

# The Servant of India

EDITOR : P. KODANDA RAO.

OFFICE : SERVANTS OF INDIA SOCIETY'S HOME, POONA 4.

VOL. XV. No. 35. } POONA—THURSDAY, SEPTEMBER 8, 1932. { INDIAN SUBSN. Rs. 6.  
FOREIGN 15s.

## CONTENTS.

	Page
TOPICS OF THE WEEK. ... ..	325
ARTICLES :—	
The Viceroy's Speech. ... ..	328
Federal Finance and Indian States. By Dr. Sir P. S. Sivaswami Aiyer ... ..	339
French Financial Crisis. By Madame L. Morin ... ..	334
OUR LONDON LETTER. ... ..	336
OUR PUNJAB LETTER. ... ..	336
OUR MADRAS LETTER. ... ..	337
REVIEWS :—	
Optimum Size of Industries. By P. S. Lokanathan ... ..	338
Battle of Frontiers. By N. Subrahmanyam ... ..	339
Indian Frontiers. By M. V. Subrahmanyam ... ..	339
BOOKS RECEIVED. ... ..	340

## Topics of the Week.

### S. I. S. Appeal for Funds.

MR. G. K. DEVADHAR, the President of the Servants of India Society, has issued the following appeal for funds in aid of the Society:—

From the latest Report of the Servants of India Society, published in the last three issues of the SERVANT OF INDIA, it will be noticed that the finances of the Society are far from satisfactory, while the expansion of its work demands the enlargement of its membership and consequent increase of its liabilities. The Society had, the alternatives of either curtailing some of its activities or reducing the allowances of its members or both. In the hope however, of better times and increased public support, the Society resisted the temptation to curtail its activities, admitted three new probationers and, with a view to meeting partially the fresh liabilities, reduced the allowances of members by about 10% for twelve months.

In the course of his appeal for public support in 1924, the Rt. Hon'ble V. S. Srinivasa Sastri, the then President, said:—

'For some years now our regular receipts have decreased both in number and amount. We are no longer the only political organization in the country appealing for funds or one of the most popular of such organizations; but we claim a place among the most useful and deserving, while our devotion to social service of various kinds which extend to all India and are not limited by considerations of creed, caste or

community, entitles us to special recognition. While the scope for expansion is unlimited and many calls remain unanswered, even conservation on the present basis has become difficult.

'Unless friends help generously and promptly, remembering the great name of the founder, to whose ideals and teachings his followers have endeavoured to remain true, the Society will soon be compelled to face the necessity of stagnation and even retrogression.'

The need for public support is even greater to-day than when Mr. Sastri made his appeal. The Society earnestly appeals for prompt and generous help.

Contributions may kindly be sent to the Secretary, Servants of India Society, Poona 4.

\* \* \*

### The "Leader" on the "S. I."

OUR esteemed contemporary, the *Leader* of Allahabad, in its issue of the 2nd inst, published the following editorial note on the "Servant of India".

We invite attention to the notice in our advertisement columns of the *Servant of India*, the well-known and respected weekly publication of the Society of that name. The first editor of the paper was no less a man than Mr. Srinivasa Sastri himself. When increase of public duties, which took him frequently to other lands, rendered impossible his continuance in that position, the editorship was undertaken by another senior member of the Society, Mr. S. G. Vaze. He is an eager student of affairs, a careful writer and a fair critic, and deserves to be better known in provinces other than his. The present editor, Mr. P. Kodanda Rao, has had the advantage of close and constant association with Mr. Sastri in South Africa and elsewhere and has shown by his conduct of the paper that he is able to sustain the high reputation it acquired, first under Mr. Sastri and next under Mr. Vaze. The *Servant of India* is a public-spirited undertaking of the Society which exists only for public service, and was not intended to and does not work at a profit. But it is up to the public to see that it is not a drain on the inadequate financial resources of the Society. The annual subscription is small and the return to the reader in the form of political knowledge will more than repay the small amount. Papers conducted with conscientious care, as the *Servant of India* is, are an asset to Indian journalism and public life, and educated Indians should take pride in supporting them as well as deem it a duty to do so.

\* \* \*

### Political Prisoners.

The treatment of political prisoners in the Amraoti and Raipur jails was the subject of animated debates in the Central Provinces Legislative Council during its last session. The question was first raised on a motion of adjournment; but it was talked out. Subsequently a resolution was moved demanding the dismissal of the Superintendent of the Amraoti jail. During the two debates allegations of a most grave and revolting character were made against the treatment of the political prisoners in these jails, and particularly in the Amraoti jail. Mr. B. G. Khaparde mentioned the case of one Kanti Kumar, a young boy of 12, who was given 30 stripes for disobeying jail rules. Mr. E. Gordon, the Chief Secretary, admitted that the boy was whipped but denied that he was unconscious for 48 hours. It was also mentioned that because of bad food and in particular, the presence of a dead scorpion in the vegetables served out to the prisoners, they refused to eat their food. Whereupon they were shut up in their barracks, denied food and water for three days and brutally assaulted by a party of 50 jail warders. Mr. Gordon said that the accusations were either exaggerated or unfounded but admitted that because of indiscipline among the prisoners, exceptional measures had had to be taken and that for two days there was no water available in the jail because the water pots were broken during the disturbance. Mr. Khaparde produced a letter from a prisoner to the effect that he was suffering from high fever and had signs of tuberculosis and that in spite of his ill-health he was compelled to do hard labour. The feeling in the matter was so strong that the Home Member, the Hon. E. Raghavendra Rao, saw the necessity of giving an undertaking that he would himself, accompanied by the leaders of the political parties in the Council and others, investigate into the allegations.

Whatever be the truth of the allegations, there is no doubt that the worst possible stories against the Government regarding the treatment of the political prisoners are readily believed in by large masses of the people. That is a sure indication of how low Government stock has fallen. Public opinion is very suspicious and distrustful of the Government; and everything conspires to confirm it in its distrust. Government have openly declared that they are out to crush the Congress civil disobedience movement. Some of its servants are certainly over-zealous in their interpretation of the intentions of the Government. The members of the Jail service are not drawn from Oxford or Cambridge nor recruited from the Church. All their normal time they have had to deal with criminals. They have peculiar notions of discipline. No wonder that they are not at all fitted to deal with political prisoners who, it may be admitted, are not all exemplary prisoners.

Public opinion is very sensitive about the treatment of political prisoners. Even among those who do not seek the jail, there is considerable sympathy for them. In their treatment of political prisoners Government cannot be too careful.

\* \* \*

### Satyagraha in South Africa.

WHEN some weeks ago it was cabled to India that the Indian community in South Africa contemplated embarking on Satyagraha as a protest against the Transvaal Asiatic Land Tenure Act, we ventured to advise our unhappy countrymen in the Union against the proposal. Neither Kunwar Maharaj Singh nor Mr. Sastri will be suspected of lack of

genuine and deep sympathy for the Indians in South Africa in their desperate struggle for the most elementary rights of citizenship in that country. Both have advised the South African Indian Congress against civil disobedience. Kunwar Maharaj Singh informed the Congress that neither the Government of India nor its Agent in South Africa would be in a position to lend their moral or material support to the campaign; even non-official public opinion in India is not likely to be solidly behind it either. Such success as attended the last passive resistance struggle in South Africa was more due to the leadership of Mr. Gandhi, the unanimous and powerful support of the people and of the Government of India than to the undoubted justice of the cause or the heroic sufferings of the passive resisters. The circumstances of to-day are far different, and there is every reason to fear that the gallant and heroic endeavour will, far from succeeding and bringing relief to the aggrieved Indians, merely demoralise them with failure and forfeit that modicum of goodwill which is still animating the Union Government and which deserves to be carefully nursed. It is a relief that the Congress has been persuaded to postpone launching the campaign till after the report of the Commission under the Act is out.

We hope the Union Government will realise the strength of feeling that is agitating their Indian subjects and the desperate remedies they are being driven to in a cause which, whatever be the law of the land must win for it the sympathy of civilised public opinion and put South Africa in the wrong. We share the hope expressed by Kunwar Maharaj Singh that the Commission will accomplish its task with sympathy and consideration and afford liberal relief to the Indian community and save them from undergoing incalculable sufferings and will help to promote the good relations between India and South Africa.

\* \* \*

### Bombay Co-operators in Conference.

AN eminent and successful businessman that he is Sir Chunilal Mehta's presidential address to the 17th session of the Bombay Provincial Co-operative Conference held last week-end in Poona was very businesslike and concrete. The Bombay Government has cut down their grant to the Bombay Provincial Co-operative Institute from Rs. 34,000 to Rs. 18,000 which made a big difference to the finances of the Institute and threatened the continuance of many of its activities. Quite recently, in the teeth of opposition from the co-operators, Government levied audit fees from co-operative societies. Sir Chunilal made the very reasonable and practical suggestion that the surplus from these audit receipts should be made over to the Institute to rehabilitate its finances. But by far the most important question discussed was the obligation on the part of the Government to help the co-operative societies to recover the loans they had advanced but could not by moral persuasion recover. The law has already provided that when a borrower had defaulted his payment and the arbitrators had made an award, or when, on the dissolution of a society, the liquidator made an award, the Government should, on the recommendation of the Registrar of Co-operative Societies to that effect, instruct its Revenue Department to realise the arrears in accordance with the summary procedure adopted to collect arrears of land revenue due to the Government. This obligation the Government had discharged in a very niggardly fashion. The law had also provided for the transfer to the co-operative societies of lands belonging to defaulters by a summary process. The administration of this provision was hampered because it conflicted with the provisions of the Land Revenue Code.

could, however, be put right by executive action of the Government. In both these respects Sir Chunilal requested the Government to be more helpful and enthusiastic.

The lukewarmness of the Government can be readily understood. While the credit for dispensing loans goes to the co-operators, the odium of recovering them by coercive processes falls to the lot of the Government. And nobody was ever enthusiastic in pulling chestnuts out of the fire for others. Nevertheless, Sir Chunilal's request is reasonable. Government's obligation comes into operation only on the recommendation of the Registrar of Co-operative Societies, and he can be trusted to take care that the co-operators do not shirk their responsibility to recover the loans they had advanced and that only really desperate cases come up for Government's intervention. Moreover, the Government have already under the law accepted the obligation, and there is absolutely no justification for shirking it now.

The position taken up by non-official co-operators who, on the one hand, demand the non-officialisation of the co-operative movement and on the other, insist on more assistance from the Government is not without its humour. Even more piquant is the bitter complaint that the Government have not resorted more extensively to the use of summary coercive processes through executive agency in the co-operative sphere, considering that not so long ago the criticism was loud that Government were not justified in resorting to such methods in collecting their own land revenue.

#### Indian Education in Fiji.

IT does not seem to be generally known in this country that Mr. A. W. McMillan, well known in India as a missionary, is now working as the Government Inspector of Indian Schools in Fiji. His interest in the well-being of our countrymen settled in the colony was evidenced by his undertaking a few years ago the long voyage to Fiji specially to make himself acquainted with their moral and material condition and by the interesting report on the same which he subsequently brought out. His appointment as Inspector of Indian Education may, therefore, be looked upon as a guarantee of the fact that Indian education in the colony will before long come into its own. As is well known, the Fijian Government has not in the past given proof of an over-abundance of initiative in pushing on Indian education. In fact, it has left the field almost completely to the care of missionary bodies, Indian and European. Thus we find that out of a total of 68 schools catering to the requirements of Indian children, only seven were run entirely at Government expense, though 37 more were in receipt of financial assistance from them. The Indian population of Fiji stands at a little over 75,000 which yields a school-age population of 16,200, i. e., children between the ages of 6 and 15. The education report mentions the fact of 43 per cent. of Indian boys and 10 per cent. of girls of this age being in receipt of instruction, which shows how much remains to be done before there is universalisation of education among our countrymen there. As in India, literacy is more widespread in urban than in rural parts which, we hope, will receive the particular attention of the new Inspector. That the Indian community raised £8,000 during the last three years to cover the cost of school buildings shows that, educationally backward as it is, the pressing claims of the education of the rising generation are receiving sympathetic consideration at its hands. This is far from implying that it cannot or could not have done more in that direction. The fact is to be welcomed merely as an indication

of the sense of appreciation on the part of the Indian residents there of the value of imparting education to their children—or rather, to their boys. This is clear from the generally backward condition of female education in Fiji as also from the fact that even the accommodation reserved for girls in some urban schools is not fully taken up. Public prejudice against co-education and the insufficiency of women teachers are also officially believed to be largely responsible for the low percentage of literacy among Indian girls. It is to be hoped that all avoidable difficulties in the way of a rapid expansion of female education will be removed without undue delay so that the foundations of Indian progress in the colony may be well and truly laid. A good deal needs also to be done to improve the efficiency of such schools as exist. For we find that only 35 or a little over 50 per cent. of them are officially classed as efficient, while 14 are considered satisfactory and as many as 19 inefficient, all which proves the need as much of consolidation as of expansion.

#### Buy Indian Directory.

Those who have been following the course of events in this country with any care since the beginning of this year need not be told that the Buy Indian movement is the indirect result of the Ordinance regime. It is true that "Buy Indian" is nothing but swadeshi, though under a different name, which, as everybody knows, is a much older movement; but it is equally true that its emergence in the "Buy Indian" form is to be associated with the enforcement of the Ordinances. Let us explain very briefly how. The phraseology of the Ordinances was found to be dangerously wide—so much so that legal opinion was not altogether free from doubt whether it did not cover even unoffensive and harmless swadeshi. Just about that time, however, the "Buy British" movement came to be inaugurated under royal auspices in England and it was widely felt in this country that if England with all her industrial development stood in need of the impetus of a swadeshi campaign, India, which was industrially deplorably backward, could simply not do without it, Ordinances or no Ordinances. Unless we are greatly mistaken, Sind led the way in the inauguration of the "Buy Indian" movement and was soon followed by Madras, the Government of which province publicly pronounced its blessings on the movement. But even this did not ensure for it complete freedom from unwelcome official attention, "Buy Indian" processions being in its early stages forcibly dispersed by the Police in some parts of the southern presidency. But the movement soon outlived this prejudice, with the result that though it is not yet even six months old it has got branches in all the district and other important centres in the province. This reflects great credit on the organisers of the movement who, we are glad to find, include some of the most public-spirited and sober-minded citizens of Madras. We are particularly pleased that, instead of contenting itself merely by creating a swadeshi sentiment,—a by no means superfluous task,—the Buy Indian League of Madras is doing its best, by organising swadeshi exhibitions and by conducting shops for the sale of swadeshi goods, to give practical guidance to the people as to how that sentiment could be satisfied. The publication of the Buy Indian Directory is an additional means of achieving the same end, and will go far to tell the people what are the Indian-made goods they can get and where. One cannot, however, believe that the Directory is exhaustive—its very size precludes such a supposition. It is to be hoped that its future issues will give longer lists of Indian manufacturers.

## Articles.

### THE VICEROY'S SPEECH.

#### I

AS is usual on such occasions, the Viceroy's speech to the Legislative Assembly on Monday last covered a wide and varied ground. But public opinion will naturally concentrate attention on his reference to the political situation and the Government's policy with reference to it. Referring first to the civil disobedience movement and the Government's reaction to it, he claimed, with amazing inconsistency, that the Ordinance policy had "met with a remarkable degree of success," and in the next breath, he announced that the Ordinance regime would be indefinitely continued and be made a permanent feature of Indian administration! With reference to the Congress and the civil disobedience movement he said:—

I do not wish to suggest for a moment that the civil disobedience movement is finished or that it does not still remain a very definite menace against which we cannot afford to relax our precautions. The Congress is an extensive organisation with commands even outside its own ranks a certain degree of sympathy among many of the educated classes. It is still pledged to the policy of civil disobedience and is doing what it can to maintain the struggle. It would be rash to prophesy how long it will be before the Congress leaders realise or at any rate bring themselves to acknowledge openly that they have failed, but to us it is by this time abundantly clear that the movement cannot succeed so long as Government maintains its existing policy.

If the Government policy has not succeeded in driving the Congress to abandon its civil disobedience programme, if the movement can be kept down only by martial law disguised as Ordinance, if an emergency has only been prolonged into a permanent feature of the political situation the end of which even the Government cannot foresee, if the educated classes, who certainly are in a better position to appraise the significance of the civil disobedience movement than the masses, have not been weaned away from entertaining sympathy for the Congress, and have not been persuaded to support the Government in their attempt to put down the movement, and if this is claimed as "a remarkable degree of success" for Government's policy, we should like to know what failure would look like.

Lord Willingdon next proceeded to contrast the constitutional policy of the Government with the direct action of the Congress. He claimed that the Government policy was based on persuasion, argument and reason and on the wishes of the people as constitutionally expressed, while the Congress resorted to coercion and intimidation. The fact that the Congress did not use physical force did not make any difference to him. This is not the occasion to enter into a discussion of the philosophy of civil disobedience. There can be no doubt, however, that the Congress has long ago diluted its policy of persuasion

by self-suffering and has increasingly resorted to non-violent coercion as its avowed policy. But the Government in accusing the Congress of coercion is like the pot calling the kettle black. Has the Government's policy been based on persuasion and the consent of the people? Is it free from coercion? Can the Government claim that they have public support for their policy of ordinances, for their attitude towards the constitutional aspirations of the people for their attitude towards the Congress, and for a hundred and other things that they have done and are doing? Is the ordinance regime anything other than unashamed coercion and direct action? The lawlessness of the Congress is more than matched by the lawlessness of the Government; and if politically conscious public opinion is less opposed to one than the other, it is the Congress coercion!

The remedy for civil disobedience, as for the campaign of terrorism in Bengal, is not the incorporation of the Ordinance into the ordinary law of the land. The real remedy is the policy which Lord Willingdon himself followed with respect to the Frontier Province. He assisted "in the fulfilment of the most cherished wish of the Frontier people that their province should stand on a equality with other provinces"; and he claimed that "the advance made has been justified by the results." For, "in place of dissatisfaction, there is contentment, and the course is set fair for orderly and harmonious progress." He saw "therefrom a moral that is not confined to the Frontier alone." If only His Excellency realised the import of his own statement that the fulfilment of the most cherished wishes of the people is the only method of dissolving discontent and restoring harmony, he will see that the policy of "martial law and no-d-d nonsense" is utterly futile. It can coerce but not persuade. The speedy grant of Dominion Status is the only sure and certain remedy.

With reference to the Communal Award he said:—

It is natural that, when a decision is given on a question which has been the subject of such acute controversy among the various communities for so long a period, discussion will proceed on the assumption that each community will form in each Provincial Legislature a self-contained and homogeneous unit pursuing its interests in opposition to every other community. To my mind this is a profound misconception of the developments to which we may look forward under a system of self-government. A government has to deal with the practical problems of the advancement and prosperity of its people. The people are not in their ordinary lives divided in exclusive communal compartments. They have the most varied relations with each other and these relations develop a series of interests and objects which are bound to cut across the purely communal outlook. I would, therefore, suggest to those who are looking at self-government in India as a problem of the Raj of one community or of another to reflect that in practice this is not a natural development. And I would urge them rather to contemplate as a more probable picture of the future a grouping of parties on the basis of economic or other non-communal interests.

The case against the Communal Award could not have been more cogently argued: and yet this was said in defence of the Award, which has done everything to thwart the purpose His Excellency pretended he had in view.

## II

The most satisfactory part of the Address was his announcement, on behalf of His Majesty's Government, of the abandonment of the procedure adumbrated in Sir Samuel Hoare's announcement of 27th June last and of the restoration of the Conference method.

Since this announcement was made it has become clear that it is not possible to look to the Consultative Committee for the contribution anticipated from it. And in consequence, in order to place His Majesty's Government in possession of material they will require for the framing of their proposals, I am authorised to inform Hon. Members that His Majesty's Government have decided that it will be necessary to hold further discussions in London, the possibility of which was indicated in the Secretary of State's statement. His Majesty's Government propose, therefore, to invite a small body of representatives of the States and British India to meet them in London about the middle of November. They intend by this means to make an earnest attempt to reach an agreement, consistent with the declared policy of His Majesty's Government, upon the important questions that still remain to be decided.

Whilst the status of the Indian representatives will be the same as that of the delegates at the sessions of the Round Table Conference, the character of the discussion and the stage that has now been reached necessitate a less formal and more expeditious procedure than that adopted during the last two years. This result they are convinced will be best achieved by avoiding any public session and by working upon a fixed agenda. The object of the discussions will be to arrive at an agreement upon as large a number of points as possible as already indicated by the Secretary of State in the House of Commons. The Government will subsequently present for the consideration of the Joint Select Committee and of Parliament its specific recommendations including the points which have been agreed to and will, of course, support them.

It will be noticed that the Consultative Committee has been happily dissolved. The fantastic idea of secret pacts between Indian experts and British

experts on certain financial and other matters behind the back of Indian politicians has also been dropped. The three points stressed by the co-operators as conditions for the restoration of their co-operation have been granted: equality of status, agreements and Government's support of the agreements. We have no desire to minimise the significance of the change of policy thus indicated. We frankly welcome it. And we appreciate the part played by the Indian Princes in bringing this about.

There are three departures from the former procedure which call for close attention. It is now intended to invite a smaller number of representatives of British India and the Indian States. We have our doubts as to the wisdom of the course. As we have said before, the second session of the Round Table Conference was adjourned and not dissolved. Secondly, we frankly do not trust the authorities now in power to make a selection of representatives which will not be open to more adverse criticism than the selection made by Lord Irwin and Mr. Wedgwood Benn. Thirdly, it is very likely that, with the excuse of a clean slate, friends of India like Mr. Wedgwood Benn, Mr. Pethick Lawrence and others, who are not now in Parliament, will be excluded from the new Conference. In the absence of these Labour friends, the difficulty of reaching agreements between the Indian delegation and the solid *bloc* of Tories will be immeasurably increased. It is no unfounded apprehension that the Tories will make any kind of agreement impossible, so that there will be no agreements for the Government to support in Parliament, and all decisions may be taken by the Government in the true Tory style unhampered by embarrassing agreements.

The second departure is a fixed agenda. While this is a great help to pointed discussion and expeditious transaction of business, it should be open to members of the Conference to add to the agenda prepared by the Government. The third refers to the private character of the debates. Granting the representative and satisfactory character of the Indian delegation, this change need not be objected to.

The decision of the co-operators to call off their non-co-operation will now depend on the satisfactory character of the personnel of the Conference.

## FEDERAL FINANCE AND THE INDIAN STATES.

By DR. SIR P. S. SIVASWAMI AIYAR, K. C. S. I.

THE reports of the Federal Finance Committee and the Indian States Enquiry Committee are closely connected and inter-dependent, though for purposes of convenience it was decided to entrust the enquiries to separate committees. Neither of the reports has evoked any general feelings of satisfaction or approval from the parties affected. The constitution of a federal finance committee was strongly opposed by several members of the Round Table Conference partly on the ground that it would delay the process of framing the constitution, partly on the ground that it was unnecessary and partly from

a fear that it might result in a departure from the principles accepted by the sub-committee presided over by Lord Peel. The fact that the Percy Committee on federal finance have not been able to paint a rosy picture of the present, or hold out any cheerful prospects of the future, financial situation cannot justify criticism. Though in their anxiety to expedite the framing of the new constitution, the Federal Structure Committee endorsed the principles laid down by the Peel Committee, the latter body did not feel sufficient confidence in their conclusions, but desired that their recommendations should be

tested by an expert committee in the light of a careful estimate of the probable revenue and expenditure of the federation and its units. Of the three committees appointed by the Prime Minister, the Percy Committee completed their task much sooner than the others. If the conclusions reached by the Committee are of a gloomy character, this feature does not by itself reflect upon the quality of their work, but is rather due to the difficulties inherent in the nature of the task entrusted to them. The abnormal financial depression which India shares with the rest of the world, the inelasticity of her revenues, the inherent costliness of a modern system of administration, the uncertainty hanging about the revival of trade and prosperity by the rise and stabilisation of world prices and the limitations imposed upon the inquiry by the terms of reference are not a little responsible for the cheerless aspects of the report. No complete picture of the financial position of the federation could be presented, except by co-ordination of the results of the Percy Committee and the Davidson Committee. The division between the financial adjustments of the federation and the British provinces and the financial adjustments between the federation and the States was purely artificial and the two inquiries were necessarily linked together. Bearing the close connection of the two inquiries in mind, we may endeavour to examine the soundness of the recommendations of each of these committees.

The main duty laid upon the Percy Committee was to test the soundness of the classification of the sources of revenue into federal and provincial in the light of facts and figures, to estimate the probable financial position of the federal and provincial governments under such allocation of revenues and to recommend the adjustments necessary to secure the financial equilibrium of the federal government and the provinces. It was, therefore, necessary for the Committee to make a forecast of the financial position of the federal and provincial governments in the near future. In view of the abnormal conditions of the finances of the country, it was unavoidable for the Committee to make certain assumptions with regard to the time required for the revival of trade and the restoration of comparatively normal conditions and as to the level of taxation. Unless the Committee were to abandon their task as hopeless, they could not help making some assumptions on these points. It has been said that their assumption of three years as the period of return to normal conditions is too sanguine. The assumption of a longer period of depression would necessarily involve an assumption as to the continuance for the same period of the existing burden of taxation and perhaps an increase in the burden. An attempt to look too far into the future would exaggerate the speculative element in the calculations and it is safer to proceed on the basis adopted by the Committee. On the existing basis of revenue and expenditure, the federal government is expected to have a surplus of 4.50 crores and the provincial governments are expected to have a deficit in the aggregate of 3.82 crores in the year 1935-36 when the federal constitution is expected to come into operation. Upon this estimate several questions of importance arise. The first question is whether the Committee are right in adopting the present level of expenditure and revenues. How far it is possible to effect a retrenchment in expenditure is a question which the Committee have not gone into, but which will necessarily have to be presently considered. If, however, the present scale of federal expenditure and the existing sources and yield of federal revenue are expected to be maintained, a surplus of 4.50 crores would be available for distribution among the provinces.

By far the most important question relating to the allocation of sources between the central and provincial governments is the treatment of income-tax. The Peel Committee took the view that taxes on income other than corporation tax should be treated as a source of revenue for the provinces. The arguments in favour of this view are:

1. That the sources of federal revenue should be such as could be raised from the inhabitants of British India as well as the States and that as the imposition of the income-tax upon the States by the federal legislature would be resisted by the States, it would be unfair to the British Indian provinces to levy an income-tax from them alone for federal purposes,

2. that the provinces which are in charge of the nation-building services require an expanding source of revenue and the income-tax with its growing yield should therefore be appropriately assigned to the provinces and not to the centre, and

3. that some of the provinces like Bengal which have been struggling with financial deficits and have been unable to balance their budgets can be set on their legs by provincialising the income-tax.

The arguments on the other side may also be briefly noted.

1. As a matter of fact it is not now practicable to balance the federal budget, if the income-tax is surrendered to the provinces.

2. The principle that the federal sources of revenue should be confined to indirect taxes is one which cannot for several cogent reasons be accepted by any federal government. Owing to fluctuation in prices and trade and economic depression or to an intensification of the protective policy, the revenue from external customs may fall and unless recourse can be had to direct taxes to compensate for the loss it would be impossible to balance the federal budget. Indirect taxes, being generally taxes on consumption, fall more heavily upon the poorer classes and an increase in the rates of these taxes would be objected to on this ground. It was also pointed out by the Peel Committee themselves that federations which began with only indirect taxes as a federal source have been compelled by force of circumstances to levy an income-tax on the profits of companies in some form or other and that in the case of the United States and Switzerland a formal amendment of the constitution became necessary.

3. Though on the ground of uniformity the burdens as between the States and the provinces the Peel Committee recommended the allocation of income-tax to the provinces, they were not able to carry out the principle of uniformity to its logical length. They recommended the imposition of a corporation tax corresponding to the super-tax on the profits of companies throughout India. But they were not quite certain that the States would be willing to agree to the imposition of the corporation tax, or even if they agreed to its imposition, to the appropriation of its proceeds within the States to federal purposes. It was pointed out by the Percy Committee that if the corporation tax had to be abandoned as a federal source of revenue, the federal government would lose its one direct tax which could be counted upon to make up for a fall in the customs revenue.

4. It would be a mere lip-homage to the principle of uniformity of burdens if, after pretending to treat income-tax as a provincial source of revenue, the British Indian provinces were called upon to make an annual contribution to the federal government out of the share of the yield surrendered to them. Nothing is gained by following the ostrich policy of refusing to face the facts and pretending that the

principle of equalisation of burdens has been achieved, when, as a matter of fact, the British Indian provinces have to make a contribution from which the States are exempt. The Percy Committee have found that for some time to come the provinces would have to contribute in one form or another a considerable sum out of their income-tax receipts towards the finances of the federal government. The burden that will thus be cast upon the provincial governments will be out of proportion to the special burdens borne by the States in the shape of cash contributions or cessions of territory. If, therefore, it is not possible to carry out the principle of uniformity of burdens for the sake of which income-tax is to be relinquished as a federal source of revenue, it would be straightforward and expedient to continue to treat it as a federal head of revenue and then distribute such federal surplus as may accrue to the provinces.

5. This procedure would have the advantage of obviating the sense of grievance among the provinces which is bound to arise if they are called upon to make a contribution out of what they have been encouraged to regard as their own source of revenue.

6. It would also have the advantage of avoiding difficult questions as to the basis of contribution to the federal government.

To my mind the arguments in favour of treating the income-tax as in part a federal source of revenue largely outweigh the considerations on the other side. There can be no difference of opinion as to the necessity of equipping both the federal and the provincial governments with sufficient funds to enable them to discharge their respective functions and secure financial equilibrium. Nor can there be any difference of opinion as to the expanding needs of the provincial governments and the comparatively constant requirements of the federal government. But the federal government being charged with the maintenance of the vital security services, it is essential that, instead of being driven to depend upon contributions by the provinces, it should be placed in a position to raise by its own authority the funds required for the conduct of its functions. If a choice has to be made between the alternative of a contribution by the provincial governments and a subvention or grant by the federal government to the provinces, the decision should certainly be in favour of the latter course. It is the central government upon which the burden of meeting grave emergencies will rest and it is necessary that it should be armed with the powers of taxation required for its purposes. As pointed out by the Percy Committee, powers are required not merely to meet emergencies after they have arisen, but also to prevent them from arising, and the real safeguard against abuse of its powers by the federal government consists in the vigilance of a representative Federal Legislature.

It does not follow from the preceding remarks that the whole of the revenue derived from the income-tax should be retained by the federal government and appropriated to its own use. Whatever surplus there may be at the disposal of the federal government should be considered in the first instance to be attributable to this tax which is specially borne by the people of British India and which is heavier in its incidence than that of the special contributions upon the inhabitants of the contributing States. Though the whole of the revenue from income-tax may be credited to the federal revenues, the estimated surplus could be distributed among the British provinces. It has been estimated that including the proposed excise on matches and assuming it to be raised from British India alone, there would be a surplus of 7 crores available for distribution. It is pointed out by the

Percy Committee that if the federal government could devote  $7\frac{1}{2}$  crores to the financial adjustments with the provinces, Bengal would be left with a surplus of about 25 lakhs and a little less than 25 lakhs would be required to wipe out the deficit of Bihar and Orissa and to remit to Assam the whole of its contribution. In making their federal forecast the Percy Committee were in the dark as to the effect of a financial settlement between the States and the federal government. It has been estimated by the Davidson Committee that such settlement would cast a burden of one crore upon the federal resources. Making allowance for the additional expenditure of one crore, the federal surplus would be reduced to 6 crores. To make up for the deficiency in the  $7\frac{1}{2}$  crores required to secure financial equilibrium in the provinces, the Government may rely upon the savings which may reasonably be effected by means of retrenchment in the military and civil expenditure of the Government. Various recommendations have been made by the Army Retrenchment Committee appointed by the legislature with the object of effecting economies in federal expenditure. The inquiry by the Army Retrenchment Committee was confined to the administrative and business side of the army and they were warned off the field of the fighting services. The three main lines of possible economies in the military expenditure are, as described by Mr. Bovenschen in his note at the end of the report of the Army Retrenchment Committee, Indianisation, Civilianisation and adjustment in accordance with present Indian financial conditions of the privileges and opportunities received by British troops in India. These avenues of retrenchment cannot be said to have been explored. The financial condition of India must keep these problems in the front and reforms which have been pressed by the public on national grounds and have been resisted by the military authorities on the plea of a danger of detriment to the efficiency of the army will have, sooner or later, inevitably to be carried out on the ground of stern financial necessity. It is not unfair to assume that even in the short interval of 2 or 3 years that may precede the introduction of the constitutional reforms it would be possible to effect such further savings in expenditure as would enable the federal government to distribute a sum of about  $7\frac{1}{2}$  crores to the provinces. It, is of course, undesirable that the portion of income-tax proceeds to be distributed to the provinces should vary from year to year or be dependent upon the bounty of the federal government. An automatic principle of division would be to assign the corporation tax to the federal government exclusively and fix a definite share, say one half, of the rest of the income-tax (not including any tax on agricultural income which, if introduced at all, should be classed with the land revenue as a provincial head of revenue.)

As regards the basis of distribution, much ingenuity has been spent by the Committee in elaborating their scheme and it cannot be said that their scheme satisfies the tests which they themselves have laid down of simplicity, intelligibility, and administrative workability. The difficulties which the Percy Committee have been obliged to propound and solve are the outcome of the principle laid down by the Peel Committee that income-tax should be treated as a provincial source of revenue and that the deficit in the federal revenue should be made good by the provinces alone by a system of contribution. No system of contribution by the provinces is likely to be devised which will give satisfaction to the contributing units or avoid a feeling of unfairness of treatment as between province and province. It is extremely doubtful whether the growth of the indirect taxes at the disposal of the federal government

will be so rapid as to enable the federal government in the near future to attain equilibrium without recourse to the income-tax. Even if there were any prospect of this, it has been already pointed out that the necessity for preserving a balance between direct and indirect taxation, the danger of diminishing returns from maritime customs as the result of a stiffer or more comprehensive policy of protection and the necessity of arming the federal government with the power of dealing with emergencies by the reservation of a responsive source of revenue, forbid the abandonment of the income-tax as a source of federal revenue.

On the assumption that the income-tax would remain a federal source of revenue, it is unnecessary to ascertain the share of it arising in one province or another for the purpose of finding a basis for distribution. It is only when the income-tax is treated as a provincial source of revenue and it is considered that the amount to be distributed to the different provinces should be based upon the collections in each province that such a calculation is necessary. In the sphere of public finance, whether local or central, the benefit accruing from taxation proper to any one member has no relation to the tax levied from him. Similarly, in the case of a federal government the taxes levied from any constituent unit need not have any correspondence with the benefits received by the unit. For the purpose of distributing the available surplus among the units it is unnecessary to inquire into the principles of collection, origin or residence, examined by the Percy Committee. The simplest and fairest method would be to give equal weight to the two coefficients of revenue and population of each province in proportion to the revenue and population of the whole of British India. The population ratio would help to determine the needs of a province, but might tend to encourage improvidence and pauperise the province. But the combination herewith of the ratio of the total revenues raised by each province to the total of British India would encourage a sense of responsibility and promote a spirit of self-help and be in accord with a rational system of grant-in-aid.

In connection with the scheme of distribution proposed by the Percy Committee, we must enter an emphatic protest against the principle of subventions to weaker provinces as enunciated by the Committee. Two extreme views have been put forward with regard to the help to be given to the impecunious provinces by the richer. To refuse to recognise any claim to help on the part of the indigent provinces would be inconsistent with the spirit of mutual help and fraternity essential to any State or federation, and the financial distress of a backward province cannot fail to have a repercussion on the well-to-do provinces. To encourage any constituent unit to depend for all time upon the support of the richer units would undermine the spirit of self-reliance and be equally inconsistent with the idea of federation. The principle of a permanent subvention to impecunious provinces must be discarded as one which will not merely sap the principle of self-help, but will also encourage applications from other constituent units. The principle is susceptible of a most dangerous extension when the federation comprehends States as well as provinces and the number of constituent units is increased by a weak concession to the clamour for the creation of new provinces incapable of maintaining their financial equilibrium with their own resources. The correct principle therefore to be adopted in dealing with the weaker provinces is that of temporary accommodation with a warning that within a short period to be specified the province must find ways and means of developing its own resources and maintaining itself without any support

or assistance from the federal government. The method of relieving the deficit provinces is one which must be condemned, if intended otherwise than as a measure of temporary accommodation; and even as a temporary measure, it would be advisable to grant relief on the basis of a loan on the most favourable terms. This principle has in effect been suggested by the Committee in the case of Assam which they consider might be made self-supporting in the future by a well-considered programme of development and land settlement financed by federal loans possibly on terms which would take account of the immediate difficulty of the province, until the development becomes effective. Before passing from this subject it may be pointed out that the principles recommended above would obviate all necessity for the treatment of the problem on the lines of the Meston settlement, the main feature of which was the widely detested system of provincial contributions. We should also point out that the claim of Bengal to a share of the export duty on jute or of Assam to the excise duty on kerosene and motor spirit is inadmissible in principle and utterly inconsistent with the scheme of allocation of revenue between the federal or central government and the constituent units. The recommendations of the Committee that the federal government should have the power to impose a surcharge for its own purpose on any tax levied by it for the benefit of the unit and that the federal government should have also the power to distribute its surpluses, if any, on well-defined principles should meet with general approval.

The principle of immunity of federal property from any form of taxation was laid down by the Percy Committee and has been readily accepted by the Percy Committee.

We may also express our approval of the Percy Committee's view that commercial stamps should not be federalised as recommended by the Percy Committee. Uniformity may of course be secured by federal legislation.

Dealing with the question of the excise duty on matches, the Committee express the hope that such a duty may be imposed in the States also by co-operation between the Government of India and the State Governments before the establishment of federation. But they do not rely upon the yield of this duty in the States in their calculations of the federal revenues. Nor do they rely upon the yield of any corporation tax in the States. Nor is there any indication of any expectation of emergency contributions to be levied from the States by the federal government. So far as we are aware, the States generally would seem to be reluctant to agree to the levy of any direct tax within their territories by the authority of the federal legislature. Even as regards emergency contributions, they are not prepared to admit the right of the federal government to levy such a contribution under its authority, even though the Princes claim representation in the federal legislature and a voice in the federal government. The objection to the levy of any direct taxes or contributions proceeds not upon any economic grounds, but upon their jealous assertion of their sovereign rights and their unwillingness to permit any subtraction of their sovereign rights in favour of the federal government even for the purpose of meeting a grave crisis or emergency. In cases of emergency they would prefer to make a contribution as a voluntary offering to the federal government, instead of submitting to a levy of it by the authority of the federal government. It may be said that so long as the contribution required is forthcoming, it does not matter whether it is offered as a voluntary gift or levied by the federal government. But the underlying unwillingness of the States to part with even a tittle of their sovereign

rights indicates a spirit and an attitude which are really incompatible with the principle of a federal constitution. Princes may talk of the silken ties which bind them to the Crown, but a federal constitution which relies upon the voluntary offerings of any of its units for dealing with any grave emergency rests upon no secure foundation. The two paragraphs of the Percy Committee report (93 and 101) where British India is recommended to take its associates as they are and to act upon the principle of maintaining the *status quo* in non-essential as a better guide to policy than any ambitious ideals of equality or uniformity probably betray the hand of the State's representatives who were members of the Percy Committee.

The Davidson Committee were called upon to examine the extent to which the existing financial relations of the Indian States with the Government of India and the Crown present obstacles to the attainment of an ideal system of federal government. It was pointed out by the Prime Minister that under an ideal system, all federal units would contribute on a uniform basis to the federal resources. That it is not possible to call upon the States to contribute to the federal exchequer on the same basis as the provinces without making allowance for the special contributions which they are making or have made, and for the rights, immunities and privileges which they enjoy under the various treaties entered into with the British Government must be admitted. But it would be a delusion to suppose that if a financial adjustment were made with regard to these impediments, the States would be agreeable to submit to federal contributions on a uniform basis.

Let us now proceed to review the views and recommendations of the Davidson Committee. In dealing with the subject of tributes, or more popularly speaking, cash contributions, made by the States to British India, the Peel Committee observe that there was no place for contributions of a feudal nature under a federal constitution and that only the probability of a lack of federal resources at the outset prevented them from recommending their immediate abolition. The Peel Committee were too much influenced by the obscurant expression 'contributions of a feudal nature,' which was introduced into the discussion to evoke the sympathy of the Committee and the Conference. The Davidson Committee have done well to point out that the "feudal analogy is often very remote and affords no safe criterion for determining the legitimacy or otherwise of the claim for remission of tributes. Only some of these contributions such as those which represent the commutation of an obligation to render military service can properly be held to be of a feudal origin or nature. Many of them have no analogy to the feudal system as ordinarily understood, and others, paid under an agreement or treaty to the paramount power for military forces to be provided or for services to be rendered by the latter, are obviously in important respects in direct contrast to feudalism." The moment the cash contributions were described as feudal, the members of the Round Table Conference virtuously denounced them and decided that they should be remitted. As observed by the Davidson Committee, the fundamental and equitable principle that contributions to federal resources should be on a uniform basis affords a safer ground for an approach to the problem of remission than any argument founded on feudal analogies. Judged by this principle, contributions made by the States whether in the form of a continuing cash payment or a past cession of territories, revenues and tributes, stands on the same footing. The Committee have rightly held that where tributes have been assigned by a State to the British Government and they are remitted for the benefit of the assignor State, they immediately

revert to the general category of direct inter-State tributes. The system of inter-state tributes is as inconsistent with the ideal of federation of units of equal status as the payment of tributes by a State to the British Government. Nevertheless, the Committee are justified in recommending the cancellation of the assigned tributes even though the assignor State be not willing in its turn to cancel the tribute as between itself and its debtor. Though the reluctance of the States to surrender inter-State tributes indicates an attitude of mind wholly alien to the federal ideal, the Committee hold that the attitude nonetheless exists and must be recognised.

The Committee support the proposal of the Peel Committee that the sum by which the contribution of any State is in excess of 5 per cent. of its total revenues should be at once remitted. Though the recommendations of the Committee are generally based upon the assumption of an actual federation, they have wisely and generously recommended that the relief as regards the excess over 5 per cent. should take effect at once.

The Committee recommend that the remainder of the cash contributions by the States should disappear at least *pari passu* with the contributions in the form of income-tax from the provinces to the federal government. If, as observed by the Davidson Committee, the tributes are the only cash contributions which, though indirectly, the States will be making in aid of federal revenues and are to be taken as *pro tanto* counter-balancing the provincial contributions, it is difficult to see the justification for the use of the words 'at least' and for suggesting thereby that the abolition may be claimed earlier.

In the treatment of ceded territories the Committee have held the view that the net value at the date of the cession should be adopted as the criterion in making the financial adjustment. In view of the difficulties and considerations referred to by the Committee, this seems to be the only practicable method of fixing the compensation due to ceding States. It is not a little curious that no financial adjustment in lieu of the ceded territories has been desired by the Government of Hyderabad and that they prefer the continued maintenance of the subsidiary force by the British Government.

The subject of the Indian State Forces is one of great complexity and importance and the Committee were wise in deciding not to attempt to find a money equivalent for the military value of the States, more especially, as none of the States will be willing to disband their forces.

A long-standing grievance of the States will be removed by the recommendations of the Committee that the cession of jurisdiction over railway lines for administrative purposes should not be exploited for fiscal purposes and that in the case of civil stations situated in States the area of foreign jurisdiction should be confined to the Residency itself and the buildings under the Resident's control, that where the continued retention of any civil stations beyond these limits is regarded as essential on political grounds, the conditions of the lease should be subject to periodical examination and that where federal jurisdiction is retained, whether in a civil station or in a cantonment, the state should be entitled to the surplus revenues remaining after the administrative expenses of the locality have been met.

Though the retention of internal land customs militates against the policy of internal freedom of trade which should be the aim of every federation, the Davidson Committee as well as the Peel Committee have recognised the impossibility of any present surrender by the States of internal land customs

which form an important source of revenue. It is to be regretted that in spite of the anti-federal implications of an internal customs tariff and in spite of their own misgivings, the Davidson Committee should have recommended the relaxation of the restrictions now existing upon the power of levying internal customs. Where so many anomalies of fiscal policy have been retained, the removal of one of them will not bring about equality of burdens or conditions and the Committee would have done well to have refrained from recommending the removal of any of the existing restrictions.

The decision of the Committee upon the important question of the claims of maritime States and upon various other matters included in their inquiry are generally sound and impartial.

The Committee have emphatically declared that their recommendations are all conditional upon the formation of a federation and should not be relied upon by the States for the assertion of any claims against British India or *vice versa* in the event of the condition not being fulfilled.

The Committee point out that the conditions under which a federation has to be formed present so many anomalies and so much of heterogeneity that it is not possible to bring about that uniformity of burdens and benefits which should be the ideal of a truly federal system. Like the Percy Committee, they are of opinion that insistence upon uniformity will not only fail to further the cause of federation, but might gravely prejudice it.

The net financial result of the recommendations of the Committee is to impose an additional burden upon the federal finances of a crore of rupees per annum. There are some Indian politicians who seem to think that this addition to the federal burdens is unfair to British India and that the Davidson Committee have been too generous to the Indian States. We cannot subscribe to this indictment of the Committee. It has been repeatedly pointed out by the Davidson Committee and at the Round Table Conference that no State can be compelled to join the federation against its will. If a federation is to be formed at all and if the States have to be induced to join, the principle of uniformity of contributions must be applied so as to remove as far as possible any feeling of inequality of treatment as between State and State. The principle, however, has not been applied to the same extent for the purpose of bringing about equality or uniformity between British India on the one hand and the States on the other.

The Committee observe that even if the result of the financial adjustments recommended by them makes a substantial addition to the burdens of India, federation would still be desirable. They hold that by the very fact of their entry into the federation the States make a contribution which is not to be weighed in golden scales. This observation is not the last word upon the subject. It is perhaps too late in the day to inquire whether federation should have been attempted at the present stage. That the federation of the States and provinces is the ideal and the inevitable goal of the political evolution of India may be readily conceded. But the really important issue is whether it was wise to set about the formation of a federal India at this stage of her political evolution. The Butler Committee which travelled all over India and came into intimate contact with the Princes and studied their mentality at close quarters did not consider it wise to recommend the creation of a federal constitution. While they confessed that their imagination was powerfully affected by the stirrings of new life and new hopes in the States, they were impressed with the need for great

caution in dealing with a body so conservative, so sensitive and so tenacious of internal sovereignty as the Indian Princes. The Committee looked upon federation as a vision of the future.

Discussing the claims of the States to a share in the revenue derived from maritime customs, the Butler Committee recognised the right of British India to impose maritime customs at the frontier. But unfortunately they remarked that the States had a strong claim to some relief. If the choice had been offered to the States between the maintenance of the *status quo* in their financial relations with British India and their entry into the federation, it is probable that they would have been more willing to join the federation than they seem to be at present. Unfortunately the requirements of British policy favoured the formulation of an All-India federation as an essential condition for any transfer of responsibility in the Central Government. As the Princes cannot be compelled to join the federation against their will and as British India is eager to secure a transfer of responsibility at the centre, the Princes seem inclined to assert their rights of internal sovereignty even more tenaciously than ever. Treaty rights must of course be respected and there should be no infringement of these rights under the existing constitution of India. But the contention that there must be no intrusion of central jurisdiction even under a federal constitution is absolutely inconsistent with the principle of a federal constitution which requires a surrender of some portion of its sovereignty by every constituent unit in favour of the common government. The mere willingness to acquiesce in the levy of maritime customs or to make a voluntary offer of troops in time of need cannot be regarded as evidence of a federal mentality. No real federation can be accomplished, unless there is a readiness and a disposition on the part of the Indian Princes to part with a portion of their sovereign powers to the same extent as has been found by experience to be necessary under other federal systems.—*Indian Review*.

### THE FRENCH FINANCIAL CRISIS.

THE first decrees cutting down the budgetary provision for administrative purposes have begun to appear, and others will follow which are expected to reduce the railway deficit. As soon as Parliament meets again, it will have to face the problem of balancing the budget. It is a difficult one to tackle. When the present Government came into power, one of the chief items of programme was a healthy financial readjustment. A complete scheme was drafted under the direction of M. Germain-Martin, the Finance Minister, and finally, it was voted by Parliament just before the holidays, but only after long and difficult discussions which had succeeded in depriving the Ministerial plans of their most productive dispositions. A fresh effort will, therefore, have to be undertaken in the autumn, if the Government is determined not to let the budget be invaded by a permanent deficit, the consequences of which would not fail to become extremely serious for public credit as well as for money itself.

The annual deficit at the beginning of this legislature was said to amount to 7 or 8 milliard francs. Parliament has somehow, by economy and readjustment of taxation, reduced this figure by 2 to 2½ milliards. The benefit expected from the conversion of loans, which will very probably take place in the autumn, will be over a milliard francs. This means that 3 or 4 milliards still remain to be found.

The acceptance of the financial plans in the form stated above is at best a symbolical gesture; after the holidays further and greater sacrifices will

have to be made. The serious declarations of M. Herriot and M. Germain-Martin during the financial debate have created a profound impression in the mind of all those who have a sense of their civic duties. On the whole, the French nation has accepted the increase in taxes without enthusiasm, but with a feeling of its inevitability. Every one realises that a serious effort of economy has to be carried out without delay.

It would be interesting to study the causes of the present crisis in France, but the subject cannot be exhausted in a paragraph. We shall, therefore, just remark that reparations, war-debts and armament expenditure would stand out as prominent factors. To an attentive observer another fact would also become evident, namely, that France's difficulties and sufferings are essentially repercussions due to events outside her own borders. Each phase and aspect of the crisis here has had its origin in the state of things in Germany, in the United States, in Central Europe, etc. This, of course, leads to the conclusion that a local treatment cannot prove a sufficient cure, and it also explains why the French public has lately paid more attention to happenings at Lausanne and Geneva than to France's own financial problems.

Nevertheless, both Government and Parliament have understood that they must put a brake on the crisis and endeavour to protect the vital interests of the nation. President Herriot is said to have devoted the major part of his holidays to hard work and the future financial reforms have been in the centre of his preoccupations. The difficulties already encountered by Government when the financial plans were first presented, the hesitations of the Financial Commission and of the Chamber itself to face the risk of unpopular reforms, leave no doubt that the subject may bring about a serious political crisis when the budget comes up for discussion. On one point every one agrees: whatever be the difficulties, the budget will have to be balanced. The Senate have announced that they shall be inflexible in this respect. But how will this result be achieved? It is hardly possible to envisage further taxation. The tax-payer is breathless and prays that his burden should rather be lightened. And it is evident that in a period of economic crisis, increasing the taxes is as impossible as it is absurd. But this argument leaves nevertheless the problem unsolved.

Discussion in Parliament will very probably develop on two different lines. The Socialists will almost certainly propose to balance the budget, on the one hand, by further reductions in the military credits, and, on the other hand, by some of the "bold measures" which they are fond of advocating now and then, namely, the nationalisation of certain enterprises which they believe could bring new resources to the state.

The first alternative may lead to a tragedy, because it will bring in the question of the country's security and put the gravest problems before the conscience of the deputies. The temptation will be all the stronger because the electoral body is, on the whole, favourable to massive economies of this kind, which have no immediate repercussions on their personal interests. But very probably, the Ministers of War and of Foreign Affairs, the Presidents of the Commissions on Army, Marine and Aviation will not desert their responsibilities at a moment when external dangers are increasing. They will, for instance, draw attention to the disquieting situation in Germany, the constant fluctuations which make power oscillate from one dangerous faction to another and favours extreme solutions of any kind, the eviction from the German Government of those elements which alone seemed to make for peace, Hitler's possible triumph, the

uncertain character of the whole German policy and its eventual consequences. The situation in Italy will be also referred to. M. Mussolini has sacrificed M. Grandi, who had been for ten years a remarkable collaborator, because he did not find him "energetic" enough in the defence of the Italian point of view, and his tendencies were too international. On the eve of the "crucial period" which he has foreseen for 1933 five years ago the "Duce" preaches the nobility and the necessity of war, unites for common exercises the regular army and the Fascist militias and gives to the air and naval manoeuvres the following theme: Prevent troops coming from the southern coast of the Mediterranean from reaching the northern coast.

In spite of those considerations, in spite of the present international situation in general, and the actual state of the Geneva negotiations, will the Socialists get a majority on this point, especially if the country remembers their pre-war errors? Even if they do get one, their majority is bound to be weak; and even if it succeeded in bringing about a Ministerial crisis and a new Cabinet, a purely Socialist Government would not long outlive the suspicions of the Senate, the fears of public opinion, and the hesitations of the Centre-Left in Parliament.

But, as we have said, the Socialists' programme also bears on another aspect. It will probably put forward a scheme for the nationalisation of certain concerns, for instance, the insurances, and the exploitation of petrol. These are grave problems of doctrine and can be discussed as such; but as far as the present budget is concerned, is the realisation of the Socialist plans sure to bring to it the desirable alleviation? Many practical details have to be taken into account, such as the organisation of the new state monopolies, the transitory stages and measures, the indemnities which will have to be conceded to previous proprietors, etc. And even if these considerations are ruled out satisfactorily, will the Government agree to this policy if it has to face its consequences on the monetary situation? And will the majority, both in the Senate and the Chamber, finally be convinced? The question of State monopolies is worthy of more attentive study, and its realisation cannot come about before it has been patiently and expertly discussed at length. But the present budget cannot wait and must be voted without delay.

The only remaining solution is, therefore, the reduction of all expenditure, and not only military expenditure, until the budget is balanced. It is a bitter solution, but both the Cabinet and the Senate have favoured it openly and very clearly. The Chamber, on this particular point, reflects the contradictory expressions of public opinion. French public opinion understands that a country labouring under a prolonged economic crisis cannot keep up the enormous expenses that were normal in a period of prosperity, and agrees to a reduction of those expenses. But, as human nature will have it, each one would like the neighbour to bear the reduction rather than take the burden upon himself. Very rapidly, interests have grouped themselves and organised obstruction to this or that particular means devised by Government to ensure economies. And, as one can imagine, members of the new Parliament have more than once been urged to help this obstruction to succeed. This conflict between general and particular interests threatens to be dramatic. Its solution will depend upon the authority of Government, upon the firmness of the Senate, and also to no small extent on the constitution of an efficient majority in the Chamber.

It is true that effecting economies is not an easy matter. M. Emile Roche says: "If you economise

3 milliards on the budget by reducing the allocations that the State distributes among the population under some form or other, the buying capacity of the people concerned will be reduced in the same proportion. The business-crisis will get worse. The revenue from taxes will consequently decrease and your budget will lose its balance again." Inescapable as the argument may appear, it does not work quite so rigorously in practice. The buying capacity of the people will not be reduced exactly in the same proportion as budgetary economies seem to indicate. There is always a margin of personal savings which will act as a support. But even granting that the buying capacity has been reduced by half and has struck business interests in the same proportions, the decrease in State-revenue through taxes would even then only come to  $\frac{1}{4}$  or  $\frac{1}{2}$  of that amount according as taxes represent 33% to 50% of the value of the transactions. Therefore, the economy of 3 milliards in the budget would only be decreased by 500, or 750 millions by these eventual consequences.

In any case, the members of Parliament have a stern task to fulfil. They will have to listen to the voice of their conscience instead of yielding to that of their electors, who have constituted themselves into a considerable number of committees, sub-committees, groups and sub-chapels of all descriptions for the defence of their private interests. But there is yet a dominant proportion of the population in France, who will be content to live a life of work and sacrifice for the sake of their country. Such people have always constituted the durable foundations of our nation. They will support and honour any Government which will face its duties unflinchingly.

L. MORIN.

---

## Our London Letter.

---

(From Our Correspondent.)

(BY AIR MAIL.)

LONDON, 27 August.

THE OLD GUARD.

"THE Old Guard never surrenders" is a very well known (if none too credibly authenticated) episode of Franco-British military history. There is, for the edification of the ribald, a popular refrain that "old soldiers never die; they merely fade away." One is reminded of both these sayings by the re-emergence of the stalwarts of the Indian Empire Society in order to shout defiance to Lord Lothian and to castigate him for his (to them) unwelcome speech at Falloden last week-end. Lord Sumner is particularly waspish and the *Daily Mail* is thundering objurgations because the Under Secretary for India referred to Sir Reginald Craddock and his colleagues as diehards and reactionaries. This is described as a hit below the belt. It does not matter that many of their successors in the services, far more closely associated with present and immediate conditions in India, similarly describe these "backwoodsmen" of the past. They, and they alone, ought to be listened to and even the Viceroy's Council have no right to be heard. It is a bit wanton and hysterical, all this noisy pother by a number of elderly gentlemen with little else to do than become reminiscent of times and circumstances changed beyond recall. It is no use getting excited about them. In due course, they, too, will fade away. They can, occasionally, be made use of by Mr. Churchill and Lord Lloyd to suit their own purposes. But they do not "cut much ice", though they are unaware

of the fact, and take themselves far more seriously than the conditions here warrant.

### THE CONSTITUTIONAL QUESTION.

But it is a little different when Lord Sumner tells us that Lord Lothian has sought to commit Parliament to theories to which Lord Hailsham, the Cabinet spokesman, definitely assured the House of Lords that they remained uncommitted. In one sense, of course, Lord Hailsham was right. There are, at present, no definite Government proposals, and so Parliament is uncommitted to any precise formulae. In addition, Parliament can always, as the Prime Minister reminded the House of Commons last December, reject the official recommendations at a price, the price being the Government's resignation. In the present instance, it would mean the dissolution of Parliament, for there is no alternative Government available that would be prepared to go less far than the present administration, whose prestige has, on the whole, been enhanced by its handling of affairs during its year of office and testing. The full fruits of Ottawa are not yet known and understood, and an earlier resumption of Parliament is already mooted. It is too soon, too, to know anything serious of the Indian reactions to the Indo-British agreement reached at Ottawa. Of course, the Congress will damn it and the mercantile representatives, who had no part in drawing it up are expressing doubts as to whether India will not be paying more than she will receive. But the agreement ought to be discussed and examined on its merits and apart from vested interests, personal idiosyncrasies and partisan preferences. The only doubt is whether, apart altogether from the intrinsic merits the agreement may contain, it would be wise to place it before the present Indian Legislature for approval. On the other hand, to delay until the new Constitution is in force, will be to deprive India of the benefits, if any, that the agreement may contain. It can always be denounced, in case of need, by giving six months' notice.

### THE REFORMS PROCEDURE.

There seems, although a formal statement to that effect is still awaited, a general feeling that there is, notwithstanding Sir Samuel Hoare's bad break last June, to be a third Round Table Conference, probably on a somewhat smaller scale than the last. The Government, of course, will maintain that they have made no substantial change in their objective, and that one way is as good as another to them of achieving it, if it meets with greater and more general approval. But as a wise man once said: "A government is never wrong. It never makes mistakes and it never retrieves them."

---

## Our Punjab Letter.

---

(From Our Own Correspondent.)

Lahore, 1st. September.

### RECEPTION OF THE COMMUNAL AWARD.

IN consequence of the Communal Award, the relations between the Muslims, the Hindus and the Sikhs have become much more strained than before. The latter are becoming more and more desperate. Councils of Action have been set up and volunteers are being recruited for the armies of wouldbe martyrs, e. g., the Shahidi Sikh Dal. A number of communal conferences have already been held and more are being convened. At one of these held in the Ferozepur District on the Aug. 28, 50,000 Sikhs are reported to have taken vows to resist the enforcement of the Award with all the strength

at their command, as was recently done at the tomb of Maharaja Ranjit Singh in Lahore. The Sikh Council of Action has declared that the Sikhs would under no circumstances submit to the rule by a single religious community and would not allow any future constitution to work unless an effective balance of power between the three principal communities in the province is created by a re-adjustment of seats in the Legislature or the boundaries of the province are changed by separating the predominantly Muslim districts therefrom and unless other demands of the Sikhs are fully met. Sikh demonstrations against the Award throughout the province are also planned for the 17th inst. The extent of the Sikh-Muslim tension may be gathered from the fact that it is being urged that no Sikh should talk to a Muslim or have any dealings with him.

#### A NEW HINDU ORGANISATION.

A new Hindu Organisation, called the Punjab National Hindu Sabha, has been formed to protect and advance the political and economic interests of the Hindus as well as their civilisation and culture and numerical strength. This organisation, which represents the more enthusiastic Hindus in the Panjab, is sending out workers and undertaking a campaign for enlisting volunteers and establishing branches of the National Hindu Sabha at important centres in the province. This movement indicates a revolt by Hindu young men against the methods of the old Provincial Hindu Sabha and its elderly leaders. The latter, while strongly condemning the Communal Award and resolving to safeguard the interests of the Hindus by all legitimate and constitutional methods in collaboration with the Sikhs, have also decided to make efforts to avoid communal strife in carrying out their objects. They have declared their intention to follow the Sikhs and to support them in the struggle in every possible manner.

Rao Bahadur Chaudhari Chhotu Ram, the leader of the Unionist Party which is the largest and most powerful group in the Punjab Legislative Council, consisting mostly of Muslim zamindars and agriculturists, is of opinion that the only practicable solution on which all the communities in the Punjab should agree, is the introduction of joint electorates without any reservation of seats. He suggests that in order to induce the Muslims to accept joint electorates their population should as far as possible be reflected on the electoral roll. In order to overcome the objection against the adoption of a different basis of franchise for the Muslim population, he urges the following device in the *Tribune* of September 2nd

The electorate yielded by the present qualifications may be retained. This will ensure a reasonable representation of those who bear the main burden of taxation. The present electorate may be supplemented by the addition of all those to the electoral roll who are of a certain age, say, between thirty and sixty and are not otherwise qualified as voters. This will enable the strength of the Muslim population to be reflected on the electoral roll to some extent, will help to keep the electorate within manageable limits, and will, at the same time, avert the necessity of adopting different bases of franchise for women, labour and depressed classes. The representation of all special interests may, under this scheme, be discarded with advantage. If sincerity and good faith have at all prompted the declarations of various leaders and classes this proposal should prove acceptable to all.

How far this suggestion will commend itself to the Muslims is more than one can say at the moment.

## Our Madras Letter.

( From Our Own Correspondent. )

Madras, 3rd September.

#### SLUM IMPROVEMENT.

**D**URING the week Mr. Matters and Miss Whately of the India League Delegation visited the slums in the City of Madras and the model houses built by the Corporation for the benefit of the labouring classes. In this connection it will be worthwhile to describe briefly the policy pursued by the Corporation in regard to the reclamation of slums in the city. The policy is threefold. First is the building of model houses. Last year 180 houses were built at a cost of Rs. 2½ lakhs. The second is the construction of sanitary plinths which are cheaper than model houses. 126 such plinths were constructed this year. The third method is the reconditioning of the existing slums by laying out new roads, providing street lights, water taps, latrines and other sanitary amenities. A few days ago, the Corporation decided to borrow Rs. 200,000 from a cooperative bank for the construction of more model houses and plinths and thus increase the housing accommodation in the city for the poorest. The problem of slums in Madras is the problem of private slums, that is to say, slums built on lands belonging to private individuals. The Corporation is helpless to tackle these private slums due to want of enlightenment on the part of the private owners, regarding their share of responsibility in the matter of providing sanitary arrangements for the slum people. There is a bill now pending before the Legislative Council to amend the City Municipal Act, which will empower the Corporation to deal with the private owners and really improve the slums.

#### PLANTERS ON LABOUR CONDITIONS.

The proposal of the Government of India to introduce certain bills in the Legislative Assembly to implement the recommendations of the Whitley Commission for the betterment of labour conditions in India has alarmed the European planters in Southern India. At their annual conference held last month at Bangalore, the president of the Association, Mr. Congreve, complained that the provisions of the Workmen's Compensation Act were sought to be extended to estate labour alone and not to other agricultural labour. He asserted that labour on estates was better looked after than agricultural labour and that every sort of benefit was provided free. In the event of the provisions being extended he feared, that many employers would be forced to stop spending money in providing benefits to the workers on the estates as they had been doing in the past. At the Conference a resolution was passed to the effect that factories working for 180 days in the year should be termed "perennial" and that factories manufacturing tea, coffee and rubber should be termed "seasonal." Another resolution strongly protested against the application of the Workmen's Compensation Act to labour on estates unless and until it was extended also to all labour employed by Government departments, such as forests and public works, and also to labour employed by landlords.

#### SOCIAL REFORM.

Dr. (Mrs.) S. Muthulakshmi Reddi, the doughty champion of women's rights and social reform, presided over a conference of Kalavanthulus in Andhra-deea, corresponding to the Devadasis in Tamil Nadu. In her address she pointed out that as a result of her

amendment to the Hindu Religious Endowment Act to the effect that all Devadasi Inams should be enfranchised, many Kalavanthulus had taken advantage of that provision, given up temple service and were now giving their daughters in marriage and setting them up in happy family life. Dr. Reddi wants to go a step further and penalise the dedication of girls to temples. When she was a member of the Legislative Council, she introduced a Bill in that behalf, which, it is hoped, will come before the legislature soon. With a view to wean young girls from the demoralising influence and atmosphere resulting from a life of prostitution led by the Devadasis, Mrs. Reddi wants the Legislature to prohibit the singing and dancing in public by girls belonging to the Devadasi caste and to compel the parents of Devadasi girls to give an undertaking in writing that they would marry them. These are very necessary measures of reform and there is no doubt that education of the public and the Devadasi community in particular along these lines, will go a long way in making the path of reform smooth and easy.

## Reviews.

### OPTIMUM SIZE OF INDUSTRY.

**THE STRUCTURE OF COMPETITIVE INDUSTRY.** By E. A. G. ROBINSON. (Cambridge University Press.) 1931. 20cm. 179p. 5/-

THIS is an important book. Unlike the earlier volumes in the series which generally restated the principles of economics although often brilliantly, this book breaks new ground. Mr. Robinson has written on a subject of great topical interest at the present moment, and has subjected one aspect of industrial organisation to a searching scientific and detailed analysis. The problem he has set out to tackle in this volume is what size of firm in each industry would secure the best industrial efficiency, i. e., production at the lowest cost per unit? This optimum size of a firm is governed by various forces which the author examines in each chapter under the following categories: technique, management, finance, marketing, and risks and fluctuations. Each of these factors will lead to a certain optimum size, and it is possible that all of them might reach their optimum size at one and the same total output of production. But it is probable, indeed inevitable, that the size governed by technical forces may be different from that determined by management or marketing, being either smaller or greater, and therefore the conflicts arising from such differences must be resolved and this the author attempts to do in an illuminating chapter on the "Reconciliation of Differing Optima".

That analysis of this kind is full of pitfalls and hence requires rare ability and caution will become evident if one realises the enormous difficulties of defining precisely what is a firm, and of delimiting the field of an industry. Take, for example, the difficulty with which we are familiar in India. When one managing agency firm manages in a well-defined area two cotton plants, each under separate ownership, are we to regard the two plants as constituting for all practical purposes one firm, because they are under a single management and enjoy all the economies of buying and selling in bulk? On the whole the author has succeeded admirably in avoiding the confusions and contradictions of loose definitions, although in one place the reader is left frankly puzzled when he is told that selling on a large scale does not mean selling in bulk, but selling to numerous customers. The book is rich in illustra-

tions drawn from British and American industries to prove the author's thesis.

It is well-known that in recent years, owing to the influence of rapid technical changes, the twin principles of division of labour and integration of processes have pushed up the point of diminishing return and therefore increased the size of the technical optimum, which however varies with the nature of the industry. In two wholly different types of industry, optimum technical units are large: in industries like steel-making or ship-building where the product or productive machinery is physically large, and also in industries like motor cars and type-writers where the final product is highly complex. The influence of management is often on the side of a larger optimum size than that fixed by technical considerations. That is why we often find in India, where there are factories managed by Europeans, the size is generally bigger than that of the average firm in the industry because only thereby is the fullest scope afforded for the management and the greatest economy secured. But the limit to any great increase in size is set by the difficulty of co-ordinating harmoniously the various parts, and although in Great Britain enormous progress has been made in regard to the problems of management, its organisation still falls far behind the best practice in Germany or U. S. A.

In chapters IV and V, the optimum financial unit and the optimum marketing unit are discussed. Both the rates at which money can be borrowed and the amounts that can be borrowed are all influenced by the size and structure of the firms, and the larger ones have a great advantage. An interesting sidelight is thrown on the organisation of the cotton spinning industry which is mostly joint-stock owing to its technique because, unlike the weaving firm which can grow up from small beginnings, the spinning firm has got to start, like a railway-company, for instance, with a complete equipment and cannot gradually change the scale of its operations.

Mr. Robinson has pointed out that the costs of buying and selling form a large part of the total expenditure of a firm and that "economies fully as large as any in the process of manufacture" can be achieved in the marketing of goods. The advantages of a large firm seem at first sight nearly overwhelming, but if the gains are large the risks of errors and the possible loss are likely to be very serious. The author discusses the various methods by which a small firm can enjoy much of the advantage of large-scale buying and selling and concludes that where the product is not standardised or where 'branded' and labelled goods have to be sold the producer must himself maintain his own sales organisation. In such cases then a firm will have to be larger than the size dictated by technical or managerial considerations; but the increasing cost of sales in competitive industry sets a limit to its further growth in the normal manner. Hence arise combinations and monopolist associations.

Another influence that also operates towards amalgamations and combinations is the existence of risks and fluctuations to which modern industry is subject and the need to minimise their ill effects by the producers acting in concert.

The methods by which a maladjustment of the differing optima may be remedied are examined at some length, and in these attempts at such reconciliation is to be found the explanation for the action of some manufacturers who produce on a small scale, who combine different products in a single factory or sell them with a single sales staff.

So long as the conception of optimum size is applied to firms in an industry, the problem is, at

least, definite, although there are difficulties enough in finding a solution to it. But since the cost of production in a firm will depend not only upon the size of the firm but also upon the number of firms engaged together in producing the commodity, we are led to enquire if there is an 'optimum' industry, i. e., whether the industry, as a whole, is just large enough and not too large to ensure the maximum external economies. Mr. Robinson is inclined to hold the view that just as in the case of a firm the larger it grows, the less is likely to be the gain to be secured by further growth, so also in the case of an industry, the larger it grows, the less the economies to be secured by further growth. But this view seems to pay insufficient regard to the manner of the growth of an industry. Industry, as such, has no organisation, and the methods by which it seeks to expand are specialisation, splitting up processes of production and taking on new lines of output. The difficulties of defining precisely what an industry is are so great that it seems to be altogether a fruitless task to endeavour to fix the size of the 'optimum' industry.

P. S. LOKANATHAN.

### BATTLE OF THE FRONTIERS.

**ALBERT, KING OF THE BELGIANS IN THE GREAT WAR.** By Lt. Gen. GALET. Trs. by Sir ERNEST SWINTON. (Putnam, London.) 1931. 25cm. 341p. 25/-

THERE are few subjects which better repay investigation than the history of the little corner of Europe during the Great War. The people of Belgium under the able leadership of their heroic king showed a wonderful capacity for endurance and heroism which enabled them to exercise an influence wholly disproportionate to their numbers on the course of the War. Any contribution which shall enable the student better to comprehend the part played by the Belgians and their King in the War is to be warmly welcomed. And when it is remembered that there has been no authoritative publication except the British "Official History of the Operations in France and Belgium, Vols. I & II," the value of the book under review, a book written by Lt. General Galet, King Albert's Military Adviser and Chief of Staff of the Belgian Army, with the help of official documents, can hardly be overestimated.

The book is divided into five parts, the first part dealing with the military activities of King Albert in anticipation of war, the second part describing the Belgian resistance from Liege to Antwerp, the third part dealing with the Battle of the Frontiers, and the last two parts describing the operations round Antwerp and on the Yser. It is impossible to give even a bare summary of the many interesting events described in the book. We shall refer, however, to the Battle of the Frontiers to which French official historians are pleased to direct criticism.

The Battle of the Frontiers was a very important event which exerted an even greater influence on the later phases of the war than even the Battles of the Marne and the Yser. The brave stand of the Belgians in the Battle of the Frontiers was responsible for the prolongation of hostilities for four years, though it did not save a great part of Belgium and Northern France from German occupation. The author admits that had the Germans been defeated in the Battle of the Frontiers, the war would have followed an entirely different course; but he points out that the Belgians did their best. Marshall Joffre attributed the loss of the Battle "to the heterogeneous composition of the Allied left (consisting of the

Belgian Army, British Army, etc.) and the unequal responsiveness of its component parts to the directing will of the Generallissimo." On the contrary, the author points out that the Belgians were free from blame. Between the Rhine and the Metz-Verdun line, the two adversaries were in almost equal strength (27½ German Divisions against 25½ French). In the Ardennes also the numbers were equal (23 Divisions on either side). But on the west of the Meuse on the 18th August there were available for action only 6 Belgian Divisions to meet 32 German Divisions which included the flower of the German Army. Due to the resolution and initiative of King Albert the Belgian Army was not crushed. It was only five days later that the strategy of the French could produce only 18 Divisions (13 French, 4 British and one Belgian from Namur) to oppose 30 of the Germans. "In that and nowhere else", says the author, "lies the secret of the Battle of the Frontiers".

The author points out that the loss of the Battle of the Frontiers and the withdrawal of the Belgian Army into Antwerp, leaving their capital and two-thirds of their country in the hands of the Germans ended the first phase of the campaign. The author rightly points out that the Belgians were handicapped by the invasion of Eastern Belgium which was brought about by their unpreparedness and the fact that the Allies had no time to come to their aid and bring the invader to a halt on the Meuse at Liege. "But even so", says the author, "we had waited 15 days for the Allies, ourselves ready to give battle on the transverse line of Antwerp-Namur. Then we had been forced to yield up that line and abandon the whole of Central Belgium to the enemy."

The author very clearly points out how the Belgian Army completed its duty of reconnaissance and retarded the enemy's approach without compromising itself, with the object of gaining time for the deployment.

The author pays a glowing tribute to the qualities of head and heart of King Albert. "In the midst of all his difficulties—which to be appreciated must have been experienced at his side—he never failed to show the greatest consideration and kindness to those in his service. He was for all of us a splendid example of activity and industry; and when we showed signs of flagging it was he who gently stimulated us to further effort. He neglected nothing and gave his mind to great and small matters—to an important movement of the Army as well as to the most modest petition" (p. 128). We need hardly say that King Albert richly deserves the encomiums showered on him by his Military Adviser throughout this book.

The book is well got up with numerous illustrations, plans of battle and important documents. We congratulate the author on his brilliant production and we have great pleasure in saying that it is a most interesting contribution to the history of a remarkable people and their King during a remarkable period.

N. SUBRAHMANYAM.

### INDIAN FRONTIERS.

**THE ROMANCE OF INDIAN FRONTIERS.** By GEORGE MACMUNN. (Cape, London.) 1931. 23 cm. 352 p. 16/-

It is in the fitness of things that Sir George Macmunn who has had long and intimate experience of the Indian frontiers and who is the recipient of several gold medals for contributions to military

knowledge should have written the fascinating story of the Indian frontiers. But if anyone expects to find in this book the military aspect of the problem dealt out in great length he will be sadly disappointed. The author mainly concerns himself with a recapitulation of the stirring scenes that were enacted on the Indian frontiers from the dim beginnings of history to recent times. The author points out how through the passes in the North-West have come into India Alexander the Great and Turkish and Mogul invaders, while through the same passes Graeco-Bactrian culture spread to India and Buddhist religion spread out of India. Though the author does not discuss at great length the military problem of the North-West frontier in the 20th century, his remarks, though brief, are valuable. According to him the problem has two aspects, a major and a minor. The major problem is the age old one of the protection of India from a hostile Afghanistan either alone or leagued with Russia. The minor problem is the problem of the tribes. The author says that "one of the disappointments of modern times is the uselessness of the Air Force in handling the problem. It was hoped that solution might have been found. But it was soon realised that bombing has no material effect against tribal skirmishers and sharpshooters. Even machine gunning hits no one amid rock and crag."

We congratulate the author on constructing a story, illustrated by excellent maps, full of moving interest to the general reader, and of vital lessons to the soldier and the statesman.

M. V. SUBRAHMANYAM.

#### BOOKS RECEIVED.

- NEO-HINDUISM. (An Exposition of Swami Vivekananda's Conception of Vedantism Yoga Philosophy.) By D. V. ATHALYE. (Taraporevala, Bombay.) 1932. 22cm. 220p. Rs.5/8.
- REPORT OF THE PROCEEDINGS OF THE MADRAS CHAMBER OF COMMERCE. Jan.-Dec. 1931. 1932. 22cm. 312p.
- SPEECHES. By LORD IRWIN. Vol. I-From 1st April 1926 to 24th June 1929; Vol. II-From 30th October 1929 to 18th April 1931. (Government of India Press, Simla.) 1930. 1931. 22cm. 599 & 285p.
- A PLANNED SOCIETY. By GEORGE SONLE. (Macmillan, New York.) 1932. 20cm. 294p. \$2.50.
- WHAT I OW TO CHRIST. By C. F. ANDREWS. (Hodder & Stoughton, London.) 1932. 20cm. 511p. Rs. 3.
- ROCK CUT TEMPLES AROUND BOMBAY. By KANAIYALAL H. VAKIL. (Taraporevala, Bombay.) 1932. 20cm. 160p. Rs. 3
- HISTORY OF ORISSA. From the Earliest Times to the British Period. Vol. II. By R. D. BANERJI. (R. Chatterjee, Calcutta.) 1931. 27cm. 481p. Rs. 20.
- PRINCIPLES OF CIVIL GOVERNMENT. Pt. I-An Introduction to the Science of Politics. By AKSHAYA K. GHOSE; and Pt. II-An Introduction to the Science of Economics. By SACHIN SEN. (Taraporevala, Bombay.) 1932. 26cm. 322p. & 187p. Rs. 7 & 5/8.
- ITALIAN FOREIGN POLICY, 1918-1932. By MURIEL CURREY. (Ivor Nicholson & Watson London.) 1932. 22cm. 330p. 18/-
- LIMANORA. The Island of Progress. (2nd Edn.) By GODFREY SWEVEN. (Oxford University Press.) 1931. 20cm. 711p. 7/6.

- RAILLARO. The Archipelago of Exiles. (2nd Edn.) By GODFREY SWEVEN. (Oxford University Press.) 1931. 20cm. 420p. 7/6.
- EDUCATION FOR LIFE. A Banish Pioneer. By NORLLE DAVIES. (Williams and Norgate.) 1931. 20cm. 207p. 7/6.
- UP FROM POVERTY IN RURAL INDIA. By SPENCER HATCH. (Oxford University Press.) 1932. 20cm. 208p. Rs. 2/3.
- THE DAWN OF INDIAN FREEDOM. By JACK C. WINSLOW and VERRIER ELWIN. (Allen and Unwin.) 1931. 20cm. 224p. 4/6.
- SCIENTIFIC RELIGION. Vol. II. By G. N. GOKHALE. (The Educational Publishing Co., Karachi.) 20cm. 143p. Rs. 1/4.

## Indian Finance Year-Book, 1932.

A complete, comprehensive and compact book of reference on India's Trade, Finance, Industry and Economy.

The Year-Book is replete with authoritative articles and carefully-compiled statistical tables on all aspects of economic activity—Budgets of the Central Government, the Railways and the Provincial Governments; Currency and Monetary Section; Banking Section; Insurance Section; Transport Section, including Railways, Shipping, Motor Transport and Inland Waterways; Public Utilities Section, including Light Railways, City Electric Supply and Hydro-electric Development; Agricultural Statistics; Industries Section, comprising a dozen principal industries.

No college or public library could afford to be without the Year-Book. The Book is invaluable to members of legislature and to students of public affairs.

Price Rupees Five per copy.

Half rate to bona fide students.

Managing Editor :

25D, SWALLOW LANE,

"INDIAN FINANCE"

CALCUTTA.

## PROBLEMS

OF

## ALL-INDIA FEDERATION

BY

Dr. Tarachand, M. A., D. Phil.

PRINCIPAL K. P. UNIVERSITY

— COLLEGE, ALLAHABAD —

PRICE  
As. 4  
NET.

MANAGER, LEADER,  
— ALLAHABAD. —