

The Mysore Economic Journal

A Monthly Periodical devoted to the Discussion of all Economic Topics of Interest

Vol. XIX

JULY 1933

No. 7

The Future of Coorg.

By R. H. C.

The suggestion that Coorg, now administered by the Central Government, should amalgamate with a larger Province as it cannot continue, owing to its relatively small area and limited resources, as an isolated unit, has been in the air for some years now. Speaking the other day, Sir Richard Burke suggested that it was best for Coorg to remain as it is; but if it desired union should it not think of her near neighbour Mysore, the best administered State in India rather than any district of Madras? That is the question of the hour and that is the question that might well be urged before the Joint Committee and the Government of India and the Home Government. Coorg has a long and eventful history, not the least interesting part of which is the romantic though tragic career of Virarajendra Wodeyar, who won back its independence from the cruel hands of Tipu Sultan. He was personally known to Colonel Arthur Wellesley (later Duke of Wellington), who has left an interesting pen-picture of him; and who was admired by his brother the Marquis of Wellesley who tried to befriend him by the grant of certain Taluks wrested from the South Canara District to make good the territorial loss he had sustained. Territorially it is part of Mysore being just below it to the south-west, the greater part of it being about 3000 feet above the sea. Historically, it was included in the Kadamba Kingdom, whose kings reduced its original inhabitants and held sway over it and Mysore from the 3rd to the 6th century A.D. Between the 7th and 10th centuries A.D., the Gangas, who then ruled over Mysore, were in possession of Coorg as well. During the period of Chola kings, it was ruled by a dynasty of kings called Kongalvas, who were displaced during the time of the Hoyasala kings of Mysore, by the Changalvas. They had their capital at Kodagu-Srirangapatana, situated to the south of the Cauvery near Siddapur. They acknowledged the Vijayanagar supremacy during the

14th to 17th centuries. Nanja Raja, a contemporary of Krishna Deva Raja, the greatest of the Vijayanagar line, made Nanjarajapatna, to the north of the Cauvery, just where it turns to the north and becomes the common boundary of Mysore and Coorg, his capital. A successor of his was Piriya Raja, surnamed Rudragana, who ruled between 1586 and 1607. He rebuilt Srirangapatna and renamed it, after himself, Piriya-pattana, the modern Piriya-patna, in the Hunsur Taluk, Mysore District. Kauthirava Narasa Raja, the Mysore king, attacked Virarajayya, the last of Changalvas and took Piriya-pattana, in 1644. A relation of Viraraja, who belonged to the Bednore family, however, seems to have appeared on the scene and begun a line of kings who ruled over the Coorg country for over two hundred years. The history of the country during the period covered by the usurpation of Mysore by Haider and Tipu was one of unmitigated misery. Virarajendra, the rightful heir to the throne, escaped from Tipu's custody, and joined the English against Tipu. His exploits light up otherwise dry pages of Coorg history. He eventually regained his country but later owing chiefly to the uncertainty attaching to the succession after his death, caused by the want of a sound working policy on the part of the British Government, he became insane and died in 1809. His brother Linga Raja succeeded him but the vacillating policy of the British Government helped him to put into the shade Devammaji, his niece who had been acknowledged as the Rani of Coorg. He established a reign of terror of which nothing was, however, allowed to leak out beyond his own kingdom. He was succeeded in 1820 by his son Vira Raja, whose rule becoming unbearable, ended in 1834 in his deposition and deportation. The annexation of Coorg followed and since then nearly a century of British rule has elapsed.

During these hundred years or so, the

Province has been administered by the Chief Commissioner of Coorg, who is the Resident in Mysore, with his headquarters at Bangalore. In him are centred all the functions of a local Government and a High Court. The Secretariat is at Bangalore, where the Assistant Resident is styled Secretary to the Chief Commissioner of Coorg. In Coorg itself the chief authority is the Commissioner—always a Member of Madras Service—whose headquarters are at Mercara. His authority extends to every branch of the administration. Since the Montague Constitution was framed for India, Coorg was endowed with a Legislative Council. The Simon Commission has looked with disfavour on the continuance of Coorg as a separate Province. The people of Coorg too desire a change, especially as they feel that in their present position progress is practically barred.

What makes a readjustment of its political position necessary to-day is the desire for a larger life on the part of the people. The smallness of the area, the limited resources of the country and the costly character of the administration that has had to be maintained make it eminently desirable that its status should be reconsidered. Only a few words are necessary to render clear its position. The area of its Province, according to the revenue survey, is but 1,582 square miles. Its greatest length from north to south is 60 miles and its greatest breadth from east to west is 40 miles. Its revenue has, on the average, stood at below Rs. 7½ lakhs while its average expenditure has sometimes gone beyond that figure. Its population has since 1881 shown a marked tendency to decrease, though it has during the past 20 years stood at about 1,63,000. The following table seems instructive:—

Year.	Population.
1871	1,68,312
1881	1,78,302
1891	1,78,055
1901	1,80,607
1911	1,74,976
1921	1,63,838
1931	1,63,089

The decline in the coffee industry has affected immigration into Coorg while the rate of increase among the Coorgs has also not been uniform from decade to decade.

Taking it for granted that *prima facie* there exists a desire for a change in the *status* of the Province, a *modus vivendi* may be found in one of three ways:—(1) Add the whole Province to either the District of South Canara, or Malabar which adjoin it on its south and west. As regards Malabar, the main objection would be

that it has little in common with Coorg, whether as regards affinity of language or customs. As to South Canara, the difficulty of language is got over, but the difference in customs holds good. In both cases, the fundamental opposition would proceed from the fact that absorption by either of them would make the Province lose its identity. This is neither desired nor desirable. (2) The suggestion of breaking up the Province into 2 or 3 parts and distributing the severed parts among Malabar, South Canara and Mysore has little to commend it. It would mean the partition of a compact and historic province and would be opposed from every side. (3) Its addition in its existing form as a *district* of the Madras Presidency and make it take its chance as part of that Presidency would also make it lose its distinctive and historic features. Besides that, its distance from headquarters would still continue to be a drawback, while its present independence as a Province would be lost. (4) There remains only one other alternative and that is its voluntary union with Mysore, its next door neighbour, and that on the footing of a sub-Province of Mysore, its present laws and regulations being assured to it. Under this arrangement the Province would retain its present constitution and other features almost intact. Proximity, linguistic affinities (42 per cent of the population speak Kanarese, while Kodagu, a dialect of Kanarese, is spoken by some 22 per cent of the population), religion and social usages (the Kodagu ruling family professed the Lingayat religion, while the general population have much in common with the people of Mysore)—all point to Mysore as its real parent. Kodagu, for instance, has been long written in Kannada (or Kanarese) letters. Again, its early history shows its close connection with Mysore, both being ruled for long by the same set of indigenous dynasties. The cordiality that has always existed between Mysore and Coorg also points in the same direction. The administration of Coorg has, since its annexation, been carried on by the British Resident in Mysore under the designation of Chief Commissioner of Coorg. The change from the Chief Commissioner to H.H. The Maharaja would in no sense prove a violent one. The fact that such a suggestion has been well received by the Coorgs themselves shows that there is much to be said in its favour. What is really required is only a legislative and administrative union, though on certain agreed terms the administration of Coorg would, in practice, continue independent. The status of union with Mysore may be attained on the following conditions:—

(1) The union to be perpetual and voluntary and should be termed a "perpetual and voluntary political union between Mysore and Coorg".

(2) The administration of Coorg to be kept separate—to be treated as now, except that the expenditure of the administrative staff would be reduced and brought down to the level of Mysore, which is acknowledged to be a fair one.

(3) Coorgs entitled to all rights of citizenship in Mysore, including the right to hold the highest offices in it.

(4) All existing laws and regulations to be guaranteed to Coorgs.

(5) Alterations in and additions to Legislative Enactments now in force to be effected in the usual way, through the Legislature.

(6) Coorg to be represented in the Mysore Legislative Council and Representative Assembly.

(a) Coorg to be represented in the Mysore Council thus:—

If Secondary Elections are adopted.

District Board	1 Member.
Municipality	2 Members (1 Mercara and 1 rest of Coorg.)

If Primary Elections are adopted.

For all the 5 Taluks	3 Members.
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In either case, the number of nominated members to be fixed at 3 in addition to 3 elected.

(b) Coorg to be represented in the Mysore Representative Assembly on the identical lines on which the eight districts of Mysore are.

The representation provided for above is better than that allowed for Berar in the C.P. Legislative Council. Berar returns only 3 members—1 District Board, 1 Municipality and 1 landholders. The population of Berar is nearly 3½ millions, while Coorg has only a population of 1,63,000 which is but that of Bangalore City (1931 Census). While 6 millions of people return in Mysore by election 24 members to the Council, under the above proposed scheme, Coorg would, for its 1,63,000 people, be returning by election 3 members, besides the 3 nominated members.

(7) No measure affecting the well-being of Coorg or its people shall be allowed to pass the Legislature unless $\frac{2}{3}$ of the total number of Coorg members are in its favour and vote for it.

(8) Coorg to be administered in the interests of the people of Coorg.

On the conditions above indicated, the union of Coorg with Mysore might prove not only advantageous to Coorg, but also enable its people to secure better opportunities for service in the country. The administrative cost would be lowered; an approved system of government would be assured; and a political union of the least irksome kind would be achieved with the minimum of inconvenience. That such an union as is proposed here is possible is shown by the case of Berar in the Central Provinces. If anything, in the case of Coorg, a political union with Mysore would mean a decided improvement on its present difficult, if not impossible, position.

"Experiments are being made at the Forest Research Institute at Dehra Dun, India, to produce artificial silk from bamboo pulp, and it is understood that partial success has already been attained. Cellulose was prepared from *Ochindra Travancoria* (ceta bamboo) conforming to the specifications demanded by the artificial silk industry, but the preparation fell short to some extent of the necessary requirements. The maximum percentage of β -cellulose, which is the most important constituent in cellulose for the manufacture of artificial silk, is only 89—90 in bamboo pulp; the percentage of ash in bamboo pulp is also high, i.e., 0.3 per cent as against 0.1 per cent to 0.2 per cent, the maximum required in cellulose for artificial silk. Further experiments of the Dehra Dun Forest Research Institute are in progress from which it is confidently hoped that it will be possible to attain the necessary high percentage of β -cellulose and also to reduce the ash percentage.

The successful solution of the problem would encourage the establishment of a new and important industry in India and provide an additional outlet for the utilization of bamboos. (*Jour. Soc. Chemistry and Industry*, 1932, Vol. 51, pp. 864—865.)

The Jannagar correspondent of *The Pioneer* sends a curious story how a live snake emerged from the mouth of a dead body which was soon enveloped in the flames when the corpse of a dead Kuhbi was burning on the funeral pyre in the village of Salary in Cutch State. The members of the Kuhbi's family were amazed at this and stated that the deceased had long been suffering from chronic ascites and oedema. It appears that the deceased had swallowed the spawn of a snake as sometimes happens, when a man given to chewing betel-leaves unwarily swallows a tiny jelly-like infant snake.

Monetary Reconstruction.

By Professor Gustav Cassel.

Though the many different ideas regarding the character of the present crisis and the way in which it should be remedied make an impression of almost hopeless confusion, we can distinguish two fundamental views which are absolutely incompatible with one another, and to which we should in the first place adopt an attitude.

According to the one of these diametrically opposite views, a deflation, that is, a continuous lowering of the general level of commodity prices accompanied by a corresponding rise in the value of the monetary unit, is an extremely dangerous process, which is ultimately bound to lead to the complete ruin of the whole world economy. Those who take such a view have naturally forewarned people against such a process of deflation, have combated it when it has nevertheless commenced, and, when it has proceeded so far as it has now done, are endeavouring to remedy its disastrous effects by a counter-movement, aiming at the restoration of the price-level, if not exactly to the starting-point, at any rate to a level considerably above that which has resulted from the process. To this end it is evidently necessary to take measures which otherwise are not normal, and it may be needful to intervene actively in order artificially to induce a rise in the level of commodity prices by increasing the supply of means of payment.

Those who hold the opposite view will not recognize at all that any process of deflation has taken place. They regard the fall in the level of commodity prices as merely the result of economic factors, are totally unable to conceive the fall of prices as a *monetary* phenomenon, refuse to recognize that the unit in which commodity prices are expressed has changed at all, and regard any attempt at a restoration of a higher price-level as unsound. When commodity prices fall and the equilibrium of the social economy is thereby disturbed, those who cherish these notions have no other remedy to suggest for the restoration of the equilibrium than the reduction of all costs in the same proportion. They entirely ignore the difficulties of such "adjustment", and insist on enforcing it at any cost. They do not see that the pressure which has to be exerted for this purpose will lead to a further depression of commodity prices, so that in this way equilibrium can never be restored. They do not trouble about the social strife which a forced reduction

of wages is bound to provoke, and they demand that even existing debts shall be adjusted to the falling price-level, without realizing what a complete economic ruin is bound to follow on such spread of insolvency.

The notion that the fall of prices is a natural process to which we must resignedly submit has been proclaimed during the whole period in which the deflation has been proceeding, those who proclaim it having learnt nothing from the terrible consequences which the deflation has entailed. Not even such a catastrophe as the collapse of the international gold standard system in September 1931 could bring them to their senses. Deflationism recognizes no responsibility for the havoc it has caused, and even in the United States it has continued to the very last, whilst a general collapse has been impending, to clamour for a further "adjustment" to the falling commodity prices.

To combat views of people who have proved to be so incapable of learning even from the most cruel experience, is a hopeless undertaking. Nor do I propose to resume the campaign for a deliberate stabilization of the monetary system which I have carried on ever since, in my Memorandum presented to the Brussels Conference in 1920, I pointed out the dangers of a deflation. What I now have to say is merely that any compromise between these opposite points of view is impossible, and that those countries which elect to proceed further on the path of deflation will alone bear the responsibility for the resulting ruin. At an international conference it would be quite futile to try to agree on a more or less vacuous formula intended to disguise the insoluble conflict of ideas which exists here. On the contrary, the only hope lies in an increasing realization that this gulf cannot be bridged.

In the United States the deflationists make out that the crisis was caused by a previous inordinate expansion, encouraged by an unduly liberal grant of credits. They maintain that America has been lured into this hazardous lending by her desire to accommodate herself to the monetary policy of Europe and of Great Britain in particular. This view is indeed wrong—I have confuted it, in fundamentals, in the October 1932 number of this *Journal*—but we must reckon with the fact that it still persists and is an important factor in the attitude of America to the world economic problem. If this view continues to prevail, it can scarcely

be expected that America will be willing to co-operate with England and the rest of the world in order to bring about an extension of the monetary supply and thus to break the force of the deflation and raise the general level of commodity prices. Co-operation on such important questions must be based on agreement in regard to basic principles. We may venture to hope that the unprecedented distress of the American farmers will force the United States fundamentally to revise their attitude towards the monetary problem. At all events, until such a change takes place, there is no prospect of the crisis being overcome by a united world policy for the regulation of the monetary system.

Each individual country, however, is at liberty, within its own sphere, to stop the process of deflation, to bring about such a rise in the level of commodity prices as is absolutely necessary, and afterwards to maintain a certain stability in the internal purchasing power of its currency. In this way a country can protect its industry and commerce from the most serious dangers with which it is menaced as a result of the continuous process of deflation. If such a sensible course is adopted merely by a small group of countries, that little group will, of course, be unable entirely to escape the evils attendant on the continuous decline of the world economy.

Experience, however, has shown that the right of self-determination of an individual country in the monetary sphere is liable to be misunderstood and to be wrongly utilized. Instead of concentrating efforts on a judicious regulation of the internal purchasing power of the currency, attention has often been focussed on the foreign quotations of the currency. This tendency has been accompanied by a very ill-advised desire to lower these quotations in order to gain commercial advantages. In England it was supposed that the pound sterling on the restoration of the gold standard in 1925 was quoted at rates of exchange higher than those which corresponded to the internal purchasing power of the currency, and that this had an adverse effect on the balance of trade. France, on the other hand, when in 1928 she reverted to a gold standard at a new parity, fixed that parity so low that her exports were favoured, at any rate for a time, whilst her imports were handicapped. This experience has evidently been taken as a basis for well-nigh universal endeavours to keep down the international value of the currencies. Since England in September 1931 was forced to abandon the gold standard, British monetary policy has delibe-

rately aimed at a low international valuation of the pound. The "Exchange Equalization Fund", which was created in the spring of 1932, has in fact been directly utilized in order to prevent such a rise in the dollar rate of exchange for the pound as might be considered detrimental to the British balance of trade. Similar endeavours have subsequently been made in other countries. When Australia, after great difficulties, had managed to stabilize the exchange value of the Australian pound in London at £1.25 to £1, New Zealand considered herself handicapped and resolved to raise her London rate of exchange to the same level. It was not long before another competitor, Denmark, followed this example.

Such a competition in exchange values is obviously quite incompatible with equilibrium in the international monetary system. This equilibrium imperatively demands that all currencies shall be valued in approximate correspondence with their purchasing-power parity. Therefore, if a world monetary conference is to achieve anything whatever, it is a *sine qua non* that an agreement should be reached to take no steps which aim at keeping the external value of a currency at a lower level than that which corresponds to the internal purchasing power of the currency.

On the other hand, it should be left to each country to determine the internal purchasing power which it desires to assign to its currency, in other words, the monetary unit which it desires to reckon with. International interests merely demand that this purchasing power shall, as far as possible, be kept constant. The time is not yet come for such a stabilization. What is of paramount interest at the present moment is first to get the purchasing power of money reduced, and thus to bring about a rise in the level of commodity prices. It would, of course, be a very great advantage if the countries could agree on such a policy, so that the level of prices could be raised simultaneously all round. But, as indicated above, there is but little prospect of a general agreement of this nature. In many countries, therefore, people have been hoping that England would take the lead in that part of the world which has abandoned the gold standard, and resolutely proceed to raise the level of prices in terms of the pound sterling. It seems fairly certain that such a policy would immediately win very wide adherence, and that in this way it would really be possible to create the much talked-of "sterling-area," within which stable money could afterwards be maintained.

The British Government has repeatedly given

expression to its sympathies for a rise in the price-level. The monetary negotiations at the Ottawa Conference were terminated with such a declaration of policy. On such questions, however, we do not get very far with a general expression of sympathy. Active intervention is required in order effectually to bring about a rise in the level of prices, and this intervention must proceed from a clear view of the problem as a purely monetary question. So long as people cling to notions such as that a rise in the level of prices could be promoted by restricting production and imports, nothing whatever can be achieved.

Nor, in the monetary sphere, should people content themselves with the consoling reflection that the rates of interest have been brought down. Low rates of interest will not bring about any rise in prices unless they lead to increased investments of capital. In such abnormal conditions as at present positive action with intent to increase the purchasing power will be necessary. The measure to that end which immediately suggests itself is that the central bank should buy bonds and thus force means of payment out upon the market. Had such a policy been adopted in time, and with the pre-determined purpose of raising the level of commodity prices up to a certain limit, it would no doubt have been successful. Under present conditions, however, it may be necessary to bolster up such a policy by the direct issue of central bank notes to meet the expenditure on such public works as are considered to be absolutely necessary in order to relieve unemployment. In such a case it is of vital importance that the normal budget should be balanced, so that the State will not find itself constrained to create means of payment to meet its current expenditure. Should the State be compelled to take such steps, there is no limit to the inflation which may ensue. It is essential that the new supply of means of payment should have the definite aim of bringing about a pre-determined rise in the level of commodity prices.

One of the first acts of the new Secretary of Labour of the United States, Miss Frances Perkins, was to rescind the order issued at the end of 1932 by which immigrant inspectors and border patrol officers were required to take a month's holiday without pay between 1st January and 30th June 1933. She has also dismissed most of the special investigators who toured the country from coast to coast rounding up aliens alleged to be in the country

Such a programme for bringing about a rise of prices often encounters the objection that a country which raised its level of prices in isolation would weaken its power of competition on the world market. This objection is untenable. According as the country raises its level of prices, the exchange value of its currency on the world market will be lowered, so that the country's power of competition in international trade will remain unchanged. When England has striven to keep down the international exchange value of the pound by large-scale purchases of foreign exchange and gold, she has, as shown above, been aiming at an undervaluation of her currency which is incompatible with equilibrium in the world economy. It would have been far better if the money available had been used to increase the purchasing power on the home market. In this way the level of prices would have been forced up, and the apprehended rise in the dollar rate of exchange for the pound would have been precluded in a natural way.

The observations made above are applicable to all countries on a paper standard. England has been taken as an example in view of the special importance of the pound, and of the desirability that England should take the lead in the reconstruction of the monetary system. But, pending such a lead, the other countries by no means need to remain entirely passive. There is nothing to prevent them individually proceeding on the right road and introducing a rise in their price-level. A small country which thus finds itself constrained to act independently will obviously be obliged to keep the rise of prices within rather narrow limits. None the less, active steps in the right direction will be greatly to the advantage of the country itself, and will undoubtedly prove to be extremely useful for a world which is only waiting for the right signal to be given and for the first step to be taken towards the reconstruction of a sound monetary system.

and enquiring into the activities of persons accused of exploiting aliens. Miss Perkins hopes to bring about a re-codification of immigration rules and procedure to make the application of the law more uniform and equitable. "We shall also try," the Secretary added, "to observe international amenities and have some regard for economic conditions and economic policies in this country."

Punjab Village Surveys: A Review.

By S. Subbarama Aiyar, M.A., Dip. Econ.,

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Indian Economists are deeply indebted to the Punjab Board of Economic Inquiry for the excellent surveys of rural conditions in the Punjab it has been publishing ever since its inception. We have had occasion ourselves to review in these columns two of them, viz., An Economic Survey of Bairampur in the Hoshiarpur District, and of Gaggar Bhama, a village in the Amritsar District. This is the third one of the Series, the Survey of Gijhi, a village in the Rohtak District, being an inquiry conducted by Mr. Raj Narain, M.A., under the supervision of Professor Brij Narain, M.A., and published by the C. & M. Gazette Press, Lahore (price Rs. 4).^{*} The fourth one is a Survey of Tehong, a village in the Jullundur District; and nearly a dozen other surveys on the same plan of villages belonging to the several Districts of the Punjab are under preparation or in the Press. We look forward to their publication with eager interest.

The plan of all these Surveys is a simple one. A general Questionnaire on Village Surveys is issued by the Punjab Board of Economic Inquiry and a trained investigator—a graduate in Economics of the University of the Punjab—working under the supervision of a member of the Board is stationed for a year or so in the village under investigation. He gets into the confidence of the villagers and elicits from them and by his own observation the answers to the several questions contained in the Questionnaire. They are scrutinized by the Supervisor and the answers are published *verbatim* under their appropriate heads. Nothing is left to the imagination of the Investigator and no hearsay evidence is admitted. The published results bear ample testimony to the care taken by the Investigator and all concerned to keep close to facts. Indeed, as Prof. Brij Narain explains, “the chief value of a village inquiry consists in the investigation of facts”. And in spite of the necessarily random and discursive nature of this method the book does not lack a certain unity of purpose or continuity of treatment.

Gijhi, the village in question, is a small prosperous one of 143 households with a total population of 844 persons inhabited mostly by the *Jats*, as the agricultural population in the

Punjab is called. This is a sufficiently compact area for carrying on intensive investigation.

The village population is distributed as follows:—

(A) Land Owners and Cultivators—			
Jats	..	..	42.3%
Others	..	..	12.2%
Total			54.5%
(B) Other Castes. (Vocational)—			
Hindus	..	..	36.8%
Mohammadians	..	..	8.7%
Total			45.5%

It is a predominantly Hindu village inhabited by a typical agricultural community in the Punjab.

The average members per family is 5.83. It is interesting to be told that “there are no families in Gijhi who do not follow any productive calling and live exclusively on charity, begging or religion.”

The lay-out of the village is compact. The *abachi* or village site is surrounded by waste land beyond which is the cultivated or cultivable land. A number of paths run in all directions and a canal from the Jhelum runs across the cultivated fields. The nearest railway station is about three miles away. The total area of the village is about 1,600 acres of which nearly 1,400 is cultivated; of this over 700 acres are irrigated and the rest is rain-fed. The principal food-crops are wheat, gram and a few other cereals and the non-food crops consist of sugarcane, cotton, bajra, jowar and others. No striking changes have occurred in cropping during the past twenty years except that the area under cotton has fallen heavily from 1905.

The agricultural operations give a total number of working days per male in one year as 280. The period of enforced idleness or leisure is a little over two months and this cannot be regarded as extravagant! The methods and manner of cultivation are time-honoured and primitive and no changes have been noticed for generations. The following view held of the agricultural classes in Gijhi has a wider application:—“The people though intelligent and shrewd are not go-ahead; they have been really too prosperous to turn their attention to selected seeds or improved ploughs.”

^{*} Gijhi (Rohtak District).—C. & M. Gazette, Lahore.

The fullest details are given on the subject of holdings and areas of cultivation. They confirm the prevailing view that they are small and fragmentary. Thus about 53 per cent of land is less than one acre and the holdings below 5 acres are 75 per cent of the total. No holding is bigger than 1.53 acres in one plot. The largest single holding measures 17.38 acres. The usual evils of fragmentation such as un-economic cultivation, sub-letting, etc., are fully seen in this village as elsewhere. Though the zamindar realizes the advantages of consolidation, as is seen in his efforts to secure exchange of land for cultivation, he makes little effort to consolidate holdings permanently. "There is no example of consolidation of holdings in the village itself," says the Report.

Another noticeable tendency in this Punjab village is the increase in tenancy as compared with cultivation by owners. The tenancy usually lasts for a single year. The result, as pointed out in the Report, is that the tenants make little or no effort to improve the land but on the other hand they try to get as much out of the land as possible during the period of their tenancy leaving little fallow except after sugarcane or wheat. Indebtedness, illiteracy, stay-at-homeness, low standard of living and lack of desire to improve it are the common lot of the peasantry all over India.

Reference is made to the incidence of land revenue in Chapter VI. The incidence per acre in Gijhi village has shown a tendency to increase from Re. 1 2 9 per acre in 1845 to Re. 1-13-0 in 1925 and including occupiers' rates the average for the quinquennium 1920-21 to 1924-25 was Rs. 4-10-8 per acre while the total income from land has been so high as Rs. 77 per acre for sugarcane, and for wheat and cotton, Rs. 43 and Rs. 18 on an average respectively.

Details of indebtedness are worked out in Chapter VII. The total amount of indebtedness is about Rs. 11,000. A sum of Rs. 8,000 is borrowed from cultivators, and the rest is from non-cultivators. Borrowing for non-agricultural purposes (some 66 per cent of the total) preponderates over that for agricultural purposes. Loans taken for food alone amount to 17 per cent. Mortgage debts are in favour among agriculturists: other means of investment are building *pucca* houses and making of gold ornaments. Marriage expenses absorb a good deal of their savings but funeral expenses are insignificant. The usual rate of interest works out at 18 per cent.

The investigator's remarks on the influence of the joint family on agricultural progress are worth quoting in full:—"It is often argued

that the joint family system among the Hindu cultivators tends to create drones, and helps to swell the number of dependants whom the working members of the family have to support But the experience in Gijhi, where the joint family system is the rule among small cultivators, appears to lead to a conclusion which is the reverse of that stated above. Among small cultivators who live and cultivate jointly, there is prosperity and freedom from debt as compared with those who live and cultivate separately." There is no doubt that the Indian joint family is a peculiar product of the agricultural economy of India and is suited to its environment.

The other features of agricultural economy in this village may be briefly told. Land does not change hands very often (Chapter IX). Sales of agricultural products are confined to those left over the consumption in the village itself: sale of products takes the usual course of higgling between buyers and sellers (some of the purchasers coming from outside the village): there is no Co-operative Society and there is no organized market (Chapter X). The cultivators and non-cultivators alike lead very simple lives and the requirements of all classes of the Village Community are limited to very few necessities. Most of the articles required are supplied by the Village Community itself (Chapter XI).

The writer deals in great detail with the yields of produce of different crops, their cost of cultivation and profits to the cultivators. These details are of the greatest value.

The Survey concludes with a chapter on Consumption. The usual articles and the quantities of each that are consumed by the several classes of the population—how and from where they are purchased and at what expense—are all given in great detail.

A copy of the questionnaire, a glossary of vernacular terms and an exhaustive index complete the volume.

We have no hesitation in saying that students of Rural Economics in Indian Universities will find the volume most useful and all those interested in the study of rural economic conditions in India find it most stimulating and suggestive. We look forward with great interest to the publication of the other volumes in this Series.

In view of the disturbed conditions in the Far East, Sir William Foster's *England's Quest of Trade* (Black, 15s.)—a new volume in the Pioneer Histories Series—will be of special interest.

Season and Crop in Western India.

By K. B. Rao, B.A.

According to the Season and Crop Report of the Bombay Presidency for 1931-32, taking the Presidency and Sind together, the food produced during the year was not much less than that obtained during the previous year, being less by only 2.8 per cent, and so far as the food supply to the general population is concerned, the year may be reckoned as a year of plenty. The outstanding feature of the year was the very low prices of all agricultural produce prevailing throughout the Presidency proper and Sind. The slump in prices which set in by about May 1930 continued during the year. Wages of labour also ruled lower than during the preceding year although the fall in wages was not generally proportionate to the fall in prices of food-stuffs. The net result of these factors has been that for labouring classes earning cash wages the year under report was generally favourable. The self-dependent small farmer chiefly using his own labour and producing food for himself and his family also did not suffer privation, although his cash income was greatly reduced. The remaining class of the agricultural population, the big cultivator employing cash labour on a large scale in producing his crops, suffered most. In short, the economic conditions commencing in 1930-31 remained substantially the same in the year under report.

Considering the kharif and rabi crops together, the agricultural season of 1931-32 was generally satisfactory over a very large part of the Bombay Presidency proper, and judged by results it was almost equal to that of 1930-31, which was a good season. The only marked exceptions were in Khandesh and the Karnatak. In Khandesh, the main crop, *etc.*, cotton, varied from poor to a failure owing to the excessive rains of the season, while over a large part of the Karnatak both cotton and wheat yielded unsatisfactorily, the former (cotton) owing to deficiency of rains from July to September and adverse winds and the latter (wheat) owing to a very bad attack of rust. In Sind, owing to the late and irregular inundation of the river Indus, the season was only moderate. The distribution of the rainfall of the season was generally uneven both as regards area and period, but a special feature of the season was that in many areas the deficiency of rains in one month was counterbalanced by their abundance in the following month or *vice versa* with the result that in spite of the uneven dis-

tribution of the rains the season, on the whole was satisfactory.

In the Bombay Presidency proper both the gross and net cropped areas remained stationary as compared with the previous year. Thus the gross cropped area increased by 240,000 acres to 29,372,000 acres or by .8 per cent while the net cropped area increased by 146,000 acres to 28,386,000 acres or by .5 per cent during the year under review.

The twice cropped area, however, showed an increase of 10.5 per cent as compared with the previous year, having risen from 892,000 acres in 1930-31 to 986,000 acres during the year under report. The increase was noticeable in all the Divisions of the Presidency but was specially marked in Gujarat (73,000 acres) where the favourable late rains enabled a second crop to be taken over a larger area than in the previous year.

In Sind, on the other hand, the gross cropped area, the twice cropped area and the net cropped area showed a considerable decline by 570,000, 44,000 and 528,000 acres respectively or by 11.7, 8.5 and 12.1 per cent respectively below the previous year due to the unsatisfactory character of the inundation.

About two-thirds of the cultivated area of the Presidency is devoted to growing food-stuffs, jowar, bajri, rice, wheat and gram being the most important crops. Cotton is the largest non-food crop.

In the Presidency proper the area under food crops, *i.e.*, cereals, pulses, sugarcane and fruits and vegetables decreased by 431,000 acres or by 2.1 per cent as compared with the preceding year but increased by 1,069,000 acres or by 5.5 per cent as compared with the average. Among the kharif crops, bajri showed an increase of 292,000 acres or 7.3 per cent although the area under rice remained almost stationary as compared with the previous year. The area under jowar was 7,411,000 acres during the year under report as against 8,627,000 acres during the preceding year. The decrease in area was general and attributed to a fall in prices for jowar. Under the rabi crops, wheat showed an increase of 154,000 acres or 9.1 per cent and gram 129,000 acres or 21.4 per cent over the areas occupied by these crops in the preceding year.

The area under non-food crops, which include cotton, tobacco and oilseeds, showed a general increase which amounted to 670,000 acres or

8.2 per cent above the previous year. The most noticeable increase was under cotton which increased by 514,000 acres or by 14.5 per cent when compared with the previous year. The area under oilseeds rose from 1,578,000 acres in 1930-31 to 1,615,000 acres during the year under report, that under groundnuts having risen during recent years from 882,000 acres to 1,615,000 acres. The area under tobacco amounted to 150,000 acres in 1931-32 as against 139,000 acres in 1930-31. The increase under all the principal heads of non-food crops was chiefly attributed to higher prices and ready sale obtained by these as compared with the food crops.

In Sind, with the exception of gram, which rose by 14,000 acres or 5.1 per cent to 287,000 acres during the year under report, there was a decrease of a varying extent among almost all the food and non-food crops owing to the unsatisfactory inundation. A few detailed remarks will explain the variations under the principal crops:—The area under the jowar crop in the Bombay Presidency proper declined from 8,626,000 acres in 1930-31 to 7,411,000 acres, the low price fetched by jowar being the main reason. The area under bajri in the Presidency proper, on the other hand, increased to the extent of 292,000 acres over that of the preceding year. The increase in area under this crop was most marked in the south-east of the Presidency and was attributed to the excellent rains received there in June. In Sind the area under both jowar and bajri decreased, under jowar by 84,000 acres and under bajri by 142,000 acres. The area under rice in the Presidency proper remained stationary, *i.e.*, 1,976,000 acres during the year under review as against 1,981,000 acres in the previous year. In Sind the area under this crop fell by 86,000 acres to 1,183,000 acres. In the Presidency proper the area under wheat increased by 154,000 acres or 9.1 per cent over the previous year. The increase was shared chiefly by the North Deccan and Gujarat. In Sind, on the other hand, the area under wheat decreased by 125,000 acres or 21.0 per cent below that of the previous year owing to the early and abrupt subsidence of the canal water in September. The area under oilseeds in the Presidency proper rose slightly by 37,000 acres or by 2.3 per cent over the previous year owing chiefly to expansion of groundnut cultivation. In Sind the area under oilseeds decreased by 58,000 acres or 19.9 per cent as compared with the area of the preceding year, that under groundnut falling by 10,000 acres or 1 per cent to 989,000 acres. The area under cotton in the

Presidency proper showed a rise of 514,000 acres or 14.5 per cent when compared with the area of the previous year. The increase in area was general throughout the Presidency and was due to the relatively better prices fetched by the crop as compared with the other crops, *e.g.*, food-grains, etc. In Sind, however, the crop declined in area by 23,000 acres or 8.2 per cent to 257,000 acres during the year under report due to the unsatisfactory character of the river.

In the Presidency proper, the area irrigated—1,038,000 acres—remained stationary during the year under report.

The table below sets down the acreage under food-grain crops (cereals and pulses) in the agricultural divisions of the Bombay Presidency and their approximate outturn in tons during the year:—

Division.	Area in thousands of acres.	Out-turn in thousands of tons.
Gujarat	2,663	832
Deccan	11,129	2,007
Karnatak	4,668	809
Konkan	1,598	661
Total, Presidency Proper..	20,058	4,399
Sind	3,636	906
Grand Total	23,694	5,305

Altogether, the Report of the year makes interesting reading and exhibits the agricultural position in a manner at once comprehensive and perspicacious.

Writing on *The Book in the Economic Depression*, in the *American Publishers' Weekly*, Mr. Herbert F. Jenkins, Vice-President of Little, Brown & Co., of Boston, says that the theory formerly held that books did not suffer from depression to the same extent as other goods is no longer true. The output of books in the United States in 1932 was 12½ per cent less than in the previous year, and a number of the most active trade publishers cut their lists by 20 per cent. The sale of older publications, which have become staple, has also fallen. Formerly 60 per cent of sales was in titles that were over a year old and 40 per cent was in current new titles; now the proportion is reversed. But he looks forward to the future with confidence and holds that there are plenty of worthwhile books for the public to read.

Financing of India's Foreign Trade—II.

By Krishna Kumar Sharma, M.A., B.Com.,

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(1) *Restrictions proposed.*—The exchange banks should confine themselves to port towns and mainly to foreign trade finance. They should not open any new branches in the interior. This is necessary for the development of existing Indian banks and for the successful working of new ones. The exchange banks will then utilize the services of Indian banks for their business in the interior which will strengthen the position of the latter. Mr. Sircar quotes in this connection the proceedings of the 'International Conference on the Treatment of Foreigners' held in Paris in 1929 and says that 'In the course of the discussion it was accepted that the right of international commerce would not apply to the retail trade or hawking and peddling and that every nation could reserve to its own nationals these subsidiary trades.'

In this connection the practice of foreign exchange banks is also significant in other countries. They are confined to the chief financial centres like Paris and Berlin or to the Port Towns as in Egypt, Australia, Brazil and Argentina. The majority of the Central Banking Committee do not accept this suggestion on the ground that this will imply discrimination and that it will interfere with the facilities for Indian trade.

(2) *Licensing of foreign banks.*—Foreign exchange banks should be required to take out licences for carrying on their business in India. At present they are not subject to any legal restrictions and do not even publish their balance sheets. Some control over them is necessary on broad national grounds to prevent them from undue discrimination against Indian concerns. Such provisions exist in the laws of foreign countries also. In Japan the Finance Minister is authorized to impose restrictions on the issue of licences of foreign banks. The majority of the Indian Banking Committee recommend in this connection that all non-Indian banks wishing to do banking business in India should be required to take out a licence from the Reserve Bank when it is established and that licences should be freely granted to the existing exchange banks. These banks should furnish to the Reserve Bank annual statements of their assets and liabilities and of their Indian and non-Indian business. On the basis of reciprocity some further conditions

might be included in the licence as is done by the Bank of England when it insists on two British signatures before rediscounting commercial paper. There cannot, however, be any question of reciprocity between foreign and Indian banks. Reciprocity should imply 'give and take' principle, but we are so heavily handicapped that we cannot 'take' anything from others although we can 'give' them as freely as we like. It should also imply mutual influence which is not possible for India. Reciprocity should imply mutual advantage, but no advantage can accrue to any Indian bank in a foreign country in return for foreign banks being allowed uncontrolled domination in India. If licences are freely granted to them, there will hardly be any use of those licences. Licences should be for a fixed period and should contain some conditions which will make them really effective.*

(3) *Restrictions on their deposits.*—Foreign banks in India get deposits at lower rates than are paid by Indian banks and compete with this money with national banks in India. These restrictions will encourage joint stock banks and indigenous banks in India as they will be able to get deposits for their business. The majority of the Indian Banking Committee object to restrictions on deposits as it will interfere with the facilities for trade and with the freedom of Indian depositors and further say that if the indigenous banks require to be protected against foreign exchange banks, it is because the former lack experience and adequate reserves, and that both these things will take time to be acquired and that the pace cannot easily and safely be forced. The majority also hold that there has practically been no change in the respective proportions of banking deposits of the Imperial Bank of India, the Indian joint stock banks and the exchange banks during the last ten years and that, as compared with the pre-war year 1913, the share of the exchange banks has not increased appreciably. If the tendency continues unchanged in future, they do not think any necessity of restrictions on deposits of foreign banks. They fear that such a course might initiate other countries in the matter of restrictions imposed by India on foreign exchange banks. Mr.

* *Minute of Dissent*, by Mr. Sircar, p. 500.

Sircar in his *Minute of Dissent* does not accept this contention of the majority that the deposits raised in India by foreign banks have been stationary. He shows that the deposits of Indian banks have come down from 70.63 crores in 1921 to 55.16 crores in 1928, while exchange banks have been able to maintain their deposits very nearly, the figures being 85.73 crores and 82.33 crores respectively. He further points to the increase in the deposits of the Allahabad Bank from 9.35 lakhs in 1920 to 11.19 lakhs in 1928 as a sign of the movement of the funds which may become an inducement to their Indian banks in the future to get themselves amalgamated with the British banks.†

He further points out to the unequal competition of the foreign banks with the indigenous institutions both in the port towns and in the up-country centres where the foreign banks have branches, and points to the fact that foreign banks together with the Allahabad Bank have been able to gather nearly 80 crores of deposits as against the same amount in the case of the Imperial Bank and 55 crores in that of the Indian banks. He therefore says, "Our problem is: how to give the Indian banks a fair field for their development and extension by confining the foreign banks to their proper sphere in the port towns and the measures proposed should be designed to accomplish this purpose."

(4) *Registration of exchange banks with rupee capital.*—Foreign banks should not be allowed to do business in India until they register themselves with rupee capital and have an Indian directorate. The majority of the Indian Banking Committee are against this proposal because access to London money market will be lessened, the rupee companies will have to pay a high amount for goodwill and depositors will not have the security of the existing international resources of the exchange banks. They observe, "The real intention behind the proposal seems to be to provide in the near future that a majority of shares in the new institution should be held by Indians. This is part of a larger question, namely, how far restrictions can be placed on the lawful trading activities of non-Indians in India. . . ." The Indian members in their minute of dissent quote the cases of Spain, Roumania, Sweden, Norway, France, Italy, Japan and America in support of these restrictions and they also quote the recommendation of the Cunliffe Committee to the following

† *Majority Report of the Central Banking Committee*, p. 338. *Minute of Dissent*, by Sircar, pp. 554, 555.

effect:—"Several of our witnesses have called attention to the conditions under which it is open to foreign banks to establish themselves in this country. We suggest that this is a matter which should receive the early attention of His Majesty's Government."

(5) *Training and Employment of Indians.*—The exchange banks should provide facilities of training and employment for Indians for they get a lot of profits from this business. The majority have recommended a scheme of probationary assistants on the model of the Imperial Bank of India's scheme. This does not go far enough. In Italy foreign banks can hardly appoint their own nationals as managers of local offices and in Turkey there is a provision that half the superior officers of foreign banks should be Turks. The International Conference on the Treatment of Foreigners also contemplated that one or two foreigners could be imported into a country as managers, etc. of foreign concerns. Some such scheme should be adopted for India and included in the terms of licence. The appointment of staff should not be regarded as a right of shareholders only. This question should not be left merely to the discretion of the foreign banks, but should be embodied in the terms of licences which should be revoked for failure of compliance of this condition.

It may be said that these suggestions may involve discrimination. So long as the intention is not to discriminate as such against foreigners, but to set right the banking machinery of India, this cannot be called discrimination. If the indirect consequence is some discomfort to foreign interests, then it must be regarded as unavoidable and inevitable in the process of making up for some of the evil effects of the policy pursued in the past.

THE SCHEME OF AN INDIAN EXCHANGE BANK.

The financing of foreign trade of India should not be left to be financed solely by foreign concerns. Germany, Japan and other countries took measures to increase the participation of their banks in foreign trade. It is not, therefore, desirable that India should rely for all time to come on the facilities provided by foreign exchange banks for financing our foreign trade. The majority of the Indian Banking Committee have recommended that Indian joint stock banks should first be encouraged to open foreign connections useful to their clients and this was what was done in Germany. On the establishment of the Reserve Bank the Imperial Bank of India should be induced to take up the foreign exchange business subject to the following conditions:—

(1) 75 per cent of the directors on the Local Boards and a majority of those on the Central Board of the Imperial Bank should be Indians, and (2) The Imperial Bank should not make any further recruitment of non-Indians to its staff except in special cases with the consent and approval of the Finance Member of the Government of India.

This device is open to many objections:—Firstly, the Imperial Bank is doing commercial banking business by providing banking facilities within the country and it is not desirable to divert it from this business even in part. Secondly, shares of the Bank are mostly held by non-Indians and even if the conditions of 75 per cent directorate being Indians is accepted, a major portion of the profits would go outside India. Thirdly, responsible positions in the Bank are occupied by non-Indians and even if further recruitment of non-Indians is stopped, it will be long before Indians will be able to replace them. *Just possible* the Imperial Bank may not agree to the conditions laid down by the majority.

If the attempts to secure for Indians their legitimate share of foreign trade finance in the above two ways are not successful, the majority of the Indian Banking Committee have recommended that a separate Indian Exchange Bank should be established after the Reserve Bank comes into existence, with a capital of three crores of rupees, in the first instance, two crores to be raised in the first year and another one crore in the next two years.* This capital could be increased when necessary. The subscription should in the first instance be open to Indian joint stock banks, failing which the Government should purchase the capital or as much of it as is not taken up by the joint stock banks. The Government should have a pre-dominating voice so long as it holds more than 50 per cent of the capital and further details are to be framed in consultation with the Reserve Bank.

JOINT BANKS.

The majority have also recommended a scheme of Joint Banks involving co-operation between foreign and Indian banks. Foreign trade implies two parties and it is necessary that no one party should have a dominant voice in determining conditions of finance and trade.

* Thakur, *Organization of Indian Banking*, p. 262. He proposes a capital of 10 crores which he says might be reduced to even five crores if considered excessive. Also see Annexure A by Mr. Siron, p. 571, *Indian Banking Committee Report*.

It is, therefore, suggested that joint stock banks and foreign exchange banks should endeavour to find some method of amalgamation which would involve co-operation in place of cut-throat competition and would avoid the criticism that only one party was dominating in the matter. This matter is, of course, within the purview of the directors and shareholders and no compulsion can be introduced.†

It will be clear from the above that if existing facilities do not bring an increased share of foreign trade into the hands of Indian banks, a foreign exchange bank—a purely Indian concern—is recommended to be brought into existence by the majority and it is to be established only after the Reserve Bank has come into existence and not before.

In the *Minute of Dissent*, the signatories propose that the State should immediately start an exchange bank with a capital of three crores of rupees all to be taken up by the State. This bank should be allowed to finance foreign trade like any exchange bank now. All remittance business of the State should be done by the new Exchange Bank pending the establishment of the Reserve Bank. The staff appointed by the Bank should be Indian except that for a few years a non-national may be employed if the Finance Minister of the Government is so advised. This bank can be checked from competing with Indian joint stock banks and it will be able to handle the enormous liabilities of the Government of India abroad which annually amount to 40 crores of rupees. With regard to the argument that foreign exchange banks may put up a tough competition against the Bank, the members say that this contingency operates with even greater force against the successful working of either the Imperial Bank or the Shareholders' Bank as proposed by the majority. They recommend this step for foreign trade alone because in other fields of banking there are no powerful vested interests as in that of the finance of foreign trade which render delay in taking remedial measures equally detrimental to national interests.

† With regard to this suggestion it must be remembered that foreign countries have their own banks in India and they will not enter into the scheme unless some form of compulsion is brought in because they will not have any additional advantage thereby. In fact it will mean their practical exclusion from India. Such a bank will require a very high amount of rupee capital and at least about Rs. 2 crores will be required for each such bank from Indians. It is extremely improbable that even four such banks will be adequately financed by Indians with regard to their share.

They have, therefore, recommended the establishment of the State Exchange Bank even prior to the establishment of the Reserve Bank.

EXPORT CREDIT SCHEMES.

In other countries Governments take a very active part in providing facilities for merchants engaged in foreign trade. In England there are private organizations like the British Trade Indemnity Company working for a long time and doing useful service in protecting exporters and bankers against the loss due to failure of foreign importers in paying their debts. Yet the Government have initiated a number of Credit Export Schemes themselves. These agencies help exporters in financing their shipments to those countries on which bills are not considered safe by private banks. In Germany the Government is helping the private companies by reinsuring the whole of the 'catastrophic risk'.

In France the French National Bank for foreign trade was started by the Government for enabling exporters to obtain advances against their shipments by drawing bills on the bank to be discounted in the open market. In Japan, the Japanese Exchange Banks enjoy special credit facilities with the Bank of Japan in connection with purchases of export bills. Thus foreign banks have practically been excluded from Japanese export trade.

The Government in India could create an Export Credit Board to guarantee the bill of Indian exporters on suitable security. These bills would then be eagerly sought for by the exchange banks instead of being taken for collection as now and the Indian exporter would not have to wait for funds for a number of months. This will also increase the participation of Indians in foreign trade to a very great extent.

Madras Since the British Conquest—XVIII.

By The Editor.

A PUNISHMENT REMITTED.

Almost the first case that came up to the new Commander-in-Chief was that of Gunner Daniel Warner of the C. Troop of Horse Artillery. He had been found guilty on the charge of mutinous conduct at Kanpotee and sentenced to require corporal punishment of three hundred lashes. His sentence was remitted with the following remarks by the kindly Commander-in-Chief:—

"There is in the case of the prisoner, Gunner Warner, not the slightest extenuating circumstance, and he fully merits the infliction of the sentence which has been justly passed on him by the Court, but the Commander-in-Chief is most unwilling that his first act of authority, on assuming Command of the Madras Army, should be to confirm an award of corporal punishment, disgraceful to the feelings of the Corps to which he belongs. His Excellency has, therefore, determined to remit the sentence, in the hope that this exercise of clemency will have its right effect, and that no recurrence of similar misconduct will cause him to regret that he has spared the troops the shame of its infliction. This order is to be read at the head of every European Regiment and detachment in the service; and Gunner Warner is to be released and returned to his duty."

Here was a rare combination of justice and clemency, by which probably both the man and the Regiment profited.

ABOLITION OF CORPORAL PUNISHMENT.

It may be noted that while corporal punishment in all Native Corps in the three Presi-

dencies was abolished on 24th February 1835, it still continued to be inflicted in the British Army in India even after that date as exemplified in Warner's case. In 1839, an Act authorized the punishment of hard labour on the roads in the cases of men convicted, before a Court-Martial of serious offences. (See Wilson, *History of Madras Army* IV, 461.) It is remarkable that Colonel Wilson, the historian of the Madras Army, does not make any adverse comment on the abolition. Courts-Martial were, however, empowered about 1844 (in the administration of Lord Hardinge) to inflict corporal punishment not exceeding fifty lashes on Sepoys. The power has been very rarely used.

THORNTON'S MALICIOUS CRITICISM.

The abolition of corporal punishment ordered in 1835 was entirely due to the personal initiative of Lord William Bentinck. Being also Commander-in-Chief at the time, he had hardly any difficulty in giving effect to a reform of which he had evidently long thought about. This act of his has been severely criticized by certain Anglo-Indian historians, ancient and modern. Thornton, who saw no good in the reforming zeal of Bentinck and nothing great (except the abolition of *sati*) in his administration, characterizes it as "wanton" and "reckless". Here is a passage from his criticism:—

"Whether such punishment can in all cases be dispensed with—and whether the power of inflicting it be not eminently calculated to avert the necessity of any punishment—these are questions of deep interest—questions which should never be discussed but in a spirit of grave and sincere anxiety to discover the truth. But, however they may be answered, the act of Lord William Bentinck must stand exposed to severe reprobation. He had no power to abolish the punishment with regard to one part of the troops, serving in India, and the slightest reflection might have suggested to any mind but his own, the impudence and inexpediency of abolishing it without regard to the remainder. When European and native troops are serving together in the field, what must be the feelings of the former on perceiving that the latter are exempted from a punishment to which they are exposed? If this reflection did not occur to Lord William Bentinck, he had far less of sober thought and deliberative power than became his character of Governor-General of British India: if it did occur, His Lordship cannot be acquitted of the charge of wantonly and recklessly provoking consequences which his successors might have bitter reason to lament."

EXAMINATION OF THORNTON'S VIEWS.

Though Thornton sets himself a high standard for offering criticism, he hardly ever even attempts to attain to it. His criticism of Lord William Bentinck in this as in other matters can hardly be said to be offered "in a spirit of grave and sincere anxiety to discover the truth". Why he deserves "severe reprobation" for abolishing flogging in the Indian Army is not clear. His statement that he had "no power" to abolish it is the veriest travesty of the truth. As Commander-in-Chief of the Army and Governor-General he had every power to do so. As regards the alleged "impudence" and "inexpediency" of the act because flogging prevailed in the British part of the Army, that is a position that is answerable in only one manner. It was never pretended that the Indian part of the Army was entitled to all the privileges enjoyed by the British part for it, to be subject to all the punishments that the latter suffered from. In those days the difference between the Company's Army and His Majesty's was a vital one in every respect and was daily insisted upon. H. M.'s Army claimed precedence and privilege in several matters and proved almost always to a thorn in the flesh of the Indian Army. Apart from that the law applicable to H. M.'s Army in India was not applicable to the Company's Army any more than all law in force in England can be said to have been in force in India even as regards European British subjects in India. For instance in Blackstone's time (1723-1780), there were 160 offences punishable with death in England

but it could never have been even distantly imagined that all such offences were held to be so punishable, even in the case of European British subjects, in India. It was the mistaken application of the law as to capital offence—the question was whether English law as to forgery had been extended to India—that has led to the serious questioning of the legal propriety of Lupey's summing up in the case of Nanda Kumar and his meting out the sentence of death to him for it. Apart from this aspect of the case, Thornton forgets, in his eagerness to blame Lord William Bentinck even for a humane order he promulgated, that the punishment he abolished was a most degrading one and had long ceased to be a mode of punishment in India itself. Though bodily punishment was recognized by text-writers (*Law of Manu*, 288), in practice it was restricted to confinement and did not extend to whipping. Every kind of corporal punishment was in fact uncommon, if not obsolete. "The King," says Fa Hian, for instance, "in the administration of justice indicts no corporal punishment but each culprit is fined in money according to the gravity of the offence." (See *Beal, Fa Hian*, Chapter XVI.) Then, again, Hiuen Tsiang says: "There is no infliction of corporal punishment; they are simply left to live or die, and not counted among men." (See *Beal, Buddhist Records*, Book II.) "If one is guilty," records Megasthenes, "of a heinous offence, the King orders his hair to be cropped, this being a punishment in the last degree infamous." (*Fragments*, XIII D.) Even the extreme penalty of death was rarely inflicted. Sung Yun, referring to the King of Udyana (Kashmir), says thus: "Supposing a man has committed murder, they do not suffer him to be killed, but banish him to the desert mountains." (*Buddhist Records*, 188.) Here is something for those in favour of the abolition of capital punishment. It may be added that according to the Hindu Texts even the corporal punishment of students was forbidden. (See *Sacred Laws of Aruas*, II, 191.) Lord William Bentinck may not have known these ancient texts but certainly he should be held to have understood and appreciated the Indian feeling in the matter and responded to it. He certainly appears to have known that feeling better than his critic. There is nothing to show that the "feelings" of the British soldiers were actually outraged by this concession to the feelings of their Indian brethren. It was a gratuitous insult that Thornton offered to his countrymen in

manufacturing this grievance on their part. If this "reflection" did not occur to Bentinck, it was because he knew British character better than his malicious critic. Thornton's suggestion of lack of "sober thought and deliberative power" is, therefore, a wholly absurd one. Equally absurd is his other fulmination that Bentinck by this act "wantonly and recklessly" provoked a "consequence which his successors might have better reason to lament". As a matter of fact nobody "repented" abolition and when ten years later, a partial return was made to it, the law re-enacting it has ever remained practically a dead letter. No better justification, indeed, is necessary for this humane act of Bentinck than that even the conservative British abolished, by an amendment of the Mutiny Act, flogging as a penalty in time of peace in 1868 and completely by the Army Act of 1881. Bentinck's bold act pointed the way for reformation in England.

SLEEMAN AND VINCENT SMITH CRITICIZED.

After the above bare statement of facts, it would be waste of time to consider any other criticism of Bentinck's wise act. But when one like Sleeman saw something sinister in it, it is necessary to examine his position. His point was that it created an "odious distinction", subjecting "the white man, a member and support of the ruling race", as the later-day Editor of his *Rambles and Recollections* puts it, "to a grave personal

indignity from which his dark-skinned comrade in arms was exempt". This is frankly making the question a racial one, which was not the point of view from which Bentinck, who was wholly devoid of race bias, acted. To suggest, as Dr. Vincent Smith does (in his *Oxford History of India*, 658), that "no consideration could justify such a distinction, and the order on the subject must be counted as one of the errors of Lord William Bentinck, which in large measure explains and justifies his unpopularity with the European services", is to accept the position that if Bentinck was right in his conception of duty as Commander-in-Chief, it was well, indeed, that he did not care for "popularity" from his countrymen in India. That statesman is doomed who makes "popularity" the corner-stone of his public policy. Before leaving this subject it might be well to remark that the authors of the Indian Penal Code incorporated their provisions relating to whipping and capital punishment in defiance of Hindu laws and customs, copying, as it would seem, from the degenerate practices in vogue at the time in these respects in India. Unfortunately, they received support for such copying in the severe—not to say cruel—penal laws of their own mother country. Enlightened opinion to-day favours not only the abolition of corporal but also of capital punishment, which has for ages been discountenanced by Hindu law-givers.

The October (1932) issue of the official bulletin of the Taylor Society of New York, the organization founded to carry on the work of the "father" of scientific management (the late F. W. Taylor), is devoted mainly to analyses, supported by statistical data, of the weaknesses of the mass production economy as it has developed in the United States. According to one contributor, a well-known American consulting engineer, "the average quality of management in American industry is still low." Poor management in American industry, particularly general management, he adds, has been one factor in bringing about prolonging the existing business depression. Mass production technique, it is declared, advanced with remarkable rapidity during the period from 1923 to 1929, but "without the consideration of demand or consumers' purchasing power." Mass production involves mass consumption; but the high degree of concentration of wealth is a comparatively few

hands in the United States prevents consumption by the masses in anything approaching adequate proportion to the increase in productive capacity. One writer goes so far as to suggest that the only remedy, if mass production is to develop, is to increase mass purchasing power "even though it means producing and selling goods at a loss for a time." As mass purchasing power, through drastic cuts in wages and salaries, together with widespread unemployment, has been greatly reduced since 1929, the bulletin declares that many "thoughtful industrialists and economists" in the United States believe that a further recession in American business "is possible within the next six or eight months, and highly probable within two years."

It is necessary to change completely the ideas of wealth. There is more real wealth in a good technical library than in a cotton mill or a coal mine.—LORD MELCHETT.

A Note on the Word "Maund".

By The Editor.

The word "Maund" appears in the following forms in the different languages of Southern India:—Hindustani *man*; Tamil *manu*, (*manungu*); Telugu *nanugu*, *manuru*; Kanarasa-*manu*, *netnawu*, *manu*; Marathi *man*. The word is commonly derived from Anglo-Saxon *mand*, *mond*, Dutch *mand* and L. German, *mande*, a basket. It is used by Shakespeare in the sense of a hand-basket. From it comes *maunder*, a beggar, one who carries a *maund*. The word is thus the old English word for basket, applied by corruption as an equivalent of the Hindustani *maan*. The Hindustani word is commonly derived from Sanskrit *māna*, measure; the Dravidian form being from Sanskrit *mantra*, measure. (Compare the Hebrew *manah*, the Greek *māra*, and the Roman *manus*.)

The *maund* is a measure of weight, and is its principal standard at present. The table is:

8 Visses	= 1 Maund.
20 Maunds	= 1 Bharum or Candy.
1 Md. approximately	= 900 Tolas or 250 lbs. avoiz.

It is used in every district, except Malabar, Trichinopoly and Tinnevely. In Bellary, it is 25 lbs. 14 oz. 12 drs. avoiz.; in South Canara, 28 lbs. 12 oz. 12 4/5 drs. avoiz.; in South Arcot 25 lbs. 11 oz. 6 6/7 avoiz.; and in every other district 25 lbs. avoiz.

The *maund* of about 25 lbs. is usually called the Madras *maund*. This scale is used by all English merchants and tradesmen. It prevails especially in Madras town and is recognized and enforced by the Madras Collectorate. Indian dealers also use it in all the Districts of the Presidency. The Indian *maund* consists of 40 seers of 80 tolas each and is equal to 82 2/7 lbs. 27 Indian maunds are equal to a ton, which is used on the Railways in India.

The Bombay *maund* is 28 lbs.; that of Surat is 41 lbs. The smallest Indian *maund* is that of Colachel in Travancore and is equal to 18 lbs. 12 oz. 13 drs.

In the 17th century, the Surat *maund* was evidently of lesser weight. In W. Foster's *English Factories in India*, 1618—1621, page 60, we read that it was taken as equivalent to 33 lbs. English.

At page 76, we read that 130 avoirdupois was equal to 4 Surat maunds. At page 289, we notice that Robert Jeffries in Chaul Road writing to the Company, October 5, 1621, remarked that pepper in the Ballaghat (i.e., Balaghat) was "being commonly sold at eight larrees the

maune, making between 21 and 25 lbs. haberdepoiz."

Thomas Kerridge at Surat in March 15, 1619, intimates that the factories in Persia had informed that Coffee was there worth "24 Shahees the *maud Shave*", i.e., *Mau-i-Shahi* (royal maund), "which maud is 12 1/2 lb. haberdepoize and the Shahee (worth about four pence) the 13 parte of royall of eight."—*Ibid.*, page 83.

William Methwold writing from Masulipatam to the Company, on December 7, 1619, said that:—"For the price it (Bongal Silk) jumps with your desire, beeing about 15 or 16 pag (odes) per *maer*, and that about 26 lbs. English. will come to be about 5 sh (hillings) per lb."—*Ibid.*, p. 153.

Matthew Duke writing from Masulipatam to the Company on August 7, 1621, states that at Pettapoli. "At my leaving Pettapolic (Pettapoli) I left in debts owing to that account only one of 32 1/2 pagodas) and sould the night I came awaie, at midnight or near that time, all the remainder of our brasse. viz., 5 ca(n)des, 13 ma(n)es, 1 veis. sould at 60 pagodas) new per Cande, containing 20 ma(n)es; each ma(n) 1 doe csten at 26 lbs. haberdepoise."—*Ibid.*, p. 251. Mr. Foster adds the note that 8 viss made a maund, and 20 maunds one Candy.

Matthew Duke, writing from Masulipatam to the Company, on October 13, 1621, said:—"The lowest price the lead was sould at is 14 1/2 pagodas per Cande, the cande containing 20 ma(n) and, each ma(n) neare 26 lb. haberdepoise."—*Ibid.*, p. 303.

Robert Hughes and John Farker at Patna writing to the Factors at Agra, October 6, 1620, refer to the *Jahongiri maund*:—"The goods were sent off under the charge of ten men, who have undertaken to deliver them in Agra within thirty days, for two rupees per 'Jehanger maunde'."—*Ibid.*, p. 199.

In Foster's *The English Factories in India*, 1622—1623, (Volume II), at page 108, we note that Robert Hughes at Agra in a letter dated August 1, 1622, to the Surat Factory, refers to *Akbari maund*. He wrote:—"The ivory has been sold at Rs. 45 the m(aun)d ackbery (Akbaré, i.e., of Akbar)."

At page 30, we note Nicholas Banghan at Burhampur writing to the Surat Factory, on February 5, 1622, said:—"All the sheet lead sold at Rs. 9 per maund of 36 pices to the seer, and 42 seers to the maund." Again in the

English Factories in India, 1630-33, at p. 328, there is a further reference to the *Aklārī maund*. The following is from a consultation held at Surat on November 15, 1633 :—“The pieces to be suggested to the Dutch are: for Biana indigo 42 rupees for old and 38 for new, per Akbari maund, equalling 50 lb. for Sarkhej indigo, 16 or 18 rupees per Surat maund.” In the *English Factories in India*, 1634-1636, at page 12, we see President Methwold and Council at Surat writing to the Company under date February 2, 1634, as follows:—“Mr. Fremlen, much against their advice, had most improvidently bought 3,000 m(aun)d Echobaer (Akbari) of Ryana Indicoe at 64 rup(tee)s and 2 rup(ee)s and upon the m(aun)d the charge of collecting it when it was made.”

Thomas Joyce and Nathaniel Wyche, writing from Masulipatam to the Company, under date October 25, 1634, state that owing to excessive rain, cotton crop was ruined and that “in consequence the price has risen to 25 and 26 fanams per maund equivalent to a shilling per maund.” Note: At 25 lb. the maund, and the fanam at 6d., it would give only about $\frac{1}{4}$ the price per maund stated. —*Ibid.*, p. 40.

They (Thomas Joyce and Nathaniel Wyche at Masulipatam) writing to the Company under the same date, state:—“Part of the lead brought by the *Serim* was disposed of in Bengal at 10 rupees the “Jehangeer maund”. The coral was sold to profit, part in Masulipatam at 45 pagodus “this *manu* (which is about 25 English pounds) and the rest in Goleonda at 50 Masulipatam pagodas for the same maund.” —*Ibid.*, p. 49.

In Methwold's Diary, January 22—April 6, 1636. (*Surat Factory Records* 1—491), we read as follows at page 156 :—“Now the *manu* of this place is just the halfe of a *manu* Jehaun, which consisteth of 40 se(a)res, and every seare 40 pice weight.”

Methwold and others at Surat, writing to the Company, on April 28, 1636, remarked:—“He (Pitt at Dabhol) adviseth of a good quantity of pepper to be procured at Rabob (probably Rajbag in Kolhapur State, about 200 miles S.S.W. of Dabhol), about ten days journey landwards from Dabul, he saith 1,500 Candies of that place, which is 20 maunds and every maund about 26 lbs. English.”—*Ibid.*, p. 212.

The Factors at Masulipatam wrote to the Company on September 20, 1636 :—“The goods sent should include twenty or thirty chests of coral, costing in England 14s. 6d. per lb. and selling at Masulipatam for 100 pagodas the maund of 26 lbs.”

The above extracts show that in the 17th

century in the Moghal Dominions, there was the Royal maund (the *Man-i-Shāhī*), the Jahangiri maund, the Akbari maund. Of these the Royal maund was about 12 $\frac{1}{2}$ lbs., the rest about 24, 25 or 26 lbs. avoirdupois. In Masulipatam, Pettipoli, etc., in the south, the maund was equivalent to about 26 lbs. avoirdupois. It is this weight that was subsequently standardized at 25 lbs. in the south.

In Mysore, the maund is of two kinds, *kachha* and *pakka*. 1 *Kachha* maund equals about 24.27 lbs. avoirdupois, while 1 *pakka* maund equals about 26.99 lbs. avoirdupois.

The table is as follows :—

1 Duddu	= 1 Tola.
24 Tolas	= 1 Kachcha Sēr.
10 Kachcha Sērs	= 1 Dhadiya.
4 Dhadiyas	= 1 Chikka Mana.
44-46 Sērs	= 1 Dooda Mana.
1 Duddu	= Weight of 3 <i>Kantharaya hana</i> .

The Sēr is the standard of weight and measure. The Kachcha sēr equals the weight of 24 rupees or .6067 avoirdupois.

40 Seers	= 1 Mana (or Maund).
20 Manas	= 1 Khandi (or Candy).

By this weight are sold arecanut, sugar, drugs, silk etc.

That the *maund* has long been in use is probably evidenced by several common sayings which refer to it. Thus there is the Kannada proverb, “there is no maund without the candy and there is no *varāha* without *hana*.” Then, we have the saying: “To the tired bull, even a maund is a (heavy) load.” Next we have the adage “could the balance which has weighed the maund weigh the Candy?” Then, again, there is the truthful observation “where there is jaggery, there is the fly; where there are four *dhadas*, there is a maund.”

These proverbs, however, do not take us far. The question is: Is the Hindustani *man* from the Arabic *man* and Hebrew *maneh* and Roman *mina* or is it from Sanskrit *māna*, measure? *Mā* in Sanskrit means a measure (cf. *māpa*) ; in the causative to cause to be measured ;—measure or mete out, cf. *māpayati*, which occurs in *Mṛichchakatika* (III—16), a drama which has been assigned to the 6th century A.D. (See A. A. Macdonell, *Sanskrit Literature*, 360—361.) In its verbal form (active) *mā* means to measure. In Sanskrit *man* means measure ; the word occurs in *tulāmān*, a measure of weight.

The Rev. Kittel derives Sanskrit *man* from the Arabic, but considering the fact that *mā* in Sanskrit means measure, it is not impossible that the Arabic and Sanskrit and even the Hebrew and Roman forms of the word *maund* is from a still earlier common root.

In Kautilya's *Artha Sastra*, which has been assigned to a date ranging from the 3rd century B.C. to the 3rd century A.D., we find mentioned the following measures of weight:—

10 Seeds of <i>Masha</i> (<i>Phaseolus Radicatus</i>) or 5 Seeds of <i>Ganja</i> (One <i>Ganja</i> berry averages about 1 3/16 grains, Troy) (<i>Cabrus pectoratus</i>)=	1 Suvarna Masha
16 Māshas	=1 Suvarna or Karsha.
4 Karshas	=1 Pala.
88 White Mustard Seeds	=1 Silver Masha.
16 Silver Māshas or 20 <i>Sāhya</i> Seeds	=1 Dharana.
20 grains of rice	=1 Dharana of a diamond (i.e., 1 dharana of a diamond=20 grains of rice) (See Shama Sastrī, <i>Artha Sastra</i> , p. 127).

The only point of interest in this table is that it gives us a faint clue as to how *mā* came to mean *measure*. Is *mā* a shortened form of *māsha*, the seed *Phaseolus Radicatus*?

As might be expected, the term *mā* appears in Tamil inscriptions as a measure of weight. It signifies a gold and silver weight equal to one-tenth of a *mañjādi*. (See *South Indian Inscriptions*, II—36n, 65n, 339, 410n, 427, 390, 427, 428, 474, 475, 476, etc., 420, 433, 434, 435 and 436 III. See Index to *S.I.I.*, II & III under *mañjādi*). As *mā* also signifies a land measure, the term should have originally been applied, in the general sense of *measure* (*S.I.I.*, II, 427, 428 & III, 234, etc.) which is in accordance with its original Sanskrit significance. A few terms derived from *mā* may be noted to indicate how it came to be adopted to signify other kinds of measurement. Thus *māna-vattil* means a measuring cup (*S.I.I.*, II, 10); *marakkal*, a grain measure. (*S.I.I.*, II, 42, 47, 49, 50, etc., III, 8, 113, 139, 171, 189, 190 & 367.) The Telugu word *mānika*, applied to what is measured from a measure, should be traced to the same root. The word is from *mā*, to measure. The *mānika* is a varying liquid measure. In one place, it is approximately equal to 52½ cubic inches. It corresponds to the *Sharanoam* in use in the Vizagapatam, Kistna, Kurnool and Nellore Districts of the Madras Presidency. In other places, it signifies a larger measure. Thus in Vizag a *mānika* = 2 seers of 90 Tolas, or 157½ cubic inches. In Kurnool it is very variable. In Vizianagaram, it is equal to 1 seer of 90 Tolas or 78½ cubic inches. In Nellore a *mānika* is equal to 122½ cubic inches. In Kistna, there are three kinds of *mānika* measuring 140, 131½ and 122½ cubic inches respectively. A careful reading of numerous Tamil inscriptions found in Southern India yields the following table of weights:—

1 Kāni	= 1/40 Mañjādi.
1 Mañjādi	= 10 mā.
5 mā	= 1 Kunri.
2 Kunris	= 10 Kanaṅgu.
1 Kalanju	= 40 Kunri.
	= 20 Mañjādi.
	= 80 Grains (Troy)

In the above table, the term *Kalanju* is of some interest. It is probably from *Kalanju*, same as *Kaneju*, which means a *kind of hoop basket in which corn is stored*. (Cf. with *maund*, which is from an Anglo-Saxon word meaning a basket, as mentioned above.) Kittel quotes Matigara-*rāja's Nigartu* (see *Dictionary*, 383) and says, quite correctly, that *Kalanju* is the same as *Kan-ju*, a corn bin, a cylindrical structure formed of bamboo-mats for storing grain, placed either in the house or outside, now more commonly constructed in bricks or planks. From this original meaning, the term has come to mean a measure of weight in almost every part of Southern India. Thus *Kaneju*, which is the same as *Kananju*, occurs as a weight used in weighing coral. In Mysore, *Kaneju* or *Kal-ju* signifies a weight of one pagoda and a half, used in weighing coral. In certain Telugu districts, it stands for a weight of 2½ pagodas and equals 1/16th part of an ounce. In Malaya-lam, *Kal-ju* signifies a *duchem*; a weight of 2 Silver fanams. The Tamil *Kalanju* weight being used in connection with gold, silver, etc., can only be compared with the Troy weight, which is similarly used. 1 *Kalanju* was equal to 30 grains (Troy weight), 5760 grains being equal to 1 lb. (Troy weight), 80 grains was equal to 1/5760 × 80 lbs. = 1/72 lb. (Troy weight).

The maund, as it appears in the old East India Company's records as a measure of weight, was used in connection with groceries, drugs and heavy goods. Hence the old East India Company's servants always mentioned it with the avoirdupois weight. In Tamil inscriptions, it does not appear that heavy goods were always weighed. They appear to have more often been measured by the use of what might now be designated a dry *measure*. If the *Kalanju* had been used as a measure of weight in connection with heavy goods, its equivalent in avoirdupois lb. weight may be thus determined. We know that

7000 Troy grains	= 1 lb. (avoir.)
1 Troy grain	= 1/7000 lb. (avoir.)

Therefore, 1 Kalanju = 80 Troy grains
 = 1/7000 × 80 lbs. (avoir.)
 = 8/700 lbs.
 = 2/175 lbs.*

*Note supplied to Mr. W. H. Moreland, C.S.I., C.I.E., I.C.S. (Reid.) for whose comprehensive article on the "Maund" see *Indian Antiquary*, ix, 1931, p. 161 et seq.; xii, 1932, p. 5 et seq.

Long Staple Cotton and Indian Mills.

By The Publicity Officer, Indian Central Cotton Committee, Bombay.

In the course of a communication which they have addressed to the Indian Tariff Board on the subject of the use of long staple cottons by Indian Mills, the Indian Central Cotton Committee state that during the course of the oral evidence tendered by the representatives of the Indian Central Cotton Committee, it was suggested by the President of the Board that there was a wastage of wealth owing to the practice in Indian mills of using long stapled Indian cotton for the production of yarns of lower denominations than the cotton was actually suited to spin, and that on this account either the mills or the cultivators of cotton suffered. The proposition enunciated by the President of the Board required detailed examination and the representatives of the Indian Central Cotton Committee therefore asked to be given an opportunity of examining it more closely. In studying the situation the Committee had the benefit of consultation with the representatives of the East India Cotton Association, the Millowners' Associations, Bombay and Ahmedabad, and the opinions here expressed are the agreed views of all these interests.

On the general proposition as to whether cotton growers suffer any financial loss on account of mills in India using Indian staple cottons at times for production of counts lower than the maximum counts which such cottons are capable of spinning, there is no doubt that full market rates are invariably paid for all cotton purchased from the grower including staple cottons irrespective of the uses of which such cottons may be put. Therefore, whether cotton bought by mills is used for the purpose of spinning higher or lower counts, the agriculturist does not suffer by mills in India spinning lower counts than the maximum counts that can be spun out of such cotton. The conclusion of the Committee is that no financial sacrifice or waste is made at the expense of the agriculturist in this connection. Whether mills in India in every instance make the fullest economic use of the staple cottons which they purchase, is therefore, the only question which remains to be examined, but this question can be more properly dealt with by the representatives of the Millowners in India, should the Tariff Board refer it to them. As far as the Indian Central Cotton Committee is concerned, their direct and main interest is the interest of the cotton grower and if the first proposition named in this

paragraph is not challenged by the Tariff Board, this question may be left at this point whilst dealing with the question raised by the President.

As regards the manner in which the long staple cotton crop is utilized, the results of the Committee's further investigations are stated below. A statement attached to the communication shows the production of Indian cotton suitable for spinning 24's counts and above. This shows that the average production for the three cotton seasons 1929-32 was 714,000 bales of 400 lbs. weight. The whole of this cotton, was not available for commercial purposes. A portion was utilized for hand-spinning and other domestic purposes. When considering the whole of the Indian cotton crop of five to six million bales, it is generally accepted that 750,000 bales—about 15 per cent of the crop—are used for domestic purposes. Assuming that the proportion of staple cotton used for domestic purposes is the same as for other types, then 15 per cent of 714,000 bales, i.e., 107,000 bales, would be consumed locally leaving 607,000 bales for export and mill consumption.

Through the courtesy of a number of exporting houses the Indian Central Cotton Committee have been able to collect details of export to different countries classified according to the usual trade descriptions on the definite understanding that figures relating to individual firms would not be divulged to the public. These figures show that the total average exports from India of Indian long staple cotton falling under the above class during the seasons 1929-31 were as follows:—

	Bales.
Hyderabad Gaorani	39,000
Tinnevelies	56,000
Cambodias	55,000
Westerns and Northern	30,000
Kumpta-Dharwar	2,000
Broach	25,000
Punjab-American	42,000
Total	249,000

Figures for 1931-32 are not yet available.

From these figures it may be inferred that not less than 2.49 lakhs bales of long staple cotton were exported, leaving only 3.58 lakhs for consumption in Indian mills.

The next point for consideration is whether the whole of this long staple cotton was absorbed by Indian mills. As there were no reports

of unsaleable quantities of staple cottons during the seasons referred to, the Committee believe that it is justifiable to infer that the long staple cottons available in India were absorbed by mills in India. On the other hand, it is the general experience of mills that owing to scarcity the premiums which have to be paid for staple cottons increase in July, August and September.

The last point to be examined is whether the staple cotton which was absorbed by the mills was properly utilized, in other words, whether it was utilized in the production of finer count yarns. In the written evidence submitted to the Board by the Indian Central Cotton Committee, it was indicated that mills situated in areas in which long staple cotton is grown sometimes find it convenient to spin from staple cotton yarns of counts lower than those for which the cotton grown in the vicinity is suited. In this connection, it is necessary to bear in mind that cotton suitable for lower counts from

other areas is comparatively more costly to such mills owing to the heavy cost of railway freight which such short staple cotton has to bear for import into these areas. The letter points out that the yarn production figures show that on the average 236 million pounds yarn of 24's counts and above requiring about 6.96 lakhs bales of cotton were produced in India during the last 3 years. Of this figure, imports of foreign cotton amounted to 2.98 lakhs bales, thereby showing that 3.98 lakhs of Indian cotton were used for spinning higher counts. This figure is reasonably close to the estimated figure of 358,000 bales of suitable staple cotton available to the mills taking into consideration the obvious shortcomings of statistical data and other evidence available. It would not therefore be incorrect to infer that staple cottons are on the whole put to proper use by Indian mills bearing in mind the location of Indian mills as referred to above.

According to an extract published by the *Tribune* from the *Nottingham Guardian*, Mr. Cadogan, in his book *The India We Saw* (John Murray, 1s. 6d.) tells the tale of the inside story of the Simon Commission. It appears that Indians were excluded from it largely because of the anticipated possibility of obtaining an agreed report. Mr. Cadogan, pertinently, though caustically, adds that 'a report which was destined to be repudiated by the Indian intelligentsia, and ignored by the Imperial Government would have been equally valuable whether it had been divided into two separate volumes of contradictory recommendations or whether it had been presented to His Majesty in an agreed form.' It is further interesting to hear that while Lord Irwin was anxious to make a public statement in amplification of the Montagu-Chelmsford Report and use the phrase 'Dominion Status', the worthy Commission did not approve of the idea and that when a suggestion was made to make a reference to 'the grant of Dominion Status as soon as may be', the words were deleted at the instance of Sir John Simon. Nobody in India will be surprised to learn this. Mr. Cadogan bemoans how the labours of the members of the Commission were wasted in the following words:— "When I sometimes now reflect disconsolately upon the ultimate treatment meted out to our report, there comes to me the recollection of these strenuous days, the necessary preliminaries to its compilation—our

protracted sessions, ceaseless conferences, manœuvring with our opponents, perpetual night journeying, in a trying atmosphere, tours of inspection, ceremonies and the like all culminating in disillusionment." One more quotation bears reproduction. Says Mr. Cadogan: "Official shorthand writers have made a record of all our proceedings, which were subsequently embalmed and, I hope, buried for ever in vast tomes accessible to all but attractive, I should imagine, to none, at a cost which doubtless accounts for a quite appreciable amount of the £200,000 contributed by the tax-payers, who particularly in the light of subsequent history must contemplate with resentment so futile an extravagance." That is well said and true. Hats off to Mr. Cadogan.

Sir Frank Noyce told Mr. Scott in reply to a question in the Assembly that woollen goods to the value of £41,000 were purchased in London during 1931-32 and that he would make enquiries as to why these goods were not purchased in India. We were under the impression that the Indian Woollen Industry was sufficiently developed, that it should not be difficult for the most fastidious of official purchasing authorities to procure goods of the requisite quality in the country itself, and we are sure that if purchases were made in all cases through the Stores Purchase Department, the Indian woollen and other industries would receive more encouragement and patronage.

The Indian Woollen Trade.

By G. V. Rajaratnam, Bombay.

The cotton textile industry of India is not alone in its sufferings as a result of intense Japanese competition. Ever since the steep depreciation of the currency of the Land of the Rising Sun in relation to other currencies, the position of several industries in India has gone from bad to worse. A typical instance is the plight of the Indian woollen industry which is more or less concentrated in the colder northern territories. Even now the future outlook is very black in view of the great quantities of woollen fabrics which are being dumped at fiction-defying prices in the Indian market by Japan—an entirely new feature in the woollen import trade of India. Japanese purchases of wool in Australia during the present season are characterized as spectacular and this would seem to indicate more intensive competition during 1933. It has been now authoritatively ascertained that only approximately 25 per cent of the plant available in India has been able to find work for the last two or three years. The majority of the mills have been erected within the last ten years and are equipped with up-to-date plant. If the Japanese penetration is not effectively countered it is possible that these mills might be forced to close their doors in the near future. Already many have done so unable to face the price-cutting tactics of Japan.

The proof of this is clear and convincing. About the middle of last year practically all the mills in Northern India had cleared their stock of manufactured goods. Now with the perpendicular drop in prices, stock have been reaching very high levels and to-day at a very low estimate it may truthfully be declared that the unsold stock in these mills are more than double that of last year's.

Apart from Japanese competition, the importation of huge quantities of rugs from Italy at prices at which they cannot be manufactured even in the West Riding of Yorkshire, the home of the cheap woollen industry, makes it impossible for the Indian manufacturers to work at a profit. Consequently numerous Indian operatives have been thrown out of employment. The Cawnpore Millowners, many of them being Englishmen, find it difficult to understand why Government omitted to deal with the rug question under the Ottawa preference schedule.

Prices in the woollen industry in the main have been unprofitable and many fabrics could be purchased to-day at prices considerably

lower than what they were a few years ago. Incidentally, the following statistics show the volume of importations of woollen goods into India from foreign countries. The greatly increased volume of imports from Japan is strikingly brought out in the tabular statement.

WOOLLEN IMPORTS.		
Name of Country	1931	1932
United Kingdom	1,316,410	2,613,098
Germany	267,465	417,063
Netherlands	88,130	61,911
Belgium	83,581	469,779
France	1,951,538	4,786,528
Italy	1,308,268	4,547,592
Japan	172,883	1,261,140
Other Countries	238,545	521,655
Total yards	5,426,750	13,779,206

From the above table it can be inferred that England had doubled its imports of 1932 over the previous year. But Japan from an insignificant position is racing ahead for a top place. Statistics of woollen imports for the fiscal year 1932-33 is not available. But judging from the general character of Japanese imports into India for the past few months, it can be easily said that the astute Japs have broken all their previous records in volume. The chief sufferer from this competition will be Great Britain. No wonder there is such an amount of discontent and dismay in English industrial circles.

For the sake of the well-being of Indian woollen mill, the Government of India should wake up from its lethargy to effectively stop the demoralizing foreign penetration of Indian markets. The Government should not get itself mixed up with the barbed wire entanglements of international talks that are going on fast and furious in England.

Sir Hubert H. Longman, Bart., has just retired from the Directorate of Messrs. Longmans Green & Co., Ltd. Sir Hubert entered the firm in 1880 and became partner in the same year. He is the third son of late Mr. William Longman and brother to Mr. Charles James Longman, and therefore belonged to the fifth generation of the firm, which was established in 1724. Sir Hubert was created a Baronet in 1909.

Financial Reorganization—III.

By Hardit Singh Dhillon, M.A., Ph.D.,

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1. INDUSTRIAL FINANCE.

Industrial production in modern economic society has become quite an extended and a prolonged process. It takes a considerable time to convert the raw materials into finished goods and then to sell the latter in order to realize the cash. A long time, therefore, must necessarily elapse before the money spent on raw materials can be recovered by the sale of manufactured goods. As it is impossible for any manufacturer to tie up his funds for such a long time, banking institutions come to his assistance and bridge over the time element by providing him with credit. "It is not too much to assert that, without banking, production, exchange and consumption on the present scale would not be possible. Banking constitutes the very life-blood of an advanced economic society."^{*}

The history of industrial finance in highly developed industrial countries bears a witness to the remarkable part which banking institutions of those countries have played in financing industrial enterprises. The examples of German and Japanese industrial banks are especially noteworthy in this respect. It is said that the chief characteristics of German industrial banks, as they existed prior to the World War, were "the high proportion of their paid-up capital to their total cash transactions; the readiness with which they finance industrial and commercial business and participate in fresh industrial ventures, by taking up and eventually selling blocks of shares in such undertakings; and, finally, the large extent to which they retain a control of the industries and businesses which they finance, by appointing their representatives as directors."[†] It was further alleged that the Reichsbank and the German Government stood behind these banks, always ready to assist them in every respect. With regard to the keen interest which the German banks have taken in the development of national industry, a German bank director is reported to have submitted the following statement to the American Monetary Commission. "One difference", he said, "between the banks of England and Germany is that in England the primary purpose of the banks seems to be to secure large earnings for their

shareholders. In Germany our banks are largely responsible for the Empire, having fostered and built up its industries."[‡]

Nippon Kogyo Ginko, the Japanese industrial bank, was organized in 1902 and has played a historic role in the development of Japanese industries. It secures funds for its current use by the sale of debentures. The operations of this bank are regulated by its by-laws, requiring Government sanction. According to those by-laws, the bank is forbidden to make a "loan of an amount exceeding half of the bank's paid-up capital on urban land or industrial buildings; its debentures may not exceed the value of certain securities held by it, or be more than ten times the paid-up capital; and the bank must not give loans for longer than five years."[§] Guided by such careful regulations, the bank has given a great impetus to the industrial development of that country.

It appears almost impossible, especially in the case of a country with a late start in industrial development, to hope to attain any remarkable degree of success without adequate provisions for financing industrial enterprises. Such provisions can be made only if the banking system of the country is organized with a special care to provide facilities for industrial finance. But, when we examine the Indian banking system from this point of view, we are disappointed to find that practically no provision has been made to furnish the industrialists of the country with long-term loans which are necessary for industrial undertakings. While pointing out the inadequacy of the Indian banking system, the Indian Industrial Commission remarked that "there is a complaint that the existing banking system is too inelastic, and is insufficient to meet the needs of the country, and that, in respect of industries, development is greatly retarded because the banks refuse to advance money for lengthy periods on the security of building and plant."[¶] It is quite apparent, therefore, that proper facilities for industrial finance will have to be created if the industrial development of the country along sound lines is desired.

[‡] Quoted by Sirrus, G. F., *Indian Finance and Banking*, p. 400.

[§] Wikawa, T. in *Foreign Banking Systems*, edited by Willis and Bechart, p. 821.

[¶] *Indian Industrial Commission Report*, p. 215.

[¶] *Ibid.*, pp. 212-13.

^{*} Wadia and Joshi, *Money and Money Market in India*, p. 150.

[†] *Indian Industrial Commission Report*, pp. 214-15.

2. IMPROVEMENTS IN THE INDIAN BANKING SYSTEM.

The present banking system of India, like almost all other institutions of the land, is conceived after the British pattern. The result is that a banking organization has grown up which does not meet the pressing needs of the country. As India is predominantly an agricultural country with her industries in their infancy, she needs proper facilities for the encouragement of her industries and the development of her agriculture. The existing banking organization can do neither of these things. The Imperial Bank is prohibited from advancing loans for a longer period than 6 months* and therefore is unable to finance industry or agriculture which require long-term credits. The exchange banks are engaged in financing trade and during busy seasons do not have any spare funds to attend to the needs of industry and agriculture.† The burden of industrial finance, therefore, is thrown upon the Indian joint-stock banks, while agricultural credit is left to the care of co-operative banks. But their number and resources are so small‡ that they cannot discharge efficiently the functions entrusted to them. In view of such a miserable dearth of the most-needed facilities for the development of industry and agriculture, it is imperative that the Government of India should make some arrangements to provide such facilities. And to do this would require nothing less than a thorough reconstruction of the entire Indian banking system. We, therefore, propose the following necessary improvements.

(1) *A Central Reserve Bank*: What the Indian banking system needs very badly is a central institution which would act as a co-ordinating force among all credit institutions and would give them a sound lead.§ This can be accomplished by establishing either a single

Central Reserve Bank or a Federal Reserve System like that of the United States. In case a single Central Reserve Bank is established, a branch of it would have to be established in each province so that all parts of the country will have the blessings of its services. Sub-branches might also be found useful within each province.

The Central Bank should be established on a strong foundation, its authorized capital stock being at least 50 crores of rupees.¶ And the Government of India should patronize this institution by subscribing a certain portion of its capital (while the rest of it should be thrown open to the public in convenient shares) and using it as a banker for all governmental purposes. The administrative control and the general policy of the Bank should be absolutely free from political influence, although certain legal restrictions, i.e., the reserve requirements, the limit of loans to a single bank, etc., should be imposed by the legislative statutes. A Board of Directors, composed of highly expert and experienced men representing various interests of the country, should be appointed by the national legislature. The Board should consist of at least seven members, having two representatives from each of the industrial, commercial and agricultural interests of the country and one representative from the national treasury. The term of their office should be sufficiently long, at least six years, with a provision for reappointment. Half of the directorate, i.e., one member representing each interest, should be appointed periodically, say after every three years. The Minister of Treasury and the Comptroller of Currency should be *ex-officio* members of this Board.

The Central Bank should be granted the monopoly of note-issue, which is now exercised by the Government of India. The Bank, being more directly in touch with the business conditions of the country than is the case with the Government, would be able to meet the demands of industry and trade quite effectively. While a great care should be exercised in prescribing the limit of the specie reserve behind the note-issue, a sufficient room should be left for the elasticity of the currency thus provided. In order that the amount of currency may effectively respond to the business needs of the country, the Central Bank should be allowed

* Wadia and Joshi, *op. cit.*, p. 313.
† Sirras, G. E., *Indian Finance and Banking*, p. 393.

‡ There are, in whole India, only 68 Joint-Stock Banks with an aggregate paid-up capital and reserves of Rs. 11,75,00,000, and 70 Co-operative Banks with a capital of Rs. 2,11,00,000. (Wadia and Joshi, *op. cit.*, pp. 344 and 365.)

§ Under the present system the Imperial Bank of India, with its extremely strict regulation, is impotent to exercise any controlling influence upon the banking system of the country. "The result of these restrictions of the functions and privileges of the Imperial Bank is that India's monetary organization has no driving force behind it which can secure a consistent national policy, directed to the fostering of its trade and industry." (Wadia and Joshi, *op. cit.*, p. 321.)

¶ At least half of the authorized capital should be paid-up, while the rest may be left subject to call.

¶ In a conservative country like India it would be wise to require at least 60 per cent of the note-issue being backed by gold, while the other half might be secured by collateral paper.

to accept commercial paper (notes, drafts, bills of exchange, or acceptances) tendered by other banks as a collateral security for the issue of bank notes. The paper arising out of industrial and agricultural transactions, in cases where such paper is self-liquidating within a reasonable interval of time, may also be allowed to be accepted for such security. A provision to withdraw these collateral securities as they mature and substitute new ones for them should also be inserted. There should also be a special provision to meet emergency situation when the Bank should be authorized to lower its reserve ratio below the legal limit under the penalty of a certain amount of tax on such issue.⁸

Adequate facilities for the redemption of bank notes should be provided. The notes should be declared to be redeemable at the central office of the Bank and at all branch offices in gold or lawful money. There should also be a provision for withdrawing the notes. As the collateral securities mature and are demanded back, they should be returned in exchange for a proportional amount of notes for which they served as securities. There would thus result a system under which the expansion and contraction of currency will automatically respond to the business needs of the country.

The Central Bank should limit its operations only to the banks; in other words, it should be a banker's bank, doing no direct business

⁸ In the United States the Federal Reserve Banks are required to pay a tax when their reserves behind the Federal Reserve notes fall below 40 per cent, which is the legal limit. "This tax cannot exceed 1 per cent per annum on the reserve deficiency below 40 per cent and above 32½ per cent nor be less than 1½ per cent on each 2½ per cent that the reserve falls below 32½ per cent." (Holdsworth, J. T., *Money and Banking*, p. 425.) Emergency currency in Canada is subjected to a tax not exceeding 5 per cent per annum. (Bechart, B. H., *Foreign Banking Systems*, p. 384.)

In his message to British Association of Commercial Education, the Prince of Wales with unerring judgment indicated the essential point in all schemes for improving the personnel of industry and commerce through education, when he insisted on close co-operation between employers and educationists. The Lord Mayor's speech clearly endorsed that view and Sir Francis Goodenough, chairman of the organization, whose energy, in the cause of commercial education, seems inexhaustible, showed that the association was absolutely on the right line when he said that "they were thinking especially of the need for better selected and better trained

with private individuals. It should be the depository of reserves of other banking institutions of the country and should accommodate them by rediscounting the eligible paper which they may care to offer. There should, however, be a limit beyond which such loans should not exceed. Government funds should also be deposited with the Central Bank, which would render free service to the Government as a compensation for its patronage.

One of the most important features of the central banks of almost all countries is the control they exercise on gold movements. The Central Bank of India can no longer discharge its responsibility in this respect, unless it is authorized to deal in open market operations. When its discount policy is not effective in regulating the flow of gold, it should be allowed to go in the market and purchase or sell gold coins or bullion, government securities, obligations of provincial governments and municipalities, bankers' acceptances and bills of exchange of sound character. The Central Bank would thus exercise a sufficient control over the gold movements and will save the country's reserves from being unduly depleted by means of its open market operations. It would also exercise a powerful influence upon the money market of the country in order to guide it in the best interests of the people.

It should be clearly borne in mind that the Central Bank would utterly fail in its ultimate aim and would lose its sanctity if its operations are guided with a view to earn large dividends for its stock-holders. The stock-holders of the banks should be allowed a reasonable rate of return, which would naturally accrue from the business transacted by the bank, but beyond that there should be no conscious effort on the part of the directors of the bank to secure large dividends for them. Service, not profit, should be the motto of the Central Bank of India.

personalities for leadership in commerce and industry. They believed that all too large a proportion of the best brains of the country had been devoted to the study and solution of the problems of production, and too small a share to the vitally important problems of marketing the products; and when they talked about education for commerce they were talking about education for the board-room and for the managerial office; for the work of market research and of sales planning and sales management as well as for the routine work of the office and the detailed work of the salesman." The meeting was reported in *The Times*, on May 3.

Economics in the West.

A Bleak and Barren Budget.

London 31st May, 1933.—It would probably be true to say that no one was more disappointed than the Chancellor himself with the budget he felt compelled to present on April 25. It contained few surprises, pleasant or unpleasant, but its general tenor was to indicate clearly that, while taxation in several directions has reached the limit of yield, there is in the Government's view no scope for action in the sphere of the national finances which would itself tend towards an expansion of the national income and a consequent rise in the yield of taxes. This is a grim view, against which the Government sets its hopes of a recovery in trade as a result of international co-operation and its conviction of the psychological benefits of supposed accounting purity in the nation's finances. We shall consider this attitude more closely at a later stage in our article.

RESULTS FOR 1932-33.

Seldom can a budget speech have been delivered in terms which set out so clearly as this second of Mr. Chamberlain's the facts of the past year. The Chancellor succeeded in achieving maximum simplicity in presenting the record, and condensation is made correspondingly easier. Dealing only with essentials, revenue had amounted to £ 745 millions, while total expenditure had reached £ 777 millions. To regard the difference between these two figures as a true deficit was, however, misleading. In the first place, expenditure included £ 17½ millions for internal debt redemption, offset in part by £ 2½ millions of interest on savings certificates encashed which was met by borrowing. Secondly, it included the American debt instalment paid last December: the total of this outgoing was £ 29 millions, of which £ 9 millions went to reduction of the debt, the balance being interest. We should therefore deduct £ (17½—2½+9), or approximately £ 24 millions, from total expenditure to obtain a figure more nearly related to that of revenue. Thus we may say that expenditure of £ 753 millions was met by £ 745 millions of revenue, the balance having been found—since this is the only way it could be found—by borrowing.

It is a melancholy fact that, while revenue fell short of the estimated total, expenditure exceeded the forecast. Both of these non-fulfillments of expectation are readily explained.

On the revenue side, the new customs duties, having been "much more successful than anticipated in checking foreign imports", were correspondingly less successful in yielding revenue, and failed by £ 9 millions to fulfil the admittedly highly conjectural estimate of a year ago. The new duties levied under the Ottawa agreements and upon imports from the Irish Free State failed to make up this shortage. The other large deficiency, amounting in all to £ 14 millions, was in respect of income-tax and sur-tax, and here two distinct causes were adduced. The fall in sur-tax was attributed by the Chancellor to the unexpectedly widespread and heavy decline in personal incomes. The fall in income-tax below the estimate was due, not to over-estimate of incomes, but to insufficient allowance in the estimates for the effects of the strenuous efforts to collect the tax in the last quarter or 1931-32. On the other side of the scale, miscellaneous receipts, for some unexplained reason, gave an excess of £ 5½ millions. Altogether, revenue fell £ 22 millions short of the estimate. On the face of it, therefore, the limitation of the true deficit to £ 8 millions would appear a surprisingly good achievement.

On the expenditure side, the Chancellor budgeted at the beginning of last year for outgoings of £ 733½ millions, excluding provision for sinking fund. In the first place, however, in view of the uncertainties regarding war debts, no provision was included under this heading, and the necessity of making the December payment added £ 20 millions to the interest charge. Secondly, the continuance of unemployment at an unexpectedly high level required £ 13½ millions of further expenditure on that account, while other unforeseen outgoings, partly offset by additional savings, brought expenditure on all supply services to a total £ 11 millions higher than the original estimates. Thus £ 31 millions was added to the aggregate of current outgoings. Against this addition, however, must be set the savings in respect of interest on internal debt, due to conversion operations distinct from the great War Loan conversion, the benefits of which mature only in the current year. In the result, debt interest and management, excluding the American payment, but adding the interest on savings certificates met out of borrowed money, fell short of the estimate by £ 11 millions. On all accounts, therefore, current expenditure

was roughly £ 20 millions above the original budget estimates.

Thus we have revenue, at £ 745 millions, yielding £ 22 millions less than expected, while current expenditure, at £ 753 millions, exceeded the estimates by £ 20 millions. In all the circumstances, and making allowance for unforeseeable events, this can be regarded as a moderately satisfactory result. Certainly it compares very favourably indeed with those attained in other countries; on the other hand, it indicates clearly that only a recovery of business with a rising level of commodity prices can restore any degree of ease in the system of public finances, and raises the question how far this primary condition can be secured without some relief from the burden of taxation.

NATIONAL DEBT.

Before passing to the Chancellor's proposals necessary for the current year, a brief reference is necessary to the growth of the national debt, as shown in the summary table given below:—

Net Debtweight Debt.

Month	External debt* £	Internal debt £	Total £
March 31			
1914	Nil.	649,770,000	649,770,000
1919	1,364,852,000	6,070,097,000	7,434,949,000
1920	1,278,713,000	6,550,066,000	7,828,779,000
1921	1,161,563,000	6,412,795,000	7,574,358,000
1922	1,088,670,000	6,565,631,000	7,654,301,000
1923	1,155,653,000	6,586,580,000	7,742,233,000
1924	1,125,813,000	6,515,234,000	7,641,047,000
1925	1,121,600,000	6,476,248,000	7,597,848,000
1926	1,110,768,000	6,447,876,000	7,558,644,000
1927	1,101,454,000	6,453,164,000	7,554,618,000
1928	1,095,229,000	6,432,588,000	7,527,817,000
1929	1,084,684,000	6,415,654,000	7,500,338,000
1930	1,074,159,000	6,394,880,000	7,469,039,000
1931	1,066,663,000	6,346,646,000	7,413,309,000
1932	1,050,837,000	6,343,106,000	7,433,943,000
1933	1,060,435,000	6,584,517,000	7,644,952,000

*At par of exchange.

It will be observed that both internal and total debt stand at higher levels than at the end of any previous financial year since 1923. This is readily explained, and the growth in the past year represents in the aggregate no increase in the real burden on the nation's finances. Roughly £ 220 millions of the rise in the past year falls under the heading of floating debt, namely, Treasury bills and ways and means advances. Of this total £ 150 millions was to provide funds for the Exchange Equalization Account, and is represented by assets—gold, foreign exchange or sterling—which, to judge from Government statements, exceed at current rates of exchange the original allocation of

funds, and some of which earn a return to be set against the cost of the debt issued. To this extent, therefore, our true debt, unbalanced by assets, is unaffected by the rise in nominal debt. For the rest, the rise is due mainly to the expenses of War Loan conversion, to the additional cost of debt repayments incurred through exchange depreciation, and to the budget deficit. The conversion expenses, including bonus, amounted to £ 23 millions, and the interest on the debt thus created should properly be considered as a small set-off against the very handsome saving on the total amount involved. On the whole, therefore, the increase in the debt may be considered as a mere incident, not to be regarded with any perturbation.

THE CURRENT YEAR.

When the Chancellor came to deal with expenditure for the current year he was able to show the true significance of the changes in the composition of the debt. The interest and management charge was estimated at only £ 224 millions, the drop of £ 61 millions as compared with the actual outgoings for last year being due mainly to the full benefit of the savings on conversion. Apparently, so far as floating debt is concerned, the Treasury anticipates the continuance of money rates at their present low level. As for the American debt, on which £ 20 millions of interest was paid last year, the Chancellor repeats his decision of a year ago not to make any provision in this year's estimates either for outgoings or receipts in respect of war debts and reparation. Thus the figure of £ 224 millions may conceivably prove to have been greatly exceeded when the record of the year is completed.

The total outgoings for the civil services are estimated at about the same figure as the actual expenditure last year, implying an assumption that no large improvement can be looked for in the unemployment position—by no means an optimistic outlook. With somewhat higher estimates for the defence services, current expenditure is placed at £ 697½ millions, as compared with £ 753 millions actual in 1932-33. The Chancellor announced the decision, welcome in the circumstances, that he proposed to make no provision for debt redemption, and was accordingly able to pursue a slightly more liberal policy—or more accurately a slightly less austere one—in respect of taxation.

On the revenue side, on the basis of taxation then effective, the Chancellor had to face a probability of lower income-tax and sur-tax receipts by reason of continued trade depression and the reduction of incomes due to Government

debt conversions. Further, he considered the downward trend of excise receipts from beer likely to persist. Other estimates varied but little from last year's receipts, the aggregate result being an expectation of £ 712½ millions of revenue as against £ 745 millions actually received in 1932-33. Setting this total against £ 697½ millions of expenditure, the Chancellor found himself with a prospective surplus of about £ 15 millions.

CHANGES IN TAXATION.

To this prospective surplus the Chancellor added a further net amount of £ 2 millions by small increases and adjustments in taxation. *The most important of these changes are a new import duty on heavy hydrocarbon oils, designed to bring these roughly into line with light oils, mainly petrol, which are already subject to duty; an increase in the duties on heavy road vehicles for carriage of goods, the yield of which will come indirectly to the Exchequer through the Road Fund; and an unspecified levy, yet to be determined, on the profits of co-operative societies.*

Against these and other minor additions to income, the Chancellor made two small concessions before coming to his main items of relief. One was a reduction in the rate of interest charged on amounts outstanding in respect of death duties. The other was a reduction from one to one-half per cent in the duty on new capital authorized for joint-stock companies, a change which may act as a slight additional inducement to undertake capital extensions.

Practically the whole of the remaining prospective surplus was used to effect a reduction in the duty on beer. The Chancellor gave it as his opinion that beer was clearly over-taxed, and announced a complete change in the system of duties, designed to reduce the price of beer by one penny a pint and at the same time to give a higher quality at that lower price. Somewhat illogically in view of his premise, he expects no marked and immediate increase in consumption, and the estimated cost of the concession was £ 14 millions in the current year.

Had this been the end of the story it would have been bleak indeed. Fortunately, however, the Chancellor was able to have recourse to an item of capital receipts in order to give a once-for-all benefit to the income-tax payer. Prior to the war—when the standard rate never exceeded 1s. 4d. in the £—this tax was paid in one annual sum, but as the rates became higher the principle of payment by instalments was

conceded, and evolved into a system of equal half-yearly payments, on January 1 and July 1, covering a large part of the income-tax field. In the last budget of the Labour Government, in April 1931, it was required that three-quarters of the tax due by instalments in any year should be paid on January 1 and one-quarter on July 1. This change was estimated to bring into the Treasury in 1931-32 a sum of £ 10 millions. It is now proposed to revert to the former practice, so that, whereas on July 1 next only the remaining one-quarter of tax due this calendar year will be paid, on January 1 only one-half of the tax due in 1934 will be called for, the remaining one-half being due on July 1, 1934. The result will be a loss to the Exchequer estimated at £ 12 millions. In other words, the Treasury is to lose in 1933-34 what it gained in 1931-32. In order to balance this loss to the year's account, which is clearly non-recurrent, the Chancellor proposes to bring into revenue the sum of £ 10 millions standing to the credit of the five per cent War Loan depreciation fund. The fund was held, in accordance with the original terms of that loan, to assist in maintaining its market price, but the new forms of debt into which the loan has been converted carry no such provisions. Accordingly the fund is no longer required, and good use is to be made of it. The decision thus to grant some relief to 1,800,000 income-tax payers is not only legitimate but statesmanlike. Although in an accounting sense the relief is a once-for-all concession, it is from the taxpayer's point of view a permanent lightening of his burden, since from now on he will need to find only one-half of the tax due on January 1 instead of three-quarters. To recognize this detracts in no way from the widespread regret that the Chancellor found it impossible to accord any additional relief in respect either of rates or allowances.

A summary of prospects for 1933-34, compared with results for previous years, is shown in the table on the next page.

Taking all the changes into account, the Chancellor finds himself with £ 699 millions of revenue to cover £ 697½ millions of expenditure. The margin is not large, and it is evident that fulfilment of expectations will depend in part upon the absence or necessity of unexpected expenditure, involving supplementary estimates. Clearly, moreover, any further payments in respect of the debt to America would almost certainly lead to a budget deficit, having regard to the extreme impossibility of any corresponding receipts from our debtors.

Revenue and Expenditure, excluding Self-balancing Services.
(£000 omitted.)

Year to March 31	Revenue	Interest and management of debt.	Total expenditure excluding sinking fund	Sinking fund appropriation from revenue.	Surplus or Deficit (-)
1924	773,268	307,309	684,939	40,000	48,329
1925	733,493	312,161	684,834	45,000	3,659
1926	740,657	308,229	704,695	30,000	11,038
1927	733,428	318,584	710,122	40,000	70,404
1928	706,358	313,816	697,119	65,000	4,239
1929	758,104	311,491	692,200	57,500	18,395
1930	734,189	307,252	700,964	47,748	14,523
1931	775,895	293,170	732,341	66,830	23,276
1932	770,963	289,492	738,091	32,508	364
1933	744,791	282,170	750,740	26,330	32,279
1934*	698,777	224,000	697,486	NIL.	1,291

*Budget Estimates.

TAXATION POLICY.

Apart from results and proposals as to revenue and outgoings, the Chancellor dealt at length with two related subjects. In the first place, he discussed the suggestions put forward by many authorities for giving a stimulus to business at the cost of an immediate loss of revenue under one heading, to be balanced, according to the argument, by increased income arising almost at once or in the early future from improved trade. The Chancellor made it clear that he would have nothing to do with any such measures, and that he was convinced of the validity under all conditions of the argument in favour of preserving, however precariously in practice, an accounting balance. Such a balance he considered essential for psychological reasons. The tenor of his remarks suggested, indeed, that in present conditions the Government can do little or nothing through the agency of public finances to promote trade revival, which must depend mainly upon international improvement by co-operative measures. Accordingly the chief virtue of the present budget must be written as consistency.

In this matter, however, it is doubtful—as Emerson once suggested—whether consistency is a virtue at all. The Chancellor has drawn up his budget on the assumption of a static position of national finances, whereas in fact no position of national finances ever is static. Experience has demonstrated that when a country is over-taxed—that is, when taxation is at a level definitely repressive of business enterprise—the yield of taxation declines steadily and creates a deficit in face of the most rigid orthodoxy in budgeting. In such circumstances it becomes necessary to break

through the sequence, since only by action well designed to stimulate trade and increase the taxable income of the nation can the yield of taxes be brought up to the level required to meet outgoings. The Chancellor admits no necessity of this kind. It is argued in his favour that alleviation of income taxation would not produce this year, nor even next, any adequately increased receipts from income and sur-tax. This is probably true, but the argument overlooks the likelihood that alleviation would increase revenue from other sources—stamps, customs and excise in particular—and reduce expenditure on unemployment relief. Even a slight easing of the burden of income-tax, whether granted by reduction of rates or increase of allowances, would probably have had psychological effects far surpassing its monetary measure. Unfortunately, supposed accounting purity has been considered of far greater importance than positive action designed to act favourably upon the general economic situation. If in fact the estimates are fulfilled it will only be because improvement in international trade offsets the inevitable deterioration in the taxable capacity of the nation arising on the side of internal trade. It appears to have been over-looked once again that even under ordinary conditions there are two ways of maintaining revenue—by maintaining or increasing rates of taxation or by acting in such a way as to increase the taxable income. In present conditions, failing an incidental improvement of world trade, only one way is left open, and that way may involve a departure from orthodoxy in respect of national accounting. For this reason—a totally unconvincing reason—the one way open has been disregarded.

EXCHANGE ACCOUNT AND FLOATING DEBT.

The other matter to which the Chancellor devoted a substantial part of his speech was the Exchange Equalization Account, set up a year ago with resources of £150 millions from Government borrowings and £25 millions from an old exchange fund. He claimed—and in this he was on very firm ground—that the operations of the Account had proved of benefit in the conduct of external trade. It is probably true, moreover, that the re-establishment of confidence in sterling is due in part to the work of the Account in smoothing out some of the wilder exchange fluctuations which might have occurred without its intervention. It had been found, however, that the resources of the Account were not large enough for the purpose in hand, and accordingly it is proposed to allocate to it an additional sum, not yet announced. Presumably this step will involve a further increase

in the floating debt, though it is difficult, even so, to accept the Chancellor's singularly brief and unconvincing statement in favour of funding. No indication was given of the length to which the process of consolidating floating debt is to be carried—so far, in the first six weeks of the operation, £40 millions of the new 2½ per cent Conversion Loan, offered weekly by tender, has been issued—but it is to be hoped that the available material for short-term investment, consisting predominantly of Treasury bills, will not be seriously curtailed. The prospect of any marked depletion of supplies is even more disturbing, if real, in view of the reduction in the amount of short-term Government bonds now available for purchase. Some further light on this subject, giving the Treasury's views with greater exactitude, would be valuable and might be re-assuring.

Canadian Trade and Finance.

The World Economic Conference.

Montreal, April 28, 1933.—The agenda for the World Economic Conference deals both with financial and economic questions in detail. It is a broad plan for the restoration of prices and a resuscitation of world trade. The official representatives of those governments which have participated in the formulation of this programme have commented upon the scope of their plan in the following words: "It will not, in our judgment, be possible to make progress by piecemeal measures. A policy of 'nibbling' will not solve the crisis. We believe that the Governments of the world must make up their minds to a broad solution by concerted action along the whole front. Action in the field of economic relations depends largely upon monetary and financial action and *vice versa*. Concerted measures in both fields are essential if progress is to be made in either." The official position of those who make this comment lends these forceful words peculiar importance.

The following excerpts from the annotated agenda for the Conference constitute an outline of the material which is to be studied:—

1. "In the field of monetary and credit policy the objective must be the restoration of an effective international monetary standard to which the countries which have abandoned the gold standard can wisely adhere. The notes appended clearly show that there are a great number of economic as well as financial conditions which must be fulfilled before the restoration of an international gold

standard can be a practical possibility. Moreover, it will be necessary to provide effective safeguards against such a restoration of the gold standard leading to a fresh breakdown."

2. "The unprecedented fall of commodity prices in recent years has caused a growing disequilibrium between costs and prices, has immensely increased the real burden of all debts and fixed charges, has made business more and more unprofitable, and has resulted in a continuous and disastrous increase of unemployment throughout the world. Some increase in the level of world prices is highly desirable and would be the first sign of world recovery. The Conference will no doubt wish to explore all possibilities of counteracting this fall in price. One of the methods that should be considered is the continuation and development, where monetary conditions permit, of a general policy of easy money designed to promote a healthy expansion of business."

3. "The restoration of free exchanges is so essential to the recovery of financial confidence and to the resumption of the normal flow of international credit that the Governments should consider whether they cannot expedite the process. In order to do this, some means might be organized by which resources at present immobilized would be put into active circulation, and stabilization credits would be provided under appropriate conditions for the countries which require such assistance."

4. "Finally, there must be greater freedom of international trade. It has already been pointed out that one of the most significant features of the present crisis is the fall which has taken place, not only in the value, but in the quantum of world trade. This fall has been partly caused, and has certainly been intensified, by the growing network of restrictions which have been imposed on trade during recent years. Every country seeks to defend its economy by imposing restrictions on imports which in the end

involve a contraction in its exports. All seek to sell but not to buy. Such a policy must inevitably lead to an increasing paralysis of international trade. Government should set themselves to re-establish the normal interchange of commodities."

The agenda provides a detailed programme for reconstruction in all parts of the world. For those countries which are still adherents to the gold standard, it suggests a liberal credit policy and low money rates; while for those countries which have abandoned the gold standard it suggests a gradual relaxation of exchange restrictions with a view to the ultimate restoration of adequate management of the gold standard. The main objectives are to obtain higher prices, and once obtained, to stabilize prices at this new and higher level. With this end in view it is suggested that the ratio of gold reserves held by Central Banks be reduced that the maintenance of foreign exchange balances properly controlled will, to a considerable extent, economize the use of gold, and that other methods for economizing gold be studied. Throughout the report it is assumed that newer and closer relationships will be established between Central Banks, since it is only by such co-operation that the policy outlined can be made effective.

Some space in the agenda has been devoted to the discussion of bi-metallism and the re-valuation of silver, yet the summary of this section is as follows: "From the point of view of commercial relations with silver-using countries, particularly China, trade interest would best be served, not by a rise in the price of silver as such but by a rise in the general level of commodity prices. Any action which would tend to raise that level, and in due course achieve its stabilization, may be expected to have a favourable effect upon the price of silver and would, on general grounds, be welcome." While these words seem to indicate the tacit assumption that bi-metallism has received but scant consideration at the hands of the experts, the course of events in the past few weeks seems to forecast unusual interest in the discussion of the place of silver in the new monetary plan at the Conference.

In the second section of the report it is pointed out that prices have fallen more rapidly than costs, that the burden of debts is increased considerably in terms of real wealth, and that reduced production, with declining prices, has brought down the national money income of some of the largest countries in the world to less than 60 per cent of what it was three years ago. It is mentioned that one method of

restoring equilibrium between costs and prices is to reduce costs, but such reductions leave the burden of debt undiminished and many new and difficult problems are created by this solution. The possibilities of effecting such reductions differ materially from one country to another. The second method of restoring equilibrium is to produce a rise in prices.

It is pointed out that the open market operations which were undertaken by the Federal Reserve Banks of the United States of America in the spring of 1932, in conjunction with the measures taken by the Reconstruction Finance Corporation, temporarily at least arrested the contraction of credits and the hoarding of currency. In a like manner it is stated that those countries which remain on a free gold standard can check the price decline and assist in the restoration of higher prices by a liberal credit policy and low rates of interest. Reiterated emphasis is laid upon the point that a liberal credit policy may not have the desired effect upon prices unless a demand for credit be created. The most obvious methods of producing this demand for credit are such plans as those advocated by John Maynard Keynes for public expenditure. The difficulties in this connection are recognized in this report and it is suggested that any plan which resulted in the deterioration of Government credit might interfere with debt conversions and delay the lowering of long-term interest rates. It is held as implicit that this reduction in long-term interest rates is a necessary preliminary to the restoration of activity in the construction industries.

It is stated that exchange restrictions and clearing agreements must be superseded as a preliminary step toward the restoration of a normal flow of capital through international channels. Stand-still agreements and regulation of short-term indebtedness place good and bad debtors on a footing of equality and thus destroy the credit of the good debtors. The most tangible suggestion aimed toward the restoration of the international flow of capital is the one for a Monetary Normalization Fund. While this suggestion is not given in detail it seems to resemble the plan put forth by John Maynard Keynes. Professor Keynes' plan would add \$5,000 million to the monetary supplies of the world, and by international agreement this amount would, in effect, constitute an addition to the monetary gold supply. Certainly a plan of this type would tend to produce conditions which would facilitate international movement of capital.

"We are therefore unanimous in affirming the necessity that action for the removal of the restrictions on international trade (prohibitions, quotas, exchange restrictions, etc.) should be taken as soon as possible and continued on progressively wider lines as the other causes of the present economic disorganization are mitigated or removed."

"The fact must not be overlooked that the abolition of restrictions will, in its turn, exercise a very considerable influence on the situation and will effectively help to remove the other difficulties. If they can increase their exports, many countries will be enabled to purchase larger quantities of foreign products. The opening up of larger markets, apart from whatever action may be required in the financial sphere, will greatly ease the difficulties encountered by the debtor countries as regards their balances of payments."

The paragraphs which have just been quoted are from that section of the report having to do with monetary or financial measures, yet a paragraph to exactly the same effect might very well appear under the section dealing with tariff policy. The main objective of the Conference on the economic side is to be the reduction of tariffs. An immediate step suggested for checking tariffs consists of a tariff truce like that concluded between Belgium, Luxemburg and the Netherlands on June 18, 1932. The three countries mentioned have agreed among themselves not to increase customs tariffs and not to introduce new protective tariffs either between themselves or against other countries with which they have commercial treaties. It is not with a customs truce however that the agenda is chiefly concerned, but rather with outright tariff reduction. Reductions of tariffs may be effected

- (a) By a general agreement of the Conference.
- (b) By a collective agreement of a group of Governments.
- (c) By bilateral negotiations.
- (d) By autonomous action on the part of Governments individually.

"The object at which the International Conference should aim is obviously the conclusion of an agreement on as wide and comprehensive a scale as possible. The ideal would be an agreement to which all the States would be parties." Since the main object of the Conference is to restore trade, praise is given to the results which might be obtained by other methods of tariff reduction but it is quite plain that the psychology of the situation favours a general agreement rather than leaving the matter to agreements between individual nations or groups of nations.

On the whole, the document itself gives every indication that the experts who drew it up were fully aware of the gravity of the present crisis, and were prepared to lay aside

nationalistic pride and rivalry with a view to securing world prosperity. If the attitude which characterizes this document can possibly be maintained by the Governments themselves, in spite of opposing political considerations, the success of the World Economic Conference is assured.

THE RISE IN PRICES IN THE U.S.

At the time when the agenda for the World Economic Conference was being worked out, those forces which were making for further economic disintegration still held sway. With the downward movement checked by the prohibition of the export of gold and the announcement of a programme directed toward the restoration of higher prices, and with the upward movement gaining impetus, emphasis during the Conference itself will naturally centre upon measures for the encouragement of the upward trend and upon measures designed to secure and maintain stability when a satisfactory price level has been achieved.

In view of the unprecedented difficulties in the banking situation in the United States, the course chosen was probably the only one which could have produced a quick reversal of trend. By the suspension of gold payments a buffer was established that absorbed the shocks which would have resulted had the United States remained on the gold standard while the necessary legislation was being enacted and put in force. The programme of legislation constitutes a somewhat belated recognition that the greatest single factor in producing the depression has been monetary policy.

Without a clear outline of the full programme contemplated, an outline which it would be quite impractical to publish at this moment, the public and the press have drawn widely varied conclusions as to what further measures are likely to be enacted and as to the results likely to follow from the measures now in force. On the whole, the financial world has expressed cordial approval of the programme undertaken and there is an accumulation of evidence to show that financial confidence is being re-established, not only within the United States but also in the outside world.

Adverse criticism of the Washington programme has centred upon two points: first, that inflation will not be held within due bounds, and second, that bitter monetary warfare with Great Britain and the countries on a sterling basis may result. Control of the degree of inflation is within the power of the monetary authorities and it is only reasonable

to suppose that they will profit by the experience gained in the previous cycle of inflation and deflation. The secret of monetary stability is the maintenance of a stable ratio between volume of production and volume of credit, but this will not be an acceptable ideal until the general price level is much closer to that which prevailed between 1922 and 1928.

The second criticism is based upon a widespread fallacy. It is a mistake to think that the chief stimulus which follows upon depreciation of money is that which is experienced by the export industries. In all countries, the volume of internal business greatly exceeds exports and imports, and in the case of the United States, foreign transactions account for less than 10 per cent of the total trade. By an increase in prices, profits are restored to industry, unemployment is reduced and a more satisfactory relationship is established between debt and earning power. It is this strengthening of the internal financial and economic structure which brings the great benefits of reflation. When this is once thoroughly understood, there will be no fear of monetary warfare. The rise in prices and the improvement of conditions in the United States cannot fail to have a favourable effect in Great Britain, in all other parts of the world and particularly in Canada, the country which carries on the largest proportionate volume of trade with the United States.

ECONOMIC CONTROL OF ANCIENT CHINESE DEPRESSIONS.

Depressions are nothing new in history; they have been recorded periodically in the official history of China. The nearest Chinese word for depression is *Huang*, which means desolation. A depression of want is called *Chi Huang*, while a depression of fear is *Kung Huang*. There is a classical term "Huang Cheng", which means political measures to deal with desolations. The oldest record of these measures can be found in the *Chow Li*, or the Book of Governmental Rites of the Chow dynasty. The *Chow Li* is one of the thirteen Confucian classics, the authorship of which is generally attributed to the Duke of Chow of the twelfth century B.C.

The following translation from the *Chow Li* was made by Dr. Kiang Kang-hu of the Gest Chinese Library of McGill University. The twelve items themselves are given in italics. Commentary upon the meaning of these statements has grown through the centuries, but the explanation here summarized, after each item, is supposed to have been written in the first century A.D. It should

be re-emphasized that no part of the comment is made by us or by the translator.

One, *the Distribution of Surplus Treasures*.—The government will provide not only funds for the relief work, but will also open up all storages of accumulated grains and other necessities of life for direct distribution.

Two, *the Lessening of Taxation*.—This will relieve people from public burdens and thus enable them to be self-supporting. The average land tax was less than ten per cent of its productive value and there were very few other taxes. During the time of depression the land tax was usually halved, or from the famine-stricken regions totally exempted.

Three, *the Mitigation of the Severity of Criminal Punishment*.—This is because people are more easily driven to crime when in distress, and therefore they deserve special mercy.

Four, *the Withholding of Labour Conscription*.—In the ancient times all male citizens, excepting officials and scholars, were subject to government conscription for public works between the planting and the harvesting seasons. This conscription would be withheld in times of depression, so that the people might work more profitably.

Five, *the Lifting of Legal Prohibitions against the use of State Property*.—According to the Law of the Chow dynasty, all mountains, rivers, forests and mines were publicly owned and were prohibited from private exploitation. This prohibition would be lifted and people would be allowed to enjoy the products of the State property.

Six, *the Abandonment of Trade Restrictions*.—Although there were no customs duties in the Chow period, inspections and restrictions were in force on both imports and exports between States. These would be abandoned in times of depression to facilitate free transportation and quick exchange.

Seven, *the Elimination of Social Ceremonials*.—This is a measure of social economy and thereby unnecessary expense would be saved for necessary purposes.

Eight, *the Simplification of Funeral Rites*.—The Chinese often over-do funeral and burial services, and this would rule out all superfluous expenditures for the dead.

Nine, *the Prohibition of Public Musical Performance and Amusement of any form*.—Aside from sacrificial and educational purposes, theatricals and musical performances for amusement would be banned in times of depression, much in the same way as it would be in mourning.

Ten, *the Encouragement of Simple and Easy Marriage*.—As marriage in old China was expensive and difficult, this would be a great relief for poor people in hard times.

Eleven, *the Holding of Prayer Services*.—

When the Emperor led the officials and the people to pray to heaven and to the national patron gods for the speedy return of prosperity, it would certainly have a psychological effect on the populace.

Twelve, *a Check on Thieving and Banditry*.—Since depressions always brew more riots and uprisings, an effective check of these, by the very beginning would save the count from revolutions and wars.

These twelve items form the important measures of the "Huang Cheng" since the time of ancient China.

Notes from London.

London Chamber's Monetary Scheme.

London.—Lord Leverhulme's address to the annual meeting of the London Chamber of Commerce recently was an important contribution to the discussion of the present economic position of the country and the future basis of international trade. Many of those who have watched the events of the last two or three years with an open mind have come to the conclusion that there must be something wrong with a system which has been thrown out of gear by the collapse in the level of world prices. It may be urged that the War hastened and the fall in prices only precipitated a crisis which was sooner or later inevitable, but, however that may be, the present position is that foreign trade has been almost brought to a stop in many directions by the inability of debtor nations to create enough credit abroad to provide for the service of their loans and, therefore, leaving nothing available for the payment of current trading accounts. Barter schemes are not remedies for this state of affairs; at the best they are devices for evading the consequences of the excessive indebtedness of one party and for providing a means to carry on the exchange of merchandise with it while it is in default on its other obligations. Nor are inflation or other devices for lightening the burden of indebtedness effectual remedies; in practice they imply the wiping out of part of the existing incubus of debt to clear the way for fresh loans from the creditor countries in order that trade relations may be resumed, though it is clear that in most cases the new credit would be used to meet an adverse balance and the trouble would recur. The London Chamber's suggestions, explained in a memorandum more than a year ago, are not mere modifications of the existing international monetary system; they are on the contrary alternative proposals that involve abandonment of the gold standard and the

substitution of a system of exchanging goods and services for goods and services without reference to gold.

In his address Lord Leverhulme quoted the introduction to the report of the experts to the forthcoming World Economic Conference to the effect that "as matters now stand there are countries the total value of whose export trade has fallen below the sums required for external debt service alone." That admission explains to-day's problem. It is obviously futile to clamour for exchange-facilities in cases where the total foreign credits are insufficient to provide for debt service alone and Lord Leverhulme declared that the best that these experts could offer was "the hope that nations may be prepared to remove tariffs, exchange restrictions, and quotas, etc.—without which many of them would, according to the experts, be unable to pay their external debts—as a preliminary step to the restoration of the system which has so largely contributed to the world's present difficulties." It was time, he said, that the British Empire made up its mind on a practical monetary system, and in an outspoken passage proceeded to declare that "the plain fact of the matter is that a nation can only receive payments from others in the form of goods and services, and the world's present troubles are largely due to the pretence that nations can receive payment in some other way. We have been taught that they can receive payment in gold, but gold is, in fact, a commodity, and one with strictly limited practical uses. International loans are a method of deferring payment. They merely put off the evil day when payment must be made, and when that day comes they accentuate its rigours. Let us have a system which recognizes these facts and does not attempt to disguise them."

After quoting figures showing the grav-

decline in the export trade of the chief creditor nations, Lord Leverhulme insisted that "the world can only thrive by nations trading with each other, and we cannot all go on indefinitely cutting down imports and comforting ourselves because our reduction in imports is greater than our shrinkage in exports. Ultimately we must be forced to find a monetary system which will render unnecessary this continual search after the impossible, whereby every country is trying at one and the same time to have a surplus of exports over imports, and is refusing to take its credits out of other countries in the only form in which they really can be taken out—namely, in goods and services." A point, however, which Lord Leverhulme did not discuss was the position of those who have investments abroad, investments which they made in the belief that the interest guaranteed to them would be paid. In the aggregate this country has enormous sums invested abroad the interest on which in the past has enabled it to finance a large excess of imports. It would, we think, clarify the position if Lord Leverhulme would take an early opportunity to state categorically whether under the London scheme those investors would receive their interest and, if not, by what means capital is to be raised in the future for the development of backward countries.

INDUSTRY AND THE BUDGET.

Nobody expected a bright and cheerful Budget, and to that extent nobody is disappointed, but Mr. Chamberlain's statement has had a depressing effect in industrial circles. None of the changes for which industry hoped has been made, and even the taxation of the co-operative societies is still under discussion. The only indication of any determination to help industry is the reduction in the duty on new share capital, a relief that will be useful when proposals for new undertakings have reached the promotion stage, though it is little inducement to embark on new enterprise. The Chancellor did not accept any of the definite suggestions for the encouragement of industrial enterprise made to him by business organizations that had devoted much time and thought to the task of discovering relatively inexpensive but practical means of stimulating industrial enterprise and thus providing more employment. Such matters as more generous allowances for obsolescent machinery and the relief from taxation of sums spent in business extension were not apparently

thought worthy of adoption, even in a modified form. Opinions differ as to the necessity for taxation in order to put rail and road traffic on a more comparable basis, there are many who think that the object in view could have been attained by alternative means, but, however that may be, it is clear, as Mr. Gay Loeck has pointed out, that the new taxation will not help industry.

The position may not have justified a reduction in the rate of income-tax, which would, of course, have been an immediate stimulus to trade, but it is difficult to find any important proposal that can be regarded as having been made with the direct object of helping industry and by this means creating more employment. In the case of beer, taxation with a view to revenue has been overdone, and the law of diminishing returns has operated; on that score the reduction in taxation is justified, on any other it would be difficult to defend it at a moment when industry generally so badly needs some encouragement if only a gesture of sympathy. The Budget is not marred by unsound proposals, its weakness lies in the absence of anything constructive to assist trade. On the financial side the Chancellor defended the Exchange Equalization Fund and expressed great satisfaction that the sound finance of the National Government had given us the immense benefit of a cheap debt through a balanced Budget. Naturally every private citizen will be glad to be relieved of the necessity to pay three-quarters or more of his total income-tax in the first instalment, an unexpected benefit that will be popular, but there is little else to comfort him, and though it is gratifying to find that expenditure in the last two years has been diminished, it is in our judgment still far higher than the position of the country warrants. In the present circumstances it is not sufficient for a Chancellor to bring in a Budget that is sound and orthodox, for unless the national expenditure is reduced it is clear that the productive capacity of orthodoxy will soon be reached, and, as in the case of beer, it will be found that the law of diminishing returns is inexorable.

IDEAL HOME EXHIBITION.

The modern fair is making progress. Knives cut no better than last year, nor is the best taste to-day better than the best in the year One, but taking our era as a whole (so far) it is possible to register a drop in nonsense.

To begin with, the houses have improved. There is not so much of the shabby Elizabethan. These homes, with their quiet gables, brick or whitewash, or tile-hung upper storey, could be inhabited without loss of self-esteem. Some interesting small models on view show that the authorities are giving the general public credit for sympathy with the continental style—concrete, flat roof, horizontal fenestration, etc.

I noticed that the two exhibits on the first floor by Arundell Clarke were attracting a good deal of attention. This firm makes excellent modern furniture, and arranges rooms very well.

Everything can be bought at Olympia except philosophy. The atmosphere is always lighter at this exhibition than at the British Industries Fair. The rival vacuum cleaners, like so many attenuated ant-eaters, go through their tricks with gusto. Clothes whirl like wild *corps de ballet* in transparent tanks, getting washed the while. Fountains of inverted cream come spouting from clever little devices, to the infinite advantage of dishes that would have been dull for lack of it. There is a small menagerie of beasts of the field, representing English farming. A black cow, who is accompanied by her calf, is the most dignified figure in the whole place; and a spotless sow, superintending the education of several immaculate sucking pigs, some sheep and a pony, cool, collected and beautiful to look at, are further illustrations

of the good that results from co-operation among the species.... It was a wise remark of Burne-Jones' that if children were taught to draw animals they would never want to kill them.

Children visiting Olympia will no doubt like the "rooms of the scientists" arranged on the first floor of the Empire Hall. These gentlemen made the modern Ideal Home possible through their researches, though neither Bacon nor Newton indicated how philosophy was to be sold cheap and placed beside the family radio-cabinet. I should like a census to be taken among visitors of all ages—to discover whether they are more impressed by the tent of Sir Ronald Ross in the malarial jungle, with its furniture of a single microscope, or by the cabin of Marconi, so smart and so sumptuously fitted out with mysterious instruments.

The idea of getting well-known ladies to arrange choice dinner parties (without the food being served, or course) was sensible; this is a legitimate form of education. But the ladies ought to have exercised more control over their dining-rooms. "Man is what he eats," as a German pun has it: he is also where he eats.

Music, light and flowers follow one round Olympia, and it is all gay and cheerful, though tiring and puzzling; but the cow, the sheep, the pig and the pony are there to set us an example of self-possession worthy of the Animal confronted by the Machine.

According to the *Statesman* neither Calcutta nor Bombay can be persuaded that the recent Indian loans were not mismanaged—(we suppose)—by the Government of India or the Secretary of State. Remarks this paper:—"The 3½ per cent rupee loan had all the elements for steady popularity but excessive quantities of it were issued to weak holders. If the Government had been in touch with the market it would have known that these had applied for much larger quantities than they ever expected to get. Nevertheless the loan was so inherently attractive that it was rapidly recovering from this blow when the Government sent 3½ per cents, reeling by issuing a 4 per cent sterling loan at 97½. The whole performance has increased the demand for a Reserve Bank, and given a new interpretation to the meaning of safeguards. Investors in this country need protection both from the India Office and the Finance Department.

The sudden rise of Technocracy caused Professor Soddy's *Wealth, Virtual, Wealth and Debt* (first published in 1926) to go out of print suddenly. An *Energy Theory of Wealth* and the *Virtual Theory of Money* is developed in this book, and the wrecking of the scientific civilization is attributed not to the price system but to the money system. A new and revised edition has now been published by Messrs. Allen & Unwin. This edition includes an introduction restating in mature form the thesis that modern money is money only in name.

Messrs. Iver Nicholson & Watson announce that they will publish shortly Lord Riddell's *War Diary*. During the period of the War and the Peace Conference, Lord Riddell was Chairman of the Newspaper Proprietors' Association and liaison officer between the Government and the Press; so what he has to say should be of very great interest.

Diary of an Economist. New German Constitution.

The reconstruction of Germany's constitution is making rapid progress. The Federal Constitution will be maintained, although the single States will have much less freedom than before. The 10 Governors, ("Statthalter") who will be appointed by the Chancellor will have very great powers and will actually convey the will of the Reich. In future it will be impossible for any Federal State to oppose the Reich's policy, as has often been done heretofore in South Germany. But the plan is carried further. Germany is composed of 17 single States. The largest is Prussia with 62 per cent of the whole population, the smallest is Mecklenburg-Strelitz with only 27,000 inhabitants. Before the War the number was 22, but in 1918 the number was reduced by the amalgamation of the many Thuringian principdoms. In 1806 Germany was composed of 298 single States many of them only free towns and principdoms of a few square miles. The present Government has drawn up the following plan: Prussia will be divided, East Prussia, now separated from the Reich by the Polish Corridor, will be a separate State and so will the Prussian Rhineland, including the State of Hessen. Hamburg, Bremen and Lubeck, the three free cities will be united and called hereafter "Hansestädte" (Hansa towns). Mecklenburg-Strelitz and Mecklenburg-Schwerin will be united. Prussia will absorb the free States of Oldenburg, Brunswick, Anhalt, Lippe, Waldeck and Detmold, which will disappear from the map, whereas the territory of Bavaria, Württemberg, Saxony and Baden will be left unaltered so that the future Reich will be composed of only 11 Federal States instead of 17. The German Parliament will disappear and never return. The Government has decided to return to the representation of professions without political parties. Already a beginning has been made with the Trade Unions. A single national union will be established sub-divided into professional branches, free from politics. The new pact acknowledges the principle of payment by results and provides for the reward of better work by higher pay and for withholding the full rate if work is inferior in quality or quantity. This upsets one of the principal achievements of the revolution of 1918, which stipulated the same pay for all men inde-

pendent of efficiency. The future German Parliament will see a congregation of the representatives of each class, farmers, workmen, lawyers, doctors, traders, industrialists, press, transport, etc., and a fixed representation will be established for each class, not in proportion to the number of each class, but to their value to the State. The final regulation of the occupations open to Jews in Germany is this: No limitation in trade, industry, transport, etc., but no Jews to be left in any State employment (in some cities more than 50 per cent of all Judges were Jews). For doctors, solicitors, and lawyers, a proportion in relation to the population will be accepted. In Berlin out of 3,710 lawyers, there were 2,460 Jews of whom only 41 have been allowed to continue to exercise their profession and at Hamburg out of 602, 398 were Jews, of whom 21 are allowed to continue. This regulation, however, has since been modified and now does not apply to Jews who fought in the War or lost sons or fathers in the War or well established in their professions before 1914. This is the majority of all Jews.

MECHANIZATION AND EMPLOYMENT.

Sir Arthur Salter's lecture at the McGill University, published at some length in *The Times*, contained some very illuminating statistics on the effect of mechanization on employment. It does not follow, he thinks, that the immediate displacement of labour by the introduction of a new machine represents by any means the ultimate displacement. Thus, taking a machine which enables 30 men to do what 70 did before, the lecturer admitted that 40 were at once displaced, but he argued that the economy made is spread in payment to those who make the machine, perhaps in higher wages, to the 30 who remain, in increased dividends, and in a reduction in price to the consumer. In every case the result is to increase purchasing power, which means a greater demand, employing labour in other directions. He maintained that the normal result should be that in the end as much labour is spent on making more goods and the average of wealth is increased.

That, he explained, is how the system used to work, with, of course, a time lag and transitional unemployment with individual hardship,

but for some time the system has been working less satisfactorily; the economic system has of late been losing its power of rapid absorption, notably in America. The new sluggishness in the normal economic process seems attributable to the fact that production has not been subject to the flexibility of prices and costs, owing to the vast scale on which industries have been organized and to their great financial resources. They have consequently maintained production after demand has fallen off and prices have become unprofitable, while social legislation and rigid wage rates have interfered with the adjustment that is normally made by changes in costs. Tariffs and other interferences by Governments with the natural flow and variations of trade have aggravated the difficulty.

Sir Arthur declared that if man is to reap the heritage of his new power he must have an economic system which will translate each increase in productive capacity, and so avoid the tragic disaster of chronic, increasing, and demoralizing involuntary idleness. The present system is failing in this supreme function. There are two ways, he thinks, in which supply can be adjusted to demand. One is by the competitive automatic process which is now failing us. The other is by deliberate planning and direction. Discussing the alternatives, he said that the first is that we shall restore the conditions under which the automatic competitive price system worked well in the past. This he believes to be by itself incapable of providing a complete solution. In his opinion many of the tendencies which have destroyed the adaptability of the competitive price system are permanent, increasing, and irreversible. "We cannot arrest the development of large-scale industrial organization; we cannot annul social legislation; we cannot destroy the trade union organizations, which reduce the flexibility of wages; we cannot abolish tariffs, though I hope we shall both reduce them and make them more stable."

He argued that we need to supplement this automatic system by deliberate planning and direction, which should be a selective and creative compromise between the two extremes. This solution consists, he believes, in developing appropriate institutions throughout the main spheres of economic and financial activities, which will in each case afford sufficient regulation and direction to prevent the individual activities reacting destructively against each other,

and the occurrence of such abuses as we now witness, while leaving otherwise a free field for individual or group enterprise. He does not think that the State can undertake such a responsibility. He believes that we need to build up a system of collective self-government in industry, encouraged by and linked up to State action but not directed in detail by it.

ECONOMIC INTERNATIONALISM.

Mr. Hecht, writing to the *Times*, says:—
 "The U.S.A. Secretary of State bemoans the fact that the total foreign trade of the world has shrunk from \$50,000,000,000 to \$15,000,000,000, and in the case of the United States he estimates the shrinkage at \$6,000,000,000. That the export of American automobiles has fallen off and that Mr. Henry Ford has seen fit to establish factories in the British Isles is, of course, very sad. We, on the other hand, may have reasons to be very glad. Is it not better for British workmen to be employed in making motor-cars for home use instead of paying for American cars by manufacturing loan cloths for Indians or mining coal for export to European countries? And, since this aspect of the question has escaped the attention of the U.S.A. Secretary, it should be pointed out that wages in the motor trade are some 50 per cent higher than in the coarse textile trade, while the export price of British coal is so low that, according to a Report of a Commission of Inquiry, it does not yield even a living wage. Nor is this phenomenon peculiar to Great Britain. A few years ago there was much talk of the prosperity of the United States and of the high wages ruling in that country, yet the prosperity was by no means general, and the high wages applied to particular trades—to a few technical industries. If these are the facts, however, if in every country some industries are more profitable both to labour and to capital than others, the assumption of the U.S.A. Secretary of State that a shrinkage in the world's foreign trade must prove disastrous to all countries, is quite untenable. It may be "a matter of enlightened self-interest" for the United States to seek a reduction in the barriers to her industrial exports, but for other industrialized countries to agree thereto would be a matter of unenlightened philanthropy. As for the origin of economic internationalism, it was believed that climatic conditions determine the production of every country. Wherefore to grow

exotic natural produce, as rubber, tea, coffee, etc., in New England would be absurd. Yet in the days when Old England could boast of an industrial monopoly, it was found that industry, unlike agriculture, was largely independent of climatic conditions, with the result that a vast number of industries are now common to many countries. Consequently, economic nationalism, in so far as it concerns indigenous industrial products, is not vicious but common sense, and economic internationalism stands revealed as a form, not of co-operation, but of competition; as the road, not to a world peace, but to universal economic war, with the victory assured to those countries, as for instance Soviet Russia and Japan, where wages are lowest or the standard of living most miserable.

ANGLO-GERMAN TRADE NEGOTIATIONS.

Mr. Runciman's announcement in the House of Commons before the Easter recess and the official *communiqué* of the German Embassy in London regarding the present position of Anglo-German commercial negotiations have been received with satisfaction in Germany. Thus the discussions which have been going on since December, 1931, have at last been brought to an end and several difficulties in Anglo-German commercial relations are to be the subject of a new agreement. Great Britain has agreed to reduce her duties on certain articles in which Germany is particularly interested, while Germany will allow Great Britain a higher quota for imports of British coal. Pending the publication of full particulars, regret is expressed that some of Germany's wishes have not been met, especially that for a reduction in the duty on rayon stockings. This is the reason given for Germany's inability to raise the import quota for coal to the extent requested by Great Britain. Further details are now awaited, in order to form an opinion on the attitude of the Ruhr coal-owners on this question. It is, however, inferred from the general tenor of the Embassy's *communiqué* that Germany has received a fair share in the deal. No substantial change in policy towards the Scandinavian countries is expected, as Germany is adhering to her determination to become as far as possible independent of foreign food supplies, in view of her experience during the Great War, particularly regarding fats.

LABOUR IN INDIA AND JAPAN.

The increasing competition with Japan in the face of high tariffs has caused an exa-

mination into comparative textile production costs to be made. The result is illuminating. In the spinning section of an average Japanese mill the number of operatives employed for a given count is less than half the number employed in a Bombay mill. In the weaving section Japanese mills employ about a third of the number of operatives required by the Bombay mills for each 100 ordinary looms. Where automatic looms are employed the proportion falls to about one-fifth. According to the latest issue of "The Finance and Economic Annual of Japan," an official publication, the wages of a cotton spinner in Japan work out at to-day's rate of exchange at about 12 annas a day, whereas the wages of a spinner in Bombay work out at Rs. 1-2-0 a day. Similarly, the wages of a weaver in Japan are 10 annas a day as against Rs. 1-14-0 in Bombay. Latest returns show that exports of Indian produce and manufactures in February were worth Rs. 12,24 lakhs, an increase of Rs. 81 lakhs compared with the preceding month. The value of imports fell by Rs. 1,44 lakhs and totalled Rs. 9,22 lakhs. In other words, exports increased by just over 7 per cent, while imports decreased by 13½ per cent. Compared with a year earlier, imports of sugar at 20,000 tons were more than halved, though imports of rice increased from a mere 55 tons to 3,500 tons.

AUSTRALIA'S CENTRAL BANK.

The recent intimation that the Australian Government was about to consider the desirability of reorganizing the Commonwealth Bank of Australia with a view to endowing it fully with all the attributes of a central bank, forms a sequel to the increasing assumption by the bank of late years of a central bank's functions. This tendency has been hastened by the critical period from which Australia is now fortunately emerging. Two years ago the directors of the Commonwealth Bank testified to the development of closer relations between the bank and the trading banks and pointed out that the reserves of the trading banks deposited with the Commonwealth Bank were fully in accord with the requirements of central banking. The course pursued by the board of the Commonwealth Bank amidst the exceptional difficulties of the past three years entitles it to command the full confidence of the banking and industrial interests of the country. It may be noted that the Australian Government propose to consider the separation of the central bank from the trading bank at present conducted. This is, of course, the

ideal status for a central bank in the view of most British central bank authorities, though it is not so judged by Continental canons, the large trading bank interests of the Banque de France being a striking example of the different views on this matter held by Continental authorities. Clearly, however, a central bank which is not a competitor with the trading banks is more likely to receive whole-hearted co-operation and support from the trading banks and this renders easier its task of watching over their activities. In the case of the Commonwealth Bank its trading operations must be very extensive judged from its branch organization, for it possesses about 270 offices, spread over every State of the Commonwealth.

JAPAN-LYONS SILK INDUSTRY.

The Association of Silk Manufacturers of Lyons has just presented its annual report to its members. This report states that the Lyons Silk Industry must look forward to a permanent contraction in its export markets, not only because of tariff barriers, quota systems, and financial failures, which may

not last for ever, but also by reason of the expansion of silk manufacture abroad, particularly that of articles of ordinary quality and of rayon.

The incidence of Japanese competition on the Lyons Silk Industry is described as especially severe, with almost a prospect of the elimination of European and American manufacture. Japanese exporters, the report continues, seem to sell regardless of price in order to wipe out all competition.

The situation with regard to cotton and wool textiles is stated to be very bad, as the Japanese producers are evidently working under exceptional conditions, which are helping them to capture practically every market. It is said that hours of labour amount to as much as 65 a week and wages to the equivalent of no more than 4s. a day, labour being abundant and satisfied with a very low standard of living. The report adds:— "Social charges are practically nil, there being no system of State insurance or family allowances. Furthermore, the yen has depreciated heavily."

Economic Notes.

According to the Canadian letter published in this issue, the abandonment of the gold standard by the United States, far from being an act of economic warfare against Great Britain is likely to produce results of immense benefit to Great Britain and Canada and will help to restore world trade. The section on "The Rise in Prices in the United States," in it shows that an improved price level in the United States is likely to be of benefit to other parts of the world, and also points out that the benefits which will be received from improved prices in general internal business are of far greater importance to the country than those benefits which will be received by the export industries. On the whole, the agenda of the World Economic Conference takes very much the same viewpoint as that taken by the present administration in Washington. It expresses firm belief in the necessity for higher prices. Notes on the agenda are contained in the first article of the release. In 500 B.C. the Chinese appear to have well understood the advantages of inflating during a period of depression. They made their coins lighter at such a time. The translation made by the Gest Chinese Library which forms the third section of the letter shows the main principles invoked in dealing

with a depression according to the code of the Confucian classics. It is particularly noteworthy that it calls for the lowering of taxation and the abandonment of trade restrictions.

EXPORT OF GOLD.

During the week ended Saturday, April 15, bar gold and sovereigns of the aggregate value of Rs. 1,61,62,593 were shipped from Bombay to Europe and America. The P. & O. mail boat *s.s. Strathnaver*, which sailed for London on Saturday, carried bar gold of the value of Rs. 1,12,47,152 and sovereigns of Rs. 1,87,402. The *s.s. Castalia*, which sailed for Liverpool on Thursday, had on board bar gold and sovereigns worth Rs. 47,18,669 and Rs. 9,370, respectively. Out of the week's total shipments, Rs. 89,04,155 worth of bar gold and Rs. 910 of sovereigns were booked to London; bar gold of the value of Rs. 51,48,497 and Rs. 19,13,169 to New York and Amsterdam, respectively, and sovereigns worth Rs. 1,87,402 to Marseilles. The total value of gold exported since Britain went off the gold standard now amounts to Rs. 1,21,71,66,851.

WINE AND SUGAR IN CEYLON.

It is understood that a proposal by an Indian scientist to manufacture in Ceylon wines and

better distilled liquors from toddy has been approved in principle by the Executive Committee for Home Affairs.

FEDERATION FOR WEST INDIES.

The latest application of the federal India is to West Indies. "The Federation of the West Indies"—Sir Edward Davson's dreams of practical politics—Can one say that it has been sighted on the horizon in the meeting held recently of those interested in it?

INVENTOR OF SYNTHETIC RUBBER.

Fr. Julius A. Nieuwland, C.S.C., Professor of Science at the University of Notre Dame, and the discoverer of a method to produce synthetic rubber has been elected to a fellowship of the British Chemical Society. Fr. Nieuwland, who was ordained 30 years ago by Cardinal Gibbons, is the editor and founder of the *American Midland Naturalist*, a Fellow of the Indian Academy of Science and a member of the American Chemical Society, the *Deutsches Chemisches Gesellschaft*, and the Chemical Society of London. He is famous for his acetylene research in organic chemistry having formulated the Lewisite gas principle in his Ph.D. thesis of the Catholic University of America in 1904. Last November he announced a new paint or lacquer, S.D.O. (synthetic drying oil) which becomes hardened shortly after being applied to a surface and is henceforth insoluble in all solvents, and is not corroded, removed, or broken by corrosives as drastic, even, as acids. It makes wood, concrete, and other porous materials completely waterproof. Completely dry S. D. O. surfaces will withstand a temperature as high as 400 degrees Fahrenheit.

INDIAN STATISTICAL INSTITUTE.

The annual general meeting of the Indian Statistical Institute was held recently in the board room of Messrs. Martin and Company, 12, Mission Row, Calcutta. Sir R. N. Mookerjee, K.C.I.E., K.C.V.C., President of the Institute, took the chair. Many leading businessmen and educationists attended the meeting. Among those present were:—Professor P. N. Banerjee (Minto Professor of Economics, Calcutta University), Mr. R. A. Towler, (Bengal Chamber of Commerce), Mr. M. K. Powvala (Indian Chamber of Commerce), Sir H. S. Paul (Bengal National Chamber of Commerce), Dr. J. C. Sinha (Professor, Presidency College, Calcutta), Mr. J. V. Joshi (Deputy Director, Commercial Intelligence Department), Professor N. R. Sen (Ghosh Professor, Calcutta University), and N. Chakrabarty (Assistant Inspector of Factories). A detailed

report of the work done by the Institute was presented. Sixteen meetings were organized in Calcutta and four in Poona, at which various theoretical and practical questions were discussed. Arrangements have been made for the issue of an Indian "Journal of Statistics," the first number of which is ready. The present membership of the Institute is two honorary members, thirteen life members, and 84 ordinary members. Sir R. N. Mookerjee was re-elected the President of the Institute. A council representing all statistical interest throughout India of about thirty members was formed. Sir Hari Sankar Paul was re-elected Honorary Treasurer, Mr. J. S. Henderson was appointed as the Honorary Auditor. Professor P. C. Malalanobis was re-elected the Honorary Secretary, and Dr. H. Sinha the Honorary Joint Secretary.

INFLATION, A WILD MONSTER.

'Once started on its insane course', writes Mr. D. W. Ellsworth in *Current History* for April 'inflation becomes a wild monster, powerful enough to wreck the best monetary system ever devised by man, driving all kinds of business enterprise to destruction and businessmen to despair.' And yet this is the method which is being recommended at present by several eminent economists to fight the economic depression.

NEWSPAPER OF TO-MORROW.

There is an interesting forecast of the newspaper of 1943 in the latest issue of the *World's Press News*. It seems it will not be white—we are not very much enamoured of the white paper!—but will be full of colour. And it is not one particular colour either. It is expected that a system of using 'the colours will have been evolved' and that in all likelihood exclusive news of national importance will be in red, news of local interest in light red, advertisements in such colours as customers may choose, home news in light yellow, magazine items in green, empire news in blue, American news in orange, continental and foreign news in black, sports news in pink, and all literary and dramatic criticism and film news in vermilion. The prospect is distinctly encouraging and newspapers may go on, we assume changing colours! It is not unlikely, adds the Leader, that the news sheets of a decade hence will vie in beauty with the wings of butterflies. To match with this improvement, shorthand reporting, we are told, will be done on a machine like a dictaphone, that photographers will carry, besides cameras, small portable 'photo-transmitters,

and that broadcasting and television will be very much in evidence. 'Marmaduke' describes his idea of Fleet Street in 1943 thus:

In nineteen-forty-three

What will our dailies be?

With radio-pictures from Mars each day.

Of bathing belles in their canals in May.

.....

With their umpteen editions before night-fall,

And three-colour pictures of the Dean of St. Paul,

In nineteen-forty-three.

Yes, as he says, 'happy days'.

PROTECTION FOR SANDALWOOD.

The examination by the Madras Government of the causes of the heavy slump in the trade in locally-grown sandalwood is understood to have resulted in the conclusion that the importation of spurious sandalwood, which is passed off as genuine in the markets of the Presidency, is responsible for the decline. In view of this finding it is understood that the Local Government requested the Government of India to consider the desirability of totally prohibiting the importation of foreign sandalwood, or at least impose a protective tariff against foreign sandalwood. However, the Government of India have refused to carry out either alternative on the ground that it would involve a radical change in the tariff policy.

WHITE PAPER AND SAFEGUARDS.

Prof. A. Berriedale Keith, who has been expressing the view in the columns of British papers that the safeguards proposed in the White Paper scheme will not be effective has made the following suggestion in the columns of the *Scotsman*:—It is paradoxical that a new constitution should be drafted for India when we dare not permit Congress to meet and express its views, but Parliament has allowed the promise of 1929 to stand. Labour is pledged to it, and it must be honoured as any other course of action is practically impossible. But it may be hoped that the Government will cease to delude us with the assurance of the effectiveness of its executive safeguards, and will instead devise with the aid of Indian opinion such safeguards, to be operated by the Courts, as are practicable and for the rest, by refusing to impose on the Governor-General or Governors duties they cannot perform, compel Indian politicians to accept full responsibility for the good government of their country, and deprive them of the facile expedient of throwing the blame

for their failures on the representative of the King, and of protesting against British interference.

MANUFACTURE OF CANE JUICE.

According to a report by H. M. Vice-Consul at St. Vincent the making of aguardente, a distillate of cane juice, is a flourishing industry in a small way in the Cape Verde Islands, but little is exported, the consumption being almost entirely confined to the islands. Sugarcane grows well in certain of these islands, but it is impossible to manufacture sugar at a price or of a quality that could compete with Europe. The nearest approach to sugar is a concentrate of the cane juice called "mel" which has the consistency and taste of golden syrup. This has very little sales value, so to convert his many acres of sugarcane into something which will bring a good price and is easily transportable, the local landowner manufactures aguardente. Nearly every little estate has its own distilling plant placed near a small stream which supplies the cooling water. The canes are crushed by oxen which revolve three upright rollers, the cane juice running into a cask in which it is allowed to ferment. After fermentation it is placed in the still and converted into aguardente, the crushed cane fibres being used for fuel, so that when the process is completed nothing remains of the canes but a few casks of aguardente and a heap of ashes.

OIL RESEARCH IN INDIA.

Several important schemes for the development of the oil industry in India were considered at a recent meeting of the Indian Oil Crushing Industry Committee held at New Delhi. Sir T. Vijayaraghava Acharya, Vice-President of the Imperial Council of Agricultural Research, presided over the meeting. The Committee considered what steps should be taken to derive the full benefit of the tariff preference on Indian oil seeds arising from the Ottawa award. The meeting expressed the opinion that a Central Committee should be formed on the same lines as the Indian Cotton Committee to deal with the oil seeds industry and that a cess should be levied on oil seeds. The Committee considered a proposal to train mechanics in oil-mill practice at two centres, one at Cawnpore and the other at Calicut. It is expected that the Imperial Council of Agricultural Research will give a subsidy to the Government Kerala Soap Institute, Calicut, for carrying on research on groundnut oil and for training students in oil-refining and soap-manufacture.

There is also the possibility of the Kerala Soap Institute being raised to the status of an all-India institute. The Committee also considered suggestions to organize in the Harcourt Butler Technological Institute, Cawnpore, activities similar to those of the Kerala Soap Institute. The Committee agreed about the necessity for taking steps to set standards for soaps so that the sale of cheap adulterated soaps, whether of foreign or Indian manufacture, might be checked.

INDIAN YARN.

The statistics of cotton spinning and weaving in Indian mills for September, 1932, states that the total quantity of yarn spun during the month under review amounted to 87 million lbs. and that of woven goods to 59 million lbs. as compared with 78 million and 61 million lbs. respectively, in the corresponding month of the preceding year, showing an increase of 11 per cent in the case of yarn and a decrease of 2 per cent in the case of woven goods. In the six months, April to September, 1932, the quantities manufactured were 507 million lbs. of yarn and 344 million lbs. of woven goods. The exports of the Indian yarn by sea from British India to foreign countries during the six months April to September, 1932, were 6 million lbs. as compared with 10 million lbs. in each of the corresponding periods of 1931 and 1930. The production of coarse yarn (Nos. 1 to 25) in the month of September, 1932, was 68 million lbs. and the imports of the same counts were 61,000 lbs. only; the production of medium counts (Nos. 26 to 40) was about 16 million lbs. and of fine counts (above No. 40) 2,910,000 lbs. as against 2,261,000 lbs. and 511,000 lbs. respectively, of imported yarn of the same counts.

DRINK AND OTHER LUXURIES.

According to the latest annual report of the United Kingdom Alliance, the British public spend in one year £ 252,500,000—about Rs. 2,78,75,00,000—on the consumption of

alcohol. This amount, says the *Manchester Guardian*, is sufficient either to arm it against the world or almost to persuade the world to peace. The late Sir Robert Giffin calculated about thirty years ago that the people of the United Kingdom spent every year on drink and tobacco and other luxuries a much larger amount than the vastly larger population of India could afford for their food.

FUTURE CONSTITUTION FOR INDIA.

Lord Sankey writes in the *News Letter*:— It is perfectly true that we are trustee for a great number of different races and religions and minorities in India, and we should be betraying our trust if we did not take the greatest possible care to make any future constitution for India as safe and sound as possible, not only for everybody who lives in England and is interested in India and England but for everybody who lives in India and is interested in England and India.

HALLO! LONDON.

The England-India beam telephone service was inaugurated by His Excellency the Governor of Bombay speaking to the Secretary of State for India in London. The conversations across the seas, over a distance of about 6,300 miles, which formed part of the inauguration ceremony, were clear and perfectly audible. There was a distinguished gathering present to witness the ceremony at the Bombay Secretariat. Sir Ness Wadia, Chairman of the Board of Directors of the Indian Radio and Cable Communications Company, opened the proceedings by requesting Sir Frederick Sykes to perform the inauguration ceremony. His Excellency the Governor, in his concluding speech, congratulated the Company on its "venture which must in so many ways prove of immense value to India, to England, and, indeed, probably to all humanity." The charges for a three minutes' talk from Bombay or Poona to any place within the service in Britain is £ 6—£ 2 per minute.

Franklin D. Roosevelt, President of the United States, is very much in the eye of the world at the present time—indeed, many believe that whether our future is to be a happy and prosperous one, or the reverse, depends very largely on what Mr. Roosevelt does. So a book by him is bound to have many readers, and when that book is called *Looking Forward*, and outlines his policy it should find many more who will want to read it. The book was published by Heinemann on the 8th of last month at seven shillings and six pence.

We hope to refer to it again in these pages.

We don't see what the women have to kick about. When man is born the mother receives all the attention. When he is married the bride receives all the congratulations and presents. And when he dies the widow receives all the sympathy.

No man is so good but a good woman can make him better.

Education in Books.

A New Approach to Psychology.

London.—Twenty five years of reading and research in psychology and ten years' experience in teaching have gone into the making of Harry L. Hollingworth's new book, *Educational Psychology* (Messrs. Appleton & Co.). Dr. Hollingworth believes that educational psychology should cease to be a collection of miscellaneous and unrelated topics. He holds that the human mind is really coherent, and that the principles of learning and teaching are actually simple and capable of intelligible generalization on the basis of observed facts. His new book is neither a simple introduction to psychology, nor is it so advanced and so technical that it cannot be used by students without previous training in psychology.

In Part I, Dr. Hollingworth presents the general psychological principles which underlie education. In the remaining three parts, he discusses educational problems and principles from the psychological standpoint. Part II has to do with the techniques of instruction; Part III, with the psychology of the school subjects; Part IV is a discussion of such educational problems as the behaviour of school children, transfer of training and formal discipline, the psychology of the curriculum, and the psychology of the teacher-problems which involve psychological principles often-times never mentioned in educational psychology classes.

The inclusion of problems and exercises provide as rich a course as is wanted, and make the use of other outlines and teaching aids unnecessary. The excellent bibliography at the end of each chapter contains all important references in the particular field covered and guides the student in further readings on the subject. Charts, graphs, and illustrative material add to the concreteness of the material. Dr. Hollingworth's work as a psychologist and a writer is well known. He has previously published twelve books in various fields of psychology, as well as three experimental monographs and two manuals in applied and experimental psychology. His experience as an author makes his new *Educational Psychology* more readable and his conclusions more lucid than those of the average writer in the field.

Education and the Spirit of Man.

Mr. F. E. Pollard's *Swearthmore Lecture* for 1932, which has been just issued under

title *Education and the Spirit of Education* (Messrs. George Allen & Unwin) may be described as a real contribution to the subject of Education. Education to-day has been off its real track and Mr. Pollard has done real service to the cause of Education in directing attention to the fundamental factors governing education.

Adolescent Girls.

Actual case studies of normal adolescent girls are reported by Elsie M. Smithies, in her new book, *Case Studies of Normal Adolescent Girls* (Messrs. Appleton & Co.). Every case study presented by Miss Smithies is one with which she has dealt in the normal course of her work, and one which she has been able to follow through, so that her case records include permanent results. Every case study represents a girl who is temporarily maladjusted, but who is neither mentally deficient nor permanently unstable emotionally—a girl who can be assisted by an understanding person to regain happiness and mental health.

Miss Smithies' book is designed to help the personnel worker. She points out the personal qualities which determine success in personnel work: open-mindedness, freedom from prejudice, and skill in handling the techniques of testing. She gives specific directions for procedure in making a case study, analysing each step from the description of the case as presented, through the necessary investigations, the general diagnosis, treatment and prognosis. She admits the difficulty of obtaining some of the material and calls her reader's attention to the fact that some seemingly unimportant remark or occurrence during the investigation may be the key to the problem.

"The dull, seemingly stupid girl who is failing in every subject and considered 'dumb' by every teacher may be suffering from some unsuspected disease, or she may be worried over home affairs, or she may be discouraged by the ridicule and lack of sympathy of teachers and parents alike," says Miss Smithies.

The greater part of the book, however, is made up of reports of definite cases of real girls who have presented fundamental difficulties in adjustment while in school. Each case includes presentation of symptomology,

investigation, diagnosis, treatment and prognosis. In every case an adequate psychological support of the diagnosis is given. The first two cases are used as a basis for comparison and contrast.

The book presents psychological principles in a manner that is easily understood, so that teachers and personnel workers who have no elaborate foundation in psychology can still use the book to advantage.

Measurement of Intelligence.

Intelligence: Its Manifestations and Measurement, has been written by Dr. Paul L. Boynton (Messrs. Appleton & Co.) for students rather than for teachers of psychology. The material is presented simply so that the student may grasp the fundamental facts and approaches, yet the author has not sacrificed the scientific value of the book. Although the new book is not an exhaustive treatment of the subject of intelligence testing and mental diagnosis, it is exceedingly well suited to serve as a text-book because of its emphasis upon the fundamentals.

The book opens with a discussion of the nature of intelligence. Dr. Boynton presents various points of view on the subject, together with a critical analysis of each. He then develops a definition of intelligence in terms of its function, or, in other words, in terms of that which it enables its possessor to do. Dr. Boynton then discusses intelligence abnormalities, their causes and control. His discussions of deficiency, instability and precocity present a well-rounded picture of the atypical so that a person attempting diagnostic work may have a simple, usable criterion by which to judge the normality or abnormality of the behaviour responses with which he comes into contact in psychological practice. Then follows a discussion of the development of intelligence tests, together with a critical evaluation of various tests and test movements. Dr. Boynton discusses both individual and group examinations, with such interpretations as to enable the student to understand the limits and possibilities of any measures which he may use. He explains also how to give both individual and group examinations so as to make data reliable. The book closes with a two-chapter discussion of the applications of intelligence tests. The results of various outstanding studies in the field are presented and critically evaluated, thus giving the reader the information needed to make his own test selections and to interpret the results.

Dr. Boynton has made a real contribution to psychological literature. He has made a new approach to the subject of intelligence testing and mental diagnosis. He has written a text-book so simple, clear and straightforward that it is well suited for use in beginning courses in mental testing and clinical psychology, yet complete enough to serve in more advanced courses.

Teaching Problems.

It has been customary to list desirable qualities of the teacher. In *Standards for High School Teaching* (Messrs. Reeves) are found traits which teachers should avoid as well as those which they should cultivate. Disciplinary problems are fully indicated, and remedial measures are prescribed. The author does not consider it beneath the dignity of an authority in education to discuss such specific cases of disorder as whispering, note-passing, humming, giggling, marking and carving desks, cheating, and laziness. Situations which require punishment and behaviour deserving reward are considered. Several chapters are devoted to the general problem of attention. Not only are its psychological and philosophical aspects presented, but the more important causes of inattention and the techniques for securing attention are set forth clearly. The necessity for pupil participation has been shown abundantly by recent writers. The author shows how pupils may participate, and is concerned with their actions and attitudes while participating. The stages in the thinking process are almost universally recognized by educational writers. But few specify the techniques to be employed at each stage of the reasoning process so that the pupil learns to think by practising the art. This volume should be helpful to all those who are beginning their scholastic career.

Dark Places in Education.

Teachers and parents alike should read *Dark Places in Education* by Willi Schohans, Principal of the Teachers' Training College, Kreuzlingen, Switzerland (Messrs. George Allen & Unwin). It has been translated by Mary Chadwick, S.R.N. and the translation is both accurate and readable. Dr. P. B. Ballard, D.Litt., contributes a suggestive *Foreword*.

How to Use Your Mind.

A book that met with phenomenal success in its earlier editions and which in its new (third) edition is likely to be widely appreciated is *How to Use Your Mind* by Dr. Harry

D. Kitson, Ph.D. (Messrs. Lippincott). This edition retains all its original features besides those added now, and is replete with plans, ideas and suggestions which deserve close attention. The revision has been such as to amount to re-writing on a larger scale than ever before. The volume explains how to memorise readily; to concentrate quickly; to form study habits; to reason logically; to express with facility and to overcome discouragement. This enumeration will indicate its value to teachers and students.

Primary Teaching.

How is the busy practitioner in education, the teacher and supervisor, to keep abreast of the new needs, new content and new techniques? How is he to integrate the mass of data, often conflicting, which is accepted as the justification for changes in curriculum and teaching technique? Dorothy Bildersee's *Teaching the Primary Grades* attempts to render this service to teachers

in training and in service and to supervisors. Teachers of the first three grades will find the book extremely helpful in meeting the persistent teaching problems of the introductory grades. Only real problems that arise in real classes are presented. Suggestions for their solution have stood the test of the classroom.

The gradation of the work in arithmetic, the motivations of the expressional language exercises, the variety of drills in spelling and phonics, the modes of approach and the organization of projects in health and art education—these are teaching practices that bear the unmistakable earmarks of the classroom.

To the principal or the assistant, this volume offers a very definite programme for constructive supervision. The young teacher who needs aid in devising functional drills, in using diagnostic tests, in formulating remedial teaching procedures, or in vitalizing teaching through visual aids may safely be referred to the appropriate section of this book.

Topics in the Journals.

Indian Gold Exports.

Before presenting his financial statement, Sir George Schuster had an opportunity of perusing the *Annual Market Review for 1932* of Messrs. Premechand, Roychand & Sons, Stock and Bullion Brokers. The *Review* is marked by knowledge, insight and frankness.

In regard to budgetary matters it states that the taxable capacity of the people has long been strained, and that proposals for fresh taxation would intensify the operation of the law of diminishing returns and create general resentment. Details are given to show that commodity prices continued to fall in India during last year. Thereby a severe strain was placed upon the agriculturist. It is suggested that, unless the burden of taxation is lightened, a point may be reached where the cultivator will not think it worth his while to produce beyond the requirements of his family.

Sir Kikabhai Premechand and his brother, Mr. Manoharlal Premechand, give no support to the view that the heavy shipments of gold from India since Great Britain went off the gold standard should have been interdicted. They point out that the gold shipped represented an investment; the owners could not in equity be denied the opportunity of making a profit when that freedom was conferred on holders of other forms of security.

The beneficial effect in various directions of the conversion of inert holdings of nearly £100,000,000 in gold into credit instruments is shown. But it is added that in merchandise, taking invisible exchanges into account, the balance of trade for the year was against India. "To continue indefinitely to pay for such balances by the export of gold—in other words,

by going on capital reserves—is for a country mainly engaged in the production of agricultural commodities and raw materials hardly wise." It is suggested that the position should be re-examined in the light of the volume of the export of gold and its relation to the monetary and banking needs of India.

A New Industry.

T. W. H. of Colombo, writing to the *Ceylon Observer*, says:—

With reference to the letter from your correspondent under the above heading which appeared in your issue of the 25th instant, and also to your leader of the same date, I can suggest a crop which would be very much easier to grow and would, I think, not only open up a new industry but would be found to be a very valuable and paying proposition as the principal desideratum would be the fact that expenditure would be very low.

Instead of, as your correspondent suggests, planting cotton, why not plant castor oil plants wherever it is possible to sow them? The plants grow very easily, and in fact, drought has no effect on them whatsoever, and they will grow practically anywhere. The seeds of the castor oil plant yield a very valuable oil and the demand for this oil is increasing daily with the extension of air services, as it is a well-known fact that castor oil is largely used in aeroplane engines due to the fact that it will not freeze at great altitudes. For lubricating purposes of all kinds of machinery nothing is better than castor oil, and the extraction of the oil can be done in a very simple manner, more or less in the manner that a chekku is worked in Ceylon for the extraction of coconut oil, so that the cost is very low. This oil can be exported and refined by

manufacturers in Europe, and I feel sure a ready market will always be found for it.

The oil cake or residue forms a very valuable agricultural manure which readily finds a market and after the crop has been cut down it can be forked in and used for manure. As a side line the leaves of the tree can be used for feeding eri-silk worms and the silk obtained can be spun similarly as cotton and woven into a good, strong, useful cloth. This last, of course, would be better for cottage industries.

France, knowing the value of castor oil for her vast air force, both military and commercial, is, I understand, giving every encouragement to the cultivation of this plant and large tracts in Morocco, Algeria and Tunis are being put into cultivation. The plant grows easily and quickly, and requires very little attention, if any. In the dry zone particularly it would do very well, but I imagine it will grow well practically anywhere.

I simply give this as an idea for what it is worth and commend it to those who may be interested in the introduction of a new industry which might prove of considerable value to this country.

European Propaganda.

To almost all the big and powerful nations of Europe propaganda in foreign countries is like a breath to their nostrils. According to the figures just issued by the French Government, millions of pounds are spent every year by European countries to formulate opinion abroad. It appears that nine European Governments alone, excluding the Soviet Union, are spending £4,816,000 this year on propaganda, North and South America being the chief battlefields of the propagandists. It is interesting to note that Germany and Italy are the biggest spenders in this respect, followed by France and Britain. The following statistics contained in the French Foreign Office Budget for 1933 will give a clear idea of the position:—

	£
Germany	2,048,000 at par.
Italy	932,000
France	568,000
Britain	552,000
Poland	208,000
Hungary	184,000
Czecho-Slovakia	144,000
Yugoslavia	104,000 at par.
Roumania	42,000

In fact, how very keen the powers are over this matter is apparent from what is contained in the French official report which expresses regret that France has fallen behind in her propaganda expenditure and attributes the wave of anti-French feeling in the United States, caused by France's refusal to pay the December 15 war debt instalment to this fact. Thus the creation of a supreme council of propaganda is urged by the French Foreign Office and an item of 33,000,000 francs is to be used for the organization and dissemination of French news by a Government Agency to newspapers in foreign countries. Almost similar is the case with Great Britain which spends over £552,000 at par over such propaganda.

The "Inevitable" War.

The Berlin correspondent of *The Times*, in a letter published recently in the journal, wrote:—

Germany is determined to have equality of armament at the earliest possible moment, pacts or no pacts, and nothing short of force is likely to stop her. Captain Goring's ideas about aviation are not hard to gather; General von Scheicher's "field exercise" schemes are well under way; some of the auxiliary police are to undergo proper training courses; labour conscription is in preparation; and conscription of any kind is a useful foundation for modern war organization. Nor need all this be regarded unoptimistically; it is natural. Influential Germans do not see 10 years elapsing before the war they regard as natural or inevitable breaks out in Europe. One may hear five or six years mentioned. When it does come they hope to be ready.

Sugar and Oil Factories for India.

Whilst many of us are following with great interest any news of the progress made and the orders placed in connection with the scheme to make India self-supporting as regards her demands for refined sugar, one rather wonders, says *Tropical Life*, who can give us an equal amount of information concerning the efforts made to centralize in India the extraction and utilization of vegetable oils from Indian seeds, which have been going on for some time, as reports in the Press tend to show.

Take the Government Soap Institute at Calcutta for instance. What success have they had so far in their endeavours to show how the many thousands of tons of seeds, etc., from which vegetable oil can be obtained, have been turned into oil and the oil utilized at a profit? One wonders rather, as with the cane sugar manufacturing department at the Imperial College of Agriculture in Trinidad, what machines are used and who supplied them. Was this not the Soap Institute started by Sir Frederic Nicholson just after the outbreak of the Great War, for what precise purpose we have forgotten, but the latest news we have had of the work being done spoke of processes for turning out lubricating oils, paints, etc., as well as for the deodorizing and the hydrogenation of oils generally. What were the oil seeds used? Was copra included, and were the quantities produced sufficient for selling on a commercial scale? Again, was the raw material for soap-making the only object sought after, or were edible oils also being prepared, as for artificial ghi or ghee? If this experimental work proves successful, who will benefit mostly, the small producer able to turn out comparatively small quantities of oil for domestic use, for the body, for cooking, soap-making, etc., or must the seeds and the copra, etc., be sent to central factories for treatment there? If small mills result, what will be done with the cake or pomace; can it all be utilized for cattle food, and if unsuitable for that, as in the case of castor-oil, can the cake be turned out by the small mill-owners sufficiently free of oil to render the cake suitable as a fertilizer, which would not be the case if more than a small percentage of oil is left in?

All this is leading up to one more query, *viz.*: Is there any chance of the Government Soap Institute at Calicut causing oil-extracting factories, large and small, to be set up in Inlis, on a scale similar to the one already referred to for turning out refined sugar throughout the Indian Empire in sufficient quantities to enable India to satisfy her home requirements of that article, and if so, will these oil-mills be constructed locally, or will the machinery, in the main, have to be imported?

New Portuguese Constitution.

According to the official cables received from Lisbon the result of the elections has been in favour of the new constitution of the Portuguese Republic. Seventy per cent of the electors have voted for the constitution, five per cent against and 25 per cent abstained from voting.

The new constitution has been so framed as to scarcely change the fundamental principle of dictatorship doctrine which in practice appears to have appealed to the people in Portugal. Some of the clauses governing the new form of Government are:—

Ninety members elected by popular vote shall constitute a National Assembly. The tenure of office of the President of the State shall be for a term of 7 years, but at the same time the lease of office of the present President will be extended for another two years ending in April 1935, when a new President will be elected. No relative up to the sixth degree, of any of the Kings of Portugal, shall be eligible for the post of President of the Republic.

The Cabinet Ministers are not responsible to the National Assembly. They remain in power at the will of the President. The Ministers need not necessarily appear in Parliament to be interpolated, and the Prime Minister can dispose of interpolations in writings. Death penalty remains abolished except in time of war. All persons are liable to be arrested without the ordinary process of any formal charges being framed in case of crimes committed, frustrated or attempted against the security of the State.

Primary education is declared compulsory. On the principle that "public opinion is the fundamental element of the political and administrative life" of the State, it shall be incumbent on the press to publish free of charge all official *communiqués* that may, in the opinion of Government, be conducive to better order and good government.

Liberty and inviolability of creed and religious practices of all denominations are guaranteed, and while the principle of State religion is not recognized the "concordata" arrived at with the Pope in respect of Portuguese religious missions in British India, known as "Padroado" is to remain in force and the diplomatic relations with the Vatican are to be maintained.

Death of Sir Henry Royce.

Sir Frederic Henry Royce, who died on April 23, came of country stock, says the *Manchester Guardian*.

He was the son of an Alwalton farmer, and was reared to earn his living at an early age as a newsboy o Messrs. W. H. Smith and Son. But the energy

and versatility of the boy and his strong leaning towards mechanical matters induced some of his father's friends to find for him an apprenticeship with the Great Northern Railway Company, and for three years he worked with the company at Peterborough, studying in the evenings at the Technical College. After he left the railway company he worked in various capacities and places—as a telegraph boy in London, in a machine-tool factory at 11s. a week, in an armament factory in Leeds, and with a firm manufacturing arc-lamps, in whose Liverpool branch he became chief electrical engineer. When this company went out of business Mr. Royce founded a similar company of his own, Messrs. Royce, Ltd., of Manchester, which first made only lamps and dynamos, but which later extended its range and still produces electrical cranes and motors.

In 1902 he turned his attention to the motor-car, whose early and unreliable examples were then appearing on the roads. He bought one for himself, and was so dissatisfied at its performance that in the following year he produced a model of his own, a two-cylinder, 10 h.p. car. Four years later he met the Hon. C. S. Rolls, another pioneer of the internal-combustion engine and a keen aviator, and with him formed the famous firm of Rolls-Royce, Ltd. The works were moved in 1908 to Derby, where they have remained ever since producing the cars which have become the standard of excellence and precision the world over.

On the outbreak of war the need for reliable aeroplane engines became suddenly pressing, and the firm had to prepare for enormous production for the Government. Mr. Royce turned this opportunity to good account, and the engines he designed soon gained the same reputation for general excellence that his motor-cars had won, and they are now used by a large number of the civil and military aircraft of the world. The machines which won the Schneider Cup in 1929 and 1931 carried Rolls-Royce engines, and the world's records set up by Sir Malcolm Campbell recently on land, and by Mr. Kaye Don on the water, and the record made by Flight Lieutenant Stainforth in the last Schneider Cup race of 407 miles per hour, which has been beaten in the last few days by an Italian airman, were all achieved on Rolls-Royce engines. Mr. Royce also designed the engine used by Sir John Alcock and Sir A. Whitten Brown on their first Atlantic flight.

In 1930 the King conferred on him a baronetcy in consideration of his services to the country. After his retirement to West Wittering Sir Henry did not give up his work, but a staff of designers was continually with him in his home, and he kept the closest touch with the Derby factory.

"Tell the World."

British railways are this year launching one of the most intensive campaigns in the history of rail transportation to "tell the world" of the services they have to offer.

Press, Posters and Handbills.—In choosing the Press as the principal medium for acquainting the public with their various facilities, British railways are following a practice that has been established for a large number of years. In addition, the campaign includes the printing of thousands of posters to be exhibited, not only in railway stations, but in towns and villages and in districts remote from the railway. Millions of handbills will also be delivered

from the stations and by house-to-house distribution, and large numbers of illustrated books and folders will be distributed at home and abroad. The railway companies' plan is to leave no section of the community out of this huge 'sales' campaign. Their aim is to acquaint everyone with the services they have to offer. They have also enlisted their huge staff of over half a million men as canvassers in the great drive for traffic this year and the results so far have been very encouraging.

L.M.S. Commissionaires and 'Contact' Men.—Entirely new ideas in railway salesmanship will be featured in this campaign. Among them may be mentioned travelling 'contact' men on important business expresses who will deal with transport problems of all kinds with business men travelling by the trains; 'railway commissionaires' who will apply the 'human touch' in welcoming passengers at big L.M.S. stations; 'passengers' friends' who will help travellers at the busy holiday periods; 'business enquiry' cards, placed in restaurant cars on business trains so that the travelling business man can make his wants known; and 'contact' men at railway hotels who are available for consultation at any hour of the day or night.

'Summer Tickets' Every Day.—Quite the most important feature of the railways 1933 travel drive is the entirely new facilities that are being offered to travellers. 'Summer Tickets' will, for the first time since the war, provide everyone, business man as well as holiday-maker, with travel at a penny a mile without restriction, for return within a month; night bookings between London and Lancashire and Yorkshire towns and the north-east coast provide even cheaper travel—at the rate of three farthings a mile—while new and original ideas are being evolved for day and half-day trips and visits on the lines of those successfully operated in 1932.

Railways and Public Relations.—British railways want to make friends with the British public. They want their organization to be regarded as one to which the public can turn, assured of helpful service either in the matter of individual travel or in the larger problems of freight transportation. They want to make "Rely on the Rail" a real, living slogan, which performs to the last degree of effici-

ency the promise it embodies. Already the railways have evidence that modern salesmanship methods are arousing interest in their industry, and when their plans are fully developed they are hoping to reap the benefit in increased carryings of both passengers and freight.

An Impression of Russia.

Ellery Walter, a young American Journalist, who went to Soviet Russia in 1931, has written of his experiences and findings in a recent publication entitled "Russia's Decisive Year". Going over as a communist sympathiser and with introductions to the Bolshevik leaders, his conclusions are all the more significant, says *Industrial Canada* for April 1933.

"I had three tremendous disillusionments," he writes: "First, when I learned that one could not send the truth out of the Soviet Union or tell the truth about the outside world in Russia. The second was when I found out that the peasants had been tricked by the Government and were unhappy. The third was when I met Russia's leaders and learned that they were not altruists, but individuals interested in their own comforts and in a class snobbery equal to that of Romanov Russia. Proferring an indifference to wealth, they strive ruthlessly for power."

Mr. Walter gives seven reasons for what he regards as the inevitable failure of Bolshevik industrialism:—(1) the fear of taking a chance, because if unsuccessful, this may entail a prison sentence, exile to Siberia or even death; (2) the lack of skilled labour due to a too quick change from a "feudal system to the age of modern machinery"; (3) lack of standard equipment; (4) lack of co-operation with the foreign specialists through envy or resentment; (5) lack of funds, through the decline in world commodity prices; (6) lack of executives and the resultant craze for huge forward schemes at the expense of day-to-day requirements; (7) the subtle sabotage by the masses of the people, who passively resist a regime which they despise and hate.

Recent Economic Publications.

The Search for Confidence in 1932.

The second series of the *Bulletins* issued under the Chairmanship of A. A. Abbot. With an Introduction by Sir Basil P. Blackett, K.C.B., K.C.S.I. Messrs. P. S. King & Son, Ltd., 14, Great Smith Street, Westminster, London. Price 6s.

This is a publication which should be termed topical. It consists of a series of *Bulletins*, issued last year, which, when they appeared, created some surprise by the novelty of their suggestions. These suggestions have now won general acceptance and that seems one reason why they should be published over again in a more convenient and handy form. Sir Basil Blackett, so well known to India, writes a striking introduction in which he commends it, though its views may be "unorthodox". He thinks that it would do good in view of the World Economic Conference now sitting in London. At the time he wrote the Introduction, the British public were awaiting the Budget for 1933-34. Of this Budget

Sir Basil wrote: "It is being increasingly realized that the decisions to be taken in this Budget are fatal for the future not of Britain only, not of the British Empire only, but of Western civilization." The Chamberlain Budget has, however, been quite an phenomenal one. We cannot say what Sir Basil thinks of it now but it surely cannot have come up to his expectations or those of the writer of the two articles on "The Strength of the Sterling" included in this book. He wants a "realist policy" but is he going to have it in the cataclysms that are threatening the West of Europe? He pleads for "a moratorium for tax-payers"—but is it anywhere even in the air? Much more propaganda is required before we can reach this position and for which purpose this book is ideally fitted. Sir Basil is a "realist". He has no illusions about achieving the idea—by loans and development of public works. He says plainly enough—in answer to Mr. Keynes—that "this is not so". He suggests "planning and recheming" and says that "the present is a very suitable time

for it". But to those who have Russia on their brains "planning and scheming" is anathema. The value of this book is that it supplies the true corrective to such people. We would commend it.

British Budgets.

Third series, 1921-22 to 1932-33. By Sir Bernard Mallet, K.C.B. and C. Oswald George, B.Sc. (Econ.), Messrs. Macmillan & Co., Ltd., St. Martin's Street, London. Price 30s. net.

A melancholy interest attaches to the issue of this volume, for Mr. Oswald George records in it the rather sudden death of Sir Bernard Mallet just as it was about to be issued from the press. Those who have read the 1st and 2nd series of this publication know what value to attach to it. We gave a detailed review to the first series in these pages and we could not add to any extent to our high appreciation of the manner in which the present work has been produced. The condensed form in which the Budget Speeches are here presented do not in the least detract from the value attaching to them. The opposing arguments have been presented by appropriate quotations or summaries. The methodology adopted has been the same as on the previous occasions and this will be appreciated by those who have grown accustomed to the earlier volumes. Though the authors are modest enough to claim nothing higher than providing a "convenient summary of the financial measures of recent years," they have shown how it is necessary that there should be "a practical compromise between the two seemingly incompatible ideals of capitalism and socialism" which have alternately swayed the financial policy of Britain for many years now. A volume that should be on the shelves of every economist—nay every publicist—in this country.

Agricultural Co-operative Credit Societies in India.

By I. P. Misra, M.A., B.Com., F.R.E.S. The United Press Ltd., Bhalgalpur, Bihar and Orissa. Price Rs. 2-8-0.

Mr. Misra deserves thanks for producing a helpful, practical book on the principles of organizing Agricultural Credit Co-operative Societies in India. He has a wide outlook and his treatment of topics is both lucid and informing. He particularly shows how pitfalls can be avoided and how the person to be benefited by credit should be further guided in realizing the fruits of his labour—labour expended in applying the credit he has obtained to practical use. Every co-operator should read through the concluding chapter in this volume, in which the author sums up his views. They are applicable almost to every part of India, where co-operation has spread during the past thirty years or so. Mr. Calvert, whose knowledge of co-operation is second to none in the field, writes a notable and suggestive *Foreword* which we should much like to see widely read. He commends the volume to those interested in co-operation generally in this country. He adds: "If only the advice and teaching contained in this book could find wide acceptance, we should be appreciably nearer better living for the mass of the people." That this is so, nobody who goes through this book will deny. Mr. Calvert's remarks are so apt in one or two matters that we feel sure that the two following paragraphs from it will be widely appreciated:—

"A few years ago, stress used to be laid on Acts, Rules and By-laws; now it is becoming clear that success must be founded on the spread of knowledge

amongst the members. No longer is a member taught to obey the rules and by-laws because they are rules or by-laws; he is taught what is for the benefit of himself; he is shown which rules of conduct lead to poverty and which to prosperity, and he is led to understand exactly why certain advice is given to him. It is on this knowledge of what is his own interest that the hope of success is based. There was a time when it was considered sufficient if a few leaders knew something of the elementary principles of Co-operation; perhaps, occasionally a member of the committee might receive a little instruction, but the members generally were regarded as too "backward" ever to be able to imbibe the basic principles on which their hope of economic improvement depended. Now it is widely recognized that the whole structure of the co-operative movement is intended for the benefit of the simple member of the primary society, and that so long as he succeeds all else is of small account. Supervision is intended to teach the members to do without supervision; the Central and Provincial Banks are designed to help the societies to build up such owned capital as may enable them to dispense with all help from their financing institutions and so on. The whole object of according help to co-operators is to enable them to do without help. The shortness of the span of human life and the magnitude of the task make it almost inconceivable that outside help will ever become unnecessary, for good members pass away and others have to be taught in their places; the membership of a society is continually changing; the need for economic improvement is so limitless that there seems no end to the need for workers and leaders, and these need not fear that a time will come when the co-operative field will offer no more scope for their unselfish activities.

"There is one matter which in these days calls for careful teaching and that is the responsibility which rests on anyone who is dealing with other people's money. Some members of recent Banking Enquiry Committees seem to think that funds deposited for safe custody are a sort of common property to which everyone with any wild scheme could lay claim; these appear anxious that such funds should be invested without any regard to the wishes of the depositors or of those with whom they had placed their money. They wished to set up a principle that it was the duty of a banker to lend to objects of their choosing and they would even penalise bankers who took a serious view of their responsibilities towards their depositors. A banker has only one primary duty, and that is to hold sums placed with him until they are required by those who so placed them. It is no part of the duty of a banker to lend money to anyone; that is his business—his means of livelihood—but his main duty must always be to his depositors. It is true that in a credit society, the main object is to lend money to its members, but no member has any unrestricted right to a loan, and no society is under any unrestricted obligation to lend to its members. The criterion must be the good of the members individually and collectively. In every transaction, the first consideration must be the interest of the person who finds the funds, and this under a system of unlimited liability means the general interest of the members. When these are well safeguarded, credit may be given where it is deserved and from those simple principles are derived the rules and by-laws governing the transactions of a society."

Wiser words could not have been uttered. They are both timely and true.



Books in Brief

Short Reviews of Recent Books

Social Settlement as an Educational Factor in India.

By Clifford Manshardt, Ph.D., Nagpada Neighbourhood House, Bombay. The Association Press, N.M.C.A., 5, Russell Street, Calcutta. Price Cloth Rs. 1-8-0; Paper Re. 1. (Illustrated.)

If any one desires to know what the Social Settlement means and how it can be worked to success in populous cities, Bombay, Calcutta or Madras, here is a little volume by one who knows all about it. It gives not only the history of 'the settlement' idea but also how it is being transplanted into India. Dr. Manshardt writes as a confirmed believer and his descriptive account is well worth careful study. The need for work of this kind on carefully organized lines is now being felt as a *sine qua non* in big cities, in which conditions under which life is led make it impossible for people to come together, know each other or make any attempt at improvement of the area or those living in it. A book that deserves a wide circulation in metropolitan and semi-metropolitan areas.

Speeches and Writings of Mahatma Gandhi.

4th Edition. Messrs. G. A. Natesan & Co., Madras. Price Re. 4.

This is an up-to-date and comprehensive edition of the Mahatma's speeches and writings. The universal popularity enjoyed by him is vouched for by this, the fourth edition, of his sayings and doings. Nothing can, we think, better describe its contents than the following note which appears on the jacket of the publication:—"The chapters are so divided as to cover the Mahatma's varied activities in different periods of life, and the top notes set forth the time and circumstance of the writing or utterance. Select articles from his pen and excerpts from his writings and speeches are also taken from *Young India* and *Navajivan*—the Mahatma's English and Gujarati Weeklies—articles throwing light on the movement of his mind and forming a running commentary on the leading events of our time. The book is thus of equal interest as history and autobiography. The volume opens with the South African Indian question and gives his views on indentured labour and the position of Indians in the Colonies, his jail experiences in South Africa and India, his statements on the Kaira and Champaran disputes, his discourses on the Rowlatt Bills and *Satyagraha*, and his *Young India*, articles on the Non-Co-operation Movement including select papers on the Khilafat and Punjab wrongs, the Congress, *Swadeshi*, National Education and *Swaraj*. It also includes his famous Letters to the three Viceroy—Lord Chelmsford, Lord Reading and Lord Irwin, his historic statement before the Court at the great trial, his Congress Presidential address, his speeches and messages during the great march to the salt pans of Dandi, the full text of his Agreement with Lord Irwin and the speeches implementing the Pact. Then there are the full texts of his speeches at the

Second Round Table Conference followed by the Willingdon-Gandhi correspondence. Another section contains his important studies on the Hindu-Muslim question, as also the statements on the Problem of Untouchability following the historic letter to Mr. Ramsay MacDonald and the epic fast which resulted in changing the Premier's award. Yet another section gives his reminiscences of great Indians like Gokhale, Pherozshah Mehta, Bal Gangadhar Tilak, Chittaranjan Das, Lala Lajpat Rai, Pandit Motilal Nehru, Hakim Ajmal Khan, Swami Shradhdhanand, Dwijendranath Tagore, etc. The last section contains chapters on a variety of subjects of miscellaneous interest ending with his famous prophetic record on God. The book is profusely illustrated with portraits of the Mahatma at different stages of his life."

A book to be in the hands of every active public worker in India. Europeans have here authoritative information of the Mahatma's ideas and views.

Review of Rural Welfare Activities in India in 1932.

By G. F. Strickland, C.I.E. Oxford University Press, Bombay.

The Indian Village Welfare Association which is responsible for this booklet, deserves to be congratulated on the commendable interest it is taking in the happiness of the rural dweller in India. Sir Francis Younghusband contributes a Preface, while Lady Irwin introduces it to the public by a *Foreword*. Lady Irwin suggests that though it is the task of Education in its many applications to remedy the position in the village, yet it is only publications of this type that are likely to assist to a fuller knowledge of the difficulties of the position and the evolution of the most effective remedies to overcome them. Sir Francis in his Preface assures us that "as never before the British public does realize something of the vastness of India and the complexity of its problems and that the greater majority of its population are village folk." He says that the Indian Village Welfare Association is anxious to help the villager with knowledge to improve his position. He suggests that in time this little book is intended to become "a recognized handbook for village workers". As it is, it gives a summary account, according to Provinces, of the position of the village in India and the work of reconstruction carried on in it by Government Departments and by Municipal Agencies. This stock-taking of the position is good as it is likely to help in organizing work on sound lines hereafter. If the Association can tap funds in England for work of this kind and help get into existence a central organization which can eventually set up a sort of Rural Civil Service, it will have done a great service to this country. If retired Anglo-Indians did this instead of engaging in political agitation against India, there is no reason why they should not come to be remembered as real friends of India.

Up from Poverty.

By Dr. Spencer Hatch, B.Sc., M.Sc. (Agri.), Ph.D., Director, Rural Demonstration, Travancore and Cochin District, Oxford University Press, London, and Bombay. Price Rs. 2.80. (Illustrated.)

This book has been written by one who has been in India these sixteen years and more. It is written with understanding and in a spirit of good-will. The writer premises by saying that there is a fundamental unity in Indian Civilisation and that principles and methods found suitable elsewhere have already been found applicable in the East. In these columns we have never been tired of pointing to the lack of leadership in the rural areas, especially under modern conditions. Dr. Hatch has a special chapter devoted to it and it should be read by every one interested in the topic of rural welfare. Lord Willingdon who contributes a *Foreword* to the book suggests that caste has had the effect of depressing the villager and that his progress can but be slow. As Dr. Hatch envisages it, the position does not appear to be so hopeless as all that. In Part IV of this book—which is headed "Facing the problem of leadership"—will be found the practical methods adopted by him and in operation in Travancore. It will not do to retail it here. Readers interested in the subject cannot do worse than invest a couple of rupees on a copy of this book and study it for themselves. A readable practical book of immense value to rural workers and enthusiasts.

Gandhi's Fast.

Published by the "No More War Movement," 11, Doughty Street, London, W.C.1. Price 3d.

We are writing on this little pamphlet immediately on the completion of the 21 days' fast of Mahatma Gandhi. This pamphlet accordingly is of great significance, because it draws pointed attention to English readers the value of the doctrine of *ahimsa* as preached by the Mahatma in conjunction with *Satyagraha*. Across the title page is printed in red ink the following words descriptive of the objective of the pamphlet:—"The Battle has been won without violence; for what cause was it fought." The question is answered in this pamphlet. The writer, Mr. Reginald A. Reynolds, says towards its close:—"The average Englishman is unlikely ever to understand the new Indian Constitution, and his newspaper sees to it that he knows little or nothing of the non-violent revolution that is in progress throughout India, and even less of the methods of repression by which that revolution is being met. What could be done in protest? The complexity of the Communal Award concealed its infamy. The suffering of nameless thousands of Civil resisters was lost in a conspiracy of silence. There seemed to Gandhi but one effective method of protest left; and he took it." A dispassionately written pamphlet worthy of wide distribution in England, especially in Diehard circles.

Historical Inscriptions of Southern India.

By Robert Sewell, I.C.S. (Retd.) Edited by Dr. S. Krishnaswami Aiyangar, M.A., Ph.D. Madras University, Senate House, Chepauk, Madras. Rs. 10 or 1 guinea (Foreign).

Almost the last work undertaken by the late Mr. Sewell, who has been known to historical students as the author of the *Lists of Antiquarian Remains*, *The Forgotten Empire* and other publications, was this valuable work. The labour involved in producing it can be appreciated only by scholars who are engaged in the working up of inscriptions which

are being daily added to by fresh discoveries by the Archaeological and Epigraphical Departments. A Dr. Krishnaswami Aiyangar well puts it, Mr. Sewell was one of the few, who was fully qualified to take up the great task of compiling a work of this compendious kind. And he has done it with indescribable other factors involved in its production; knowledge, experience, skill and unabated interest in it, all of which should have contributed each its own mite towards its production. The Government of Madras, deserves to be congratulated on sanctioning its publication and the Madras University, which has shown commendable zeal in advancing historical research on approved lines should also be complimented on issuing it as a University publication. To understand the general scope of this work is to appreciate it at its real worth. It endeavour to take into account all published historical inscriptions—published in any learned journal or official report or volume and sets them in, chronologica order. Undated inscriptions have been generally omitted; and the A.D. reckonings have been adopted in preference to that of Saka, Kaliyuga and other eras. One advantage of this dating is that the interested student is saved the labour of calculating the date. And when we remember that Mr. Sewell was a recognized authority in the matter of calculating dates—he was joint author with Mr. Dikshit of the *Indian Calendar*—we know what a boon he has conferred on research workers in South Indian History. The list starts with 250 B.C. and ends with 1870, the date of Queen Victoria's Proclamation as Empress of India. A map of South India and numerous genealogical tables and a copious Index enhance the value of this splendid publication, which is bound to advance historical research in Southern India in the years to come.

A Justification of Capitalism.

Industrial Canada for April refers to a book of German authorship, *Magnificent Money-Makers*, which, it says, sets out to trace the careers of some twenty of the richest men in the world since the Middle Ages, commencing with Lorenzo di Medici and ending, dramatically, with Ivar Kreuger. The central thesis to which each biography contributes testimony is the essential impermanence of wealth except when accompanied by fulfilment of conditions. Three are mentioned: (1) the source of the riches must be such as to animate and not to atrophy the desire for hard work; (2) wealth must be utilized in the spirit that makes for peace and not for war because war excites all the forces of instability; and (3) it must be employed democratically, that is, in a manner which enables the enjoyment of its benefits to filter through to all sections of the local or national community. That is the essence and justification of authentic capitalism. Says the writer, "Modern freedom and modern humanity with all its capacity for artistic as well as utilitarian development rests on a money foundation; in other words on capitalism."

From Chaos to Control.

Sir Norman Angell has published a new book on economics with Allen & Unwin. This is called *From Chaos to Control*. It is based on the notes used in the delivery of the Halley Stewart Lectures, 1932-1933. As the lectures were delivered from notes only, the author has added a good deal of new material.