

EAST INDIA ASSOCIATION PAMPHLETS

(No. 1)

Government of Madras.

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THE TRUTH ABOUT "THE DRAIN"

(Revised Edition)

The East India Association,
Westminster Chambers,
3, Victoria Street, S.W.

ONE PENNY.

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THE TRUTH ABOUT "THE DRAIN."

WHAT are the facts about the drain of India's wealth into Great Britain? It has been assumed that there is a drain, but the nature and extent of this drain has been highly exaggerated, and sometimes grossly misrepresented. The official "drain" is included in what are known as the "home charges," and these "home charges" for the three years from 1904 to 1907 amount on the average to £19,000,000 a year, reduced to about £18,000,000 by deducting sundry receipts. These £19,000,000 can be roughly summarized and grouped under the following heads:

(1) Interest on money due or borrowed	£
(chiefly for railways, etc.) about ...	10,000,000
(2) Purchase of stores	2,500,000
(3) Military charges (including pensions)	4,000,000
(4) Civil charges (including pensions) ...	2,500,000

As will be seen (4) civil and (3) military charges, including pensions, amount to £6,500,000. This is no doubt a heavy charge, but it might well be regarded as a not unreasonable premium payable for insurance against foreign aggression and internal disturbance. The peace and security enjoyed in India may be taken as an adequate return for this outlay.

It is not intended to justify every charge in the debt account, but (1) payment of interest on sums borrowed for the construction of railways, etc., or (2) disbursements on account of the purchase of stores, cannot fairly be described as a "drain," because in return for this money India has received adequate commercial equivalent in the shape of metals, machinery, railway plant, and miscellaneous stores. Such receipts have always been justly regarded as amongst the most valuable and permanent of commercial returns.

It has, however, been urged that, in addition to the *known* payments, there is an unknown drain on India's resources in the shape of private remittances, and the extent of this drain has been estimated at between £10,000,000 and £12,000,000 a year. This is, of course, a mere guess, and the probabilities are against the accuracy of this guess. The sum mentioned is more than double the annual pay of all the European officials in India, civil and military, and it seems idle to contend that the com-

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paratively few European merchants in India earn more than all the civil and military European officials put together. It is well known that European officials in India cannot remit a moiety of their pay to England. Many of them spend all their pay (and even more) in India. It must surely be the same with some European merchants.

Nevertheless, it has become the fashion, when comparing British rule in India with that of our predecessors, to declare that, although the expenditure of the Native Governments was not so productive in the economic sense as that of the British Government, yet the money was spent in the country, and that, though often wantonly wasted by the chiefs and courtiers, the money filtered back into the possession of the people, and that the common people were consequently better off. This is certainly not borne out by the evidence of non-British travellers who have described the former state of India. They found the common people not only not prosperous, but suffering on all sides from grinding poverty, and living cheerless, comfortless lives. Whatever be the truth about the drain, the British Government can claim to have spent more money on, and done more to secure, the material and industrial development of India than all its predecessors put together. British rule has not only led to an increase in the rate of wages of the labouring classes, but has also increased the efficiency of the labour, and has raised the standard of living and comfort throughout the length and breadth of the land.

With regard to the drain on India, the late Mr. Samuel Smith, M.P.—not a sundried bureaucrat, but an independent and thoughtful critic of the Indian Government, and an earnest well-wisher of the people of India—writes thus:

"I find amongst the Congress party, consisting of the most highly educated natives, a curious aversion to foreign capital; they think it drains away the profits of the country. They point to the great excess of exports over imports, some £20,000,000 annually, and charge upon this the impoverishment of the country. They ignore the fact that the same phenomenon appears in the British Colonies and in the United States, and yet that these are the most prosperous countries in the world. It is no doubt true that the Government by foreigners does impose what may be called a certain tribute on the country" (in the shape of pensions, etc.). "No doubt," he goes on, "it would be better for India could capital be raised in the country, and the administration be conducted by the natives of the

country; *but that is not possible at present*, and it is surely better that the railways should be made by foreign capital than not made at all. The benefits that India has gained, and will gain in the future, from the development of her industries, and from cheap means of communication, will much more than repay her for the interest she has to remit to England. But at present these truths are very dimly realized."

P.S.—At p. 186 of his "Essays on Indian Economics," the late Hon. Mr. Justice Ranade writes: "There are some people who think that, as long as we have a heavy tribute to pay to England which takes away nearly twenty crores of our surplus exports, we are doomed and can do nothing to help ourselves! This is, however, hardly a fair or manly position to take up. A portion of the burden represents interest on moneys advanced to, or invested in, our country, and so far from complaining we have reason to be thankful that we have a creditor who supplies our needs at such a low rate of interest. Another portion represents the value of stores supplied to us, the like of which we cannot produce here. The remainder is alleged to be more or less necessary for the purposes of administration, defence and payment of pensions; and, though there is good cause for complaint that it is not all necessary, we should not forget the fact that we are enabled by reason of this British connection to levy an equivalent tribute from China by our opium monopoly. I would not, therefore, desire you to divert and waste your energies in the fruitless discussion of this question of tribute, which had better be left to our politicians."

August, 1910.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 7)

BRITISH RULE IN INDIA.

The East India Association,
Westminster Chambers,
3, Victoria Street, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

BRITISH RULE IN INDIA.*

As the editor of *India* (who was specially invited to republish the following paper) is "unable to avail himself" of this interesting communication from an experienced American missionary, it seems desirable to circulate it as widely as possible amongst editors who are willing to let their readers "hear both sides."

AN "open letter," addressed to Mr. Roosevelt, having appeared in the *Los Angeles Times*, protesting against his "laudatory characterization of British Rule in India," the following reply was sent by Dr. David Downie, who is widely and deservedly held in high esteem as a worker for many years at Nellore :

"The writers of that letter evince gross and culpable ignorance of the real state of affairs in India when they say that the Government of India is worse than that of Russia ; that the people of India have no voice whatever in the management of their own affairs ; that in India the mere discussion of reforms is punished by open or secret imprisonment ; that there is no Indian gentleman, however high in position or unimpeachable his character, who may not at any moment be arrested and hurried away to an unknown prison.

"I have been a missionary in India for thirty-five years, and have had exceptional opportunities of knowing the people and the Government of India, and I say, without the slightest fear of contradiction, that there is not a single word of truth in the statements I have referred to. I cannot believe that any one of the signers of the protest has ever been in India, or, if he has, it has been to make a hop, skip, and jump through the country, seeing little of the country outside of the show cities, and learning little of either the people or the Government. It is not true to say

that the people have no share in the government of the country.

"In the Madras Presidency there are 22 districts, each one of which has what is called 'the District Board.' I am a member of one of these Boards. It is composed of 32 members, of whom 25 are natives, and about one-half of them are elected by the people. There are 1,000 such Boards in India, and what is true of those in Madras is equally true of all the rest. There are 1,500,000 natives in Government employ, and less than 10,000 Europeans.

"These natives are learning self-government ; but, as yet, it is quite true, as the President says, that India is incapable of self-government, and if left to themselves the people would fall into mutual strife, anarchy and ruin. This is called by these protesters, (flying in the face of history), 'India governing herself for thousands of years.' Have any of these protesters ever read a line of Indian history ? Do they not know that, before the British entered India, it was wave upon wave of invasion, war upon war and conquest upon conquest ?

"As to taxation, it is quite true that salt is highly taxed ; but, for the mass of the people it is the only tax they have to pay and the amount of salt used by a family is so small that it is very far from being a burden. Britain is taxed twenty-five times more than India. France and America are taxed thirteen times more than India. There is no country in the world that has a smaller tax *per capita* than India (see Bishop Thorburn's 'Christian Conquest of India').

"President Roosevelt is right when he says that 'India never had a better Government than the present.' It is the best possible under present circumstances. Britain will give her a better just as fast as the people are able to take it. I love India and mean to end my days there, and for that reason it hurts me to hear otherwise intelligent men talk so foolishly about a country they know so little about."

* From the *Hindu Patriot*, June 21, 1909.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 8)

THE SIMPLE ARITHMETICAL TRUTH
ABOUT THE LAND REVENUE
OF INDIA

The East India Association,
Westminster Chambers,
3, Victoria Street, S.W.

PRICE ONE PENNY.

THE SIMPLE ARITHMETICAL TRUTH ABOUT THE LAND REVENUE OF INDIA.

THE simple arithmetical truth about the land revenue of India is that it amounts now to about £20,000,000 *gross*, or, at the present value of the rupee, Rs. 300,000,000, and that the area of land *actually cropped* in 1906-07 was over 214,000,000 acres, of which about 37,000,000 acres were permanently irrigated (mostly, no doubt, with at least two crops); so that the actual number of crops reaped was probably not much under 250,000,000, and the average assessment per acre of crop would be Rs. $\frac{300,000,000}{250,000,000} = \frac{6}{5}$, or a little over 19 pence—say 1s. 8d.

This assessment ranges from Rs. 20 an acre, (or even more), over whole villages of permanent double-crop land in the more fortunate parts of the country (where, owing to excellent irrigation, absolute failure is unknown, and where consequently there is the greatest prosperity when other parts of India are in the grip of famine), down to 2, or even 1, anna an acre in the dry tracts, where the land is only occasionally cultivated, and hardly worth cultivating at all. This low average assessment is not, of course, a proof that no land is ever too highly assessed, but it *does* prove that the land revenue as a whole is not a very serious burden on the land; for even if the average gross produce could be estimated at no more than Rs. 15 an acre, (as suggested by the late Mr. Digby for fertile Bengal), the average assessment would be only $8\frac{1}{3}$ per cent.; whilst it is clear that Rs. 15 would be scarcely enough to pay the cost of cultivating an acre of the better sort of land.

It may be added, for convenience of reference, that the land revenue per head of the population, (leaving out Burma,) varies from 4s. 7d. in Sind (where almost the whole cultivated area is irrigated) to 8d. in Eastern Bengal; or, omitting Zemindari tracts permanently settled, to 1s. 11d.

These figures might be usefully compared with Mr. Keir Hardie's assertion, made at a public meeting at which Sir William Wedderburn and Sir Henry Cotton were present, and *not contradicted by either of them*—it is repeated in so many words on p. 2 of his little volume, "India," just published—that "over a great part of India" the Government "wrung from the peasants 75 per cent. of the yield of the land." This statement had special reference to the Central Provinces, where the average assessment is officially stated to be *from 8 to 9 annas an acre* (p. 18 of the "Moral and Industrial Progress Report" for 1907-8, dated 20. 5. 09.

It may also be useful to reproduce here a statement published in the "Reports of the Moral and Industrial Progress of India," showing the proportion which the land revenue has borne to the gross revenue of the country since 1842-43.

LAND REVENUE FROM 1842 TO 1907 (DECENNIALY).

1842-43	...	...	...	...	About 60.0 per cent.
1852-53	...	...	...	...	" 56.6 "
1862-63	...	...	...	...	" 43.4 "
1872-73	...	...	...	...	" 37.7 "
1882-83	...	...	...	...	" 31.0 "
1892-93	...	...	...	...	" 28.0 "
1902-03	...	...	...	...	" 30.0 "
1906-07	...	...	...	...	" 29.0 "

This statement shows that the proportion of revenue exacted from the land has steadily declined from 60 to 30 per cent., whilst at the same time the only other unavoidable tax, that on salt,* has been enormously decreased,

* The retail selling price of salt varies now from about Rs. 3 (in two districts only) to about Rs. 1½ a maund of 82½ lbs., or from rather over ½d. a lb. to rather more than ¼d. In the Punjab, Madras and Bombay, (where it is usually cheapest), it averages less than Rs. 2 a maund, or not quite double the duty levied by the State. Before we had railways we used to calculate that the price was double for every hundred miles of transport; and as the Government duty was at one time Rs. 3½ it may be imagined what the price was five or six hundred miles from the source of supply. It is not the weight of the tax that matters now, but only the monopoly itself. The very liberal allowance of a maund of salt for a family would cost now from Rs. 1½ to Rs. 3 a year, or from 2s. to 4s.—say, four to eight days labour, or, roughly, an income tax of from 1 to 2 per cent., (according to one's place of residence,) on gross earnings.

and brings in now far less than excise, which, whatever else may be said of it, is clearly a voluntary tax.

To compare figures prior to 1889 with those of that and subsequent years, the figures must be converted into tens of rupees; so that, taking quinquennial averages of the land revenue from 1861-65, including that due to irrigation in some parts of India, and sundry receipts usually credited to land revenue, we should have the following result:

	£
1861-65	13,287,000
1866-70	13,227,000
1871-75	13,977,000
1876-80	14,076,000
1881-85	14,748,000
1886-90	15,444,000
1891-95	16,522,000
1896-00	17,217,000
1901-06	18,754,000

During this period, (which practically covers the whole of the time during which the country has been under the direct rule of Great Britain,) the area under cultivation, and especially the irrigated area, has enormously increased, so that the actual increase in the revenue from land has been very gradual and extremely moderate. According to the latest return, dated 20. 5. 09, it has increased by 27 per cent. in the twenty-six years from 1882 to 1908. It was actually less in 1907-08 than in 1906-07.

"Who would imagine, after reading Mr. O'Donnell's denunciation of 'rack-taxing' in the Punjab, that the area actually cultivated increased from 19,313,636 acres in 1889-1900 to 25,065,266 acres in 1904-05, and that the incidence of taxation at the same time had actually fallen from R.1 5a. 8p. an acre in the earlier period to R.1 1a. 5p. at the latter? The enclosure to a paper recently published, entitled 'Land Revenue Assessments in the Punjab since 1855,' is a complete answer to Mr. O'Donnell's wild and reckless charges. It shows, in brief, that the incidence of taxation in 1855 was R.1 2a. 5p. that it steadily declined till 1899-1900, rose again to

9 R.1 2a. 10p. in 1894-95—coincidentally with the enormous decrease in the gold value of silver and a great increase in irrigation,—attained its very moderate maximum of Rs.1 5a. 8p. in 1899-1900, when the irrigated area was no less than 72 per cent. of the whole area cultivated, and in 1904-05 was actually 1 anna an acre less than in 1855, though the area irrigated had increased by millions of acres in the meantime" (*Asiatic Quarterly Review*, July, 1908, p. 69). These rates, are, of course, exclusive of water-rate, for which the ryot gets a very ample equivalent.

In conclusion, we may fairly quote the following recent tribute to the Irrigation Department, which has done so much for India, and will yet do so much more ("A Spirited Defence," from the *Indian Spectator*, April 10, 1909, p. 282) :

"We have seldom read an official reply to non-official criticism fuller and more completely overwhelming, at least on first reading, than the one which the Hon. Mr. Miller made at the last meeting of the Viceregal Council in regard to the Government's irrigation policy. The Hon. Member for the Central Provinces had alleged that more wonderful things are done in Egypt and America than in his own land, and he quoted Mr. Bryan in support of his criticism. This unkind cut drew forth a warm reply from the Hon. Member in charge of the irrigation portfolio as follows :

" " If the Hon. Member would only go and see for himself, if he would spend a week on one of the great canal systems of this country, and then, if he chooses, compare what has been done in Egypt and America, we should not have to listen to the remarks we have heard to-day. He thinks to support his case by quoting a great American orator, who made, if I recollect aright, a hurried rush across this country, a politician whose flow of eloquence has not secured him over much credit in his own country. If the Hon. Member wants an American opinion, why does he not

go for it to an American engineer? He would then • very quickly learn that his own country, of whose efforts he talks so slightly, has led and still leads the world in the matter of State irrigation, and that the recognized pre-eminence of India in this respect might well be the subject of some patriotic pride. What share Indian officers have had in the development of irrigation in Egypt is well known, but it is not so well known to what an extent other countries look to India for advice and assistance. One of our officers went to Australia to assist that country; several have been required in South Africa; one is, or was, engaged in Spain; the Americans have unofficially utilized the advice of another; the Turkish Government has now engaged a famous Indo-Egyptian engineer to advise it about Mesopotamia; an American engineer is even now studying our system with a view to irrigation development in the Philippines; we have had inquiries or inquirers from Brazil, from Mexico, from Russia, and from Japan. Is it because irrigation has been shamefully neglected in India that all those countries are so anxious to get the benefit of our experience?"

The Editor continues as follows: "The Hon. Mr. Miller has given ample reasons why we should be proud of our engineers. We cannot stop there: we must be proud of our Government also. Why are our engineers spared for another country also? If we have an abundance of them, does the Government provide less funds to them (*sic*) than they can utilize? or is the full utilization of the allotted funds rendered impossible by other difficulties, such as the inadequacy of labour? Do other countries offer higher salaries to our engineers than we do? If so, why? The admission that 'Indian figures come out second-best' on a comparison with Egypt is somewhat damaging. But every mother must be proud of her own child, every husband of his own wife, and every country of its own

Government; and in the circumstances set forth by the Hon. Member we may well be proud of a Government which has enabled her engineers to give a lead to the world. For some reason or other the engineers have not been able in the past to make use of the allotments made. Their case is not before the public. But the Hon. Mr. Miller gave the following figures to show that there was no niggardliness on the part of Government:

Years.			Provided Lakhs.			Spent Lakhs.
1903-4	...	...	125	...	...	98
1904-5	...	...	160	...	...	80
1905-6	...	...	183	...	...	128
1906-7	...	...	191	...	...	173
1907-8	...	...	195	...	...	189
1908-9	...	...	212	...	...	212 (probable)

“The Government has more than once stated that when a programme is about to be put into force, the whole allotment may not be utilized for reasons which impute no blame to self (*sic*). The surveys, the estimates, the scrutiny of higher authorities, the sanction by the Secretary of State—all these things take time, and we have ere now been assured that the expenditure on irrigation will be progressive. As regards protective works, the Hon. Member said that ‘the time has come when the rate of expenditure must probably be increased.’ This, if we are not mistaken, amounts virtually to an admission that the Government has been more anxious to spend money on productive irrigation, which turns out to be a good investment, than on protective works, which the people in the less favoured tracts, particularly of this Presidency and the Central Provinces, want so badly. But the admission we have quoted augurs well, and, if we should be proud now of the engineers, we shall be prouder of the Government hereafter.”

September, 1909.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 9)

THE PRESENT SITUATION

(FROM THE “WEDNESDAY REVIEW,” DATED 14 . 7 . 09.)

The East India Association,
Westminster Chambers,
3, Victoria Street, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE PRESENT SITUATION.*

AT a meeting of the Deccan Sabha, which we congratulate on the activity it is showing, the Honourable Mr. Gokhale delivered an address surveying the present political situation. We welcome the speech not merely for what it contains, but also as affording evidence of the fact that the Moderate leaders on that side of the country realize fully the grave responsibility they incur in keeping silence. The arguments that may be advanced in favour of silence are not without their force, and we do not pretend to ignore them ; but we feel convinced that while speech-making is all on one side, the other side is bound to suffer, especially at the hands of the multitude, which has been aptly defined to consist of a few wise and many foolish persons. Argument has to be met by argument, even though it may be devoid of reason ; to keep quiet is to leave judgment to go by default. If the Moderate leaders had spoken out, as they now speak out, when the Extremists had gone about stumping the country and holding their triumphs, much of the mischief that has been done by perfervid oratory on susceptible minds might have been averted. All the same, we are glad to note the awakened sense of responsibility, and Mr. Gokhale's lecture is just the sort of antidote that is required. His opening words referred naturally to the Curzon Wylie murder, which he was inclined to trace to the murderous propaganda of Shyamaji Krishnavarma. It would seem that India House has been the centre of seditious activities in London, and that Shyamaji's tenets claim about forty to fifty students out of a

* From the *Wednesday Review*, dated 14 . 7 . 09.

colony of seven hundred young Indians. Mr. Gokhale promised to revert to the subject of students and politics on another occasion, and we have no doubt his observations would be of immense practical value. He then traced the history of political agitation, which he said extended to forty years. What Mr. Gokhale evidently meant was systematized agitation, for glimpses of political agitation might even be traced to an earlier era. Systematized agitation grew in intensity and volume since the establishment of the Congress. As Mr. Gokhale maintained, the ideals and aspirations of the Congress were to work out national salvation, as it might be worked out under the ægis of British rule. The idea of independence might have floated here and there among a few since the commencement of British rule, but its genesis as a political creed, the war-cry of a party, caught men's minds only in the course of these last few years. Mr. Gokhale did not ignore the fact that, in spite of its short duration, it had spread rapidly in the country by reason alike of its attractiveness and of the lack of political discrimination and judgment among the people. He might have added also the partial indifference of those who, knowing these things, made no effort to counteract their evil influences. No man, said Mr. Gokhale, could be so fallen as to think that there was any special merit in living under a foreign Government, or that there were not humiliations—at times painful and bitter humiliations—inseparable from it. However, the painful and bitter humiliations have to be put up with, because it was a question of what was practicable and what was in the best interests of the country in the present circumstances. That was the standpoint from which he would discuss the question, and judged from that standpoint Mr. Gokhale felt that no man out of a lunatic asylum could think or talk of independence as a working scheme. Our object should be to expand national life to the extent it could be expanded within the limits prescribed by British suzerainty.

We venture to think we do the Honourable Mr. Gokhale no serious injustice if we say that the idea of Colonial self-government, of which he spoke so eloquently and in such sincerity, was also only four or five years old. Just as the idea of independence floated among the minds of stray Indians, so also the Colonial form of self-government was held as an ideal worth striving after by a few Indians. Justice Sankara Nair in his presidential address at the Amraoti Congress referred to it; but as a political shibboleth it is of recent date. Also, it has to be recognized that it was forced upon the Congress party by a certain section of disloyal Indians. The common and accepted principle of political workers has been to slowly build up a nation and base it on solid and enduring foundations. But certain people took it into their heads to turn out the British not by active violence for which they were not fitted, but by "passive resistance." The people were to keep themselves aloof, not associate with the Government in their daily task of administration, pay taxes and mind their own business. By this process the British, it is believed, will be induced to abandon India, and we shall obtain Swarāj. "The idea is simply ridiculous," said Mr. Gokhale. It is impossible for the passive resistance movement to thrive without coming into conflict with the Government at the present stage of our civic conscience. It has already resulted in most serious misunderstandings and conflicts which the whole country deplors. To be consistent, either the Independents should be prepared to take the consequences of their misdeeds—their violence and disloyalty will be met only by violence—or give up their propaganda. They cannot protest against repression which only their misdeeds invite. If you tell the Government, "Nature abhors our people remaining dependent for ever upon you, and we are only obeying Nature's laws in revolting against our bondage and for securing our freedom," the Government have a right to say, "We have secured dominion over you, and till we can be ejected by force we shall maintain our posi-

EAST INDIA ASSOCIATION PAMPHLETS

(No. 11)

**WHAT IS THE TRUTH
ABOUT THE CONDITION OF
THE VARIOUS PEOPLES
OF INDIA ?**

BEING
NOTES ON A RECENT REPORT OF
MR. H. M. HYNDMAN.

The East India Association,
Westminster Chambers,
3, Victoria Street, S.W.

PRICE ONE PENNY.

WHAT IS THE TRUTH ABOUT THE CONDITION OF THE INDIAN PEOPLE ?

"This is the test of the merit of all Governments, home or foreign, Do they or do they not secure increased welfare for the body of the people governed?" So says Mr. Hyndman in his report of the Social Democratic Federation to the International Socialist Congress at Stuttgart, which he entitles "The Ruin of India by British Rule," and we may accept the test, though not his conclusions. But we cannot go back to the golden age of Hindu rule (when parts of India were no doubt as well governed as any nation of the then world), or even to the reign of the great Akbār, (perhaps the most enlightened sovereign of his day), for comparison with the condition of India during the last fifty years of settled government. We have a right to compare it with the anarchy and confusion which, in spite of Mr. Hyndman's assurances to the contrary, did actually prevail all through the eighteenth and the first quarter, at any rate, of the nineteenth century, and which alone account for the comparative ease with which the English succeeded in establishing themselves on the throne of the Moguls.*

* "The eighteenth century," says a recent and most reasonable Indian writer, Mr. S. K. Datta, "was one of awful bloodshed. Never had the people been so harassed, or war so universal. An eye-witness tells us that the invaders burned the houses together with the inmates, slaughtered others with the sword and lance, hauling off into captivity maidens and youths, men and women. Districts which had been once thickly populated were 'swept bare of inhabitants'" ("The Desire of India," p. 127).

"The British occupation in the opening years of the nineteenth century meant security and peace. It would be no exaggeration to say that during the previous century the country flowed rivers of blood. Invasions, the rise and decay of petty principalities, the rivalries for supremacy, the predatory warfare of the Marathas, all brought about the murder of thousands of peaceable and industrious peasants whose only desire was to be left alone. The value of life has been raised by the establishment of lasting peace

It is of very little use to imagine what might have happened if we had not come in, or if the French had succeeded in ousting us. All that reasonable people are concerned to prove is that the state of the country is better than it was when we took over charge, and that it is steadily, if slowly, improving; not that it is even now perfect; and, but for Mr. Hyndman and a few others as ignorant of India and Indian history as he evidently is himself, it would hardly be necessary to argue the point. He speaks indeed of "great States* which managed their own business capably *for thousands of years*, which outlived and recovered from invasions and disasters that might have crushed less vigorous countries," but it would puzzle him, or anyone else, to name such States; and even if there were well-managed kingdoms in India many hundreds of years ago, (as there may have been under some unusually enlightened despots), their history is quite irrelevant to the issue before us, which is the condition of India in the eighteenth century. It is not yet eighty years since Lord Bentinck introduced "the beginnings of conscientious rule" into India, and within twenty-two years of his departure it was shaken to its foundations by the rebellion of the Sepoys. "Just as the eighteenth century was a period of war, invasion, and struggle, the nineteenth has been one of consolidation and conciliation" ("The Desire of India," p. 133). "... As to the desirability of the connection between Great Britain and India no reasonable person can doubt, even when viewed from the point of India alone" (p. 141).

"All war is hell," as General Sherman used to say; but even war nowadays is not comparable in horror with what Niccolao Manucci describes it to have been under

in India. The nineteenth century is a contrast to the internal dissensions which previously divided the country and the incessant bloodshed of the nine centuries preceding British rule" (p. 141).

* No Indian people in historic times ever "managed their own business" as a democracy, if that is what Mr. Hyndman means.

the auspices of Aurangzib in the closing years of the Mogul Empire. "His army is a filthy dirty place (*sic*), more like a scourge sent by God, judging by the daily mortality of men and animals. The common people are dealt with as mere animals after they are dead. Their bodies are searched to see if they have any money, and, after their feet have been tied together with a rope, they are dragged out of the camp and thrown in the first hole to be found. A great stench is caused in this way, and no measures are taken to get rid of this filthiness. Travellers setting out from this army are not protected against the attacks of the Mahrattas and other robbers; and when you are delivered from this peril you fall into the hands of the Customs' officers or publicans (collectors of taxes). These take what they please unjustly and by force, and if they know that anyone has money on him they rob him, cut his throat and bury him" (*Indian Spectator*, September 11, 1909, p. 726).

Famine, too, is horrible, but in the last thirty years it has been brought under control. "In 1702-1704, when there was no rain for two years, over two millions," Manucci says, "died in the Deccan. Fathers, compelled by hunger, offered to sell their children for a quarter or half a rupee, but were forced to go without food, finding no one to buy them."

Sir Edmund Cox, indeed, in the *Nineteenth Century and After* for September last, speaks of the Portuguese, Dutch, French and English as "striving for the mastery of India"; but were any of these nations consciously striving for dominion until Dupleix conceived the idea in the middle of the eighteenth century? Probably no Englishman before Lord Wellesley ever thought of making England the paramount power, and that was little more than a hundred years ago. Few people, (including apparently such an authority as Mr. Hyndman,) realize how very recently our power has been consolidated, or that it was not till after the Mutiny that we can be said to have taken up the

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business of governing the country in real earnest; and since then, at any rate, it is surely fair to say that "never was a country ruled so much in the interest of the subject people, or so little exploited in the interest of the rulers." It seems almost impossible to realize that Delhi was captured by the Persians (of all people!) and that some 30,000 of its inhabitants were massacred in 1739, and that the English in Calcutta were feverishly digging a ditch round Calcutta to protect it against the Marathas so lately as 1751. Except during the reign of the illustrious Akbar, who was quite unique, such a thing as religious toleration was unknown, and every Hindu was obliged to pay a capitation tax (jazia) for the mere privilege of exercising his religion. There was no security for life or property, and justice was openly bought and sold.

Mr. Hyndman makes light of these facts of history and even seems to attribute them to Anglo-Indian mendacity; but surely he is presuming too much on the credulity of his readers. The story of the Black Hole in Calcutta, at any rate, is too well known; but when our critics reproach us for having done so little after ruling India "for 150 years," (as they say), they seem to forget in what a precarious condition we were when Clive came to Calcutta to avenge the deaths of all those murdered Englishmen just over 150 years ago. We were really fighting for our lives for fifty years after that.

It is quite true, as Mr. Hyndman says, that "previous invaders and conquerors of Hindustan mostly settled down in the conquered country and invariably employed the natives of the country in the highest posts, civil and military"; but it does not follow that the people of the country were better off under that system, though no doubt a few native officials enjoyed higher salaries than they or their European colleagues ever dream of nowadays—*e.g.*, the late Sir John Woodburn, as Lieutenant-Governor of Bengal, is said to have spent £1,000 a year in addition to his salary of one lakh, whereas under the Moguls the

The Truth about the Condition of the Indian People. 7

Governor of the same province drew, *in addition to perquisites*, three lakhs of rupees, about three times the present rate in rupees, or, considering the value of the reduced rupee, at least four times. Even the Mohammedans never threw the higher ranks of the Civil Service open to public competition. Mr. Hyndman calls this "creeping into the Civil Service on sufferance" (p. 6).

But then it is said we are all interlopers, who never make "our homes in the country, and" (so) "drain away its produce to a foreign land"; and it must be admitted that, speaking generally, the English do not make their homes in the country, and prefer to spend the money which they have earned by the sweat of their brow in more congenial climates, so that six or seven millions a year are mostly spent by them outside the country where the money was earned; but surely this is part of the inevitable cost of an "alien" Government, and the only reasonable question is whether, including this charge, the cost of the Indian Government is excessive. As a matter of fact it is plain, even from the very incorrect figures given on p. 100 of "Whitaker," that the cost of Government to each native in India is not half what it is to the native of Japan, and that, of course, is not half of what the cheapest Government in Europe costs.

Mr. Hyndman is, indeed, a somewhat impossible person to deal with. As a Social Democrat, his opinions and his ethics are naturally peculiar. It is easy and acceptable to those holding similar views to denounce "the ruinous effect of unrestrained capitalism," to characterize the Government of India as a "nefarious despotism," "a white capitalist tyranny," "a pernicious domination of capitalism," which must be destroyed by the "International Social Democratic Party of the World." To Social Democrats such language is doubtless welcome and exhilarating. Abuse and invective are too apt to take the place of truth with such persons, though there are apparently exceptions like M. Paul Leroy Beaulieu and Mr. Edward Bernstein, who,

after being called in to curse, find themselves compelled to bless.

Fortunately, however, the world is not composed of Social Democrats alone, and instead of adopting the prejudiced and distorted opinions of Mr. Hyndman as set forth in his pamphlet, some disinterested people may prefer to take a juster and more generous view of the work of the British Government in India. To such persons, recognizing the fact that the British people find themselves responsible for the administration and good government of a vast dependency of some 300 millions of mixed Oriental races, the plain question is this, Is the Government honestly and conscientiously endeavouring to discharge its duty in the matter to the best of its ability, or is it, as Mr. Hyndman asserts, merely exploiting the country for its own benefit, and thereby reducing the people of India to a state of impoverishment and ruin?

Now what are the facts?

The first effect of the British occupation of India is internal peace and order—a state of things vastly different from what existed before, and vastly different from what would exist again once the British power were withdrawn. Mr. Hyndman may contend that even internecine war is preferable to the imaginary horror of starvation and impoverishment which he endeavours to depict.* But to others the mere fact that British rule means peace and contentment throughout the borders of that vast territory is a fact which is not lightly to be set aside even by those who advocate a system of Colonial self-government for the country.

Then, if we turn to the moral and material welfare of the people, British rule surely stands for religious equality and toleration, a fact of no little importance in a country of so

* There was as much impoverishment and far more actual starvation before the advent of the British. Indeed, the great difference is that famines are now treated scientifically, and have lost at least some of their horrors.

many rival races and religions. And, again, British rule admittedly means law and order, the administration of equal justice between man and man. Never before has India enjoyed so enlightened and so pure a system of judicial administration. No one would pretend that it is perfect, but it is vastly superior to anything she has known in the past. And if in the matter of education our policy has, perhaps, been at times mistaken or defective, no one can contend that the matter has been neglected.

But it is with the material progress of India that Mr. Hyndman chiefly finds fault; it is “unrestrained capitalism” that is bringing about the ruin of the country.

It is not very easy to understand Mr. Hyndman’s denunciation, or to specify the exact charges which he brings against the Government of India; but, judging from his other writings, there appear to be two points on which he lays stress, and in regard to which it may be useful to make a few remarks.

The first point is that India and its people are being impoverished by an excessive land-tax. To begin with, this is a curious assertion to emanate from a Socialist, for India is one of the few countries in which the State is admitted to be entitled to a share in the produce of the soil. The theory of land tenure in India is, and always has been, that the State* is the owner of the land, and what is called the land-tax is really no more than the rent which the tenure-holder or cultivator pays to the landlord. Spoken of and regarded as a tax, it sometimes, no doubt, appears excessive; but when we bear in mind that it is the *rent* which the tenure-holder or cultivator pays for the use of the land, the matter assumes a totally different aspect. Whatever views may be held as to the ownership of the soil in India, there can be no doubt that by immemorial custom the Monarch, as representing the State, or, in other words,

* Baden-Powell would not agree that the State was the actual owner, or that the land revenue is either rent or tax, but practically, no doubt, the State is the ultimate owner of all land.

the people, is entitled to a share of all the produce, and is also entitled to sell the land if its dues are not paid, so that he is, in fact, the *ultimus hæres* of all land. That the share of the produce taken by the British Government is not only not excessive, but far less than that taken by its predecessors or in Native States has been shown over and over again,* and it is not necessary to go into the question here. It must suffice to say that the land revenue collected by the British Government has never equalled that taken by former native rulers, and that where it has not been assessed and fixed in perpetuity, it is periodically revised by a set of specially trained officers well acquainted with the conditions of the country and in sympathy with its people. "It is far better," so run the official instructions to Settlement Officers, "to under-assess than over-assess."

Mr. Hyndman's second pet grievance is based on the large amount of Indian expenditure that is incurred in England. He sees the Secretary of State drawing bills on India for endless lakhs of rupees, and he chooses to regard these remittances as so much tribute paid by India to England, and argues that England is thus draining India of its wealth for her own benefit. But Mr. Hyndman must surely be aware that these remittances are on account of just and legitimate services rendered to India, and it is not a vital matter whether those services are paid for in England or in India. The bulk of the Home expenditure represents interest payable on the millions of capital which England has lent to India mainly for the construction of railways, canals, and other productive and beneficial works; a portion is on account of the pay or pensions of officers who are serving or have served in India; a portion represents the value of stores purchased in England; and it may be safely affirmed, whatever Mr. Hyndman may assert to the contrary, that so far from the Home remittances being in any sense a tribute paid by India to England, there is hardly

* E.g., in Leaflet No. 8.

a penny remitted for which India does not get or has not got its full value.

Mr. Hyndman appears to object to the influx of capital into India; but we think that on this point he will have few followers. The influx of capital into India is yearly adding to the wealth and resources of the country; it is stimulating its productiveness and increasing its wage-fund. This latter fact cannot surely escape Mr. Hyndman's notice. If he really has the good of the natives of India at heart, he must be gratified by the labour and wages provided for them by the construction and maintenance of railways and canals, by the establishment of cotton, jute, and other factories, by the cultivation of tea, and by the various other businesses in which British capital is employed. Not only does the employment of the people in these directions diminish the number of those who are compelled to seek their livelihood from the land, but the effect of European trade and commerce has been to increase the yield and value of the agricultural produce. In 1907-1908 the value of the exports of Indian produce was £115,651,878, which represents, not a tribute paid to the ruling power, but a surplus produce not needed by the country itself, or which would not have been grown at all but for the foreign demand. These exports of surplus produce enabled the country to import goods to the value of about £91,000,000, besides £8,000,000 worth of treasure. This importation of treasure is a fact which Mr. Hyndman will do well to bear in mind. So far

India being impoverished by a continuous drain of remittances to the India Office, we have it as a fact that the country imports and absorbs treasure to the value of about £20,000,000 annually. This surely must mean that the people are advancing in prosperity, that they have more money to spend year by year and that more money is in circulation.

All these facts go to show that capitalism (if by that term Mr. Hyndman means the introduction of British capital into India), so far from threatening the ruin of the country, has

contributed enormously to its development, and to the material prosperity of its peoples. We do not say that all is perfect, and that in no direction is there room for improvement and reform; but we do say that on the whole Great Britain has little to be ashamed of in her treatment of India in the past, and has every encouragement to persevere in her task, regardless of the sneers and vituperation of her detractors.

N.B.—In connection with the above, reference should be made to the White Paper just issued by the India Office: (“Memorandum on some of the Results of Indian Administration during the past Fifty Years of British Rule in India.”)

December, 1909.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 13)

THE TRUTH AS TO EMPLOYMENT OF INDIANS IN THE SERVICE OF THEIR COUNTRY SO FAR AS THE PUNJAB IS CONCERNED

The East India Association,

Westminster Chambers,

3, Victoria Street, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE TRUTH AS TO THE EMPLOYMENT OF INDIANS IN THE SERVICE OF THEIR COUNTRY, SO FAR AS THE PUNJAB IS CONCERNED.

So much is said by ill-informed critics, such as Mr. Keir Hardie and now Miss Howsin, as to the practical exclusion of "Indians" from the service of their own country that it seems desirable to publish the following extract from Sir James Wilson's paper, read on December 9, 1909, before the Royal Society of Arts, which gives a statement of the facts so far as that province is concerned.

After a few preliminary remarks, Sir James went on as follows :

I can perhaps best employ the time at my disposal by asking you to consider the most important question of all—namely, what is the present condition of the mass of the population, how far have they benefited from British rule, and how has Britain discharged her trust for the welfare of these millions of human beings? It is well to remember that all power in India is derived from the King and Parliament of this country, and that the ultimate responsibility for the good government of the Empire therefore rests mainly with the seven million voters of the United Kingdom. Officials come and go, and each in his time has great personal influence for good or ill over the people committed to his charge; but the acts of any individual official, however powerful, are of little consequence when compared with the general spirit and purpose which pervade the system of administration, and with the broad results of that system on the welfare of the people as a whole.

THE GOVERNMENT.

The aim of the British Government in the Punjab, as in the rest of India, has always been to maintain order, to

repress violence and fraud, to render person and property secure, to do justice to all, to aid the poor, the weak, and the unfortunate and to confirm to every man his individual liberty of action with as few restrictions as possible, and the laws have been carefully framed with this object in the light of past experience. The officials, both European and Indian, who are immediately responsible for the administration of these laws, are animated by a similar spirit. It is often not fully realized how many of them are Indians, and how large a proportion of the powers and duties of governing have been entrusted to men drawn from the people of the province itself. When I first entered the service, thirty-four years ago (more than half-way back to annexation), the number of men exercising judicial powers, as magistrates or judges, was under 500, and of those only 320 were Indians, and no Indian held a higher post than that of assistant to a deputy commissioner or district judge. Now there are about 1,000 men invested with criminal, civil and administrative powers, and of these about 800 are Indians, 260 of them being non-official honorary magistrates; and all the subordinate officials, including, for instance, all but 100 of the 20,000 police, practically the whole of the numerous clerks, and all the 8,000 village accountants, are Indians. Of the 29 officials holding the position of district judge 22 are Indians; of the 250 assistants at headquarters of districts 150 are Indians; there are four Indian deputy-commissioners, or settlement officers, two Indian divisional judges, and generally two Indian Judges of the Chief Court, the highest court of criminal and civil jurisdiction; and four of the nine members who have hitherto composed the Legislative Council of the province have usually been Indians. So, too, in the specialized branches, such as the Public Works, Medical, Educational, and Forest Departments, which now exercise many of the functions of governing, while the control and supervision are mainly in the hands of European officials, and the spirit and

character of the administration are distinctly British, almost all the subordinate officials are everywhere Indians. In all departments the continuous tendency has for many years been to entrust more and more authority to natives of the province, carefully selected, thoroughly trained under European supervision and proved by experience to be fit to exercise power under the State without danger to the interests of the masses of the people. I am glad to be able to testify that, although there is still much room for improvement, there has, within my own recollection, been a steady and marked advance in the character of the general body of native officials. There is not only a great improvement in their intellectual attainments, but a much smaller proportion of them are open to corruption or swayed by party prejudice or given to abusing their authority, and their general trustworthiness is much higher than it used to be. This is especially the case with the few who have attained to the higher posts, some of whom have reached the European standard of rectitude, impartiality, and efficiency. But I think the best of them would admit that they would find it difficult to maintain that standard were it not for the backing they receive from their European fellows, and the influence of the general tone of the service to which they are proud to belong. The broad result of all this careful selection and training is that we have provided the people of the Punjab with a large number of trustworthy and efficient servants of the State, mainly taken from among themselves, far more honest, impartial, and at the same time sympathetic than ever ruled over them before; men whose motto may be put as: "Do justice, succour the distressed." Seldom has such far-reaching power been wielded by a body of officials with a stronger sense of public duty—a combination which guarantees a high measure of security to all, and ready aid to any class of the community which stands in need of it. Whenever any serious trouble arises in any part of the Province, such as crime, disease, drought, earthquake,

flood, or even a destructive hailstorm, some official hastens to the spot, brings help to the distressed people, and sets in motion the State's machinery to remedy the evil.

From the first it has been the policy of the British Government to encourage the growth of public spirit and enlist the services of the leaders of the people by establishing district boards and municipal committees, which correspond to the county councils and town councils in this country. Each of the twenty-nine districts has its district board presided over by the Deputy Commissioner who is also magistrate and collector of the district, and some subdivisions of districts have subordinate local boards. Altogether, the number of members is 1,500, of whom 600 are elected. They are responsible for most of the roads, bridges, schools, hospitals and other local matters in the rural parts of the province, and the money placed at their disposal for these purposes has steadily risen, not so much by increase of taxation as by increase of the amount allotted to them by the central Government. It is now about £325,000 a year. Where the members are elected it is seldom that much interest is taken in the election, and at the meetings of the boards there is rarely any voting on disputed questions, as the members prefer to trust to the superior knowledge and impartiality of their official chairman and readily adopt his suggestions. There is somewhat more animation in the proceedings of the municipal committees which manage the affairs of two million people in 137 towns, and comprise nearly 1,500 members, of whom 1,178 are non-officials. Their total expenditure is nearly £400,000 per annum, and the progress made in the towns in education, sanitation, medical relief, and public improvements generally is, on the whole, satisfactory, though still far behind a European standard.

In the villages a large amount of local administration is done by the hereditary headmen and by the leading landowners who have been placed in charge of groups of villages, and form a valuable link between the Deputy-

Commissioner and the people. Many of the principal landowners, as well as of the leading townsmen, have been invested with powers as honorary magistrates and do good service in aiding the official magistrates to administer the law. There is thus a large number of private individuals who take part in local affairs, and through whom the officials, on whom the chief responsibility rests, keep in touch with the bulk of the population. Although there are exceptions, these non-official authorities of all grades, and especially the heads of old families, who exercise great influence, owing to the extent of their estates, their wealth, their character, or the traditional respect they command among their dependants and neighbours, are a great support to the Government whose projects for the benefit of the people they, as a rule, loyally endeavour to carry out.

It may interest you if I briefly summarize the changes made in the constitution of the Legislative Council of the province. Hitherto, excluding the Lieutenant-Governor, who presides at all Council meetings, there have been nine members, of whom five have usually been non-officials. All the members were nominated by the Lieutenant-Governor. Now, the recent Act fixes the maximum number of members at thirty, but for the present the usual number will be twenty-four, though the Lieutenant-Governor has power to appoint not more than two additional members as experts on any question before the Council. Of these twenty-four members not more than ten can be officials, so that the non-officials will ordinarily have a majority of at least four. For the present only five of the twenty-four will be elected; but as soon as a proper electorate can be found, the principle of election will be extended to the representation of the landholders and of the Mohammedan community. Meanwhile, the remaining nineteen members will be nominated by the Lieutenant-Governor. The five members to be elected at present will be elected—one by the University of the Punjab, one by

the Punjab Chamber of Commerce, and three by the municipal and cantonment committees of the large towns. The University member will be elected by the members of the Senate and the Honorary Fellows, and must himself belong to one of these two bodies. The Commerce member will be elected by the Punjab Chamber of Commerce, and must himself be a member of that body. The three municipal members will be elected by those members of certain important municipal and cantonment committees who have not been appointed *ex-officio*. For this purpose three groups of committees have been formed, each of which will elect a member. The Cis-Sutlej group is made up of the municipal and cantonment committees of Delhi, Simla, Umbala, Ludhiana, and Ferozepore. The central group consists of the committees of Lahore, Amritsar, and Jullundur; and the western group of those of Multan, Rawal Pindi, and Sealkote. A candidate for one of these municipal seats must have a place of residence in the group and must be, or have served for three years as, a member of the municipal committee belonging to that group. It will thus be seen that in no case will the number of electors be large, and that the important principle has been laid down that in each case the elected member must be a true representative of the body he represents.

The financial statement will be examined by a committee of the Council, consisting of twelve members, of whom six will be nominated by the Lieutenant-Governor, and six elected by the non-official members. Members will also have the power of putting questions and moving resolutions, subject to certain restrictions and the control of the president. It is to be hoped that these new powers will be used with discretion, and not employed as a means of wasting time or worrying the responsible authorities.

If I may express an opinion, I think that this enlargement of the numbers and powers of the Legislative Council will ultimately work out for the good of the province. It

will no doubt have its dangers and drawbacks, which will require to be guarded against. It will tend to keep the higher officials more closely to headquarters, and so less in touch with the people; it will necessitate their giving more time to talk and less to thinking and to action, and so tend to lessen efficiency, or lead to a costly increase in their number. It may tend to weaken the authority of the local officials of all departments, and especially of the Indian officials, which would be disastrous to the interests of peace, order and security, and especially of the poorer classes. But it will have the great advantages of bringing the leaders of the people into closer relationship with the officials of the Government, of giving them some share of the responsibilities of governing, and of opening a way for the ambitious among them to render important service to the State and to their fellow-countrymen outside the ranks of the paid officials. The system will for some time be on its trial, and it remains to be seen whether the men selected will rise to the occasion and prove that they are fitted to discharge their new duties. I have great faith in the general common sense and good intentions of the large majority of Punjabis of all classes, and trust that, after the first excitement has died down, it will be found that the new members of the Council are imbued with a spirit of public duty and a desire to advance the common weal, and are therefore real "pillars" of the State. But the true representatives of the masses of the people, and especially of the peasant proprietors, the tenants and the labourers, must for many years to come be the officials, both European and Indian, whose main duty, after the maintenance of law, order and justice, is to "cherish the poor."

EAST INDIA ASSOCIATION PAMPHLETS

(No. 14)

CO-OPERATIVE BANKS

AN OBJECT-LESSON FROM INDIA

The East India Association,
3, Victoria Street,
Westminster, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

CO-OPERATIVE BANKS.

AN OBJECT-LESSON FROM INDIA.

THE Council of the East India Association desire to call particular attention to the following very interesting account of co-operative banking in India, taken from a recent issue of the *Morning Post*.

The emphasis laid by Mr. Balfour recently on a constructive agricultural policy, combined with co-operative credit and organization, is likely to bring to the front the great and hopeful problem of the application of co-operative effort in British agriculture. Co-operation more than anything else is responsible for the strong position of our greatest rival on its agricultural side. It was in Germany that the Raiffeisen Banks began, and they now spread like a system of life-giving arteries over rural Germany. In Italy an imitation of the German system has enabled the peasant to support the occasionally extravagant ambitions of his Government. Denmark is one vast agricultural co-operative society, and is in consequence able to force Danish eggs and butter upon the British breakfast-table. Agriculture in Holland is largely co-operative. The movement has made of recent years considerable progress in Ireland. Owing to her magnificent system of joint-stock banks Scotland has not so much felt the need of co-operative credit, but in England credit is absolutely essential if the small holding is to have any real chance, and co-operation is the way to get it. It is commonly said that the English farmer is too conservative a person to adopt such new methods. It will be helpful, therefore, in dealing with this argument, to show how a far more conservative person than the Englishman has eagerly welcomed the co-operative system. It may not be known, but it is nevertheless a fact, that, owing to the efforts of the Indian Government, co-operative

village banks have spread with extraordinary rapidity over India in the last few years, and in many districts have actually lowered the rate of interest on agricultural loans.

THE INDIAN CULTIVATOR AND THE USURER.

For generations the Indian peasantry have been in the grip of the money-lender. Before the days of British rule the evil was probably not so great, for in those times every village was almost a republic, and no doubt took the law into its own hands when the money-lender became too much of a tyrant. Moreover, as taxes were usually paid in kind, the need for ready money was not then so great. The British Government, however, with its enormous benefits of peace, law, and order, introduced also the monetary system and protected the money-lender from the violence of the infuriated villagers. The Indian peasant is an excellent cultivator, but he has never understood money and the allied problems of credit. He has, therefore, got himself into the grip of the usurer. To get money he pledged his crops, and when his crops were not enough he pledged his land. The usurer made money at both ends. He bought the wheat in the ear when it was cheapest, disposed of it when it was dearest, and sold part of it back again to the peasant as seed-grain. He charged interest which sometimes rose to 100 per cent., and he even, when he found it was safe, began to foreclose and take possession of the land. The peasant thus often became a mere tenant living from hand to mouth, with no reserve, either of grain or money, to ward off famine.

The Indian Government has passed law after law to stop these evils, but it has found by bitter experience that it can neither prevent the indebtedness of the peasant nor the alienation of land. *Takavi*, or a Government system of loans, was devised as a cure, but, though they have been available for thirty years or so, the peasantry have not yet got over their distrust of a system which in their eyes only

places them in the hands of new money-lenders, the native subordinates in the Government service. They may be driven to *Takavi* by famine, but it is doubtful if the system will ever be popular, and, indeed, universal indebtedness to the Government would have evils almost as great as universal debt to the money-lender. When Lord Cromer, then Major Baring, was in India as Financial Secretary, he took a deep interest in an attempt to found a private bank on philanthropic lines. Sir William Wedderburn and others worked hard for this scheme, and the Government of India decided to liquidate debts over an experimental area so as to give the bank a fair start, while it was to have special advantages in the way of remission of stamp duty and recovery through Revenue officers. The Secretary of State refused to sanction this scheme. Laws have also been passed from time to time to stop land-alienation, but such legislation is obviously retrograde. It keeps the cultivator a child in economic matters, and, moreover, it is often impossible to prevent evasion.

ENCOURAGEMENT OF CO-OPERATIVE CREDIT.

All these schemes failing, then, the Indian Government was almost forced to the alternative of encouraging co-operative credit among the people themselves. As early as 1892 the Madras Government appointed Mr. Nicholson (now Sir F. A. Nicholson) to report on the question, and his report was encyclopædic and extremely useful in the way of attracting attention to the co-operative banking systems of Europe. In the Punjab two Civil Servants, Mr. MacLagan and Captain J. G. Crosthwaite, started a little grain bank. The members deposited the grain at harvest-time; it was sold when prices rose, and the money was lent to members at low rates. It was, however, in the United Provinces that the master mind arose that solved the problem. Here Mr. H. Duperuex, a Civil Servant with a strong bent for finance, wrote an admirable little

book, in which he showed how the German co-operative systems might be adapted to Indian needs. He pointed out that the Indian village has been from time immemorial a co-operative society. The co-sharers, where this system exists, own the land in common, and are accustomed to be jointly responsible for revenue. The affairs of the village are managed by the village council, and, though the British Government have too often followed a policy of encouraging individualism, this ancient communism is still strong. Upon this village system Mr. Duperuex suggested that the Government should graft the Raiffeisen Banks of Germany. These banks, it need hardly be explained, are close societies of villagers who pool their entire credit, and thereby obtain cheap money from outside, which they lend only to members at a slightly higher rate of interest than they pay. As the loans are only made for reproductive purposes, and are amply safeguarded in a number of ways, there is hardly ever, out of the thousands of such banks in Europe, a case of failure, and by these means the German peasant has been delivered out of the hands of the money-lender and turned into a thriving farmer. Mr. Duperuex also suggested that to finance these small banks town banks on another German co-operative system might be started, and to these the village banks might be linked, thus forming circles through which money would pass from town to country and from country to town. Sir Antony MacDonnell gave Mr. Duperuex the task of starting the system in the North-West Provinces, as they then were, and soon Mr. Duperuex had several little banks running merrily. They worked much in the normal German fashion, the members doing their own business, which was very simple, in a perfectly efficient way. Moreover, they soon began to show their trust in the system by depositing their savings with the bank. Thus success on a small scale was proved, and Lord Curzon, who was then Viceroy, presided over the passing of an Act which legalized the system.

THE MOVEMENT SPREADING RAPIDLY.

This was the beginning, and it was only eight years ago. Now the movement is spread over India, and is still spreading with wonderful rapidity. In 1908 there were no fewer than 1,201 village banks, with a membership of 93,200, and 149 urban banks on co-operative lines, with 55,500 members. The grand total of their working capital amounted to 44 lakhs of rupees, or well over a quarter of a million sterling. The rate of progress may be estimated by the fact that in 1907 there were only 89 town and 740 village banks, with 23 lakhs of capital. How far the movement is from being merely a Government enterprise will be seen from the fact that of the 44 lakhs, only 6½ represent State aid of any kind, over 9 lakhs consist of share capital held by the members themselves, and 18 lakhs are composed of ordinary business or private loans. In twelve months the members deposited 4 lakhs, and the total deposits of members held by the banks amounted in 1908 to over 9 lakhs, while the reserve funds were estimated at 78,000 odd rupees. The principal function of the Government was to get people interested in the movement at the beginning, and to give them afterwards the benefit of free Government auditing. The provisional figures for 1909 have just come to hand by the Indian mail, and show even more amazing progress. The total number of co-operative banks, urban and rural, is 2,008—that is, an increase of 658 over last year—and the number of members has increased from 149,160 to 184,897. The working capital has nearly doubled, standing now at 81 lakhs of rupees. A very satisfactory feature in the figures for 1909 is that State aid in the way of working capital has increased by only a few thousand rupees (from Rs. 6,51,816 to Rs. 6,86,143), while loans from private persons more than doubled, rising from 12½ to 25 lakhs. This shows that the banks have established themselves in business confidence, and are able to raise their money in the open market

CAPITAL AND LOYALTY.

When we remember how conservative and distrustful the Indian peasant is, and how, since the beginning of time, he has been accustomed to no other system of banking than an earthenware pot buried under the floor, or silver bangles on the ankles of his women-folk, we are able to estimate the amazing nature of this revolution. It is plain that where these societies exist money is no longer buried or melted down, but is used, in the way capital should be used, as the seed-grain of a future financial harvest. Who can estimate the amount of hoarded wealth in India, or the benefit which will accrue to the people when this treasure is dug up and used for the benefit of agriculture and industry? If the movement goes on at the present rate, the prospect is almost staggering in its possibilities. We shall have an organization spread over India whose members and capital will alike be numbered in millions. It will be the finest weapon ever forged to fight famine and the agitator. Fears have, indeed, been expressed that these organizations may get into the hands of the disloyal, but the sounder view is that there is no better way of making a man loyal than to make him a capitalist, since the conservative forces in society are always those which have something to lose.

I. D. C.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 15)

THE WONDERS OF IRRIGATION IN THE PUNJAB.

(From a Paper read by SIR JAMES WILSON, K.C.S.I., before the Royal Society of Arts. He was for thirty-five years in the Indian Civil Service, and for the last year Financial Commissioner of the Province.)

The East India Association,

Westminster Chambers,

3, Victoria Street, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this Pamphlet.

THE WONDERS OF IRRIGATION IN THE PUNJAB.

(THE Council of the East India Association think it desirable to call particular attention to the really wonderful story of irrigation in the Punjab, as recently told by Sir James Wilson to the Royal Society of Arts.)

IN a country like the Punjab, where the air is usually very dry, and the temperature, though moderate in winter, goes up in summer to over 115° in the shade, the farmer's chief difficulty is to get sufficient moisture for the germination and maturing of his crops; and where they are dependent only on the rainfall his vicissitudes are much greater than those experienced in more temperate climes; for the rainfall is very variable both in amount and distribution. In all years the outturn varies greatly, however careful and industrious the farmer may be; and in a year of widespread drought miles upon miles of fields ordinarily covered with flourishing crops produce nothing, or next to nothing, and whole tracts of country are plunged into dire distress, sometimes verging on famine. Although last year was a fairly good year, it was reported that altogether 5,000,000 acres, or one-sixth of the area sown, had failed to produce a fair crop. The best safeguard the peasant can have against the effects of drought is the provision of means of irrigation for his fields, and the two chief sources of irrigation are wells, which enable him to draw water from the underground supply, and canals which bring the water of the rivers on to the thirsty ground. Wells have been largely used from time immemorial, but their number has largely increased since annexation, and there are now nearly 300,000 wells in use for purposes of irrigation, representing an expenditure by the landowners themselves of over £5,000,000 sterling. In the dry year 1907-08 4,000,000 acres of crops were irrigated from wells.

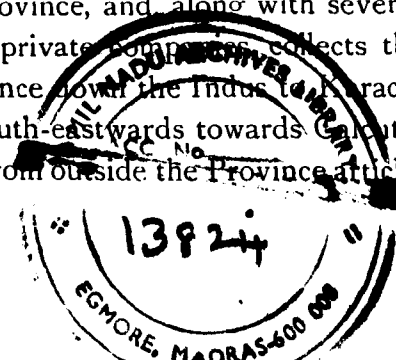
The development of canals has been still more wonderful, thanks to our engineers who have erected strong masonry weirs right across the beds of the mighty rivers which bring the melted snows down from the Himalaya mountains and flow across the plain on their way to join the Indus and the sea; so that they can divert any portion of their floods at will into great canals and convey the water on to the level country lower down where it is distributed by an elaborate network of channels to every field as required. The total length of main canal exceeds 2,600 miles, and the length of distributing channels is over 9,000 miles; and in the year 1907-08, when the unprotected crops were withering from want of rain, the canals of the Province irrigated no less than 6,000,000 acres, and enabled the cultivators to reap a satisfactory harvest over this area. Such large irrigation-works are not made for nothing. The eleven most important canals cost the State £9,000,000 sterling to make. Their gross revenue—that is, the money charged the cultivators as the price of the precious water, amounted in 1907-08 to £1,350,000, and the net revenue, after defraying all annual charges except interest, amounted to £870,000, or 10 per cent. on the capital cost; and, as the State borrowed the money at an average of about $3\frac{1}{2}$ per cent., these canals have proved a very profitable investment for the Indian general taxpayer, as well as an immense benefit to the thousands of peasants whose crops they have rendered secure. The engineers have not yet nearly come to an end of their beneficent schemes. They are now constructing a set of three canals, which will draw water from the Jhelam and Chenab Rivers, and take it across the valley of the Ravi to irrigate hundreds of thousands of acres now lying waste. This scheme will cost some £5,000,000 sterling, and will probably ultimately pay the State 10 per cent. on its capital cost, besides adding enormously to the produce of the Province and the prosperity of the agricultural population.

The area under cultivation increased very rapidly im-

mediately after annexation, when war and anarchy were succeeded by profound peace, and the soldiers beat their spears into pruning-hooks, or at least gave up the sword for the plough. Forty years ago the area under tillage was less than 20,000,000 acres, and of this only about 7,000,000 were protected by irrigation. Now the area under tillage is 28,000,000 acres, and of this area 12,000,000 acres are protected by irrigation from canals and wells, so that the crops are not only rendered much more secure against drought, but the produce has been immensely increased, both by the breaking up of 8,000,000 acres of land formerly waste, and by the irrigating of 5,000,000 acres of land formerly unprotected; for the produce of an irrigated area is on the average double that of an unirrigated area. There has also been a marked improvement in the methods of cultivation, and the gross agricultural produce of the Punjab must altogether be at least 50 per cent. more than it was forty years ago, and double what it was at annexation; and owing to the great extension of irrigation it is much more secure than it was, and varies less from year to year, although numerous peasants, and especially those whose holdings are out of reach of irrigation, are still liable to great vicissitudes of season.

The principal crops grown are wheat, millets, pulses, cotton, maize, barley, oil-seeds, sugar-cane and rice, and of these much the most important is wheat, which covers 8,000,000 of the 29,000,000 acres sown. About half the wheat is irrigated, but most of it is grown without manure. There are many fields which produce their 30 or 40 bushels per acre, but very large areas give a very poor outturn, and the average production of wheat for the Province is only 13 bushels per acre, whereas in the United States of America the average is 16 bushels, in France 20 bushels, in Canada 22 bushels, and in Great Britain, with its well-manured land, about 32 bushels per acre. There is twice as much wheat annually grown in the Punjab as there is in the United Kingdom.

When people in the Punjab present an address of welcome to a high official or deliver a speech on the blessings of British rule (which they take every opportunity to do), they usually begin by praising the impartial administration of justice and the arrangements made for the maintenance of order, which, as they put it, enable the goat to drink without fear at the same watering-place as the tiger, and go on to express admiration and gratitude for the vast improvement in the means of communication, railways, roads, post-offices and telegraphs. Of all these, the one that comes most home to the villager is the post-office, the development of which has been extraordinary and its management most progressive and successful. Every villager in the Punjab now finds a post-office within comparatively easy reach, from which he can, with perfect confidence, send a letter for $\frac{1}{2}$ d., or a post-card for $\frac{1}{4}$ d., nearly 2,000 miles across the length and breadth of India, and from which he can get money sent him, at a small charge, by relations or friends either in India itself or from the farthest ends of the earth. You can understand what a convenience and what an education the post-office is to the villager who can recollect the time when it was hardly possible for him to send or receive a letter or a money-order. Similarly the telegraph system has in recent years been rapidly extended, and there is now hardly a town of any importance that is not connected by telegraph with the rest of the world. Sixty years ago there were no railways in the Punjab and no good roads. Traffic had often to find its way across the fields, through deep mud or soft dust, as best it could. The first railway was commenced just fifty years ago, and now the great North-Western Railway system, constructed and managed by the State, extends its branches all over the Province, and along with several smaller railways owned by private companies, collects the surplus produce for conveyance down the Indus to Karachi for export to Europe, or south-eastwards towards Calcutta and Bombay, and brings in from outside the Province articles



required for consumption. This North-Western Railway, which partly lies in the adjoining Province of Sind, cost the State £40,000,000 sterling, and its gross earnings last year were £4,250,000. It carried 40,000,000 passengers, and 8,500,000 tons weight of goods. It took third-class passengers five miles for a penny, and ordinary goods at a rate below a halfpenny per ton per mile. Good roads are maintained by the Government between all the principal towns and the roads leading to villages have been much improved. Trade has thus been greatly facilitated even in the farthest corners of the Province, and has increased enormously in bulk and value. On the average of the three years ending 1907 the annual exports from the Punjab amounted to 40,000,000 cwt., valued at £15,000,000, and the imports to 25,000,000 cwt., of about the same value. The exports are chiefly wheat, oilseed, cotton and other agricultural produce, and the imports cotton piece-goods, sugar and metals. Besides these goods, there was a net import of treasure, principally silver coin and bullion, of the value of £6,000,000 sterling in the three years during which the people of the Punjab must have added that amount of gold and silver to their hoards and ornaments.

This great improvement of communications, which is still steadily proceeding year by year, has not only contributed immensely to the general convenience of the Punjab villagers all over the Province, but has tended to equalize prices by facilitating the flow of all commodities from where they are plentiful and cheap to where they are scarce and dear, to make imported articles cheaper and to enable the villager to get a better price for his surplus produce—and this tendency has been even more marked in the outlying villages than in the towns. Forty or fifty years ago, when authentic news was difficult to get, and the carriage of bulky goods was very costly, it was not uncommon to find grain selling in one part of the country, where the harvests had been good, at half the price that

would willingly be paid for it two or three hundred miles away, where there had been a drought, the crops had failed and the people were starving. Now news of any important change of prices is at once sent over the country by telegram or letter, produce is rapidly bought up where it is plentiful, and sent by railway to places where it is scarce, and prices at both places soon attain a position of equilibrium, with a difference between them little greater than the cost of carrying. The working of this system, and especially of the railways, is invaluable for the prevention of famine conditions. An instance of this occurred in 1908, when there was a very severe and widespread failure of the crops owing to drought in the United Provinces, while at the same time there had been a fair crop in the canal-irrigated fields of the Punjab proper. At once traders set to work to bring about an equilibrium of prices. The surplus of the Punjab, instead of, as usual, finding its way through Karachi to Europe, was immediately diverted to the United Provinces, and poured into every railway station in the distressed tract, keeping down prices there and staving off famine conditions. Had it not been for the railways it would have been impossible to get enough food into the famine-stricken area in time to save the people, prices would have gone up enormously, and thousands would probably have died of starvation. Meanwhile, the peasants on the Punjab canals would have found it impossible to sell their surplus grain except at excessively low prices.

In ordinary years there is a steady stream of produce down the Indus Valley to Karachi, and from there by sea to other countries; and prices in almost every village in the Punjab are determined from day to day, not only by the condition of the crops and the local demand, but by the course of prices in the great markets of the world. Several large exporting firms have agents in all the large towns of the Punjab, who are in constant telegraphic communication with their principals, and through them with Europe and America. If prices of agricultural produce go up in London,

Liverpool or Chicago, these agents within a few hours receive instructions to offer better prices in the Punjab markets for export, the price in the market goes up at once in response, and the news soon spreads to the smaller towns and villages and causes a corresponding rise of prices there. A striking instance of this was seen during the attempted corner in wheat in Chicago some years ago. There was nothing in India itself to cause any marked change in prices. But as day after day the price of wheat rose in Chicago, it went on rising in every Punjab town and village until it reached something like famine rates; then, when the Chicago corner collapsed, down went prices all over the Punjab, and reached their former level in a few days. For some weeks every working man in the Punjab paid much more than usual for his daily food, for no other reason than that a corn-dealer in Chicago thought he saw a chance of making a colossal fortune!

In consequence of this improvement of communications, the price of agricultural produce in the villages has not only become more equable and more stable, but has risen in a marked degree. In the great Amritsar market it is now on the average 40 per cent. higher than it was thirty-five years ago, and the rise is higher still in the distant villages, which were formerly out of reach of a railway. As at the same time the cost of imported articles has fallen owing to the cheapening of the means of transport, it may safely be said that in the average Punjab village the produce of an average acre of land will now fetch quite double the amount of such things as cotton-cloth, metals, mineral oil, or imported articles of use or ornament that it did thirty or forty years ago. Salt, too, one of the daily articles of consumption, has greatly fallen in price owing to reduction of taxation, and the average Punjab villager can now buy three pounds weight for a penny which would only have purchased half that amount ten years ago.

April, 1910.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 16)

THE BURDEN OF THE HOME CHARGES

The East India Association,
3, Victoria Street,
Westminster, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE BURDEN OF THE HOME CHARGES.

IF Mr. A. J. Wilson and Mr. Hyndman are even approximately right, all our talk about the "drain" of wealth from India to England is "as sounding brass or a tinkling cymbal," and it is necessary to go much more deeply into the subject than we attempted in Leaflet No. 1. The questions at issue now seem to be the comparative cost of the Indian Government, taken as a whole, and the value of the expenditure that has been incurred in what is generally called the development of the country by railways, etc., but which Messrs. Hyndman and Wilson seem inclined to stigmatize an "exploitation" for the selfish interests of English men of business—and this last idea raises the whole question of the condition of the Indian people—so that we have to consider whether it is slowly improving, as officials generally and almost every European who has resided in the country think it has,* or whether it is still on the road to bankruptcy, as Mr. Hyndman has been saying for the last thirty or forty years, and as Mr. Wilson also seems to think.

To take the easiest question first, the actual amount raised by taxation proper in British India was in 1907-08 £47,556,832 on a population of 232,072,832, or about 4s. a head, and this includes the rent paid to the superior landlord of all the agricultural land in the country (the State), which may be put roughly at £20,000,000 sterling, or, say, 1s. 8d. an acre of actual crop. Leaving out the land tax, which, at any rate, includes the rent, the only unavoidable taxes are the income tax,† which affects a very limited number, and that on salt which now brings in £3,338,988,

* See Leaflet No. 11.

† The whole of the commercial and trading classes pay about a million sterling, or only about four times as much as is contributed by the officials of the Government.

or not quite 4d. a head of the population; and even for this small sum they are guaranteed a fairly plentiful supply of wholesome salt, instead of the dirty and pernicious stuff so commonly eaten in places where the price of good salt used to be almost prohibitory. Surely, therefore, the cost of the Government of India cannot be considered excessive in comparison with that of other countries.

Taking the figures in gross, however, as it would not be easy to go into the same detail for other countries, we have the following results for some of the poorest countries and some of the wealthier:

	Area.	Population.	Revenue.	Per Head. s. d.
India	1,110,000	232,000,000	73,000,000*	6 4
Austria	187,000	27,000,000	72,000,000	53 4
Egypt	400,000	10,000,000	14,000,000	28 0
France	207,220	39,000,000	145,000,000	74 4
Germany	—	56,500,000†	288,000,000	100 2
Great Britain and Ireland	121,000	43,200,000	145,000,000	67 1
Hungary	125,500	20,000,000	44,000,000	44 0
Italy	111,000	33,000,000	73,000,000	44 2
Japan	162,000	45,000,000	30,000,000	13 4
Russia	8,400,000	130,000,000‡	210,000,000	32 4
Spain	196,000	20,000,000	30,700,000	33 2
United States of America... ..	3,622,000	84,000,000	145,000,000	54 7

It will be seen that the cost per head in India is less than half what it is in Japan, which again is less than half of the cost of Egypt. All the European Governments are much more costly, even Russia costing 4s. a head more than Egypt on the figures available.

Now, as to the much-vexed question of the condition of the people of India, no one would pretend that the poorest of them are prosperous, but are they so in any

* Not 85,000,000, as in Whitaker.

† There must be something wrong about this figure, and

‡ Certainly about this. In fact, all the figures on this page of Whitaker are evidently inaccurate, as no change has been made in them for two years at least; but for comparative purposes they may serve for want of better.

country? The only question of really practical importance is whether their condition is improving or not, and without going further we might ask Messrs. Hyndman and Wilson to explain how it happens that the average consumption of sugar is so extraordinarily high in India as compared with many other countries. Surely people who are steadily getting poorer and poorer would not persistently increase their consumption of what is scarcely a necessary of life (even if it is not actually a luxury). They would rather be reducing their consumption of necessities.

The following are the figures showing the comparative consumption of sugar per head in some of the chief countries of the world.

Estimated consumption of sugar per head of population in the undermentioned countries in 1906:

	lbs.
Australia	129'00
United States of America	84'85
United Kingdom	81'19
Canada	75'03
Switzerland	from 60 to 70
Denmark	from 50 to 60
India (according to Mr. Shakespeare, of Cawnpore*) about 37'00; but, according to the most recent very cautious estimate of the Commercial Department of the Government of India,	at least 44'00
Germany	36'50
France	32'01
Holland	30'91
Belgium	24'15
Austria-Hungary	22'00
Italy	about 7'00

These figures, except those for Switzerland, Denmark, Italy and India, are taken from a return presented to the House of Commons in 1907 (dated August 23).

Has it ever occurred to our critics that the people of India spend on sugar much more than twice as much as they spend in paying the land revenue, and are actually

* Quoted in the *Hindoo Patriot* of January 11, 1910.

extravagant enough to import 500,000 tons a year, valued at about £7,000,000. That imported stuff alone provides them with 4 pounds a head, or nearly two-thirds of the whole consumption per head in Italy, where the price is still between 6d. and 7d. a pound, and therefore prohibitory. In India the price seems to average less than 1d. a pound, whilst Mauritius sugar is now down to 1½d.

Now, the consumption of sugar is generally admitted to be one proof of the prosperity of a country, though not, of course, a conclusive proof, because circumstances differ; but the figures for Italy strangely corroborate the conclusion arrived at by Subadar Mahomed Beg ("My Jubilee Visit to London")—that he had "never in his life" (in India) "seen such poverty-stricken people as the inhabitants of Brindisi." And yet he had lived all his life in the typical famine district of Bellary.

In December last this question of the "drain" and the condition of the people of India was discussed at some length in that very reasonable journal the *Indian Spectator*, and it seems worth while to embody that discussion in this paper. It began with a letter from a correspondent, who is vouched for by the editor as a "Hindoo gentleman of position," which runs as follows:

"Sir,—In his defence in the Police Court in London, Dhingra pleaded as follows:

"I hold that the English people are responsible for the murder of 80 millions of Indian people in the last fifty years, and they are also responsible for taking away £100,000,000 every year from India.—The *Times of India* of July 31, 1909.

"This is the well-known theory of the 'drain' in Dhingra's language. The theory itself owes its origin and propagation to others. A popular Maratha journal, in its issue of December 18, 1906, admitted that at its commencement British rule was welcomed in the Deccan as the reign of righteousness, and then proceeded to state that one

particular idol of the people had since established beyond question that the country was being steadily drained of its life-blood under British rule. Some writers and speakers have declared that * the rule is responsible for recurring and more and more devastating famines, and also for the plague. As this theory is now being translated into acts, it becomes necessary to try and find out whether it has any basis in fact.

"2. The following table shows the revenues of the Kathiawar States of the first four classes in the year 1807-08, 1885 and 1896:

FIRST CLASS.				
Serial No.	Name of the State.	1807-08.	1885.	1896.
1	Junagadh ...	5,50,000	27,00,000	24,00,000
2	Nawanagar ...	12,00,000	24,00,000	27,60,000
3	Bhavnagar ...	7,00,000	26,00,000	38,37,000
4	Porbunder ...	1,40,000	4,00,000	5,50,000
5	Dhrangadra ...	1,75,000	5,00,000	6,50,000
6	Morbi ...	2,50,000	8,00,000	11,15,000
7	Gondal ...	4,00,000	14,00,000	11,00,000
8	Jafrabad ...	—	45,000	64,481
SECOND CLASS.				
9	Wankaner ...	85,000	2,00,000	2,60,000
10	Palitana ...	35,000	5,00,000	4,75,000
11	Dhrol ...	25,000	1,40,000	1,67,000
12	Limbi ...	2,50,000	2,57,000	2,80,380
13	Rajkot ...	90,000	2,00,000	3,36,000
14	Wadwhan ...	1,25,000	4,00,000	4,00,000
THIRD CLASS.				
15	Lakhtar ...	25,000	75,000	75,000
16	Sayala ...	50,000	65,000	65,000
17	Chuda ...	20,000	1,40,000	67,000
18	Vala ...	22,000	1,50,000	1,50,000
19	Jasdan ...	24,000	1,00,000	1,20,000
20	Bantwa ...	50,000	4,00,000	5,00,000
FOURTH CLASS.				
21	Lathi ...	8,000	1,00,000	1,18,000
22	Muli ...	40,000	1,00,000	1,00,000
23	Bajana ...	30,000	1,00,000	1,00,000
24	Virpur ...	"	39,000	41,600
25	Malia ...	40,000	60,000	1,12,000
26	Kotda Sangani ...	30,000	1,00,000	1,19,500
27	Jetpur ...	65,000	8,80,000	8,78,900
28	Patdi ...	40,000	5,235	13,000

* *I.e.*, the Indian Government.

"The figures for 1807-08 are taken from a table annexed to Colonel Walker's report dated May 15, 1808 (selections from the Records of the Bombay Government, No. 37, pp. 198-200, edition of 1893). It was Colonel Walker who, in co-operation with Vithalrai Dewaji, Diwan of Baroda, settled the tribute of Kathiawar in 1807-08. In paragraph 158 of the report, he says that he had the assistance of experienced residents of Kathiawar in preparing his table. It may therefore be taken to be fairly accurate. The figures for 1885 and 1896 are taken from the Kathiawar Local Directory.

"3. A comparison in the figures for 1807-08 with those for 1885 and 1896 shows a great increase in revenue. If the country has been getting poorer under British rule, how is this increase to be accounted for?"

"4. Roughly, about one-half of the revenue is collected in kind, and it might therefore be suggested that the increase is due to a rise in the price of produce. But this suggestion is not borne out by the facts. At pp. 217-18 of the *Bombay Gazetteer*, vol. viii, there is a table of prices from 1783 to 1882. In this we find the prices of the staple grains in 1807, 1809, 1881, and 1882, as follows:

KATHIAWAR GRAIN PRICES, POUNDS PER RUPEE.

	1807.	1809.	1881.	1882.
Wheat	39	42	33	24
Millet	37	42	33	28
Indian Millet ...	62	73	40	34

"The average price of millet during the ten years ending 1882 is twelve pounds the rupee higher than it was during the first ten years of the century (p. 216). As only half the revenue is collected in kind, the increase in prices would account for but a small portion of the actual increase in revenue.

"5. In a partition case between two Kathiawar States it

* This argument is not quite conclusive, as we don't know the population in 1807-08.

was discovered that the revenues of the villages brought under the partition had increased four times between 1852 and 1884. The details showed that while some villages had only doubled in value, others had increased in value fourteen times. This disparity was due to the different qualities of arable land which was not under cultivation in 1852, but which were brought under the plough by 1884. Similarly, the then prevailing state of insecurity prevented good arable land from being cultivated in 1807-08, and for years subsequent to 1807-08. It was Pax Britannica which in later times enabled the people to cultivate all arable land, and so increased the revenues of the States. The greater part of the increase must therefore be placed to the credit of British rule.

"6. If the records of Native States in other parts of India are examined it will probably be found that there too there has been a similar notable increase of revenue due to the same cause—i.e., the greater security due to the existence of the British Government.

"7. In the cities of Kathiawar there has been a great increase in the number of houses during the last forty years and the new houses are of a superior style and are built of much better materials than those which existed forty years ago. Most of these houses have been built with money earned within the last forty years.

"8. In the towns of Kathiawar the prices of house-sites have considerably risen. In the villages no house-site is ever sold and the people have no property either in their house-sites or even in their houses. On removal from one village to another they are in some places allowed to remove the roofs and doors of their houses and in other places they are allowed to remove the doors only. Under such circumstances no improvement in houses could be expected. The rate of interest on good security is now much lower than it was forty years ago.

"Some of the States were formerly under attachment for inability to pay the tribute, and some of those very States

are now the richest in Kathiawar and have invested large sums in railways and other undertakings.

"When on account of the minority of a Chief a State is taken under the management of the Agency, it is very soon rid of its debts and equipped with roads, schools, court-houses, a gaol and other accessories of an improved administration; and when it is restored to its Chief a handsome cash balance is made over to him along with the State. This well-known fact is clearly against the theory that British management causes a 'drain' of wealth. In speaking of the liquidation of debts I am referring to what used to happen even before the new regulations of 1898 and 1901.

"So far, therefore, as Kathiawar is concerned the theory of the 'drain' is clearly unsound. Is it true for the rest of India? Any person of average intelligence can test it for himself. He might begin with his own family and his own neighbours and acquaintances and inquire how many of them are now richer and how many poorer than they were fifty years ago. If he is a resident of a town, he might inquire whether there are not now many more and much better houses in the town than there were fifty years ago, and whether these better houses have not been built with money earned within the same period; whether the prices of house-sites have not greatly risen and the rate of interest considerably fallen since 1860. If he lives in a village he might inquire whether the price of agricultural land has not greatly risen and the houses which were built of mud and thatch fifty years ago are not now built of much better materials with tiled roofs. He might also ascertain whether artisans, cooks, domestic servants, agricultural and other labourers do not now get higher wages than they did fifty or even thirty years ago. He might further inquire whether the sons and grandsons of those who formerly went about in a *langoti* and a coarse *kamali* do not now wear *dhotis*, jackets and head-dresses. He might ask whether the villagers do not now possess vessels of brass and copper in

place of the earthen vessels which alone their forefathers could afford fifty years ago. He might find that the oldest inhabitants of towns and villages would be able to supply him with valuable information on the above and other similar points.

"Sir W. W. Hunter in his 'Indian Empire,' pp. 568-569, states that the net accumulations of silver and gold in India, after allowing for re-exports, averaged 7,000,000 sterling during the five years ending 1879, and rose to an average of 11,000,000 sterling during the next quinquennial period ending March 31, 1884, and this average is rising. The student might ask himself whether it is possible or conceivable that a country which is growing poorer year by year can afford to hoard more and more gold and silver. On this point he might with profit read the cross-examination of the Indian witnesses before the Welby Commission. He would find that those witnesses could offer no explanation at all of the increasing hoards of the precious metals. He might inquire why the publications advertised in certain newspapers publish the examination-in-chief of those witnesses and omit their cross-examination.

"Immense tracts of howling wastes have been converted by the irrigation engineer into smiling fields yielding rich harvests of wheat and sugar-cane year by year. The net produce of these lands ought clearly to be put to the credit of a system which is charged with draining the country's wealth.

"If the inquirer is honest with himself and makes up his mind to have nothing but the truth he will soon find himself forced to the conclusion that the 'drain' theory is contradicted by a large number of facts which face him at every turn and cannot stand the test of scrutiny. *Primâ facie* a state of peace is more conducive to the production and distribution of wealth than a state of incessant wars and insecurity which was India's lot before the establishment of British rule. The evidence above indicated confirms this belief.

"Great is the responsibility of those who originated or propagated the 'drain' theory. It is no use their preaching moderation to those who accept and act upon that theory. For the extremists turn round upon them and ask whether it is not the height of cowardice to tolerate a Government which by its economic 'drain' brings about repeated and ever more and more disastrous famines and thereby causes the death of millions? Now that the 'drain' theory is proved to be at the bottom of the present unrest, and to have converted young students of respectable families into murderers and dacoits, is it not the clear duty of its authors and propagators to revise their conclusions in the light of facts which perhaps were not within their knowledge when the theory was first started more than forty years ago and in the light of facts which have subsequently occurred?"

"In the interest of the rising generation and in the interest of the country I appeal to them to allay the unrest by revising their conclusions."

" 'There is no Dharma higher than Truth,
And no sin greater than untruth.
Truth is the Veda of Dharma,
Therefore let not the Truth be concealed.' "

MAHABHĀRATA.

"Yours faithfully,
" ENQUIRER."

The Editor (in his issue of December 18 last) comments on the above as follows:

"Last week we published a letter from a Hindu gentleman of position on the subject of the 'drain' of India's resources under a foreign Government. The theory is an old one, even older than Mr. Dadabhai Naoroji, and our own view of it is not unknown. It is not to be denied that the government of a country by an alien race from a distance necessitates a 'drain' on the resources of the subject race. In the present case that is India's misfortune more than England's fault. The latter could not have

taken possession of this country against the wishes of the people, and she does not profess to govern India as a matter of charity. She sends out men and money for the safeguarding and developing of a huge Empire exposed to foreign invasion and to internal dissension. The men must be paid, even their own price, since we cannot do without them. And the moneys sent out must earn interest, since our own capitalists have no enterprise. There are other 'drains' also, perhaps more deplorable. But what are we to do? If we change hands, we know that our second condition will be infinitely worse than our first, even under that wild vision we call 'Home Rule.' Besides, the more sensible among us recognize that the 'drain' of which we complain leaves a valuable deposit behind. Could India have done without her railways, canals and other public works, to say nothing of the post, the telegraph and the civil and military agencies generally? Or could the country have arranged for those out of her own resources? Let us view the situation as men—humanly. To talk at random, inflaming the minds of our young men, is a sin against our own country. The British Government of India is far from perfect; it needs improvement at almost every turn. But it is not by means of sweeping generalizations and impossible demands that we can bring about the improvement. Let us make honest efforts at progress, and have a living faith in them. Self-government of some kind is bound to come in time. To seek to force it upon an immature and unequal civilization, and amongst a people hopelessly divided, is such an obvious political blunder that we doubt if it can occur to the extremest of our extremists. Why then avow such a policy and create bad blood? On this point the duty of our public leaders is clear. We wish they would set it forth as clearly.

"As regards poverty we hold equally well-known views. This writer feels convinced from personal observation that the common people in the villages, especially the large class known as agricultural labourers, find it more difficult

to eke out anything like a decent living. The causes may be many and not all of them reflecting on the humanity of the Government as such. But their uncertain policy and oft-changing laws have much to do with distress in our rural areas. Poverty is also intensified by rise in the cost of living, and suffering is aggravated by an ignorant and venal village agency. And as if this evil were not grave enough, our laws seem intended to punish, not to prevent, crime. Not a few of these laws, therefore, prove an incentive to the commission of crime.

"In towns and cities there is decidedly less poverty. On the other hand, new classes have sprung up under the British régime who are amassing wealth and acquiring importance out of proportion to the good they manage to do to the rest of the population. This is an economic evil, inevitable in the circumstances, and we can only hope it will work itself out. There is need of greater sympathy not only between the official and the non-official classes, but also between the employers and the employees in our industrial centres. And it is time those who have made fortunes in the trades and the professions shared them more liberally with the bulk of the population who helped them to make their piles. It is time, too, that Government showed a livelier sense of the privations of their own humbler servants in these days of the depreciated rupee and increasing domestic wants."

No doubt there must be a "drain" on Indian resources as the Editor says, but the only reasonable question is whether the charge for services rendered by the English to India is excessive. It would appear from the commencement of this paper and from a perusal of Leaflets Nos. 1 and 11 that it is not only not excessive, but extremely moderate.

This somewhat lengthy paper may fittingly close with the sensible reflections attributed to the Ghost of the Hon. Mr. Justice Ranade in *East and West* for January, 1910.

"It is a moral law that for every benefit received you must pay a price. If England enriches India by increasing her produce and improving its circulation among a vast population spread over an extensive area, they are obliged to pay a price for the benefit they receive. That is what you call the 'drain.' As for the ill-treatment of natives, I have never made much of it myself. As a Judge I was quite familiar with the ill-treatment of Indians by Indians. It is an exclusive attention paid to controversial politics that makes young men like you exaggerate the inevitable human weaknesses of Englishmen. The best corrective for that tendency is religious and social reform on right lines. I always preached in the spirit of Tukaram who did not believe that good men are born only in one country or community."

April, 1910.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 18)

**AGRICULTURAL
INDEBTEDNESS AND THE
ALIENATION OF LAND
IN THE PUNJAB.**

(From a Paper read by SIR JAMES WILSON, K.C.S.I.,
before the Royal Society of Arts.)

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not
necessarily endorse every statement made in this Pamphlet.

AGRICULTURAL INDEBTEDNESS AND THE ALIENATION OF LAND IN THE PUNJAB.

ANOTHER interesting question discussed by Sir James Wilson in the paper from which we have quoted so largely is that of debt and alienation of land. He says :

One of the great difficulties of the small peasant is to obtain the capital necessary for financing his agricultural operations and carrying him through seasons in which the produce of his holding is not sufficient to maintain him and his family and cattle. Hitherto he has mainly depended in this respect on the village shopkeeper who combines with his business of providing the villagers with the necessities and small luxuries which their own holdings do not produce—such as salt, oil, sugar, cloth, etc.—the still more lucrative business of banking or money-lending, by allowing credit to his customers for goods bought or advancing them money on interest. The chief security the peasant in former times had to offer was his hope of future good crops ; and as this security was very uncertain, high rates of interest were common, and even now as much as 75 or 100 per cent. per annum is sometimes charged for short loans. It may, however, be estimated that, at the present time, the ordinary fairly solvent peasant has to pay about 20 per cent. per annum on money or goods borrowed by him. This, at compound interest, quickly doubles the original debt, and, unless the borrower is able soon to pay it off, he becomes hopelessly involved.

As the net profits of cultivation rapidly increased and the land rose in market value, the peasant's rights in the land became a desirable investment and the shop-keeping class naturally schemed to get possession of it by encouraging the peasant to borrow freely until he became so deeply indebted that he was forced to mortgage or sell part of his

cherished holding on terms favourable to his creditor. Too many of the smaller peasants were ignorant and unthrifty, and ready to borrow for present needs without considering that accumulating debt would ultimately force them to part with their land.

The consequence of this state of things was that, while the State was reducing its share of the produce taken as land revenue and thus making rights in the land more valuable and while those landowners who could keep free of debt were becoming more and more prosperous, there was a steadily increasing number of hereditary landowners who had lost the whole or part of their ancestral lands to the shopkeeping class or to the residents of towns who did not farm the land themselves but let it at the highest rents they could get, often to the dispossessed peasant proprietors. This evil gave rise to a growing feeling of discontent among the expropriated peasants who could not but feel that there must be something wrong with the law which had this effect, so disastrous to themselves and their families. This discontent at last forced itself on the notice of the Government and the Punjab Alienation of Land Act was passed, making it impossible for members of the shopkeeping and professional classes to buy or take on mortgage for more than twenty years land owned by members of the hereditary land-owning classes except with the consent of a Government official. The effect of this Act has been even more satisfactory than its supporters hoped. The average area annually sold has fallen from 173,000 to 128,000 acres, and the average area annually mortgaged from 327,000 to 238,000 acres, while the average area annually redeemed from mortgage has risen from 235,000 to 322,000 acres. Thus the Act has not only been successful in stopping the growing process of expropriation of the hereditary landowners from their ancestral land, but has enabled them to recover possession of a large area that they had lost. All over the Province it has called forth expressions of the warmest gratitude from the peasants,

who realize that it has saved their ancestral holdings to themselves and their descendants. It has also added an incentive to thrift and discouraged extravagance, as it has given hope to the struggling peasant who was becoming overwhelmed by debt and has shown him that the Government sympathizes with him in his trouble and is willing to help him in distress. Naturally, the measure is not popular with the trading and professional classes as it has put a stop to their ambition to secure the peasants' land for themselves. It has not otherwise inflicted any real injury upon them as they can still find profitable employment for their capital in financing agriculture, trade and industry without reducing the peasant proprietors to the position of rent-paying tenants or landless labourers. I am glad to see that the Government of India have recently declared that the policy of this Act must be maintained, and that no departure from it can be allowed which would frustrate the principles on which it is based by facilitating the passing of land out of the hands of the true peasants.

Unfortunately, the people of the Punjab are much given to litigation as a substitute for the riots and violence which, in old days, often furnished them with pleasurable excitement. Many a peasant has been ruined by his fondness for gambling in the law-courts and his passion for carrying appeals on petty matters to the higher tribunals. The temptation to litigate has been recently reduced, not only by the Alienation of Land Act, but by extending the period of limitation for ordinary suits for debt from three years to six; and, above all, the complete system of recording the rights in the land affords a ready means of settling disputes about land without going into the law-courts. These measures have had a considerable effect in reducing litigation, and the income from judicial stamps, which affords an indication of the number and value of suits brought, fell from £180,000 in 1904-5 to £160,000 in 1906-7. Unfortunately, they have also had an effect in reducing the income of the lawyers, and, while the unemployed labourer

is a difficult problem to deal with, the starving lawyer is a graver danger to the peace of the community.

Owing to these measures, and still more to the rising value of agricultural produce and of land, the burden of debt on the agricultural classes is growing less serious in proportion to the value of their property. The area held on usufructuary mortgage has decreased from 14 per cent. of the total cultivated area five years ago to 11½ per cent., and the total indebtedness of the agricultural classes to other classes cannot be more than 20 millions sterling, less than one-seventh of the market value of their land. Few countries in the world could show a better record than this.

Measures have also been taken to provide the peasant with the necessary capital at a lower rate of interest than he is generally charged. State funds are advanced at 6¼ per cent. to landowners for land improvements and for the purchase of seed, cattle, and fodder in bad times, and about £200,000 are at present out on loan in this way. The system has recently been overhauled and improved so as to make it easier for the peasant to obtain such an advance, to make the accounts simpler and to insure that repayment by instalments is made easy and enforced only when the crops are good. Last year, when there was a serious drought in great part of the Province, £120,000 of State funds were disbursed, and enabled the peasants of the affected tracts to sow a much larger area of crops than they otherwise could have done, and thus not only increased the produce of the land but helped to provide useful employment and to prevent the development of famine conditions.

Even, however, if the State advanced as much as a million sterling for such purposes, as I think it very well might do, this would only provide a fraction of the total sum at present required to finance agriculture, and other means must be sought of aiding in its provision at reasonable rates of interest. It is partly with this object that the co-operative movement has recently been started, after

study of the marvellous results which have been attained by co-operation among communities of small farmers and landowners in various countries of Europe. A Co-operative Credit Societies Act was passed a few years ago, and in the Punjab, as in other Provinces, a special officer was told off to encourage the establishment of village banks among the peasants and to audit their accounts for them free of charge. Last year the Province had 316 such banks, with 23,000 members and assets worth £60,000, which exceed their liabilities by £6,000. There is so much capital among the peasantry that these societies have borrowed very little from outside, the members themselves having subscribed or advanced to the societies £40,000; but when they do want to borrow they will be able, with their joint unlimited liability, to obtain loans at much lower rates of interest than any individual member could. At present most societies charge their members on loans about 9 per cent., which is much less than the 20 per cent. (or more) they have been forced to pay hitherto. The movement is still in a tentative stage, but is full of promise and there is good ground to hope that it will in time not only provide the smaller peasants with capital at less cost and enable the richer members of the village communities to aid their poorer fellows without risk of loss, but will encourage the growth of thrift and of a spirit of co-operation in other directions than that of providing capital.

TENANTS AND LABOURERS.

Next to the peasant proprietors, the most important class in rural economy is the body of tenants who, with their families, number about one-sixth of the total population. They, too, have benefited from the rise of prices, for, although their rents have risen, their profits have risen still more. The great extension of cultivation and irrigation of recent years has led to a keen demand for tenants on the part of landowners who have more land than they can cultivate themselves, so that a tenant has little difficulty

in finding land at a remunerative rent. The tenancy law of the Province protects most of the tenants of old standing from arbitrary ejectment or undue enhancement of rent; and, although it leaves the landlord at liberty to bargain with his ordinary tenants as to the rent to be paid and the conditions of the tenancy, it prevents him from ejecting any tenant without due notice and payment of compensation for any improvements of importance the tenant may have executed on the holding. Generally speaking the relations between landlords and tenants are good; and, seeing that there are some five million separate tenant holdings, the number of cases of dispute between these classes which come into court is surprisingly small.

The other residents of the villages are the artisans and labourers who form an important class, although most of the field-work is done by the small peasant proprietors and tenants themselves. During the last forty years agricultural wages and the wages of masons, carpenters and blacksmiths have approximately doubled, and, what is still more important, employment has become much more constant, owing to the spread of irrigation, the activity of trade, the accumulation of capital and the steady demand for labour for the construction of houses and making of roads, embankments, canals, railways and other improvements. Formerly a common rate of wages for an unskilled labourer was twopence or threepence a day; now he has not far to go to earn fivepence or sixpence, and at harvest-time his earnings often amount to a shilling a day. The great shifting of the population due to the extension of canal irrigation to new lands has encouraged the labouring population to move readily from place to place, according to the demand for labour, and so to find higher wages and more steady work. Unfortunately, in some parts of the Province, the recent mortality from plague and fever has been so great that it has appreciably lessened the number of available workers, while the work to be done and the produce to be divided remain the same as before; and this

cause, too, like the Black Death in England, has made the position of the labourers stronger and helped to raise the rate of wages. On the whole, it may safely be said of the labouring classes, as well as of the peasant proprietors and tenants, that they are at present more prosperous than they ever were before. They are the class who suffer first in famine times owing to the cessation of employment and who have benefited most from the famine policy of recent years, which aims at maintaining the demand for labour in bad times by liberal suspensions of land revenue and the grant of loans of State funds, and is prepared, if necessary, to find employment on relief works for people whose means are exhausted. The extension of irrigation and communications and the accumulation of capital have, to a large extent, removed the fear of famine from the Punjab, and each successive drought shows a greater staying-power in all classes of the people. Careful preparations have been made in all districts liable to drought to provide work for all and food for the helpless should famine occur; and the labouring classes as well as the peasants have now no cause to dread death by starvation which in old days carried them off by the thousand in years of widespread failure of the rainfall.

May, 1910.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 19)

THE CONDITION OF THE PEOPLE IN THE PUNJAB.

(From a Paper read by SIR JAMES WILSON, K.C.S.I.,
late Financial Commissioner, before the
Royal Economic Society.)

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE CONDITION OF THE PEOPLE IN THE PUNJAB.

INTEREST AND CREDIT.

It is somewhat surprising that, with all the accumulation of capital that has taken place in the last twenty years, and indeed in the last fifty or sixty years, the rate of interest charged on ordinary loans remains very high. For instance, the State itself and the private railway companies have spent in the Province something like £30,000,000 on railways and £10,000,000 on canals, almost all borrowed from outside,* and there also has been a very large amount of saving. Much of the accumulated capital, however, has been sunk in improvement of the land, both in the shape of large public works and of numerous small private works, such as wells and embankments,* and is accounted for by the rise in the market value of the land. Much has been secured by the labouring classes in the rise of wages, and much has been utilized by all classes in improving their standard of living. They have more and better food, clothes, houses, agricultural implements, cattle, household utensils. Much has been put away by the people in the form of hoards or ornaments of gold or silver. After an enquiry into the prevalent rates of interest I have come to the conclusion that, on the average, the ordinary small peasant has to pay something like 20 per cent. per annum for loans. The actual rates charged vary very much—say, from 12 per cent. to 50 or more—but perhaps the commonest rates are 18 and 27 per cent. per annum. Among the reasons for these high rates are that the peasant's borrowings are mainly made in hard times, when his need is urgent, and he is prepared to agree to almost any terms in order to get money; that he is generally ignorant and illiterate, and often thriftless, so that he is at

* That money, at any rate, remains in the country.—ED.

the mercy of his more astute creditor the village shopkeeper; that his chief security, besides his land, with which he is now more unwilling than ever to part, is his crops, which are still, even on irrigated lands, subject to great vicissitudes of season; and that the procedure of the Civil Courts, though recently greatly improved, is still too complicated for the petty disputes of peasants and shopkeepers, and although it is not difficult for a creditor, at the cost of some money and trouble, to get a decree, it is by no means easy for him to execute it, so that the expense of litigation and the lender's fear of losing part of his capital keep up the general rate of interest.

The Government have taken measures to improve this state of matters. One-sixth of the land revenue and the whole of the large sum levied as the price of the canal water are now assessed on the crops actually harvested and realized only when the cultivator has produce in his hands from which to pay them. The old policy of suspending the fixed land revenue demand in years of bad harvest has been made much more liberal, and in the dry year 1907-8 £330,000, or nearly one-fifth of the whole fixed land revenue demand, was suspended, to be realized only when a good harvest made it easy for the peasant to pay it. State money is freely advanced to land-owners at 6½ per cent. for land improvements and in bad seasons free of interest for the purchase of seed and fodder and the loan is recovered by easy instalments in years of good harvest. The amount at present out on loan in this way is about £200,000, and I think myself it might well be increased to £1,000,000. Much is to be hoped for from the recently started co-operative movement which has been fostered by Government by the passing of a special Act and by the appointment of a Registrar who, assisted by a competent staff, preaches the benefits of co-operation to the peasants, advises them and audits their accounts free of charge. The number of co-operative societies is rapidly increasing. Last year there were in the Province

316, with 23,000 members, and assets worth £60,000, of which the members themselves had subscribed £40,000. The societies charge their borrowing members about 9 per cent., and much success has already been attained in a number of villages in freeing the poorer members from the crushing burden of old debts at much higher rates of interest. Many of the leading peasants who manage these little banks themselves are keen and careful managers, and, as the societies have recently come successfully through a bad year, the movement is likely to spread rapidly, and, by a reduction in the rate of interest and the encouragement of a spirit of thrift and co-operation, to confer immense benefits on the poorer classes of the peasantry.

THE LABOURING CLASSES.

In the Punjab, where the land is almost entirely cultivated by small peasant proprietors or tenants, who do most of the field-work themselves, and where large industries are only in their infancy, the classes of landless labourer and artisan are of little importance in comparison with the position they hold in such a country as England. In 1901 the number of agricultural labourers and their families was returned as less than 2 per cent. of the total population, the other unskilled labourers as 3½ per cent., the number of weavers as 6 per cent., and the number of leather-workers as 3 per cent.—and 3 per cent. of the population were returned as subsisting by mendicancy—a tribute to the charity for which Indians of all classes are distinguished. It is these poorer classes, however, who are most helpless, and who soonest succumb to bad times; and so long as they are well off, there cannot be much doubt as to the general prosperity of the country. It is desirable, therefore, to consider how they, and especially how the unskilled labourers, have fared in recent years.

The figures for wages available for past years are the arithmetical averages of the rates reported as prevalent in each of the twenty-nine districts of the Province, and,

although only approximate, are sufficient to give a general idea of the rise of wages. I have quoted them as they stand in Appendix VI. (not printed here), from which it will be seen that the rates reported as the average monthly wages in rupees of agricultural labourers for the Province have, on the whole, risen fairly steadily during the last thirty-seven years, and that there has been a very extraordinary rise during the last four years, the average for which is practically 10 rupees a month against a little more than 5 rupees in the early years of the series: that is, at present an ordinary agricultural labourer can earn nearly twice as many rupees a month as he could thirty-seven years ago. If we take the arithmetical averages for different periods, we find that, for the eighteen years ending 1890, the wages of the agricultural labourer averaged 6·1 rupees, and for the last nineteen years 7·6 rupees, an increase of 25 per cent. over the average for the previous period; but if we take the average for the last four years, it is 9·9 rupees, an increase of 62 per cent. over the average of twenty years ago.

I have given also the figures for the daily and monthly wages paid for unskilled labour in the railway workshops at Lahore, the capital of the Province. These figures are much more trustworthy than the others, as they represent rates actually paid, but they reflect the demand and supply of labour in one locality only, and not for the whole Province. According to these figures, the average monthly wages of unskilled labour at Lahore were for the first period 5·4 rupees, for the second period 6·8 rupees, and for the last four years 8·3 rupees—a rise of 26 per cent. for the second period over the first, and of 54 per cent. in the last four years, compared with thirty years ago. So that these figures for Lahore corroborate to some extent those for the Province generally. Daily wages paid for unskilled labour at the Lahore workshops were 3 annas thirty-seven years ago, and $5\frac{1}{4}$ annas last year, and the averages for the different periods have been, for the first eighteen years

3·2 annas, for the last nineteen years 4·2 annas, and 5 annas for the last four years. It is more usual, even in the case of agricultural labour, to pay by the day than by the month, and if we take the monthly wages reported for the Province and spread them over twenty-seven working days in the month, we get the following figures for daily wages as the average for the Province: for the three years ending 1875, 3·1 annas; for the eighteen years ending 1890, 3·6; for the last nineteen years, 4·5 annas; and for the last four years, 5·9 annas. Broadly speaking, then, it may be said that the average wages of an agricultural labourer in the Punjab, measured in annas, are now nearly double what they were forty years ago, and at least 50 per cent. higher than they were twenty years ago. For the last eleven years the gold value of the anna has been exactly 1d., so that it may be said that at present, on the average, an agricultural labourer in the Punjab can earn between 5d. and 6d. a day. As a matter of fact, the demand for labour varies very much from place to place and according to the seasons; but it is seldom that a labourer cannot earn at least 4d. a day by labour in the fields, or in the towns, or on canal, railway, and other public works; and at harvest time, especially in the irrigated tracts, when very large areas of crops have to be reaped in a short time, his earnings often amount to more than 1s. a day.

The true measure of the labourer's prosperity is the margin he has left over from his wages after providing for his necessary wants, and we must therefore make allowance for the recent rise in prices of food-grains. As compared with his daily food, his other needs are of little importance. For clothing, the poorer class of agricultural labourer is content with a few garments of coarse cotton and a woollen blanket or two. For shelter, he is happy in a house of sun-dried bricks made with his own hands and with the help of his neighbours. For fuel, he or his family can always pick up enough sticks or dung to make a fire to bake his scones, or heat his milk, or boil his vegetable

broth. He rarely tastes meat or spirits, and his chief luxuries are sugar and tobacco, which are not taxed inside India and are therefore cheap. After long experience on famine relief works we have found that a man doing a fair daily task of spade-work is kept in good condition if he is given a daily wage sufficient to enable him to buy $2\frac{1}{4}$ pounds weight of the cheapest grain; not that he eats so much grain, but this covers also the cost of salt, firewood and vegetables. Few labourers actually consume more than 2 pounds of flour in a day. In ordinary times this amount of millet or pulse can be bought for 1d., and even in famine times it rarely cost more than $1\frac{1}{2}$ d., so that the unencumbered labourer, who can earn even 4d. a day, can easily afford himself more than his daily necessary food and save money. I take, however, the case of a man who has to support out of his own earnings a wife and two children. Such a family will not consume more than 2 maunds—that is, 165 pounds weight of grain in a month—so that the price of 2 maunds of *jawar*, the cheapest grain, is enough to allow for the monthly expenditure on necessary food for such a family. I have accordingly shown in the statement the cost of 2 maunds of *jawar* at the average price for each year, and the difference between that and the average monthly wage I have called “the margin of comfort,” as it represents what the married labourer has over, after providing enough food to keep his family in good health, to spend on clothing, comforts and petty luxuries, or to save. It will be seen that the cost of 2 maunds of cheap millet averaged 3·3 rupees for the first eighteen years of the period taken, 4·4 rupees for the last nineteen years, and 5·2 rupees for the last four years; so that the margin of comfort of such a family averaged 2·8 rupees for the first eighteen years, 3·2 rupees for the last nineteen years and 4·7 rupees for the last four years. Thus, notwithstanding the rise of prices, the average labourer is much better off than he was formerly, and has now nearly twice as much to spend on comforts and

luxuries as he could reckon on twenty years ago. In years of scarcity, however, when grain is dear, this margin of comfort for the married labourer is dangerously reduced. In 1896, and again in 1900, it took nearly all his wages to provide his family with necessary food. In 1908, though prices were very high, the phenomenal rise in the rate of wages left the margin of comfort not much below the average. This is the condition of the married labourer who obtains constant employment at the average rate of wages. But, of course, there are often times when he finds it difficult to do so, and must be content to accept lower wages temporarily, or go in search of work, or do without it for a time. This is especially the case in seasons of widespread drought, when the soil is too dry and hard to be worked, and agricultural operations are at a standstill over many square miles of country. Formerly such conditions gave rise to famine, and it required all the resources of the State to keep the people alive. In the Punjab, thanks to the recent great development of cultivation and irrigation, to the accumulation of capital and to the constant demand for large bodies of unskilled labourers on the canal and railway works, there is now little fear, except in small isolated tracts of country, of the development of famine conditions to such an extent as to necessitate the opening of large relief works. When the prices of the inferior grains fall, as they are already showing a tendency to do, and the population recovers its normal health, wages will probably fall a little, but they are not in the near future likely to be again much below their present level, because the conditions which have chiefly caused the rise are more or less permanent. Cultivation and irrigation are likely to continue to expand, the demand for labour on canals, railways and other public works is likely to continue; all classes have recently added greatly to their accumulations of capital, and the total produce of the Province is still increasing rapidly, while the population has decreased, and the number of hands to work and of mouths to eat is less

than before. The advance in prosperity which has been secured by the labouring classes in recent years is likely to be permanent, and I do not think we shall soon see the average rate of wages for unskilled labour fall below 5d. a day, or 9 rupees a month.

The Punjabi peasant has always been ready to take service in the Army or the Military Police and to wander in search of fortune, and he may be found in numbers in Burma, China, or even in far-distant Australia or California; and the recent changes in the economic conditions of the Punjab have made the labourer much more inclined to move in search of better wages. The great colonization schemes, which have been so successful, and which have tempted more than a million persons to migrate from their old homes within the last twenty years, have led to a loosening of old ties; and the demand for labour on newly irrigated land and on the large public works have also encouraged the labourers to migrate for the better wages they could earn elsewhere. In the old villages it is now a common complaint among the yeomen and peasants that their hereditary dependents, the village menials, who used to help them in the fields, repair their implements and do odd jobs for a customary wage usually paid in kind, have left them for better-paid work on cash wages elsewhere; so that they have either to do the menial labour themselves or to pay high wages in cash to get it done. There is no doubt that there has in this way been a great unsettling of the quiet old village life, custom giving way before competition and cash payment taking the place of payments in kind. But the change has led to a great advance in the independence and prosperity of the menial classes, and the greater cost of labour to the yeomen and peasants is more than made up to them by the greater value of their crops due to the rise of prices.

There has been a similar rise in the wages of the skilled artisan classes, such as carpenters, blacksmiths and masons, due to similar reasons. According to the reports from the

different districts, the averages for these classes have been as follows per month: for the three years ending 1875, 12·7 rupees; for the eighteen years ending 1890, 14·6 rupees; for the last nineteen years, 20·4; and for the last four years, 27·4 rupees—so that an artisan of these classes can now earn nearly double the wages he could earn twenty years ago. The demand for better houses, better implements and utensils, and the growth of public works of all kinds have provided much regular employment for this class of skilled workman and their prosperity seems assured.

The great and sudden rise of prices and wages has not been without its hardships, especially to those classes whose income is a fixed number of rupees, as they now find it difficult to make both ends meet and to maintain their previous standard of comfort. But there is a tendency, in discussing the effects of this rise, to dwell upon the interests of the consumer and to forget those of the producer. Practically all the officials, thinkers, speakers and writers who deal with the question are, so far as regards material wealth, more consumers than producers, and they naturally think first of the interests of their own class. But the great mass of the population of the Punjab, landowners, tenants and labourers, are producers as well as consumers, and there can be no doubt that for them the net result of the recent rise in prices and wages has been a great increase in wealth. There is another tendency to be avoided. In dealing with questions affecting the land we have, naturally and properly, concentrated our attention on the unfortunate members of the landowning community, those who have lost their land or become involved in serious debt and have been busied in devising means for their protection. But let us not forget that they are a small minority of the whole body, and that the great mass of the peasant landowners are well off and free of debt, many of them possessing, besides their land, property of considerable value in houses, cattle, utensils, clothes and ornaments. The landowning and tenant classes of the

Province are able, after meeting their own needs and those of the rest of the population, to export annually agricultural and pastoral produce to the value of £12,000,000 sterling, or about one third of the gross produce of the land. Only about one-eighth of the land is under mortgage ; and the total indebtedness of the agricultural to the non-agricultural classes cannot much exceed £15,000,000 sterling, or about one-tenth of the selling value of their land. There are few countries in the world which can show a better state of things than this

EAST INDIA ASSOCIATION PAMPHLETS

(No. 20)

THE INCIDENCE OF THE INDIAN INCOME TAX

The East India Association,
3, Victoria Street,

London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE INCIDENCE OF THE INDIAN INCOME-TAX.

THE average income on which income-tax is assessed in Great Britain is about £900. The smallest income upon which the tax is leviable is £160. In Germany the average taxable income falls below £120, the smallest income on which the tax is leviable being £45. There are about a million persons who have more than £160 a year in Great Britain, and these have 50 per cent. more income than the 5,400,000 taxable persons in Germany. In India there were 255,792 persons assessed to the income-tax in 1906-07, and their income amounted to not less than £56,941,480. This gives an average income of over £222, the smallest being £66. But it must be remembered that in India no income derived from land is liable to income-tax. Consequently the income-tax in India is comparatively trivial, and affects only about a quarter of a million people; and even of these the Government officials pay more than one-fifth of the whole tax.

In Prussia, again, 36,000,000 out of the 38,000,000 assessed to the tax (or 94·7 per cent.) have an income below 3,000 marks (say, £150). Thus the 2,000,000 who have an annual income above 3,000 marks pay 66 per cent. of the whole income-tax. This leaves about one-third of the tax to be paid by people whose income falls far below the average of the tax as assessed in India. It is evident, therefore, that the income-tax in India is infinitely more moderate in its incidence than in Germany.

It is also worthy of note that in spite of the raising in India of the minimum in 1903 from £33 to £66 (which caused an immediate loss of £200,000, whilst relieving

250,000 people, or the half of those assessed), the gross receipts at once began to rise again, and in 1907-08 exceeded anything that had ever been collected when the minimum was exactly half what it is now. Surely this, again, is some proof that the general wealth of India is, at any rate, not decreasing.

July, 1910.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 21)

THE ALLEGED DESTRUCTION BY ENGLAND OF INDIAN INDIGENOUS INDUSTRIES

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE ALLEGED DESTRUCTION BY ENGLAND OF INDIAN INDIGENOUS INDUSTRIES.

It is being constantly reiterated by writers who certainly ought to know better that England in years gone by deliberately set herself to ruin the industries of India by high protective duties, and that, in short, England repressed India's great industries for selfish British ends, and destroyed her indigenous trade and manufactures. This has been thoughtlessly accepted by some, but it has been strenuously denied by writers who have studied the question impartially. It is true that Mr. Dadabhai Naoroji once allowed himself to go so far as to say that "all the great industries of India have been destroyed, simply because the people had not enough to eat and were not able to carry them on." If that were anything like the truth and not a glaring exaggeration, how does it happen that even such an extremist as the late Mr. W. Digby admits that about 60 millions (out of the 240 millions of British India) are "fairly prosperous?" And how comes it that on the average so many native merchants in the Western Presidency are far more prosperous than their English rivals in trade and commerce? And how came it that the late Mr. Samuel Smith, M.P., who visited India in the year 1862, bore witness that the environs of Bombay, especially Malabar Hill, were covered with villas belonging not so much to the English "robbers" as to the "robbed" Parsees and Hindoos? "No one can doubt," he says, "that this is a wealthy city and a beautiful one." "Trade is flourishing, *especially the weaving branch*. The demand for goods is unusually active, and manufacturers alike in Lancashire and Bombay are earning handsome profits. Over eighty great factories, *equal in every respect to those in Lancashire*, give employment to large masses of the population," etc., etc. Is it possible that Mr. Dadabhai Naoroji and Mr. Smith can have been speaking of the same country?

In December, 1908, Mr. C. W. McMinn, I.C.S. (*retired*), read a paper before this Association dealing with this subject. He had been making an exhaustive study of the question for years and had gone carefully through Macgregor's "Commercial Tariffs," and examined all the old records regarding the trade of John Company with the East, and this is what he says:—

"In a great work on 'Economic History' (by Mr. Romesh Chunder Dutt), I find it stated that the British imposed an 'unjust' and 'enormous' duty on Indian cotton of 20 per cent. ; but on reference to the quoted authority I find it was 4d. per cwt. As cotton was 5d. per lb., the rate was less than 1 per cent. This was not a printer's devilry, for taffetas, sugar, mats, are similarly mis-stated. The truth was that foreign cotton was paying 5s. 10d.* per cwt., about 20 per cent., while Indian cotton had the preferential tariff, less than 1 per cent. This is the truth.

* * * * *

"In 1784 England reduced the British Tariff tax on tea to 12½ per cent., on piece goods to 18 per cent. ; and to make up the deficiency thus caused in the Inland Revenue imposed a window tax on the English people. This proved a hardship and a sanitary evil to the poor, and a grave annoyance to the rich.

"William Pitt did this. Possibly he remembered that Indian trade had made his grandfather a rich man, and founded the great fortune of the great Chatham.

"Up to 1860, in the matter of tariffs, *Britain favoured India more or less*. About 1838 there were forty-three articles, including every important article of necessity or luxury, for which there were preferential light duties for British possessions. For raw silk from Bengal there was a special light duty, favouring Bengal. It paid 4s. 6d., while all the rest of the world paid 5s. 10d. per lb.*

* * * * *

"British tariffs were not only just to India, but *even*

* Commons Report, 1832, vol. ii., p. 607.

benevolent from 1825 onwards. Opium, indigo, tea, jute, cotton, were bringing wealth to the Empire surpassing tenfold that of 'The Moguls.'

* * * * *

"I admit that, in Bengal particularly, for the first twenty years after the Company assumed the *Diwāni* there were most serious drawbacks to the peace and prosperity which British rule introduced.

"From 1785 amendment commenced, partly due to a great improvement in the Customs regulations and to lower tariffs on the two great Eastern products, tea and piece-goods, dating from 1780 and 1784.

* * * * *

"Everyone has heard of the plunder after Plassey, but the reduction of the duties in 1784 on tea and piece-goods were boons to India and to England.

"So far as I can judge, not one of the numerous writers on economic subjects in India has ever heard of these tariff changes in 1784. They seem to have a general idea that the Company and Government in England, being hostile to Indian manufactures, imposed unjust and enormous duties to crush or throttle them, and with fatal success: so that India, once a great manufacturing country, has now fallen back solely upon agriculture, which again is strangled by a heavy and variable land-tax, so that the peasantry, becoming poorer and poorer, are perishing by famines which have become more deadly and destructive every year.

"I am using the exact words employed by Martin in his several manuals of Indian economics by Wilson, Naoroji, and others.

"Most of their statements are incorrect, and even when they discuss the harshness and injustice of the period of twenty years 1765—1785 they exaggerate gravely.

* * * * *

"The East India Company, far from being hostile to Indian manufactures, spent about £160,000,000 *in training artisans, in establishing factories*, in buying and transporting

6 *Alleged Destruction of Indian Indigenous Industries.*

to England for sale there the piece-goods, silk, saltpetre, indigo, sugar, which were their principal staples. They sold piece-goods alone for 65·9 million pounds in forty years (1771—1810).^{*} For years before the Company ceased to trade they conducted operations at a loss, hoping for improvement, buoyed up by flattering statements from their servants—the commercial agents. The Indian trade was a losing concern, but the Company through its monopolies of tea and opium earned several hundreds of million pounds, which largely paid the expenses of Indian administration out of the pockets of the Chinese consumer of opium and of the British tea-drinker. They never said, “Leave off weaving: we will weave for you.”[†]

^{*} Milburn, ii. 233.

[†] Dutt's “England and India,” p. 129.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 22)

**THE ABSORPTION OF GOLD
AND SILVER BY INDIA,
AND WHAT IT
MEANS.**

According to SIR JAMES WILSON, K.C.S.I.,
late Financial Commissioner of
the Punjab.

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

In view of renewed criticisms of the administration of India—notably by Mr. Charles Edward Russell, an American traveller—it seems desirable to draw attention to the other side of the shield as depicted by Sir James Wilson in his most illuminating paper on “Indian Currency Policy.”

ABSORPTION OF GOLD BY INDIA.

As we are specially interested in India, let us see what share India has secured of all this gold. We have fairly trustworthy figures for the import and export of treasure into and out of India since 1840, and these show that during the last seventy years India has absorbed £240,000,000 worth of gold—equal to more than one-tenth of the whole world's production during that period. India's population is about one-sixth of that of the whole world, so that the quantity of gold that India has secured is not so very far short of its share with the rest of the world, man for man, as might be imagined from the comparative poverty of the masses of its population. There must have been a good deal of gold in India in 1840, and there cannot have been much absolute loss of gold since then, so that India must at this moment contain something like £275,000,000 worth of gold, or nearly one-twelfth of the whole existing world's stock, which I have estimated at £3,500,000,000.

Moreover, India's absorption of gold is rapidly increasing, and the share it takes of the greatly increased annual supply is growing. During the last decade the world's production was £780,000,000 worth, and of this India absorbed £82,000,000 worth (more than one-tenth). In the last two years she has absorbed £35,000,000 worth,

which was more than one-sixth of the world's production for those two years. Of the whole £275,000,000 worth of gold held in India, only about £6,000,000 worth is in the Government treasuries; all the rest is held by the people.

It seems to me that these figures for India, even more than those for the banks and treasuries of the world, indicate why it is that, notwithstanding the enormous increase in the world's stock of gold, the exchangeable value of gold in relation to other commodities generally has risen considerably in the last forty years. As people's material prosperity increases, they like to have more gold in their possession than before—whether in the form of hoards or ornaments—and they can afford to indulge in that luxury, so that their effective demand for gold rises more rapidly than that for other commodities which they do not desire so much. Owing to the great advance made by man in his mastery over the forces of Nature during the last century, there has been almost everywhere in the world an enormous addition to capital of all kinds and to the material wealth of the human race. The desire for gold is universal, and this increase of material wealth has enabled vast numbers of people throughout the world to gratify that desire, and is the real cause of the appreciation of the exchangeable value of gold, which the course of prices proves to have taken place, in spite of the unprecedented addition to the world's supply.

As for India, her prosperity is steadily advancing. Great numbers of her people prefer to spend their savings on gold rather than on other commodities. The probability is that, altogether apart from questions of currency, India will continue to absorb gold in ever-increasing quantity.

WORLD'S SUPPLY OF SILVER.

So much for gold. Now, let us see what has happened to silver. In studying silver, it is better to deal with weight than with value in pounds sterling, because the

gold value of silver has varied so much from time to time. I therefore give the figures for silver in millions of ounces. (It is well to remember that an ounce of silver is now worth about two shillings, or a tenth of a sovereign, and that up to forty years ago it had for some time been worth about five shillings, or a fourth of a sovereign.)

The total world's production of silver from the discovery of America, 400 years ago, has been nearly 11,000,000,000 ounces. There was a large quantity of silver in the world before then, and the wastage cannot have been very great. I estimate the present world's stock of silver at about 12,000,000,000 ounces, worth, at its present price, £1,200,000,000 in gold. Nearly half this amount has been added to the world's stock of silver during the last sixty years. The rate of production, measured in decades, steadily increased from 1830 onwards, and rose to 182,000,000 ounces per annum in the decade 1901-1910, the production last year being the record one of 218,000,000 ounces—more than double what it was only twenty-five years ago, and eight times what it was sixty years ago. With this enormous addition to the world's supply of silver, the wonder is that its exchangeable value has not fallen even more than it actually has. During the last 400 years, taking weights only, the world's production of gold has been in million ounces, 671, and of silver, 10,640, or in the proportion of 16 ounces of silver to 1 of gold. For the last sixty years the production has been 517,000,000 ounces of gold to 5,830,000,000 ounces of silver, or only about 11 ounces of silver to 1 of gold. For the last decade the proportion was 10 to 1. So that the falling off in the value of silver in relation to gold is not due to any increase in the relative production of silver in comparison with that of gold, but must be due to a smaller increase in the effective demand for silver as compared with the increase in the demand for gold.

ABSORPTION OF SILVER BY INDIA.

Let us see what India has been doing as regards silver. In the last seventy years she has absorbed 2,250,000,000 ounces of silver, or more than one-third of the whole world's supply during that period. In the last decade she absorbed 720,000,000 ounces out of the 1,820,000,000 ounces produced in the whole world. India must now possess at least 2,500,000,000 ounces of silver, or one-fifth of the whole world's stock, which is more than her share in proportion to population. That silver is, at its present price, worth £250,000,000 in gold. India's demand for silver seems almost insatiable, notwithstanding the great increase in her demand for gold. It is interesting to note that in the marvellous decade 1861-1870—the decade of the American War and the Lancashire Cotton Famine—India benefited so much from the high prices she got for her cotton that she absorbed nearly one-fourth of the world's production of gold and the whole of the world's production of silver during those ten years. In those ten years she added to her stock of the precious metals to the value of more than £150,000,000 sterling. Yet even that record has been beaten by the decade just ended, during which India absorbed £82,000,000 worth of gold and £88,000,000 worth of silver—in all, £170,000,000 worth of the precious metals.

With such figures before them, how can people say that India is being drained of her material wealth? Gold and silver are merely one form of wealth, but they are luxuries, and if the people of India were getting poorer and poorer, is it likely that they would be able to purchase these enormous quantities of the precious metals, and would prefer them to the necessities of life?

In reply to this last question it might, no doubt, be said that people do not "prefer" the precious metals to the necessities of life. They hoard them chiefly as a means of obtaining the necessities of life in case of need. But

surely the increased absorption of the precious metals seems to disprove Mr. Russell's theory of the *increasing* poverty of the country. It is impossible that wealth can come into a country and not get itself distributed to some extent, though the distribution is always the weak point of modern civilization.

August, 1911.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 23)

"THE LAST WATCH OF THE NIGHT."

By

H. G. KEENE, C.I.E.

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

"THE LAST WATCH OF THE NIGHT."

ILL-INFORMED critics of the Indian Government often reproach it for having done so little during the 150 years it has, (according to them,) ruled the country. They quite forget, or conveniently ignore, the state of the country 150 years ago, and Mr. Keene's brief note on the subject in *East and West* for May, 1911, may be useful to them and others :

"To the north of the Narbada anarchy and war were chronic ; there was a nominal empire of which the centre was at Delhi, as of yore. In 1759, however (exactly 150 years ago), the Emperor had been murdered, and his son and heir driven to fly from the capital and wander in the eastern provinces, a suppliant for aid. In the following year the Afghans invaded Hindustan, and the Maráthas, who had occupied Delhi, were driven back to the Deccan after a defeat attended with terrible slaughter. In 1764 the officers of the English Company defeated and deposed the Nawab of the eastern provinces, and the fugitive heir of the empire concluded a treaty with the British by which he was recognized as Emperor, and in 1771 he returned to Delhi, where he exercised local authority through the agency of able functionaries. In the eastern provinces the power of the British was firmly established, and their first Governor-General, Warren Hastings, lent the support of British arms to his ally, the Nawab of Oude, in a campaign which he conducted with success against the Rohillas,

or Indian Afghans, who had been plundering the northern districts. In 1780-81 the British arms were turned against the Maráthas, the war being terminated in the following year by the treaty of Salbai, in virtue of which the North-Western Provinces of Hindustan fell completely under the influence of Madhóji Sindia, the most prominent military leader of that nation. The Emperor Shah Alam continued on the throne, though the whole administration was assumed by Sindia, who took up his residence at Delhi. The next few years were filled with strife, the Malwa Marathas being desirous of competing with the success of Sindia, and the more southerly provinces of Hindustan were devastated by unceasing warfare. Sindia's administration also became unpopular elsewhere, and a hostile combination arose, before which he temporarily retired from the capital. Delhi was immediately seized by some malcontent Muslims, one of whom, a Rohilla named Ghulam Kadir, after various outrages in the palace, blinded the helpless old Emperor. Sindia arriving with reinforcements, the rebels retreated, and Sindia resumed his position of authority, which he retained until his death in 1794. About that time there arrived in India intelligence of the declaration of war against England by the Republican Government of France, and the French officers in the Marátha army became, in consequence, hostile to the British in India. In 1798 the Government in Calcutta was assumed by Lord Mornington, the able elder brother of the future conqueror of Napoleon, and a forward policy arose destined in coming years to alter the whole face of Indian politics. In 1801 the new Sindia—a man very inferior to his uncle whom he had succeeded—attacked and conquered the famous British adventurer, George Thomas, who had for a time made himself independent ruler in Hariana; but his triumph was of short duration. In 1803 the Governor-General deemed it necessary to check the further proceedings of Sindia and his French advisers, and a force was sent into Hindustan under the command of

General Lake, while General Wellesley co-operated in the Deccan, detaching the Maráthas of that quarter from any attempt to join Sindia in the north. Before the end of the year Sindia accepted terms which involved the dismissal of his European officers, and the war in Hindustan came to an end, though Maráthas and Pindáris long continued to disturb what are known as the Central Provinces."

* * * * *

Can it fairly be said that the English up to the time of Lord Mornington were in any way responsible for the government of any part of Hindustan except Bengal proper? Mr. Keene goes on to give evidence as to the state of India generally in what he calls "the last watch of the night," which is always darkest just before the dawn:

"A native, cited by Dow, speaks of 'every species of domestic confusion. Villainy,' he adds, 'was practised in all its forms; law and religion were trodden under foot; the bonds of private friendship and connection, as well of society and government, were broken; every individual, as if in a forest of wild beasts, could rely upon nothing but the strength of his own arm.' These words, it is true, have more special reference to the early years of the period; but it will be found that as the years went on no improvement took place.

"To a similar purpose is the testimony of another witness cited by Colonel Tod, the historian of Rajputana: 'The people of Hindustan at this period thought only of present safety and gratification. Misery was disregarded by those who escaped it, and man, centred only in himself, felt not for his kind. This selfishness, destructive of public and private virtue, became universal after the invasion of Nadir Shah.'

"The social degeneration went on almost to the end of the century. We are informed by Baillie Fraser, on the authority of Colonel J. Skinner, C.B., who had trailed a pike in the service of Sindia from about 1790 to 1803, that Hindustan was actually becoming depopulated. 'So, re-

duced,' he said, 'was the actual number of human beings, and so utterly cowed their spirit, that the few villages that did continue to exist, at great intervals, had scarcely any communication with each other, and so great was the increase of beasts of prey that the little communication that remained was often cut off by a single tiger known to haunt the road.'

"The first impression on anarchy in Hindustan was made before Lake's conquest by officers acting under Mahadaji Sindia. After the blinding of Shah Alam by Ghulam Kadir, and when the new model army had been organized, General de Boigne held land at Aligarh, the pay of the officers and men being a first charge upon the rents; and this estate was gradually increased until it became a quasi-principality.

"The original holding was of the value of some twenty lakhs (say two millions of rupees) per annum, gradually increased to more than double of that income; and with that security for their pay, and confidence in the honour and promises of their Savoyard Chief, the troops became patterns of good conduct. In an English newspaper of the time we are told that the men submitted to General de Boigne's 'discipline and civilization, and . . . the rapacious licence which had formerly been common . . . came at last to be looked upon as infamous even by the meanest soldier' (*Bengal Journal*, 1790). The 'civilization' introduced among the troops would form a type for the surrounding population; naturally mild and orderly, and finding themselves no longer robbed or oppressed by their professed guardians, they would turn to their squalid homes and long-neglected fallows with some hope of finding a profit in honest industry. So late as the second quarter of the nineteenth century the *Meerut Universal Magazine* stated that in Begum Samru's principality of Sardhana armed soldiers had to patrol the fields to enforce cultivation; and it is on record that she levied transit dues on every kind of goods entering or leaving her territory down to her death

in 1836. From State papers written so near the close of the anarchic period as 1808 (100 years ago), we obtain confirmation of the above recorded descriptions. A Board having been formed to construct a system of administration for the 'ceded and conquered provinces,' reports were called for from local officials which show the miserable condition into which the land had fallen. The Collector of Aligarh recommended cautious measures in regard to the appraisement of assets for the purpose of fixing the State's demand, stating that the land, owing to long misrule, famine and war, had lapsed into a quasi-wild condition. He anticipated an increase of cultivation and of revenue—should six years of peace follow—which he reckoned at 32 per cent. In Etawa, lower down the Doab, matters were no better. 'Foreign invasions,' wrote the District Officer, 'and intestine tumult, had materially checked population, whilst the poverty of the country and the rapacity of its governors had almost annihilated commerce.' Elsewhere it was noted that 'the form of Government which had existed had not operated to relieve the necessities of the subject or to improve the resources of the empire by the encouragement of husbandry and commerce. The exertions of the yeomanry have been discouraged and means of cultivation denied them. Agriculture, as a consequence, has languished and declined. Every Talukdar had his "customs platform," so that in those days the highways were unoccupied and the travellers walked through byeways. Skinner and Gardner, two good officers from the Mahratta service, patrolled the roads with parties of horse, but the gangs broke out, as soon as their backs were turned, under the Jat and Bargoojar chieftains.' In the southern part of India matters were, if possible, worse. Writing of the period between 1763 and 1783, the able author of Forbe's 'Oriental Memoirs,' says that the Mahratta Governor of Poona was inattentive to the misery of the people, whom 'his deputy oppressed in a cruel manner. Venality and corruption guide the helm of State

and pervade all Departments. From the chieftains and nobles to the humblest peasant in a village, neither the property nor the life of a subject can be called his own.' He confirms the Resident of remote Aligarh as to the fear of show; the man who has saved a little hoard 'makes no improvement, lives no better than before, and buries it in the earth without informing his children of the concealment.' On the other side of the country, Mountstuart Elphinstone records a curious conversation with a begging friar, near the temple of Jagannath, so late as 1801. 'He spoke to us without any respect . . . called us to him, but would not let us pass his boundary. When we were near, he said: "Listen! When will you take this country? This country wants you. The Hindus are villains; when will you take the country?" We answered, "Never!" He said, "Yes, you will certainly take it. The country wants you"—that was the true saying of an unaccredited but competent representative.'"

Even in far-distant Tinnevely, land, the occupancy right to which now sells at 3,000 Rs. an acre (or even more), and pays 6 per cent. on the purchase money, being assessed at 30s. an acre, had "no saleable value" in 1820, when peace had not yet been thoroughly established. Unfortunately, as Mr. Keene says in conclusion, "the Hindus are not given to historical research; and there are those among them—sincere patriots—who sigh for the return of days when the country was without a master. Such persons must be content to find their consolation in the reflection that in that case the country would be without an impartial Sovereign both willing and able to promote prosperity and peace."

September, 1911.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 24)

"GLIMPSES OF INDIA, PAST AND PRESENT."

By

LADY BENSON.

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

"GLIMPSES OF INDIA, PAST AND PRESENT."

BY LADY BENSON.

"IN all our discussions about India," says Lady Benson, "we want actual facts ; nothing else is of any value.

"Remember the saying of Sir Madhava Row : ' Whatever is not true is not patriotic.'

"If India were better off in the old days, the English ought to know about it, and learn about it ; if it was not better off, is it not time for Indians to learn the real truth ?

"Indians talk and write of a past golden age when all India was governed by one Emperor, native born ; they talk of the grand days of Rama, of Asoka, of Vikramaditya, and others. They think taxation under native rule was lighter and less harassing than at present. They think there were no famines, or fewer famines, than at present ; that there was no plague—in fact, that from the Hindu-Kush to Ceylon the country was ruled by magnificent monarchs of supreme power and dignity, the like of whom the world has never seen, under whose benignant and enlightened government flourished all the arts and sciences ; that the people were more free, and that there was little or no oppression of the people by corrupt officials. Indeed, one educated Indian argued from the *poetical* pages of the *Mahabharate* that in ancient India there must have been 'one grand Imperial constitution' all over the land, with the chiefs forming the responsible Council of the Sovereign!

All this is a very pretty fancy, no doubt, but it is simply untrue. Apart from the facts of Indian history, think for a moment how impossible in practice such a conception is. How would it be possible for a Sovereign in South India to travel, merely in order to attend a Council at Ayodhya, all the length of India and back to his own country at a time when there were no roads, or those in existence were mere tracks, and where he would, owing to the country being infested with gangs of robbers, have had to take an army, with its necessary transport, for his protection? A couple of years absence would have been necessary. There is no record or admission by Chola or Pandiya Sovereigns that they were vassals of Ayodhya. Think of the impossibility of an Imperial Council, when there was no one language understood by all the people.

"Let us teach the facts of *history* to the younger generation, and thus secure that a just historical comparison, based on truth and not on misunderstanding, may become possible for the rising generation.

"The tiniest bits of opinion sown in the minds of children in private life afterwards issue forth to the world and become public opinion; for nations are gathered out of nurseries, and they who hold the leading-strings of children may even exercise a greater power than those who hold the reins of government. If you teach your children what is not true you are not patriotic."

* * * * *

"It is the '*sheer ignorance of what has happened in the past*,' to use an Indian gentleman's words, that is at the root of much of the present discontent and unrest. But we have no right to be ignorant, now that, owing to patient, scientific research and translations, old edicts have been deciphered, and much light has been thrown on the past. Fact can now take the place of fiction. I think few, knowing the facts, would care to return to the old system."

October, 1911.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 25)

'SOME PLAIN FACTS ABOUT FAMINES IN INDIA.'

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

Only the other day an eloquent Indian was again denouncing the "drain" of wealth from India as a main cause of famines, and it may be worth while to republish the following succinct account, by a Madras lady, of some Indian famines in those good old days which some people, who ought to know better, even yet profess to regret. It will have been noticed, no doubt, that the facts in this and Leaflet No. 24 are mainly adapted from Mr. Robert Sewell's "India before the English,"* as well as from Dr. John Murdoch's "India Past and Present."

SOME PLAIN FACTS ABOUT FAMINES IN INDIA.

It has been stated and repeated by newspapers and agitators that, "the famines which have desolated India within the past quarter of the nineteenth century are unexampled in their extent and intensity in the history of ancient or modern times."

The Shanti Parva of the Mahabharata describes a famine of twelve years' duration! Mr. Srinivasa Raghava Aiyangar says: "The Ramayana mentions a severe and prolonged drought which occurred in Northern India." According to the Orissa legends, severe famines occurred between A.D. 1107 and 1143. The memory of a twelve years' famine "Dvadasavarsha Panjam" lives in tradition in Southern India. But if the accounts of "Universal Empire" are, as they have been shown to be, poetical creations, it is possible that famines mentioned may be poetical creations too. It may be so. We will quote what

* A paper read before the East India Association in 1897.

Mr. S. M. Mitra writes of famines in Akbar's reign. It is admitted by everyone that Akbar's reign was the best in the Mohammedan period of Indian history. Let us see how the great Akbar fared as regards famine. Three great famines desolated the country during the reign. The Mohammedan historian wrote: "Men could not find corn; they were driven to the extremity of eating each other, and some formed themselves into parties to *carry off lone individuals for their food* . . . at the time of famine and distress parents were *allowed* to sell their children."

In the forty-second year of Akbar's reign, A.D. 1596, "a fearful famine raged continuously for three or four years throughout the whole of Hindustan. A kind of plague also added to the horrors of this period, and depopulated whole cities, to say nothing of hamlets and villages. In consequence of the dearth of grain, and the necessities of ravenous hunger, human flesh was eaten. The streets and roads were blocked with dead bodies, and no provision could be made for their removal."

After reading the above, can it be truly asserted that the "recent famines were unexampled in their extent and intensity in the history of ancient or modern times"?

In 1570 there was a terrible famine on the West Coast.

In 1648, in the Coimbatore District, a great number died.

In 1659 there was another, and in one small tract amongst the Christians alone 10,000 perished.

In 1709 there was a prolonged drought of several years.

In 1733 there was a famine in the Chingleput District.

In 1780 one over the whole of the Carnatic.

From 1789 to 1792 there was a terrible famine in the Northern Sirkars, and the people died in thousands.

If we knew more of the past history of India we should find that seasons of scanty rainfall have *perpetually recurred*, as they are now recurring, in the natural order of things, which man's will cannot alter.

How did Hindus and Mohammedans deal with famines?

It is not too much to say that little or nothing was done. The rulers apparently saw no necessity for attempting to save life, and left people to themselves.

Now famine is recognized as one of the most difficult problems with which Government has to deal. A hundred years ago it was looked upon as a visitation of God, utterly beyond the control of man; the people perished by millions; *the want of roads, cattle, and railways* made it impossible to supply them with food. Now a famine code has been drawn up for the guidance of officials, relief works are instituted in distressed localities as soon as scarcity is declared, and every effort is made to support life and relieve distress. Many Government officials, both European and Indian, have died at their post struggling to help the people. My husband was one of the famine officers in 1876 and 1877 in the Ceded Districts, and with him I saw what was done to relieve suffering and hunger. We visited daily the great famine camps in his taluk, and saw the oldest and the youngest and those too weak to work being fed three times a day, and the able-bodied being given work and wages. If there had been more railroads in those days fewer people would have died. Railroads are essential for the distribution of food in famine time. In times of drought and famine bullocks die from want of fodder, and though there may be plenty of food in Madras and on the coast generally, there is no means of getting it carried inland without railways.

December, 1911.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 26)

THE TRUTH ABOUT RAILWAYS

FROM

'GLIMPSES OF INDIA, PAST AND PRESENT'

The East India Association,

3, Victoria Street,

London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE TRUTH ABOUT RAILWAYS.

FROM

"GLIMPSES OF INDIA, PAST AND PRESENT."

WHAT is the correct view to take about Railways in India? Some people, mostly Indians, seem to think they do more harm than good by "draining" the country of its produce (as they say), and even go so far as to charge them with *preventing* the ryots from storing their grain, and so providing against the rainless day.

Well, sixty years ago there were no railways in India. People travelled slowly by bullock carts two and a half miles an hour, or by carriages at four miles an hour. They were exposed to fatigue, to the weather, to robbers, to sickness and often had to lie down and die alone. What a difference to being whirled along smoothly and more quickly than if drawn by racehorses.

We have often heard the assertion made that a great deal of money goes from India to England, and that "England is bleeding India," but such statements are utterly baseless. *India pays no tribute to England. Nearly all the payments are interest on money lent, on services rendered, or materials supplied.*

Now to make railways costs a great deal of money. In most countries the people themselves supply the money out of their savings. In India the people said "No"; they required the money for jewels,* for marriage and other ceremonies.

* The amount of jewels now held in India cannot be worth less than 300 crores, it is probably much greater; at 12 per cent. interest it would yield 36 crores a year. In Japan women have no jewellery.

Therefore the money had to be borrowed, and for borrowed money interest has to be paid. If the people have to borrow money in India they have to pay the "sowcar" from 12 to 30, 40 or 50 per cent. Poor people borrow money at the rate of 1 anna a rupee per month, which comes to 75 per cent. per annum. Well, the Government of India asked other nations to lend the money. Germany, France, America, Russia, all asked interest at the rate of from 5 to 10 per cent. The nation that offered at the *lowest rate of interest was England*. She offered the money at $3\frac{1}{2}$ per cent. I do not think that any reasonable person would call that bleeding India.

Mr. T. N. Mukerji says: "No country having the faintest claim to civilization should now be without its railways. When we ourselves could (*would* ?) not make them, the next best thing was to have them made by others, for it would not be wise to wait a century or two."

Indian railways now not only meet all charges from their earnings, but in 1901 yielded a profit of 115 lakhs. This profit will largely increase and become an important source of revenue, while very great benefit in other ways is conferred on the country. The railways give direct employment to a large body of men. In 1909 the railway service employed 525,000 persons, of whom over 508,000 were Indians. When Queen Victoria ascended the Throne there was not a single mile of railway in the country. On December 31, 1910, there were over 32,000 miles of rail, which carried 384,000,000 passengers and over 71,000,000 tons of goods.

As noted in Leaflet No. 25, "Railways are essential for the distribution of food in famine time," and surely it is better in every way for the ryot to store up his surplus grain, if he has a surplus, in the form of rupees in a Bank, where it will even give him some interest, rather than in the form of grain exposed to plunder by rats and robbers.

February, 1912.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 27)

THE COST OF THE INDIAN GOVERNMENT.

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

THE COST OF THE INDIAN GOVERNMENT.

ANOTHER popular "grievance" just now is the excessive cost of the Indian Government and the over-employment of Europeans, chiefly British, at extravagant salaries. What are the facts on these points? Sir James Wilson told what we believe to be "The Truth as to the Employment of Indians so far as the Punjab is Concerned," in Leaflet No. 13 (1910), and no one, so far as we know, has corrected his figures. Put as briefly as possible, he made out that when he entered the service (in 1875) the number of men exercising judicial powers as magistrates or judges was under 500, and of them only 320 (not quite two-thirds) were Indians, whilst no Indian held a higher post than that of assistant to a Deputy-Commissioner or District Judge. Whereas, when he read his paper—that is, in 1910—out of about 1,000 similarly employed, 800 (about four-fifths) and *all* the subordinate officials, except 100 police out of 20,000, were Indians. Of 29 holding the position of District Judge 22 were Indians; of 250 Assistants at headquarters of districts 150 were Indians. There were 4 Deputy-Commissioners, or Salt Officers, all Indians; 2 Indian Divisional Judges, and generally 2 in the Chief Court.

So much for the Punjab. Now for the number and cost of imported English labour. Lord Elgin, when Viceroy, found that the total annual cost of the Civil Service (about 1,200 men), including pay, pension, and exchange allowances, came to $1\frac{2}{3}$ pies a month per head of the then population, 221,000,000. If Indians at half the cost were employed, the saving to each individual in India would be *less than one pie per head per month, or less than one penny a year.* And in the judgment of men like Sir Bartle Frere

it is a capital mistake to pay Indians less than Europeans for the same work.

"Year by year, since 1868, in accordance with the promise that Indians should be given a share in the administration of the country, the number of Europeans employed has been lessened, and the number of Indians employed has been increased" ("Glimpses of India, Past and Present").

A statement has recently been compiled (see p. 71 of *India* for February 9) showing the proportion of appointments on a salary of 500 rupees a month (£400 a year), or over, held by Indians and Europeans in 1910, as compared with 1867 and 1903, which shows a steady, though slow, increase in favour of Indians. The Editor of *India*, however, complains that the proportion of Indians in the covenanted Civil Service is still extremely small, though even there it has risen, he says, from 3 to 5 per cent., and there is really no reason why many more places should not be captured by Indians if there is any real enthusiasm for the service amongst the youth of India who come over in such numbers nowadays to compete in other professions. But in that case it would be necessary to fix the proportion of Europeans absolutely necessary to carry on the present system of Government, because everyone knows that an English backbone is still indispensable for the Indian body politic.

"In 1904 there were less than 6,500 Englishmen, whether brought from abroad or recruited in this country, employed on salaries of Rs. 75 a month and upwards, to administer the affairs of 230,000,000 of people, and 21,800 *Indians* on salaries of Rs. 75 and upwards. If we go below Rs. 75 a month, the disproportion would, of course, be overwhelming. During the last six years many more Indians have been given a share in the government. Can anyone contend, in the face of these figures, that the Indian Administration is unduly favourable to the European, or grudging to the Indian element? There are fifteen Indian Judges of the

four High Courts and Chief Courts, and Indians have seats in the Legislative, and now in the Executive Councils. Of the 1,244 members of the Civil Service 65 are Indians. To use Lord Curzon's words: "I hold, on the contrary, that our Administration is characterized by a liberality unexampled in the world. You may search through history, and since the days of the Roman Empire you will find no such trust. I have visited the Russians in Central Asia, the Dutch in Java, the French in Algeria, Cochin China and Tongking, and have seen what there prevails, and if anyone thinks that they show proportions even remotely comparable with those which I have quoted, I can assure him that he is gravely mistaken. It is true that, as a rule, the majority of the highest posts are, and must for a considerable time, be held by Englishmen, the reason being that they possess, partly by heredity, partly by upbringing, and partly by education, the habits of mind and the vigour of character which are essential for the task. Then, the rule being a British one, the tone and standard should be set by those who are responsible for it. The progressive growth of confidence that is revealed by the steadily increasing numbers of Indians employed is honourable to the British Government and honourable to the people of the country. It reveals a European system of Government entrusted largely to non-European hands, and administered far less by the conquering power than by its own sons. And, beyond all that, it testifies to a steady growth of loyalty and integrity on the one part, and of willing recognition of these virtues on the other, which is rich with hope for the future" ("Glimpses of India, Past and Present").

Notwithstanding the undoubted cost of imported labour, it is safe to say that the Government of India, considering what it does for the people, is by far the most economical in the world, and is, perhaps, the only Government which, in the last resort, offers "work for all."

April, 1912.

EAST INDIA ASSOCIATION PAMPHLETS

(No. 28)

SIR ROLAND WILSON ON THE TRUE CHARACTER OF THE INDIAN GOVERNMENT.

The East India Association,
3, Victoria Street,
London, S.W.

PRICE ONE PENNY.

N.B.—It will be understood that the East India Association does not necessarily endorse every statement made in this pamphlet.

SIR ROLAND WILSON ON THE TRUE
CHARACTER OF THE INDIAN GOVERNMENT.

It may be useful to publish as widely as possible the latest reflections on the Government of India, which are to be found in Sir Roland Wilson's new book, the "Province of the State." Members of this Association will not have forgotten his uncompromising attack on State-aided Education in India; and, as a very advanced thinker, not to say radical reformer, his carefully studied language is worthy of very serious consideration by those who take extreme views of Indian administration. What follows is taken *verbatim* from the notice of the book in "India" for September 8 last, page 121.

There are various references to India in this volume which invite comment and criticism, but we can only find space in this issue for one more long quotation, which is put forward in reply to Herbert Spencer's well-known position of absolute condemnation of the British occupation. Sir Roland writes :

"After all allowance made for incidental faults and crimes, the substitution of the rule of the East India Company for that of the decadent Mogul and the rapacious Maratha, and the substitution of direct British rule for that of the East India Company, must surely be counted on the whole as triumphs of industrialism over militarism. A force of 300,000 trained soldiers, of whom only about one-

fourth are British, now suffices for the defence and control of a population of 300 millions. No statistics are available, as far as I know, for the close of the eighteenth century ; but it is a pretty safe conjecture that the proportion of fighters by profession under the various native potentates was much nearer one per cent. than one per thousand. Grievous as is the poverty of modern India, the vastly larger population that continues somehow to exist proves that far more skill and industry is applied now than formerly to the utilization of the productive forces of nature.

"If, (says Sir Roland), instead of denouncing the process by which India was dragged up to its present stage of social progress, Herbert Spencer had urged that in consequence of this progress the time was now ripe, or nearly so, for a new departure in the direction of national unity and self-government, probably many of his admirers—and certainly Sir Roland himself—would have heartily assented.

"No one in present sympathy with Spencerian political ethics will hesitate to admit that the kind of dominion now exercised by Great Britain over her great Eastern dependency requires exceptional circumstances to justify it, and should continue no longer than is rendered absolutely necessary by the political immaturity of the governed. The main ends for which the State exists must always be pursued under heavy disadvantages by the agents of a distant and alien nation. That such an alien rule may nevertheless be at any given moment less imperfect than any form of any indigenous rule which could then and there be substituted, is what Spencer ought to have more explicitly recognized."

The calm and unprejudiced moderation of these observations will commend themselves to every calm and unprejudiced reader. Nor are they foreign to the cast of thought of the Indian reformer.

the component parts of his £30,000,000, and these agree pretty fairly with the details given in our Leaflet No. 1, from which it appears that about half the drain (according to our view, or one-third according to his) consists of interest on money borrowed at, say, $3\frac{1}{2}$ per cent. in order to increase the produce of the land in India tenfold by irrigation, and to provide her with railways. Some Indian critics object to railways as "draining away the produce of the country," but it seems from page 8 of the paper alluded to that Mr. Hyndman admits the benefit India has derived from railways, and that benefit also is surely a real "commercial return" for the money borrowed on extraordinarily easy terms, just as the enormous increase of wealth due to irrigation certainly is.

The rest of the home charges must be defended on different grounds as the unavoidable cost of a foreign government ; but then it can justly be contended that, even admitting this "drain," the Government of India is still the most economical of civilized governments when what it does for the country is fairly considered.* The lamentable poverty of India may be admitted ; but poverty is a comparative term, and even Mr. Digby (or, perhaps, his Salvation Army friend, Mr. Storey, who certainly sounded the very depths of Indian poverty), had to admit that 60,000,000, or about one-sixth of the population, were really "prosperous." It may be doubted if a much larger proportion in any country could be fairly so described ; and, in many ways, poverty in India is not as cruel as, for instance, in Russia, where millions suffer from famine of which we hear little or nothing.

But if there is a drain *out* there is also a drain *in* ; and we should like some one to calculate the drain of wealth into India "without commercial return" and then strike a balance.

The following facts show that the "drain in" must be considerable, and should not be lightly disregarded :

* See "Whitaker" for this year, pp. 106-107.

"During the last seventy years India has absorbed 2,250,000,000 ounces of silver, or more than one-third of the whole world's supply during that period. In the last decade she absorbed 720,000,000 out of 1,820,000,000 ounces produced in the whole world" (Mr. Sarma on p. 524 of the *Hindustan Review* for December last). Now 720,000,000 out of 1,820,000,000 is nearly 40 per cent. Is this a proof of increasing poverty? * It does not, of course, prove increasing prosperity among the lower orders, but surely some of this inrush must filter down to some of the workers and go to raise wages to the rate to which everybody (except perhaps Mr. Hyndman) knows they have risen since he so confidently predicted the "Bankruptcy of India" in 1878. That such bankruptcy is still very remote is shown by the facts noticed recently in a leading article in the *Times*, under the heading "A Romance of an Indian Port" (Karachi), and by the fact that India exported last year more wheat than was exported from any other country in the world.

* Sir James Wilson in his elaborate paper on "Indian Currency Policy," read before the East India Association on June 14, 1911, showed further that "during the last seventy years India has absorbed £240,000,000 worth of gold, or more than a tenth of the whole world's production." Even if its population is "about one-sixth," as he says it is, "the quantity of gold that India has secured is not so very far short of its share, man for man, as might be imagined from the comparative poverty of the people." "Moreover," he says, "India's absorption of gold is rapidly increasing. . . . In the last two years she has absorbed £35,000,000 worth—more than one-sixth of the world's production for those two years."

June, 1912.

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EAST INDIA ASSOCIATION PAMPHLETS

(No. 29)

MR. HYNDMAN, THE "TIMES" AND THE TRUTH ABOUT THE "DRAIN."

The East India Association,
Westminster Chambers,
3, Victoria Street, S.W.

ENNY.

It be understood that the East India Association does not
endorse every statement made in this Pamphlet.

MR. HYNDMAN, THE "TIMES" AND THE
TRUTH ABOUT THE "DRAIN."

SINCE the issue of the second edition of our Leaflet No. 1, dealing with the alleged drain from India, Mr. Hyndman has, at p. 419 of his autobiography, thought proper to reiterate his favourite indictment to the effect that "we drain out of India upwards of £30,000,000 a year (1) *without any commercial return whatever*, and this terrible (2) *extortion of wealth by way of economic tribute* is the (3) *chief* cause of the impoverishment of the 200,000,000 (? 240,000,000) inhabitants of British territory, and (4) the *consequent famine and plague* which they suffer from."*

This charge has also been repeated in a recent letter to the *Times*, and it was with some reluctance that the leading journal published a letter in reply asking for the facts and figures on which the indictment was based.

As no answer, direct or indirect, has been accorded to this challenge to produce proofs, and as Mr. Hyndman declines to examine and, if necessary, correct the figures given in our leaflet, all that can be done is to discuss his figures as they stand. He refuses to give, or even to discuss, details of the home charges; but in his "Ruin of India by British Rule," (being the report of the Social Democratic Federation, dated 1907,) he specified "pensions, interest, home charges, dividends and remittances to the capitalists and landlord classes with their hangers-on," as

* The italics are ours.

**DOES THE INDIAN
GOVERNMENT PROVIDE
"WORK FOR ALL"?**

The East India Association,

3, Victoria Street,

London, S.W.

PRICE ONE PENNY.

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use every statement made in this pamphlet.

DOES THE INDIAN GOVERNMENT PROVIDE "WORK FOR ALL"?

EXCEPTION has been taken to the statement at the end of Leaflet No. 27 to the effect that the Government of India "is, perhaps, the only Government which, in the last resort, offers work for all," and as this statement is perhaps liable to misconstruction it seems desirable to put it somewhat more clearly. It was founded on a paper by the late Rev. Howard Campbell in the "Labour Leader," entitled, "Is India Misgoverned?" This paper was reproduced in the second of our Leaflets. Mr. Campbell began by saying that he was a Socialist; that he went "to India expecting to find a great deal of misgovernment, and most unwilling to admit that any good could result from a bureaucratic system." Experience of twenty years, however, "forced him to the conclusion that there is no country in the world better governed than India, none in which the Administration does more for the masses of the people." Farther on he says, "If our Home Government would only take a leaf out of the book of the Government of India it would be a great deal better for our unemployed. The Government of India *recognizes to the full its obligation to provide work for those who are unable, through any exceptional causes, to earn a livelihood.*" He refers, of course, to the rule, now so well established, that *work is to be provided on relief works in case of famine, so that no one need die of hunger.* His remarks on this subject are worth reproducing again.

4 *Does the Indian Government provide "Work for All"?*

"India has always been subject to oft-recurring famine. owing to the precarious nature of the rainfall; but, whereas in former times famine was regarded as beyond the control of man, it is now considered a problem to be faced and dealt with by those responsible for the government of the country. In every district in India there is in the Government offices a list of useful works, and a supply of tools in the Government stores, and as soon as there are evident signs of distress relief works are opened, on which all who are able to earn a livelihood can find employment. Every effort is made to prevent the people from feeling that there is any disgrace in resorting to these works. As a result of this policy the hardship and suffering which arise from famine in the present day are, however great, but slight compared to the terrible calamities resulting from the famines of former times."

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