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IN THE

VICTORIAN AGE

FROM THE ACCESSION OF QUEEN VICTORIA IN 1837 TO THE
COMMENCEMENT OF THE TWENTIETH CENTURY

BY

ROMESH DUTT, C.I.E.

LECTURER IN INDIAN HISTORY AT UNIVERSITY COLLEGE, LONDON
LATE COMMISSIONER OF ORISSA AND MEMBER OF
THE BENGAL LEGISLATIVE COUNCIL.

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PREFACE

Six years ago, there was a celebration in London which was like a scenic representation of the Unity of the British Empire. Men from all British Colonies and Dependencies came together to take part in the Diamond Jubilee of a Great Queen's reign. Indian Princes stood by the side of loyal Canadians and hardy Australians. The demonstration called forth an outburst of enthusiasm seldom witnessed in these islands. And to thoughtful minds it recalled a long history of bold enterprises, arduous struggles, and a wise conciliation, which had cemented a world-wide Empire. Nations, living in different latitudes and under different skies, joined in a celebration worthy of the occasion.

One painful thought, however, disturbed the minds of the people. Amidst signs of progress and prosperity from all parts of the Empire, India alone presented a scene of poverty and distress. A famine, the most intense and the most widely extended yet known, desolated the country in 1897. The most populous portion of the Empire had not shared its prosperity. Increasing wealth, prospering industries, and flourishing agriculture, had not followed the flag of England in her greatest dependency.

The famine was not over till 1898. There was a pause in 1899. A fresh famine broke out in 1900 over a larger area, and continued for a longer period. The terrible calamity lasted for three years, and millions of men perished. Tens of thousands were still in relief camps when the Delhi Darbar was held in January 1903.

The economic gulf which separates India from other parts of the Empire has widened in the course of recent years. In Canada and other Colonies, the income per head of the population is £48 per year. In Great Britain it is £42. In India it is officially estimated at £2. At the last meeting of the British Association, one of the greatest of British Economists, Sir Robert Giffin, pointed out that this was "a permanent and formidable difficulty in the British Empire, to which more thought must be given by our public men, the more the idea of Imperial Unity becomes a working force." Imperial Unity cannot be built on the growing poverty and decadence of five-sixths of the population of the Empire.

For the famines, though terrible in their death-roll, are only an indication of a greater evil—the permanent poverty of the Indian population in ordinary years. The food supply of India, as a whole, has never failed. Enough food was grown in India, even in 1897 and 1900, to feed the entire population. But the people are so resourceless, so absolutely without any savings, that when crops fail within any one area, they are unable to buy food from neighbouring provinces rich in harvests. The failure of rains destroys crops in particular areas; it is the poverty of the people which brings on severe famines.

Many facts, within the experience of Indian Administrators, could be cited to illustrate this; I will content myself with one. Twenty-seven years ago, Eastern Bengal was visited by a severe calamity. A cyclone and storm-wave from the sea swept over large tracts of the country and destroyed the homes and crops of cultivators in 1876. I was sent, as a young officer, to reorganise administration and to give relief to the people in some of the tracts most severely affected. The peasantry in those parts paid light rents, and were therefore prosperous in ordinary times. With the providence and frugality which are habitual to the Indian cultivator, they had saved in previous years. In the year of distress they

bought shiploads of rice out of their own savings. There was no general famine, and no large relief operations were needed. I watched with satisfaction the resourcefulness and the self-help of a prosperous peasantry. If the cultivators of India generally were as prosperous as in Eastern Bengal, famines would be rare in India, even in years of bad harvests. But rents in Western Bengal are higher, in proportion to the produce, than in Eastern Bengal; and the Land Tax in Madras, Bombay, and elsewhere is higher than in Bengal. The people are therefore less resourceful, and famines are more frequent and more fatal. The poverty of the people adds to the severity of famines.

The sources of a nation's wealth are Agriculture, Commerce and Manufactures, and sound Financial Administration. British rule has given India peace; but British Administration has not promoted or widened these sources of National Wealth in India.

Of Commerce and Manufactures I need say little in this place. I have in another work¹ traced the commercial policy of Great Britain towards India in the eighteenth and the earlier years of the nineteenth century. The policy was the same which Great Britain then pursued towards Ireland and her Colonies. Endeavours were made, which were fatally successful, to repress Indian manufactures and to extend British manufactures. The import of Indian goods to Europe was repressed by prohibitive duties; the export of British goods to India was encouraged by almost nominal duties. The production of raw material in India for British industries, and the consumption of British manufactures in India, were the twofold objects of the early commercial policy of England. The British manufacturer, in the words of the historian Horace Hayman Wilson, "employed the arm of political injustice to keep down and ultimately strangle a com-

¹ *India under Early British Rule, 1757-1837.*

petitor with whom he could not have contended on equal terms."

When Queen Victoria ascended the throne in 1837, the evil had been done. But nevertheless there was no relaxation in the policy pursued before. Indian silk handkerchiefs still had a sale in Europe; and a high duty on manufactured Indian silk was maintained. Parliament inquired how cotton could be grown in India for British looms, not how Indian looms could be improved. Select Committees tried to find out how British manufactures could find a sale in India, not how Indian manufactures could be revived. Long before 1858, when the East India Company's rule ended, India had ceased to be a great manufacturing country. Agriculture had virtually become the one remaining source of the nation's subsistence.

British merchants still watched and controlled the Indian tariff after 1858. The import of British goods into India was facilitated by the reduction of import duties. The growth of looms and factories in Bombay aroused jealousy. In 1879, a year of famine, war, and deficit in India, a further sacrifice of import duties was demanded by Parliament. And in 1882 all import duties were abolished, except on salt and liquor.

But the sacrifices told on the Indian revenues. In spite of new taxes on the peasantry, and new burdens on agriculture, India could not pay her way. In 1894 the old import duties were revived with slight modifications. A 5 per cent. duty was imposed on cotton goods and yarns imported into India, and a countervailing duty of 5 per cent. was imposed on such Indian cotton fabrics as competed with the imported goods. In 1896 cotton yarns were freed from duty; but a duty of $3\frac{1}{2}$ per cent. was imposed on cotton goods imported into India, and an excise duty of $3\frac{1}{2}$ per cent. was imposed on all goods manufactured at Indian mills. Coarse Indian goods, which did not in any way compete with Lancashire

goods, were taxed, as well as finer fabrics. The miserable clothing of the miserable Indian labourer, earning less than 2½d. a day, was taxed by a jealous Government. The infant mill industry of Bombay, instead of receiving help and encouragement, was repressed by an excise duty unknown in any other part of the civilised world. During a century and a half the commercial policy of the British rulers of India has been determined, not by the interests of Indian manufacturers, but by those of British manufacturers. The vast quantities of manufactured goods which were exported from India by the Portuguese and the Dutch, by Arab and British merchants, in the seventeenth and eighteenth centuries, have disappeared. India's exports now are mostly raw produce—largely the food of the people. Manufacturing industry as a source of national income has been narrowed.

There remains Agriculture. Cultivation has largely extended under the peace and security assured by the British Rule. But no man familiar with the inner life of the cultivators will say that the extension of cultivation has made the nation more prosperous, more resourceful, more secure against famines.

The history of the Land Revenue administration in India is of the deepest interest, because it is intimately connected with the material well-being of an agricultural nation. In the earlier years of the British Rule, the East India Company regarded India as a vast estate or plantation, and considered themselves entitled to all that the land could produce, leaving barely enough to the tillers and the landed classes to keep them alive in ordinary years. This policy proved disastrous to the revenues of the Company, and a reform became necessary. The Company then recognised the wisdom of assuring to the landed classes the future profits of agriculture. Accordingly, Lord Cornwallis permanently settled the Land Revenue in Bengal in 1793, demanding from landlords

90 per cent. of the rental, but assuring them against any increase of the demand in the future. The proportion taken by the Government was excessive beyond measure; but cultivation and rental have largely increased since 1793; and the peasantry and the landed classes have reaped the profits. The agriculturists of Bengal are more resourceful to-day, and more secure against the worst effects of famine than the agriculturists of any other Province in India.

A change then came over the policy of the East India Company. They were unwilling to extend the Permanent Settlement to other Provinces. They tried to fix a proper share of the rental as their due so that their revenue might increase with the rental. In Northern India they fixed their demand first at 83 per cent. of the rental, then at 75 per cent., then at 66 per cent. But even this was found to be impracticable, and at last, in 1855, they limited the State-demand to 50 per cent. of the rental. And this rule of limiting the Land Revenue to one-half the rental was extended to Southern India in 1864. An income-tax of 50 per cent. on the profits of cultivation is a heavier assessment than is known in any other country under a civilised Government. But it would be a gain to India if even this high limit were never exceeded.

The rule of the East India Company terminated in 1858. The first Viceroys under the Crown were animated by a sincere desire to promote agricultural prosperity, and to widen the sources of agricultural wealth in India. Statesmen like Sir Charles Wood and Sir Stafford Northcote, and rulers like Lord Canning and Lord Lawrence, laboured with this object. They desired to fix the State-demand from the soil, to make the nation prosperous, to create a strong and loyal middle class, and to connect them by their own interest with British Rule in India. If their sound policy had been adopted, one source of national wealth would have been

widened. The nation would have been more resourceful and self-relying to-day; famines would have been rarer. But the endeavours to make the nation prosperous weakened after the first generation of the servants of the Crown had passed away. Increase of revenue and increase of expenditure became engrossing objects with the rise of Imperialism. The proposal of Canning and of Lawrence was dropped in 1883.

The reader will no doubt clearly grasp the two distinct principles which were held by the two different schools of administrators. One was the school of Lord Canning and Lord Lawrence, of Lord Halifax and Lord Eddesleigh, who urged a Permanent Settlement of the Land Revenue. They knew that land in India belonged to the nation and not to a landed class, that every cultivator had a hereditary right to his own holding, and that to permanently fix the Land Revenue would benefit an agricultural nation, and not a class of landlords. The other school demanded a continuous increase of the Land Revenue for the State, by means of recurring Land-Settlements, in course of which the State-demand was generally increased at the discretion of Settlement-Officers.

The Marquis of Ripon was the Viceroy of India from 1880 to 1884, and he proposed a masterly compromise between the opinions of the two schools. He maintained the right of the State to demand a continuous increase of the Land Revenue on the definite and equitable ground of increase in prices. But he assured the cultivators of India against any increase in the State-demand, unless there was an increase in prices. He assured to the State an increasing revenue with the increasing prosperity of the country as evidenced by prices. And he assured to the cultivator a permanency in the State-demand reckoned in the proportion of the field produce taken as Land Tax. Lord Ripon's scheme happily combined the rights of the State with that security to cultivators without which agriculture cannot

flourish in any part of the world. But Lord Ripon left India in December 1884; and his wise settlement was negatived by the Secretary of State for India in January 1885. The compromise which had been arrived at after years of inquiry and anxious thought in India was vetoed at Whitehall; and a nation of agriculturists was once more subjected to that *uncertainty* in the State-demand which is fatal to successful agriculture.

The Half-Rental Rule still remained—in theory. But in practice it had been violated. The expenses of the Mutiny wars had vastly added to Indian liabilities, and demanded increase in taxation. Commerce could not be taxed against the wishes of British merchants and British voters; the increased taxes therefore fell on agriculture. Accordingly, from 1871, a number of new taxes were assessed on land, in addition to the Land Revenue. If the Land Revenue was 50 per cent. of the rental, the total assessment on the soil, including the new taxes, came to 56 per cent., or 58 per cent., or even 60 per cent. of the rental. And the people of India asked, what was the object of limiting the Land Revenue, if the limits were exceeded by the imposition of additional burdens on agriculture.

The late Marquis of Salisbury was Secretary of State for India in 1875. His deep insight in matters to which he devoted his attention is well known. And he condemned the weakness and the one-sidedness of the Indian Fiscal policy in a Minute recorded in 1875, which is often cited. "So far," his lordship wrote, "as it is possible to change the Indian Fiscal system, it is desirable that the cultivator should pay a smaller proportion of the whole national charge. It is not in itself a thrifty policy to draw the mass of revenue from the rural districts, where capital is scarce, sparing the towns where it is often redundant and runs to waste in luxury. The injury is exaggerated in the case of India where so much of the revenue is exported without a direct equi-

valent. As India must be bled, the lancet should be directed to the parts where the blood is congested, or at least sufficient, not to those which are already feeble from the want of it."

Lord Salisbury's warning has been disregarded. And while we hear so much of the prosperous budgets and surpluses since the value of the rupee was fixed at 1s. 4d., no advantage has been taken of this seeming prosperity to relieve agriculture. Not one of the special taxes on land, imposed in addition to the Land Revenue since 1871, has been repealed.

It will appear from these facts, which I have mentioned as briefly as possible, that Agriculture, as a source of the nation's income, has not been widened under British administration. Except where the Land Revenue is permanently settled, it is revised and enhanced at each new Settlement, once in thirty years or once in twenty years. It professes to take 50 per cent. of the rental or of the economic rent, but virtually takes a much larger share in Bombay and Madras. And to it are added other special taxes on land which can be enhanced indefinitely at the will of the State. The Land Assessment is thus excessive, and it is also uncertain. Place any country in the world under the operation of these rules, and agriculture will languish. The cultivators of India are frugal, industrious, and peaceful; but they are nevertheless impoverished, resourceless, always on the brink of famines and starvation. This is not a state of things which Englishmen can look upon with just pride. It is precisely the state of things which they are remedying in Ireland. It is a situation which they will not tolerate in India when they have once grasped it.

If we turn from the sources of wealth to its distribution, and to the financial arrangements of India, the same melancholy picture is presented to us. The total revenues of India during the last ten years of the Queen's reign—1891-92 to 1900-1—came to 647 millions sterling.

The annual average is thus under 65 millions, including receipts from railways, irrigation works, and all other sources. The expenditure in England during these ten years was 159 millions, giving an annual average of nearly 16 millions sterling. One-fourth, therefore, of all the revenues derived in India, is annually remitted to England as Home Charges. And if we add to this the portion of their salaries which European officers employed in India annually remit to England, the total annual drain out of the Indian Revenues to England considerably exceeds 20 millions. The richest country on earth stoops to levy this annual contribution from the poorest. Those who earn £42 per head ask for 10s. per head from a nation earning £2 per head. And this 10s. per head which the British people draw from India impoverishes Indians, and therefore impoverishes British trade with India. The contribution does not benefit British commerce and trade, while it drains the life-blood of India in a continuous, ceaseless flow.

For when taxes are raised and spent in a country, the money circulates among the people, fructifies trades, industries, and agriculture, and in one shape or another reaches the mass of the people. But when the taxes raised in a country are remitted out of it, the money is lost to the country for ever, it does not stimulate her trades or industries, or reach the people in any form. Over 20 millions sterling are annually drained from the revenues of India; and it would be a miracle if such a process, continued through long decades, did not impoverish even the richest nation upon earth.

The total Land Revenue of India was 17½ millions in 1900-1. The total of Home Charges in the same year came to 17 millions. It will be seen, therefore, that an amount equivalent to all that is raised from the soil, in all the Provinces of India, is annually remitted out of the country as Home Charges. An additional sum of several millions is sent in the form of private remittances

by European officers, drawing their salaries from Indian Revenues; and this remittance increases as the employment of European officers increases in India.

The 17 millions remitted as Home Charges are spent in England (1) as interest payable on the Indian Debt; (2) as interest on railways; and (3) as Civil and Military Charges. A small portion, about a million, covers the cost of military and other stores supplied to India.

A very popular error prevails in this country that the whole Indian Debt represents British capital sunk in the development of India. It is shown in the body of this volume that this is not the genesis of the Public Debt of India. When the East India Company ceased to be rulers of India in 1858, they had piled up an Indian Debt of 70 millions. They had in the meantime drawn a tribute from India, financially an unjust tribute, exceeding 150 millions, not-calculating interest. They had also charged India with the cost of Afghan wars, Chinese wars, and other wars outside India. Equitably, therefore, India owed nothing at the close of the Company's rule; her Public Debt was a myth; there was a considerable balance of over 100 millions in her favour out of the money that had been drawn from her.

Within the first eighteen years of the Administration of the Crown the Public Debt of India was doubled. It amounted to about 140 millions in 1877, when the Queen became the Empress of India. This was largely owing to the cost of the Mutiny wars, over 40 millions sterling, which was thrown on the revenues of India. And India was made to pay a large contribution to the cost of the Abyssinian War of 1867.

Between 1877 and 1900, the Public Debt rose from 139 millions to 224 millions. This was largely due to the construction of railways by Guaranteed Companies or by the State, beyond the pressing needs of India and beyond her resources. It was also largely due to the Afghan Wars of 1878 and 1897. The history of the

Indian Debt is a distressing record of financial unwisdom and injustice; and every impartial reader can reckon for himself how much of this Indian Debt is morally due from India.

The last items of the Home Charges are the Civil and Military Charges. This needs a revision. If Great Britain and India are both gainers by the building up of the British Indian Empire, it is not fair or equitable that India alone should pay all the cost of the maintenance of that superb edifice. It is not fair that all the expenses incurred in England, down to the maintenance of the India Office and the wages of the charwoman employed to clean the rooms at Whitehall, should be charged to India. Over forty years ago one of the greatest of Indian administrators suggested an equitable compromise. In a work on *Our Financial Relations with India*, published in 1859, Sir George Wingate suggested that India should pay all the expenses of Civil and Military Administration incurred in India, while Great Britain should meet the expenses incurred in England, as she did for her Colonies. Is it too late to make some such equitable adjustment to-day? India's total Civil and Military Charges, incurred in England, come to 6 millions—a sum which would be considerably reduced if it came from the British taxpayer. Is it too much to expect that Great Britain might share this burden, while India paid all the Civil and Military charges incurred in India?

These are the plain facts of the economic situation in India. Given these plain conditions, any fertile, industrious, peaceful country in the world would be what India is to-day. If manufactures were crippled, agriculture overtaxed, and a third of the revenue remitted out of the country, any nation on earth would suffer from permanent poverty and recurring famines. Economic laws are the same in Asia as in Europe. If India is poor to-day, it is through the operation of economic causes. If India were prosperous under these circumstances, it

would be an economic miracle. Science knows no miracles. Economic laws are constant and unvarying in their operation.

The evils suggest their own remedies. The Excise tax on Indian mill industry should be withdrawn; the Indian Government should boldly help Indian industries, for the good of the Indian people, as every civilised Government on earth helps the industries of its own country. All taxes on the soil in addition to the Land Revenue should be repealed; and the Land Revenue should be moderated and regulated in its operation. The Public Debt, unjustly created in the first instance, is now an accomplished fact: but an Imperial Guarantee would reduce the rate of interest; and a Sinking Fund would gradually reduce its volume. Civil and Military Charges, incurred in England, should be borne, or at least shared, by Great Britain, as she shares them in the case of her Colonies. Civil charges in India should be reduced by a larger employment of Indians; military charges in India should be repressed with a strong hand; and India should pay for an army needed for her own requirements. All further extension of railways from State-Loans, or under guarantee of interest from the taxes, should be prohibited. Irrigation works should be extended, as far as possible, from the ordinary revenues. The annual Economic Drain from India should be steadily reduced; and in carrying out these fiscal reforms, representatives of the people of India,—of the taxpayers who are alone interested in Retrenchment in all countries,—should be called upon to take their share, and offer their assistance.

“The Government of a people by itself,” wrote John Stuart Mill, “has a meaning and a reality, but such a thing as government of one people by another does not, and cannot exist. One people may keep another for its own use, a place to make money in, a human cattle farm for the profits of its own inhabitants.” This state-

ment contains a deep truth. Large masses of men are not ordinarily impelled by a consideration of other peoples' interests. The British voter is as fair-minded as the voter in any other country on earth, but he would not be a British voter, and he would not be human, if he did not ordinarily mind his own interests and secure his own profits. Parliament carries out the mandates of voters; the Indian Secretary, a Member of the British Cabinet, cannot act against the joint wishes of the Cabinet. The Members of his Council are appointed by him, and do not in any sense represent the people of India. The Viceroy of India is under the orders of the Indian Secretary of State; and the Government of India is vested in his Ordinary Council, which, in the words of Sir William Hunter, is an "oligarchy," and does not represent the people. The Members of the Governor-General's Council are generally heads of spending departments, and "the tendency is," as Sir David Barbour said before the Indian Expenditure Commission, "ordinarily for pressure to be put on the Financial Department to incur expenditure. It is practically pressure. The other Departments are always pressing to spend more money: their demands are persistent and continuous." Nowhere in the entire machinery of the Indian Government, from the top to the bottom, is there any influence which makes for Retrenchment, any force which represents the taxpayer. Fiscal reforms are impossible under this Constitution. If Retrenchment is desired, some room must be found, somewhere in the Constitution, to represent the taxpayer's interests.

The Indian Empire will be judged by History as the most superb of human institutions in modern times. But it would be a sad story for future historians to tell that the Empire gave the people of India peace but not prosperity; that the manufacturers lost their industries; that the cultivators were ground down by a heavy and variable taxation which precluded any saving; that the

revenues of the country were to a large extent diverted to England; and that recurring and desolating famines swept away millions of the population. On the other hand, it would be a grateful story for Englishmen to tell that England in the twentieth century undid her past mistakes in India as in Ireland; that she lightened land taxes, revived industries, introduced representation, and ruled India for the good of her people; and that the people of India felt in their hearts that they were citizens of a great and United Empire.

ROMESH DUTT.

LONDON, *December* 1903.

PREFACE TO THE SECOND EDITION

THE demand for a second edition of this work within three years of its first appearance is gratifying to the author; and it is equally gratifying that the work has received some attention in America, and the historical chapters of it have been translated into a European language by Professor Zeeman of Holland.

The signs of the times are hopeful. A new Government in India has, in the present year, withdrawn some of the oppressive cesses on land; and a new Parliament in England has announced its intention of extending the representative element in the Legislative Councils of India.

ROMESH DUTT.

LONDON, *August* 1906.

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