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Chettiar Expulsion from Indo-China.

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The expulsion of five Chettiers from French Indo-China has profoundly upset the Indian Nation during the past ten months. This first class international question is now permitted to diplomatic negotiations between Delhi, London and Paris. I have spent four weeks in Indo-China in an independent inquiry into this question. I have travelled extensively in Cambodia and Cochin-China where Chettiers do most of their business and have spared no pains to gather the viewpoints of the various interests involved in the present unpleasant state of affairs in Indo-China. I am putting down my conclusions with a full sense of responsibility in order to assist the authorities in India, England and France to fully and objectively comprehend all the issues involved in the Chettiar expulsion.

The Chettiers, or Nagarthars as they are called in India, form a distinct community by themselves. "Chetty" is a generic term used in South India to denote the third occupational group of the Aryaa caste system, the *Visayas*. But the Nagarthars, or Chettiers as they are otherwise known, are not *Visayas*. Their exact ethnographic or occupational origin is not clearly known. But they are classified with *Sudras*, the fourth group in the descending order of social importance in the Indian caste system. They may be classified with other agriculturists in India, but with this difference that they are from decades past known to be money-lenders. In fact, Nagarthars may be described as a compact community located in Chettinad in the Madras Presidency which excels in lending money to agriculturists. Such is their training by birth and occupation that they perform the duties of a communal land mortgage bank.

The Nagarthars are extremely adventurous

people and just about a hundred years ago, under the aegis of British protection, they migrated to Burma and Malaya to extend their operations in the money-lending line. With the accumulation of experience, under British protection, they further extended their business to foreign countries such as Siam and French Indo-China. About the year 1870, two Chettiers arrived in Saigon with a starting capital of some fifty thousand piastres, representing something like five thousand pounds sterling to-day.

The advent of the Chettiers into Saigon coincided with the French occupation of Cochin-China, sixty years ago. A country scarcely known before, has now commenced to throb with economic life. Capital was very much needed for the proper exploitation of the virgin resources of the country. French capital was then, as it is even to-day, extremely shy for investment in Indo-China. The local colonial administration was anxious to help foreign investors to bring their capital for the economic development of the country. The two Chettiers who arrived in Indo-China in 1870 were thus hailed as beneficent sojourners and the administration as well as the indigenous Annamite agriculturists welcomed them with open arms, especially when agricultural and commercial credit institutions were then almost non-existent in the country.

But, the local administration never gave the Chettiers any extra-special privileges, except grants of land in the heart of Saigon for the first settlements of the Chettiar community. At best, it gave the Nagarthars passive encouragement to carry on their operations. Unlimited opportunities for investment of money, coupled with the naive business training which the Chettiers possess helped them to

progressively increase their investments in Cochin-China. Under the Governor-Generalship of M. Albert Sarraut, the present French Minister of Colonies, the administration sent for the Chettiar in 1911, cleared up certain mis-understandings and actually encouraged the latter to bring in more money to feed the country which began to bubble with industry, as a direct result of the Great War.

The Chettiar, excelling as they do in financing agricultural operations, came in large numbers and scattered themselves all over Cochin-China and Cambodia. In fact, they formed themselves into an unofficial chain of agricultural banks. To-day there are about 120 Chettiar firms in Indo-China, represented by their branches or agencies all over the country and manned by over six hundred individuals, bankers, managers, assistants and domestic servants. At a conservative estimate, they have something like eight crores of rupees locked up in the financing of the agricultural and commercial activities of the country.

I spoke of a hundred and twenty Chettiar firms in Indo-China. They are not the limited companies of the modern times. They are, in fact, individual proprietary concerns, the principals of which in most cases reside in Chettinad. In a few cases some of the principals are resident in Indo-China. But, generally speaking, these firms are managed by *mandataires* or agents who receive powers of attorney from the principals in India. By a code of community and business morality, which is a special virtue of the Chettiar community, these firms are usually conducted in the most efficient and loyal manner possible.

These Chettiar firms in Cochin-China and Cambodia in particular (there is only one Chettiar firm in the rest of Indo-China, at Hanoi in Tonkin) spread their net wide and got into direct personal touch with Annamite and Cambodian agriculturists who are in need of financial assistance which no other bank or credit society can give.

A personal equation between debtor and creditor determines the status of a loan transaction between the Chettiar and the Annamite and Cambodian agriculturists. No security is usually demanded in the case of small loans i.e., loans under five thousand piastres. A promissory note is all that is implemented in this transaction. Because of the risk involved, the Chettiar obtain a rate of interest higher than the legal rate, i.e., twelve per cent per annum. There is a strong element of uncon-

scionable bargaining in these Chettiar transactions. Sometimes, a surety or two guarantee the repayment of the loan to the Chettiar creditor. It is not usually the case that the Chettiar lends huge amounts to people in Indo-China. Whenever they do so, they obtain mortgages on the properties of debtors.

One feature which is peculiar to Chettiar's banking is that the proceeds of the margin-interest (i.e., that portion of interest which exceeds the legal one per cent per month) are wadded together on the principal and the promissory shows only one per cent per annum as the interest charged by the Chettiar. This was done as a matter of prudence to get out of the clutches of the statute law. Actually, there is no evidence to establish this point and to bring to book the Chettiar under the French usury law of 1850 which was applied to Indo-China in 1914 by a decree of the local administration.

But every one knows this practice and has acquiesced in it as but a necessary corollary to the acceptance of a lot of risk by the Chettiar on their unsecured loans. There is not on instance so far in Indo-China where a law court condemned this practice, when decrees were obtained by the Chettiar against defaulting debtors. The administration itself admits this point. Further, M. Sarraut's assurance of 1914 was there that, in the peculiarly difficult money-lending operation the Chettiar would not be interfered with.

On the whole till the recent trouble arose the Chettiar were encouraged to invest the moneys without hindrance, to the mutual benefit of themselves and of Indo-China.

II. HISTORY OF EXPULSIONS.

The expulsion of the five Indian Chettiar bankers in Cochin-China cannot be isolated an incident unconnected with the general trend of economic and political events in Indo-China. It is a part of the general policy of the Colonial Administration. In 1921 a similar campaign has been carried on against the Chinese nationals resident in that country. At that time the Administration was anxious to deprive these influential Chinese entrepreneurs of their complete monopoly of the internal trade of this country. This they have succeeded in achieving. To-day the Chettiar broker and *commereant* are pushed to the wall and the ever-tightening grip by the French Metropolitan economic hegemony has seen a triumph of a doubtful value.

The expulsion of the Chettiar is but a recrudescence of this anti-Chinese policy seven years ago. The administration to

wants to curb the activities of our nationals in Indo-China in order to prevent the wholesale alienation of Annamite properties in favour of the Chetties. Saigon would like to prevent, at all costs, the Chetty from digging himself deep into the soil of Indo-China and by fortifying his position by means of a vast accumulation of properties. I met three sons of a wealthy Chinese millionaire of Saigon who are to-day legally prevented from acquiring landed properties in the city and elsewhere in Cochin-China simply because the sin of their deceased father was a vast accumulation of properties all over the country which has threatened the creation of a mammoth monopoly. Private enterprise has, thus, become suspect, and for aught I know, foreign nationals have very little to hope for improvement in the situation which is to obtain in the near future.

These anti-Chinese and anti-Chetty campaigns must be equated with the Metropolitan Colonial policy of France if they are to yield us any information as to the motive behind the arbitrary policy of M. Pasquier, the present Governor-General of Indo-China. The prevailing economic depression all over the world has set the limits to the policy of the Parisian Government. Ever since M. Poincaré stabilized the French franc in 1925 and restored, or partially succeeded in restoring French economic equilibrium, a growing desire was felt to bring together round Paris a strong zone of colonial units in order to weld the empire of the Third Republic into a synthesised economic bloc. Numerous colonial laws have been passed attempting to bring together the outlying portions of the empire into an economic *collesein*. This is but a natural result of the traditional logicity of the French nation. Senegal, Somaliland, Morocco and Indo-China are but the necessary props to maintain erect the vast edifice of French capitalism and economic organization. The Colonial Law of 1931 has set the seal to a system of quotas both for imports and exports between the mother country and the outlying units of the empire.

The Parisian bourse having become extremely enterprising it was felt that Indo-China too must supply the griot to the mill of metropolitan exploitation. A system of monopolies was attempted to be instituted in Indo-China during the past ten years to the detriment of the foreign nationals like the Chinese and Chetties in the first instance, and also of the indigenous subject races. *Magazines généraux, syndicats agricoles, mono-*

noles industrielles sprang up as filiations to the *Banque de l'Indo-Chine* which is the state bank incorporated in Paris and having the right of note issue in Indo-China. The activities of these industrial, commercial and financial organizations are so thoroughly developed during the past few years as to have a complete grip of the economic life of the country. Numerous protests have been sent up to Paris and representations have been made with considerable vigour to the effect that this calculated policy of economic imperialism is bound to ruin the legitimate rights of the indigenous inhabitants but Paris was adamant and Pasquier became triumphant.

Anyone whose activities run counter to this policy of the mailed-fist has to pay the penalty for impudence. The Chmamen has come to rue his activities since 1926 simply because his offence was success in the entire internal trade of the country. To-day the Chetty has to *lout* the bill in order to fatten not only the Colonial Administration but also the entire community of French investors. The administration is directly involved in this policy because of the fact that it not only helps the above-mentioned organizations in the country but actually controls their policy in so far as a substantial proportion of the directorate of these concerns is drawn from Government officials. The devil has, thus, come to have the hind-most, and Paris has willingly aided and abetted the Colonial Government in Saigon. It was whispered into my ears that there is at present going a conspiracy between M. Pasquier and M. Sarraut. M. Diehelm, the present Director of Finance in Indo-China, is a new recruit to the steel frame, and has been responsible for the stabilization of the piastre, the increase in local taxation, the putting up of the tariff walls right round the country and other acts of economic imperialism which have succeeded in sabotaging the prosperity of the country to the advantage of Paris and the French Republic.

Ostensibly, the present policy of the local colonial administration is one intended to liquidate all the Annamite debts through the medium of the Long-Term Credit Office, an administrative institution which has specially been brought into existence after the expulsion of the Chetties has actually taken place. This Long-Term Credit Office is supposed to have a nominal capital of ten million dollars, that is to say, one and a half crores of rupees in Indian currency, subscribed for on the Parisian bourse and placed at the disposal of the local administration by the

Metropolitan Government. Of this, five million dollars have evaporated into regions unknown. That is to say, this Long-Term Credit Office, has about seventy-five lakhs of rupees at its disposal in order to bring about the economic salvation of Indo-China. Obviously it would be seen that this office cannot possibly "manage" the entire volume of indigenous debts. The Chetti investments alone, as we have already seen, amount to somewhere about seven or eight crores of rupees. There are numerous other creditors, indigenous, Chinese, French and quite a number of French banking institutions like the *Banque Franco-Chinoise*.

This Office does not take cognizance of loans below the five thousand dollar level. It is supposed to give immediate relief by taking specified debts of the first category which are over and above five thousand dollar level according to the discretion of the Officer-in-Charge. I am afraid the traditional logicity of the French nation has failed through the medium of this institution. But the Long-Term Credit Office which has actually come into operation on the 1st June 1933 is a remarkable triumph in screening the administrative actions of the Colonial Government of Indo-China in so far as the Chetti expulsions are concerned. Where ignorance is bliss and information lacking it is impossible for an outsider, like any one in our country, to fully appreciate the tangled morass of the legal administrative arrangements in Indo-China. This Office is being used to exploit the weakness of the Chetti and to brow-beat him into acquiescence with the policy of the Government of Indo-China. Having been myself present exactly at the time when this office was inaugurated and having actually seen the working of this institution, I have no hesitation in declaring that the astuteness of the Saigonesse Administration has been indicated and that the thin end of the edge has been driven into the entire Chetti community and investments with a view to create disunity and panic among our nationals in that country.

III. THE FOLLY OF THE CHETTIES.

It has been persistently maintained that the Chetties are responsible for political agitation which is subversive of the stability of the Government of Indo-China. In fact, this is the emphatic declaration which M. Esquier made during my interview with him. I have endeavoured to get at the exact state of affairs in Indo-China relevant to this

point. My conclusions on this point are the following:—

The Chetty never meddled in the political affairs of the country. The strong communist agitation in Indo-China since 1927 is well under control, thanks to the militarist policy of the Administration. A system of martial administration has cowed down the local Tonkinese and Annamite political agitators. The timid Chetty can never have been instrumental in stirring up political trouble in the land. On this point there is no possibility for any doubt at all. But the local Government would have us believe that the Chetty is conducting his financial operations in the land in such a way as to lead to an agrarian uprising among the local inhabitants. There is no doubt that with the fall of commodity prices land values have fallen precipitately, and earlier mortgages are unable to redeem the Chetty credits. Such being the case, the Chetties rushed to the courts with a view to get decrees for their claims upon Annamite debtors and thus prevent further losses in a scheme of affairs which has brought about a continuous fall in price levels.

The Administration alleged that this wholesale execution of Annamite debts is detrimental to the real interests of the land and would lead to the alienation of indigenous properties to foreign investors like our Chetty nationals. But it is ignored that even though the Courts have the power to stay the executions, no such preventive and judicial step has been taken to. Instead, the Government was anxious to score a march over the discontented local inhabitant and the nervous Chetty by adopting administrative measures in the shape of the expulsions of five Chetties and threats of further expulsions in case the latter do not come up to the expectations of the Government.

Thus it was that the first expulsion of Sokkalingam Chetty took place in September 1932. This Chetty refused to come to terms with the Long-Term Credit Office and thus allow the Government to "manage" his credits, since in law he felt that the requisitions of the Long-Term Credit Office are extra-judicial and, thus, not mandatory. A warrant for his arrest was then issued, as a "police measure" by the Administration. Our friend got scared and he so quickly changed his abode in several towns of Cochin-China that he was considered to be a fugitive from law. To make matters worse, he hid himself in Saigon itself, thus completing the picture that he is flouting the laws of the land. The timid

intervention of the British Consul-General at Saigon saved him from being sent to gaol, as imprisonment is religiously dreaded by the Chetties as tantamount to losing caste and moral turpitude. Thus was the impression created that there is an element of criminality in the operations of the Chettians of Indo-China.

Finally, when this gentleman was brought before M. de Feysal, the first Director of the Long-Term Credit Office, under the threat that his books would be ripped open under the *loi de renseignement*, the registration law of Indo-China, which empowers the magistrates to authenticate the account books of business men and others, he fumbled and finally refused to come to terms with the Office. His ignorance of the French language and the decidedly hot temper of M. de Feysal produced an unfortunate situation. There is no doubt about the point that the Chettiar concerned got exasperated and uttered something in Tamil in defiance of the Director of the Long-Term Credit Office, which was not only mis-translated by the interpreter at hand but also grossly exaggerated. M. de Feysal's anger knew no bounds and on the evidence furnished by him, M. Krauthheimer, Governor of Cochinchina, signed the expulsion decree against him and other Chetties as a police measure in order to bamboozle the Chetty community into submission. M. Pasquier seems to have been without much direct contact with these affairs and, thus, further ratification of this act of the Cochinchina Governor was obtained from the central colonial administration at its summer seat, Dalat, as well as from the Parisian Government.

The expulsion orders against five Chetties produced a parlous situation among our nationals in Indo-China. They ran to their French advocates, and from what I could gather from competent sources, these professional advisers of the Chetties have bungled more than once. In particular, Commandant Audit, the special Commissioner of the Nagarhars Association of Indo-China who was deputed to arrange matters between the community and the Long-Term Credit Office, has grossly mismanaged affairs. The French lawyers backed out of the situation when they came into conflict with the Saigonese Administration and the latter actually prosecuted the four advocates concerned before the Bar Council of the land for professional misconduct.

Finally, the entire Chetty community of

Indo-China had some misapprehensions about the role of the British Consulate of Saigon, and refused to inform Mr. F. O. Gorton, the Consul, of all the happenings since September 1932, not to speak of conducting negotiations through his agency. I had the good fortune to examine the records of the British Consulate on this issue, and could trace but one formal preliminary communication in regard to the service of the Police order asking the first Chetty to turn up before the Commissioner. Otherwise, the British Consulate of Saigon was completely ignorant of the happenings from the side of the Chetties. Nonetheless, it is gratifying to note that the Consular authorities of Britain have endeavoured to do all that lay in their power to protect our nationals. I have the least hesitation in declaring that the stupidity of the Chetties of Indo-China in suspecting and finally boycotting the British Consulate at Saigon is responsible for the privations they have been subjected to by the local government.

It cannot, at the same time, be ignored that the activities of the Nagarhars Association of Madras have been entirely in the wrong direction. Instead of proceeding to clinch the real issues involved in the Saigon expulsions, they have had recourse to circumlocutory communications with the Madras and Indian Governments, the India Office, the British Foreign Office, and, not the least, with the Saigon Nagarhars Association. So much so that a very unfortunate situation arose out of their confused but none the less bombastic activities. The Madras Association daily cabled to their Saigon brethren for information, on receipt of which they frantically appealed to the Indian press and the Central Government for protection. The Government of India cabled to the British Consul at Saigon to ascertain whether the Madras representations were correct. Then Delhi cabled to India Office for intervention. The India Office forwarded the matter for disposal to the British Foreign Office. The Foreign Office instructed the British Ambassador for intervention. The British Ambassador at Paris further instructed his subordinate, the British Consul at Saigon, to present local protests. Thus the circle went on indefinitely. Much time was lost. Much energy was wasted. And the Saigon Chetty community hung in the balance for nearly an year without any hope of relief.

All these things produced one or two results. The timidity of the Chetty, his irresponsiveness to reason, his utter lack of organization

nd his characteristic stupidity have given the Indo-China Government an undue advantage. In fact, the creditor Chetty in Indochina sued his debtor Chetty brother and finally a petition signed by eighty Chetty firms implored the Governor-General to intervene and settle inter-Chetty transactions, while in the same breath they protested against the action of the colonial Government in regard to its interference favouring the Annamite debtor against his creditor Chetty. Frankly, the Chetties cannot have both ways. This, the Saigonesse Administration knew perfectly well.

Next, the inefficient manner in which the Indian protest was launched made the Indochina Government extremely nonchalant. They knew perfectly well that, whatever may be the resolution of the Indian Legislative Assembly, the Government of India is weak and cannot have recourse to reprisals. They also knew that even London cannot move in behalf of India, in the same manner in which it has bamboozled Moscow when four British Engineers were tried for alleged acts of industrial sabotage in Russia, since the Indian political situation does not encourage the British Foreign Office towards effective intervention, while the delicate international situation of the time does not warrant an emphatic diplomatic rupture between England and France.

The net result of all these circumstances was that the future of the Chetties of Indochina is subject to the sweet will and pleasure of the Saigonesse Administration, as it has been amply illustrated by the history of the last twelve months.

IV. THE FUTURE.

The future of the Chetties of Indo-China is conditioned upon the following important points being fulfilled. The activities of the long-Term Credit Office must proceed upon

lines of equity and justice. At present, under the "offer" of this Office the Chetty would get about sixty per cent of his principal and interest, or substantially the principal of his first mortgages, and about less than ten per cent of his investments of the second, third, fourth, etc., rank credits. The detailed manner in which this Office functions must be watched with scrupulous care.

The Government of India would do well to realize that only direct negotiations with the Saigon Government can yield fruitful results. The precedents set up by the Indo-South African negotiations of 1927 and the recent Indo-Japanese Trade negotiations must be taken into consideration, and powers secured to directly deal with the offending government. Otherwise, Delhi, London and Paris can only succeed in wordy Despatches of a doubtful value. There is no doubting this point. A small committee of the Government of India should visit Indo-China and assist the local administration in the settlement of this Chetty question.

Finally, the Chetties themselves must reform their methods. Their sartorial and personal behaviour must be modified as to evoke respect from the local inhabitants and the French administration of Indo-China. The Nagarathars Association must be so thoroughly reorganized as to constitute an efficient body of bankers. The Chetty principals in India must recall inefficient and juvenile agents of theirs in Indo-China who are at the bottom of the present trouble in that country. A central Chetty bank in Indo-China in which the various competing firms can have proper places must be organized. Otherwise, the French Administration may once more revive its Chetty-baiting policy and reduce our nationals to the position of ineffectual urchins. What is wanted to-day is greater drive and the desire to improve their social position on the part of our Chetty nationals in Indo-China.

In 1925 the late Sir Ganga Ram, Kt., C.I.E., V.O., R.B., Lahore, with that generosity for which he was so well known, handed over to the Punjab Government a sum of Rs. 25,000 for the endowment of a prize of the value of Rs. 3,000 to be called the Maynard Ganga Ram Prize and to be awarded every three years, for a discovery, or an invention, or a new practical method which will tend to increase agricultural production in the Punjab on a paying basis. The competition

is open to all throughout the world. Government servants are also eligible to compete for it. Entries for the next award were invited by the 31st December 1932. The response was, however, poor and it has been decided by the Managing Committee of the prize that the award should be postponed for another year and that further entries should reach the Director of Agriculture, Punjab, Lahore, on or before the 31st December 1933.

Indian Constitutional Reform.

By Sir Mirza M. Ismail, Dewan of Mysore,
Mysore Representative on the Joint Committee.

The most important question on which the Committee has to reach a final decision is the constitution of the Federal Legislature. The main features of the scheme now under consideration are:—

1. The Federal Legislature to consist of the King represented by the Governor-General, and two Houses, namely, a Lower House composed of 375 members, of whom 250 would be elected to represent constituencies in British India, while the rest would be chosen by the States; secondly, an Upper Chamber of 250 members elected by the provincial legislatures or appointed by the States, with ten nominated members;

2. Differences between the two Houses to be settled in a joint session; and

3. The Executive to be responsible to both the Houses.

We shall thus have two bodies, both somewhat unwieldy in size, and little differentiated from each other in composition, and, therefore, in outlook. It may, perhaps, be pointed out that higher qualifications are proposed for membership of the Upper House; but it is doubtful if these will ensure its becoming any more than the Lower House, a body of weight, experience and character, as we visualize it, or a body attracting a different type of personnel. The probability is that it will only become a replica of the Lower House. The legislature, as proposed, has the appearance of a bicameral legislature, but it is not really so. It will function as a uni-cameral

legislature—an unnecessarily unwieldy one of some 600 or 700 members—on all occasions when an important difference of opinion arises between the two Houses.

The question is whether such a constitution is likely to work smoothly and effectively, and suit the needs of a vast and heterogeneous country. Experience has shown that in many Federal constitutions, Senates with concurrent

powers have failed to justify their existence. The fault lies in the fact that the States forming the Federation have not been entrusted with co-operation in the work of the Central Government. The second Chambers have been made, directly or indirectly, representative of the parties in the federating units, who are already enabled to send their representatives to the popular House. Thus, the political factor, namely, the people, is doubly represented, once in the popular House and again in the second Chamber.

Lack of adequate differentiation between the two bodies would be a serious defect even in a unitary constitution. In a Federal scheme, such as that we are trying to devise, it would be fatal. The component elements of the Federation would have no representation as such in the Upper House, which is pre-eminently the Federal organ of the constitution and "the pledge of the security of State rights."

The Report of the Second Federal Structure Committee recognizes the principle that the



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Upper Chamber should in the main represent the units as such (paragraph 22); and speaks of its members as being, in a special sense, the representatives of the Federal Units (paragraph 42). But it is obvious that it is only to the members from the Indian States that such a description could be correctly applied. The members from British India would not be regarded as the representatives of their Provincial Governments, which might have changed, or of their provincial legislatures, which might have been dissolved, after their election as members of the Upper Chamber. They could not speak with a united voice for their respective provinces.

Would it be wise to disregard the lessons of experience, and embark upon a great experiment without taking such facts into consideration? The writer believes it to be possible to devise a Constitution which would provide for, and remedy, this serious defect. He asks for a careful consideration of the following plan.

The two principal organs of the Federal State of Greater India would be :-

- (1) a popular House, which may be described as the Federal Assembly; and
- (2) another body, which may be described as the Federal Council.

The Federal Assembly will consist of representatives chosen by direct election, the representation being more or less on a population basis. The number may be fixed at 300-375, the proportion of the members from the States being 33½ per cent of the total strength.

As the Federal Council is to be that organ of the Federal Government which upholds the federal character of the Constitution, it would be composed of delegates appointed by the Governments of the States and Provinces. The smaller the number of its members the more capable it will be of doing effective work.

Unless the representatives composing the Federal Council are chosen in some way by the Governments of the Units, the Constitution will still be that of a unitary State, as the Federal elements will be lacking. For this reason the members of the Federal Council should be appointed by the Governments of the States and Provinces at their discretion and exclusively with reference to their expert knowledge. The representatives must vote and act according to the instructions which they receive as agents of their Governments. Plural votes of a State or a Province must be given uniformly. The Federal Council

may consist of 60 members representing the Units, of whom at least 40 per cent should be from the States.

The Central Government must be represented in the Federal Council by some of the Ministers and Counsellors of the Governor-General in order to safeguard the co-operation of the supreme Federal authorities and to prevent the various elements in the Council from working on parallel lines or against each other. A few members of the elder statesmen type may also be nominated by the Governor-General, both for the States and for British India. The States which are not individually represented may be allowed to send delegates to take part (without voting) in the deliberations of the Federal Council when any questions of special interest to them come under discussion.

LEGISLATIVE POWERS OF THE FEDERAL COUNCIL.

The Federal Council would have a suspensory veto on laws passed by the Federal Assembly with which it did not agree.

If the Federal Council exercised its right of veto, the Federal Assembly would then have to show a qualified majority, *i.e.*, a two-third or even three-quarter majority, for its resolution. The right of veto would have to be exercised by the Council within an adequate period, to be determined by the Constitution.

Bills prepared by the Federal Executive would be laid, first before the Federal Council, and after having passed this body, before the Federal Assembly. If the Federal Council wished the Bills presented to be altered, the Federal Executive could modify the draft. If it did not do so, the Federal Council should have the right of adding to the draft its own dissenting opinion, on passing the Bill on to the Federal Assembly.

Besides the right of considering Bills introduced by the Executive, the Federal Council should share with the Assembly the right of introducing Bills. The members of both bodies should have the same right.

EXECUTIVE FUNCTIONS OF THE FEDERAL COUNCIL.

In accordance with the nature of the Federal Council as the specifically Federal organ of the Indian Federal State, it should be in possession of certain powers with regard to the Federal Executive. Its co-operation in this sphere can, however, only be of an advisory nature, if it is not to restrict the Federal Executive unduly in the fulfilment

of its task of government. The Federal Council might be allowed the right of demanding reports concerning current administrative matters from the Executive, and information regarding the preparation of future Bills.

The following are among the advantages of constituting the Upper House in the manner proposed:—

1. It will be of a manageable size, and, therefore, better adapted for despatch of business and more economical in working than a larger body composed of some 250 members. It will cost less; it will attract a better type of men without unduly depleting the Provincial and State Legislatures.

2. The members, being selected with reference to their expert knowledge, will be comparatively free from party influences, will be more 'Federally-minded' and less bound up with local and sectional affiliations.

3. The points of view of the Governments of the Units will find timely and authoritative expression in the Council, and the occasions for conflict between these Governments and the Central Executive will be avoided or reduced to a minimum.

4. The functions of the two Houses being differentiated, there will be no occasion for them to come into rivalry with each other.

5. The difficulty of making the Ministry responsible to two Houses with co-ordinate powers will not arise.

6. The scheme will allow of States sending delegates to address (without voting in) the Council on matters in which they may be specially interested. This should be an acceptable concession to those States which cannot hope for individual representation.

7. The Upper House will be homogeneous in composition, as the members from the Provinces and the States will be selected in a uniform manner, i.e., by their respective Governments.

In order to illustrate the difficulties which these proposals are intended to meet, it may be useful to invite the attention of the Committee to a special article which appeared in *The Times* of October 23, 1931, entitled "Australia as a Unit". The experience of that country, which is administered under a Federal constitution, is of special significance to a Committee engaged in devising a similar system for India. They have come to realize in Australia the vital importance of close co-operation and concerted action on the part of the Governments of the Federated Units in all matters in which the country as a whole is interested. They have been forced to this in the hard school of experience,

and especially during recent years of economic difficulties. The story is so pertinent that I beg leave to quote from it:—

"Each of the other States also, New South Wales, Victoria and South Australia, although they were near enough to have similar interests, cherishes individuality; State feeling has not diminished with Federation, but has, on the contrary, established itself as a characteristic of Australian life. An Australian is a Victorian or a New South Welshman first, and an Australian only second."

"A Royal Commission on the Constitution was appointed by Mr. Bruce, and reported later in 1929. They declared that the advantage of having strong, self-governing States which could appeal to the local patriotism, knowledge and public spirit easily outweighed the admitted inconveniences. The events of the intervening years have shaken this argument. It would be surprising, however, if it were still not strong enough to defeat Mr. Scullin's scheme 'of transferring the power of amending the Commonwealth Constitution from the people to the Federal Parliament.' But the chief hope for the survival of Federalism is that, in a way characteristic of British political institutions, a *modus vivendi* involving no changes whatever is in sight. The Royal Commission recommended several means for co-ordinating States and Commonwealth action, but it referred to the Premiers' Conference, which was largely the creation of Mr. Bruce, merely as a useful body for this purpose. It could not foresee the great and decisive part which the Conference, as an institution, was to play in the crisis of the next two years. So valuable an addition to the governmental machinery is not likely now to be discarded. The difficulty of obtaining joint action is the burden of the case against Federalism. It would seem to many a mistake to apply too drastic constitutional amendments before at least another means, which offers the main advantages of unification without the objections, has been thoroughly tried."

It will be seen that the problem in Australia was how to arrest the tendency to extreme provincialism so manifest in that country, while on the other hand ensuring the survival of Federalism which is recognized as the only possible form of government in a Commonwealth which has such strongly marked diversities of interest and differences of outlook between its constituent Units.

It is needless to say how much more necessary it is in India, with her far greater diversities, that the Provinces should be kept together under a strong Central authority.

Bill Market in India.

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

Professor of Economics, Sanatan Dharma College, Cawnpore.

It is generally accepted that from the point of view of a discount market bills in India are scarce. The Royal Commission on Indian Currency and Finance dealing with the provision by which the currency authority in India is allowed by statute to issue currency notes up to a maximum of Rs. 12 crores against internal bills of exchange, refer to the scarcity of such bills and write, "This provision has had beneficial effects in practice, but it is not in our opinion incapable of development and improvement in connection with a reorganization of the bases of Indian currency. Any such provision depends for its proper operation on a plentiful supply of genuine trade bills. But in India for a variety of reasons most of the internal trade is financed by a system of cash credits or by the advance of money against demand promissory notes. It has, therefore, been found difficult to secure an adequate volume of bills as cover against the seasonal increase."* The Indian Banking Committee make the same complaint and they do not think that "this is due to a lack of knowledge on the part of people of the utility of this form of credit, or to an unwillingness to make use of it." Reference has been made by Dr. L. C. Jain in his excellent work on *Indigenous Banking in India to the use of Hundis as early as the 12th century A.D.*†

The following table shows the investments of various banks in India for 1928:‡

	The Imperial Bank of India.	Six Indian Joint Stock Banks.
	Rs. in lakhs.	Rs. in lakhs.
<i>Liabilities</i> —		
Capital and Reserves ..	10,85	6,66
Current and Deposit Accounts ..	79,25	52,20
<i>Assets</i> —		
Investments ..	19,04	20,06
Bills ..	12,47	1,23
Advances ..	51,85	33,42
Cash ..	10,65	6,83

The table shows that a very large portion of assets is locked up in investments. It may be because banks in India have to main-

* Report of the Royal Commission on Indian Currency and Finance, page 9, paragraph 18.

† *Indigenous Banking in India*, by Dr. L. C. Jain, p. 10.

‡ Report of the Indian Banking Committee, p. 408, paragraph 591.

tain a relatively stronger liquid position than in Western countries or because the yield of the Government securities is more attractive than that of bills. There are other reasons also for this state of affairs.

(1) Banks usually do not discount their bills with the Imperial Bank of India because if they do so their credit is likely to be adversely affected. Rediscounting is regarded as a sign of weakness by the market. Besides, these bills cannot find a ready sale in the market so that they cannot be converted into money very readily.

(2) Joint stock banks prefer loans on the security of Government paper to bills of exchange from the Imperial Bank. The reason is that in some respects the Bank competes with other commercial banks and the latter will not like to give away the secrets of their bill portfolio to their rivals.

(3) The system of cash credits is advantageous both to the banker and to the borrower. The lending banker can withdraw credit if the financial position of the borrower deteriorates and the borrower has to pay interest only on the amount taken advantage of by him. This system stands in the way of the development of the bill habit in India.

(4) The Imperial Bank is prepared to discount bills approved by it, but it has not laid down any standards to guide the banks by which the latter can know whether a bill will come under the category of approved bills or not. The joint stock banks cannot, therefore, depend upon rediscounting facilities being extended to them and they do not, therefore, discount bills of higher amounts than their own resources allow them.

(5) It is also suggested that the Imperial Bank charges the same rate for discounting bills from joint stock banks and shroffs and merchants. If special facilities are allowed to joint stock banks, questions of prestige will not stand in their way and they will take to rediscounting with the Imperial Bank.

SUGGESTIONS FOR DEVELOPING THE BILL MARKET IN INDIA.

(1) The Central Banking Committee recommend that when the Reserve Bank is established its published rate should be the minimum rate at which it is prepared to discount first class trade bills of member banks and the Bank should have full discretion with

regard to rates for open market operations. "To stimulate the use of bills the Reserve Bank should use its discretion to charge a higher rate for demand loans against authorised securities and it may find it useful to have a larger margin between these rates at the outset than will be necessary after the bill market has developed. Should the Reserve Bank find it necessary to discount the paper of the public without bank endorsement, it should consider whether it should not in the first few years at any rate charge a higher rate of discount to the public than that charged to member banks and bankers.

(2) Discounting charges are high at present and if they could be lowered, the use of bills would be facilitated. This happens when a person wants to discount a bill with a bank, the latter will charge a higher commission if the bill is payable at a place where the discounting banker has no branch and it will have to collect the bill through another banker. The banks in such cases should share the single commission between themselves equally in place of charging double commission. This can reduce discount rates.

(3) The Reserve Bank when it is established will be a bankers' bank and will not compete with commercial banks in ordinary commercial banking business and its position in relation to joint stock banks will thus be different from their present position in relation to the Imperial Bank of India. This will dispel the present prejudice on the part of joint stock banks against discounting their bills with the Imperial Bank of India.

(4) The establishment of warehouses or godowns in various parts of India would encourage the use of bills because finance bills would be replaced by documentary bills which would be more popular with banks.

(5) The stamp duty at present on bills is 18 pias per cent which works out at 9 annas per cent per annum as the bills are usually payable at 61 days. This is a very high rate which discourages a greater use of bills. The Royal Commission on Indian Currency and Finance had recommended the abolition of stamp duty on bills of exchange and this recommendation has been endorsed by the Indian Banking Committee. The latter Committee further suggested that it should be given effect to within a period of five years to enable the Local Governments to make good the loss of revenue. They have also recommended that as an initial step the stamp duty on all bills of exchange of less than one year's usance should be reduced to two annas per one thousand rupees.

(6) Printed bill forms should be made available in post offices both in English and the local vernacular.

(7) Customs governing Hundis should be standardized in various provinces so that their circulation may be promoted. If necessary, legislation may be resorted to in achieving the object.

(8) The noting of dishonour and protest by recognized associations of bankers and shroffs should be validated to avoid trouble and expense to the owner of the instrument.

Finance of agricultural industry can be promoted by the use of bills. It can be divided into finance required for growing crops and that required after the crops have been gathered. With regard to the latter it may be suggested that agriculturists may become members of co-operative godown societies. The latter may draw four months' bills upon the owners of produce and the societies can discount such bills with central co-operative banks and the latter in turn can with other banks. The owners of produce will get finance from the godown societies.

Indigenous bankers and co-operative banks should co-operate to finance village bankers. This can be done if indigenous bankers use commercial paper which is acceptable to the commercial banks. Usance bill can thus be encouraged for the finance of village bankers by shroffs. The absence of satisfactory documents of title will in the beginning prevent their use, but if the parties to the bills are worthy of credit, such bills will be discounted by banks in course of time.

There will be a difficulty regarding the financing of cultivators by village bankers. Bills with fixed dates of maturity will not be suitable in this connection because cultivators can pay these bills after selling their produce and the sale of crops will depend upon the season; while the maturity of the bills will be fixed. Renewals of bills will thus be necessary, but the process will be expensive and disliked by discounters. In such cases, dates of maturity may be fixed with reference to approximate dates on which the produce may be brought to the market for sale and a good margin may be provided. "There is little doubt that the creation of the Reserve Bank with the resultant co-ordination of the various elements of the money market and a unified control of credit and currency should do much to develop the use of commercial bills and ultimately create an active and efficient discount market in India."§

§ Report of the Indian Banking Committee, p. 416, paragraph 604.

The New Industrial Policy in America.

By G. V. Rajaratnam, Bombay.

"Nira" is the cryptic symbol which stands for the National Industrial Recovery Act promulgated by President Roosevelt for the purpose of beating depression in the quickest possible drive. Broadly the new U. S. policy is an attempt to bring about a general rise in American prices, and when this objective has been achieved, the next immediate purpose will be to keep them steady at the higher level for all time. Any way that is the hope expressed in American quarters. Already the "boosters" of Roosevelt's policy are claiming that under the great recovery drive more than a million unemployed industrial workers have secured work in factories and industrial concerns.

ENGLISH SUSPICIONS.

The failure of the World Economic Conference has broken the "recovery" hopes of countries like England. It is for this reason that England is sullenly watching the U. S. Campaign launched all alone *without the aid of other nations*. The Federation of British Industries forecasts that "Nira" will lead to a complete break-down in the U.S.A. or the creation of a new type of industrial system isolating that country into a self-sufficing national unit with little or no export trade—except export trade carried out, as in Russia, by ways which have little regard to actual costs of production and domestic prices. Many of the consequences, it is held, of a policy of inflation, which might be regarded as disastrous if they occurred in a production system operating under the set of rules termed the "Capitalist System" with its reliance on competition and the process of expanding markets for goods by producing more efficiently and selling at cheaper prices, would take on quite a different colour under another system of production control. If over-investment and over-production can be prevented by a deliberate control of the machinery of production and investment, then, it is believed there is no need for a collapse to follow monetary inflation.

RECENT UPTURN IN BUSINESS.

Again it must not be forgotten that the recent upturn in business has not been confined to the U.S.A., as claimed by the "brain trust" of America. Far from it. Between March (the date of U.S.A.'s financial breakdown) and the end of June the decline in American unemployment claimed by the new Administration lies between 10 and 15 per cent. In the same period British unemployment fell

by 13 per cent and in the field of output there has been a notable improvement. Quite apart from the fillip given by President Roosevelt's actions, commodity prices had in many cases already showed signs of having touched the bottom.

WORLD RECOVERY.

The statistical position of many raw materials was such as to support a rise in prices. Crop damages and deliberate restriction of production were prominent contributory factors, and drastic measures taken over the past two years by many important countries and world industries to set their homes in order were beginning to bear fruit. In sum, the end of the slump has been reached. This is how the gibe is also administered by British economists that what America has achieved by the "recovery campaign" is only part of a general world recovery. Whatever that be, the next few months will show the true facts.

INFLUENCE ON PRICES.

The Federation of British Industries is not bold enough to assert that President Roosevelt's policy has achieved nothing which could not have been achieved without it!

It is admitted that even though improvement was unquestionably on the way, the influence of America's recent policy on prices has been nothing of remarkable. By the middle of July wheat in the U.S.A. was about 120 per cent above the level at the time of the U.S. crisis in March, cotton 85 per cent, maize 140 per cent, sugar 28 per cent, copper 75 per cent, tin 100 per cent, and rubber nearly 200 per cent. Big advances in prices, it is asserted, are a familiar feature of the early stages of recovery from the stage of depression, but not on this scale. The question which naturally arises is: Can they hold the new level, and may they even rise further?

WHOLE WORLD WATCHING.

Meanwhile, the many countries of the world are watching the American experiment of achieving prosperity in splendid isolation. Will it be possible and practicable for other countries situated at the "Cross Roads" of international intercourse suddenly to adopt a policy of intense national self-sufficiency? The answer is in the negative, because none have so far attempted to follow the American lead. But if the "Colossus" crashes in the act, the repercussions will certainly be world-wide. Then it will be proved that the sedate caution of the new world is preferable to that of the audacity of the new one.

Economics of Indian Salesmanship.

By Erafil A. Varghese.

America is often described as the foregrounding of practical economists as the land of "high pressure" salesmanship. Every well-groomed young American is presumed to be an aggressive, assertive salesman of stocks, bonds, insurance, aluminium wares, autos, peanuts, patent for the latest labour-saving nut or screw and finally, if necessary, of himself. He may sell on the instalment plan as the hire-purchase is known in the American language or on the spot 10 per cent off for cash. Perhaps an amusing instance of this thumping salesmanship was enacted recently in one of the busiest squares of New York. A few days before I left dear old America an unemployed college graduate in academic gown, hood and cap, climbed to the top of a beer-barrel, hammer in hand. Then he started to auction his "brains and brawns" to the highest bidder in return for board, room and dress. Unfortunately there were no bidders for this bright but disappointed member of Uncle Sam's "bean trust". It was most probably a big hoax. Nevertheless it reveals the spirit of young America, to go ahead and get things done.

In America the ideal of salesmanship is to bring service to your door; they want to sell you services. But now I shall talk of salesmanship in the more restricted and special sense of shop-sale. The post-war world which turned America into a creditor from a debtor country also saw her salesmen diffuse themselves to the four corners of the compass to sell American products from hairpins, tooth-picks, shaving sticks, to fountain pens, sewing machines, oil, typewriters, tractors and autos, in all of which American efficiency and cheapness though mass production is unrivalled. Her Babbits were tireless in the conquest of foreign markets literally from China to Peru; their big banks like the National City Bank of New York and the Chase National Bank established branches throughout the world to facilitate their increasing export business. Their Department of Commerce under the able direction of Dr. Julius Klein hummed with reports of the American Consuls about foreign markets. It is amazing to see how well they have studied the Indian market and conditions. (I always keep a stock of their publications.) American salesmanship is seen in its concentrated tabloid form at the present Chicago World Fair; all States of the

Union too have fairs, exhibitions, distribution of free samples, etc., on a smaller scale almost annually as advertising devices employed to create at first the taste and then a market. (I do not mean that these tricks of the trade are known only in America, for England with her Empire Marketing Board, Germany with her great Leipzig fairs are doing very good work along these lines.) With characteristic American sense of novelty a few leading manufacturers of New York and Boston planned to fit out one of her big liners as a travelling Fair round the world on the same bright principle as their travelling universities which have visited the important ports of India also in the course of their migrations. Unluckily, however, the scheme fell through because of the Wall Street crash of 1929.

Their commercial principle is that in the modern civilized world the logic of salesmanship is that demand follows goods while in materially undeveloped countries like India goods follow demand. The celebrated American economist Veblen who in a sense is the father of "technocracy" put the matter in a nutshell when he reversed a familiar aphorism into "Invention is the mother of necessity".

The subtle American salesmanship that you may meet in churches, Rotary, Kiwanis or Elks clubs—the usual places for big "contacts" like Free Masonry elsewhere—is all wreathed in smiles and toast—after dinner. Though there are also the low brow kinds of salesmanship—peddlers whose house-to-house itinerary is the source of so common a nuisance that many apartment houses bear the forbidding legend "Beggars and peddlers not allowed". There is the classic story of an American astronomer signalling to Mars but the Martian was afraid to reply lest he be asked to buy a few stocks or shares.

The profit-making motive ingrained in man which sees in money the lever of material comforts, may like any other motive be carried to an extreme or reduced to an absurdity. Hence the ridicule attached to the "Get rich quick" and "Devil take the hindmost" philosophy which is after all the economic interpretation of the biological struggle for existence and the survival of the fittest. All exaggerations aside, the money-making motive which incarnates in salesmanship works differently in America and India. If America errs on the wrong side with high pressure

salesmanship. India is frozen into stolidity except for the bevy of insurance agents who have cropped up like mushrooms recently. It may be that the needs of the consuming public are few, that their purchasing power is low, that there are few goods to sell in our land. Other excuses may come in handy. Educated Indians are mostly content to importunate for jobs in government departments; they are salesman in the larger sense that they want to sell, rent or mortgage their services for a money consideration. But they reveal, from an American point of view, poor salesmanship. Our graduates know too little of business English and too much of literary English and the sins of Shakespeare and Milton that they never write to the point. Their "Most respected and honourable Sir, Salutations," the recitals in the body of the application about their miseries, the sisters to marry and the brothers to educate and the abject prayer at the conclusion assure that it is food for the W.P.B. The American employers prefer to hear of the job seeker's abilities, achievements in the field and in the class, his self-confidence and self-respect. Nothing gives you a better chance to a job there than a personal interview and a frank, bold, face-to-face talk with the boss unaccompanied by in-laws or letters, though it looks as though America too is in these depression days falling down into line with India.

Returning to India after an absence of four years, I may reminisce about our department stores, hotels, railway ticket offices, and similar public places and the methods of salesmanship. From the first it struck me that the turnover of goods in Indian business firms is frightfully slow which in America would have served the manager with notice at the end of the week. This slow turnover is, I believe, through inefficient and inexperienced salesmanship. To take the familiar instance of the department store. There is a general air of indifference in the management. I have noted extreme examples of salesboys playing cards or reading newspapers and in Bombay many of the bazaar shops are equipped with couches and pillows behind the "desk" with their irresistible temptations. In all these places the customer has usually to go about searching for the salesman and then enquire the price of this or that article for there are no signs or divisions of the floor and invariably the prices are not only unmarked but are also subject to the devastating ordeal of bargaining which has made the East proverbial in the West. The attitude of the average shop-

keeper seems to be that the customer must wait on him instead of the other way. He thinks that he is doing you a favour. Take the hotels, for a change. There is neither menu nor a price list on the tables or the walls as in the American cafeterias and unless one is careful more often than not, he will pay through the nose for the guilt of wearing a sunhat. It seems to be on the economic principle of what the traffic can bear as in taxation or railway rate making! Successfully baited and beaten by these tactics, I am careful to ascertain the prices before I order; but how embarrassing; one doesn't feel like ordering more, thus reducing turnover and profits. The American idea is small profit per unit with a large income through rapid turnover of goods as shown by their mass production and sale schemes. In India the percentage of profit seems to be larger and the turnover smaller. If only the net result were the same! The importance of turnover is illustrated from the dividend sheets of the Woolworth, Grant, Kress and other 5 and 10 cent stores in New York who carry nothing over these values (about 2 and 4 annas). Almost every need is supplied by them from thimble and thread to trying pan and hot chocolate. And their floors are crowded out by elbow-jostlers any part of the day.

The lethargic slowness of railway ticket clerks (salesmen) combined with the disorderliness of the third class passengers who know no lines or queues is visible all along our 40,000 miles of railways. Tickets are sold only a few minutes before the train arrives (though rules prescribe one hour) by the stationmaster who in some stations has then to rush to the gate to collect the tickets of the outgoing passengers. No wonder the buses are strong competitors of the railways. The post offices are no better. The post-masters of many of the suburban offices mix their social hours along with business and gossip with customers. Perhaps they combine post office work with newspaper reprinting! How different from America where railroads sell tickets at one or two counters and place their literature and time tables in all important places; while telegraph companies (they are all private) send their messengers to collect your messages and telephone companies instal booths in every drug shop, hotel and restaurant, to create the dial habit and increase the calls. Slot machines have now turned salesmen with a vengeance.

In America and Europe a lot of salesmanship is based on a sort of unlimited sex-appeal

(sooks-appeal). It is unnecessary to go into the ethics of this institution. Bulging dividends are the best testimony of its success. Not denying that the social habits of the East and West do differ, why shouldn't our shops, hotels, and theatres try out our unemployed "grad, undergrad or high school debs" as salesgirls, waitresses or guides. I hope that girls will be forthcoming. Then, oh, my friends, watch for the receipts and results. Gossips may talk but bazaars will hum. The Western girls are, of course, ahead of ours; still if our girls are successful "schoolmarns", "docs" and "stenos" without loss of "character", why should they not smile us from behind counters into making us buy twice over our original intentions. They will draw out the instinct to spend which is as important as the instinct to acquire. Our new generation of business girls could easily be the pink of courtesy and impart an informal and homelike atmosphere without being business Circe. The sex-appeal in salesmanship was being tried out in . . . Stores in Fort, Bombay, where the heiresses of Parsi millionaires were working as salesgirls, as I understood, more for fun than for a livelihood, an impression confirmed by the fact that they were more concerned with sitting enthroned like the queen of Sheba in comfortable divans and fanning themselves to sleep than in attending to the customers. I understand that there is . . . Stores in Madras run by certain ladies of social importance who do better. The best saleswomen that I have so far seen, are the mango-sellers on the sidewalks in front of the Moore Market in Madras.

That reminds me of the slow business in the Moore Market, which I may compare for instance to the Weisbecher Stores with many branches in New York. They do business hundred times more than the Moore Market. There beautiful young platinum blondes (\$5 at the Beauty Parlor) in butter coloured uniform with green borders sell you biscuits, apples, meat, fish or mushrooms with usual American smiles sandwiched between speed and the click of the cash machine. They get a percentage of the profits besides the salary, which is an added incentive for more efficiency. Or take the leading department stores in New York, Macys and Gimbels at 33rd street and Wanamakers downtown. They are a study in the romance of high finance, advertising, and salesmanship. They are all universal supplies like Selfridge in London. (Selfridge was born American.) Macys—whose chairman of the board of directors, Mr. Straus, is

now U. S. Ambassador to France—have an yearly turnover of millions. They declared a net profit of more than a million dollars for 1932. They employ mostly girls from the colleges to whom they give a few hints on salesmanship as an art. Some of their "buyers" are also girls and I had to deal once with one of the shrewdest of their sex in which I had not the best of the bargain. As soon as you enter these stores the customer is confronted by the Information Desk girl—usually a peroxide blonde—who directs the shopping traffic like a "cop" to the several floors and counters. And as you thread your way dodging the enchantments of both wares and the smiles of America's most charming flappers (who can withstand them?), you will fall into the arms of the omnipresent floorwalker (Mr. Floorwalker, may sometimes be a Russian prince) who is all benevolence and greets you "Can I help you, sir?". Escalators and elevators are both provided for the shoppers, the latter worked by bobbed girls in red uniforms who call out the specialties on each floor as you whizz up or down. And finally the goods are delivered free at your address by evening—an object lesson in method for our Postal department. The prices at these big stores differ if at all only by a few cents from those in the smaller and so less reliable shops.

But let not the reader of these reminiscences think that conditions in America and India are alike. America and the West can give us hints, which if we are wise, we will adopt for bigger profits. The prosperity of industries and manufactures and so of the people rest on salesmanship; any doubt in this direction was dissolved at the Ottawa Conference where a political Empire was turned into an economic Zollverein over good food and liquor by statesmen who grow into salesmen. And Ottawa is in modern times the *ne plus ultra* of high pressure salesmanship. The Prince of Wales is the prince of sales in Argentina and other south American countries. He should be the model for our Yuvarajaha—a combination of prince, ambassador and salesman.

Is it surprising that America is so troubled with unemployment when, according to *The Cord Age* for April, statistics released by the National Committee on Prisons and Prison Labour reveals the fact that 100 million dollars worth of prison-made goods are dumped annually on the market, disputing the price structure for legitimate products of free labour?

Manufacture of Washing Soap.

By R. L. Datta, D.Sc., Industrial Chemist, Bengal,

Tinkari Basu, B.Sc., F.C.S. and Prabhat Kumar Ghose, B.Sc.

In soap-boiling for the manufacture of the grained soap the two principal operations are the saponification and the graining. Both of these involve, according to the customary procedure, boiling for considerable lengths of time, the latter process also requiring considerable skill on the part of the soap-boiler. It has been shown* that the period of boiling can, with advantage, be considerably reduced in the case of the saponification. The present investigation concerns the shortening of the period of boiling for the purpose of graining the soap, and the results obtained and set forth in these pages go to show that considerable reduction in the length of boiling is possible together with a simplification of the process of graining.

At the end of the saponifying operation the soap is obtained in the fluid condition incorporated with much lye as well as impurities. The soap has to be separated from all these, and graining is the process which accomplishes this. It effects a total separation of the soap from the superfluous lye and collects the separated soap in the form of neat pea-like grains which coalesce and become a homogeneous, solid mass on cooling. The soap obtained in this condition is the grained soap. It is evidently much concentrated in course of the process of granulation, and is also freed from the adhering and washable impurities.

The separation of the soap from the lye-medium can be initiated by rendering the latter saline, or a little strongly alkaline, or both, by the addition of common salt, dry or in solution, or strong caustic lye. It is completed by boiling the charge in this saline or alkaline medium for several hours. The initial separation, or cut, as it is called, may, according to necessity, be fine or coarse, in other words, slight or sharp, depending on whether the medium is made mildly or strongly saline or alkaline, by the use of a small or large quantity respectively of the separating ingredient, *viz.*, salt or alkali. The fine cut, therefore, requires a small quantity of the ingredient, and the coarse cut a large quantity of it.

The density of the medium plays a very important part in the graining of the soap, the

formation of the grains being completed only on the medium attaining, by gradual concentration, an optimum density which varies according to the composition of the charge. In the case of the fine cut the density is low to start with and increases slowly with the progress of boiling. In a coarse cut, on the other hand, the initial density is fairly high and the optimum density is reached quickly. The fine cut necessitates a long boil, and the charge is subjected to the action of the graining lye for a considerable length of time. It has, accordingly, ample opportunities for discharging its colour, and also, if the medium be wholly or partly alkaline, for the conversion into soap of any unsaponified fat or oil requiring a fairly strong caustic lye for its saponification. The fine cut is thus both a cleansing and a saponifying operation and is generally made use of when unsaponified fat or oil and washable colour are present in the charge in appreciable proportions. The density of the medium in the coarse cut is made to rise rapidly by the addition in a short time of a comparatively large quantity of salt or alkali. The medium accordingly takes less time to reach the optimum density and a short boil accomplishes this. This method is, therefore, the quicker of the two and is resorted to in cases in which there is less of obstinate fat or oil to be saponified or colour to be got rid of.

The above do not by any means exhaust the comparative merits of the respective processes. The fine cut, for example, gives the final soap a better texture and a softer consistence than those of the products of the coarse cut. If, however, the boiling is proceeded with in the former case for a yet longer time, the resulting soap will partake of the nature of a coarse-cut soap, and it will then be a case of coarse-graining without its attendant advantages. Where, however, considerations of texture and body do not weigh, the choice of the method of graining is largely influenced by the relative costs of the materials consumed, salt and alkali on the one hand and fuel on the other. It should, however, be stated here that the use of caustic soda as a graining ingredient need not be tabooed on the ground that the separated lye contains varying quantities of unused alkali. This alkali is not, however, a waste,

**Vide Soap-making: A New Method of Saponification in a Strongly Caustic Medium.* By R. L. Datta, T. Basu and P. K. Ghose.

for it can be fully utilized and the method for doing so is described in our bulletin* on the utilization of the last traces of alkali of the spent lye. Nor is the separated saline lye without any further use, for it has been shown in another of our bulletins how repeated use can be made of the spent saline lye.

For the manufacture of good washing soap the saponified mass has to be grained more than once, but the graining need not be of the same character in all the cases. Except in the final graining the separation of the soap from the lye, alkaline or saline, must be quick, clear cut, and complete—purposes for which the coarse cut is admirably suited. At the conclusion of each such operation the separated soap has, as already stated, a high concentration and a solid body. For the final graining, however, the usual practice is to re-dissolve the solidified soap of the penultimate stage, cut it mildly with salt or alkali, and boil the pan gently till the soap becomes free from the froth produced during the cutting. All this takes considerable time, consumes much fuel and necessitates long attendance of a skilled soap-boiler.

It appeared during the investigation that the speed of the final graining admitted of variation, and could be much accelerated on the proper control of the froth. While the development of froth can be traced to various causes it is in the graining operation of an average soap charge, traceable to the density of the lye-medium, the higher the density the less the froth. The result of the investigation is the development of the very quick method of *reverse graining* which consists in liquefying the soap in a medium which has already a density slightly higher than the optimum one, the medium being thereafter diluted back to the proper density. The comparatively high density of the medium prevents the development of froth at any time from the commencement to the end. The process is described below.

A strong solution of common salt, or of caustic soda, or both, is taken in a pan. The density of this solution should, in the room temperature, lie in the neighbourhood of 1.2. The lye is to be heated and the solid soap,

cut if possible into small pieces, or the salted soap in the hot state, put into the pan gradually. Water in a thin stream should be continuously added to the pan to make up for the loss by evaporation. The supply of water will have to be carefully regulated. If very dry soap is treated the supply of water should be such as to provide the necessary water of solution. If, on the other hand, hydrated soap is handled, small quantities of water, if at all, need be added.

Further, if the soap be already in a considerably hydrated condition, which, however, will only be a rare case, the operation is to be started with dry salt and no water. The hydrated soap in a small quantity will, in such cases, be the first to be taken in the pan and heated, the dry salt being thereafter shovelled in. As this soap melts, more soap is to be added with or without addition of dry salt depending upon the quantity of salt added initially and the degree of hydration of the soap. As there can be no definiteness of the degree of hydration, no hard-and-fast rule can be laid down for the quantity of salt to be added. The character of the soap and the density of the lye will, however, provide the necessary indications.

The soap will melt in a short time in the lye, a dried or cold soap taking, as expected, longer time than an hydrated or hot one. If the strength of the lye, added—as in the case of the dried soap, or *extracted*—as in the case of the hydrated soap, is maintained correctly, the soap will melt without the development of any froth and will from the start have the appearance of the neat soap and the lye of clear, coloured water. Should any froth appear, it would show that the lye is below the proper strength. A contingency like this should be avoided, for the success of the method depends on just the opposite position, *etc.*, melting in a very strong lye. Should this occur, it can be readily set right by adding gradually quantities of solid salt and boiling briskly.

The melted soap which will float on the lye should be tested between the fingers. The pressure of the soaps is an indication of the type of grain. In the initial stage the soap will be a quickly drying, hard and brittle one, and require softening. The addition of water in a thin stream already referred to will do this. As the boiling proceeds, the grains of soap take up more and more water and become softened thereby. Addition of too much water may break the grains altogether and completely liquefy the soap—a situation which must not be allowed to arise. Before the

* Soap-making: The purification of oils and fats and the utilization of the last traces of alkali of the spent lye. By R. L. Datta and T. Ban. [Bulletin No. 54, Department of Industries, Bengal.]

† Application of the cold process and emulsification in increasing the efficiency of saponification and securing the complete utilization of all caustic. By R. L. Datta and T. Ban. [Bulletin No. 58, Department of Industries, Bengal.]

grains break or become too soft, considerable froth is thrown up. This is a very dependable sign for the stopping of further addition of water. As soon as the froth starts to appear, the water should be stopped and the pan boiled for a short while till disappearance of the froth. The entire soap will now be found in a neat condition completely separated from the lye and having little or no froth at the top. The heating should now be stopped and the pan left undisturbed for some time in order to let the convection currents and the oozed-out lye subside. The period of rest may be anything from 15 minutes to 15 hours, depending upon the size of the charge.

After allowing due rest, the soap may be removed into frames, or, if moulded soap is to be made, into earthen cups.

The method has the following limitations:—

(i) The process being one of simple melting in a short time, there is little chance of any unsaponified fat being converted into soap during the graining even if the lye may be partly alkaline. As the process is of the nature of a finishing operation, it is only proper that thoroughly saponified soap alone should be subjected to it.

At the annual meeting of the Colour Users' Association in Manchester, Sir Henry Sutcliffe-Smith, the Chairman, referred to the results of research in British laboratories. During 1932 a number of new and useful colours had been produced, in particular the vat and acetate silk colours. A number of new products of great value to agriculture and to the textile, rubber, and varnish industries had been introduced. He specially mentioned the British Cotton Industry Research Association's production of shirlacrol, a wetting-out agent resulting from investigations on the chemistry of low-temperature tar and vertical-retort tar. But there were still many important intermediates imported. He had repeatedly drawn attention to the danger of the importation of intermediates for the wetting-out process of making dyewares. Any simplification of the process of making intermediates would be most valuable. The country which controlled the intermediate situation had the production of dyewares at its command. He regretted that phenol had recently been allowed to be imported in quantity into England. It was surprising that the dyestuff industry had not been encouraged by the Government to supply in the interest of national security synthetically produced phenol, which was the starting point for picric

(ii) As the soap is not dissolved at all, there is little likelihood of its being exhaustively washed of any colour. Before being put to this process, the soap should be as free from all washable colours as possible. Heavy impurities, however, are removed and also washable colours to a certain extent.

The advantages of this process may be summed up as follows:—

(i) It melts solid soap to a condition ready for framing or moulding in a very short time.

(ii) As no froth is allowed to form, there can be no superficial frothy layer and the quantity of soap removable from the pan into the frame or the moulds is greater in this case than in the usual one. In other words, the output of soap per boil is larger than in the corresponding process of the existing method.

(iii) Since the soap is not allowed to fob nor even to liquefy, the quantity of soap that can be treated in the pan is larger in this case than in the normal one, so that for the same cost on attendance a larger quantity of soap is passed through the process, and that at the expense of less fuel, thereby lowering the cost of production to a considerable degree.

acid, a war explosive. This importation of phenol was to be deplored, but the tax on motor-spirit made the price of home-produced benzol so high that it was impossible to make the synthetic phenol from it at a reasonable competitive price.

The Reichsbank statement for the fourth week following the transfer moratorium shows a further increase of 10,200,000 m. in the reserves of gold and foreign exchange. It is now generally accepted that although transfer has not yet taken place, the Conversion Office has already obtained the greater part of its current requirements and that the increase of 49,000,000 m. which has taken place in the gold holdings during July (a heavy month for interest payments) represents a genuine improvement. This—in some aspects—satisfactory state of affairs is attributed in the Press more to the effects of the law against the flight of capital than to the results, now becoming apparent, of the improved foreign trade figures for May. These, it will be remembered, were followed by a drop in June. The note cover, after allowing for the normal end-of-the-month expansion of the note circulation, now stands at 9.2 per cent.

Decaying Industries of Bengal.

By Benoyendranath Banerjea, M.A.,

Professor of Economics, Vidyasagar College, and Lecturer, Calcutta University.

The census of occupations in 1921 and in 1931 reveal certain disquieting developments in the industrial and commercial position of Bengalees. Agriculture and cattle-breeding gave occupation to 68.34 per cent of the population in 1931, compared to 71.92 per cent in 1921. Similar comparative figures for Mining are 0.29 per cent in 1931 and 0.41 per cent in 1921; for Transport 1.93 per cent in 1931 and 2.22 in 1921; for Industries—8.08 per cent in 1931 and 10 per cent in 1921. The percentage of the people who had no regular occupation in 1921 was only 2.8 in 1921 compared to 4.32 in 1931. Nor is the position one of hopefulness regarding many of the cottage industries of Bengal.

Some of the cottage industries of Bengal had been the envy of the West even a couple of centuries ago. Even to-day there are some industries whose possibilities are considered to be immense, and which might, at the same time, be in conformity with the agricultural needs of the countryside, under the somewhat changed situation consequent upon the redistribution of the world's demand of Indian goods after the war. Besides the handloom, jute, silk, fish, sugar, oil and soap industries, Bengal already has its brass and bell-metal industry, the conch-shell industry of Dacca, the manufacture of earthenware and the husking of rice, to name only a few of those mentioned in the Survey of Cottage Industries in Bengal (1929) prepared by the Department of Industries. Brass and bell-metal utensils are used by all except the poorest in Bengal, but their popularity has been largely affected by cheap enamel, aluminium and porcelain vessels. The number of workers in the industry declines from 12,451 in 1921 to 7,286 persons only in 1931, in spite of the durability and the prejudice of the orthodox Hindu in favour of its products. It is not essentially a home industry but is mainly carried on in small workshops. The producers are heavily indebted to the *mahajans* and the manufacturing process leaves room for much improvement. The Department of the Industries of the Province have been able to carry on some successful research in the use of machines in the industry, which has not yet become popular among the artisans.

The conch-shell industry is of great antiquity. The conch-shell bangles have to be worn

by every Hindu married woman whose husband is alive and is also used by Muslim women; shell buttons and other shell manufactures have a wide market throughout India and also abroad. Owing to the insanitary conditions of the Dacca centre, the artisans are building up new centres in different parts of Bengal. The supply of shells is received principally from the Madras Government and co-operative efforts to relieve the artisans from the clutches of the capitalists as well as from the antiquated caste-organization and methods of manufacture have met with a certain amount of success.

The manufacture of earthenware gave employment to only 49 thousand persons in 1931 compared to 91 thousand in 1921, though the potter has been described as an "institution in almost all the villages of Bengal" as the goods and images made by him are indispensable to them.

Rice-huskers, pounders and flour grinders diminished from 188 thousand in 1921 to about 150 thousand persons only, and the in road of small machines in their spheres of work is as steady as they are desirable. Wherever rice-mills are being established some of the women of lower castes who used to get a living from rice-husking find employment, and it is expected that in their homes others who have been deprived of a source of occupation would be able to find alternatives from amongst those suggested in the following sections, especially silk rearing.

The above must have shown how justified is the heading in the 1931 Census Report in describing these and similar industries as "decaying". The note deals with 23 such industries including blacksmithy, an industry which will be revived as soon as they take to the specialised work of repair and manufacture of agricultural implements, a demand for which will soon arise with the lessening of the pressure on the soil, consequent upon an industrial and commercial regeneration.

Other industries which might have been left out of the list as they have immediate chances of thriving with greater attention from the State, freedom from the *mahajan's* and *bepari's* exploitation, and a development

*Appendix I to Chapter VIII to Part I, Vol. V of the Census of India, 1931.

of co-operative organization are—silk-spinning and weaving, jute-weaving, vegetable oil-making, gur and sugar manufacture, cotton spinning and weaving.

With regard to rural industries in general it may be said that the chief needs are the stimulus of new ideas and the provision of adequate instruction and advice in technique and trading practice. The opportunities which they present for improving the condition of the rural population are extremely limited, and as a general principle it may be laid down that the chief solution of the problems of the cultivator lies in promoting the intensity and diversity of his agriculture.

The Report of the Royal Commission on Agriculture in India (1928) observed that the development of village industries on a co-operative basis is essential if they are to survive increasing competition. The question of organizing them on such a basis should receive the attention of the departments of co-operation and industries in all provinces. One direction in which help could be given by Government would be by loans in special cases to artisan co-operative societies for the purchase of improved machinery.

As small local factories dealing with the produce of limited areas multiply, the co-operative movement can play an important part in linking up the cultivator and the cultivator's produce with these localised factories. The main lines on which assistance can be given to the smaller industries to enable them to

withstand the intensive competition of modern times are co-operative organization and the provision of facilities for technical education. For a long time to come, Government will have to be prepared to make suggestions for the development of these industries and to assist them by advice. The State Aid to Industries Act passed recently has established for Bengal a suitable authority to guide the Government and loans, but the Board has not yet shown much work. In some instances, they may have to make themselves responsible for founding pioneer enterprises as was long ago suggested by the Indian Industrial Commission (1916-18).

Government can do much to assist the mutual adjustment between the larger industries and agriculture by their policy in respect to communications and the development of power, by technical education, and by the collection of marketing information.

The writer cannot but emphasize that the suggestion of the Banking Enquiry Committee for Provincial Industrial Corporation to supervise and guide the individual development of the province should be given effect to as early as possible. Not only that, the establishment of Economic Advisory Councils foreshadowed in the Report of Sir Arthur Salter in 1930, should form an essential part of any integral development of rural industries in particular, for in no other sphere of economic life in Bengal, perhaps, is the problem more complex.

The *Ceylon Observer* learns that the Ministry of Labour, Industry and Commerce are now taking steps to inaugurate the contemplated economic survey of the Island, and that a special officer will be shortly appointed to be in charge of the work. The survey is expected to last a year or more, and will embrace every branch of agricultural and industrial activity in Ceylon. One of the purposes of this survey is reported to be to discover the potential sources of economic wealth in the Island and to get the projected Industrial Research Department to work upon them. It is understood that the expansion of the Bureau of Industries into a full-fledged Department of Industries will to a considerable extent depend on the results yielded by the economic survey. Special attention is to be paid to the question of the possibilities of fruit farming and canning, and to this end a close and detailed survey of the conditions relating to the growing of

fruits of all kinds on a commercial scale will be carried out. In this connection, it is learned that an Italian expert on fruit growing, who is at present advising the Australian Government on fruit matters there, is to be commissioned to draw up a report on fruit growing possibilities in Ceylon as soon as funds permit.

The Dominion Bureau of Statistics at Ottawa has just issued its *Automobile Statistics for Canada, 1932*, showing that the 18 companies manufacturing or assembling motor-cars in the Dominion in 25 separate factories had a production during the year valued at \$43,801,389, a decline of 27 per cent during the 12 months. Imports of automobiles and parts (other than engines) were valued at \$12,797,083, the bulk of which came from the United States. Exports were valued at \$7,091,994.

Rural Taxation and Rural Representation.

By Jatindra Mohan Datta, M.Sc., B.L.

The Union Boards, or the rural units of local self-government in Bengal, are constituted under the Village Self-Government Act V of 1919, first conceived by the late Lord Sinha, then a member of the Bengal Government.

The Union Board imposes a union rate on all owners or occupiers of buildings, including huts and sheds, but those who are "too poor to pay half an anna a month" are altogether exempted from payment of any rate. To qualify as a voter, he must pay at least Re. 1 as union rates, or cesses. Thus every rate-payer must pay at least 6 As. per annum; and every voter at least Re. 1 per annum. Every voter is entitled to be a member of the Union Board; ordinarily two-thirds are elected and one-third nominated by the District Magistrate, but no one can be nominated unless he is a voter.

In 1930-31, there were 4,522 Union Boards established throughout Bengal over an area of 47,599 square miles with a population of 35 millions. As the total number of members of Union Boards is 40,241 giving a proportion of little more than 1 member to 50 voters, it would seem that any villager willing to take an active interest in local affairs and able to exercise influence over his fellows should sooner or later be able to make the first step in public life which membership of a union board represents.

It has been said that we Indians are unwilling to tax ourselves to get civic advantages. But this does not seem to be the case with the Union Boards in Bengal. As Union Boards have been progressively established and are being established every year, it would be useless to compare the total income of Union Boards for one year with that of another year. What we propose to do is to compare the number of rate-payers and voters and their percentages for the last ten years.

A London Correspondent writes: The Prime Minister's announcement of the Government's plans for encouraging the production of oil from coal in this country may fairly be regarded as the outstanding event of the Parliamentary week. The subject has been under consideration by the Mines Department of the Board of Trade for many months, but it was realized that no agreement could be announced until the experiments, particularly in the process

	Rate-payers.	Voters.	Percentage of voters to rate-payers.
1921-22	873,278	284,331	32.5
1923-24	1,612,272	506,097	31.3
1925-26	2,642,512	861,733	32.3
1926-27	2,941,439	1,130,782	38.4
1927-28	3,483,641	1,386,175	39.9
1928-29	4,988,158	2,293,262	44.1
1929-30	5,965,118	2,191,669	43.2
1930-31	5,404,586	2,360,199	43.8

It will be seen that, broadly speaking, the percentage of voters to rate-payers has steadily increased during the last 10 years; in fact the ratio has increased by one-third. It means that the proportion of those who pay between 6 As. and Re. 1 is steadily decreasing. The members of the Union Boards are not afraid of taxing these people so as to enfranchise them; nor are they unwilling to be taxed to get the franchise. For if they were taxed unnecessarily high, surely they would have complained to the Circle Officers (visiting subordinate magistrates) or ventilated their grievances through the press.

In the older Union Boards, where the people have realized the benefits of local taxation, the proportion is becoming higher with the passage of time. For example, in the District of Tipperah Union Boards covered an area of 2,485 square miles in 1926-27; and the respective numbers of rate-payers and voters were 363,243 and 92,275 giving a ratio of 25.8 per cent; in 1930-31, the corresponding figures for the same area are 371,390 and 144,457 giving a ratio of 39.0 per cent—almost 50 per cent increase in the ratio compared with the general increase of one-third or 33 per cent.

If we cannot tax ourselves higher, it is because we are poor, and too much is taken from us in the form of Provincial and Imperial taxation, not because we are afraid or unwilling to tax ourselves freely.

of hydrogenation, had reached a stage at which it might fairly be hoped that, on a larger scale, oil could be produced at a commercial price. When it was found that with the limited experimental plant the difference between the cost of production and a commercial price had been brought down to 3d. a gallon, it was felt that the Government could fairly take a hand and the Treasury brought into the discussion. (Contd. on page 630.)

The Structure of Bengal Finances, 1921-1931—II.

By Dr. Basavarsu Ramachandra Rau, M.A., L.T.,
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Ever since it was recognized that Provincial revenues would not be expanding there were suggestions for increasing the taxation revenues of the different Governments. Some amount of ingenuity was exercised in discovering new sources of revenue. A Committee was appointed in 1924 to thoroughly explore all possible avenues for increasing the number of taxes. The example of Western countries was often taken into consideration and the feasibility of levying like kind of tax was discussed by the above Committee in a careful manner. The Tadhunter Committee Report is thus a mine of useful information on this topic.

Once again the same field had to be traversed when it was recognized that the scheme for the formation of an All-India Federation would be blighted as a result of financial impecuniosity. The different Committees—the Pelee, the Percy and the Davidson Committees—have failed to suggest any new fertile fields of taxation either for the Federation or the Federating Units. It was also tacitly recognized that the Law of Diminishing Returns is already remorselessly operating in the field of taxation. The concluding remarks of the Percy Committee deserve to be enshrined in the minds of all serious students of Public Finances of India. It says, "We have confined ourselves to an examination of new sources and in this field the results of our survey are not encouraging. We have found that such provincial taxes as appear to be within the sphere of practical politics in the immediate future cannot be relied on to yield substantial early additions to provincial revenues. In the Federal sphere the excise on matches is the only tax which we feel inclined to justify and consider this as an immediate reinforcement of federal revenue."

At any rate the White Paper tacitly assumes this position to be correct. It does not make any new suggestions for levying fresh taxes. It proposes quite a new method of allocation of existing revenues. Some are considered Federal, some provincial, some as divided heads and some over which the Federation has a right to levy surcharges for its use and some over which the provinces will have the right to levy surcharges for their own benefit. Thus the financial suggestions of the White Paper are gloomy, though though it has batch-

ed (as a result of the preliminary suggestions of the above-mentioned committees and the discussions of the Third Round Table Conference) a mere workable scheme of Indian Finances. A detailed examination of these suggestions would be forthcoming in another place but the fact that it does not specify any new tax is significant enough. It wisely recognizes the necessity of Federal help to backward provinces as well as the necessity of some amount of contributions from the different Provinces to cover up Federal deficits in the early years of the inception of the Federation. Whether this contribution would be based on the unsound suggestion of the Percy Committee which says "that the Provincial contribution should be proportional to the shares of the Provinces in Income-tax" or the suggestion of the Government of Bengal, namely, that the contributions from the Provinces to the Federation known as "block amounts in the White Paper be based on the total revenues of each unit determined on a comparable basis" is immaterial for us at present. What is needed is the recognition that due provision has been made to secure financial solvency of all Governments—the Federal, the Provincial and the Local Governments.

Although this has been the recent contribution in the field of Indian finances still the necessity of levying additional taxes is paramount. The Bengal Government has experimented with all kinds of retrenchment cuts but Nemesis seems to have overtaken her in the field of finance. As fast as she has cut down expenses her expenditure seems to be growing out of proportion to the expansion of her revenues. Recognizing full well that it is bad economy to insist on ruthless cutting down of Governmental expenditure in all directions and remembering that the solemn duty of the Provincial Government is to increase the social amenities of the poorer sections of the population it behoves the Government of Bengal to pay heed to the new suggestions mentioned in the succeeding paragraphs.

The Bengal Government's Publicity Department is not satisfied with the new additional income accruing from the suggestions of the White Paper. It is not satisfied with the securing of half of the export duty on jute. It is not pleased with the portion of income tax payable

to the Province out of funds raised in the Province though it might come up to 50 or 75 per cent of the entire proceeds. It has objected to the keeping of the "block amount" from income-tax portion of the Province for Federal use for a period of ten years. The objection is based on two-fold considerations. Firstly, the time length of the ten-year period is considered too lengthy. Secondly, the basis of the contribution to the Federal Government by the Provinces is taken objection to. It considers that the ceding of the entire export duty on jute to Bengal is nothing but bare justice. It quotes the emphatic wording of the Peel Committee which says: "If there is to be an equitable apportionment of burdens and the smooth working of the constitutional machine the Federal revenue should, as far as possible, be confined to revenues derived alike from the inhabitants of the Provinces and of other states and which can be raised either without any action on the part of the individual state or by any agreement of any simple character readily enforceable." Jute is raised in three provinces alone and the Federation is not entitled to levy a burden on the three provinces alone. It "involves differential taxation in favour of the rest of India." The Hon'ble the Finance Member of Bengal in the Budget Speech of February 1933 asserts that "if it were proposed to levy export duty on jute for the first time at the time of the formation of the Federation it would never be accepted on any canon of financial justice." Levied during the War-time as an exigency measure it has continued even to the present day and it is clearly inequitable that there should be a perpetuation of this injustice even after the formation of the Federation. Equity demands that it should be given up and in lieu of it the Bengal Government ought to levy an Excise on manufactured jute. The Third Round Table Conference wanted that this should be a Central Excise. While the White Paper refuses to levy this tax and consider it as portion of the Central revenues it is for the recognition of export duty on jute as a Central source of revenue although half of it might be ceded to Bengal.

A tax on manufactured jute* would raise additional revenue for the province of Bengal.

*The decadent jute industry would certainly protest against this suggestion. But the main difficulty is the lack of quality in jute manufacturers. The Barn Committee has rightly pointed out that general improvement in the quality of manufactures is needed. A research department would solve the aspect of the problem.

The introduction of excise duty on manufactures is indeed a difficult one but jute manufacture is a highly industrialized one located in a small area. It would be feasible to levy this tax but the estimate of the yield cannot, however, be made with any pretension to accuracy. There is no doubt, however, that it will add substantially to the revenues of the Province/ If it is however decided to continue levying the export duty there is no reason why the entire proceeds ought not to be ceded to the three Provinces which are raising jute.

Another hackneyed suggestion is the levying of agricultural income-tax. Indian income-tax law and practice have all along recognised the principle of exempting agricultural incomes. It is now easy to define and raise this tax and make it a Provincial source of income. Bengal did once raise substantial amount of revenue during the years 1860-1865 when it was given up. Of the total amount of income-tax of Rs. 16,523,777 which was raised as much as Rs. 9,008,766 came from agricultural assesses who paid it: The Layton Report recognises certain administrative difficulties but that is no reason why this source of revenue should be given up. A gradual removal of exemption and slow raising of the rates of income-tax on agricultural incomes are bound to be forthcoming during the inception years of the Federation. Though the average income of a landlord or cultivator might be very small it does not preclude the possibility of levying the tax on those incomes which are far in excess of agricultural expenses under which item the land revenue payable to the State has to be included. With increased productivity and rise in prices of agricultural produce many of the agriculturists would be in a position to pay substantial amounts of agricultural income-tax.

The levying of agricultural income-tax is an all-India issue. Bengal being permanently settled the land revenue has become totally fixed. Another feature is that the number of intermediaries which exist between the landlords and the tenants is on the increase. These make a profit and do not make a contribution to the State in shape of land revenue. They hardly pay any direct tax. Beyond paying their share of the cess they do not

†About 90 per cent of the people pay Chowkidar Taxes (Narkila Village) but none have yet to pay any income-tax. There are 3 families who if their income is known would have been required to pay income tax and 2 families have been reported against. (See the recent publication "Some Bengal Villages" p. 95.) This evasion has to be stopped.

contribute effectively to the Provincial coffers. These people ought to be subjected to a taxation levy at the earliest possible moment.

The present tax-free lands ought to be taxed. Again the taxation of land-values round about Calcutta would yield substantial amounts to the local Governments. The Calcutta Improvement Trust levies betterment fees on all areas receiving benefit from its operations. A like levy would mean substantial revenue for the lean coffers of local Government so that they might not depend on subventions from the coffers of the Provincial Governments. A tax on land put to other uses than agriculture ought to be levied. This again ought to be a local impost.

The imposition of death duties or succession taxes is an all-India issue. Discouraged by the failure of Bombay in this direction of levying succession duties the other provinces have made no definite move. Though it has to be levied by the Central Government still it cannot be relied upon as a very lucrative source of revenue by the Provinces. It is indeed true the difficulties arising out of the Hindu joint family can be overcome by competent legal officers. Probates, letters of administration and succession certificates are subject to a levy in the different Provinces at different rates. In Bengal the minimum exempted from duty was raised to Rs. 2,000 and the maximum rate of duty was 5 per cent and not 7 per cent as in the case of Bombay. This extremely moderate scale has to be raised. In England there is a highly graduated tax under this heading and the Colwyn Committee considers that the rate on large estates is "dangerously high". A steeply graduated death duty is fast becoming the order of the day in all countries. Germany, Canada, Australia and the United States of America employ this form of direct tax and some of them consider it as Federal revenue and some as Provincial tax. The practical administration of it might be chalked out by an expert committee in the case of the different Provinces but too much reliance on this new form of taxation is unwise.

An export duty on tea might be levied which might yield about 40 lakhs of revenue. As in the case of jute export duty this tax might be levied by the Federal Government for the benefit of the local areas raising the product.

Coming to the income-tax item Bengal contributes roughly thirty per cent of the entire income-tax revenue of the Government of India. The following table indicates the rough contribution of the different provinces

in 1929-30 to the Central Government which was as follows:—

Name of the Province.	(Crores of Rupees.)
Madras	1.41
Bombay	3.69
United Provinces	0.90
The Punjab	0.64
Bengal	6.18
Total	17.08

The bulk of the income-tax collected from the province might not have been arising out of business done in the provincial area alone. Business done in the inland provinces by companies with headquarters in Bengal might certainly be contributing a portion of the total income-tax raised in Bengal. According to the White Paper suggestions about 50 to 75 per cent of the total income-tax revenue would be ceded to the Province. Out of this a "block amount" would have to be retained by the Federation for a period of ten years so that the Federal Government might not be inconvenienced as a result of financial embarrassment. The Government of Bengal opines that the bulk of the income-tax is raised from industrial activity within the borders of the province itself. Hence it lays claim to a greater portion of the proceeds of the personal income-tax than the proposed per cent which might range from 25 to 50 per cent. Similar is the claim on the part of other industrialized provinces, namely, Bombay. The other objections to the White Paper suggestions have been enumerated already. It is indeed a pity that the industrial provinces overstate their case. If the bulk of the Income-tax were to be handed over to the Provinces the finances of the Federation would be gravely jeopardised. Besides the plea that it is direct taxation and that all direct taxation should go to the Federating Units alone cannot be approved on any principles of modern federal financial theory. Accustomed to a strong Central Government for the past two centuries the revolutionary attempt of the Provinces to gain everything at the expense of the Central Government cannot succeed. Sir P. S. Sivaswamy Iyer rightly insists on the following facts. He says that the following considerations urge him to consider income-tax as a Central item of revenue.

"The necessity of preserving a balance between direct and indirect taxation, the danger of diminishing returns from maritime

customs as a result of stiffer or more comprehensive policy of protection and the necessity of arming the Federal Government with the power of dealing with emergencies by the reservation of a responsive source of revenue forbid the abandonment of the income-tax as a Federal revenue." Broadly speaking, the claims of both the Federal Government and the Federating Units are strong indeed for the retention of income-tax as an exclusive item of revenue for itself. The practice of other Federations is not conclusive enough to enable the objective students of Public Finance to decide accurately whether Income-tax should be a Central source of revenue or a provincial item. Common sense easily enables one to understand that it is one of the most responsible items of taxation. It educates the taxpayer himself to a great extent. The division proposed by the White Paper is by far the best method suggested as yet by anybody in the matter of dividing the income-tax revenue equitably between the Central Government on the one hand and the Federating Units on the other. It follows somewhat the model of income-tax levied in modern Germany and Switzerland. As the "block amounts" to be contributed to central coffers for a period of ten years, would be extinguished after the period of ten years, if not earlier, there is no ground for serious complaint on the part of the industrial provinces who might secure seventy-five per cent while the agricultural provinces securing the bulk of their revenue from land revenue would secure, say, fifty per cent of the income-tax raised in their respective areas. If the objection were to be levelled against the principle of considering the income-tax revenue raised as the basis for division a more equitable one has to be suggested as the basis and the industrial provinces suggest that the entire provincial

revenue raised ought to be the standard on which the contributions called the "block amount" from the income-tax raised would have to be fixed. Although it is too early to say that this suggestion would be accepted as the basis for fixing the "block amount" contributions still one can opine that this rational way of dividing the bulk of the income-tax proceeds would be far better than the alternative suggestions offered, namely, the ceding of the entire income-tax either to the Central Government or the Provinces. The other divisions mentioned by the Percy Committee are equally difficult to be carried out, if not more difficult. The entire income-tax on Corporation profits would have to go to the Central Government. Of the total net income-tax raised, namely, 17.20 lakhs about 370 lakhs have to go to the Federal Government. It was proposed by the Percy Committee to divide the balance of 13.50 lakhs amongst the different Provinces to enable them to wipe off their deficits. Of this 200 lakhs represent super-tax on personal income and this would be distributed on the basis of actual collections from residents. The remaining 11.50 lakhs would have to be divided in the following manner. One-seventh of this would have to be distributed on the basis of population. The remaining six-sevenths should be distributed on the basis of the estimated share of personal income-tax creditable to each province. Thus this division proposed by the Percy Committee was very complicated and evidently satisfied nobody. Compared with this division the one suggested by the White Paper is simple and easy to be calculated. The net result would undoubtedly be favourable to both participants. Both the Provinces as well as the Federal Government have the right to jevy a surcharge meant exclusively for themselves.

A tour of the miles of stands at the Radio Exhibition, which was opened recently at Olympia, is a refreshing experience, if only because one sees substantial evidence that here, at any rate, is an industry which, so far from losing ground, is steadily increasing in prosperity every year. The number of exhibitors is greater than ever, and their wares not only more efficient but cheaper. Everybody's needs are catered for, from the man who desires a three valve receiving set and limits his expenditure to three guineas to the fortunate individual who is looking for an elegantly housed set containing every modern

technical improvement and is prepared to pay 100 guineas to become its proud possessor. The home wireless trade is flourishing abundantly, and it is to be hoped that, in view of recent developments in Empire radio, manufacturers will be able to make the most of the growing Dominion and Colonial market for short-wave sets.

Give up the idea that you are in danger of collapsing from overwork. Fatal results in this country from overwork are about as numerous as deaths in Manchester from sunstroke.

Commercial Education in Mysore.¹

By Dr. K. N. Kini, M.A., Ph.D., Dip.Edn.

When living conditions and wants of the people were very simple and trade and commerce went barely beyond the sphere of the retail dealer or the small shopkeeper, little need was felt to train accountants, bank staff, or stenographers. All the training that a young entrant into business obtained was on the job when he helped his father in his petty trade by meticulously carrying out whatever instructions that the parent gave or when he was employed as a paid assistant to a local trader who expected his little protégé to know everything about business even before he entered upon it, and who never failed to deal punishment when the little fellow did anything that the master, with or without reason, considered to be a blunder. The methods employed in business were those which were handed down from generation to generation with little or no change for centuries.

CHANGING CONDITIONS.

While this was solely the condition in our country till the end of the 19th century, and while it continues to be so even to this day, with the vast majority of our traders and businessmen, the twentieth century saw perceptible signs of the growth of large-scale commerce, transport and modern factories. The cotton, woollen and silk factories, the electrical works, the iron works, the railway lines, the motor transport companies, the insurance companies, modern warehouses and large retail selling shops, banks and co-operative societies and a host of smaller industrial works too numerous to mention here, and above all the desire and the need to maintain accurate account of cash and credit purchases and sales and of stock of goods have all contributed to the necessity of employing commercially trained clerks, accountants, store-keepers and managers. Dealings between the merchants, traders, industrialists and other businessmen of the State with those in other provinces of India and the more advanced countries of the world have made the employment of persons well versed in commercial correspondence indispensable in modern industrial and business concerns.

Even the small traders, hotel keepers and petty shop keepers have, of late, been attempting to keep accounts on more or less modern lines and have been using the services of certified auditors in preparing their balance

sheet, on account of the scrutiny of the accounts by the income-tax officers.

The Government of the State has been employing typists, stenographers, accountants and other commercially trained persons on a scale little dreamt of in the last century. Clerks already in service have been qualifying themselves in commercial subjects on account of trained people being preferred for managerial and supervisory positions of trust and responsibility in the account departments.

On account of the increased activities of the people in all the diverse walks of life during the last two or three decades, commercial education has been finding greater recognition now.

The growth of commercial education in India has been succinctly reviewed by the recent Indian Central Banking Enquiry Committee thus:—

Until the end of the last century commercial education appears to have received little attention in this country. Banking education, which is a branch of higher commercial education, was not even thought of. During the last three decades, however, public interest in the question has been aroused and considerable impetus has been given to the systematic study of commercial subjects, including banking, which have been incorporated by almost all the Indian Universities in the curricula of their examinations. In nearly all the provinces commercial subjects also form part of the optional subjects which may be taken at the various examinations held at the end of the inter and secondary school courses. Several schools and colleges specializing in commercial subjects have been established in the principal cities. The number of students attending such institutions and reading either for a diploma or a degree, has been steadily increasing. In the year 1928-29, there were seven colleges with 1,599 students and 149 schools with 7,069 students, imparting education in commercial subjects.

PIONEERING BY PRIVATE AGENCIES.

The history of the growth of commercial education in the principal countries of the world shows that private agencies have been the pioneers in the field.

¹ Inaugural Address delivered at the Union of Government Institute of Commerce and Accountancy, Bangalore, on 16th August 1933.

IN AMERICA:

In the United States of America, upto very nearly the end of the past century, the bulk of the education for business was to be got in private institutions known as "business colleges". Only in the beginning of the new century did the States take upon themselves the responsibility for establishing commercial courses on a wide scale in the secondary schools. While the individual states of the Union have done this, the federal government which have been giving grant-in-aid in other fields of vocational education, has not been offering grants for the teaching of commerce even to this day. The reason offered is that education for business has been well organized in the U. S. A. even without Federal aid. Experts in the subject, however, disagree with the Central government and have been pressing for Federal grants for this branch of Vocational education also.

IN GERMANY.

In Germany, too, the State was tardy in establishing commercial schools. At first, isolated bodies of business men had attempted commercial training for the young merchants. Then commercial organizations of several cities established commercial schools. It is said that the first successful school of business known as "Commercial Institute" was organized by the businessmen of Leipzig so early as 1831. The German Industrial Law of 1861, however, provided for the formation of Chambers of Commerce and Industry, and the latter bodies were the second in the field to establish commercial schools at their own cost exclusively or sharing it with industrial city corporations. It is only in recent years that financial support has been coming largely from local public authorities implemented by subsidies from the Governments of the German States.

IN ENGLAND.

In England commercial education was not fostered on any generous scale till the last decade of the last century either by the State or by the Industrial community. Prejudice against organized school training for commerce was one of the obstacles. There was also a widespread belief, which has not yet completely disappeared, that commerce is best learned in the shop and the counting house. An authority on Vocational Education in England says:—"In England commercial education is less highly developed than technical education, partly because it is a much later form of vocational

education and partly because a typical English businessman still seems to prefer for commerce the general education provided by the secondary schools and the public schools. Trained mind, a vigorous body, good manners are, he very frequently argues, much more important than any attempt to teach in an educational institution the technique of business or even the principles underlying the conduct of commerce."

IN MYSORE.

In Mysore, too, the initiative to establish commercial courses came from private sources. The first to establish a commercial school in the State was a private gentleman, Mr. G. C. L. Naranayya. He founded an humble institution in 1897 at Bangalore to teach correspondence, book-keeping and shorthand. It is said that he charged very low fees and the receipts were just adequate to meet the cost of appliances and their maintenance and that he had himself to render services with no remuneration in the earlier years. Four years later, banking and commercial geography were added to the list of the subjects taught. The demand for instruction in the commerce courses soon increased. The school began to work every evening from 1902, while in former years it was held only on three evenings a week. The earnest efforts made by the founder attracted the attention of the Government, and his institution was placed on the grant-in-aid list with a modest annual grant of Rs. 240. The Public Instruction Report of 1931-32 shows that this school had a strength of 152 as against 41 in 1902 and that the annual grant now is raised to Rs. 480. It has been in existence now for over 35 years.

The second commercial institution was started again by a private agency. In 1906 the Hardwick Commercial School came into existence and received Government grant immediately, showing that in less than a decade of the starting of the first school, education for business caught the imagination of the public. This school continued to work for fourteen years and then was closed.

DIRECT EFFORTS OF THE STATE GOVERNMENT.

The State was not satisfied with mere giving aid to the two private commercial schools. In 1910, the Government appointed a committee with the then Chief Engineer Mr. (now Sir) M. Visvesvaraya as Chairman to investigate into the problems of industrial and commercial education in the State and to submit a report. As a result of the recommendations

of that committee, in 1913 the Government Commercial School was established at Bangalore and a Commercial Education section was organized as a department of the Chama-rajendra Technical Institute of Mysore which, in a few years, developed into an independent Government commercial school, but was recently abolished, perhaps because Government desired not to compete with the four private schools existing in that City but wanted to concentrate its efforts on your school (The Government Institute of Commerce and Accountancy, Bangalore).

A notable experiment undertaken by the Government about 1914-15 was the establishment of vernacular commerce classes at Bangalore for the benefit of businessmen unacquainted with English. Such classes were soon extended to four more centres, namely, Chintamani, Tirthahalli, Davangere and Nanjangud. But these courses were not popular with businessmen. The reason is not far to seek. The English educated merchants, though themselves without any school training in modern business methods, could employ young men educated in the English Commercial schools, and they paid little attention to the vernacular courses. Businessmen who had no English education were conservative and apathetic to any reform, and were quite content to follow their old techniques, however inefficient and crude. I am, however, still of opinion that vernacular commerce courses should again be attempted, not with the adults who are not likely to learn new methods voluntarily but with young boys in our middle and high schools. I shall refer to this theme again.

COMMERCIAL CLASSES IN HIGH SCHOOLS.

When the S.S.L.C. Scheme was introduced in 1913, high school pupils were given the choice of taking commerce subjects, such as commercial practice, commercial geography, shorthand and typewriting as optional subjects. The bigger high schools in the State sought one or more of the subjects. The courses were useful in so far as they demonstrated to the pupils the utility of commercial education for business. The commercial subjects still form alternative optional courses in high schools.

PRESENT POSITION.

The present position of commercial education in the State then is that there is one government institute of commerce and accountancy training students for junior and senior grades of

the State Board of Commercial Examinations and for G.D.A. Examinations of Bombay and five private commercial schools recognized by the Education Department for various examinations. While in 1902 there were 41 students in one commercial school then in existence, in 1931-32 there were 746 students in the six institutions. While the progress made in three decades may be regarded as satisfactory, yet we have to ask ourselves the question whether judging from the modern needs of a progressive community we can remain contented with our achievement. Nobody can say that the mercantile community is surfeit with the staff of properly qualified accountants and book-keepers or commercial correspondents. To the extent they would absorb the trained men could the opportunity for commercial education be augmented. The Associations of businessmen, the Chamber of Commerce, Banks (more the old fashioned types) and co-operative societies could help in the extension of commercial education by not only employing trained men themselves but by laying down suitable standards of qualifications required of their employees. The schools also have a responsibility in that they have to seek the co-operation of businessmen and industrialists who are the employers of students trained by them for organizing courses of instruction to suit their needs. The American and European Educational Boards and Departments have been exerting not a little in recent years to interest associations of businessmen and commercial magnates in the work of their schools. We have to follow in their footsteps if we have to achieve similar progress.

With regard to instruction in high schools, as many as 23 out of 29 boys' high schools in the State have made provision for the teaching of one or more commercial subjects for four periods a week in the highest two classes, 837 pupils out of 2,601 that appeared for the S.S.L.C. Examination in 1933 took commercial subjects for the optional. Accountancy registered 630 pupils, practice of commerce 114, type-writing 71 and banking 22. The object of these courses is not to give complete instruction in any subject. It is clear to any one that in the brief time at the disposal of the pupils vocational efficiency cannot be expected. The objective aimed at is that the boys may have an appreciation of commercial subjects, and may get a bias towards them and then continue the study of such and allied subjects in an all-day commercial school like course. Here again we

must be definite in our aims. If the commercial subjects in High Schools were meant merely for appreciational and cultural purposes, like History, Geography or Science, then the matter could rest there. But since the objective aimed at is also vocational guidance or producing bias towards commercial careers, it is time that a survey is undertaken to determine what these commerce students have been doing after leaving high school and what percentage of them have been in courses or careers where the instruction in commerce they obtained in the high school is functioning. In short, a follow-up programme is essential in practical subjects like commerce.

ORGANIZING INSTRUCTIONS FOR RETAIL SELLERS.

Any person that goes along the streets of Bangalore and Mysore Cities and of smaller towns in the State cannot but be struck by the vast multitude of small traders who sell retail articles of daily necessity such as grains and other foodstuffs, cloth, cutlery and so on. Among the retail sellers, there is a good percentage of women whose number seems to be on the increase. A large majority of our small traders have very little organized training to carry on their vocation. Perhaps they will laugh at us if we propose an educational programme for them to enable them to carry on their business with greater efficiency. Perhaps even some of the commerce graduates, who have been trained along the well-trodden lines of our present commercial schools may think this idea to be ludicrous. I would remind all such people that the well-being of a nation depends as much on the efficiency of the retail sellers as on the efficiency of large-scale businessmen, bankers, insurance agents, etc. Any commercial education programme which leaves the retail seller out of account is lopsided and top-heavy. Just think of their numbers. About four per cent of the people in Mysore live by trade exclusively and by far the largest proportion of them are retail traders. If we take the population of Mysore as 6.3 millions, about 2½ lakhs of people may be reckoned as retail sellers. In a democracy, every person has a right to demand utmost facilities for his or her advancement. It is also the responsibility of a democratic state to undertake to afford those facilities. If these propositions are conceded, here is a problem of commercial education of the first magnitude, enough to engage the attention of at least a dozen foremost educationists for the next decade or two.

PROBLEMS OF INSTRUCTION IN RETAIL SELLING.

A number of problems arise as soon as we think of organizing instruction for retail selling. Each one of the problems has to be analysed very minutely and detailed investigation has to be carried on regarding each one of these points arising out of the analysis. I shall narrate a few of the items here.

(i) What are the fields of retail selling for which instruction has to be provided? Selling cloth, grocery, hardware, cutlery, furniture, vegetables, meat, poultry, dairy produce, building materials, books and stationery, sweetmeats and so on.

(ii) What age groups are to be selected for instruction? Should the pupils be persons already engaged in the business or be those who intend to take retail selling as a vocation?

(iii) When should the instruction be given to suit the time and convenience of each group?

(iv) What should be instructional material with reference to problems of (a) increasing sales, (b) satisfying customers with credit sales, (c) delivering goods to houses of people, (d) improving managerial abilities, (e) keeping helpers to facilitate sales, (f) displaying goods, (g) banking facilities, (h) account-keeping, etc.

(v) From what ranks are the teachers to be drawn and what should be the methods of instruction to gain the interest of the different age and vocational groups?

(vi) Where should the instruction be conducted?

(vii) How could the scheme be worked to reach its advantages to (a) urban population, and (b) rural population, and to (a) men and (b) women?

A job analysis of each business has to be made very carefully and details determined. I would strongly urge some of the commerce students to undertake research in this field and supply material for instructional purposes.

EXPLORING NEW FIELDS IN COMMERCE INSTRUCTION.

There are various other fields of commerce of popular interest and utility like retail selling which should find place in our commercial schools. A scrutiny of the subjects taught in the different commercial schools reveals that duplication and triplication of courses occurs in the same place. To a certain extent this is due to the fact that it is easy to go in the traditional path. Time has come when the commercial schools should explore new avenues of work useful to the commercial community. Typewriting, shorthand, accountancy, banking,

commercial geography and co-operation are all good so far as they go, but why not think of providing institution in salesmanship, advertisement, marketing (urban and rural), insurance, business statistics, and such other subjects of immediate importance to the public at large? A subject like salesmanship has untold possibilities in our country where really efficient salesmen are so few. Very few shopkeepers can tell us the real merits of goods they sell. With rare exceptions, no salesman ever thinks that his things have any effects or demerits. Advertisement is a subject that is very popular in the business schools in the Western countries. It is an art worth developing here. When one travels by railway or the bus in Europe or America, one sees on farms and in villages large sign boards on which are advertised goods that are found there or that a large trading or manufacturing concern wants the public to know. Similarly, every place of public resort has large placards exhibiting pictures of goods produced in the country. In our villages and towns, a large variety of goods of high value and of great utility to the public is produced; but how many of us, travelling by the motor bus or railway train see them advertised? Nowadays we see names of villages on sign posts at the entrance to the respective villages. I would suggest that commerce students do take interest in village improvement and see big placards placed near each of these name posts depicting the goods that are manufactured in each of these villages. The commercial schools should do propaganda in this matter. Our art schools can also assist in this useful field. As a matter of fact, a good commercial school should have an art section in it, because art can do a good deal to stimulate commerce.

Window display is one of the best forms of advertisement, because pedestrians and others that go along the streets or footpaths can at a glance know what exactly is on sale. The defect of most Indian shops is that goods are jammed somehow in a little place and even some important articles of sale are not presented to the view. A change is gradually coming on as can be witnessed in the shops in the Narasimharaja Road. But, if commercial schools would but organize instruction in this branch, reform will take place quicker. In some of the progressive commercial schools in the West, demonstration window displays are arranged by the pupils in what is called the "School Shop". A shop is actually constructed. An appeal to the big merchants

and manufacturers brings in presents of the usual articles sold in the locality and elsewhere. Students arrange the goods in batches and different patterns of display are arranged in the course of a year. Thus by constant practice, commercial school pupils become adepts in the art. There is a law in educational psychology that pupils repeat and hence learn best those reactions which give them satisfaction or joy and thus they cultivate proper attitudes, skills and habits. Some of our commercial schools may start a brief course in this subject and train pupils. Even an humble beginning would be welcome in this matter of making buying pleasant or at least less irksome.

Another subject of great importance for making correct estimate of the development of the commerce of a country is trade statistics. Statistics as popularly understood mean collections of figures of production and distribution or of exports and imports and adding for totalling and subtracting for knowing which factor is in excess. Statistics, applied to any branch of knowledge, is to-day a science and not an art. Tabulation of trade and commercial data to form frequency distributions, determining the central tendencies and interpreting them, measuring the variability of the distributions, comparison of groups or distributions of similar data, understanding the significance of the reliability of statistical measures from random samples, especially of differences, correlation and use of coefficients of correlation to make predictions in future years are some of the elementary notions of statistics, which an intelligent student of commerce and economics should understand. Without a proper study of the science of statistics in commerce, a correct appreciation of advancement or retrogression cannot be reached.

COMMERCE IN THE GENERAL SCHOOL SYSTEM.

It is a moot point at what age and stage commercial instruction should begin in the general schools. Some are of opinion that the general schools should impart only cultural education. Others are agreed that there must be a blending of cultural education with vocational instruction, may be for commerce or any other occupation. It seems to me that in a country where there is no compulsion up to a certain age regarding school attendance of children and where, therefore, children drop off at all ages, too many considerations arise when you want to fix the age or stage when occupational instruction is to be imparted.

As a general rule, it is safe to say that vocational education should be given just before a pupil enters upon the vocation.

In our school system, one definite stage when pupils may be expected to leave school is on completing primary education. While IV Year primary is too early to begin organized commercial education I would suggest that, in teaching arithmetic, more attention be paid to problems that arise in ordinary commercial calculations. This is especially to be done in the rural primary schools where but a few boys proceed further in education.

To some of the rural primary schools are attached two vernacular lower secondary classes. Here is a definite stage of education where commercial arithmetic of a very elementary character and account keeping required for a retail seller may be taught, not with a view to train efficient accountants but to afford pupils some appreciation of the problems they will be confronted with when they leave school to enter upon trade. Very simple talks on salesmanship, marketing and advertisement may be added. About four periods per week should be quite adequate. Children who may follow agriculture or artisan type trades will also profit by this course.

In the middle schools, very elementary instruction in accountancy, co-operation, commercial arithmetic, commercial geography, together with simple lessons on advertisement, and retail selling may be introduced from the second year as optional subjects. The instruction should be thoroughly practical and with reference to conditions in Mysore. Therealone will pupils find the study interesting. This instruction will be for six periods a week for three years like the practical instruction subjects and may be styled "Commercial Arts Instruction" rather than commercial education.

In the High Schools, commercial arts instruction may be commenced from the IV Form and carried on for three years working four periods per week. Instruction will be in more formalized commercial subjects. Here again the object is more to create a bias rather than to function as vocational education.

Throughout the school system, medium of instruction ought to be the vernacular. It is only then that commercial education would be nationalized and reach the masses.

I would reiterate that, at the various stages of general education mentioned above, the function of commercial instruction is to

afford appreciation, vocational guidance, and "bias" towards commerce and commercial occupations. In modern times when trade and commerce play so great a part in national life, rudimentary instruction in commercial subjects should form part of the educational programme of a gentleman for cultural purposes, and the general schools should provide facilities to bring about that consummation. If as a result of this sort of instruction, pupils do enter upon commercial careers and find the need for specialized instruction in any branch of commercial education, we should have a net work of commercial schools which will impart such instruction for vocational efficiency purposes while the candidates are actually engaged in the vocation. This instruction would constitute "Vocational Commercial Education".

For this purpose, a new type of middle and a new type of high school should be established, where half the time would be devoted for the study of commercial subjects proper, a fourth of the time for related arts, mathematics, science and drawing and a fourth of the time for liberal education subjects. The present-day businessmen and commercial staff cannot function efficiently unless they have a fairly good liberal education. A good working knowledge of English, civics, industrial and commercial history, commercial geography and elements of science and mathematics are quite essential in trade and commerce for intelligent functioning. For this reason it is that I lay great emphasis on liberal education subjects in the vocational high and middle schools.

The commercial middle and high schools should run parallel to the general middle and high schools. The former should run classes for part time and short unit courses in commerce for the benefit of those pupils engaged in trade and commerce who cannot attend the all-day commercial schools. The principles to be kept in view is that diverse paths should be opened to people who acquire vocational instruction in commerce because there are diverse groups of people varying in intelligence, purpose, economic condition and educational attainments.

TEACHERS FOR COMMERCE INSTRUCTION.

For teaching commerce in each of the different types of schools that I have proposed above, what should be the qualifications of the teachers? This is a question that could be answered only with reference to each type of school and its aims and objectives.

I would, however, state this,—that whatever may be the standard aimed at in the courses, the teachers should ordinarily have the following four qualifications:—*Firstly*, academic qualifications of not less than the S.S.L.C. Certificate standard and possibly higher for service in high schools and vocational commercial schools, *secondly*, commercial certificates of a much higher standard than that of the certificate they train pupils for; *thirdly*, practical occupational experience of three to five years in business of the type for which he or she is to train pupils, and *fourthly*, training for teaching with special reference to the teaching of commercial subjects.

If commerce graduates have good academic qualifications, I do not see any reason why they should not be employed in the general schools not only for teaching commercial subjects but for teaching some of the allied ones too. As a matter of fact, graduates of commercial schools should have as much chance for appointment in any of the ordinary departments of government as graduates of universities. In this connection I would like to quote here what Dewan Bahadur Rajamantrapravina Mr. K. Matthan, First Member of Council, said recently in connection with the agricultural diploma holders of the Hebbal Agricultural School:—

"I see no reason why, with perhaps some small changes in the curricula of studies in the school, the holders of the diploma of the school should not be regarded as graduates

of the same standing as graduates of the universities in pure science or arts and be considered as equally eligible with them for posts in the revenue, co-operative and other allied departments of the State Service, or for the matter of that in all departments except the purely technical ones. Because apart from the fact that agriculture being the main occupation of the people of the State, a man with a knowledge of agriculture is better able to understand and appreciate the daily life, the needs and the difficulties of the generalities of the people than one who has taken a degree in Physics, Chemistry or Philosophy. I am convinced that the study of agriculture carried on in the right way can give as good a general culture as is afforded by the study of abstract science or arts."

The proposal, no doubt, sounds radical, because most people do not think except in narrow grooves. But if the proposal is given effect to, I feel sure that we shall modernize the services and increase their efficiency to a degree little dreamt of now.

Trade and commerce is a vocation that is followed largely by our people next only to agriculture. So what Dewan Bahadur Mr. K. Matthan proposes with respect to holders of agricultural diplomas may with equal force be applied to holders of commercial diplomas for the very same reasons mentioned by him. Only our all-day commercial schools should be organized to a higher degree of attainment, not necessarily to form part of any university.

(Continued from page 619.)

The Prime Minister's statement in the House of Commons was a complicated affair and members would have been better pleased if Mr. MacDonald had been supplied with an explanation of the scheme in simple language which could have been grasped on the instant. However, the whole subject is to be debated next week before the summer recess. The new scheme applies to all processes by which light hydrocarbon oils are produced in this country from indigenous coal, shale, or peat, or from products derived from those substances. These oils will be guaranteed a preference of not less than 4*l.* a gallon over their foreign competitors. The scheme lasts for 10 years from next April, and during that period a total preference equivalent to 3*s.* a gallon will be given to home-produced oil. That is to say, if the duty remains at its present figure of 8*l.* a gallon the preference will last for four and a half years. If it should be

reduced to 4*l.* it would last for nine years, and the guarantee is given that during the period in which the scheme is in force the import duty shall not be less than 4*l.* The immediate result is that Sir Harry McGowan, Chairman of Imperial Chemical Industries, Limited, has announced a scheme for the erection of a large commercial plant at Billingham-on-Tees. An initial output of 100,000 tons a year of first grade petrol is aimed at by processing 400 tons of coal a day. The operation of the plant will give permanent direct employment to 2,500 miners and other workers, and on its construction 7,000 men will be employed directly and 5,000 indirectly for 18 months.

Daily service to others is one of the best ways to insure your own happiness. Do not wait for special occasions, but serve to-day as opportunity offers.—Grenville Kleiser.

Factories in Bombay, 1932.

By "B.P.O."

The number of factories subject to the control of the Factories Act increased from 1,795 to 1,852, says the Annual Factory Report of the Bombay Presidency for the year 1932. There was the usual ebb and flow in the seasonal industries and in factories on the border line of the legal definition, but a few new factory industries were started, and the cigarette making industry grew in importance. A large factory for the hydrogenation of vegetable oils began operations in Bombay, and the textile industry again expanded in Ahmedabad, where 5 mills were opened and extensions in several other mills were made. The older mills, probably as a result of changing demands and competition from the newer mills, re-organized their machinery to some extent. The number of Factories which actually worked during the year was 1,575 compared with 1,541 in the previous year. Of these, 816 were perennial and 759 seasonal concerns. Two hundred and twenty-six of the perennial and 625 of the seasonal factories were connected with the cotton industry.

The number of operatives employed in all industries was 389,647 compared with 381,349—an increase of 2.2 per cent. There was an increase of 4,866 in the Bombay mills which employ 142,112 operatives, and 4,572 in the Ahmedabad mills where 86,080 workers are employed.

The numbers of women and children employed were 73,977 and 2,792 against 73,477 and 3,841 respectively in the previous year. The reduction in the number of children occurred mainly in Ahmedabad where the cotton industry is following the lead given by the Bombay mills some years ago. Owing to the economic depression there was an increase in the irregularities relating to the employment of women and it was necessary to institute prosecutions against fifteen factories for employing women before and after the hours laid down.

SANITATION.

The mills in Ahmedabad have outpaced Municipal facilities and a drainage scheme has been number under discussion for several years. The disposal of trade waste has presented difficulties and in several localities has led to complaints from the residents. The Municipality has taken action against several mills, and the mills have been forced to dispose of the waste in their compounds with insanitary

results. It is understood that drainage improvements will shortly be undertaken. It is a most pressing need. Improvements in the Bind rice mills have been reported. A higher standard of cleanliness has been obtained although several prosecutions have been necessary to secure it. Trade waste is disposed of in a more sanitary manner, and repairs to the trunks from the machines have curtailed the amount of dust disseminated in the atmosphere. Some concerns have built dust collecting rooms in which the dust is blown and collected. The statutory limewashing has been generally effected and sanitation in the small Bombay factories has been improved. Conditions in the Dharavi tanneries were investigated. There has been a long history of neglect in this industry and its financial resources are very low. It has been possible with the co-operation of the Health Department of the Municipality to effect considerable improvements although the tanneries are not amenable to the Factories Act.

All the new Ahmedabad mills have been equipped with efficient ventilating and cooling systems and the benefits both to the workers and the process are well recognized in this centre. A Bombay mill introduced a cooling and humidifying plant whereby departmental cooling powers were increased by about 50 per cent. The ventilation of other departments has also been improved.

ACCIDENTS.

In spite of the general depression, general progress in regard to fencing was made, although considerable difficulty was experienced in obtaining the erection of transmission fencing in the new Ahmedabad mills. It was necessary to institute proceedings against several rice factories to obtain the necessary fencing of the low lying shafts, couplings and belts.

The number of accidents reported during the year totalled 5,572 of which 37 were fatal, 1,331 serious and 4,204 minor. These figures represent a decrease of 831 in the number of accidents and 626 in the number of persons injured as against the previous year. The fall in the percentage of accidents per 100 employed was from 1.62 to 1.43 per cent.

The report describes the measures taken for the organization of 'Safety First' services in industrial undertakings. The 'Safety First'

idea has not spread to any great extent. With the exception of the Comprehensive Safety First organization set up by the G. I. P. Railway little had been done in the factories of the Presidency to further the course of safety.

The Millowners' Association, Bombay, kindly arranged a conference with the Managers, at which the various problems were discussed, and it was decided to set up Safety Committees in a few mills as a trial measure. Another useful agreement was that the Chief Inspector of Factories should meet a Sub-Committee of the Managers from time to time, review accidents, and discuss measures for their prevention. Safety Committees have accordingly been set up in the Jacob and Kastoorchand Mills, representative of the two largest groups in Bombay. Committees have also been formed in the R.I.M. Dockyard and the B.E.S. Tramways' Workshops, and promises from other factories have been secured. These Committees were addressed by the Chief Inspector of Factories on matters relating to safety and the prevention of accidents. The Millowners' Association, Ahmedabad, recommended the proposals to their members and three Committees functioned for some time and five more were organized towards the close of the year. The Millowners' Association, Bombay, has set up classes for First Aid training in conjunction with the St. John's Ambulance Association.

Three hundred and thirty-five prosecutions were instituted by the full time inspectors against 209 in the preceding year and the fines realized amounted to Rs. 8,541 compared with Rs. 5,312 last year.

WELFARE AND HOUSING.

The volume of welfare work undertaken in factories showed an increase, although the progress was somewhat uneven.

A very novel development has taken place in Ahmedabad where the Textile Labour Association has sponsored a housing scheme to enable the lower-paid employees ultimately to own their own houses. Sixty houses in lines of ten tenements have been built. The area allotted to each tenement is 725 square feet of which 350 square feet is un-built on. The houses have been well built and the standard is very much in advance of that usually prevailing.

The Belapur Sugar Factory has provided a hospital with medical facilities whilst assistance is also given to the schools established on the estate. A Provident Fund for the permanent employees has also been started.

As regards creches the position in the Bombay mills was about the same as in the previous year. The average attendance in the 24 creches was 451 and the opium drugging of 189 children was stopped. A creche has recently been started in one of the Kurla Mills and promises secured from the mills in Khandesh are likely to materialise soon. Progress has been made in Surat and Barsi. A definite improvement in Ahmedabad may be recorded. Six excellent, eleven good and twelve fair creches are maintained by the mills at this centre. Whilst most of the other mills have reserved a room for the use of the women and their infants.

Nearly all the mills in Ahmedabad have provided dining sheds for the use of the operatives, and these on the whole are kept clean. A few other mofussil mills also agreed to provide such facilities.

The Millowners' Association, Ahmedabad, has recommended the abolition of the practice of charging interest on advances of pay. A few mills at this centre permit money-lending activities amongst the hands at exorbitant interest rates and it is hoped that these will cease and the Ahmedabad example will be copied in other centres. The co-operative credit societies in the E. D. Sassoon group extended their activities considerably and with a view to create interest in the matter an article on indebtedness was sent to the Millowners' Magazine.

A review of the medical facilities provided by the mills in Bombay was undertaken by the Millowners' Association with the object of co-ordinating and standardising the medical relief which, in several mills, is particularly well organized. Articles on accident prevention and welfare work have been regularly contributed to the excellent magazines produced by the Millowners' Association, Bombay, and Messrs. E. D. Sassoon & Company.

A Wall Street man was very keen on having proficient clerks in his employ. Before a clerk could enter his office he was required to pass a written examination on his knowledge of business. At an examination one of the questions was: "Who formed the first company?" A certain bright youth was a little puzzled at this, but was not to be floored. He wrote: "Noah successfully floated a company while the rest of the world was in liquidation." He passed.

Now-a-days 27,40,60,000 cigarettes are smoked every day in the world.

Mysore Dasara Exhibition.

By the Secretary, Exhibition Committee.

The Mysore Dasara Exhibition is being organized every year with a view to take stock of the economic progress of the State of Mysore and also to afford an opportunity to compare this progress with that achieved by other parts of India. This Exhibition affords also an immediate and direct method of advertisement for manufacturers and they have not been slow to take full advantage of this organized publicity. Since the Exhibition is arranged at a time when the City of Mysore attracts visitors from all parts of India the result of participation in this Exhibition is of considerable commercial importance and conduces to the building up of trade with the State of Mysore. The permanency of this annual event ensures continuity of industrial and commercial effort in the State of Mysore and offers an opportunity for continuous contact between visitors from outside and the mercantile community of Mysore.

The expectations of the Exhibition Committee have once again been more than realized. Applications for accommodation in the Exhibition have been received from all over India and the late comers had to be disappointed in not securing any accommodation. As in past years more than 90 per cent of the exhibits happen to be of Indian manufacture. This Exhibition, on account of accumulated experience gained every year, is well organized and properly advertised and is achieving a high degree of success which is shown by the eagerness of some of the regular exhibitors for more and more space every year. New firms have been eager to participate in the Exhibition and these were amongst the earliest to apply for space. A number of discerning firms have realized that a well-conceived educative propaganda should be carried on in times of adversity and trade depression so that when better times come they may be the first to benefit by the revival of trade. This annual Exhibition has helped the manufacturers to maintain and develop their high standards. The desire to excel the efforts of the previous year is to be seen in all sections of the Exhibition.

For the first time after the re-organization of the Exhibition Committee, the Indian Institute of Science, Bangalore, will put up some interesting scientific exhibits. The Bangalore Chemical Works who happen to be the pioneers in South India to manufac-

ture gas mantles merit special mention. For the first time in the history of Mysore Exhibitions, Burma is represented by U. San Hla and the Burma Products Company have a varied range of Burmese products which are sure to interest all the visitors.

The Director of Industries and Commerce, Hyderabad, has arranged to exhibit a fine range of articles produced in the Home Industries Institute of Hyderabad. The Industries Departments of Bihar and Orissa, and of Central Provinces have sent in special textile exhibits. Once again the United Provinces Government have arranged to display the products of the U.P. Arts and Crafts Depot.

The Government Soap Factory, Bangalore, has exhibited its Ivory Tooth Paste and also an Iodine Ointment under the name 'Jodo-Cure'. The Industrial Laboratory has released on the market a new Kaolin Poultrice prepared according to B. P. standards under the proprietary name "Calorene". The fascinating fabrics prepared by the Government Silk Factory will command the admiration of all visitors to the Exhibition. The Forest Department have exhibited a range of medicinal herbs and plants of daily use in the indigenous Ayurvedic and Unani systems. Elephant tusks of seven feet two inches in length are also exhibited in this section.

The Electric Clock Manufacturing Company, Bombay, are exhibiting for the first time clocks manufactured in India and the special attention of the visitors is invited to the four-foot-diameter electrically synchronised clock mounted on the entrance of the main central pavilion in the Exhibition. The Karnatak Publishing House of Bangalore have arranged to exhibit Bharat Carbon Papers and Typewriter Ribbons manufactured at Karachi and also Indian made fountain pens. The "India House" in the machinery shed are exhibiting a number of new Indian products amongst which may be mentioned the Paratype Typewriter Ribbons, Electric Lamps manufactured by the Bengal Electric Lamp Works, and Embroidery Machines manufactured by Messrs. Shankar Das & Co., Lahore; Cutlery manufactured by the Bengal Cutlery, Calcutta, also the well-known Jessore Combs and Celluloid Works, and Godrej's Soaps. The considerable improvement that has taken place in the work of the khaddar

centres at Terkananbi and Badanval will be a pleasing revelation to the visitors.

The 'Buy Indian' League have co-operated in opening a stall with a special collection of Indian manufactured goods.

The Gunamba Trust have arranged four stalls, for Maternity and Child Welfare Work, Junior Red Cross Work, Toddlers' Centre, and Ambulance demonstrations.

Two other special features of the Exhibition are yet to be mentioned. The Ladies' Section has attracted exhibits from all over India and the artistic excellence of the work

turned out by the ladies is worthy of high praise.

The Fine Arts Section organized by a Special Sub-Committee has attracted pictures from artists all over India and the entries have exceeded all previous records. For lovers of art a magnificent feast is awaiting them in this section.

Amongst the conveniences for visitors mention must be made of the construction of a new detached room to serve as "Ladies Rest Room".

Economics in the West. The American Monetary System.

London, 31st August 1933.—We wish to make it clear at the outset that this article is not intended for American readers, who may be presumed to need no informing on the subjects with which it deals. It is designed for clarity, so far as may be with the information at our disposal, a series of developments which to the non-American are obscure. Two reasons account for his confusion: first, events have moved so rapidly during the last half-year that it is impossible from personal recollection to place them in proper perspective; and secondly, a number of important changes in banking and currency arrangements have been effected by amendments to Acts of Congress to which they have no close relevance. We propose, therefore, to endeavour to answer a number of questions, which may be summarized thus: What recent alterations have occurred in American banking structure and methods, and in what respects do the currency system and the monetary standard differ from those in operation six months ago?

EMERGENCY BANKING MEASURES.

It will be convenient to deal with the banking changes under two heads—taking our cue from the World Conference—covering on the one hand immediate, short-term measures and on the other, longer-term or permanent changes. We shall then pass first to measures designed to assist economic recovery, and finally to the position regarding the monetary standard and the external valuation of the dollar. Most of the emergency measures were concerned with the task of re-starting the banking system after the disorders of February and early March; but those which occurred before that time must be mentioned, though it was related more

directly with efforts to alleviate the business depression. The "Glass-Steagall" Act of 1932 broadened for one year, to March 1933, the powers of member banks of the Federal Reserve system to borrow from the Reserve Banks, and liberalized the provisions regarding the issue of Federal Reserve notes by granting eligibility, within limits, to United States Government securities as authorized note cover. Under this Act, the Reserve Banks bought large quantities of securities and provided the basis for a marked increase in member bank cash reserves, though for various reasons the process failed to bring about any proportionate increase in the volume of bank deposits. We mention this Act only to record that, in view of its beneficial effect in easing the position of member banks, its provisions were extended last February for a further year.

As is well known, however, this measure did not prevent a major crisis. Following partial or entire closures in various states, which increased the strain in the leading centres where the banks remained open, the Presidential proclamation of March 6, issued under the authority of a war-time Act, declared a national bank holiday until March 9, and authorized the Secretary of the Treasury to re-open banks at his discretion. A few re-opened for restricted business during this period, but it was found necessary to extend the holiday, and the majority remained closed until March 13, when plans for an orderly resumption of business were put into operation. Meanwhile an Emergency Banking Act was quickly passed and became law on March 9; this Act re-affirmed the Presidential proclamation, and conferred on the President autocratic powers over the whole banking system.

Member banks were forbidden to carry out any transactions not approved by the Secretary of the Treasury and the President, while provision was made for the appointment of "conservators" to undertake re-organization or winding-up of insolvent banks. National banks were authorized to issue preferred stock, which hitherto had been prohibited, and the Reconstruction Finance Corporation, formed in 1932 with the primary object of preventing bank failures, was empowered to purchase such stock for re-sale in the open market or to make advances against it. The powers of the Federal Reserve Banks were greatly increased: first, by permission to issue notes, distinguished by the title Federal Reserve Bank notes, against a pure paper backing; secondly, by authority to make loans to member banks even though no assets were available which fell within the definitions of eligibility previously laid down; and thirdly, by permission to make advances, secured by Government obligations, to any individual, partnership or corporation, instead of solely to member banks. A later amendment to the Act gave power to the Federal Reserve Banks to extend direct loans to non-member State banks and trust companies.* The time limits on these various provisions differed from clause to clause, being mainly dependent on the President's decision, not yet given, as to the duration of the emergency.

The machinery of the Act was speedily put in motion. The Secretary of the Treasury was empowered to issue licences to member banks to enable them to reopen, while State banking authorities were requested to co-operate with the Treasury by gradually licensing sound State banks to resume business. Banks throughout the country were rapidly reopened after March 13, the only restrictions on their operations being prohibitions against gold payments, currency withdrawals for hoarding and exchange transactions for irregular purposes. By the end of March nearly 13,000 banks, out of a total of about 18,000, had received unrestricted licences while the rest, mainly State banks and trust companies, were still either closed or working on a restricted basis. Reopening later proceeded more steadily, and, although full figures

for a more recent date are not available, it was authoritatively stated towards the end of June that out of deposits of \$44,000 millions in banks closed during the holiday, all but \$10,000 millions had been released. It is evident, therefore, that a vast quantity of purchasing power is still immobilized in closed banks. Moreover, it seems likely that a large number of these banks (probably between 3,500 and 4,000 are still without licences) will never reopen, but will be liquidated with some inevitable losses.

LONG-TERM BANKING CHANGES.

Passing now to more permanent measures, designed to prevent a recurrence of banking upheavals, we must endeavour to summarize the main provisions of the "Glass-Steagall" Banking Act of 1933, which became law on June 16. This Act, which should not be confused with the earlier "Glass-Steagall" Act already dealt with, added, on a rough estimate, 20,000 words to the already enormous bulk of banking legislation, comprising forty-nine separate codes, any two of which may apply to any one bank. A main feature of the Act was the institution of a system of guaranteeing deposits. A temporary insurance fund is to be formed within the next six months, financed jointly by the Treasury, the Federal Reserve Banks and the participating banks, which will guarantee individual deposits up to \$2,500 in all the banks taking part. The fund is to be converted in July 1934 into a permanent Federal Deposit Insurance Corporation, which will guarantee individual deposits at its member banks fully up to \$10,000, and in prescribed proportions beyond that figure. All Federal Reserve member banks must participate, as to contributions and benefits, in both the fund and the Corporation; non-member banks may join the fund but may remain within the Corporation only if they become Federal Reserve members before July 1936.

This application on a national scale of a principle which has been tried without much success in various individual States was by no means the only innovation in the Act. Under another section member banks were forbidden to pay interest on demand deposits after June 15, while the Federal Reserve Board is empowered to regulate interest rates on time deposits. One result of this provision was an immediate and heavy transfer of balances in New York banks from demand to time accounts. Then, again, powers were given to the Federal Reserve Banks to supervise the lending activities of member banks

* We may remind readers that national banks, that is, banks established under Federal law, are bound to be members of the Federal Reserve system, while State banks and trust companies, established under one of the State codes, may or may not, according to their choice and their compliance or non-compliance with conditions regarding, for example, the size of their capital and reserve funds.

in order to prevent undue use of bank credit for speculation in stocks or commodities, and the Federal Reserve Board was authorized to fix for each reserve district the maximum percentage of a bank's capital and surplus which might be represented by loans on stocks or bonds. Moreover, the Act provided for the divorce of security affiliates from member banks within a year, prohibited inter-locking directorates with security firms or stock-broking houses, and forbade personal loans from member banks to their executive officials. The dissociation of security affiliates had already been undertaken, in advance of the Act, by some of the leading banks. Incidentally, the Federal Securities Act which came into effect on May 27 introduced the important permanent changes in methods of business in the new issue market.

The general trend of these provisions is clearly towards still further central control over the Federal Reserve system and restriction of the liberty of member banks. In two respects, however, the Federal Reserve Act has been liberalized in favour of national banks. First, the "Glass-Steagall" Banking Act permits branch banking by national banks in any State where it is permitted by State law, under the same restrictions as apply to the State banks. Secondly, the double liability of stockholders in national banks for all debts to customers was abolished in respect of shares issued after the passage of the Act.

At this early stage it is difficult to foresee the effect of the Act on the American banking structure; some authorities regard it as likely that the deposit guarantee provisions will attract many smaller and weaker non-member banks into the Federal Reserve system, and that some of the more powerful banks may elect to relinquish their national status in order to leave the system. On the other hand, membership of the system does present very solid advantages which the leading banks would presumably be loath to forgo. The main respect in which, to an outside observer, the banking changes have failed to cope with the weaknesses disclosed lies in the almost total absence of any definite attempt to bring American banking into the shape of a structurally cohesive system. The general appearance of a multiplicity of banks, operating under a variety of scattered laws, seems likely to remain unaltered. Incidentally, the business of banking in the United States is fast becoming as much a

profession for lawyers as for bankers pure and simple. The mass of legislation enacted during the past session, together with the steady flow of proclamations, executive orders, Treasury and Federal Reserve regulations and interpretations, superimposed upon the huge bulk of already existing bank laws, must have placed bankers in the position of deciding whether what was lawful yesterday is legal to-day. Since the advent of the new Administration no fewer than thirty amendments have been made to the Federal Reserve Act alone, and even the Federal Reserve Board itself might be excused if it felt a little doubtful as to what a Federal Reserve Bank or a member bank can or cannot do.

CHANGES IN THE CURRENCY CIRCULATION.

While dealing with what seem to be permanent measures, reference must be made to an important change in the currency arrangements. As already mentioned, re-opened banks are permitted to exercise their former functions, excluding payments in gold, withdrawals of currency for hoarding, and foreign exchange operations for unauthorized purposes. The last two of these restrictions are probably temporary, and certainly cannot be strictly enforced, but the first bears the marks of permanence. The heavy withdrawals of gold and gold certificates from the banks in the period prior to the general closure revealed the weakness and futility of the kind of gold standard which maintained free availability of the metal to meet internal demands. The revision from this system, hitherto regarded as sacrosanct, was complete. All gold and gold certificates in private possession—with minor exceptions, such as gold for industrial use—were called in under threat of heavy penalties, and all gold and gold certificates held by the banks have been centralized in the vaults of the Treasury and the Federal Reserve Banks. On May 31 only \$600 millions of gold and gold certificates remained "in circulation", as against \$1,220 millions at the end of February and a similar figure a year earlier, and it may safely be said that a substantial part of the \$600 millions is for ever lost. Apparently no definite steps have been taken to impose the threatened penalties on individuals still holding gold; but it seems clear that gold has in effect disappeared from internal circulation and that, if and when the United States returns to a gold standard, it will set up a gold bullion standard similar to that which existed in this country from 1925 to 1931.

MEASURES FOR ECONOMIC RECOVERY.

So far as we have dealt with measures aimed at overcoming the banking emergency, and with those designed to prevent a recurrence of similar troubles. We now have to describe the legislation passed with the object of using the banking system as a promoter of general economic recovery. We exclude, from considerations of space, such measures as the National Industrial Recovery Act, the Railroad Relief Act, the principal parts of the Farm Relief Act, and the Home Owners' Loan Act, remarking only that the last two contain provisions for reducing debt charges by substituting new obligations, bearing lower rates of interest guaranteed by the Government, for mortgages and other fixed debts already outstanding. We confine ourselves here to banking and currency measures.

Probably the most important contribution on the monetary side to the President's plans for economic recovery is embodied in the so-called "inflation powers" contained in the Farm Relief Act. The inclusion of clauses such as these in an Act to which they were not specifically relevant is curious, arising from a convenient facility of American legislative procedure; the "inflation amendment" was incorporated in this particular bill when in course of passage, simply—as far as one can see—to save time. On April 20, when, as will be recounted later, the dollar was definitely severed from gold, the President announced his intention of deliberately attempting to raise commodity prices. To that end he invited Congress to accord him powers to initiate "controlled inflation". Accordingly, this vital amendment was added to the Farm Relief Act, which became law on May 12. Under one of the added clauses the President was authorized, in order either to protect the commerce of the United States from the depreciation of other currencies, or to secure an expansion of credit, to instruct the Federal Reserve Banks to purchase and hold United States Government securities up to a limit of \$3,000 millions, over and above the amount already held. So far little action has been taken in the exercise of this new power, and the extent to which the full enforcement of the provision would increase the volume of credit is uncertain. It would depend partly upon the degree to which member banks would use the newly created cash reserves to pay off their indebtedness to their central banks, and partly on the extent to which the member banks would be able to buy new investments or extend new

loans on the basis of the newly provided cash. In the longer run, however, the significance of the new provision lies in the extension of governmental control over the Federal Reserve system, and it is evident that, although the Act contains a clause requiring the assent of the Federal Reserve Banks to any such Presidential instruction, the central banking system, for a time at least, has taken on the character almost of a Government bureau. This is but one ironical effect of the depression upon a system designed specifically to secure, among other things, freedom from political influence. The other relevant clause of the amendment authorized the President, either as an alternative or an addition to the power described above, to cause to be issued United States notes up to a limit of \$3,000 millions, such notes to be used only for the purpose of meeting maturing Federal obligations or of purchasing United States bonds. So far as available statistics reveal, it appears that this power has not yet been brought into use.

In view of all that has occurred it is impossible except at great length to analyse the fluctuations in banking statistics during the past half-year, more particularly since the scope of some important figures has changed. The Federal Reserve returns are especially confusing, but the principal movements are these. A very heavy return flow of gold and gold certificates following the general closure resulted in a net increase in the gold holding over the past six months, and this has been accompanied by substantial Federal Reserve purchases of securities. On the other hand, much of the addition to gold and security holdings has merely provided the backing for a higher total of Federal Reserve currency outstanding, which is still well above the level of last January. For the rest, the open market purchases have served to reduce the indebtedness of member banks to the Reserve Banks, and their credit balances with the Reserve Banks actually show a net decline over the half-year. The position of the commercial banks can be only roughly estimated, for the compilation of weekly statistics for "reporting member banks" was interrupted by the closure and has been resumed on a restricted basis, to include only a smaller number of banks. It seems likely, however, that, in conformity with the statement just made as to member banks' reserve balances with the Reserve Banks, the cash basis for the active banking system has not yet been restored to its size six months ago, and that

deposits are consequently lower. If, then, it be true that the deposits of the active banks have not yet recovered to their pre-crisis level, then, when allowance is made for deposits still immobilized in closed banks, the volume of active bank money must still show a heavy shrinkage. Deflation, therefore, has a long way to go before the quantity of money available for use by the public undergoes positive expansion.

EXTERNAL VALUE OF THE DOLLAR.

We turn now to the subject of the monetary standard and the external valuation of the dollar. The first step in the separation of the dollar from gold was taken on March 6, contemporaneously with the declaration of the national banking holiday. The President's proclamation prohibited until March 9 all exports and earmarkings of gold and dealings in foreign exchange. This, however, was merely a part of the general suspension of all financial business, and the parting of the ways was reached only when provision was made for the reopening of the banks. On March 10 a further order was issued prolonging indefinitely the prohibition of gold payments and exports, whether in the form of coin, bullion or gold certificates, except such as might be licensed by the Secretary of the Treasury. At the same time, purchases of foreign exchange were permitted, but were specifically limited to amounts needed for normal business payments, for travelling and personal requirements, and for fulfilment of contracts entered into before March 6.

It will be observed that the foreign exchange restrictions were similar to those imposed on residents in Great Britain from September 1931 to March 1932. The method of enforcement, however, was different, and in practice there appears to be very little obstruction of foreign exchange business. We gather that the restrictions are, and have been almost throughout, very broadly interpreted. Theoretically, all dealings in New York are referred to the 'supervisor' appointed by the New York Federal Reserve Bank, but in practice the market is almost free except for requests of exceptional size or nature. No obstacles are placed in the way of removal of foreign-owned funds, and scarcely any in the way of purchases of foreign currencies by American nationals.

For a time following these steps, the significance of which was difficult to estimate, quotations for the dollar in terms of gold currencies remained very close to parity. The fact that the United States was a strong

creditor country, with a minimum of foreign short-term claims against her; the probable continued existence of a surplus on her current balance of payments; the feeling that the restriction of gold payments was only temporary, and would prove to be more in the nature of a safeguard than a measure for practical application; all contributed to the maintenance of the external value of the dollar. Actually, a few small gold shipments, other than those representing transfers of earmarked metal, were allowed under licence, and this fact lent support to the supposition that the gold standard was intended to be maintained, at any rate in a modified form.

This supposition, however, was shaken during ensuing weeks, notwithstanding measures taken to concentrate the country's gold stocks in the central banks and the Treasury. A new order, on April 20, left no doubt as to the intentions of the Administration, and immediately cut the dollar adrift from its gold parity. The order covered dealings in both gold and foreign exchange. It prohibited indefinitely the earmarking and export of gold except under licence, which might be granted only in respect of stocks earmarked for foreign governments or central banks or the Bank for International Settlements, gold imported for re-export, gold required for contracts already entered into, or for transactions expressly approved by the President. As to foreign exchange, the earlier restrictions were upheld, while the Secretary of the Treasury was authorized to regulate or prohibit any exchange transactions, transfers to foreign branches or banks, and the export of United States currency.

It will be observed that this order, while more definite and clear in some respects than its predecessors, added little to them. But the mere fact of their re-affirmation, along with indications becoming daily more clear that the President contemplated a scheme of deliberate internal depreciation of the dollar, led to immediate and rapid external depreciation. Within two days the quotation for dollars in terms of francs was eight per cent below par, and subsequently the wide movements, sometimes covering as much as eight per cent between one day and another, carried the dollar down to about 70 per cent of its gold value.

The decline has been due largely, if not mainly, to speculation and capital sales of dollars following upon or in anticipation of steps taken or expected in pursuance of internal monetary policy. In part it has

been due to the rise in dollar prices, far exceeding the general upward movement in sterling prices, for a number of staple commodities, the excess being due largely to American speculation in commodities. Again, it may be attributable in a degree to a tendency for American exporters to leave abroad the proceeds of their sales. For this and other reasons the market has been narrow, and speculative and capital transactions have consequently had far greater effect upon rates than in more settled conditions. But the fact that they have been permitted indicates how little use has been made of the Government's powers of restricting exchange dealings. This is in conformity with the President's evident decision to concern himself almost entirely with the internal value of the dollar, leaving the external valuation to go where it will. Nevertheless, the powers of restriction are available to place a check upon speculative and capital dealings if and when it may be deemed desirable. Again in agreement with this policy, there seems little evidence of any deliberate American official efforts, similar to those frequently made by our own Exchange Equalization Account, to "iron out" wide and rapid fluctuations in rates.

THE MONETARY STANDARD.

The order of April 20 might be regarded as the first, but only the first, definite step away from gold, for on May 12 the President's signing of the Farm Relief Act threw on the lap of the gods the whole question of the future standard of the dollar, and made it at least open to question whether the United States will ever return to a simple gold standard. Apart altogether from the "inflation powers" already mentioned, one clause related directly to the question of the standard. It empowered the President, in the first place, to reduce the gold content of the dollar by any fraction up to one-half; this, then, envisaged the possibility of devaluation, either in concert with other countries or independently, while still suggesting ultimate reversion to a gold standard. But the same clause also gave him power to fix the relative weights of gold and silver dollars and to provide for unlimited coinage of the two metals at the ratio thus fixed: this clearly gives an opening for a re-institution of a full bi-metallic standard. This clause of the Act, moreover, is unlimited in point of time, and the door is thus left open for indefinite operation of a non-metallic monetary system based neither upon gold nor silver in any real and practical sense. If however a gold standard is to be

restored, the extent of possible reflation apart from the world trend of prices is limited by the restriction on the President's powers of devaluation. In practice, then, his powers to determine the future monetary standard are almost unlimited as to both kind and time. It is not surprising, therefore, that speculation has taken a much firmer grip on the dollar than it has on the pound at any time within the past year.

One further measure calls for mention. As everyone knows, the vast bulk of fixed debt incurred in the United States, whether by Americans or foreigners, was expressed in gold dollars. In our issue of February-March we gave examples of the varied phrasing of the relevant provision, but they were all interpreted as having the same effect, namely, that principal and interest were to be paid in dollars having a proscribed gold content, or in other forms of dollars taken at their gold valuation. The insertion of this provision had become habitual since the experiences arising from the Civil War in the 'sixties of last century, and the definite separation of the dollar from gold, along with the withdrawal of gold from circulation, raised in an acute form the question whether dollar payments due in respect of such debts should be increased, and if so by how much (no easy question this), to allow for the depreciation of the dollar in relation to gold. In order to clarify and regularize the position the Government took the equitable course of declaring all such clauses void. This was done by a joint resolution of both Houses of Congress, on June 5, nullifying the "gold clause" in all existing and future contracts, and approving payments in United States legal tender as full discharge of interest and principal obligations. In consequence, with the exception of a few foreign loans containing the gold clause, the debtors on which have elected of their own free will to observe it, all debts on which payments are being made are now served in "paper" dollars. Before the joint resolution some authorities doubted the power of Congress to sweep away the gold clause, for the terms of the constitution of the United States were held to render any such act unconstitutional. The President, however, had already taken opinions on the question, and had evidently satisfied himself as to the validity of the proposed course of action. Still, the matter cannot be regarded as finally settled, for although one or two favourable judgments have been given in minor courts the final authority, the Supreme Court of

the United States, has not yet had an opportunity of giving a decision. It may in fact never have that opportunity, and in any event the occasion cannot arise until the wheels of American justice grind slowly to that point.

THE POSITION REGARDING GOLD.

Our narrative of the departure of the United States from the gold standard will have revealed many differences from Great Britain's experience and methods. One of the most interesting of them, however, may have escaped notice, since we have not directly dealt with the point. When Great Britain left the gold standard no restrictions were placed on gold exports or imports, nor have any been imposed since. One result is that in this country, which produces little or no gold, a market has been maintained in the metal at prices determined by the full play of competition. Vast quantities of gold have come to London from South Africa, India and elsewhere for disposal: much of it has passed into the possession of foreign central banks; our own monetary authorities have bought large quantities; and foreigners have acquired millions of pounds' worth for hoarding, either in this country or their own. All these competing buyers have paid the market price of the day, which is far removed from the par price in pounds. Until America left the gold standard the market price was determined mainly by the exchange rate on New York, which was accepted as measuring the depreciation of the pound in relation to gold; more recently the rate on Paris has been taken as the standard; but the price actually paid has often—more often than not in later months—been several pence above the figure determined by exchange rates on gold standard countries, owing to the keen demand for purposes of personal hoarding. Gold is no longer a medium for the settlement of uncovered residue in current international payments; it is a commodity in strong request for the sake of its supposed security against depreciation.

In America the position is quite different. Although the United States is the world's third largest producer of gold, with an annual output of about two million ounces: although she is still the world's largest holder of gold; although, moreover, her stock would be further increased by devaluation: no free gold market exists, and producers still sell their output to the Treasury at the par price, notwithstanding the depreciation of the dollar in relation to

gold. Similarly, jewellers and others requiring gold for industrial purposes are permitted to secure their requirements from the Treasury as before, again at the par price.

There are obvious difficulties, not encountered here, in the way of establishing a free gold market in the United States. Perhaps one of the most powerful arises from the consideration that the American public has been ordered, under threat of heavy penalties, to surrender any gold still in its possession, over and above merely nominal holdings. To the extent it has not done so, the establishment of a market price well above the par value might reward the delinquents even while the law threatened them with punishment, and would place patriotism at a discount. This objection operates, incidentally, with equal force against simple and early devaluation. Further, the argument might run that it would be unfair for the gold producer to obtain more for his gold than was paid to the member of the public who acquired gold perfectly legitimately before March 1933 and surrendered it in accordance with instructions. This is one of the complications following from the maintenance of free circulation as a qualification of the gold standard, and it might operate with equal force if France, for example, were compelled to abandon the gold standard.

Yet, despite these and other objections, it is difficult to see how official intervention in the exchange market could operate fully, without free dealings in gold, in pursuance of any definite policy regarding the external value of the dollar. The operations of our Exchange Equalization Account have been greatly facilitated by the existence of a free gold market. For several recent months, for example, it proved difficult to prevent a strong appreciation of sterling in relation to gold. We will not enter into the reasons for this upward pressure on the pound, for they are a matter of controversy which would require extensive treatment. If it became necessary to support the pound it would be possible to sell in the open market gold already acquired by our monetary authorities, and thus to maintain the value of sterling at the desired level even though all our reserves of foreign currencies might have been exhausted. It seems unlikely, therefore, that any machinery of "control" similar to our own will be set up in America without the establishment of a free gold market check by joint with central banks closed to the sale of gold.

AMERICAN EXCHANGE POLICY.

The difficulties in the way of this step may be in part responsible for the President's disclaimer of any immediate interest in the external valuation of the dollar. The main element in this attitude, however, is clearly his unwillingness to take any steps which might hamper in the slightest degree his complete freedom of action in respect of the internal purchasing power of the dollar. In order to complete our story we must refer to his two principal and latest utterances on this matter. The first was issued on July 3 as a personal commentary on the proposed international declaration, drawn up at the World Conference, regarding the general principles of monetary policy appropriate to both gold and non-gold standard countries. In it the President condemned attempts to achieve "a temporary and probably an artificial stability in foreign exchange" so long as much larger and more urgent matters were claiming immediate attention. He went on to make it perfectly clear that while America was engaged in a great experiment to secure an equitable and then stable internal value of the dollar the question of the external valuation of the dollar must be left in a definitely inferior position. "The sound internal economic system of a nation is a greater factor in its well-being than the price of its currency in changing terms of the currencies of other nations." The second statement, two days later, was issued by the American delegation to the World Conference, but presumably was the fruit of the President's further intervention in the discussion. It reiterated and developed the position taken up in the first, drew a contrast between the experiences in depreciation of the dollar and of European currencies, and called attention to points of contact between American and British declarations of internal monetary policy.

We will permit ourselves, in conclusion, only two comments on these statements. First, we regard it as one of the major benefits of the crisis—for even a major crisis has some good results—that a statesman of President Roosevelt's standing and power should have brought the world nearer to a true sense of proportion in the matter of monetary stability. As we pointed out a month ago, there are two sorts of stability, in internal purchasing power over commodities and services, and in external purchasing power over other currency units. Notwithstanding the appalling experiences of recent years and their obvious association with internal instability, it is still the

habit to think in terms of the second, to the almost total exclusion of the first. Yet, if the depression has taught us anything it is just this: that our neglect of the first has cost us not only an incalculable direct loss in terms of economic welfare, but indirectly the loss also of the benefits to be derived from the second. The President's statement is therefore to be warmly welcomed, particularly as the price paid for it, in the abandonment of a formula which might have had little practical value and possibly injurious psychological effects, was so small.

Our second comment is related to practical expediency. The dollar, in respect of its external valuation, has become a prey to speculation; and this is true to a smaller extent of its internal value as well. The two are seemingly closely associated, for it may be supposed that inducements to exchange speculation operate also to stimulate commodity speculation, and success in one encourages the hope of success in the other. It follows that suppression or limitation of exchange speculation would probably serve to check speculation in commodities and in stock exchange securities—both now recognized as danger spots in the American situation. If this be so, it is doubtful whether the course of the dollar in the exchange market can be altogether ignored with safety. At all events, it is evidently to the world's benefit to watch the American experiment not only closely but sympathetically, and to offer every possible assistance that can be given within the limits of diverse beliefs and interests. There is so much common interest and belief that the field for such assistance is large; the reward is the prospect of a share in restored and assured prosperity; it will be unfairly won if it comes as "unearned increment"; it will be bitterly lost if lost through shortsightedness and practical shortcomings in the attitude of other countries towards the President's plans.

The Japanese have wholly given up the idea of erecting a chain of textile mills in the industrial areas of India. Various theories are advanced in support of the contention that it is unlikely that either Japanese industrial enterprise or Japanese capital will be attracted to India in the near future.

It's not the pull that wears a belt, but the slip. Belts wear because they burn by slipping.

Canadian Trade and Finance.

Expansion of Credit in U.S.

Montreal, July 28, 1933.—*Satirical public discussion as to the uncertainty of the aims of the World Economic Conference, the apparent lack of knowledge as to the specific steps necessary to attain particular ends, and the inability to establish a formula of agreement, has not given due weight to the true cause of conflict. There has been a bitter fight at the Conference between those who desire to raise prices and restore profits and those who believe that the deflation should work out its own cure, unmitigated by "artificial" measures inflationary in effect and likely to bring a drastic subsequent reaction in their train.*

The fundamental divergence of opinion between the gold countries and the countries which have abandoned the gold standard has had its counterpart within the borders of each individual country. Those who caricature the economist who wishes for a higher price level, as an ignoramus attempting to raise himself by pulling at his own bootstraps, are bitter-end gold enthusiasts who claim that it does not matter whether the farmer receives \$1.00 or 50 cents for his wheat, provided that the price the farmer pays for goods is proportionately higher in the first instance than in the second.

It may be well to consider the position of the farmer in particular, since what is true of the effect of price level on the farmer is also true of the manufacturer, the miner and the distributor. To that particular farmer whose annual interest payments and taxes amount to \$600 per year, it makes an immense difference whether his surplus, over direct operating costs and living expenses, amounts to \$500 or 1,000. With a surplus of \$1,000 he will be able to pay his interest and taxes and make some reduction in the principal of his mortgage: with \$500 he finds himself deeper in debt at the end of the year than when he started his work. This same principle affects all who pay taxes or owe money on mortgages and bonds. Credit is a most important factor in modern economy and credit means personal or corporate debt. When surplus over current expenses is sufficient to meet interest charges, there is every encouragement to make further efforts to improve the situation. When no possible means can make the surplus meet debt charges,

credit is destroyed, morale undermined, purchasing power reduced, business turnover restricted, unemployment increased and hardship becomes general. For the government the situation becomes even more acute. At a time when revenue from taxes is falling to lower and lower levels there are extra charges for the relief of the unemployed. The higher price level brings greater revenue and reduces the call upon the government for unemployment relief. From this statement of the situation it is clear that the major benefits derived from a higher price level are those which affect the internal economy of the country. It is this point of view which made the major issue of the World Conference that of raising and stabilizing the general price level.

There have been many instances in the past, however, when the benefits accruing from higher prices have led to progressive inflation. The fear of the repetition of the experiences which follow upon excessive inflation has been the emotion which has controlled the deflationists, particularly in France where more than 75 per cent of internal debt was wiped out by controlled depreciation, and in Germany where the whole internal debt was written off by uncontrolled inflation.

It is a truism that an excessive rise in prices injures creditors no less seriously than a heavy decline in prices injures debtors. It is stability of price level which constitutes justice and favours sound expansion of business. Since the past three years have witnessed a major decline in prices, the restoration of the average price level of 1925-28, the approximate level at which a large part of the world's debt was incurred or refinanced, would bring about a more equitable relationship between debtors and creditors. Even creditors will benefit by moderate inflation, since they will then be able to collect on the amounts due them, whereas further deflation would have injured creditors and debtors alike.

In this situation, Great Britain and the United States have contended that first efforts should be directed toward the restoration of prices, profits and activity of internal industry. When these results have once been attained, the next major problem will be that of securing the stability of the restored price level. Relative stability of international

exchange will follow automatically when internal price levels have once been stabilized.

Unfortunately, the gold countries have been disproportionately concerned with the effect of depreciation of currency upon international trade. They seem to fear the possibility of competitive depreciation in order to attain relative advantages in export markets. In view of the general opposition to depreciation in every country, this danger has been over-emphasized. It is a mistake to assume, for instance, that the controlling motive leading to further depreciation in the United States will be (a) the desire to undermine the position of one or more of the gold countries, or (b) the hope to exploit the export markets of the world. The first task is to restore prices and exchange of goods within the United States. If other countries clearly understood this point they would realize that prosperity within the United States must be beneficial to all parts of the world. The restoration of the purchasing power of the public of the United States will lead that country to spend far more abroad, both for commodities and in the direction of tourist travel, than it has been spending during the past two years. The effect of recent government policies upon foreign exchange is an incidental factor rather than a prime motive. The British have also begun to realize that a rise in their own internal price level is of vastly more importance to Great Britain than the particular parity of exchange which may be selected. Let prices continue to rise and internal trade continue to improve in the United States and Great Britain, and the world depression will be largely a thing of the past.

The lack of tangible results from the World Economic Conference has increased the need for a close rapprochement between the United States and Great Britain, and for greater harmony between the policies of those countries which have abandoned the gold standard. If expansion of credit and increased activity of business can be secured in the non-gold countries it should be possible to restore a large volume of world trade without much help from the countries remaining on the gold standard. At the present moment, Great Britain and her Dominions, the United States, the Scandinavian countries, the whole of Latin America, Japan and China and so many other countries have abandoned gold that five-sevenths of the normal foreign trade of the world is between countries which are no longer on the gold standard. Financial co-operation between these countries is not

merely an idea—soon it may become an accomplished fact. The World Economic Conference has given the non-gold countries a sense of their real power in world affairs.

Gold at present is being held in the United States, Great Britain and other non-gold countries as a collateral against their currencies. It has little effect upon their value. When prices have once been raised to a satisfactory level, and confidence in this new price level is once well established, the non-gold countries (if they care to do so) will be in a position to release a sufficient amount of their gold to force a corresponding rise in the prices in the gold countries. In any case, the impetus to rising gold prices from the supplies of new mined gold and that which is coming from India, is bound to have prompt effect when confidence has become general. There are only a few countries left when it is possible to send the annual supplies of new gold, and this new gold must produce rising prices in those countries as soon as it begins to have its full normal influence upon currency and credit. In that way it may be possible to discuss the practicability of the management of the gold price level, with a view to securing permanent price stability.

The true value of the United States dollar is much greater than is indicated by recent quotations in francs. As yet there has been but little positive inflationary action in the United States and the decline in the value of the dollar is largely in speculative anticipation of future action. The dollar has been sold short. Since even the present balance of trade is favourable to the United States, a slight reversal in speculative sentiment could easily drive the dollar much nearer to parity with gold. Carried far, an upward movement of the dollar would be likely to weaken confidence in recovery. The position of the United States is such that positive steps toward expansion of credit are still necessary if the strength of the upward trend is to be maintained, yet this statement does not imply that active steps toward expansion are not contemplated. It is anticipated that the government programme of expenditure on public works, on reforestation, and the assistance to the programme of the individual States will be well under way by October. These government expenditures will provide the added stimulus at the very time when the normal autumn upturn will be carrying business activity to better levels. The need for credit for this autumn expansion,

together with the necessity for credit to finance the government projects, might be expected to tighten money at that time. If there is close co-ordination between plans for financing and the expansion projects themselves, this increased demand for credit can be met without advancing rates. It is the degree of co-ordination exhibited which will reveal to the outside world the capacity of the United States to maintain the pace of recovery. Adequate handling of this situation will also give a basis for hope that the government will be able to maintain stability of a dollar regulated in relation to price level rather than in relation to gold. Any undue tightening of money rates, however, at a time when the government is seeking to encourage expansion, bodes ill for that type of co-ordination which is necessary in order that the stability of the dollar shall be permanently maintained. It would represent either lack of understanding or lack of co-operation.

BUSINESS CONDITIONS.

The upward trend of business gained added momenta during June and early July. Wholesale and retail sales indicate that the consumer is now benefiting from increased purchasing power; fall orders in many lines are reported to be nearly double the comparative sales of 1932. Employment has increased and the volume of bank clearing and rail loadings and railway earnings has continued to expand. An increasingly wide variety of industries has begun to feel the influence of advancing prices.

The official index of wholesale prices compiled by the Dominion Bureau of Statistics advanced from 63.6 in February to 67.6 in June. This index is based on the prices of 502 commodities. An increase of four points in the index means an advance of more than 6 per cent in the price level. This net gain has been made in the face of further declines in some individual prices and the greatest gains have been made in a number of those commodities which suffered most severely during the decline. This is particularly true of agricultural products, the outstanding example being wheat, which was selling at 45 cents in February, and for a time in July in excess of 90 cents per bushel. This quick come-back in agricultural prices is restoring purchasing power parity between the farm and the city and will make for a greater volume of trade within the country.

The following advance in prices is indicative of the improved position of the farmer:—

	Unit.	June 1933.	February 1933.
<i>Winnipeg.</i>			
(Average of daily cash closing prices).			
Wheat, No. 1 Northern ..	Bushel.	\$.668	\$.458
Oats, No. 2 C.W. ..	"	.290	.233
Barley, No. 3 C.W. ..	"	.379	.275
<i>Vancouver.</i>			
Hay ..	Ton.	14-16	12-14
Potatoes ..	"	16-20	6-12
Eggs, fresh extras.	Doz.	.16-.17	.13
Hides, green ..	Lb.	.04	.01
Sheepskins ..	Each	.25-.35	10-.25
<i>Toronto.</i>			
Wheat, Ontario ..	Bushel.	.87	.42
Cattle, steers, good, over 1,050 lbs. ..	Cwt	6.16	4.00
Hogs, bacon ..	"	4.58	3.81
Hides, packers, native steers ..	Lb.	.11-.12	.04½-.05½

The expansion in manufacturing operations has continued, many additional branches of industry now showing improvement. The heavy industries, which are usually among the last to share in a general upturn, have become more active. The Dominion Steel Corporation has received an order for 3,500 tons of steel rails from South Africa in addition to an order for 50,000 tons from the Canadian National Railways. These orders will keep the plants busy for the balance of the year. The number employed has already doubled and it is expected that additional numbers will be required. The Algoma Steel Corporation has also received an order for 30,000 tons of steel rails; work on this order will soon be under way. Textile plants continue to operate at or near capacity with orders that will keep the mills busy for some time. Leather manufacturers and boot and shoe factories are well employed. The demand for food-stuffs has been maintained. The newsprint industry produced 171,419 tons during June against 171,776 tons in May, and 161,368 tons in June 1932. Returns for June 1933 are particularly gratifying since operations in June and the following months usually show a substantial decline each year. In 1932, the decrease between May and June output was nearly 15,000 tons. Shipments have kept up well, stocks on hand declining in spite of the increase in production. Miscellaneous plants report more varied conditions but most of the manufacturing industries are operating on a better basis than for many months.

Limited rainfall during June and extreme heat at an unusually early date caused material damage over a large part of the Prairie Provinces, seriously reducing the prospects for the coming wheat harvest. Injury from drought was particularly pronounced in those parts of the West which had had insufficient supplies of moisture earlier in the season, namely, South-Western Manitoba, Southern Saskatchewan and South-Eastern Alberta. Considerable damage has also been caused by grasshoppers and hail. The weather during July showed some improvement but generous rains and more favourable growing weather are required generally throughout the West. The cutting of wheat is already under way in Manitoba. Crops in Ontario and Quebec also suffered from hot, dry weather. Rains in July improved conditions but crops are maturing early; the cutting of fall wheat in Ontario commenced about two weeks in advance of 1932. The warm weather was beneficial to crops in British Columbia. Conditions in the Maritime Provinces have been favourable. Pastures throughout Canada were affected by the dry weather, and livestock suffered in consequence. Exports of stock to Great Britain have been heavy, aggregating 25,000 head this season to date, or more than double the number shipped during the same period last year. Shipments of bacon, ham and other meats are also greater in volume. Dairy production has been well maintained; butter exports are larger than last year, but shipments of cheese have declined.

Gold mining operations in Canada have been satisfactory during the first half of the year, although the values recovered were somewhat smaller than in 1932. The premium at present being paid on shipments has encouraged the milling of lower grade ore. In Ontario, the output during the six months was valued, exclusive of premium, at \$22,164,735 against \$23,243,920 in 1932. Operations at the Hollinger mine have expanded and in June this mine was the largest producer in Ontario. It is reported that the capacity of the Hollinger mill may be increased to 7,000 tons per day. The Howey and other companies are installing additional

equipment and operations will be gradually stepped up. Reports from other fields are also favourable.

Conditions in the Atlantic fishing industry are still unsatisfactory. Figures are not yet available for the spring catch of the Lunenburg fleet, but the total is not expected to exceed 50 per cent of last year's catch of 22,000 quintals. The lobster catch was also small, substantially reducing the pack. Prices have been better. The pack of canned salmon in British Columbia is behind that of last year; Sockeyes have been well maintained but other grades show substantial declines as good prices are being paid for these fish, fresh frozen. Practically all of last season's pack has been sold. Prices for the new supplies are strong, buyers paying \$2.00 more per case for Sockeyes than at this time last season. Halibut landings continue to increase. Fish are very plentiful and the boats are operating on a profitable basis. Prices are better than last year but are still comparatively low.

The lumber industry reports considerably increased operations. It is stated, however, that new business is well ahead of the output. Prices continue to rise for the more popular grades. Export shipments to all markets, except Japan, are satisfactory and domestic demand is also improving. Stocks held by retailers in Canada have been reduced to skeleton proportions. Dealers are still cautious in their purchases but a large volume of lumber will eventually be required to restore these stocks to normal size. The demand for shingles has been strong. Prices have advanced and are nearly double what they were earlier in the year. Some difficulty has been experienced in filling orders promptly. There has also been some improvement in the demand for pulpwood.

Transportation companies continue to enjoy increasing traffic with corresponding improvement in earnings. These are now higher than for the same periods in 1932. The gross traffic receipts of the Canadian Pacific for the two weeks ended July 14th totalled \$4,592,000, an increase of \$212,000 over the corresponding weeks of 1932. The Canadian National earnings for the same period reached \$5,942,789, an increase of \$160,840.

This year is the centenary of the cigarette, which, according to the same agency, was invented in 1833 by an Egyptian soldier at the Siege of Acre. He lost his pipe and had the idea of smoking his tobacco wrapped in paper.

Socialization and Transport (Constable, 7s. 6d.), by the Rt. Hon. Herbert Morrison, Minister of Transport in the Labour Government, is probably the first work to elaborate in a fair measure of detail the business organization of Socialized Industries.

Notes from U.S.A.

President Roosevelt's Campaign.

New York, 31st August, 1933.—The gods on high Olympus still play their pranks. . . . Wall Street was largely opposed to Mr. Roosevelt's candidacy and voted for Mr. Hoover. . . . The majority of Mr. Roosevelt's warmest admirers loathe Wall Street with a deep fear and hatred. . . . Mr. Roosevelt triumphed and set out especially to help the farmers and workingmen. . . . He said unkind things about "money-lenders in the temple". . . . Yet by the irony of fate it was these Wall Street brokers and speculators who received the best cards in the pack on the new deal. . . . A Wall Street friend of mine, a broker not a speculator, told me the other day: "In ten days of April I made up all my losses for 1933. In May I made up all my losses for 1932 and 1931 and in June all my losses in 1930. . . . And I've just bought two new motor cars."

That's one reason why the automobile business has suddenly boomed. So writes the Editor of the *American Exporter*. . . . And business grows by what it feeds on. . . . The downward spiral pulled pretty nearly everything down with it (except radio exports). . . . Now the upward spiral is pulling pretty nearly everything up with it. . . . If Mr. Roosevelt's programme succeeds (and certainly something is succeeding) he cannot limit its benefits to those nearest his heart. . . . Indeed, some of his friends have said that the programme was aimed particularly at the "disparity" between prices. . . . If so, something has gone awry, for the upward surge of prices still leaves wide disparities. . . . Furthermore, the chief beneficiaries of the price rise so far have not been the American farmers and producers at all, but foreign ones. . . . American wheat is worth 54 per cent more than it was when Mr. Roosevelt took hold of the reins, but Straits tin is worth 82 per cent more, Singapore rubber 86 per cent more, and Central American bananas, 62 per cent more. . . . And not a single friend in Congress.

All of which points to a theory of the late E. W. Scripps, an American newspaper publisher who accumulated a fortune. . . . Late in life he wrote that, sizing himself up, he noticed that he had one peculiarity: he was disinclined to reason about business matters. . . . Instead he trusted and followed

his instinct. . . . "Reason leads men astray in business," he said, "Instinct rarely does."

The average American businessman to-day, I think it is safe to say, is for the Roosevelt programme despite his reason. . . . For reason would tell us that no such vast and complicated effort to control prices, production, and wages could possibly end up in anything but a tangled mess of strangling red tape and bureaucratic muddling and meddling. . . . But instinct leads us to believe that this man Roosevelt will in some way see it through. . . . And psychology is 80 per cent of prosperity.

I picked up rather a striking example of the pitfalls that reason and logic lead us into. . . . A book written by a Harvard professor (other colleges claim that you can tell a Harvard man but you cannot tell him much) in 1925. . . . The book was written in the belief that the United States was by no means slowly reaching a point where its agricultural yield would be insufficient to feed our people. . . . And now, with wheat long a drug on the market, under the leadership of college professors, the American farmer is being paid a bonus to withdraw land from cultivation!

While the Hamlets of business, sicklied o'er by the pale cast of thought, are wringing their hands over the mad things that London, or Washington, is doing, and the conservative investors are somewhat perturbed, the enterprisers are ready to take risks again. . . . All business is a speculation, and for the first time in four years these enterprisers see a chance to make a profit.

So do not worry too much about the London Conference. . . . Your profits this year may come, as Wall Street's have, from the most unexpected causes. . . . People will not buy in a falling market. . . . They will buy in a rising one. . . . That is more important than all the tariff adjustments in the world just now. . . . Prices are going up. . . . Ours not to reason why.

General Johnson, who is in charge of the Industrial Recovery Act, is an ex-army officer and, according to Washington stories, stands no damned nonsense from either captains of

industry or labour leaders. Just how army methods will work in industrial control remains to be seen.

* * *

At this writing General Johnson is laying stress on raising wages and very little on the matter of prices. He is telling the industries in their codes to let the price matter rest for a while. The situation is very confused because of the multiplicity of problems and details involved. However, manufacturers began raising wages before the law went into effect. They also began raising prices. Probably 80 per cent of American manufacturers have been losing money at recent wage scales and at recent prices. There would not be much industrial recovery unless they began to make money.

* * *

The confusion in Washington is a necessary result of the headlong speed with which this legislation was passed. Nothing like it has ever been seen except in time of war. Indeed, Washington, they tell me, is exactly like it was in the time of the World War except that there are more automobiles and fewer second lieutenants.

* * *

Let me interrupt here to remark that the new American Ambassador to France, Mr. Straus, is, under normal conditions, head of the famous New York department store of R. H. Macy & Co. The story is going the rounds in Washington that when he arrived in Paris he said: "Galeries Lafayette, I am here". Whereupon the French, not to be outdone, replied, "Macy beaucoup". A more mischievous version of this same story was to the effect that when Lloyd George arrived in New York after the war he cried, "Barnum, I am here".

* * *

I was in Washington for several months shortly after the United States entered the World War and the confusion then of getting organized was an inevitable result of the speed with which an organization had to be improvised. The Administration of the Industrial Recovery Act necessarily starts under parallel conditions. Everyone will wish them well in working out of the trying days of improvisation.

* * *

I recall that when I was asked to come to Washington in 1917 and go to work I was told that our organization would consist of

200 people. As a matter of fact it amounted to over 2,000 and the way things were going if the War lasted long enough it would have amounted to 20,000. That is one of the great difficulties of government organization. That they can expand so easily. They never have to show a profit. That is the taxpayer's problem.

* * *

Bernard Baruch, whose protege General Johnson is, has been called on to help out and appears to be acting as a kind of glorified liaison officer between the State, Treasury, and Agricultural and Industrial Recovery leaders. Herbert Bayard Swope, who was suddenly sent over to London by President Roosevelt, was the former editor of the *New York World* and is an intimate of Mr. Baruch. Unquestionably he was sent to London to offset the very bad press which the American delegation had as a result of some of their early announcements. A few days after the armistice I heard Mr. Swope tell a story at a banquet of the American Manufacturers Export Association which has a moral in it for it indicates the dreadful danger of noble intentions developing into dumb bureaucracy.

* * *

At that time Mr. Baruch was head of the War Industries Board which controlled production in the United States as a means of meeting war conditions just as the new law now controls it to meet depressing conditions. Mr. Swope said that some businessman, harassed by red tape regulations which were stifling his business, came down to Washington to try to get relief. He went from department to department always being told that some other department was the one in charge. He finally reached Mr. Baruch, the chairman of the War Industries Board. Mr. Baruch listened to him patiently and said, "You should take this up with the War Trade Intelligence."

* * *

"Listen," replied the businessman, "I have been to the Shipping Board, the Federal Reserve Board, the War Trade Board, the War Industries Board, and none of them have any intelligence!"

* * *

War Trade Intelligence happened to be the bureau I had helped build up from its original start of three men and two secretaries. May be it had some intelligence before it got too big.

Notes from London.

Engineering and Unemployment.

An important contribution to the discussion on unemployment is made by the Engineering and Allied Employers' National Federation which has been investigating the proposal of a 40 hour week as a cure for unemployment. In a pamphlet, "Unemployment—its realities and problems," the Federation refutes the popular belief that the unemployment crisis is a result of mechanization. Official statistics are quoted to show that during the last 50 years mechanization has actually increased the opportunity for employment. The Federation's investigation, which relates to the years 1928 and 1933, shows that the section of the engineering industry which probably is most mechanized, motor-car manufacture, has positively increased its employment, while that which presents probably the smallest scope for mechanization—namely, marine engineering—has fallen badly. The displacement of male by female labour is also shown to be untrue of industry as a whole and the engineering industry in particular, although it is not denied in the case of individual branches of industry. But where it has taken place it has been the means of increasing total employment.

THE 40-HOUR WEEK.

The proposed 40-hour week, the Federation states, meant to counteract unemployment due to mechanization. But if mechanization had caused general unemployment such unemployment, it is urged, would have appeared gradually because mechanization is a gradual process. Yet unemployment in this country appeared suddenly. The Federation's statistics show that short time is already very much in operation, and, therefore, an official reduction of hours would do very little to change the position. In many cases it would amount to a legalization of the present hours together with an increase of wages. Mention is made of the deleterious effect of trade union restrictions on the opportunity to afford employment, and it is suggested that co-operation between employers and workers in each industry with a view to the removal of such anomalies would be a more fruitful avenue of exploration.

CANADIAN BANKING COMMISSION.

The Canadian Government has enlisted the services of Lord Macmillan as chairman of the Royal Commission which is to inquire into the working of the Canadian Bank Act prepara-

tory to its decennial revision, and to report on the Government's monetary problems. One of the Commission's special tasks will be the furtherance of "Inter-Imperial and international co-operation for the purpose of raising the level of commodity prices, increasing employment, and stabilizing industry and finance". The question of the stability of international exchange will also be studied, as well as the advisability of establishing a central bank of rediscount in Canada. Every aspect, indeed, of the banking and currency and credit system will be considered, and to assist them in their investigations the members of the Commission will pay visits to various Canadian cities.

AUSTRALIAN TRADE MONOPOLIES.

There is increasing evidence that the Commonwealth Government intends to try by judicious use of the tariff to control the undue raising of prices of manufactured goods to the public. In a recent statement in the House of Representatives when the tariff was being debated the Minister for Customs (Mr. White) said: "I have already made it clear that we may look upon the Tariff Board as an automatic price regulator. This was emphasized in the case of matches in respect of which the Government, through the Tariff Board, was able to force prices down without inflicting injury on any one. . . . As a general principle, when duties are reduced, industry is stimulated by competition. When an industry has a monopoly of the market it can fix its own prices. The Government, in accepting and supporting the Tariff Board's recommendations, shows that it is considering, not only the industries concerned, but the interests of the community at large."

The Tariff Board is undoubtedly playing a large part in regulating trade prices. Two reports tabled in the House of Representatives recommend reduced duties on windscreen wipers and dry batteries. In regard to the latter the Board stated that during 1931-32, despite the existence of five manufacturers, the reduction of prices, and slackening of demand, the principal manufacturers made excessive profits, and that excessive profits were made during the period when importations were prohibited. The *ad valorem* equivalents of the existing fixed rate of duties ranged as high as 300 per cent. Efficient local manufacturers would be amply protected by duties

of 35 per cent British preferential and 55 per cent general.

A reduction in the duties on windscreen wipers was recommended—the present duties of 6s. each or 45 per cent *ad valorem* British preferential, and 7s. 6d. each or 75 per cent *ad valorem* general tariff to be reduced to 3s. each or 27½ per cent *ad valorem* British preferential, and 6s. each or 45 per cent *ad valorem* general tariff. The Board considered that distribution methods were wasteful and unbusinesslike and required reorganization to bring about a reduction of charges.

REMEDY FOR UNEMPLOYMENT.

On 13th June, Sir Atul Chatterjee (Chairman of the Governing Body of the International Labour Office) presented to the World Monetary and Economic Conference, now sitting in London, a resolution which had been adopted a few days earlier by the International Labour Conference, at present in session in Geneva. The resolution, which was carried without a dissentient vote in an assembly representing the Governments, employers and workers of forty-nine countries, called attention to the appalling prevalence of unemployment and indicated a number of measures which are urgently necessary if economic activity is to be resumed. In effect, it constituted a cogent reminder to the London Conference that on the solution of the financial and economic problems with which that Conference is to deal—currency policy, the gold standard, the disequilibrium between prices and costs, foreign exchange restrictions, debts, restrictions on International trade, tariffs and the rest depend the life, health and wellbeing of millions of human beings, and that all those who live by industry are looking to the London Conference for prompt and effective remedial action. As one of the delegates well expressed it, the Labour Conference called on the Economic Conference to take account of "the thirty million arguments for action" represented by the thirty million workers without employment. Further, in the words of President Roosevelt which were several times quoted in the debate on the resolution, "the Conference must come to its conclusions quickly. The World cannot await deliberations long drawn out."

SLUM CLEARANCE.

Sir E. Hilton Young, the Minister of Health, has issued an appeal to the local authorities not to delay the preparation of their programmes for slum clearance as a result of the publication of the report of the Moyne Committee on housing. The Minister recognizes

that the report is of the greatest importance, and promises an announcement in due course of the Government's decisions upon its recommendations. But he points out that the report expressly avoided making any recommendation that would even indirectly have the effect of hindering the immediate framing of slum clearance programmes. The Moyne Committee proposes an extension on a large scale of the work of public utility societies, and the appointment of a strong central public utility council to supervise the work of the societies. It is further suggested that every owner of working-class property which is not in all respects fit for human habitation shall be made liable to expropriation on a new basis of compensation. But the Committee has rejected the schemes for a National Housing Board or Corporation, as premature and likely to have a deterrent effect on private and municipal enterprise.

EMPIRE MARKETING BOARD.

The demise of the Empire Marketing Board has now been announced officially, and the date fixed for the obsequies is September 30. We have never attempted to disguise our opinion that this retrograde step is ill-advised and short-sighted. Unfortunately, much of the Board's most useful work has not been in the least spectacular, and the idea still persists that the Board's principal task was concerned with advertising in the Press and on the hoardings; the great educational work done in the schools is seldom mentioned, though its influence will be felt in the coming years. The Board acted as fairy godmother for a great number of scientific research institutions, and the major part of its funds was utilized for the sustenance of useful organizations in all parts of the Empire. The contention that the Dominions should in future pay for their own advertising does not meet the case; indeed it is to some extent beside the point.

Admittedly the adoption by this country of a tariff with preference to the Empire removed the original reason for making a grant from British funds for the maintenance of the Board, but the work has now gone on long enough for every one interested in it to form an opinion as to the desirability of its continuance and the question of finding the necessary funds should not have presented insuperable difficulty, since all parts of the Empire are vitally concerned with the development of its resources and the increase of its trade. However, other counsels have prevailed, and

this promising co-operative effort is to be ended though arrangements have been made for carrying on some of its work. Evidently, the Director of the Federation of British Industries shares our view, for Mr. Guy Lockock has issued a statement declaring that the Empire Marketing Board has proved a fruitful method of achieving co-operative action by the different members of the British Empire. What is needed to-day for accelerating trade recovery, he declares, is more and not less co-operation.

CHEAPER RAILWAY FARES.

There will be general satisfaction that the railway companies have found their cheap summer ticket experiment so successful that the facility is to be extended to the end of the year. It will be recalled that summer tickets at a penny a mile, third class, were introduced on May 1 last, and that they were to be obtainable until September 30. Since then there has been a substantial increase in the number of passengers carried: the figures for May, indeed, show that compared with the same month last year a million more passengers were conveyed at the reduced rates, whereas passenger travelling at the ordinary or standard rates declined in number by a million and a half. No doubt fine weather

has been a factor in inducing people to travel, though it was calculated to favour transport by road vehicles even more. It is fairly obvious therefore that the oft-expressed opinion that cheaper fares would lead to increased use of the railways has proved well founded.

The success of the experiment has another interesting aspect, for it may be that this tangible evidence of the virtues of lower charges will lead the public to look for reductions in other directions. There is, for instance, the question of penny postage. The Government has contended in the past that to reduce the charge for letter postage to a penny is not financially possible. But so, it will be remembered, the railway companies were accustomed to argue when asked to return to penny-a-mile fares. If experience has shown that these fears were unjustified in the case of the railways would the result be any different in the case of a penny post? That is a question the answer to which no one can know with certainty. Some will reason that the circumstances in both cases are not the same and that running costs, irrespective of load vary less on the railways than in the Post Office. Others will point out that the Post Office, with a profit last year of over £11,000,000, cannot contend that it has no margin for experiments.

Giving his impressions to a Correspondent of the *Statesman*, Sir Lallubhai Samaldas recently said: "I had heard much of the great industrial expansion of Japan. From what I have seen during my holiday in Japan, I really think that the Japanese are a wonderful nation. We have our own cotton mills in India but I was struck by the Japanese mills which are a great deal better than our own. In Japan the girls look after the spinning machinery and are able to get through three to four times the work our men are able to do. One girl looks after four looms while the men in Bombay look after two and if they are asked to attend to three they go on strike!" Another important aspect of Japanese life which impressed Sir Lallubhai was the great strides made in education in Japan. Literacy among males and females was 99.25 per cent, the percentage among males being slightly higher than among females but the margin of difference was very small and the percentage for both males and females worked out at

99.25. The general intelligence of the youth was superior to the boys and girls in the villages and towns in India.

Sir Lallubhai said that in Japan the girls joined the mills at the age of 16 and after they had worked for four or five years, they returned to their villages. While at the mills, during their rest periods, they were educated in various subjects which would fit them to become better housewives. The girls had to do 8½ hours' work in two shifts.

The general health of the girls and all employees was remarkable. Another thing was the scrupulous cleanliness all round. Even girls working in the mills had dormitories which were much cleaner than the houses of most of the higher and middle class people in other places.

Sir Lallubhai added that the management of the mills in Japan was both economical and efficient and that that was why their working costs were below the working costs in the great Indian mills.

Economic Notes.

English Beet-Sugar Industry.

Two important announcements have just been made concerning the English beet-sugar industry. The first is that peace has been made between the industry and the old-established refineries which deal mainly with imported raw sugar, and the second is that when the Government subsidy on home-grown beet expires next year some further form of State assistance will be given to the industry. The refiners of London, Greenock and Liverpool have always protested against the high rate of subsidy paid to the beet factories, on the ground that one section of the industry was being penalized in order to help another section. The subsidy was fixed on a sliding scale, and some years ago it was sufficiently high to ensure that the English beet factories got their raw materials for nothing, while the older refineries, working on imported cane sugar, were active on only two or three days a week. Last spring an investigation was conducted under the chairmanship of Lord Weir; and it is now understood that the refiners and the sugar-beet factories have agreed to a national sugar scheme under the Marketing Act, by which the interests of both sides will be safeguarded. In regard to the assistance to be given to the beet industry when the subsidy expires in October, 1934, a scheme drawn up by the Ministry of Agriculture is now under consideration by the Treasury, and an official announcement on the matter will be made before the end of August, when preparations for the 1934 crop will begin. These facts explain Britain's policy at the World Conference in regard to international restriction of sugar production, when it was stated that Britain was willing to co-operate in the control of production, provided that restriction did not mean reduction.

A "SALTER REPORT" FOR U.S. RAILWAYS.

The report has just been published of the National Transportation Committee of the United States of America which did for the U.S. Railways what the Salter Report has done for the British Railways. Its principal recommendations are that parallel railroad lines and systems are wasteful and unnecessary, that regional consolidations should be hastened or enforced, looking eventually to a single national system, that unprofitable road services should be replaced by cheaper alternative transport methods,

that railroads should be permitted to own and operate competing services, that Government assumption of costs of inefficient competing transport should be abandoned, and that automotive transportation should be put under such regulations as is necessary for public protection. The Committee has also recommended that rates, capitalization and wages must all follow changing economic conditions, but none should be sacrificed for the benefit of others. The Committee has further stated that certain auxiliaries to air traffic should be kept up at public expense and that air transport should be encouraged during development stage, but that every such service should ultimately pay its way.

INDIAN TRADE IN 1932-33.

"In a year so distraught as that under review it might be thought that no agency could do much to forward a trade recovery," says the report prepared by the Indian Trade Commissioner of London on the work of his department during the year ending March, 1933. The year has been an eventful one and it witnessed the Imperial Economic Conference at Ottawa and the adjustment of the inter-imperial economic relations which issued therefrom. Time had been too short for any firm conclusion to be drawn from the trade figures available presently, but what was accomplished at Ottawa was at the most one step forward. The world at large has now come to realize that it had drifted into an economic impasse and is earnestly seeking a way out. Until the vast problems before the World Monetary and the Economic Conference are resolved the future of Commerce and Industry must be uncertain and prophecy more than ever is perilous. At a time like this the work of the official Trade Commissioner becomes more important in proportion to deterioration of the healthy trade conditions. It is at least as incumbent to watch for and report anything which may disturb the existing trade as to endeavour to find markets for new trades and new markets for established trades. The High Commissioner is confident that in both the directions his Trade Department has rendered a good service.

VICTORIA CENTENARY CELEBRATIONS.

The Centenary of the foundation of the State of Victoria and of its capital city, Melbourne, will be the occasion for widespread

celebrations in Australia towards the end of next year. The dedication of the International War Memorial is to be made the central feature of the programme, and it is hoped that the unveiling ceremony will be performed by a member of the Royal Family on Armistice Day, 1934. An air race, with prizes totalling £15,000, in addition to a gold cup and medallions (the gift of Sir MacPherson Robertson), is projected from England to Australia. Negotiations are proceeding for the holding of an all-Australia Exhibition, while historical pageants, congresses on various subjects, and special sporting events all figure in the scheme of celebrations.

MOTOR INDUSTRY IN INDIA.

"It is my opinion that a well-organized company employing experienced designers familiar with local conditions using the best raw materials available and eliminating waste in manufacture could produce a car in India suitable for Indian conditions. Backed by an efficient sales and service organization, this company could make a bid for India's motor car business and keep in the country the huge sums of money which now leave it every year to pay for imported motor vehicles." This briefly summarizes an address on the possibilities of manufacturing motor cars in India delivered by Mr. W. I. Maddon before the Lahore Rotary Club. "The average import of motor cars into India over the last three years, he said, was 15,000 vehicles per annum. Assuming a company in India manufactured a motor car which was as efficient as the imported article and no more expensive, and that by intensive selling they could capture 5 per cent of the Indian market, they would budget therefore, for the manufacture of over 7,000 vehicles per annum. I know of many factories in Europe which are working at a profit on a smaller output than this. During the first few years of manufacturing Government would be asked to assist the industry either by the grant of a subsidy or by permitting component parts intended for the manufacture of these vehicles to be admitted either free of duty or at a very preferential rate. I think this would only be necessary for the first ten years, by which time the industry would be in a strong enough position to fend for itself. Unless this assistance was forthcoming the price of the local manufactured vehicle would be prohibitive."

KRISHNARAJENDRA MILLS, LTD.

The 12th Ordinary General Meeting of the Sri Krishnarajendra Mills, Ltd., Mysore, was

held on the 2nd September 1933 at the Rao Bahadur Dharmaprakasa Sowcar D. Banniah's High School Hall at Mysore, when the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year 1932 was unanimously adopted and passed. Rajasubhabhushana Diwan Bahadur Mr. C. Srikantesvara Aiyar, B.A., B.L., presided. The Chairman pointed out how the world-wide economic depression and extremely unfavourable trade conditions continued during the year, which had been one of very great difficulty. The working of the concern had been a very difficult and anxious task for the management. Thanks to the substantial economies effected and to the careful and efficient management, losses had been avoided. The year's working showed a small net profit of Rs. 1,189-2-10, after payment of a sum of Rs. 1,21,539-15-0 to the Government of Mysore, as interest and making provision for depreciation of Rs. 89,477-3-6 and writing off loss on revaluation of old tools and plant and building materials to the extent of Rs. 4,978-6-5. In adopting the Balance Sheet, much satisfaction was expressed at the marked improvement effected in the working of the Mills by the present General Manager Mr. M. A. Srinivasan and the staff of the Company. Among the Resolutions passed by the General Body were two which deserve special mention. One was the adoption of a message of condolence to the family of the late Rao Bahadur Dharmaprakasa Sowcar D. Banniah, who had been one of the Directors of the Company. Another proposed a request to the Government of Mysore, who had so kindly come to the aid of the concern, that they should reduce the rate of interest on their loans in view of the cheapness of money, the fall in the rate of interest, and the very serious depression in the Textile Industry. Mr. Mohamed Sait, a retiring Director, was re-elected a Director of the Company, and Messrs. Batliboi and Purohit, Incorporated Accountants, Bombay, were re-elected Auditors.

The International Institute of Intellectual Co-operation are issuing through Messrs. Allen & Unwin a new series consisting of Discussions and Letters of topics of public interest between various well-known people. The first of the series, which will be ready shortly, is called *Why War?* and the problem will be discussed by Einstein and Freud. This should be an interesting book.

Diary of an Economist.

Hitler's "Battle" with Unemployment.

At the end of what has just been described by Herr Hitler as the "first wave of the general attack against German unemployment," to be followed by "further waves in the autumn and next spring," the German Government is bringing up all its available reserves and with an unparalleled and almost desperate vehemence is grappling with its chief problem of providing the people with work and bread.

While the success of Germany's battle against unemployment is on the whole certainly remarkable, the fact must not be overlooked, when studying recent developments in the labour market, that a large percentage of the people who have been "reintroduced into the working process" is by no means receiving its former full tariff wages, but is employed on various kinds of public works, for which it is remunerated with hardly more than the ordinary unemployment dole, plus food, some clothing, and lodging in camps. These have at least been "taken off the streets". Besides, the proverbial German thoroughness and ingenuity, used in the elaboration of the different schemes for the provision of work, are equally evident in all sorts of compulsory and semi-compulsory measures against both employers and employees to achieve the general aim.

The Nazi Government prides itself on having found work for approximately 2,000,000 people so far. Since the worst phase of unemployment in February, 1932, and at the end of last January the unemployment figures have dropped from about 8,000,000 (consisting of 6,000,000 registered and some 2,000,000 "invisible" unemployed) to about 6,000,000 (4,850,000 registered) at the close of June this year. The number of employed persons in Germany has risen since the end of January from 11,490,000 to 13,380,000 at the end of June—that is, by 1,900,000, so that, including the provisional figures for July, the 2,000,000 limit has already been exceeded.

INDUSTRIAL PROGRESS IN THE IRISH FREE STATE.

According to a recent statement of the Irish Free State Minister for Industry and Commerce the import of confectionery, bread and buns, yeast, constructional steel and wire manufactures into the Free State has now ceased owing to the development of home

industry. In 1931 these imports, mostly from Great Britain, were valued at £1,090,000. About 80 per cent of the cast-iron required is now produced in the Free State, the import of this commodity in 1931 being valued at £600,000. In regard to private motor-cars there are now, according to the Minister, five makes of cars available from Irish works, and the import of commercial vehicles has ceased. Last month the importation of plane-dressed timber, he stated, came to an end, and the linen industry is supplying the home market as well as maintaining an export trade. In the woollen and worsted industry mills are installing additional machinery and have doubled their output during the past year. The importation of men's clothing has ceased. In the boot and shoe industry plans have been approved for the erection of new factories, and in a short time all the requirements of the home market in this respect will be met. A factory for the manufacture of boxes and cartons of cardboard will be completed in three months. The Minister claimed that altogether as a result of the industrial policy of the Government the sum of £5,000,000 had been transferred to Irish factories from English factories and it was hoped to double that amount within the next year.

OUTLOOK IN FRANCE.

For French industrialists the general outlook is still influenced by two unknown quantities—the ultimate results of the American economic experiment and the nature of the further effort which is to be made to balance the French Budget. The turn recently taken by the policy of the United States Government has created an impression in some quarters that a big social problem may be created in the attempt to solve the economic problem by the methods now being used. In any case it is believed that the economic depression will not be remedied with the rapidity which some people expected, since the rise which occurred in prices has not been consolidated in many cases, by an equivalent revival of commercial and industrial activity.

The comparative failure of the London Economic Conference, while it evidently clouds the prospect of effective international co-operation in this sphere in the near future, is not regarded as having injured France as much as some other countries. Indirectly,

France is considered to have benefited, because she is presented as a relatively stable country. The maintenance of this position, however, involves as a logical and necessary consequence the rigid balancing of the Budget—a process which promises to be hampered by both fiscal and political difficulties.

The pig-iron producers are continuing their efforts towards a gradual raising of prices, which is necessitated by the rise in the price of coke. One firm is stated to have recently offered P.L. No. 3 quality for delivery at Longwy at 215*l.* for orders of more than 100 tons, with increases in price for smaller orders according to scale. The output of pig iron in June was 551,000 tons. This was 4,000 tons less than the May output, but the output per working day was nevertheless higher in June, so that there was a slight increase in activity. The output in June, 1932, was 452,000 tons.

Steel production during June showed a similar increase in the putput per working day, although the amount produced, 586,000 tons, was slightly lower than the output in May. The output in June, 1932, was 468,000 tons. For the first six months of the year the output was 3,318,000 tons, compared with 2,765,000 tons in the corresponding period of last year. The general tendency of the market is quieter. The various Comptoirs are perfecting their organization. They are stated to be observing a certain elasticity in prices in order to meet competition in some markets.

BURDEN OF THE RATES.

The British National Association of Local Government Officers, in view of the many complaints made by manufacturers that the rates levied by local authorities hamper the development of trade, has issued a memorandum on the subject prepared by Dr. Edwin C. Fairchild.

Further information regarding the revival of goldmining in Western Australia, following the high market value of gold, is disclosed in the annual report of the Inspector of Mines (Mr. Winzar). It is stated that goldmining on the various fields is in a flourishing condition. Prospecting is being conducted vigorously in every centre and new plants are being erected in old mines hitherto considered unprofitable. Numerous men are making a living by working low-grade ores. Many of these were previously unemployed. The Inspector of Mines adds: "A number of

It is submitted in the memorandum that the percentage of the cost of manufactured goods to the consumer represented by the rates paid by an industrialist is so slight that its removal would not affect the actual selling price. Reference is made to the aid given to the manufacturer by the derating provisions of the Local Government Act of 1929, and examples are given to show the slender weight of the rate-charge on each unit of wealth produced. In the case of a Lancashire mill producing butter muslin it is calculated that the amount of rates paid represented 0.00252*l.* per yard of cloth produced. Sales, it is contended, are not restricted because the rates cause prices to be high.

The second argument advanced in the memorandum concerns the positive aid which the local authorities render to the industrialist. His property, it is pointed out, is protected by the police, and in the event of fire all the resources of the district are available for his assistance. He has the advantage that the town is drained, its sewage is rendered innocuous, its streets are cleansed, and trade and domestic refuse is treated in accordance with scientific standards. Highways are constructed and maintained, and it is held that the manufacturer reaps advantage from expenditure on education, the provision of better houses for many thousands of the people, and general health services.

Dr. Fairchild's conclusion is that if the rates which the manufacturer pays are credited only to the services that are an obvious aid to the business he controls, it must be granted that he does not suffer economic loss at the hands of local government. There are several senses, he adds, in which it can be said that the success of British industry rises or falls directly with the well-considered expenditure of local authorities.

private batteries have been erected and a lot of idle goldmining machinery is being used again in construction work. Old accumulated sand dumps are being worked to show a profit. Improvements are being made on the big mines to enable them to treat low-grade ore and keep their mills going. Fuel oil is being used largely, and quite a number of crude oil engines are coming into use even in the small mines outback... A large amount of diamond drilling has been done by contract."

The Late Dr. Besant.

By R. H. C.

Mrs. Besant, who has just passed over, was in every sense a fighter. From first to last, she was a warrior. She fought against injustice of every kind. To a temperament that was somewhat emotional, she added an eloquence of language that made for fervid oratory. I remember the palmy days of her life, when she lectured at Adyar. As a youth, I walked miles on miles, and sat regularly every morning to hear her. So did many, many others. Her admirers were of every caste and creed and her disciples a whole international host they formed. She wrote, spoke and travelled as none did in those days and when she transferred her activities to the political field, she simply became irresistible. I remember the day she converted the old *Madras Standard* into the *New India* she edited and the rush made on her office for the copies she could not supply. Her name, her fame and her writing made it for the name the one paper of India.

Her great service to journalism in India was she broke down the barrier of fear that had long operated as a dead weight on the Indian Editor. She wrote down crisply and perhaps fiercely sometimes; but there was no trace of malignance, ill-will or revenge—that thing that Byron somewhere calls it the *feminine manhood*—and there was, as might be expected, an uproar in the Anglo-Indian World. Not to say it in so many words, its papers reflected it but Mrs. Besant was not the woman to be cowed down. She cared not for them or for their gibes, but wrote as she felt it. Yes, as she felt it, that is the phrase. And when a local contemporary made rude fun of her, she permanently pulled him down from the pedestal on which he had placed himself by a note which will ever be remembered for the effects it produced. This youthful editor was of the type of sub-editors whom Matthew

Arnold described as the "Young lions of the Daily Telegraph". Referring to a weakness in his literary armoury, Mrs. Besant said something to this effect: "Mr. W. . . . is a good man, but he has no sense of humour." The best part of his writing is in his French quotations." That finished that gentleman's local career. He became a more chastened man and let it be said to his credit that he never nursed any ill-will against the person he attacked nor denied her great talents.

Such was Mrs. Besant as a newspaper Editor. Her *New India* lived but for a short spell of time, but the services it did to India could never be forgotten. Her own columns, apart from the leaders she wrote, often over her name, were read with intense interest. When Lord Pentland's Government committed its grandest mistake of interfering her, it showed almost to a fault that her campaign had achieved what she had aimed at.



Dr. Annie Besant.

The first round had been won. What followed was but the necessary sequel. Mrs. Besant did not, it is true, see eye to eye with Mahatma Gandhi. This was the result of what seemed rather a constitutional incapacity in her rather than mere personal prejudice or pique. She lost friends, she lost disciples, and she lost her position with the people. Protests, open and veiled, failed to impress her and she to the last remained deaf to the verdict of the nation. All that can only be the result of an inherent constitutional defect—if you so choose to call it—and not to anything even distantly like personal ill-will. What India could have gained if Mrs. Besant had joined forces with the Mahatma is a mere matter for speculation to-day. What could not a combination of the opposition forces existent to-day in India achieve against the bureaucracy? But the sadness of the

position is that those who have a group, desire to shine as leaders, until they find they have no followers left to lead! That seems the curse to-day of this country.

Though Mrs. Besant lost friends like this on occasions, she sometimes attracted people to her ranks in a manner which was remarkable. Sir C. P. Ramaswami Iyer appeared against her in a case which she took to the Privy Council and got the Madras High Court's decision reversed. He then spoke rather harshly of her, on one regrettable occasion, but well,—he was converted to her ranks and became a fast friend. Yet, I do not believe that Sir C. P. Ramaswami is yet a Theosophist. He joined her in the founding of *New India* and was, until her death, her most devoted colleague.

Mrs. Besant studied hard her topics before writing on them. She was, in Indian finance and economics, a follower of Dadabhai Naoroji. She belonged to that school, not because of her political creed which was essentially Indian. It was because she believed that England's work in India in the educational, industrial, agricultural—and in fact in the economic field generally—had been on lines which meant more exploitation of the masses than the development of their resources. Her economic views were thus in conflict with the cherished Anglo-Indian dogmas. The controversy that arose in connection with them is rightly forgotten now. But Dr. Gilbert Slater, who was the chief exponent on the other side, could not be said to have come out with flying colours.

Among the great things she achieved for India or at least helped to achieve are some that should be noted in any enumeration of her many-sided activities. She laid the foundation for private—i.e., non-governmental universities—by actively helping in the foundation of the Benares University. She secured international good-will towards India. It was her zeal that made India better known and it was her wide travels and talks that made India better appreciated. She stood out for freedom free speech, free writing and free action. She fought for the political emancipation of India. Her methods varied, but when she adopted the motto "For God, Crown and Country", she meant what she set down. But few of those in power understood it and when they did, it was too late. She could not

conceive of any incompatibility between God's good-will, the Crown's need and the Country's aspirations. To her, statesmanship meant the squaring of them all. If her words had carried weight with those vested with authority, the history of India during the past twenty years would have been far different.

Among Mrs. Besant's minor achievements was the manner in which she made the Indian boy a Scout. Into the Scout-world, the Indian had been denied admission. Mrs. Besant would not simply accept it. She imported a trained Scout Official and initiated the movement in India. Baden-Powell saw that her movement could not be ignored. The result was Mrs. Besant's troops were recognized and she herself was made a Scout Commissioner for India!

That only typifies her tenacity of purpose in things great and small. She did another great thing and that ought not to be omitted. She was a great writer, a great speaker and a great reader. She knew the spoken word told. She had realized the power of her own eloquence. And she had early resolved on setting a high value on the publicity side. That needed a good publishing house. And she supplied it in the familiar T.P.H.—the Theosophical Publishing House. She made it the centre for literary and philosophical publications, and not least Oriental publications. The aesthetic side was developed on intelligent lines and the productions were both lovely and readable. The experiment was from the first a success and it is no wonder that it made the Society great, wherever its publications went.

In her personal affairs, Mrs. Besant was wonderfully scrupulous. She had the great capacity for long to answer by her own hand—a beautiful, rounded hand too—every letter that reached her daily. She paid every bill immediately it was presented—the bill really came back with the cheque. She was spontaneous in her appreciation. Many years ago, a well-known Madras publisher issued a life of hers. He sent a copy of it to her. She read it through and through. She found it accurate, just and fair. Written by a deft hand, it covered the ground of her varied activities so well that it quite captivated her. She had been so taken up with it that she referred to it the next morning at the Convention Address. What is more she said:

'Now, at last, there is really a reliable new life of mine, which I can present my friends with—friends too who so perpetually keep asking for it.' Characteristically enough she ordered a whole edition of some 2,000 copies to be supplied to her. Let me add my sincere belief that it was not egotism that made her do it—she would have done it if the life had been that of the worthy Colonel, her predecessor in the Presidency of the Society. It is, on the other hand, a splendid example of her ready appreciation of a good effort.

Somebody termed Mrs. Besant a "rebel" during the height of the Indian Home Rule agitation she led some fifteen years ago. She was, however, a constitutionalist—and a strict constitutionalist too. She always tried to fight within the four corners of the law. But with her, as with Burke, the limit was soon reached when forbearance ceased to be a virtue. She was, in a word, if a rebel, a rebel from principle.

To me Mrs. Besant seemed like a woman who would never die. When her death was announced, I simply would not believe it:

Ha! Dead! Impossible! It cannot be!

I'd not believe it, though herself should swear it.

Those lines of Henry Carey came to my mind immediately. She is not dead. She lives in the deeds she wrought; in the good she did; and the things she has left. Posterity will praise her. She has secured her niche in Indian History.

Gentle in personage,
Conduct, and equipage;
Noble by heritage,
Generous and free.

She will be remembered for ages on ages as a benefactor of India. She loved India. she lived and died for her; she will be ever and ever hers.

There is only one word more to add. The society which gave her the opportunity to serve as prophet, politician and publicist deserves a word. The *Statesman* of Calcutta recently suggested that Mrs. Besant's connection with it had weakened the Society and that its future had been endangered, if not wrecked. We are putting the gist of the criticism, for we feel we would not be justified in repeating our contemporary's words. The *Statesman* will doubtless revise its views, if it had any sense of proportion. A large

international organization must have its own difficulties. Schismatics there will be in every such organization. The whole history of Christianity in the West shows the truth of this observation. The whole history of English Protestantism proves it. Has not the Anglican Church to-day its own internal troubles? Apart from that, the influence of particular individuals in a Society like that is of little moment. They may be visible symbols of power for a time but soon they will find their respective levels. The Society is bound by cardinal truths and fundamental doctrines. If these can stand the test of time, there need be no fear of individuals, however high or however powerful. Their influence cannot last for ever. But are we sure their influence has been really for the worse? Are we sure also that our innuendos and insinuations are worthy of us?

Whatever may be said of it or against it, the Theosophical Society under Mrs. Besant's guidance has done exceedingly well. A Leader-beater or a Krishnamurti is a mere accident, when we speak of the Society and its work. No greater testimony to the far-seeing vision of its founders can be produced than the manner in which it has worked during difficult times. An international organization like that is a miracle of an achievement. We are not avowed Theosophists, but we can say we write as detached observers of its work. Since its genesis, Mrs. Besant added to its work, to its popularity, and to its greatness. She added departments to it; she added to its funds; and she added to its numerical strength. She incessantly spoke and wrote for it; she got others to do that for it; and she was ever on the quest for fresh recruits to continue to do that for it. What more could be expected from the President of a Society than that? And what more could a President do for it? If all this be true, she has not merely done well, but also done wondrously well, considering her other activities, age and the difficulties of the situation. If criticism is really a disinterested endeavour to learn and propagate the best that is known and thought of in the world about an organization, then the *Statesman* comment has failed of its purpose. Critics of the *Statesman* type should excuse us if we compare them—adopting Shenstone's famous words—to certain animals called *asses*, who, by gnawing vines, originally taught the great advantage of pruning them.

Current Comment.

By "Scrutator".

Salus ex Judæis. That saying (*Vulgate*, St. John, 4, 22) which says that Salvation is from the Jews is as good as dead in Germany. That seems a pity looking to the history of the Jews—the greatness of their progenitors, their philosophers, their works. In ancient as in modern times, they have been among the foremost in promulgating new ideas, in thinking out schemes and in adding to the happiness of the world. Unreasoning ill-will, if not positive hatred, towards such a historic nation and that of the kind shown in Germany would seem to indicate a kind of racial atavism that is deeply to be deplored. The latest news from England shows that the British conscience has been deeply stirred in the matter but those who know things even in England feel that there are people even in that country who are not exactly friends or admirers of the Jew. We have only to recall the campaign that was not many years back led against certain prominent Jews in England and the noise that was created on the appointment of a well-known member of that community to the Viceroyalty of India. But the heart of Britain is sound in this matter and the fact that leaders of public opinion in England have publicly protested against the happenings in Germany fully confirm this view. But there is nothing like self-help in matters of this kind. The Jewish national "boycott" of German goods all the world over is, from that point of view, not a bad idea as a counterblast. If it has nothing else to commend it, at least it will show that the Jews are not taking it lying down. Apart from this aspect of the case, it seems deplorable that the League of Nations is unable to do anything to prevent the sorrowful happenings in Germany. Of course, when Hitlerism spends itself out, the utter foolishness of the attacks on the Jews and the harm it has done to Germany will be manifest. Meantime, the world cannot be a silent witness to the disabilities imposed on the members of this ancient and long-oppressed nation. A world protest seems not a bad idea, having regard to the issues involved. An international day for the salvation of the Jews may perhaps be organized by the cultured among the world's nations. Apart from the politics of a nation, however nationalistic it might be, there are the eternal verities which are binding on humanity as such. And if a nation wants to transgress them,

it cannot and should not be allowed to do so with impunity. Where humanity, religion, justice and truth demand a particular course of action from the cultured few of the earth; can there be any need to hold back?

The love of the sword once again rages in Europe and the guilty madness of war is likely to take possession of it perhaps earlier than most think it possible. A British newspaper recently described the preparedness for war among the nations of Europe and described Europe as a powder magazine. The vigour with which the "No More War" movement is being pushed through indicates the danger as perhaps nothing else can. The failure of the Disarmament Conference and the failure of the Economic Conference show how bad the position really is in Western Europe. If the horrors of War are not yet realized, after the lessons we have had from the worst of the Wars the world has known, woe unto the world that has to suffer from another war yet. War may be advantageous to some, but when it begins, the D— makes hell bigger. War is to-day concealed in peace, but until the nations of Europe realize that they should settle down, there seems no chance of the war fever among them going down. While the clamour for peace is from the people, it is the politicians that don't see the light. They are for peace, they say; but verily that peace is much like war in disguise. The fear of war is worse than war itself. The leaders of nations that desire it would do well to know that there are greater things than war. War is a tyrant and exacts a tyrant's tribute from those who levy it. Well has Homer described the man that wants it:—

Cursed is the man, and void of law and right,
Unworthy property, unworthy light,
Unfit for public rule, or private care;
That watch, that monster, who delights in War,

Those that complain of the peace that concluded the last War as something unjust and what not forget the essence of the position. Was there ever a good war or a bad peace? And if that be so, even an unjust peace is preferable to a just war. If the will to peace is forthcoming, then there can be no doubt, that war will receive the burial it deserves.

A Karachi paper attacked Mahatma Gandhi in a manner that was not less disgraceful to it

as a paper than as representing a class. Sir Harry Haig's lieutenant muddled the matter in his absence. Sir Harry in the guise of affirming his deputy's words, entirely repudiated them. That is Parliamentary tactics. But was it not Carlyle, who said something like this: "Of all the nations in the world, at present, the English are the stupidest in speech." If the deputy was rustic in speech, Sir Harry was wise in action. He simply withdrew his deputy's view, all the while saying he was affirming it. Sir Harry, of course, is never so convincing unto himself as when he is denying. He has only meant the opposite of what he says. But the effect of it all in serious politics is that the moral foundations of belief are sapped and society is the worse for it. Acts divorced from truth are certain to fall mad, if they do not die. As for the Karachi Editor, he was, to adopt a Shakespearian description, "a very superficial, ignorant, unweighing fellow". That was the view suggested by some in the Assembly. If that be so, let the birch be put on his back, said another set of critics—just to show "smacking" can be elsewhere as well and to demonstrate that the law though sometimes is an "ass" is no respecter of persons. Others said, he was "a wretched soul bruised with adversity"; and still others, that he was—

A hungry, lean-faced villain
A mere anatomy, a mountebank,
A threadbare juggler, and a fortune-teller,
A needy, hollow-eyed, sharp-looking wretch :
A living dead man.

And so they all joined in pleading for grace for him and talked and talked until the hour was over.

* * *

So ended the debate in the Assembly. And what shall I say of it? The words cross my mind:—

The miserable have
No other medicine but only hope.

The sentence in the Karachi print was the rankest compound of villainous smell that ever offended nostril and the only punishment meet for it is, after all that has occurred in and outside the Assembly, simply to cease to exist. Death, indeed, should be preferable to it to-day than an existence that serves daily to remind it of its crowning folly.

* * *

The centenary of the death of Raja Ram Mohun Roy celebrated on the 27th September last reminds us of the great work done by one of the pioneer reformers in India. Ram Mohun was born at Burdwan in Lower Bengal but

by his work became not only a personage dear to all India but also to many beyond the seas in Europe and America. He studied the theology of the West and reached the deistic position, which accepts the existence of God but denies his providence. He was a confirmed rationalist but his methods of controversy were ideal. He tried to show that the teachings of the *Upanishads* were in conformity with his views and this he endeavoured to prove by his own translations of them. He was a great linguist; a profound thinker; and an invincible opponent. He wrote many works, too, to vindicate his standpoint and his polemical tracts will long remain the finest models in the English language of what such literature ought to be. No Indian reached a higher position than this Brahmin of Burdwan and if the Brahmo Samaj he founded, is not the vigorous tree it ought to be, it is due to causes for which neither he nor his successors in that faith could be blamed. Deriving its strength from the *Upanishads*, it has gone back to them, when a Hindu Renaissance in philosophy and religion became apparent in the last years of the last century. The Raja would not have been sorry to see the rationalization of religion in India and elsewhere as it has been during the century that has passed his death; rather he would have deeply felt if his teachings had crystallized into a sect. Those that say that his teachings have not borne fruit should realize that assimilation of religious concepts is a process. Well, in India and to Hinduism absorption of philosophical tenets comes quite naturally. That shows the vitality of the Hindu faith which promises to hold forth for all time, against every conceivable onslaught on it.

* * *

Raja Ram Mohun Roy was born in 1772, i.e., about 161 years ago—just a couple of years before Warren Hastings assumed charge of Bengal as the first Governor-General of India. He died in 1833 when Lord William Bentinck was still Governor-General. He was a witness to the tremendous changes that took place in the face of the country and how the British power had been slowly but firmly consolidated. He was not unaware of the trend of events and he was himself on a political mission to Bengal. In fact that was the occasion for his visit to England. He worked for a reconciliation of conflicting interests as many to-day are in India but now as then none but voices from the tombs got a hearing. The lesson of his life may be summed in two words: rationalism is religion; and

conciliation is politics. Who can say he was wrong?

* * *

The birthday of Mahatma Gandhi has been the occasion for a renewed manifestation of good-will towards him. Let anybody say anything, there is hardly any doubt that he is the one leader who counts to-day in India. A good leader makes a good soldier, goes the saying. In this case, the leader is a soldier of Peace and good-will. He is a leader of leaders; in camps a sage; and in times of need a ready guide. To such a leader, what should be the duty of his following, the multitude that acclaims him? If the safety of leaders is really a strong shield, then let me express the hope that the Indian mass will see to it that his life is not endangered, that he is with us for many years yet to come and that nothing comes in the way of harm to him. Those who know the worth of a leader will realize that in him lies their success. The Mahatma may not please everybody. A leader who tries to do that can never attain to the position that the Mahatma has reached. He has reached the last stage of his life, as the world's reckoning goes. He is to-day sixty-five and has yet five years to fill in the three score years and ten of the Psalmist. To him let us pray in Juvenal's famous words which would seem to apply: *Nature, qui ferre queat quoscunque labores*—Pray for a brave mind, wanting in fear of death, which regards the last stage of life as among the gifts of Nature, which is able to bear any labours. If fortune gives help to the brave, let us hope that good fortune will attend the Mahatma throughout the coming year. To him strength be given to work for India, not so much by himself but through the agency of the people for whom he has entirely devoted his life. People deserve to be guided where their ultimate is involved but in India, there is need for patience, for charity and for good-will towards a Nation's elder like the Mahatma. Let no one think that he can displace the Mahatma—be he Indian or Moslem, Socialist or Moderate, Communist or Communalist, Free-thinker or Ultra-Sauatanist. Let them grasp the cardinal idea that to-day the salvation of India lies in Unity—of thought, word and deed. After all, is there any need for difference of opinion to-day in this country? The country has till to reach its goal—of the right to live; full life. If it is a question of methods, let us know if those who profess to differ from the Mahatma are able to propound a new policy,

a new means, or a new political slogan even. The Mahatma's theory of politics is based in the last resort on an analysis of the human mind. Can the mind surrender to matter or rather should the mind surrender to matter? What are all the goods of the earth if the conscience be stricken? And who is that man who can or will with ease proclaim he is wrong? It may be the lot of a brave man to fall, he cannot yield. The Mahatma may seem to have fallen to-day—but he has not yielded. Those who feel otherwise know him not. What he demands of his following is simply this: Let us be resolute in prosecuting our ends, and mild in our methods of so doing. He discards violence, and prescribes self-suffering. To say that his doctrine of self-suffering is another form of *Dharma* is to mistake it at its very root. The difference between the two is as the difference between Truth and Falsehood. Aristotle said that only a thin wall of partition divides Truth from Falsehood and if that be so the *New Statesman* may be right in its identification of *Satyagraha* with *Dharma*. In *Satyagraha* you hold to the truth and die for it as even Socrates did unto the last minute; in *Dharma*, you hold to the untruth not to death but unto perdition. The one is Upanishadic in its dynamic force and vitality; the other is like a spent-rocket which in its coming down may injure the man who sent it up and destroy him. If even after years of its practice by countless thousands of Indians, if even the critical British mind is unable to grasp the essence of *Satyagraha*, it can only mean that it is incapable of ever appreciating it. But therein no need to despair. For the actual results—some call them, its negative results—of *Satyagraha* in India have been immense and they are bound to yield their fruit. It is not difficult to see that the visible character of Government has changed. The dispositions of governments change but slowly, more slowly than those of individuals; but they are more decisive when they do change. Lord Willingdon's recent reference to "*Dominion Status*" is really the result of the Mahatma's policy. The cracks in the fortress are visible. The assault has done its work, mark you—but patience is required to secure its capitulation. Of course the position to-day, despite the real success that has attended Mahatma Gandhi, is difficult. But it is the nature of a brave and a resolute mind not to be disquieted in such situations. A powerful imagination of the kind he possesses, will produce soon the final event. Is he not accounted the bravest man who is

swift to encounter difficulties even though they stare him in the face? Has the Mahatma ever failed to carry the Cross bravely? Has he ever been slow in his resolve? Has he claimed for himself that he is infallible? His whole career shows that nothing can be farther from the truth than the suggestion that he arrogates all wisdom to himself, that he wants to be a Dictator or that he denies capacity to others. His very humility is against such misrepresentations.

He has not upbraided anybody but himself when reverses have occurred. But he has also shown that ill-fortune which sometimes cannot be avoided he subdued by bravely enduring. Such a man cannot be expected to yield—until he wins. And who can say he will not? If the people do their duty, the victory for the cause he has made his own is bound to come. People who know how to obey first, will learn later how to command.

* * *

CONVENTION OR CONFERENCE.

The *Hindustan Times* desires a convention of all political parties in India to decide upon joint action against the White Paper. The *Pioneer*, true to its new traditions, thinks little of the suggestion and plumps for the White Paper. There are others who appear to think well of the Convention idea, but they do not seem to know whether the objectives aimed at are attainable. Almost everybody, except a few not very disinterested groups, have attacked the White Paper. If that has been so in India, in England the Churchillites and Lloydites have been vociferously against it. What would be the use of a convention if it simply condemned the White Paper from the People's point of view, while the Die-Hard group attacked it from the other side—the Imperialist side. Between the discontented in India and the dissatisfied in Britain, what of the future? The main point of the Die-Hard group is that the White Paper spells the death of Imperialism in India. I do not think that there are many in England who are moved to tears by this sentimental idea. Of course, the Rothermere group suggest the more tangible fear of bread and butter of the Britisher being in danger. To them "India lost" means "bread lost". I do not think that there are any in England who really believe in this slogan. It might be a good battle cry—this talk of the loss of bread and butter—but it would not go home. For almost every one knows that there is really no truth in it and that it is intended to

be a rallying cry and no more. They all know that the bread of Britain is safe and that any change in the political status of India does not and cannot mean the loss of Britain's loss of living. A little thinking shows that avenues of trade and avenues of employment take a long time to block up and that for many years to come even an independent India will trade with Britain and even find employment for her sons. Of course, cool reflection is not a strong point with the Die-Hards and they would fain proclaim to a maddened world that all would be lost with the grant of the White Paper! But despite all the froth they indulge in, their campaign is bound to fail. Whatever the Birmingham Conference may do, it will not give a handle to the Die-Hards.

* * *

In India, if the White Paper is to be abandoned, there must be something proposed to take its place. An agreed Indian constitution on the model of an amended Nehru Constitution, has been suggested. The first point to consider in this connection is how far certain parties who have been backed in some respects in authoritative fashion will yield to such a suggestion. Of course, the answer is ready that there are divisions even among them and there are nationalist groups even among them who will stand out for nationalist objectives. That is undoubtedly true; but the question is whether they will prove active and help to carry conviction among their own dissenters. A realistic view of the situation is required before you can call a convention. A convention usually is intended to bring parties together to settle a programme of action: it is never of any use when the parties concerned are likely to violently disagree even on first principles. If vanity is a besetting sin anywhere, it is most so in politics. If every group holds forth and tries to plead for itself, no convention can do anything. The largest body of opinion has to be conceded a certain position of pre-eminence if the convention is to bear practical fruit. The sacrifice to be demanded from the largest group should not, for obvious reasons, be the same in extent as from that of a merely smaller or a smaller and influential section. As Sedley put it

When change itself can give no more,
"Tis easy to be true.

If everybody attempts to be true to its own cult, irrespective of the Nation's will, the convention idea cannot succeed. First,

then, there must be the *will* there, in every group, to yield to the National Will. If that is forthcoming, then, there is every chance for a Convention.

* * *

Theoretical suggestions as to the usefulness of this programme or that are of little use. Nor can much be said as to condemnation of Congress views or direct action. The value of a sanction in politics is great and the point has to be grasped that the country is with Mahatma Gandhi. The conventionists should seize that central fact and build on it, if they mean business. If they, on the other hand, desire to dispossess him or to lead the Nation away from him, they had better give up their idea of a Convention. A Convention then must be to support the National Demand; to strengthen the Mahatma in winning it; and to give up every other idea of action which is inconsistent with this object.

* * *

The best way, to my mind, to canvass the position would be for each party or group to consider the present position and decide for itself on the course of action to be adopted at the proposed Convention. Opportunity should be taken at such group or party-gatherings to see that the main fact is not clouded. The Mahatma has won through so far, and a little more of joint effort on the part of all the people will make him reach the goal. Is the goal to be reached or not? That is the question. I say the Mahatma has won through so far; for that the best witness is the Government's policy in force to-day. If Government is impossible without Ordinances, there is the confession that the normal reign of law has ceased. Extra legal rule is as questionable as extra-judicial administration. The country has come to believe in its strength, in its vitality and in its objectives. All that is the result of the Mahatma's campaign. He who says he is a spent force in politics or suggests that he would do well to retire from politics, is talking with his tongue in his cheek. One united effort and you reach the winning post. That is all that is left to the Convention to consider if it means really business.

* * *

The idea of a Conference of Congress workers is not, in the sense I have put it, to be despised. The Congress Committee may meet or not meet. Formally or informally, they should come together and so arrange their programme that quite a realistic touch is given to it.

The immediate object is the wresting of the political power that is to be enshrined in a workable constitution. To that aim and end, they should gird up their loins. There can be no gainsaying the position that there is enough talent in the Congress Party to evolve an immediate programme satisfactory to the Nation at large. The conditions of success to-day are great, despite the seeming odds against the people of this country. It is up to the Congress leaders to note the position and improve on it. They should in a word consolidate the position; help to close up the ranks; and put their demand with the united will of a Nation bent on winning their object come what may.

Press bravely onward! not in vain
Your generous trust in human kind;
The good which bloodshed could not gain
Your peaceful zeal shall find.

* * *

Felicitations to the Hon. Mr. G. A. Natesan on his sixtieth anniversary. Mr. Natesan began as a journalist some thirty years and is still a journalist and a successful one too. Journalism has been a success in his hands. If he aimed high, he did not fail to make good. He has, however, been something more than a mere journalist; he has been a publicist of repute and has done valuable service to his country. In politics, social life and education he has taken an active part. In the field of local self-government, he has been an ardent member of the Madras Corporation. Though a severe critic on occasions, he has neither wounded the feelings of any one nor hit below the belt. He has the best wishes of journalists all over the country in the many years of useful work that still undoubtedly lie before him. We should not fail to add in this connection that Mr. B. Natesan, Assistant Editor, *Indian Review*, deserves to be complimented on the excellent Commemoration Volume he has managed to get up and present to his chief on the auspicious occasion.

* * *

The Government of India have prepared a suite of office furniture, made from Indian silver-grey wood (*Terminalia Blatta*), for the League of Nations for use in one of the principal rooms of the new Palace of the League. The furniture will be exhibited to the public from June 12, 1933, in the Aldwych Windows of the Office of the High Commissioner for India, India House, Aldwych, W.C.2.

Topics in the Journals.

Eighty Years of Indian Railway History.

Rotarian R. V. Hitchcock tackled a big subject for a twenty minutes' address before the Rotary Club of Bombay when he spoke on "Eighty Years of Indian Railway History". He mentioned that in 1836, an English engineer surveyed the railway track from Madras to Bangalore and 15 years had to pass by before the line was actually opened for traffic. In those days, roads were unmetalled and full of ruts, a welter of mud during the monsoon, and while famine stalked the land it was common for prices to be six times as much in one locality as in another, only a few hundred miles away. Some of the difficulties of the early railway construction were given as follows:

It was thought that conservatism and the rigours of the caste system would prevent Indians from travelling in trains and that goods only would be sent.

The labour skilled for the work did not exist. All tools, permanent way material and rolling stock had to be shipped from England, and there was no Suez Canal in those days.

It took 7½ years to construct the piece of line up the Bhor Ghats from Kariat to Lonavla which was opened in 1863.

At times an army of 42,000 men were working on this project and twice the work nearly stopped from the ravages of cholera.

These difficulties were reflected in the cost of the Ghat lines—6 lakhs of rupees per mile.

He mentioned that on the G. I. P. the first Chief Resident Engineer was Mr. James J. Berkley, and they had his grandson present as a Bombay rotarian, the Berkleys having served the railway from grandfather to son to this day. To the genius of J. J. Berkley they owed the lines over the Thal and Bhor Ghats. After the capital had been raised in England and railways built, the Government were out of pocket by 14 million sterling for the first twelve years.

It was Lord Lawrence who pointed out the defects of these guaranteed lines: "The whole profit goes to the companies and the whole loss to the Government" he said. So a change of policy took place and from 1868 to 1880, the Government itself had constructed 2,175 miles of railway largely metre gauge, at a cost of £10,900 per mile. They had to do this because once again Indian or other private capital would not come forward without a substantial guarantee.

Rotarian Hitchcock, after dealing with further financial aspects of railways, mentioned that in his opinion the time was now ripe—the time of cheap money and cheap labour—to go ahead with new construction and open out undeveloped areas. India might consider herself fortunate that the development of branch lines had not been overdone at a time when new inventions—motor-car and the aeroplane—were hammering at the door. America and Europe were not so fortunate. India, however, could easily divide her traffic between these methods of transport.

One or two rotarians had questions to ask, and Rotarian H. E. Ormerod caused amusement by referring to the speaker's statement that in 1836, the

roads were "very bad and full of ruts". He would like to know how the speaker would describe Bombay roads to-day! He also wanted to know whether it was true that the Bombay Government contemplated putting a toll on the railway line for the Deccan Queen and stopping it every ten miles.

Japanese Foreign Trade.

With the abrupt fall of the yen exchange rate which resulted from the suspension of the gold standard, Japan's foreign trade has shown a phenomenal increase, writes *Financial News* in its recent number. The result is that plans are under way in almost all the principal overseas markets to restrict Japanese imports. Some of them have already notified of the denunciation of the existing treaties of commerce, while others are considering doing likewise or increasing the import duties on Japanese goods.

Since Japan withdrew from the League of Nations, the international promotion of Japan's trade shows a tendency to become difficult. Moreover, it is feared that adverse developments may result from the forthcoming World Economic Conference.

It is in the face of such a serious trade outlook that the Foreign and the Commerce Offices are planning a substantial State control over quantities and prices in the Japanese export trade.

The nature of the State control is as follows:

1. Reinforcement of the Export Union Law.—

The Government should select such items of Japan's foreign trade as require State control most and order the exporters thereof to establish a national organization the function of which would be among other things to allot the quantity of export among its members. Moreover, the exporters should observe strictly the following:—

(a) By virtue of enforcing Article 9 of the Export Union Law, even individual exporters other than members of exporters' unions shall be made to observe the union regulations.

(b) Members of exporters' unions shall deposit cash, equivalent to 10 per cent of the value of the goods to be exported, at the union treasury and the union should be authorized to prohibit the export without a certificate of the cash deposit.

(c) The union should fix the volume of export for a fixed period and it should prohibit exports unless the exporter shows the certificate testifying that he had received an order from an overseas importer.

2. State Control of Prices.—

(a) Export prices shall be standardized in accordance with individual articles as well as their overseas markets. Such standard prices shall be fixed at the lowest level in consideration of the competition with foreign manufactures in the overseas market.

(b) The lowest standard price may be readjusted in accordance with market developments, and such readjustments shall be decided on by a price fixing committee.

3. Export conditioning should be conducted under the direct management of the Government in order to make it thoroughly effective.

4. An export tax shall be created.

5. Offenders of State control regulations are liable to punishment.

6. The export of merchandise which is likely to produce undesirable effects upon Japan's foreign trade in general may be either restricted in quantity or prohibited altogether.

7. Article 5 of the Japanese Statutory Tariff Law shall be applied to countries which denounce existing treaties of commerce with Japan. Article 5 stipulates: "An import surtax of up to 100 per cent shall be levied on imports into Japan from countries with which Japan has no commercial treaty."

Of the foregoing readjustment of the State control of Japan's foreign trade, such changes which cannot be brought forth by departmental decree of either the Foreign or Commerce Offices are expected to be put through by emergency Imperial Decree.

Co-Education.

Macmillan's Educational Bulletin for the current month has the following editorial:

"The problem of Co-education has been agitating the minds of educationists in this country for some time past. Much has been said in the Press and on the Platform for and against this system, but no solution has yet been arrived at. The reason why the subject has become so very important is not far to seek. Female education has recently made very rapid progress in the country, so much so that it has clashed with some of the long established manners, customs and ideas of the people.

Those who advocate co-education say that it will be economical and efficient to impart higher education to women along with men. Those who belong to the opposite camp point out that it would prove dangerous both to the men and the women, and retard the progress of education. Mr. J. M. Bottomley, the Director of Public Instruction, Bengal, is reported to have said at Rajshahi that co-education wherever introduced had proved a failure for want of proper supervision, and that he was opposed to women entering men's colleges, unless suitable arrangements and proper accommodation were provided.

Apart from other considerations, the large majority of women in this country have needs in life much different from those of men. This argues a differentiation of curricula in the education of the sexes which makes co-education impossible. Moreover, the freedom and social intercourse between the sexes, which co-education imposes, militates against the age-old social traditions of the people and is hardly yet sanctioned by its social organization. So long as this problem of differentiation of curricula for the sexes, now a generally accepted principle in all advanced countries in the West, is not tackled with a view to establish a really national system of education, catering for the needs of the various social groups into which a nation is divided, it would be wise to follow the line of least resistance by holding women's college classes in men's colleges in the morning during the transition period, as is now being done in several Calcutta colleges."

India and Ottawa.

Mr. H. A. F. Lindsay, Indian Trade Commissioner in London, estimates in his Report for the year 1932-33 the direct results to Indo-United Kingdom trade of the Ottawa Agreement. The Agreement came into force at the beginning of January, so he compares the trade of the first three months of the present calendar year with that of the same period of 1932.

Rice has practically no other Empire competitor. The prevailing depression has hit the trade in this commodity to the extent of a decline of 42 per cent in total imports. In spite of this retrogression India improved her position by exactly 20 per cent, from about one-third to over two-thirds of the total United Kingdom demand. In 1932 India's share is still comparatively small, but it nearly doubled, while total imports declined by one-fifth. Beans are imported chiefly from Madagascar and Japan, while Empire supplies are limited to those from Rangoon. The decline of the yen assisted Japanese exports, and consequently imports from Burma declined. But the season's crop has been satisfactory, and importers are doing their best to meet requirements from Burma and thus to take advantage of the 10 per cent preference.

INDIAN TEA.

In 1932 the Argentine, India's chief competitor, provided 30 per cent less, while imports from India quadrupled. In regard to tea Indian imports increased by 6.2 per cent, while total imports declined by 4.8 per cent. Imports of Indian coffee fell in spite of the increased preference, but it is pointed out that the bulk of the imports are re-exported and that a drawback is paid on the re-exports. In tobacco the Empire preference is not new, but it has been stabilized over a period of years, and thus confidence has been given to United Kingdom importers. Indian tobacco has not been able to take the same advantage of the preference as Canadian, which, moreover, approximates more closely to standard Virginian types and methods of preparation. Even so, the imports from India have shown some increase, total imports declining.

Coming to miscellaneous industrial materials, Mr. Lindsay notes that while total imports of pig iron have increased by only 5.5 per cent, imports from India have more than doubled. Hardwoods and goat-skins reflect accurately the prevailing depression, and in both lines India has with some difficulty maintained her relative position. The slump in ship-building is held to account for the decline in the importation of Indian hardwoods (chiefly teak), in spite of the preference.

In order to complete the picture, Mr. Lindsay gives statistics of raw materials on which no duties are imposed and therefore no preferences are given. In this list cotton is of exceptional importance, owing to the undertaking of Lancashire cotton-spinners in terms of the Ottawa Agreement to do all they could to increase their purchases of raw cotton from India. While imports from the U.S.A., the greatly predominant source of supply, fell by 0.5 per cent and those from Egypt by as much as 21.7 per cent, Indian shipments rose by 65 per cent. Imports of wool from India have declined, owing chiefly to depression

in the carpet-making centres of the United Kingdom. Imports of hemp, cotton seed and raw hides have increased.

MR. LINDSAY'S CONCLUSIONS.

The broad conclusion reached by Mr. Lindsay from this examination of the figures for the first three months after the Ottawa Agreement took effect is that in that short time, "as a result of the exchange of preferences with the United Kingdom—a measure which can best be described as 'co-operative planning' in the international sphere—Indian trade has established itself more securely in the markets of the United Kingdom than it had before the preferences were exchanged."

Mr. Lindsay has always been keen in urging on Indian producers and exporters the need for depending in the main on quality. He notes with satisfaction the considerable activity displayed (although curtailed by the economy axe) in scientific research of all classes and kinds in India. He remarks that as world trade stands at present every single market appears to be a price market. But appearances are often deceptive. It is not at all uncommon to find that cheap goods are refused because their quality is known to be below par, while goods of known and approved quality get the business and even command a premium. He states that this is particularly true of the United Kingdom markets. While importers in this country have the reputation of driving a hard bargain, they are also keenly responsive to what are known as "quality goods". They are quite ready to buy such goods on long forward delivery terms and to pay a premium for them. He emphasizes the value of "planning," by the co-operative effort necessary to ensure the adoption by producers and exporters of high standards of preparation, grading and packing.

World Conference and Exchange.

A remarkably lucid explanation of the underlying causes of the breakdown of the World Economic Conference from the pen of a well-informed correspondent appears in *The Times*. The article is so clear that we have no hesitation in commending it to the careful attention of all readers who have found the recent flood of explanations, statements and counter-statements bewildering:

At the outset the writer explains that the policies of France and the United States are incompatible. France is now deflationary. Mr. Roosevelt, on the other hand, rightly regards the inflationary powers bestowed on him by Congress as most important. The writer clears the ground by showing how the exchanges worked in normal times.

New exchange quotations between different currencies are determined by the demand and supply of each. This demand and supply are supposed to arise—and before the War ordinarily did arise—from three principal factors: (a) the import and export of goods; (b) what are called invisible imports or exports, e.g., payment for services, tourist expenditure, interest on long-term loans; (c) the movement of long-term capital from one country to another country. These items taken together make the "balance of trade". If they do balance, taken all together, demand and supply are equalized, and the exchanges remain on an even keel. If they do not balance, the country with a deficiency must be prepared to

export gold, to make up the balance. Otherwise demand and supply are not equalized and exchange quotations fall out of line.

This is the theory of exchanges, and in ordinary times it is the way in which they have worked. To maintain stable exchanges over any length of time a country had to keep its debits and credits under the three heads mentioned above well in balance. Gold could be used to adjust the balances temporarily, but only temporarily, and as long as the maladjustment was comparatively small.

A fourth factor in determining exchange quotations formerly of little importance, but to-day more powerful than all others together is the movement of short-term capital (ready money) from one country to another. The amount of this capital has been estimated at 10 billion dollars and is controlled by a comparatively few persons, whose natural tendency is to move it from the currency of an inflationist country into that of a deflationist country. But whereas the demand and supply of exchange created by movements of goods, services and long-term investments change gradually, the movements of short-term capital are sudden and incalculable. The collapse of British exchange in 1931 was entirely due to short-term capital movement and the recent collapse in U.S.A. is another case in point.

Had America agreed to maintain its exchanges at a fixed level with the franc, raising the price level by monetary inflation would have led to the export of gold and probably a flight of short term capital from the United States. President Roosevelt refused to walk into the strait-jacket which was held out to him. Had he done otherwise the inflationary powers which he has been given by Congress would have been nullified; for "ready money" would have given an effective veto on their exercise. He could hardly be expected to agree to this. In the first place the condition of the United States is such that the resumption of normal production and consumption internally is vastly more important to it than any question of foreign trade. In the second place, even as far as foreign trade is concerned, the United States will gain and not lose if its exchange depreciates through a certain section of the "ready money" group in America deciding to face a loss and move their cash to a "gold country" like France, or to a semi-stabilized country like Great Britain if she decides to stand in with the gold group. While the depreciation continues American exporters will retain the position of advantage which during the past two years they have been occupied by the manufacturers of Great Britain and Japan. If France had been willing to follow America's example and "go off gold"—which would not necessarily imply internal inflation in her case—a *de facto* stabilization might have been possible. For when gold is immobilized a panic can no longer be created by its withdrawal and the likelihood of violent movements on the part of "ready money" is much lessened. However, France and her allies were certainly not ready to consider such a measure at present. Stabilization, therefore, disappeared from the agenda of the Conference. The appreciation of exchange which the gold countries must expect puts them at a disadvantage against countries with depreciated exchange which acts—for a time—as a bounty on exports and an additional tariff against imports. Gold countries therefore, desired to retain full liberty to increase restrictions against imports.



Books in Brief

Short Reviews of Recent Books

A Short History of Kashmir.

By P. Gwasha Lal, B.A., Third Revised Edition. Published by the Author, Malayar, Srinagar (Kashmir). Pages 160. Price Rs. 2.

Kashmir, the Wonderland of Ind, the haven of the true seekers after truth and the veriest key to the unfolding of Indian civilization in all its aspects, has been the subject of fruitful study and contemplation by a legion of writers, eastern and western, in recent years. The book under review differs, however, from all the published works on the subject, in that the author has in it brought to bear an essentially national outlook on the past history and present politics of Kashmir; and has, for the first time, given in a brief compass a connected account of all that is worth knowing about the country, including its geography and ethnology.

The author's survey of the History of Kashmir from the available materials runs from the Pre-historic, Hindu, Muslim and Moghal periods, down to the British times, the creation of the present State of Jammu and Kashmir (in 1846) under the Dogra Rulers and the events of recent years. He has drawn pointed attention to the cultural evolution of Kashmir through the ages, and attempted, with a fair measure of success, to dispel the wrong notions held about the Kashmirian character and traditions. The book is illustrated, and includes notes on archaeological relics in the State awaiting exploration and study.

The book, however, sadly lacks an Index; and deserves to be printed on better paper. Also a thorough acquaintance with Kushan Chronology with special reference to numismatic evidence, and a chapter on Kashmir Saivism which played not an inconsiderable part in the History of Medieval India, would enhance the value of the book. We congratulate the author on this timely contribution of his to the better understanding of a great country, and wish he will give us more of it in the succeeding editions of the book.

N. S. R.

New Guide to Kashmir.

By R. C. Arova, B.Sc. (Agril.). First Edition. Published by the Author, Atrauli P. O., Aligarh. Pages 98+vi. Price Rs. 1-8.

This little book compiled by one who claims "an experience of an all-India tour", is a welcome addition to the tourist literature on the beautiful country of Kashmir. After a brief *résumé* of the history of Kashmir up-to-date, the author discusses the geographical features of the country, its climate, the cost of living, the different routes and the fauna and flora; describes the capital city of Srinagar, the monuments and places of interest in and outside it; and gives

useful information about fruits and vegetables grown in the country and important industries; and necessary details about everything worth knowing in connection with a tour to Kashmir from any part of India, working out also the approximate cost thereof. The Appendix contains a note on facts and figures about expenses in Kashmir. The book is well illustrated and has an Index. An up-to-date and useful compendium for tourists, sportsmen, pilgrims and merchants, its utility will be enhanced if the numerous mistakes in spelling and grammar which appear throughout the book in spite of the *Errata*, are rectified in the next edition which, we hope, will soon be called for. We would also suggest, for future rectification, the interpretation of Srinagar as 'City of the Goddess of Wealth' (*Sri*), in place of 'Suryanagar' or 'The City of the Sun,' found on page 24.

N. S. R.

5,000 Facts About Canada.

Compiled by Frank Yeigh, 588, Huron Street, Toronto. Price 35 cents.

The thirtieth annual (1933) issue of "5,000 Facts About Canada" marks a milestone in its history—a fine record for one publication and a credit to its originator and compiler, Frank Yeigh, who has long been widely known for his literary and platform work, especially in relation to Canada. This yearly record has achieved a wide circulation in Canada and other countries as a succinct tabulation of Canadian national life and activities under fifty different heads, from "Agriculture" to "Yukon". No one can understand the story of Canada without this handy reference booklet—a story that is a promising one, notwithstanding any lowering of trade and industrial curves. "I never realized I knew so little about my country until I read it" is a statement attributed to a prominent leader. That indicates its great value.

Federal India.

By C. V. H. Rao, M.A., B.Ed., F.R.Econ.S., "Kesari Press," Maharashtra Office, Poona City.

Problems of Finance and Constitution as affecting the Federal India outlined in the White Paper is discussed here in a critical spirit. Mr. Rao is known to readers of this *Journal*. When we say it is critical, it is to be understood that the description is not merely destructive. It is suggestive; and even constructive. If the White Paper Scheme does not pass muster under his examination, it is not Mr. Rao's fault. The Scheme is such that it can neither please nor go forward as a practical proposal. If it is not mended, it is bound to break down. Mr. C. Y. Chintamani, the Editor of the *Leader*, contributes a characteristic *Foreword* in which the curious suggestion is made that Mahatma Gandhi is great in the spiritual sphere and not in the intellectual or political. That, however, is a different matter.

A Source Book of Indian History.

Compiled by K. Srinivasan Kuni, B.A., I.T. Published by Basel Mission Book and Tract Depository, Mangalore. Pages viii+204. Price Re. 1-8.

It is being recognized in educational circles that the foundations for an intelligent understanding and appreciation of the outlines of the history of a country from contemporary sources, ought to be systematically laid for pupils in the earlier stages of secondary education and form an indispensable curriculum of the school course. In keeping with this educational practice, has this book on Indian History been planned. As Mr. Kuni observes in the Preface, "a volume of extracts illustrative of the political, commercial, social and constitutional history of the country from the earliest times to the present day is a desideratum." He has supplied this need, though it is by no means exhaustive. The extracts number in all 301, ranging from the Hymns of the Rig-Veda Samhita down to the proclamation of the Government of India Act of 1919. They are typical, too, of the periods and epochs of Indian History, bringing out prominently its main currents and cross currents. There is in them not only scope for intelligent work from the chronological point of view, but also an admirable background for specialized studies by the pupils.

The book has useful *Appendices*, giving brief accounts of contemporary writers and chroniclers, a bibliography of source-books on Indian History, a note on the Dalton Plan and some exercises on *Extracts* studied. The printing and get up are excellent. We recommend this book for early trial in secondary schools in India, and trust that, in the next edition, the compiler's attention will be paid to the standardized spelling of oriental and other names and to the inclusion of significant portions from the great epics as well as some more extracts bearing on the landmarks in South Indian History. The reviewer has noticed on page 164 an apparent misprint 1759 (for 1659) for the date of Dara Shikoh's death.

N. S. R.

Industrializing India.

By Sir M. Visvesvaraya, K.C.I.E. The Bangalore Press, Bangalore. Price As. 8.

Sir M. Visvesvaraya's address on "Industrializing India" is a *tour de force* in statistical study. It compresses much in brief space and the much is told in a strikingly simple form. What ails India in the economic field? He postulates a government that has a national will, a will that is bent on working out a settled plan, a sanctified programme during a fixed period for the salvation of the country. Though this is put the very last in Sir Visvesvaraya's study, it really is the foundation on which it rests. Without a fundamental change in the governmental system, his study cannot be realized. First, then, the constitutional change should be there and that change must help towards the creation of a national programme applicable to the whole country. That this is a practical programme, few who have any idea of industrial countries in the West or even Japan can doubt. His knowledge, his experience and his travels have made him realize the importance attaching to creating venues of employment in the land which can fully engage the talent in the land. Industrializing is, however, not only a remedy for unemployment

within but also an absolute need for the country, if it is to advance in the political and social fields as well. His address covers a field which is vast but the remedy for this over-agriculturalized country prescribed by him is about the only practical one that can be conceived of. The inter-provincial co-operation suggested by him is not only feasible but also necessary. If such collaboration is possible in the administrative sphere, why is it impossible in the industrial line? And if that is possible, why should not ten of the largest industries required for the advancement be on the footing of inter-provincial co-operation? Concentration, co-operation and collaboration ought to be aimed at in the industrial line if this country is to attain the position it deserves in the industrial field. It is unthinkable that a scheme of the type adumbrated by Sir M. Visvesvaraya can at all be brushed aside by any national government that might come into existence in this country, now or hereafter. Even the Government of today cannot win through on its administrative side, if it did not appreciate at its right value the difficulties of the present economic position and determine on a policy of industrial development for this country which can mean what it should; contentment for the masses, employment for the educated, and progress for the country. "Things will refuse to be mismanaged," said Emerson, when they reach a certain stage and the saying is perhaps applicable to the present impossible economic position in this country. We have no doubt that before long some such programme of action as is outlined in this volume will become a necessity and will have to be acted upon, if both the people and the government have to advance in their mutual interests.

Sidelights of the Problem of Indian Nationality.

By Dr. Ishwar Nath Topa, Omania University, Hyderabad (Deccan). Pages 48. Price As. 12.

This pamphlet, a neat reprint from the Omania University College Journal, deals with a topic of outstanding importance, delivered by the author as an Extension Lecture at that University last year. Dr. Ishwar Nath Topa eloquently pleads for a new orientation to be given to the treatment of the History of India—particularly in its bearing on the problem of Indian Nationality, approaching the latter more as a factor in practical politics than as a subject of mere theoretical discussion. He examines the concepts of Hindu Dharma and the Social Order, pointing out how they tended to promote and perpetuate social solidarity and social unity in Ancient India; subjects the Islamic state in Medieval India to a rigorous analysis, dispelling the wrong and distorted notions held about it and discussing its contributions to the building of an Indian Nationality on a cultural basis; indicates the hindrance, in the way of solution of Medieval Indian Nationality, caused by the co-existence of tribal or organized groups; and concludes by suggesting the necessity for a consideration and adjustment of cultural and communal factors, among others, in the solution of the problem of Nationality in Modern India. Dr. Topa has brought to bear a *trash outlook* on a much discussed problem, though obviously at the cost of some repetition. We congratulate him on this timely and thought-provoking contribution which deserves wide publicity.

N. S. R.

The Travellers' Pocket Reference and Note Book.

Published by the Anglo-Continental and International Offices, London and Leusanne, and sold by Messrs. Thacker & Co., Hornby Road, Bombay, Is.

This is a handy volume, well printed and well got up, and a perfect marvel in price for its contents. What a traveller may require is here in its essential details. It is really a Travel-made-easy. Information on travel, sport, hotels, pensions, schools, cure establishments, pleasure resorts, etc., are all detailed in the minimum of space but with the maximum of benefit to the would-be traveller. To Indians desirous of a convenient pocket-book on European travel, we would heartily commend this one.

Elementary Theory and Practice of Commerce.

By Sohrab R. Davar, Bar-at-Law, Principal, Davar's College of Commerce, Oxford University Press, London, Bombay and Madras, Rs. 2.

This is really a *multum in parvo*. Well written and well printed it ought to go a long way as a text-book for High Schools preparing for Commercial and Technical Diploma Examinations. A life-long teacher of youth, Mr. Davar knows how to present his facts and how to make things perspicuous to the beginner. The topics dealt are business correspondence; model letters; official correspondence; filing, indexing and telegrams; office machines and appliances; Postal services; Banks and their uses; Bills of Exchange and *hondis*; calculation of due dates on bills; business transactions; home and foreign trade; firms and partnerships; joint-stock companies; and insurance. Besides, there are a few useful definitions, business abbreviations, Examination papers and an excellent index. A book like this, written on lines so well suited from the point of view of the taught, should receive wide attention at the hands of teachers in Commercial and Technical institutions in India.

Principles of Rating in England and India.

By N. S. Kowshik, B.A., Assessor and Collector of Municipal Taxes, Bombay. The Popular Book Depot, Grant Road, Bombay. Rs. 8.

This is an excellently written treatise on the principles of Rating in England and India written by a person who has got something useful of say on the subject. Mr. Kowshik is evidently an expert

and his experience and knowledge have helped him to produce a book of practical value to Municipal Assessors and Collectors. Even in metropolitan areas, Municipal Assessors have—the reviewer is an old Municipal Councillor and has been Chairman of the Standing Committee for years on years—been going on the rule-of-thumb in carrying out their duties. As Municipalities depend on revenue in the last resort and as property is the one tangible thing that enables most of them—we are talking of municipalities which have not gone ahead and municipalized different kinds of services for the benefit of their respective rate-payers—to draw upon for their expenditure, it is a desideratum that they should learn the first principles of rating before they enter on their duties. It is a question if Local Self-Government is to prove a success in this country, whether at least future entrants into municipal offices, should not be asked to obtain a preliminary training in a School or Institute of Municipal Training for about a year or so. Such an Institute has become now a necessity in view of the need of a permanent staff which is both capable and administratively good. Mr. Kowshik's volume fills a lacuna in the Municipal literature. It is both historical and practical in its outlook. The case-law is dealt with in adequate fashion and the presentation of complicated theory and practice is both concise and clear. Mr. H. K. Kirpalan, B.A., I.C.S., Municipal Commissioner, Bombay City, writes a *Foreword* in which he commends the book "to all concerned". We would add that it should be in the hands of every intelligent citizen and adorn every Municipal Library in India, Burma and Ceylon. An ample Index and a comprehensive Table of Contents, besides a list of cases cited, add to the value of the publication.

Economic Development in U.S.

Recent changes have necessitated a new revised and enlarged edition of a standard economic history, and the new third edition of *Economic Development of the United States* (I. Lippincott, Third Edition, 18c.) has been largely rewritten and greatly expanded to cover business and industrial conditions in the United States following the collapse of 1929. Especial attention is given to efforts to combat the depression and to the new criticism of the capitalist system that have resulted from it.

Acknowledgment.

Mysore Geological Department Reports, Volume XXXI, 1932. Issued by the Mysore Geological Department. Government Press, Bangalore, Rs. 2.

From Our Readers.

Flood Relief Fund.

Sir,—The heavy losses suffered by the people of Uttack and Puri Districts owing to heavy floods and breaches in the several embankments in the said areas this month have called for sympathy from all quarters. Hundreds of homes have been swept away, thousands of people are now without shelter. Their agricultural lands have been mostly covered with sand. They are without much clothings. Immediate and distant relief will be needed for them. Government has also admitted this fact in their communique published from Ranchi on August 16. About 40 x 60 square miles have been devastated.

I, therefore, appeal to you, to help these distressed

people through me. I am a public worker of that part of the country and a life-member of the Servants of India Society. I have been doing this sort of relief work for the last 16 years in U. P., in Bengal and Bihar and Orissa. I worked in Garhwal Famine Relief in 1918, in East Bengal Cyclone Relief in 1920, in Puri Famine Relief in 1920, in the Vaitarani Flood Relief in the Koonjhar State in 1927.

May I hope, therefore, that you will be pleased to entrust your charity to me.

L. N. SART,
Member,

UTTACK,
30th August 1933. SERVANTS OF INDIA SOCIETY.