangement, in respect of such important service, must, I submit, either lead to all stoppage of progress or necessitate additions to local burdens, though it will, no doubt, give relief to the Imperial Treasury. Neither result would be desirable, and independently, it would seem most unfair and inequitable to shut off such services from all participation in the benefit of the expanding resources of the Empire.

Q. 20,044 and following — With reference to Mr. Jacob's answers to these questions, the following figures will be of interest. They show that there is much more in the contention of the local Governments than what Mr. Jacob admits. The effects of a constant backward and forward movement in Provincial expenditure must be prejudicial to the real interests of economy and efficient administration.

Contract of 1882
(Rs 000^s. omitted.)

Year	Total Revenue	Total Expenditure	Surplus or Deficit	Closing Balance
1882-83	16,334	17,235	-901	2,648
1883-84	16,484	16,669	-185	2,115
1884-85	17,557	17,488	69	1,862
1885-86	18,186	17,577	609	2,237
1886-87	18,201	18,025	176	2,126
Total ...	86,762	86,994	-232	—
Average	17,352	17,398	—	—
1887-88	17,534	17,265	269	2,395
1888-89	17,839	17,634	205	2,600
1889-90	18,341	17,849	492	3,092
1890-91	18,055	18,360	-305	2,787
1891-92	20,871	20,451	420	2,573
Total ...	92,640	91,560	1,080	—
Average	18,528	18,312	—	—

Year	Total Revenue	Total Expenditure	Surplus or Deficit	Closing Balance	
1892-93	19,580	19,842	-261	2,312	
1893-94	19,899	20,037	-138	2,174	
1894-95	19,641	20,077	-436	1,738	
1895-96	20,806	20,382	424	2,162	
Total ...	79,926	80,338	-411	—	
Average	19,981	20,084	—	—	

Q. 20,050-52. — With reference to Mr. Jacob's answers to these questions, and in further support of what I have already said on the subject, I beg to submit the following table to the Commission. The Commission will see from it how the different provinces stand at the present moment, in regard to the revenue they enjoy for Provincial purposes, and in regard to what they have to surrender to the Imperial Exchequer :

Province.	Population.	Revenue, except undistributable, Imperial, Opium, Salt, Customs, Tributes, &c.	Provincialised, 1895-96 (000* omitted).	
			Revenue	Expenditure.
Central Prov. ...	10,784,294	Rx 1,464,172	Rx. 823	Rx. 803
Burma ...	7,605,560	4,576,838	2,207	1,981
Assam ...	5,476,833	1,171,685	669	639
Bengal ...	71,346,987	9,554,370	4,585	4,435
N. W. P. & Oude	46,905,085	9,567,512	3,166	3,306
unjab ...	20,866,847	4,589,809	1,778	1,785
Madras ...	35,630,440	9,596,739	3,295	3,251
Bombay ...	18,901,123	7,977,549	4,280	4,179
Total ...	—	Rx. 48,498,000	20,806	20,382

Q. 20,054-20,171 — These questions are directed to ascertaining the position which natives of India occupy in the matter of employment in the higher branches of the public service. In his replies to these questions, Mr. Jacob has quoted the latest orders of the Government of India in regard to the various branches, and he has told the Commission what would happen when full effect was given to these orders. The interest attaching to his statement of the case, is, however, largely diminished by the admission that "in every case some years must elapse before the scheme can be introduced in its entirety, and in some cases the period may extend to 20 or 30 years." As no one can guarantee that the present intentions of Government will not change in the interval, and in one case at any rate, they have so changed in the past, viz., in the matter of the statutory service, a discussion of what will be our position 20 or 30 years hence is likely to appear to some more academic than practical. A better way would, I think, have been for Mr. Jacob to state the present numbers of natives in the higher branches of the various departments, and then indicate how matters would improve for them, as greater effect was given to existing orders.

With due deference to Mr. Jacob, I submit that the manner in which he has presented his facts in this portion of his evidence is calculated to obscure the true issues involved in the controversy on this subject. This controversy is about the *higher posts* in the different branches of the public service, an expression not easily capable of an accurate definition, but perfectly intelligible to all in this country who take an interest in such questions. I do not think I should be assisting the Commission much if I were to say that the natives have a practical monopoly of everything which it is not worth an Englishman's while to have. And yet Mr. Jacob appears to me in several places to come perilously near such a statement of the case. The only posts which are of value and of which we may be said to have a monopoly are the deputy collectorships and the subordinate judgeships; and Mr. Jacob naturally makes a great deal of this point. But these posts have long been ours, and I am not aware of any controversy having been raised about them. Barring these posts, there are few appointments in the lower branches of the public service which it would be worth an Englishman's while to have, and all these, therefore, necessarily fall to the share of the natives of the country. But the controversy that has gone on now for a good many years is not about these ministerial posts or about deputy collectorships or subordinate judgeships. It is about the class of appointments to which the 93 posts specified by Mr. Jacob in his reply to Q. 20,055 belong in the judicial and executive branches, and to posts in the special depart-

ments corresponding to these and indeed many much lower than these. These are the posts from which all but a very few natives find themselves practically excluded, and their grievance is in respect of such appointments. In my evidence already recorded by the Commission, I have indicated how we stand in reference to these appointments in the different departments of the Bombay Presidency.

In Q. 20,087, the chairman asks Mr. Jacob if the new scheme of setting apart 93 posts (95 is evidently a misprint) [for the Provincial service is not a more restricted one than the old scheme of the statutory service. Mr. Jacob says, in reply, that the objection is in the main a matter of sentiment. As a matter of fact, however, the main objection to the new scheme is that it gives us a considerably smaller proportion of the "reserved" posts than had been secured to us by the Statutory rules of 1879. A very simple arithmetical calculation will make this clear. The rules of 1879 had secured to us *one-sixth* of the total recruitment for the Indian Civil Service, that for five men entering by the competitive door of London, one native was to be appointed to the service in India. It is clear that under this scheme, one-sixth of the total strength of the Civil Service would have ultimately been Indian, and this leaves out of account those Indians who might get in by the London door. Now, in Q. 20,091 Mr. Mowbray quotes from a despatch of the Government of India that the Civil Service is recruited to fill 898 posts. And as the total strength has to be kept about 20 per cent. in excess of the posts, so as to provide for those who are sick or on leave, this gives a total strength of nearly 1,100 for the Civil Service. As I have therefore already stated in my evidence, we should have ultimately had at least one-sixth of these men Indians if the old scheme had been allowed to continue, which gives about 180 men out of nearly 1,100. Instead of this, we now have 93 posts set apart for us. I may add that the Public Service Commission itself had recommended the setting apart of 108 posts, but the Government of India and the Secretary of State between them reduced the number to 93.

With reference to the Special Departments, partly owing to the wide meaning given to the term "Natives of India" and partly owing to Mr. Jacob's omission to state the present proportion of natives, as ordinarily understood, in the different grades, it is very difficult to have a clear idea of the existing situation. Meanwhile, the analysis submitted by the native witnesses for the different provinces tells its own tale. In this connection, I would only repeat here what I have already urged on the attention of the Commission, that while restrictions on the extended employment of Indians in the executive branch of the Civil Service,

as also in the Military Department and in quasi-military departments like the Police, are intelligible, there can really be no justification for shutting all but a few of them from such departments as the Survey, Opium, Finance, Customs, Telegraph, Forest, Public Works, and others. In fact in these departments the employment of natives, as children of the soil, should be the rule and the employment of Europeans the exception. As regards the acquiring of the necessary special skill in some of these departments, it is for the Government to provide facilities in the country itself, and then he would be a bold man who would assert that duly qualified natives would not still be forthcoming in much larger numbers than required.

Q. 20,173-85 — I now come to the special criticism which Mr. Jacob offers on my own evidence. His replies to Q. 20,174-5-6-7 may be taken together. From these replies it appears that Mr. Jacob does not share the views of men like Sir C. E. Trevelyan as regards the financial administration of the East India Company, and he compares the civil and military expenditure of the closing years of its rule with what it is now. Unfortunately, he does not go into any fuller statistical analysis, and it is not clear why he takes the troubled years 1856-57-58 for comparison. The point, however, is a most interesting one, and certain figures which I have worked out yield very striking results.

It may be stated that our complaint about the course of Indian expenditure is mainly in reference to recent years. During the first 25 years following the Mutiny, the progress of *civil* expenditure was, on the whole, not unsatisfactory, while the military factor was well kept within limits. But since 1884-85, military considerations, as Sir A. Colvin put it, have acquired such a preponderance in the financial administration of the country, that whereas military expenditure has grown and is growing enormously, civil charges exhibit but a meagre advance. The following figures will suffice to bring out the point :

First Period (1844-45 to 1855-56).

Year.	In Crores.	
	Civil Expenditure	Military Expenditure.
1844-45 ...	5.18	10.78
1855-56 ...	7.21	11.95
Increase ...	2.03	1.17

These closing 12 years of the Company's rule were a most troubled and anxious period — a period of war and conquest, annexation, and political change (Sikh and Burmese wars, Oude and Nagpore annexations), and yet while civil charges were allowed to expand from 5.18 crores to 7.21 crores, or *full 37 per cent.*, military expenditure was well kept under control, and increased only 10 per cent.

Second Period (1862-63 to 1872-73).

Leaving out the five years (1856-62) of the Mutiny period, we come to 1862-63, when things quieted down and, so to say, returned to the normal.

Year.	In Crores.	
	Civil Expenditure	Military Expenditure.
1862-63 ...	8.50	14.89
1872-73 ...	12.63	15.50
Increase ...	4.13	.61

In other words, while the civil charges increased by *nearly 50 per cent.*, the military expenditure was allowed to grow by *only 4 per cent.*

Third Period (1884-85 to 1895-96).

Leaving out the period from 1873 to 1884 as for the most part an abnormal period of famine and war, and making allowance for the country to recover from the effects of those calamities, we come to the third period, and we have the following figures :

Year.	In Crores.	
	Civil Expenditure	Military Expenditure
1884-85 ...	17.47	16.00
1895-96 ...	21.50	22.25 (Exclusive of exchange.)
Increase ...	4.03	6.25

These figures yield a percentage of 23 as the increase in civil charges and 38 as the growth in military expenditure.

The percentages of growth for the three periods are gathered together below.

	Increase in Civil	Increase in Military.
First period (1844-45 to 1855-56)	37 per cent.	10.78 per cent.
Second period (1862-63 to 1872-73)	50 "	4 "
Third period (1884-85 to 1895-96)	23 "	38 "

These figures more than justify the criticism, that during the last 12 years military considerations have been allowed to overshadow all other considerations.

Mr. Jacob's table (Q. 20,174) compares net charges except under Army and Land Revenue for 1856-7 with gross for 1895-6, which is open to objection. The figures, as given in Sir H. Waterfield's memo. of 1880, are as follows :

1856-57.	£.
Law and Justice ...	2,812,407
Education ...	246,607
Medical ...	99,886

In such comparisons, due allowance has to be made for the difficulties of a Government which was just emerging from the distracting struggles of a hundred years, and had but short intervals of breathing time to conceive and carry out measures for the internal development and progress of the country, and it is manifestly ungenerous to compare the small beginnings of a period of storm and stress with the larger developments of more peaceful times.

Mr. J. S. Mill's memo., however, on administrative improvement during the last 30 years of the Company's rule (Bluebook, February 9th, 1858), gives a record of sustained progress of which any Government might be proud. The Judicial and Police Establishments were revised and placed on an improved basis; a large scheme of police reform was being vigorously pushed through. Education was well taken in hand; and medical relief was not neglected. As regards public works, a large beginning was made. Irrigation works, including the Jumna and Ganges Canals, were carried out and several new

ones projected. Railway construction had a fair commencement; negotiations with six railway companies were complete, and 4,158 miles were sanctioned. The question of the extended employment of natives in the higher branches of the public service long engaged the serious attention of the Company's Government. The creation of native courts of justice was a great step in this direction, and in Bengal and Bombay, the entire original jurisdiction in civil suits was in the hands of the native judges, and so, too, to some extent, in Madras. Natives were also largely employed in the administration of criminal justice and in the revenue department. (Vide Mill's memo.)

Q. 20,177a — In this question, Mr. Jacob seems to have altogether missed the point of my reply to Q. 18,335. My words to which he refers were these : " I do not know a single instance where native services have ever clamoured for increased pay or pensions, or ever got any concessions. " It will be seen that Mr. Jacob has not quoted me correctly, as a reference to my reply to Q. 18,335 will show. Now my point there was " that the European services were so powerful, that whenever they made up their minds to secure a concession, their clamour generally compelled the Government eventually to yield. The native services, on the other hand, from the very nature and the helplessness of their position, never *clamoured* for anything, or got anything as a *concession* to their demand. " I was pointing out a moral evil inseparable from the powerful position which the European services naturally occupied in the country. I think my replies to Q. 18,334 and 18,335 ought to leave no doubt in anybody's mind on the point.

Q. 20,178 — Here I would only remark that the suggestion of the Calcutta Chamber was in respect of High Court Judges only, whereas the criticism of the Bombay Chamber applied to the whole Civil Service. The latter body had, moreover, suggested that even the pensions of these officers should be paid in rupees. It is true that when the Bombay Chamber made their proposal, exchange was at about 1s. 6d., but it had been steadily falling already, and surely a body of merchants like the Chamber was not likely to overlook the probability of a further fall.

Q. 20,179-83 — Here Mr. Jacob seems to consider that the increase in forest revenue justified the increase in the expenditure. But the increase in the revenue itself is open to serious objection, and is a necessary evil of constituting a separate forest department. My views on this subject are so fully expressed in my previous evidence that I do not think it is necessary for me to say more here on the subject.

Q. 20,184 — The proportion of Native and European police inspectors that I gave in my reply to Q. 18,493 was only an impression based on what I then recollected of Poona. I was careful to add: "I am not quite sure, but it would be like that." The statement is correct so far as the higher class of inspectors, those drawing Rx. 200 a month and upwards, are concerned. The latest civil list gives six inspectors on 200, of whom three are Europeans. Also four on 250, of whom two are Europeans. The grades below 200 a month are manned almost exclusively by natives, and to this extent I beg to modify my statement.

Q. 20,185 — Our settlements are for 30 years, as I have already explained, and then a revision takes place, leading to an increase in Government assessment; the proceeds of the one-anna cess also increase to that extent. And as revision operations have gone on over so many parts of the Presidency during the last few years, it was natural that there should be some increase in the proceeds of the cess. But now, for nearly 30 years, there would be very little revision. Moreover, an increase of 8 lakhs in 20 years¹ does not appear to me to be so striking as to deserve special mention. I need hardly add that my argument about the non-progressive character of the one-anna cess for periods of 30 years at a time is entirely unaffected by the increase mentioned by Mr. Jacob.

Fergusson College, Poona,
15th October 1897.

G. K. GOKHALE.

1. From Rx. 214,000 in 1875-76 to Rx. 294,000 in 1895-96.

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