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HISTORICAL AND ECONOMIC STUDIES

Published on the occasion of the Silver Jubilee of the
Historical and Economic Association of the
Fergusson College, Poona

Edited by : D. G. KARVE

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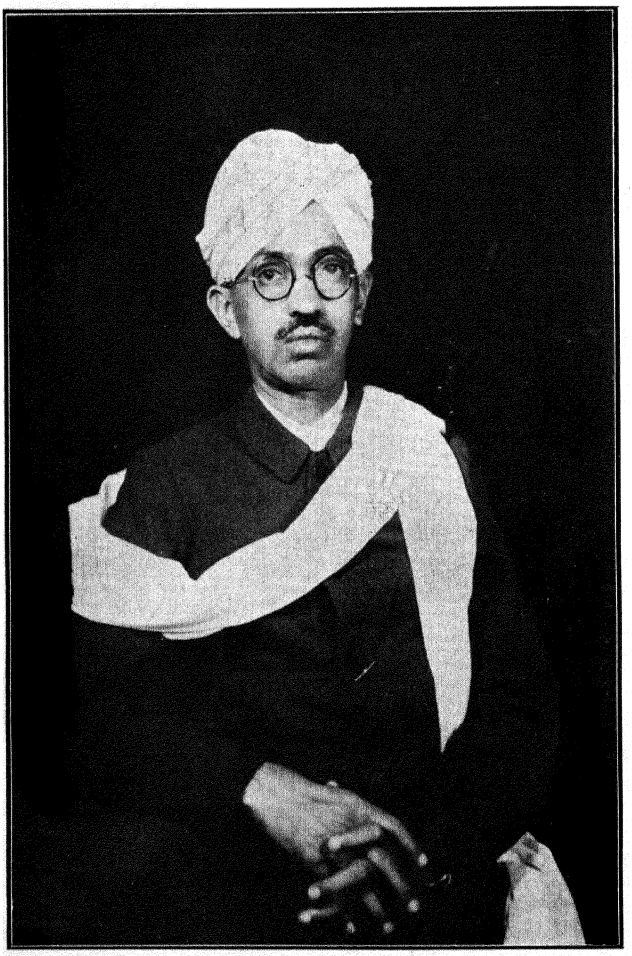
POONA 4

Published by :—

PROF. D. G. KARVE

Fergusson College

POONA 4



V. G. KALE

HISTORICAL AND ECONOMIC STUDIES

Dedicated to

Prof. V. G. KALE, M. A.,

Founder - President

Historical and Economic Association

Fergusson College, Poona

by

The Past and Present Members of the

Association

2nd February 1941

Silver Jubilee Day

PREFACE

The only external element of unity that the present collection of essays has to claim for itself is recorded on the dedication page. All the authors have at some time or other been connected with the History and Economics Department of the Fergusson College. Most of them have had the privilege of studying under Prof. V. G. Kale, who has been the presiding genius of the Department for over thirty years. On the occasion of the Silver Jubilee of the History and Economics Association which Prof. Kale helped to establish, it is in the fitness of things that members of the Association should desire to present to him their grateful congratulations in the form which he is likely to appreciate most.

Prof. Kale is a great traditionalist. Not only is he a distinguished member of the tradition that goes back to Justice Ranade, but he has himself been successful in perpetuating a trend of independent and synthetic scholarship which gives internal unity to the present volume. Each author has written on a subject of his own choice. In almost all cases the topics herein discussed have been engaging the continuous attention of the respective authors for a number of years. Though in some cases material elsewhere available has been drawn upon it is exclusively with a view to support or illustrate the special view-points of authors. Much original research, more independent thinking and even more of synthetical presentation are common characteristics of most of the studies presented herein.

The historical part consists of six contributions, fittingly headed by Prof. D. V. Potdar's scholarly reconstruction of the relations of Bajirao I with the Bundelas. This article is based on the latest available material and presents viewpoints which, at several places, contravene current notions. It will be necessary to take into account the suggestions of Prof. Potdar before any further work on the subject is undertaken. Bajirao's powers of leadership and of loyalty to the national

cause are the theme of another scholarly article wherein Mr. D. V. Apte, the noted authority on Marathi sources, institutes a very illuminating comparison between that great leader and his compeer the first Nizam. Original sources in the Purandare Daftar in Saswad have been utilised by Prof. Oturkar to outline a few aspects of the social life of the Marathas during the 18th and the early 19th century. Under a regime of political freedom Maratha society was adaptive, corporate and progressive. Under foreign rule it tended to be wooden, atomic and conservative. This conclusion of Prof. Oturkar, backed by a wealth of material, will prove immensely interesting not only to historians but to sociologists as well. The cultural significance of the Maratha adventures in the North, especially in Gujerat, is presented by Prof. K. H. Kamdar, against the background of the relationship between Gujerat and Maharashtra dating from pre-Vedic days.

Prof. Sharma, who has already contributed well-known volumes to the history of Mughal India, and whose works on World History and Jainism in the Carnatic have latterly attracted considerable notice, urges an organised effort for writing a well-planned history of the Indian peoples. He is particularly keen on the need to have an authoritative and adequate history of the Maratha people. Mr. M. G. Dixit has given a well-documented reconstruction of the organisation of the ancient University of Valabhi, in Kathiawar, where besides the Buddhistic philosophy, other schools of learning also catered for men and women scholars from far and near.

In the section devoted to political science there are three articles. Prof. S. V. Kogekar puts in a very cogent and strong plea for an objective approach to political science. Many students of this subject have often felt that political scientists, belonging both to the idealist and realist schools, have too often discussed what the state ought to be rather than analyse in a dispassionate way the state as it is and as it has been. Round the basic phenomenon of organisation it is possible, and indeed it is necessary, to construct at least as good an objective science of politics as economics of the present day. In analysing the theoretical and practical relationships subsisting

between the individual and the state in modern society Prof. M. R. Palande puts in a plea for democratic socialism. The stress and strain of Indian political evolution are exhibited in the very thoughtful article of Prof. R. H. Kelkar wherein he urges the inevitability of gradualness and the need to form sub-federations among the Indian States. The problem of constitution-making in India is beset by many, in fact too many, obstacles. But if the spirit of constitution-makers of the future is as thoughtful and informed as that of Prof. Kelkar, the outlook need not be as forbidding as it now threatens to be.

The third and by far the biggest part of the volume is taken up with various economic studies. These refer to varied topics such as theory, history of doctrine, policy and national problems. The conflict between two tendencies among economists, that to isolate formal economics and that to study it as part of a wider social and cultural complex is ably reviewed by Prof. Mavlankar, who fears that a full comprehension of issues raised in economics can never be had within the narrow limits of the formal ' science '. The recent advances made by the Cambridge school in the theory of value, the scope of economics and the limits of state intervention are examined by Prof. T. M. Joshi in his article ' Economics since Marshall '. Prof. J. J. Anjaria brings the argument home by urging that the real justification for an Indian school of economics lies in the peculiar experience and environment in India as a foundation for theory, and not so much in a nationalistic outline of problems of current policy.

Mr. S. G. Barve presents a survey of the current controversy between capitalism and communism, and on the merits of the case, as he sees them, comes to the considered conclusion that an empirical compromise between the free economic and controlled productive systems will emerge as the typical modern society of the near future. Prof. S. G. Beri presents the theoretical and practical difficulties of tackling the problem of a minimum wage in India. In view of the prevailing enthusiasm for economic reform Prof. Beri's article is

bound to excite interest. The editor himself who has for some years given thought to the problem of population returns to the charge with reinforcements gathered from recent experience in West-European countries. That population as a modern problem is the outcome of a regime of individualistic capitalism and that economic betterment accompanied by a culture based on a wide recognition of social responsibility are the only remedies that will prove successful are conclusions which are sought to be established.

The future of foreign capital in India is the subject of a highly practical essay by Mr. N. G. Abhyankar, who argues that a system of licensing, accompanied by centralised arrangements for conversion of sterling liabilities and a prohibition of foreign investment in protected industries, are urgently needed. Indian economic progress is willy-nilly being directed towards the goal of national self-sufficiency and it is the part of statesmanship to formulate a wise policy in time is the point to which Mr. R. C. Joshi's essay desires to lead the reader. Prof. P. M. Limaye supports, in his article on middle-class unemployment, a nation-wide planning of industry and a reorientation of the educational system. The need to replace rental value by profits of cultivation as a basis of the land revenue system and to bring the land tax under effective legislative control are strongly emphasised in Mr. D. V. Diveker's article on the Bombay Land Revenue.

The difficulties faced by young and educated Maharashtrians in organising new businesses are realistically protrayed by Mr. S. V. Kale. These should serve a very useful guide to fresh entrants in the field. The recent advances in aviation in India and the great necessity of a planned and subsidised air programme are portrayed in an article jointly contributed by Messrs. M. R. and B. R. Dhekney. Mr. P. V. Agashe examines the systems of local finance in several countries and concludes that unless both the principles, that of benefit and of ability, are made to serve as the basis of a system of local finance neither justice nor efficiency can be secured.

For an authoritative and full account of the article of each author the book itself will have to be read by the

interested student. But this indicative note may well bear out the claim made in a previous paragraph for comprehensiveness, independence and constructive suggestion. A fairly large part of the important themes on which our scholars are at work is herein surveyed. If the contents of the volume provoke scholars engaged in allied fields to corroborative or critical notices the purpose of the volume will be doubly realised.

Before handing over the book to the discerning reader it only remains for the editor to thank all the authors who have so readily responded to the request for an article. In many cases authors had to make great efforts and sacrifices to put together their material so as to conform to our limitations of time and space. In the consciousness that they were discharging a sacred intellectual debt all cooperated to the full to make the production as useful and timely as possible. My thanks are due to all authors in an equal measure, as, I am sure, the volume would certainly have been the poorer for the absence of any of its present contents.

Almost the entire responsibility for seeing the present volume through the press has fallen upon Prof. S. V. Kogekar, who has done more than anybody else to secure the publication of this volume. Profs. N. A. Mavlankar and M. R. Dhekney have compiled the index without which the full use of the book could not be secured. My very best thanks are due to these gentlemen.

D. G. KARVE

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BĀJIRĀO IN THE LAND OF THE BRAVE BUNDELĀS

1. It was during the time of the Sayyad brothers that the Marhāttas made a real start to become an Imperial power in India. The Peshwā Bālāji Vishwanāth secured important rights through Imperial firmans for the Marhāttas.

2. Bālāji's illustrious son Bājirāo was mainly responsible for the great expansion of the Marhātta power. He distinguished himself both in the arts of peace and war. More particularly did he establish his reputation as a military genius. He led the Marhātta cavalry with consummate skill so that his fame spread throughout the length and breadth of the land. His younger brother Chimāji remained his right-hand man throughout.

3. Chimāji scored a remarkable victory over Dayā Bahādar and Girdhar Bahādar in Malwā in the month of Mārgaśhirṣha and Pauṣha, Shak 1650. This victory had a tremendous effect in the Marhātta camps all over the land. The news of the victory was received everywhere in the Marhātta country with enthusiasm and great rejoicing prevailed.

4. About a month before this, in Kārtika, Bājirāo returned from a pilgrimage to Tuljāpur. This was the season for military campaigns. Hence Bājirāo saw Rājā Shāhu on the 8th of the bright half of Mārgaśhirṣha and turned towards Berar.[1] It appears that Rājā Shāhu did not approve of this inroad into Berar[2]. Bājirāo moved towards Deogar. He is found engaged in assisting Dāwalji Somavamṣhi Sarlaṣhkar in establishing his hold in his territory. From here Bājirāo made a thrust into the land of the Bundelās.

5. In Bundelkhand, Chatrasāla was being pursued by Mahammad Khan Bangaśha on behalf of the Moghul Government at Delhi. Bangaśha had begun his campaign against

1. Peshwa Daftar XXX, p. 287.
2. Diary of Shahu, p. 16

Chatrasāla in Shak 1649. Chatrasāla had grown old. Bangaśha had advanced upto Sehundā. Chatrasāla tried to meet this onslaught of Bangaśha by uniting the Gondās, the Padihārs, and the Jāts whereas, Bangaśha led the Rohilās. Udott-Singh of Orchchā, Prithwisingh of Sehundā, Rai Ramchandra of Datia, Durjan Singh of Chanderi and Jai Singh of Maundhā, all these Bundelā chiefs sided with Bangaśha. The Bundelās were thus divided as usual and Chatrasāla had a very difficult situation to meet.

6. The Marhāttas seem to have been connected with Bundelkhand from Shak 1647, if not earlier[1]. We see the names of Krishnāji Hari, Trimbak Gangādhar and Kesu Mahādeo mentioned in treaty negotiations in that part. Long before this, pilgrims from Orchchā used to visit the holy city of Nāsik ; and we have records of such visits still preserved in the "Bahis" of the priests of Nāsik.

7. How and when exactly did Bājirāo decide to go to the help of Chatrasāla has yet to be definitely ascertained. The story most common in this connection is that Chatrasāla sent a pathetic appeal to Bājirāo for help (vide Bundele Kaiphiyat, Sair Mut-a-Kharin etc.). Sair suggests that this appeal must have been made to Chimāji at Ujjain. The following couplet said to have been composed and dispatched to Bājirāo by Chatrasāla is oft quoted :

जो गत ग्राह गजेन्द्रकी।
सो गत भयि है आज॥
बाजी जात बुंदेलनकी।
राखो बाजी लाज॥

The Peshwā Bakhar says that Chatrasala had sent a letter containing one hundred couplets (in Hindi). Now it is well known that Chatrasāla was a good composer and the land of the Bundelās is rich in local ballads. But it is objected that no reliable authority can be cited in support of the couplet quoted above as having been composed by Chatrasāla. Recently Mr. M. V. Gujar has published a history in Marathi of the Senior Dewas State. He quotes three extracts from a poet by

1. Peshwa Daftar XXX, p. 275

name Naru. He submits that Naru was a contemporary poet of Chatrasāla and his contention appears to be reliable Says Naru,

वृद्ध उमर कैसे बने लडनो अब ललकार।
पेशवाकुं अर्जि पेष की बाजीराव उबार॥
गजको ग्राहन घेरिओ महमद् घेन्यो मोहिं।
रूपा प्रभू तापर करे महिपति तारहु मोहिं॥

Naru here clearly puts into the mouth of Chatrasāla an appeal for help to save him from Bangaśha as the elephant (गजेंद्र) was saved from the clutches of the crocodile in the popular mythological story of Gajendra Mokṣha (गजेंद्र मोक्ष). Even Chatrasāla refers to the गजेंद्र story in the following couplet attributed to him :—

ग्राहने गजब करि गजको जों ग्रस्यै।
आय छूटत छुडयौ नाहिं गयो हारिबल ते॥[1]

If, therefore, Chatrasāla was a poet of considerable merit, if he is found quoting the गजेंद्र story, and if a contemporary poet like Naru supports the common story about Chatrasāla appealing to Bājirāo and referring therein to the story of गजेंद्र we would not be far wrong in believing in the story of the couplet.

8. An important letter in the Peshwā Daftar written by Dādo Bhimsen, a Marhātta agent in the North, to Bājirāo and Chimāji explicitly states, " Bangaśha and Chatrasāla are engaged in a fight. We must write to him that aid would be sent to him and our armies will come to that side after Dasarā (दसरा)[2]." This letter is written in the month of Shrāvaṇa and Marhātta armies under Bājirāo accordingly went to the aid of Chatrasāla after Dasarā. Hence this letter must be taken to have been written in Shak 1650. This letter enables us to imagine that diplomatic negotiations with Chatrasāla must have been going on for a considerable time and the famous couplet letter of Chatrasāla must be treated as a sort of S. O. S. to Bājirāo.

1. Tiwari—History of Bundelkhand (in Hindi), p. 230
2. Peshwa Daftar XIII, Letter No. 10

9. From the correspondence carried on between Bājirāo and Chimāji[1], it appears that Chimāji was urging Bājirāo to come to Malwā. But Bājirāo writes in return, "You are inviting us in several letters to come to that side. We have arrived in the territory of Chatrasāla, not far from you. If there is any important work, write and we will do accordingly. Otherwise we will gather the harvest here (Pot Bharaṇe) and you will do the same there. Otherwise how can we get money if both our armies are combined?" Bājirāo, as his correspondence shows, was keen upon amassing money. Evidently he had to meet the heavy expenses of his campaigns and he must have been negotiating favourable terms with Chatrasāla till he decided his final plan. When, however, Chimāji had inflicted a crushing defeat upon the Subedar of Malwā, and was firmly established there, Bājirāo thought himself free to go to the aid of Chatrasāla.

10. Having assured his position, Bājirāo moved on towards Mahobā through the Garha territory. He finished the Holi (होळी) celebrations and met the son of Chatrasāla near Mahobā on Wednesday the 9th of the dark half of Fālguna in Shak 1650,[2] and immediately on the next day he saw Chatrasāla himself at Dhamorā. Asārām was the principal mediator between Bājirāo and Chatrasāla. Chatrasāla was entertained by Bājirāo to a feast and was presented with an elephant and a horse. The two soldiers must have here fixed their future plans. Pilāji Jādhao Rāo, the most trusted of Bājirāo's assistants, was with him in this campaign. Sar Lashkar Dāwalji had also accompanied him. On the invitation of Bājirāo, Tukoji Pawār of Dewās also joined him. We can form an estimate of the Marhātta army that collected under Bājirāo at this time from a letter of his. Says Bājirāo, "We are definitely going in Chatrasāla's territory. Sar Laṣhkar 10,000 and ourselves 4,000, we are 20,000 to 25,000 horse. If any Bhonsale joins, we will take him."[3] Chatrasāla's strength had been estimated by Sir Jadunāth, on the authority of Gulshan, as 45,000.[4] Perhaps this estimate based on Shaqir

1. Peshwa Daftar XIII, No. 33
2. Peshwa Daftar XXX, p. 288
3. Peshwa Daftar XIII, Letter No. 23.
4. Later Mughals, pp. 234.

refers to the condition of the previous year. However, we would not be mistaken if we put the strength of the two armies together as nearing three-quarters of a lakh.

11. On the side of Bangaśha it is difficult exactly to estimate the strength of his army. When he undertook the campaign two years ago, he was promised Rs. 2 lakhs per month for his expenses by the Imperial Government as the Muhammedan Chronicles say. This means that he must have had a considerable force equipped for the campaign. He made a good start and drove back the Bundelās to Sehundā and forced Chatrasāla to come to terms. As the story goes, Chatrasāla managed to escape on the pretext of the Holi (होळी) celebrations. From the Marhātta records alluded to before, it is clear that Chatrasāla met Bājirāo about a week after the Holi celebrations. A thorough scrutiny of the Muhammedan sources may enable us to recast the whole story of the Bundelkhand campaign, particularly the details of the Muhammedan side. The Peshwā Daftar supplies us with very valuable and thoroughly reliable dates about the movements of Bājirāo. The story that Bangaśha after his first successes against Chatrasāla disbanded a large part of his army, keeping only about 4,000 with him, appears difficult to believe.[1]

12. After meeting Chatrasāla, Bājirāo marched forward from Mahobā on the Hindu New Year's day of Shak 1651.[2] On the 11th of the bright half of Chaitra Shak 1651 Bājirāo camped at Ari (आरी). He spent the whole of Chaitra there. What the Marhātta army did during this time can be best told in the words of Pilāji Jādhao Rāo who writes as follows to Narāyan Dikshit Pātankar in a letter dated the 2nd of the dark half of Chaitra Shak 1651[3]. "We have here cornered Muhammad Khan Bangaśha, the Subhā of Prayāg, who came upon us with a force 20,000 strong (this leaves no doubt in our mind about the strength of Bangaśha at this time. It was not less than 20,000 and could not be 4,000). Food in his camp is selling at Rs. 3 per seer. Within a week we hope to crush him com-

1. Later Mughals, Vol. II, pp. 238–39.
2. Peshwa Daftar XXX, pp. 289.
3. Peshwa Daftar XIII, No. 45.

pletely or if he comes to terms we will settle them and return to our country." Bangaśha would thus have been completely crushed, but aid came to him and the campaign was prolonged for a few days. Bājirāo, therefore, moved to Jaitpur on the first of Vaishākha bright half. Bangaśha now retreated and entrenched himself in the strong fortress of Jaitgarha. Bājirāo tightened his grip over Bangaśha, surrounded him on all sides and established his Chowkies in all directions. Bangaśha was completely starved. His condition became miserable. He could hardly get enough food and was forced to live on the flesh of horses and oxen. He was a seasoned soldier and had not earned the title of Gaznafarjung in vain. He held out and tried to get assistance from outside. His son Qaim Khan was engaged in the eastern quarter in reducing the fort of Tarāwanā on the borders of Bundelkhanda. On receiving the news of his father's plight he hastened to his aid.

13. The Marhāttas intercepted Qaim Khan at Supā near Jaitpur and routed him completely. The story is thus described by Pilāji Jādhao Rāo.[1] " We have besieged Bangaśha. In the meanwhile his son Qaim Khan came upon us (10th of the bright half of Vaishākha). We faught and, by God's grace, finished him with his army. We captured 3,000 horses, and 13 elephants." Thus the only hope of Bangaśha melted away and he had no alternative left but to come to terms with the Marhāttas. The fortress of Jaitpur was impregnable. Seventeen years after this, the Marhāttas could conquer it only after sacrificing thousands of soldiers.[2] It was already Vaishākha; the rainy season was about to set in and the Marhāttas must have been longing to reach their home, before rainy season. They, therefore, seem to have been ready to grant terms. Bangaśha was given a kaul (कौल) and was allowed to retire. On the authority of Warid, Sir Jadunātha states that Bangaśha agreed not to invade Bundelkhand and continue to receive the annuity fixed before.[3]

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1. Rajwade III, Letter No. 14.
2. काव्येतिहाससंग्रह, पत्रें यादी, No. 69.
3. Later Mughals, Vol. 2, pp. 241.

14. Bājirāo now hastened to the Deccan and in Shrāvaṇa Shak 1651 we see him presenting Rājā Shāhu with some of the thirteen elephants secured in the Bundelkhand campaign from Qaim Khan (vide Pilāji's letter quoted above).[1] It, therefore, appears clear that Bājirāo could not have stayed in Bundelkhand till August 1729 A. D. that is, Shrāvaṇa Shak 1651 as Sir Jadunāth has alleged in his Later Mughals.[2]

15. Bājirāo did not even finish the work of completing a formal treaty with Chatrasāla. Grant Duff, on the authority of 'original papers' in 'the Poona Records', states that Chatrasāla agreed to give to Bājirāo one fortress near Jhansi and territory worth Rs. $2\frac{1}{4}$ lakhs. Naru says Rs. $2\frac{1}{2}$ lacs, which is nearly the same. Soon after the campaign Chatrasāla died and the settlement had, therefore, to be left to his sons. From the treaty between Hirdesā and Bājirāo dated Saṁvat 1795 that is, Shak 1661, it appears that the former agreed to give an additional Jāgir worth Rs. $2\frac{3}{4}$ lakhs to Bājirāo which together with the Rs. $2\frac{1}{4}$ lakhs agreed to before, makes a total of Rs. 5 lakhs. The story that Bājirāo was treated by Chatrasāla as one of his sons and that territory worth Rs. 33 lakhs or equivalent to one-third of his dominion was bestowed by Chatrasāla upon Bājirāo, does not appear to be corroborated by reliable records. Prolonged negotiations, it seems, had to be carried on afterwards between Jagatrāj, Hirdesā, and the Marhāttas who had actually to lead armies to enforce their demands.

16. Whether the Marhāttas were able to recover substantial monetary return for the help given to Chatrasāla or not, it is certain that they got a firm foothold in Bundelkhand. Such a hold in this central territory must have proved very helpful to them to direct the advance of their power in the North. From Bundelkhand they could reach Bengal in the East, Malwā and Gujrāt in the West, and Delhi in the North and watch their interests from this vantage point. The political gain from this campaign was thus very substantial. The Marhāttas maintained their hold over Bundelkhand for a long time afterwards.

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1. Peshwa Daftar XXX p. 291
2. Ibid p. 241.

17. One word about Mastāni before we finish this article. Exact information about the origin of Mastāni and her first contact with Bājirāo is not yet available. One story suggests that Mastāni was presented to Bājirāo by the Nizam. Another story credits Chimāji Appā with this beautiful find in his tour in Bundelkhand and presenting it to his brother. But the mention of one Miskiṇ Mastān Kalāvanta (मिसकीण मस्तान कलावंत) being presented with Saris and other articles in a document found in the Peshwā Daftar and dated the 8th of the bright half of Fālguna Shak 1651, just a few months after the return of Bājirāo from his victorious campaign in Bundelkhand, leads one very strongly to identify this person with the famous Mastāni. If this identification is correct then Mastāni must have come to Bājirāo from Bundelkhand which land is still famous for the beauty of its women.

D. V. POTDAR

बाजीरावाचें राजकारण व विकासपद्धति

बाजीराव व निजामुल्मुल्क हे समकालीन असून कर्तृत्ववान व अधिकार-संपन्न होते. त्यातून निजाम अधिक अनुभवी असून त्याच्या ताब्यांतला प्रदेशहि अधिक संपन्न व विस्तीर्ण होता; असें असून त्याचा बाजीरावाच्या हातून अनेक वेळा पराभव होऊ शकला. या कोड्याचा उलगडा करण्यानें महाराष्ट्रांतील दोनशें वर्षापूर्वीच्या राजकीय परिस्थितीचें यथार्थ ज्ञान करून घेण्यास मदत होण्याजोगी आहे. याकरिता या लेखांत त्या दिशेनें प्रयत्न करावयाचें योजिलें आहे.

सातारा दरबारांतलें वातावरण

शाहूनें बाजीरावास पेशवाई दिली, त्याच सुमारास दिल्लीचा बादशहा महंमदशहा यानें निजामास वजीरीचीं वस्त्रें दिलीं. मात्र दोनहि ठिकाणचा, वस्त्रें देण्यापूर्वीचा इतिहास अगदि निराळा होता. बाळाजी विश्वनाथ मरण पावल्यामुळें तत्कालीन आनुवंशिक हक्काच्या पद्धतीस अनुसरून शाहूनें बाजीरावास मुख्य प्रधानाची जागा दिली. यामुळें बाजीरावाला अधिकाराची जागा मिळविण्यासाठी कोणताच गैरशिस्त प्रकार घडवून आणावा लागला नसून ती त्याला यथाक्रमच प्राप्त झाली. अर्थात तेव्हांपासून त्या पदास शोभेसें काम आपल्या हातून कसें होईल व यासाठी कोणकोणतीं माणसें आपणास उपयोगी पडतील या दृष्टीनें तो चोहीकडे पाहूं लागला. आनुवंशिक हक्कानें ती जागा मिळाली असली तरी आपल्या आंगच्या गुणानें आपण त्या जागेस लायख आहों हें दाखविण्याची ईर्षा त्याच्या मनांत उत्पन्न झाली; आणि या ईर्षेंत त्याच्या पुढच्या यशाचें बीज होतें.

दिल्ली दरबारांतलें वातावरण

निजामाची परिस्थिति याच्या उलट होती. दिल्ली दरबारांत सय्यदबंधूचें वर्चस्व होतें तें महंमदशहाला नकोसें वाटल्यामुळें त्यानें त्याचा खून करविला; आणि अशा रीतीनें रिकामी झालेली जागा, दिल्ली दरबारांतील मुत्सद्यांच्या आपसातल्या लाथाळीमुळें, निजामाला द्यावी असें ठरलें. अर्थात निजामाला वजीरीचीं वस्त्रें मिळालीं त्या प्रसंगाची पार्श्वभूमी रक्तानें माखलेली व हेव्यादा-

व्याच्या विकारानें दूषित अशी होती. निजाम दोनच वर्षांत त्या घाणेरड्या परिस्थितींत राहण्यास कंटाळला. वस्तुतः त्याच्या अंतःकरणांत व्यापक राजकीय कल्पना असत्या तर वैयक्तिक आवडनावड बाजूस ठेऊन त्यानें दिल्ली दरबाराची घडी बसविण्याची ईर्षा धरली असती. पण हा विचार त्याच्या मनांत आलेला दिसत नाहीं. तो कांहीं तरी निमित्त करून दिल्लीहून निघाला व त्यानें दक्षिणेचा मार्ग धरला. तेव्हां बादशहानें त्याला बंडखोर ठरवून 'दक्षिणेंतील सुभेदारानें त्याच्याशीं युद्ध करावें' असा हुकूम सोडला. पण निजामानें या सुभेदारास ठार केलें; यामुळें त्याला दक्षिणेंतील सुभेदारी ताब्यांत घेता आली. हें पाहून बादशहानें निरुपाय जाणून त्याची सुभेदारी कायम केली. हा वृत्तान्त लक्षांत ठेवला असता दिल्लीचा बादशहा व निजाम यांचीं मनें एकमेकाविषयीं कलुषित झालीं होतीं व 'आपण बंडखोर असल्यामुळें आपली सुभेदारी काढून बादशहा त्या जागीं दुसऱ्या कोणाची नेमणूक करील कीं काय' या संशयानें निजामाचें मन नेहमीं व्यग्र असणें स्वाभाविक होतें हें सहज समजण्याजोगें आहे. यानंतर त्याचा स्वभाव आधिकाधिक संशयखोर बनला व दुसऱ्यावर विश्वास ठेवण्यास तो धजेना. ही गोष्ट त्याच्या राज्यांत कर्तृत्ववान माणसांची वाढ होण्यास विघातक झाली. कारण राज्य चालवूं पाहणाऱ्या पुरुषाला अनेक व्यक्तींना हाताखालीं घेणें भागच पडतें; पण राज्यचालक आपल्यावर विश्वास टाकीत नाहीं हें हाताखालच्या माणसांना माहीत असलें म्हणजे त्यांना कोणतीहि जबाबदारी उचलण्याची हौस वाटत नाहीं; आणि हौसेनें काम उचलल्यावाचून माणसांच्या कर्तबगारीची वाढ होत नाहीं. तात्पर्य निजामानें बंडखोरी करून आधिकार मिळविला यामुळें त्याचें मन त्याला नेहमीं खात असें; आणि स्वार्थापलीकडे अधिक व्यापक असा हेतु त्याच्या मनांत नव्हता म्हणून त्याच्याशीं कोणीहि समरस होऊ शकला नाहीं. स्वतः त्याचा मुलगा नासरजंग यानें पुढें बापाविरुद्ध बंड केलें; यावरून निजामाच्या दरबारांत जुटीचा आभाव किती होता हें सहज ध्यानांत येण्याजोगें आहे.

बाजीरावाची पद्धति

बाजीरावाला अधिकार मिळविण्यासाठी कोणतेंच वेडेंवांकडें कृत्य करावें लागलें नाहीं; यामुळें त्याचें मन साशंक बनण्याचें कांहींच कारण नव्हतें, हें मागें सांगितलेंच आहे. स्वामिनिष्ठ राहून आपण कर्तबगारी केली म्हणजे शाहूचा अधिकाधिक विश्वास संपादन करता येईल हें त्यानें ओळखलें व तो कामास

लागला. पहिल्या तीनचार वर्षांत तो अंबाजी त्रिंबक वगैरे वडील मंडळींच्या तंत्रानें वागत होता व त्याच्या विशिष्ट गुणाची जाणीव सभोवारच्या लोकांना होती असें दिसत नाहीं. त्याच्या आंगांतील पराक्रम इतरांच्या दृष्टींत भरण्याचा प्रसंग इ. स. १७२८ मध्यें प्रथम घडून आला, तो असा. निजाम वजीरी सोडून दक्षिणेंत आला तेव्हां मराठ्यांशी त्याचा सलोखा होता व तो मराठ्यांचा चौथाईचा हक्क देण्यास तयार होता. परंतु पुढें गुजराथची सुभेदारी निजामाकडे ठेवण्याचें दिल्ली दरबारानें नाकारलें व तेथील नवा सुभेदार सरबुलंदखान यानें मराठ्यांचे गुजराथेंतील हक्क मान्य केले. यामुळें मराठ्यांनीं निजामाचा पक्ष धरावा कीं बुलंदाचा धरावा असा प्रश्न उपस्थित झाल्यावेळीं दाभाड्यानीं निजामाचा पक्ष धरला व इतर मराठ्यानीं बुलंदाचा धरला. यामुळें निजामाच्या मनांत विकल्प उत्पन्न झाला आणि त्यानें "चौथाई द्यावयाची ती शाहूला कीं कोल्हापूरच्या संभाजीला याचा मला निर्णय केला पाहिजे," असें म्हणत तो संभाजीला घेऊन सैन्यासह शाहूच्या मुलखावर चालून आला. त्याला अडविण्याचें काम शाहूच्या दरबारांतील इतर सरदारांच्या हातून झालें नाहीं. निजामानें प्रत्यक्ष पुण्यांत येऊन संभाजीचें लग्न लावलें. अशा वेळीं बाजीरावानें त्याच्यावर अकस्मात् चालून जाऊन त्याला पालखेड येथें एकदम घेरलें व तह करणें भाग पाडलें. बाजीरावाच्या अंगची ही धडाडी व युद्धकौशल्य पाहून शाहूला त्याचें कौतुक वाटलें व तो त्याला मानू लागला.

बाजीरावाचें वैशिष्ट्य

पुढच्या वर्षी गुजराथ व बुंदेलखंड या दोन ठिकाणीं मराठ्यांना युद्धास उभे राहण्याचे प्रसंग उद्भवले; तेव्हां गुजराथेंत चिमाजीआपानें जाऊन गिरिधरबहादरास युद्धांत ठार केलें आणि बाजीरावानें बुंदेलखंडांत जाऊन बंगषाचा पराभव केला व छत्रसालास वाचविलें. अशा रीतीनें बाजीराव स्वतः कर्तबगार आहे एवढेंच नव्हे तर त्याच्या जवळ कर्तबगार अशीं अनेक माणसें आहेत व बाजीराव त्यांच्यावर जबाबदारी टाकू शकतो ही गोष्ट यावेळीं स्पष्टपणें दिसून आली. निजाम व बाजीराव यांच्या स्वभावांतील व कार्यपद्धतींतील भेद यावेळीं सर्वांच्या ध्यानांत आला. निजाम स्वतः पराक्रमी असला तरी ज्यांच्यावर तो विश्वास टाकू शकेल असे साथीदार त्याच्याजवळ नव्हते; आणि बाजीरावाजवळ असे सहकारी होते. यामुळें एकाच वेळीं निरनिराळ्या ठिकाणीं युद्धाचे प्रसंग उद्भवले तरी तितक्या ठिकाणीं तोंड देण्यास बाजीरावाजवळ सेनानींचा

पुरवठा होता. ही गोष्ट बाजीरावाची सर्वत्र सरशी होण्यास मुख्यतः उपयोगी पडली.

वाढता व्याप व कर्त्या माणसांचा पुरवठा

उदाहरणार्थ डभईच्या युद्धानंतर जंजिऱ्याच्या शिद्दीवर स्वारी करण्याचें शाहूनें योजिलें व त्यामुळें बाजीरावाला १७३३,३४ व ३५ या तीन वर्षांत उत्तरेस जाता आलें नाहीं; पण बुंदेलखंडापासून गुजराथपर्यंतच्या मुलखांत बाजीरावानें जी नवी जबाबदारी उचलली होती ती पार पाडण्यास त्याला अडचण वाटली नाहीं. कारण एका वर्षीं चिमाजीनें बुंदेलखंड व ग्वालेरपर्यंत सैन्यासह फेरफटका मारून बंदोबस्त केला व गुजराथेंतून राजपुतान्याकडे जाण्याचें शिंदेहोळकरांनीं पत्करलें. त्यानंतर दोन वर्षें पिलाजी जाधवरावानें सेनाधिपत्य स्वीकारून उत्तरेच्या मोहिमा केल्या व कमर्दीखानासारख्या दिल्लीच्या वजीराचा व प्रमुख सरदारांचा पराभव केला.

यानंतर इ.स. १७३६ पासून चार वर्षें बाजीराव स्वतः उत्तरेकडे स्वारीवर जात असे. पण त्याच वेळीं दक्षिणेंतीलहि जबाबदारी त्याला संभाळावी लागली; तरी त्याला जबाबदार माणसें पुरविण्याची अडचण भासली नाहीं. शाहूच्या आग्रहावरून त्यानें इ. स. १७३६ मध्यें पिलाजी जाधवाला उत्तरेच्या स्वारींतून परत पाठविले व त्यानें कोंकणांत जाऊन बाणकोट परत घेतला व चिमाजीनें शिद्दी सातास ठार मारलें. त्याचप्रमाणें बाजीराव शिंदे–होळकरासह राजपुतान्यांत गुंतला होता तेव्हां बुंदेलखंडापासून ग्वालेरपर्यंतच्या मुलखांत सैन्य नेऊन तेथील खंडणी वसूल करण्याचें काम बाजी भिवराव व सटवोजी जाधव यांच्याकडे सोपविलें. यामुळें या वर्षीं कोकणांतला शिद्दी, आणि उत्तरेकडचे रजपूत व बंगष या तिघांशीं एकाच वेळीं युद्ध करण्यास पुरेसें सैन्य व सेनापति बाजीरावाला पुरविता आले. त्यानंतर इ. स. १७३७ च्या मार्च मध्यें बाजीराव थेट दिल्लीपर्यंत चालून गेला आणि 'मराठ्यांना बुडविलें' असें जें सादतखानानें बादशहास कळविलें होतें त्या 'गप्पा' आहेत हें दृश्य प्रत्यक्ष रीतीनें दाखवून दिलें. ही दिल्लीची स्वारी सुरू असतांनाच कोकणांत दुसरें एक प्रकरण उद्भवलें कारण पोर्तुगीजांनीं ठाण्याचा कोट बांधण्याचें काम जोरानें चालविलें होतें व तें काम पुरें झाल्यास वसई घेण्याची कल्पना फार कठिण होणार होती. यामुळें कोंकणांतील स्वारी त्याचवेळीं ताबडतोब सुरू करणें

अवश्य ठरलें. त्याप्रमाणें चिमाजी आपानें रामचंद्र हरी वगैरे सरदारांसह जाऊन ठाण्याचा कोट जिंकून घेतला व माहीम वगैरे भागांतील ठाणीं हस्तगत केलीं. इ. स. १७३८ मध्यें तर बाजीराव भोपाळच्या युद्धांत गुंतला असतां शिंदे-होळकरांनीं दिल्लीकडील सैन्याशीं तोंड दिलें; आणि चिमाजीनें एकाच वेळीं औरंगाबादेकडील नासरजंगाच्या सैन्याचा व कोंकणांत पोर्तुगीजांच्या सैन्याचा असे दोन शह खानदेशांत राहून संभाळले. त्यानंतर चिमाजीनें पुढच्या वर्षी शिंदे-होळकर, बाजी भिवराव वगैरे अनेक सरदार एकत्र करून पोर्तुगीजा-सारख्या पाश्चात्य शत्रूचा पुरा पराभव केला व वसईवर मराठ्यांचें निशाण रोवलें.

क्रांति व विकास

वरील त्रोटक वृत्तान्तावरून बाजीराव व निजाम यांच्या पद्धतींतलें अंतर दिसून येण्याजोगें आहे. निजामानें दिल्लीदरबारांतील पक्षभेदांस कंटाळून बंडाचा मार्ग स्वीकारला व दक्षिणेंतील मुलूख ताब्यांत घेतला. पण मुलूख ताब्यांत आला व त्याच्याजवळ भरपूर पैसाहि साठला तरी त्याला आपल्या हेतूशीं समरस होणारीं माणसें निर्माण करतां आलीं नाहींत. एवढेंच नव्हें, तर राजा, सेनापती व प्रधान या तिघांचींहि कामें त्याला एकट्यालाच करावीं लागलीं. पण राज्य चालविण्याचें काम अशा जातीचें आहे कीं तें करण्यास एक मनुष्य, मग तो कितीहि कर्ता व बुद्धिवान् असला, तरी केव्हांहि पुरा पडत नाहीं; या न्यायानें निजामाची संघटना कमजोर ठरली.

बाजीरावाची पद्धति याच्या उलट होती. प्रथम त्याच्यावर शाहूचा फारसा विश्वास नव्हता व शाहूच्या दरबारांतहि पक्षभेद होते. पण त्यांना कंटाळून बाजीरावानें शाहूशीं फटकून वागण्याचें केव्हांहि मनांत आणलें नाहीं. शाहूनें घातलेले निर्बंध मान्य करून त्यानें क्रमानें त्याचा अधिकाधिक विश्वास संपादन केला. फुलाची कळी क्रमानें उमलत जसें सुंदर फूल तयार होतें तसा बाजीरावाचा उत्कर्ष पाहिरीपाहिरीनें होत गेला. पैशापेक्षां माणसांचें बळ महत्त्वाचें आहे हें ओळखून त्यानें सैनिकांसाठी पैसे खर्चण्यांत केव्हांहि आखडता हात घेतला नाहीं. 'कर्जदारांच्या नरकांत बुडतो' असें म्हणण्याची पाळी बाजीरावावर आली व वसईच्या मोहिमेप्रीत्यर्थ 'एक कोट खर्च झाला; चिमाजीनें फार यत्न केला; असा यत्न या राज्यांत कोणी केला नाहीं' असे उद्गार त्यावेळच्या एका मार्मिक लेखकानें नमूद केलें आहेत (पे. द. भा. २२

पृ. १९२). पण अशाहि अडचणींत हातासवालच्या लोकांना पगार पोचला नाहीं अशी ओरड बाजीरावाच्या सैन्यांत झाल्याचें फारसें आढळत नाहीं. मिळून शाहूचें मन संभाळणें, दरबारांतील पक्षभेदांशीं तोंड देणें व दिल्लीपासून औरंगाबादपर्यंतच्या व कोंकणपर्यंतच्या विस्तीर्ण मुलुखांतील अनेक शत्रूंशीं एकाच वेळीं युद्ध चालविणें इत्यादि विविध रीतीची जबाबदारी बाजीरावाच्या पक्षाला पार पाडतां आली. याचें कारण बाजीराव हा गुणी माणसें ओळखून काढू शकत होता व त्यांच्यावर विश्वास टाकून त्यांची कर्तबगारी वाढवावी हें तो जाणत होता. यामुळें त्याचा पक्ष संभाळण्यासाठीं व त्याच्याशीं सहकार्य करण्यासाठीं निरनिराळ्या क्षेत्रांत अनेक माणसें उत्सुकतेनें उभीं होती.

बाजीरावाचा संघटित पक्ष

बाजीरावानें मराठी राज्यांत उत्साहाचें व वीरश्रीचें नवें वातावरण निर्माण केलें; यामुळें अनेक नवीन घराणीं उदय पावलीं; व त्यांची एकजूट होऊ शकली. हे लोक सांगकामे नसून बाजीरावानें आरंभलेलें कार्य सिद्धीस जाण्यासाठी काय केलें पाहिजे हें स्वतः ओळखून वागणारे होते. यामुळें रणक्षेत्रांत चिमाजी आपा, पिलाजी जाधवराव, राणोजी शिंदे, मल्हारराव होळकर, उदाजी पवार, आनंदराव पवार, बाजी भिवराव, चिमणाजी भिवराव, तुबाजी अनंत, व्यंकटराव नारायण, रामचंद्र हरी, गोविंद हरी, चिमणाजी बापूजी, खंडोजी माणकर, मल्हार हरी, विठ्ठल शिवदेव, वगैरे निदान चाळीस-पन्नास सेनानी आपापल्या सैन्यासह झटत होते; त्याप्रमाणें अंबाजी त्रिंबक, मल्हार तुकदेव, महादाजी अंबाजी आणि बाळाजी बाजीराव हे शाहूच्या दरबारांतील रोजची बातमी बाजीरावास कळवीत व शाहूचें मत बाजीरावासंबंधीं कलुषित न होण्यासाठी डोळ्यांत तेल घालून जपत; शिवाय धोंडो गोविंद हे दिल्लींत, व्यंकाजीराम व दादोराव भीमसेन हे राजपुऱ्यांत, सदाशिव बल्लाळ निजामाच्या दरबारांत बाजीरावातर्फे वकील म्हणून राहून त्याचे हितसंबंध दक्षतेनें संभाळीत. याखेरीज त्याची आई राधाबाई, त्याचा गुरु ब्रह्मेंद्र आणि काशीचा नारायण दीक्षित बाजीरावाचें अभीष्ट चिंतन करण्यास झटत होते. तात्पर्य दिल्लीदरबारांत व निजामाकडे भावाभावांत, बादशहा–वजीरांत, आणि सरदारासरदारांत भांडणास ऊत आला असतां व मराठी राज्यांतहि सातारा व कोल्हापूर यांच्यांत वैमनस्य चालू असतां बाजीरावानें आपला एक पक्ष असा उभारला कीं ज्यांत

कौटुंबिक संबंध उपकारक झाले, राजनिष्ठा हितकारक ठरली व सरदारांची वैयक्तिक महत्त्वाकांक्षा देखील राज्याच्या अभिवृद्धीस पोषक झाली. क्रांतीचा किंवा बंडाचा मार्ग न स्वीकारतां राजकारणांत **बाजीरावाला** आपला पक्ष **विकासपद्धतीनें** क्रमशः बलवान करण्यांत व शेवटीं सर्वाधिकारी बनण्यांत **यश मिळविता आलें; याचें कारण बाजीरावाच्या वेळीं स्वराज्य होतें.** स्वराज्य नव्हतें तेव्हां शिवाजी महाराजांना बंडाचा मार्ग पत्करूनच आपला पक्ष उभारावा लागला.

द. वि. आपटे

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THE EVOLUTIONARY POLICY OF BAJIRAO I*

Bajirao was a contemporary of the equally capable and powerful Nizam-ul-Mulk. The latter had a long experience of Government. His domain extended over rich and wide territories. And yet, Bajirao could defeat him in his several campaigns. An explanation of this puzzling fact is likely to throw some light on the political situation in Maharashtra two hundred years ago. This short essay is an attempt in that direction.

Bajirao succeeded his father to the Prime Ministership of Shahu, the Maratha King at Satara, about the same time when the Emperor Mahammad Shah of Delhi appointed Nizam to be his Chief Minister. But the circumstances surrounding these two appointments were far from being similar. Bajirao's succession was based on his legitimate right in accordance with the prevailing hereditary system. His chief anxiety then was to make himself worthy of his high office. With that aim in view he set about the task of choosing his lieutenants from among the Maratha Sardars. It is in his intense desire to vindicate his appointment by his own deeds that the seed of his later successes can be traced.

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* This is a close summary of Mr. D. V. Apte's foregoing essay in Marathi.—Ed.

Nizam's case was different. The Sayyed brothers who dominated the Court at Delhi incurred the hostility of the Emperor and were killed with the latter's connivance. The internal dissensions and mutual rivalries among the noblemen of Delhi now gave an opportunity for Nizam-ul-Mulk to be selected as the *Vazir*. The background of Nizam's rise to power was thus coloured by suspicion, intrigue and blood. For two uneasy years Nizam stuck to his office, but the thought of evolving order out of the chaos of court intrigues never seems to have entered his mind. Then, on some pretext, he left Delhi for the South. The Emperor suspected his *Vazir's* intentions and ordered his Governor (*Subedar*) in the South to offer him resistance. But Nizam defeated the Subedar and captured the Southern provinces. Making a virtue of necessity, the Emperor confirmed Nizam in the Governorship. The entire incident was, however, bound to evoke suspicion between the Emperor and the new Subedar. Nizam could never get rid of the obsession that the Emperor was plotting to displace him. He never trusted anybody lest his confidence should be misplaced. It was impossible in this situation for capable men to step forward and relieve Nizam of some of the heavy tasks of administration. Nizam had to plough a lonely furrow. None of his lieutenants could be at one with his aims and purposes which were entirely selfish. Even his son Nasarjung revolted against him.

Bajirao had none of these fears. Loyalty to the Chhatrapati was his asset. For the first few years he acted on the advice of elders like Ambaji Trimbak. It was not before 1728 that he displayed his qualities of initiative and strategical skill. The occasion arose out of Nizam's hesitation to recognise the rights of *Chauthai* claimed by the Marathas. Though Nizam was confirmed in the Governorship of the South, the Emperor refused to place Gujerat under his command. Sarbulandkhan, who was appointed to look after that province, having agreed to the rights claimed by the Marathas, a split arose among the Maratha chiefs over the question of alliance with Sarbuland against Nizam. Dabhade sided with Nizam while other Maratha leaders decided to sponsor the cause of Sarbuland. Nizam grew restless over this opposition to his ambitions in

Gujerat. Taking advantage of the rivalry between Chhatrapati Shahu of Satara and Chhatrapati Sambhaji of Kolhapur, Nizam marched with his army into the former's territory. Attempts by Shahu's Sardars to check his advance failed, and Nizam reached Poona where he celebrated the marriage ceremony of Sambhaji. It was Bajirao who carried out a lightning attack on Nizam's forces at Palkhed, and saved the situation for his master. Such was the success of his daring attack that Nizam had to sue for peace. Bajirao rose in the estimation of Shahu and was acclaimed a hero by others.

Next year the Marathas were again involved in wars with Giridharbahadur in Gujerat and Bangash in Bundhelkhand. Bajirao personally led the army in Bundelkhand while Chimaji Appa was in charge of the Gujerat expedition. It was clearly seen at this time that Bajirao could rely on the assistance of a number of generals to engage his enemies simultaneously in different theatres of war. This was an advantage over the powerful and skilful but isolated generalship of Nizam.

During 1733–35, after the battle of Dabhai, Bajirao could pay no attention to the Northern conquests because Shahu had planned an invasion of Janjira. But that made no difference to the fulfilment of Bajirao's responsibilities in the extensive territories from Bundelkhand to Gujerat. In one year Chimaji looked after Bundelkhand and consolidated the Maratha position as far North as Gwalior; while Shinde and Holkar maintained order in Gujerat and Rajputana. For the next two years, Pilajirao Jadhav assumed command of the North and in his campaigns defeated even leading noblemen from Delhi like Kamardikhan,

For four years from 1736, Bajirao himself led the Maratha armies in the North. He was also responsible for the South at the same time. But it was not difficult for him to find out responsible persons to take charge of different commands. Pilaji Jadhav who was recalled from the North was sent to regain the Fort of Bankot in the Konkan; Chimaji routed the Shiddis; Baji Bhivrao and Satwojirao Jadhav collected the dues from the provinces from Bundelkhand up to Gwalior. It was, therefore, possible for Bajirao to provide adequate

military aid for the wars with the Shiddis, the Rajputs and Bangash simultaneously. In 1737 Bajirao advanced with his forces as far as Delhi and exploded the myth of the "routing of the Marathas" by Sadatkhan. In the midst of the Delhi campaign it was necessary to join issue with the Portuguese in the Konkan. The latter were busy building the fort of Thana which would give them control over Bassein and foil the Maratha plans of conquering it. Chimaji Appa captured Thana and the surrounding area with the help of Ramchandra Hari and others. In 1738, when Bajirao was engaged in the battle of Bhopal, Shinde and Holkar kept the forces of Delhi at bay, while Chimaji was conducting operations against Nasarjung at Aurangabad and against the Portuguese in the Konkan from his base in Khandesh. The Portuguese forces were completely routed by Chimaji and other Maratha Sardars like Shinde, Holkar and Baji Bhivrao, in the following year, and the Maratha flag was hoisted over Fort Bassein.

The difference between the methods of Bajirao and Nizam can be clearly understood in the light of the foregoing account. Nizam revolted against his master—the Emperor of Delhi—to escape from the factious intrigues of his Court, and conquered his territories in the South. But in spite of a wide dominion and a full treasury, Nizam failed to create a band of loyal supporters to help him in his schemes. He had to be his King, General and Prime Minister. But the task of Government makes demands that are too heavy to be satisfied by a single individual, howsoever intelligent and capable he be. The organization of Nizam was, consequently, weak.

When Bajirao became the Peshwa, he too was confronted by a factious court and a none too confiding master. But he never thought of showing disregard for Shahu. Within the limitations of his master's wishes, he worked his way up into his confidence. Like the slowly opening rose-bud he rose to eminence at a steady pace. Knowing that men were more important than money he never grudged expenditure for the benefit of his soldiers. *The Peshwa Daftar* (Part 22, p. 192) bears ample testimony to this fact. In short, it was possible for Bajirao simultaneously to give fight to his enemies from

Delhi to Aurangabad and the Konkan in the face of a factious court and without losing his master's good-will. The key to his success is to be found in his capacity to choose the right men, and in them to place confidence which they would vindicate by efficient work. That made men in different spheres of activity eager to co-operate with and support him.

Bajirao blew into the close atmosphere of the Maratha Kingdom a fresh breeze of zest and courage. Many new families, united in the service of a common cause and prepared to act, if need be, on their own initiative, came into prominence during this period. Nearly fifty generals like Chimaji Appa, Pilaji Jadhav, Ranoji Shinde, Malharrao Holkar, Udaji Pawar, Anandrao Pawar, Baji Bhivrao, Chimanaji Bhivrao, Tubaji Anant, Vyankatrao Narayan, Ramchandra Hari, Govind Hari, Chimnaji Bapuji, Khandoji Mankar, Malhar Hari and Vithal Shivdev strove hard with their armies on the battlefield; Bajirao's interests at the Court of Shahu were scrupulously safeguarded by Ambaji Trimbak, Malhar Tukdev, Mahadaji Ambaji and Balaji Bajirao, who also daily communicated all important Court news to Bajirao; Bajirao had in Dhondo Govind, Vyankajiram and Dadorao Bheemsen, and Sadashiv Ballal, ambassadors who guarded his interests at the Courts of Delhi, Rajputana and Aurangabad respectively. Besides these Bajirao's mother Radhabai, his *Guru* Brahmendra and Narayan Dikshit of Benares were his constant well-wishers.

At a time when the relations between Kings, Ministers and noblemen at Delhi and at Nizam's court were strained to breaking point, when the Maratha Raj was torn between the rival claims of Satara and Kolhapur, Bajirao effected a union of strength in which the forces of family-feeling, of loyalty to the King, and of personal ambition of the Sardars were harnessed to the growth and prosperity of the Kingdom. That Bajirao could succeed in this task through an evolutionary policy, without resort to revolt or mutiny, is due to the existence of *Swaraj* in his times. In the absence of Swaraj, Chhatrapati Shivaji had no other alternative but to resort to the path of revolt.

D. V. APTE

GUJERAT AND MAHARASHTRA

A RAPID GLANCE OVER CULTURAL AFFINITIES

The subject of this short essay is the story of the Maharashtrian adventure in Gujerat and Kathiawar, an adventure which, I am afraid, is not properly understood. Writers of history, particularly Anglo-Indian writers, have largely misrepresented its true nature and significance.

The story of the cultural contact of Gujerat with Maharashtra is a long one. It is an interesting record, going back into the pre-Vedic ages. The racial affinities between the peoples that reside in the two provinces of Gujerat and Maharashtra are well-pronounced and they can be discerned even to-day, especially in the strain which distinguishes the people of South Gujerat, the Konkan and the Desha proper in Maharashtra. This strain is pre-eminently Dravidian though the Aryan element runs common throughout the higher castes and communities. The linguistic affinities are equally well-pronounced. This explains the ease with which the Gujeratis and Maharashtrians learn the Marathi and Gujerati languages respectively. In Khandesh and in South Gujerat, especially in those areas which are inhabited by the Kaliparaj or Raniparaj classes, the dialects are mixed Gujerati and Marathi, with a tendency in the direction of developing entirely as Gujerati or entirely as Marathi in proportion to the proximity of the places to Gujerat or to Maharashtra.

A substantial portion of the agricultural population of Khandesh was once drawn from Gujerat and it is a well-known fact that the finance of agriculture and industry in Maharashtra is at present in the hands of Gujerati families which have been domiciled in Maharashtra. Bombay, Poona, Nasik and Sholapur, and Matheran, Mahabaleshwar, Khandala and Deolali owe their present development, in no small measure, to Gujerati venture.

The political connection between the two provinces is equally important. The reference to the Naga tribes having

held rule once in South Gujerat and the Konkan bears a good testimony to a common government which must have existed in the remote past in the two countries. The Yadavas migrated to Gujerat and Maharashtra almost simultaneously and the Yadava settlement in Saurashtra originated from Maharashtra. The family subsequently branched off into far-off lands amongst which the Konkan and Desha were the most important, Devagiri being the renowned capital of the royal family. The Prakrit and Sanskrit literature of the times reveals the frequent migrations that took place from Gujerat to Maharashtra and *vice versa*. The Rashtrakutas of Mankhed ruled over a substantial part of Gujerat for more than a century and the language and the names of villages and towns in Gujerat and even distant Kathiawar reveal a common background in the development of the culture of the two communities. The Chalukyas spread over Gujerat and also over Maharashtra and the Solankis of Patan once received allegiance from the rulers of North Konkan. The last Rajput ruler of Gujerat, Karan Vaghela, obtained an asylum in the kingdom of the Yadava dynasty of Devagiri. The conquest of Maharashtra followed in the wake of the fall of Gujerat which could not stand the Muslim on-rush, surrounded as it was on three sides by the new power. The navies of the Konkan and Gujerat frequently collaborated in the attempt to safeguard west-Indian commerce and trade from the Arab menace, and after the fall of the Muslims, from the menace of the Christian powers. Khandesh throughout the Muslim period of her history was a protectorate of the independent kingdom of Gujerat whose relations with the Bahmanis of Gulburga and then of Ahmednagar have not received proper attention from historians.

The last political contact between the two countries was established in the thirties of the eighteenth century. It is described as the adventure of robbers and plunderers from Satara and Poona by Grant Duff and his successors. Truly speaking, it had a historical and spiritual background. The Maratha penetration into Gujerat was at first the consequence of the spirit of revolt on the part of the Hindus of the south in the reign of Aurangzeb. The revolt spread north-

wards in the time of his successors and the displacement of the Mogul by the Maratha rule was the work of the joint collaboration of the Hindus of the south and the Hindus of Gujerat and Kathiawar. It was Peshwa Balaji Baji Rao's policy to take all the religious places of the Hindus under Maratha control as the Marathas were at that time the only people who could protect Hindu culture against Muslim fanaticism.

The Gaekwar's rule from Baroda was the evident fruit of this policy and Damaji Rao Gaekwar was the great man who established for the Maratha kingdom of Baroda a suzerain's influence over Gujerat, Kuchch and Kathiawar. He did much more in Kathiawar. He married in the Rajput family of Lathi thus setting an example which was followed up to the end of the century by his successors. He restored old Hindu temples. He endowed them with rich grants for the encouragement of Hindu studies. He invited learned Brahmins from the south and the north to settle in, and take charge of, the restored and new temples so many of which he and his successors adorned with pictures executed by artists from Ahmedabad and other places. Karnali became the Benares of Gujerat. The Maratha government of Baroda built *ghats* along the banks of the Narbada, the Tapti, and the Saraswati. Officers and merchants vied with one another in emulating the example of their rulers. Thousands of devoted pilgrims could henceforth gather without the slightest molestation, at the renowned shrines of Becharaji, Prabhas and other places. The spiritual hold of Hinduism received at the hands of the Maharashtrians a great stimulus in Gujerat and Kathiawar. The Maratha rulers went further. They prohibited the *Sati*, banned extravagant caste dinners, relaxed the irrational hold of the caste system in Gujerat, and encouraged reformers like Swami Sahajananda, Dayanand Saraswati and others in their work.

At Baroda and in other parts of that State there sprang up a brotherhood of the two communities which remains almost undisturbed to the present day. The administration of the East India Company and then Queen Victoria drafted men

from Maharashtra in their services in Gujerat and Kathiawar as local men were not easily available in the beginning of their rule on this side of the country. The great achievements of the late Maharaja Gaekwar Sayaji Rao III in the domains of social reform and public administration were in remarkable agreement with the policy of his predecessors. The Maratha government of Baroda settled the Gir forest area in Kathiawar in the beginning of the last century. They made attempts to develop naval armaments and even ports at Velaṅ near Kodinar in Kathiawar and Balsar and Navsari in Gujerat. They could not succeed in this last venture as the attempt came too late in the economic history of our land which had by that time passed under British suzerainty. The two communities collaborate jointly in the attainment of *Swaraj* in the Bombay Province to-day.

To conclude, an account of the cultural, economic and political relations between Gujerat and Maharashtra still remains to be worked out. The achievements of the Maratha kingdom of Baroda during the last two centuries is but an episode, though an important episode, in the history of that development.

K. H. KAMDAR

SOME ASPECTS OF SOCIAL LIFE UNDER MARATHA RULE

A STUDY OF OVER THREE HUNDRED ORIGINAL MODI PAPERS FROM SASWAD

[The word 'Swarajya' was used in the Maratha State papers of the 18th century to denote the territory under the direct rule of the Marathas, as distinguished from 'Moglai', the territory under their suzerainty. Sāswad evidently formed part of 'Swarajya'. The papers mostly range from 1725 to 1825. Marathas ruled undisturbed over Sāswad region during the greater part of this period. The papers which bear on a variety of topics, social, religious and economic, give some idea of the general condition of the region during the period. The writer is conscious of the dangers of hasty generalisation based on scanty evidence. A detailed description of Maharashtra under Maratha rule in the 18th century is not intended here. But stray notes and inferences which can legitimately emanate from evidence cited is all that is aimed at. The writer acknowledges his obligations to Mr. Krishnaji Wasudev Purandare for obtaining papers and copying them in *balbodh* script, and to the Bombay University for the research grant received for this purpose.]

1. *Extent of State Activity*

Of the 315 papers studied, some thirty deal with state activities and cover a wide range of subjects. According to one paper, the State attempted to regulate the morals of the city in a manner which it may not be possible to adopt today. In a letter dated 13-6-1788, Ghashiram Savaldas, the famous Kotwal of Poona, wrote to one Ramaji Govind as follows: "Bhiwi, wife of Ramaji Vaghapurkar was brought to the Kasba Chāvadi on a charge of adultery. In the course of inquiry, she confessed her crime and informed the names of four co-respondents. Of them, two were found and fined, the fine money being duly credited to the treasury. The other two could not be traced. Subsequently, it was known that Bhiwi who used to live with her husband at Sāswad, came to Poona on his death about six months ago, and in course of time fell into the practice of bad ways. All attempts to get her married failed, as her dissolute life was very widely known. If left alone, she was sure to be a danger to the morals of the city. I have therefore taken Rs. 50 from you

and have given her over to you on condition that you employ her as your maid servant (*Batik*). If in course of time someone were to claim her as his own, you may deliver her over to him, on getting your fifty rupees back and duly informing the Chāvdi of the same."

In another paper, a note is made of the arrangements to supply water to travellers passing through the famous Dive Ghat near Sāswad. The man employed for the purpose was paid Rs. 7 per month. The paper is dated 1821. In another paper, it has been noted that a Telangi brahmin undertook to supply water during the hot season (i. e. from about April to June), for Rs. 21. No charge was made to the travellers. It is needless to ask how the P. W. D. of 1941 looks after the needs and comforts of travellers, travelling by motor lorries along similar roads.

In 1769 the Deshpandes of Sāswad received orders from Poona to prepare a census of the people of Kasbe Sāswad, and classify them by their professions. In another paper the Sāswad authorities prepared a list of the Gosāvis and noted their whereabouts. Gosāvis were professional beggars wandering from place to place and depending upon charity from the people. But they were organised and their leader, the *Mahant*, had a gādi and an estate too. At times the Gosāvis proved a source of nuisance to the people. In a letter to them Peshwa Sawai Madhavrao warns them not to create trouble and be content with accepting such charity as people might voluntarily give them. Succession to the gādi of the Gosāvis could not be valid without the Peshwa's permission.

The State was interested in a variety of social activities. A learned Swāmi (ascetic) from Kolhapur received letters of introduction to the Deshmukhs and Deshpandes who were instructed to help the Swāmi to collect charities. In another letter, the Peshwa ordered Rs. 25 to be given to meet the expenses of a Sati ceremony. The State would help in the reconstruction of a broken temple, order a detailed calculation of the loss caused to a territory by the march of

soldiers through it, with a view to arrange for compensation, order a calendar (पंचांग) to be copied and prepared, and help a citizen to trace his lost relative in a certain place. Whatever interested the Society interested the State. There seemed to be no limit to its paternal interference in the affairs of the people, its efforts being always directed to maintain the status quo, to protect the weak, to encourage learning and to help the religious. Nor did the initiative always lie with the central Government. On the approach of famine we find the Patil proposing to the higher authorities to cut down the avoidable expenditure in order that the village may be the better prepared to meet the calamity. In another letter, we find the villagers themselves raising a loan on joint responsibility and distributing the fund amongst the needy. The writer of the letter added that of the Rs. 500 thus raised and distributed, he got only Rs. 2 and expressed his anxiety as to how he could face the calamity with that scanty assistance. On the whole, a reading of these papers leaves an impression that the paternal care of the State, far from depriving the people of their initiative only acted to supplement their activities and safeguard their interests. Hence it is difficult to call the Maratha State either a despotism or a democracy and characterise its government as either a feudal aristocracy or an absolute monarchy. The broad-bottomed democracy of the village panchāyat was crowned with a monarchical head and counselled by a feudal aristocracy. Monarchy, aristocracy and democracy all combined in one and yet there was scarcely any conflict of jurisdiction as all the three acted within well-understood conventional limits.

2. *Watan*

Watan (hereditary rights), Caste and Custom appear to be the corner stones of the 18th Century Society. There are some 68 papers in the collection that deal with this subject. On a perusal of these papers one would be led to think that any conceivable profession under the sun could possibly be crystallised into a Watan, so deep was the idea rooted in the mentality of the people. A paper of the year 1722 describes how three Sheikhs, Rustum, Imām and Dāval,

acted as *darweshis*, tamed tigers and bears and obtained a watani right of showing them round in the six villages round about Haveli. The Patils were ordered that the Darweshis should be allowed to collect two pice per house and to show tigers and bears to villagers. The Patils were further instructed that during their stay in the village they should be provided with a village coolie to carry their load and a night watchman to serve them as a guard. No other wandering Darweshi would be allowed to move with his tigers through the villages where the said Sheikhs had obtained a watani right. From another paper, it seems that the Darweshis collected one anna per house. In the absence of any clue to fix up its date it is impossible to establish any connection between the price level of the time and the Watan charge. All that can be said is that the Watan charge was capable of an occasional variation.

Other interesting cases of Watani rights may be briefly noted. A *Gurav* having obtained the right of supplying flowers in a small village, a *Mali* was prevented from doing the same and thus creating an additional Watani right there. On his deliberate attempt to do so a complaint was taken to his gōt-panchāyat which exacted from him a promise that he would refrain from doing so. The right of blowing *Sambal*, a musical instrument, had been obtained by the *Gondhalis* and they successfully complained against the *Gosāvis* who attempted to use Sambal at a festival. The Gosāvis were however allowed to celebrate *gondhal* and the exclusive right of the *Gondhalis* to celebrate it was not recognised, as gondhal was looked upon only as a form of devotion to God. As late as in the year 1818, Captain Robertson issued orders allowing the Patils and Kulkarnis to exact their conventional Watani rights from the villagers.

The object of granting a watan was to create a feeling of security in the mind of the watandar and secure his steady services for the village. An *Abhaya patra* (assurance letter) of the year 1782 issued to a Tāmboli (betel leaf seller) of Garāde contained an offer of a plot of ground where he could open his shop. He gave Rs. 15 to the village Hakim, as nazrana, and was bound to pay Rs. 2 per year as revenue to

the State and 50 leaves per day possibly to the village authorities. The *Abhaya patra* bore witnesses of 18 different watandars of the village. The name of the assignee was Kasim bin Baji. Baji seems to be a Hindu name and Kasim was possibly a convert. Such was the spirit of tolerance that a change in religion did not deprive a person of a place in the corporate structure of the village. In another letter of the year 1769 we find that the Deshpandes of Sāswad asked the Patil of Garāde to prevent the grocer from dealing in betel leaves as the Tāmboli had the exclusive right to do the same. Watandars were looked upon as the supports of the village organisation and were treated with courtesy and respect. In 1764 the following official letter was sent to a watandar Mhar of Hasuchi Wādi : " You are a watandar Chaugula of this village and the Patil informs us that you have recently left your watan and your duties and gone away. You are hereby informed that you should not be afraid of anybody and you may safely resume your office and take possession of your lands." Sometimes a watandar would find it difficult to pull on with the scanty watan income guaranteed to him. He could, on an appeal to the village, get additional land. In a letter to the Deshpandes of Sāswad they were informed that as the Kumbhar of the village had been graced by God with a large family they (the village authorities) should see to it that he was properly provided for.

The different *balutedars* (artisans) of the village were not of the same rank, which probably depended upon the importance of the service rendered by the balutedars to the village. In one paper the balutedars are classified into three orders. The first order included the Sutar, Chamar, Mhar and Mang and claimed a share of Rs. 10 for each. The second included the Kumbhar, Nhavi, Parit, and Lohar and claimed only Rs. 5. The third consisted of the Joshi, Gurav, Sonar and a Mulana (Muslim) each of whom was entitled to Rs. $2\frac{1}{2}$. This shows that seniority in the village organisation was different from seniority in the caste organisation. The untouchable Mhars and Mangs evidently enjoyed a grade and a share superior to that of the Joshis and Sonars who were touchables. It should be remembered however, that the ranks of different balutedars often differed according to local custom. There is no reference

to Patil and Kulkarni watandars in the paper mentioned above. Their case evidently differed from that of other watandars for they acted in the dual capacity of State officers and co-sharers in the village organisation.

It was but natural that occasional disputes should arise in connection with the exact contents of such watandari rights. Sometimes rival claimants in the family disputed for the possession of the right. Sometimes outsiders surreptitiously tried to establish their claim. Sometimes there was a rivalry as regards precedence in social ceremonies. For instance, there was a dispute between a patil and a joshi as regards precedence in the application of *Ticcā* to the forehead on the occasion of पंचांग श्रवण (listening to the religious significance of the day) ceremony. Such cases of dispute were settled in a variety of ways ; but usually readiness was shown to refer the point to the village panchāyat. In 1779 the Chamars and Mahars of Pargaon quarrelled over the right to take the five offerings (पंचमहानैवेद्य!) made to Holi. The whole *Pandhar* (village farmers) and *bara balutyas* (village artisans) gathered together in a meeting in which evidence of over ten persons was recorded, most of them supporting the claim of Chamars. In a dispute between the patils of Walhe and Ingul regarding the right to take the thigh bone (फरा) of the goat killed for ceremonial purposes on the *Dussera* day, information was collected from 38 villages nearby and the point was settled in favour of the Ingulkar patil (1784 A. D.). The claim to a thigh bone might appear to be very trivial today, but the contending parties then were willing to lay a wager of Rs. 500 over the point of dispute ! Sometimes villagers tentatively decided the quarrel and used to refer it to the authorities at Poona for an authoritative investigation and decision. Where the point of dispute had any religious significance the high priests of a holy place nearby such as Paithan were consulted. But they too collected information about the traditional practice prevailing in the locality, before giving their decision in the matter. In 1724 the smiths of Khalad quarrelled with the carpenters and claimed a separate watan for themselves. The quarrel came up for decision to the Deshmukh and Deshpande of Sāswad. They referred the

matter to the village authorities requesting them to call forth witnesses and note down their evidence. Thereupon a number of villagers gathered in a temple and gave evidence on oath. The letter contains a list of witnesses comprising a Carpenter, a Mali, a Nhavi, a Jyotisi, a Parit, a Chamar, a Gurav, a Mang, a Kumbhar, a Potdar, a Mahar and also a Mulana (a muslim) whose deposition could not possibly have been taken in the temple. It may be asked as to who had the legal right to decide such cases of dispute. The final legal right evidently vested with the State or whoever represented the State; but more often than not, the contending parties referred the matter to the local authorities, who used to take their consent in writing, *Rājīnāmā* as it was called, thus binding them to abide by their decision. Should the contending parties approach the higher authorities directly, the latter would, as can be seen from instances cited above, send the papers to local authorities for further investigation. At times the State authorities used to send their representative to ascertain such evidence. This practice evidently protected the complainant against local prejudices and one-sided reports.

3. *Rural Marketing Organisation*

Important sidelight is thrown on the marketing organisation and the active efforts made by the State and the people to create and foster market centres. Even here, as everywhere else, watan and custom helped to give stability to the traders, thus providing for a certainty of the supply of articles to the locality. From the 31 papers available in the collection, we know how weights and measures were inspected, prices regulated and even the places of different vendors in the pilgrimage bazars fixed. In 1789 the Deshpandes (probably) of Sāswad were informed that one Bhaskar Govind had been sent from Poona to inspect weights and measures of the Wanis and Gujars and to fix Government stamps to each of them. The Deshpandes were ordered to inform the grocers accordingly. The inspecting officer used to be called Āwati and used to get a small share in kind per gunny bag of corn sold. From a letter of the year 1788 it seems that the office of inspecting weights and measures was being crystallised into a watan. In a paper of the year 1734, which is an original

order (आज्ञापत्र) of Bajirao I, he severely reprimanded the oil-dealers for not using the new measures and pointed out that they would be fined should they persist in their practice for specious reasons.

Opening new market centres and giving assurances to the prominent merchants in the old ones were subjects in which government authorities keenly interested themselves. In a letter of 1778 Tukoji Holkar thus wrote to the local authority of Murati village: " Dhondo Purandare is trying to open a new market centre at Murati by exempting traders from government dues for a period of years. You are therefore asked not to exact your *gaudki* (patilki) claim on the bazar for the said period of contract." Again in a letter of 1784 Malhar Dhondev wrote to the Kulkarni and Mokadam of Amrapur requesting them to state in detail the prevalent claims of Patil, Kulkarni, Shete and Mahajans on the Bazar as the information would be highly useful to him in his effort to open a new market centre at Vadule. In 1771 an attempt was made to settle a bullion merchant at Sāswad by exempting him from the payment of the usual taxes for a period of four years and asking him to pay only one rupee during that period. We find that he was being encouraged to start his business although there were already four other bullion merchants doing their business in the market. From a paper of the year 1778 we know that Marwadis of Vadule were assured that the claims of the marketing officer would be moderate and that the officer would see to it that order was maintained in the bazar. Sometimes caste exercised its unhealthy influence. The Wanis of Jejuri approached the higher authorities requesting them to remove the Gujars away and promised to pay the authorities one hundred rupees for doing that service to them (1795 A. D.) We do not know whether the authorities consented to meet their demand.

The authorities thought themselves entitled to regulate prices. It cannot be ascertained how far they were successful in their efforts. In a letter of the year 1806 they prevented the Wanis from dealing in oil at Sāswad as it was an exclusive privilege of the Telis (oil dealers). The oil

dealers were allowed to sell grain but not other articles usually sold by a grocer. *The oil dealers of Sāswad were however specifically instructed that they should sell oil at the Poona price or at a price lower than that, but certainly not at a higher one and that they were responsible for maintaining a steady supply of oil to the locality.* Should they fail they would be deprived of their privilege and the trade would be thrown open to the grocers. At times the authorities interfered with the market demand and prevented an excessive external demand from creating a scarcity in the local market. In a letter to Naropant Nana, Mahipat Trimbak of Sāswad requested him not to demand more *patrāvali* (leaf-plates) from the Sāswad gurav as there were marriage ceremonies in Sāswad, where the article would have to be supplied.

These references should be enough. It would be possible to quote original letters to show how a conflict of a watani claim on the bazar was determined, how the traders trying to avoid the payment of taxes were punished, how prices of articles were raised by the fear of a possible march of an army and what the prevailing prices of several articles had been. There are certain points which I have not understood and which require further investigation. One remark may be made before I turn to the next topic. It may be thought that the excessive regulation of the market left no scope for competition. A careful perusal of these papers did not leave that impression on my mind. The different grocers and bullion-merchants did compete with each other and the State saw nothing wrong in it. State regulation was useful in oiling the wheels of competition and prevented it from creating any local scarcity. "The merchant's function" said Ruskin "is to provide for the nation". State regulation helped to keep the merchant up to that 'providential' ideal.

4. Land Revenue Administration

Let me next turn to the references to land revenue operations as they further help to strengthen the impressions made by our study of the bazar regulations. Government officers, while careful about collecting land revenue for the State made timely remissions, encouraged the farmers to take new

lands under cultivation and induced the sowcars to extend credit for financing the agricultural operations. Among the 27 papers in the collection there are two letters of the year 1731 in which the villagers of Rāk requested the Deshpande of Sāswad to save the village from the exactions of Fatehsingbābā and pointed out that the villagers would not feel confident enough to return to their lands unless they were given an assurance to that effect. Thereupon the Deshpande forwarded the complaint to the Peshwa who advised him to send his own officers on a mission of inducing the farmers to come back to their lands. In another letter the Havaldār of Nirthadi pointed out to the Subhedar how the farmers, who had abandoned their lands on account of famine would not return to their lands unless they were assured of a remission of land revenue. He pointed out that the sowcars hesitated to finance the cultivation because they were afraid of the exactions of government dues. On a number of occasions remissions had to be made for the loss caused by the march of an army. Such losses used to be carefully calculated before remissions could be sanctioned by way of relief. We also read how the Peshwa ordered the Sowcars of Ketkawal in 1787 not to harass the farmers with their claims and to take their dues in smaller instalments. If the State authorities required a particular article, say grass, which it might not be profitable for a farmer to grow, the State officers would offer to compensate him for any eventual loss caused by carrying out the governmental order.

These instances give an unfailing indication of a human touch in the land revenue administration. The same human element manifested itself in other aspects also. Crops were actually estimated on the spot before the final orders for land revenue collection could be issued. In 1769 the Mukādams of six villages were informed that the crops were to be estimated by a system of samples for which purpose an officer had been sent to village Kodit. They were further called upon to cooperate with him in his work and send such estimates in the handwriting of the Kulkarni of that village. The land revenue for 38 bighas in the village number, we know from one paper, was Rs. 160. Unfortunately we do not know the

year. The 38 bighas belonged to five different owners from whom Rs. 93½ had already been collected. The rest had to be remitted because the said land-owners suffered from loss due to fire.

Besides land revenue, there were other dues that used to be collected from a village. In a paper of the year 1828 we find a list of such dues commonly imposed and collected. They were, Baje baba, excise, Khoti monopoly, Ambarāi, Nakhta bab, Jakat and Antasta batta, each of which contained sub-headings of several items in detail. From another paper of the year 1840 we know how pilgrimage taxes were charged differently on various articles. The human element in the land revenue administration referred to above, be it noted, left little scope for any bungling or defalcation, as there was a system of audit by which the accounts of each Mamlat were carefully scrutinized. The collection contains a paper of the year 1782 in which several mistakes in the accounts of the Mamlat have been noted and mercilessly exposed.

5. *Marriage: Men and Women*

After a perusal of these administrative details, it would be interesting to turn to the social side of the picture and know something about marriage and caste regulations. 18th century society had to face the risks of a military life and solve problems arising out of it. Amongst the 25 papers bearing on marriage there is one of the year 1769 dealing with an interesting case of divorce, *Sāndkhat* as it was called. A Teli having gone to Panipat could not be traced for a number of years. His wife, finding it difficult for her to lead a chaste life, got herself married to another man with the consent of her father who took Rs. 30 from his second son-in-law. But after a period of three years the Teli came back and learned about the matter. Thereupon he called the gōt-panchayat and granted a divorce decree to her saying "such a woman is a polluted pot and is not acceptable to me." In another paper of the year 1760 there is a similar case. Sidnāk Mahar of Nāgawe in Konkan having gone to Nagpur for service, his wife was seduced by Sonnāk Mahar and had children of him. Sidnāk having learned of this, submitted his complaint to the Peshwa who

ordered the Havaldar of Pratapgad, the officer of the area, to call the gōt-panchayat and let them settle the dispute between Sidnāk and Sonnāk. The Havaldar accordingly arranged for the panchayat in which Sid submitted to the *fait accompli* and granted a divorce to his wife. The Havaldar communicated the same resolution to the Peshwa recommending him to confirm it. A *Pāt* or a second marriage could not take place without the State being informed of it and sometimes fees were charged for the same. In a paper of the year 1795 we find such a permission granted by the Mokadam of Loni for which Rs. 5 were charged. Sometimes the bridegroom had to give a written undertaking that he would maintain the children of his wife's earlier marriage. *Sexual relations were looked upon as a normal physical necessity but not certainly a private affair between a man and a woman.* The gōt and the State were vitally concerned in every marriage relation, the gōt for maintaining purity of caste relations and the State for upholding the decision of the gōt and for preventing legal difficulties arising out of it. For instance, we find, in a paper of the year 1784, the Peshwa calling forth by an express order, a person who got his sister married by *pāt*; for it was discovered that she had not perfromed the kriya (funeral rites) of her first husband before her brother had given her in marriage for the second time. Scrupulous performance of such rites had the indirect social advantage of giving due publicity to the act, thus giving a timely information to the interested parties. Such publicity evidently prevented the *pāt* from deteriorating into veiled but legalised prostitution and thus proving itself a danger to social organisation. In another letter of the year 1745 it is reported that Dhondev Deshpande of Sāswad brought about a divorce between the two parties twelve years after the marriage, as it was discovered that the two did not belong to the same caste. The rigidity of the endogamous group or caste, could at times be overcome through the influence of a stronger religious sentiment. In 1740 the Nhāvis of Sāswad admitted an illegitimate son of a Nhāvi into their caste as he would then perform the funeral ceremony for the dead, without which the dead wovld not get salvation in heaven. The watan of the deceased, however, was not given to that illegitimate successor, legalised for

religious purposes. A Fārkat or a separation deed was very often voluntarily passed and sanctioned by the gōt if the two contracting parties could not or would not pull on peacefully. In 1772 the two wives of a Parit pointed out that the Parit was to them like a father and he had no capacity to maintain them. The Parit was also on his part none too enthusiastic for keeping them with him. He therefore relinquished his claim by passing a *bedāvā patra* in their favour. A similar separation deed was passed by Udegiri Gosāvi in favour of his two mistresses as he became conscious of his advancing age. One of the two women was given by him in marriage to some one else. This was a *dharma lagna* (धर्मलग्न) performed by him.

These selections are enough to indicate the trend of the times. The marriage relations amongst the so-called lower castes took the line of least resistance and were best fitted to meet the social and human necessities of the day. The veil of hypocrisy did not cover a sinful life necessitated by the rigidity of social regulations. I shall conclude this section by giving instances of marriage offences and punishment inflicted for the violation of social morality.

Malhar Dinkar Chākankar of Chāngdev practised adultery with a Gujarathi Brahmin woman and plotted the murder of her husband (1780). A number of people who assisted in the plot were fined Rs. 1,000 or Rs. 500 each. Punishment inflicted on Malhar Dinkar is not mentioned in the paper as it deals with accounts and only incidentally mentions the incident. In a paper of the year 1772 depositions of a Kunbi woman and a Musalman were taken in which they described the conditions in which the act was committed. There is one interesting paper in which we find that one Janu Jagtap cohabited with a Maharin when she had come to work on his field and was therefore put into a trap. It was later argued that he was innocent of any such act and had been wrongly punished. The writer significantly added that the *Inami* village would unnecessarily fall under a stigma for a groundless charge. The whole letter clearly shows a hush-hush policy followed to save the village from such odium. A mistress, proving faithless to her master used to be severely beaten and ill-treated and she could expect little protection from the authorities. On the other hand, the

authorities would take up such a case with the object of finding out the names of those who might have misbehaved with her. Whatever one may think of such inhuman persecution, nobody would find fault with the State for having pursued the inquiry to find out the culprits.

6. *Superstition, Crime and Justice*

There are over 74 papers in the collection which throw light on the nature of disputes, crimes and justice in the 18th century society. In a number of cases ordeal was resorted to, to settle the point of dispute. The ordeal took various forms. On one occasion the disputed ownership of a cow was sought to be determined by both parties going to Siddheshwar temple (Sāswad) and consenting to accept the decision reached by a chance picking up of any one of the two closed slips of paper, each bearing the name of one of the contending parties, roughly folded and placed before God. On some occasions the case could be easily decided because the culprits were very much afraid of the evil consequences of 'a Kriya' (i.e. religious practices invoking subtle witchcraft to persecute the wrong-doer) and tried to avoid facing it, thus automatically exposing themselves as culprits. At Chāmbli near Sāswad, a theft of two goats was traced to a butcher who denied the offence and accused a Berad of it. Then it was arranged to perform the '*Kriya*' to determine the guilt. The butcher was afraid of facing it and ran away. From this the village authorities could easily conclude that the Berad was innocent. In a boundary dispute at Sāswad in 1733 a dyer consented to accept the decision arrived at through the '*Kriyamukh*' i.e. statement made by one enchanted and speaking before God, and wrote down his *rajināmā* accordingly. Sometimes the process of investigation by ordeal led to serious consequences. On finding that a gold ring was lost, the help of a *gosāvi* was sought to find out the culprit. The *gosāvi* after following elaborate rituals and muttering several *mantrās* distributed *gul* (raw sugar) to all those present, including the wife of the person who had lost his ring. She was pregnant. The gul affected her and she began to vomit and ultimately died of it. The *gosāvi* was arrested and the case was reported to higher authorities by the Deshpande of Sāswad.

The practice of a Kriya or some method of ordeal was not confined to village panchayats only. The higher State authorities freely resorted to it. A case of disputed adoption in 1785 was sought to be decided by an ordeal in which both the parties were taken to the Jejuri temple and made to swear in the presence of God. It was expected that the wrong-door would be marked out by some signs and spots appearing on his body. *Jari*, an epidemic fever was regarded as a deity and it was to be appeased by arranging a festival in its honour. Permission of the Sāswadkar Deshmukh was sought towards that end.

Beliefs in supernatural powers which could cure disease and belief in fantastic astrological predictions were common amongst the high and low. Malaria was sought to be cured by tying five pieces of coloured silk thread to the arm of the patient on a Saturday evening. The sacred ashes of fire burnt before God (*Angārā*) used to be brought from long distances and applied to the patient with a firm belief that the same would bring him a speedy recovery. In 1763 a man of Sāswad saw in a dream a deity which predicted that in 1766 Sayyad Hussein of Daultābād would capture the territory as far as the Ganges and become King. So thoroughly did the man believe in it, that he communicated it in all seriousness to one of his near relatives. In 1788 a man anxious to win the favour of the Peshwa approached an astrologer who told him that he would be invited by the Peshwa four months later, when the latter would place him in command of 10,000 soldiers and would be sent to the North. We do not know if the prediction ever came true.

These instances are illustrative of the superstitious belief influencing the 18th century society. It is true that in spite of the advance of science the hold of superstition on man is still great; but there can be no justification for an organised State freely indulging in superstitious practices; for after all, if the organised sense of humanity failed to get the better of human frailty, there could be little hope of rational progress.

Miscellaneous Cases of Dispute

I shall now turn to other cases of dispute peculiar to those times. One might think that an elephant was too big an

animal to be stolen, but the papers contain a case in which one Chhatroji Bānde brought an elephant to Jejuri to be given in charity to the Jejuri temple; the Gurav of the place managed to lose trace of it and was believed to have had complicity in its theft. There was a dispute between the Wānis and Pānchālās as regards the right to take the bridal procession through the main streets of Jejuri and the villagers of Jejuri wrote to the panchayat and the Deshpandes of Sāswad for knowing the practice prevailing in that place, so that they could decide the dispute along similar lines. Distillation and sale of liquor was considered an offence and there are two papers of the year 1773 in which Gangi Rajputin supplied the names of all those rich inamdars and poor villagers, about twelve in number, who had purchased liquor. In a supplementary deposition of the other party in the affair, Tulsi, she said, 'How should I remember the names of several petty people who came and purchased wine? I should be excused if I cite the names of a few prominent among them.' In her original deposition, she confessed her guilt of having distilled and supplied liquor and showed willingness to face whatever punishment might be awarded to her.

A dispute over the procession of *tābuts* during the Peshwai of Bajirao II throws a flood of light on the nature of Hindu-Muslim relations in those days. In the procession of the *tābuts* on the Mohurram day the *tābut* of the city had precedence over others. The Gardis of Balaji Kunjir however, organised their party and tried to secure precedence for their *tābut*. This led to a serious quarrel which was ultimately referred to Nana Fadnavis. In this case, we find that both the sides were strongly supported by Hindus and Muslims alike. The citizens supported the Kazi of the city and a section of the aristocracy of state officers joined the Gardis. The cause of the *tābut* procession was thus a social cause and not simply a communal one.

Amongst the remaining miscellaneous cases of dispute and crime, cases of theft, and partition suits abound. Statements made before God in a temple were regarded as more reliable than those made in a trial by panchayat or by a Government official. There are letters, in which the Peshwa sent urgent

letters calling upon persons to give their evidence. In all such cases the accused had to pay the allowance of the officer bearing a summons from the authorities. Slackness or irregularity on the part of subordinate authorities was not lightly passed over. In 1771 Madhavrao I called upon the Deshpandes of Sāswad to inquire why the wife of a Teli had committed suicide and why she was cremated without the State authorities being duly informed. In the settlement of disputes regarding repayment of debt, if an influential person in the village stood guarantee to the debtor party, the creditor was satisfied and agreement could be easily arrived at. Persons using State property for private purposes were punished. A drum-beater in the Jejuri temple took the drum to his house and beat it for celebrating the birth of his son (1783). Sawāi Madhavrao asked him to come to Poona for explaining his conduct, the charges of the summons bearer being paid by the accused. As is well known, the Ramoshis were held responsible for tracing the thief and they were clever at doing their work, in the course of which they would go to the central authority and submit their statement with a view to carry conviction to them. Social prestige was a delicate point and women then, as now, were more touchy about it. In 1777 two Maratha women of Sāswad began abusing and later fighting with each other. The dispute arose out of a simple incident in which one of the two, who had been newly married and brought to the village, was chided with contemptuous looks by the other, who later in the course of quarrel called her '*nakati*' i. e. flat-nosed. Thereupon the newly-married took great insult as the word in Marathi is indirectly indicative of some physical deficiency. It is needless to cite other cases as they are only indicative of the irregularities of human nature which, after all, were materially the same as now.

7. *Influence of caste and religion*

I shall conclude this somewhat rambling investigation, throwing incidental side-lights on the social condition of Maharashtra, by referring to the influence of caste and religion over the 18th century society. A perusal of some sixty-nine papers in the collection would only demonstrate the pro-

fundity of their influence. At every step the people were anxious to see that they did not violate the rules of religion. Thus did they protect their religion, believing firmly that it would protect them in return. A meeting of the Shāstris and Pandits was held in Poona in the post-Panipat period to consider a difficult point. It was ordained that the second marriage should be celebrated within a year of the death of the first wife. It was also the rule that no marriage ceremony should be performed by a son within one year following the death of his father. A person losing his father and wife almost simultaneously was in a difficulty and he referred the point to the Shāstris. They resolved that the marriage should be celebrated within a year after the performance of विनायकशांत (appeasement of God Vinayak). In 1794 a Maratha approached the Jyotishi of the village to ask as to whether he should observe mourning for the death of his illegitimate son and was asked to do so. In Kodit, a village near Sāswad the marriage of a Chamar girl was obstructed in 1788 because the obsequial rites had not been performed towards her uncle who had died in prison. Madhavrao I starting on his Karnātak expedition in 1763 expressed his desire that Brahmins in Sāswad should start prayers for the defeat of the enemy and instructed that they should be paid well for their work. In a letter written to Dhondopant from Sāswad a complaint was made that a person who had met his death by being poisoned, was not first properly purified before being put on the funeral pyre. It was subsequently decided that the same purification rites should be performed towards an effigy made of *palas* leaves and then it should be cremated observing proper formalities.

Next to religion, or as a part of the same, the 18th century society looked upon its caste structure as the very life itself. No irresponsible or unauthorised deviation was ever lightly passed over. Society then, as now, was not wanting in men who would indulge in individual irregularities and try to escape social punishment; but the public was watchful and the authority alert in bringing the deviator to book. When the tailors of Poona tried to admit some outsiders in the caste on their own responsibility, the tailors of Sāswad pointed out that it was a concern, not of the Poona tailors alone but of

the tailor caste as a whole. It seems that the tailors of Poona who had influence with the Poona authorities thought too highly of themselves and tried to waive the claims of the caste as a whole. In 1756 the Chitpāvans of Cheul insisted that the *Kramavant* Brahmins were unfit to be admitted in the dinner company. The claims of the *Kramavant* Brahmins had been already admitted by Shahu and Kānoji Angre : but the Chitpavans would not accept the decision and went on a fast to bring about the boycott of the *Kramavantas*. We do not know how far this 'Satyagraha' succeeded. In 1772 Narayanrao Peshwa insisted that the boycott of a *Gosāvi* should be upheld if he would not follow his caste regulations.

Realistic Attitude

Rigid as the caste regulations undoubtedly were, the State, society and religious authority were quick to find out rites of penance by which the conscious and the unconscious deviators from caste rules could be purified and admitted back into the caste-fold. Such rites took various forms. A dinner to the *gōt*, or a pilgrimage to holy places, or a payment of fine to the State, or even mere sincere repentance would satisfy the purpose. It was the business of the *gōt* or the State authorities to decide what form the penance should take.

A society that equips itself with such checks and balances for its stability and at the same time provides itself with the means by which any deviation from them could be corrected takes a realistic view of its problems and remains, on the whole, progressive. A study of these papers that range over a period of hundred years leaves an impression that this realistic view was lost sight of towards the close of the period. As the *Swarajya* was lost and alien rule was established society grew more and more conservative in its attitude and would not admit of those elastic measures by which cases of deviation could be properly covered. In 1765 it was discovered that one Bhawan Māli had been acting as a regular member of the Māli caste for the last twenty-five years, although there was some doubt as to his mother's caste. When the case was referred to the State authorities they sent it to the *gōt*, recommending that as any further inquiry into the case

would involve the *gōt* into great trouble, it would be better if they accept the *fait accompli* and treat the Māli as a regular member of the caste by making him undergo some nominal penance. In 1732 a parit of Talegaon was admitted into the caste fold although he had been converted by the Portuguese and remained in their company for three years. These instances are indicative of the progressive attitude of the society in showing its willingness to solve such of the problems as it had to face from time to time.

With the virtual termination of Swarajya there was a manifest change in the attitude. In 1844 the son of one Paralikar, a Deshastha Brahman of Bombay, remained in the company of the missionaries for over fiftyseven days, ate and drank in their company and was said to have been converted to Christianity. When the case of his purification and re-admission to the caste fold came up for consideration, it was urged that although religion allowed such cases of reconversion, *it was undesirable that custom should tolerate it*; for, once it is tolerated, it would only be a thin end of the wedge and violation of caste rules would be freely indulged in. The case was further sent to the Poona Brahmins to whom the outsiders looked upon for guidance in matters religious, and who were regarded as the surviving defenders of religion after the disappearance of the political power of the Peshwas from the scene. A meeting was held in the Tulsibāg temple which, after ponderous and long drawn discussions came to the final conclusion that under the circumstances there could be no purification rites (प्रायश्चित्त विधि) laid down by which the converted could be readmitted to the religious fold. Opinion was divided and the party spirit on both sides ran high. Bāl-shāstri Jambhekar, the famous learned Brahmin of Poona, took a progressive view and supported the cause of the Biwalkars who had taken a leading part in bringing about the conversion of Paralikar. The Brahmin community, and the whole society in general, lived in a state of indecision as the State authority would not take either side and bring order out of chaos. Is it any wonder that the forces of conservatism on one side and disruption on the other which were thus let loose helped to shake the foundations of the society? Left without a

kindly and paternal guidance and control to which the people were accustomed for generations, they were living in a condition in which old bonds were broken, but the new ones had not taken their place.

8. *Conclusion*

It is not my purpose to propound the desirability or otherwise of such bonds. My purpose is to investigate and point out to such of the conclusions as force themselves upon any student setting himself to the study of original papers that throw light on the condition of the 18th and the early 19th century society. The study is by no means exhaustive, and the conclusions are at best symptomatic. If it could induce a more industrious and more intelligent student to a detailed and minuter study of the social and administrative papers, those already published in the Peshwa's Diaries and elsewhere, and also those that are still unpublished and lie in heaps in the Peshwa Daftar and in the Bhārat Itihās Sanshodhak Mandal, he would be able to unravel the mysteries of the transitional period and to indicate the lines on which the social and economic history of Maharashtra in the 18th and the 19th centuries can be written.

R. V. OTURKAR

WHERE STANDS CLIO ?

"History is the curse of modern education: it not only doubles itself as time goes on, as population increases, and as people segregate, but not content with this, it burrows in the past for new (and best forgotten) facts for boys to be crammed with." —Leonard Huxley.

This is a challenging statement; but is it true? The prejudice against History is as old as it is widespread. "All history is a lie", said Sir Robert Walpole. Frederick the Great of Prussia called for his "lier" when he wanted his History tutor. "What is History but a fable agreed upon?" declared Napoleon Bonaparte. Even the great Gibbon once thought that "History is little more than the register of the crimes, follies, and misfortunes of mankind." Yet we find that these gentlemen who declared their verdicts so emphatically against History were themselves among the 'makers of history'. Evidently, as Metternich put it, "Those who make history, have not the time to write it." Gibbon, of course, is to be excluded, for he wrote more history than people have the patience to read now. His *Decline and Fall of the Roman Empire* is a classic more often praised than perused. Indeed, G. M. Trevelyan does not exaggerate when he says, "The public has ceased to watch with any interest the appearance of historical works, good or bad. *The Cambridge Modern History* is indeed bought by the yard to decorate bookshelves, but it is regarded like the *Encyclopædia Britannica* as a work of reference; its mere presence in the library is enough."

If such be the plight to which Clio, the Muse of History and Epic Poetry, has been reduced, why bother about her any more? At least for us there is one good reason. Our courses of studies, howsoever defective in other ways, have not yet banished either History or Epic Poetry, any more than Grammar or Mathematics. Clio might occupy the place of Cinderella, but she still hath a place. And we may not ignore her so long as she is actually there. Perhaps, by some moral 'Gresham's Law', History has suffered by being linked up with Economics. Or is it the 'Law of the survival of the fittest' that has been threatening the fate of History? Is the greater Science of

Economics driving out the lesser Science of History? Among the two, which has greater claims (pretensions?) to being a Science? Is History a Science at all? Or is it an Art, or both a Science and an Art? Has History survived only because it is a 'soft option', a concession to the less sturdy, intellectually? What has been the fate and what the fortunes of History elsewhere than in India, and in other Universities than our own? What may be in store for historical studies in the future? These are some of the considerations which have prompted me to attempt this causerie.

In the first place let us try and answer the initial question, 'What is History?' For upon this will depend the place we shall finally assign to Clio. Here opinions may range from 'Dry-as-dust' to the claim that 'the appeal of History to us all is in the last analysis poetic' (Trevelyan). To be more objective let us go to the etymology of the term: '*Historia*', '*Histor*', to know; hence, enquiry or learning by enquiry or knowledge gained by a process of enquiry. Chambers's *Twentieth Century Dictionary* gives: an account of an event: a systematic account of the origin and progress of a nation; the knowledge of facts, events, etc. This is clear enough. Further, 'event' is *e* 'out of' and *venire* 'to come'; therefore, result. The underlying idea, as Professor Hearnshaw explains, is investigation, research, persistent pursuit of the truth. "In this sense of the word history is scientific, or it is nothing at all".

When, in 1903, Dr. J. B. Bury in the course of his inaugural lecture as Regius Professor of Modern History at Cambridge categorically declared that "history is a science, no less and no more", he raised a controversy which may not be regarded as altogether futile. It has at least served to clarify our ideas regarding the nature of History and the methods of its study or investigation. Without rediscussion we might agree with Professor Karl Pearson that "the classification of facts, the recognition of their sequence and relative significance, is the function of science." A historian must obviously possess, as Lytton Strachey pointed out, these three qualities: a capacity for absorbing (ascertaining?) facts, a capacity for stating them and a point of view." Let the science and

research of the historian find the fact, as Trevelyan tells us, and let his imagination and art make clear its significance.

The historian approaches his subject, as Lamprecht observed, with a sense of "awe at the prodigious manysidedness and endless significance of human activities." Or again, as Dr. G. P. Gooch writes in his *History and Historians in the Nineteenth Century*, "The scope of history has gradually widened till it has come to include every aspect of the life of humanity. No one would now dare to maintain with Seeley that history was the biography of States, and with Freeman that it was merely past politics. The growth of nations, the achievements of men of action, the rise and fall of parties remain among the most engrossing themes of the historian; but he now casts his net wider and embraces the whole record of civilization. The influence of nature, the pressure of economic factors, the origin and transformation of ideas, the contribution of science and art, religion and philosophy, literature and law, the material conditions of life, the fortunes of the masses—such problems now claim his attention in no less degree. *He must see life steadily and see it whole.*"

* * *

How do our Indian views square up with these ideals arrived at by historians in the West? Did we ever have anything like historical sense? Al Berūni, in a famous passage declared: "Unfortunately the Hindus do not pay much attention to the historical order of things, they are very careless in relating the chronological succession of their kings, and when they are pressed for information and are at a loss, not knowing what to say, they invariably take to tale-telling." Is this characterisation true of all Hindus and of all times? No doubt we are indebted to the Muslims for large improvements in the science and art of historiography. The Afghan historian Abdullah, who wrote his *Tarikh-i-Daūdi* in the reign of Jahāngīr, opined that 'History is not simply information regarding the affairs of kings who have passed away; but it is a science which expands the intellect, and furnishes the wise with examples.' A little before him, Nizāmu-din Ahmad (author of the *Tabakāt-i-Akbari*) who was also

a man of affairs as *Bakshi* under Akbar, informs us that his incentive in writing his great work was that he had 'from his youth, according to the advice of his father, devoted himself to the study of works of history, which are the means of strengthening the understanding of men of education and of affording instruction by examples to men of observation.' The greatest of the Muslim historians, Ibn-Khaldūn of Tunis, whom Professor R. Flint (in his *History of the Philosophy of History*) characterises as "the father of the science of histoty", wrote: 'Know that the science of History is noble in its conception, abounding in instruction, and exalted in its aim.' In the face of these Eastern appreciations of the function of History in medieval times, who can maintain that historiography is alien to our genius? Dr. D. R. Bhandārkar, in the course of his presidential speech to the Indian History Congress held at Allahabad (1938) made the following observations regarding the history of historiography in Ancient India:—

"To say or to imply that prior to the mediæval period the Indians never had any historic sense whatsoever is the height of absurdity, opposed to all fact. In ancient times both *Itihāsa* and *Purāṇa* denoted history.....What does *Itihāsa* mean and how is it distinguished from the *Purāṇa*? Of course, the significations given by the *Amarakośa* of these terms have been generally accepted. Thus *Itihāsa* has been explained by '*purāvṛtta*', 'a record of past events,' in other words 'history'. *Purāṇa* is similarly explained as 'possessed of five characteristics,' namely, '*sarga*' (original creation), '*pratisarga*' (dissolution and re-creation), '*vaṁśa*' (divine genealogies), '*manvantara*' (ages of Manus), and '*bhūmyādes saṁsthānaṁ*' (world geography). This is how *Purāṇa* was understood.....in the fifth century A. D. .....The halcyon days, however, for *Itihāsa* or History were those from the time of Yāska to Kauṭalya..... But what is this *Itihāsa*? It includes we are expressly told, six different subjects, namely, *Purāṇa*, *Itivṛtta*, *Ākhyāyika*, *Udāharaṇa*, *Dharmaśāstra*, and *Arthaśāstra*."

After having explained how full-blooded our ancient conception of history was, Dr. Bhandārkar dwelt at length on the literary and epigraphic evidence of the pursuit of these ideals in the practice of historiography during the pre-Muslim ages. He cited the *Vaṁśāvalis* and *paṭṭāvalis*, the *Arthaśāstra*, *Harśacarita* and *Rājatarangiṇi*, as well as very interesting epigraphs of the Cālukyas and Silāhāras. This

evidence certainly indicated that, if not History in the latest modern sense of the term, at least in the cruder earlier sense which obtained elsewhere also prevailed in India. Despite the cataclysms and vicissitudes through which our country has passed in the course of ages, the material which is still available is so vast and varied that it might absorb the energies of our investigators for generations to come.

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We have not here the space even to indicate in the barest outline the extent of our resources in this field. The Archæological Department, historical societies such as the Bombay Branch of the Royal Asiatic Society, the Bhandārkar Oriental Institute, the Bhārata Itihāsa Samśodhaka Mandal, the Indian Historical Research Institute (St. Xavier's College, Bombay), and libraries such as the Khudābux and Jaipur State libraries, not to mention private collections made by individual scholars like Sir Jadunāth Sarkār, should suffice to give the reader an idea of the nuclii round which historical research in India might begin. Poona has the honour of having initiated two great historical organisations, namely the Oriental Conference (1919) and the Indian History Congress (1935), besides owning two premier research institutions like the Bhandārkar Institute and the Itihāsa Samśodhaka Mandal, Poona *made* history in the past ; may it not at least *write* history in the present ?

This is not the place wherein to recount even briefly the history of historiography in the world outside. I must refer the curious reader to Dr. G. P. Gooch's monumental work, *History and Historians in the Nineteenth Century*, for an adequate measure of what might be done in India. The less patient might at least read the summary of this great book given by Dr. Gooch himself in the last chapter of the last volume (XII) of *The Cambridge Modern History.* Another handy guide in this respect is to be found in the very lucid chapter on " The Science of History " by Professor F. J. C. Hearnshaw in *An Outline of Modern Knowledge* (Gollancz. 1932). Side by side with these must be read the presidential speech (1st Indian History Congress) of Sir Shafaat Ahmad Khān and his Introduction to the *Proceedings of the (2nd)*

Indian History Congress, to appreciate the great need for work in the same direction. No doubt the Historical Records Commission, the Oriental Conference and the History Congress, the research societies scattered throughout the country, individual scholars, and journals devoted to historical research like the *Annals of the Bhandārkar Oriental Institute*, *The Historical Quarterly*, *Journal* of *Indian History*, *Indian Culture*, etc., etc. have been carrying on very useful activities in this field. But is it not extremely desirable that these chaotic efforts should be co-ordinated? An instance of the wastefulness of such uncoordinated research was cited by Dr. Surendranāth Sen in his presidential speech, Early Mediæval and Rajput History Section, Indian History Congress, Allahabad. Dr. R. P. Tripāthi of Allahabad University and Mr. A. C. Banerjee of Calcutta happened to be working on identical themes, each ignorant of the other's efforts, and two years of precious labour were wasted through duplication and lack of co-ordination. Another equally or even more glaring illustration on a large scale was the holding of the History Conference at Kamshet in October 1938 while the Indian History Congress was to meet during the same month at Allahabad. That one of the most eminent of Indian historians who associated himself very closely with the former could not find in the latter anything worthy of his co-operation perhaps revealed that the lack of co-ordination was also due, among other reasons, to lack of harmony among workers in the same field. Work may be shared with advantage, as between the Oriental Conference and the History Congress,—division of labour being based on chronological periods; but any kind of separatist activity smacks of factiousness defeating the ends of national historical research. The following remarks of Sir Shafaat Ahmad are worthy of being seriously taken to heart by all well-wishers of Indian historiography :—

"If we take into account the work of the institutions mentioned above together with the treatises published by numerous writers, it will be found that the amount of material at our disposal is sufficiently vast. But most of this work is un-coordinated. Each organisation is working entirely in its own sphere, and is completely out of touch with the work, the needs and requirements of other bodies. There is not even informal contact between institutions *per se*, and this chaotic and confused state of affairs has gone on for a considerable period.....Strange to say, there is no co-

operation even among Indian Universities in the domain of research, and research scholars in different Universities are ploughing their lonely furrow utterly oblivious of the quality or quantity of work conducted by their contemporaries in neighbouring institutions. This disorganisation has become almost a scandal, and the worker in the field has to create for himself the most rudimentary and elementary material, sometimes with the crudest devices, and prosecute his studies in an atmosphere of uncertainty and vagueness.' It is only through journals that he comes acrossworkers on his subject in other fields, and then only if he cares to order the journals and accumulates, after considerable trouble and expense, the scattered material. This is not an atmosphere in which research can be profitably prosecuted, nor is the spirit created by discouraging conditions sufficiently strong to resist the tendency towards immature and unsatisfactory work".

Something must be done to remedy this wretched state of affairs. Rev. H. Heras has suggested the creation of an All-India History Association. This should have a fixed habitation and permanent establishment. The Congress sessions might be conducted by this body which would ordinarily act as a clearing-house for all historical information. It will supply the much needed link between the various institutions, schools, and journals now 'ploughing each a lonely furrow.' The late Dr. Bal Krishna of Kolhapur also put forward some very valuable suggestions in his presidential address, Modern History section, Indian History Congress, Allahabad.

In the first place, he would have all the allied conferences to meet in one place and season to avoid waste of time, energy, and money. Secondly, he would have Government publish and make available to scholars and the public the vast untapped material that is locked up in the various Record Offices. "The Government of India and the provincial governments," he said, "have not been keen in publishing the records or even their selections. Bengal and Madras have done something. The Bombay Government has been slumbering for decades together. Sir George Forrest collected certain documents and the government published these. Since then the publication work was neglected till Sir Jadunāth Sarkār and Rao Bahādur Sardesai offered their honorary services and thus brought out valuable papers in Marāṭhi and English from the Alienation Office and Residency Records." Likewise too he would have Government provide facilities for access to material lying about in foreign countries. There is abundant material available in the Indian States. Following in the wake of Mysore, Baroda, Hyderabād, Gwalior, the other States ought also to throw open their Records to research workers. "A Federal Research Institute should be established at Delhi. This should possess the copies of the records typed from European centres and a library of printed records and

books on all periods of Indian history." Finally, he suggested, "The copyright law must be amended so that three copies of each publication are given to the Government: one for the Imperial Library, one for the provincial library, and one for the district town library of the district in which the book is published."

* * *

Valuable as these suggestions are they will need a truly national Government to translate them into practice. Meanwhile, what about other agencies? Our University has the unique distinction of having done next to nothing to encourage research in this field. The publication of the University *Journal* and the allotment of a publication grant are tardy concessions made in recent years. Other Universities in India might institute chairs of Indian History and Culture and even specialise in particular periods, but we do not need specialists or any Department of History. A commercial city must have economy everywhere, or at any rate must have economists in charge of History and Politics besides Economics. We have indeed a separate Board of Studies for History and Archæology now. Ever since the History Board was constituted, little has however been done to promote the interests of historical studies.

One has only to peruse cursorily the University *Hand-book* and its *List of Text-books* to see how disjointed, and out of date are the "appointments." To discuss this aspect would need an independent paper all to itself. Yet one sample may be cited here in passing:

Vide List of Text-Books (1939 and subsequent years), p. 139 —

"*History of India* (1526–1761)

"The period of Indian History from 1526 to 1761 prescribed for the B. A. Examination *under the revised courses* [italics mine].....

"Text-book: Cambridge Shorter History of India.

Recommended for reference:

Ancient Period: .....(books named)

Mediœval Period: Thomas: The Chronicles of the Pathan Kings of Delhi (Trubner & Co.)
Smith: Akbar (Oxford).....

Modern Period: ....(books named)

... ...

The Hand-Book (Part II, 1939)—p. 168—

.....

2. One of the following periods in the History of India :—

I. Ancient India	...	(From the earliest period up to the death of Harshavardhana.)
II. Mediæval India	...	(From the invasion of Mahomed Ghazni to the death of Aurangzeb.)
III. Modern India	...	(1707 to 1914.)

Comment is superfluous. Again Archæology is within the purview of the History Board, naturally. But it is also included in the syllabus for Sociology which is under a different Board, viz. of Economics, Politics, and Sociology. We have no separate degree or diploma in Archæology and Epigraphy, though these are included in the courses for Ancient Indian Culture and Islamic Culture. Of course there has been no provision for systematic and regular training in these subjects. The Deccan College Post-graduate Research Institute came into existence under peculiar circumstances. Yet, it is to be hoped that this institution will grow into a lusty manhood with a great potency for research. We should also acknowledge the existence of Research Studentships, Scholarships, and Prizes. But these are far from being adequate for carrying on any sustained research demanded by the needs of our situation. The late nationalist (Congress) Government of our province made some grants to research scholars for the publication of their works. But State patronage is notoriously precarious.

Some laudable efforts are being made in some parts of the country to organise schemes of writing out elaborate and authentic histories of the provinces, e. g. in Bengal and Karnāṭaka. What about Mahārāṣhṭra ? We had in our midst indefatigable pioneers like Rājwāde, Khare, Sāne, Vaidya and Pārasnis. Sir Rāmakrishna Bhandārkar produced and inspired monumental research work. But his worthy son, Dr. D. R. Bhandārkar has had to devote his genius to the service of another University. Indeed, Calcutta has produced more scholars devoted to fruitful research in Marāṭhā History than we have among ourselves. Have we in this province, with the singular exception of Rao Bahādur

G. S. Sardesai, and the B. I. S. M., scholars whose researches have resulted in the writing of histories such as those produced by Sir Jadunāth Sarkār and Dr. Surendra Nāth Sen? With so much research going on, have we at least been able to produce an exhaustive and up-to-date Bibliography of Marāṭhā History? A national History of India to be produced by Indian scholars, on the monumental scale of the Cambridge Histories, is being thought of by the Indian History Congress. Who will have the honour of contributing the volume on Marāṭhā History to this *magnum opus* of Indian historical scholarship? Are there not any among our budding scholars who will at least think it worthwhile to nurse such an ambition? Cannot our educational institutions, if not actually produce, at least create an atmosphere conducive to the creation of great historians of the stamp of Niebuhr, Ranke, Mommsen, Grote, Hallam, Maitland, Stubbs, Gibbon, Freeman, Froude, Green, Macaulay, Carlyle?

A great country, surely, must have a great number of great historians.

S. R. SHARMA

VALABHI, THE ANCIENT BUDDHIST UNIVERSITY

In the history of Buddhism, Valabhi, the seat of an ancient University, occupies a place of honour. Now marked by the small town of Vaḷā in Kathiāwāḍ, which can hardly boast of a few huts, Valabhi was once a great centre of Buddhist learning that attracted people from all parts of the globe.

Buddhism may be said to have set foot in Saurāṣhṭra, through the teachings of Aśoka the Great ; it might have enjoyed some popularity during the days of Milinda and may have taken firm roots in the reign of the early Āndhra Kings. But it certainly reaches its ascendency shortly after the revival of Sanskrit learning in the Golden Age of the Guptas and especially during the rule of the Maitraka Kings of Valabhi.

Sometime in the early years of the 6th century, Bhaṭṭārkka, a General of the Gupta Emperors, who styled himself as Senāpati, overthrew Parṇṇadatta, the Imperial Viceroy at Girinagara and established an independent principality round about Valabhi, which he made his capital. He was a devout Śaivite, as the legends on his coins[1] and his dynastic seals would indicate, but the rulers that followed him, though Hindoos themselves, became great patrons of Buddhism. It was mainly through the munificent donations received from these Maitraka kings, their feudatories and officers of their State, that the monasteries at Valabhi remained for a very long time active centres of Buddhist education.

The earliest reference to Buddhism in Valabhi, is found in a copper-plate grant of Dhruvasena I, son of Bhaṭṭārkka. In G. E. 216 (535 A. D.) he donated some villages to the monastery constructed by his wife's sister Duḍḍā.[2]

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1. Acharya, *Numismatic Supplement. J. A. S. B.*, III, No. 103.
2. *Indian Antiquary*, IV, p. 104.

This Duḍḍā-Vihāra, soon afterwards became one of the most important Vihāras in Valabhi, as it is frequently mentioned in various Maitraka copper-plate inscriptions.[3]

It received many gifts from the successors of Dhruvasena at least for 140 years from G. E. 216 to G. E. 356, since its foundation. It was the head of a Vihara-Maṇḍala, and Duḍḍā-Mahā-Vihāra, as it later on came to be called, incorporated in it several monasteries built by many devotees.

The names of the following amongst them have been known to us from the copper-plate grants.

(1) *Buddhadāsa Vihāra*[4], named after Āchārya Bhadaṁta Buddhadāsa.

(2) *Bhaṭṭārkka Vihāra*[5], probably named after Bhaṭṭārkka, the Founder of the Maitraka Dynasty. This Vihāra was dedicated (प्रसादीकृत) to Rājasthāniya Sura.

(3) *Abhāyantarikā Vihāra*[6], built by the venerable Nun Mimmā and situated near the Bhaṭṭārkka Vihāra.

(4) *Kakka Vihāra*[7] built by the trader Kakka and situated not far off from the Duḍḍā Vihāra.

(5) *Gohaka Vihāra*[8] built by Gohaka.

(6) *Vimalagupta Vihāra*[9] built by Āchārya Bhikṣhu Vimalagupta, who was the resident of the Kukkurāṇaka village. It was included in the Sthiramati Vihāra.

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3. Dr. Bhandarkar's List of Northern Indian Inscriptions, *Epigraphia Indica*, XIX-XXIII, *Appendix*, Nos. 1304, 1305, 1311, 1312, 1313, 1327, 1595, 1331, 1341, 1598, 1354, 1360, 1600.

4. Dhruvasena I's grant of 217 G. E., *J. R. A. S.* (1895), p. 379.

5. Guhasena's grant of 248 G. E.; *Indian Antiquary*, V, p. 206.

6. Guhasena's grant of 248 G. E.; *Ibid.* p. 206.

7. दुद्धाविहारस्याभ्यन्तरे वाणिजककमांकिलकारितविहारे.

(In the Vihāra constructed by the trader Kakka (of) Māṅkila (gotra), situated near the Duḍḍā Vihāra.)

From the *unread portion* of Dharasena II's grant of 270 G. E. *J.B.B.R. A. S.* (n. s.) I. p. 68 वैश्याणां ऋषिर्यः प्रवरो भवति । भालन्दन वात्सप्रि मांकिलेति ॥

Māṅkila—A gotra amongst the Vaishyas. गोत्रप्रवरनिबंधकदम्ब p. 126.

8. Dhruvasena II's grant of 310 G. E.; *Ind. Ant.* VI, p. 15.

9. Śīlāditya III's grants of 343 G. E. and 356 G. E. *J. B. B. R. A. S*, (n. s.) I, p. 38 and 39.

(7) *Sthiramati Vihāra*[10], built by Āchārya Bhikṣhu Sthiramati.

Besides these Vihāras from the Duḍḍā Vihāra Maṇḍaḷa in the Svataḷa of Valabhi, we know of another Maṇḍaḷa of Yakṣha Sura, whose monasteries were reserved for Bhikshuṇis. It consisted of the following Vihāras.

The monasteries in the Yakhsa-Sura-Vihāra-Maṇḍaḷa :

(1) *Yakṣha Sura Vihāra*[11], built by Yakṣha Sura forming the head of the monasteries for the nuns.

(2) *Purṇṇa-Bhaaṭṭ Vihāra*[12], built by Purṇṇa-bhaṭṭa, who belonged to the family of Sāmanta Kakkuka on the maternal side.

(3) *Ajita Vihāra*[13] built by the trader Ajita.

Besides these the following monasteries[13a] are also mentioned in the copper-plate grants.

(1) *The Bappapādiya Vihāra*[14], constructed by Āchārya Bhikṣhu Sthiramati, who is different from the Āchārya Bhadaṅta Sthiramati of a later date, previously mentioned. This Vihāra was probably named after Bappapāda[15], who was an ancestor of the Maitraka kings at whose feet the members of that family made their obeisance. This Vihāra has been identified with that mentioned by the Chinese traveller Huien Thsang[16].

(2) *Vaṁśakaṭa Vihāra*[17]. This Vihāra was built by King Śiladitya I himself in the Vaṁśakaṭa village.

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10. *Ibid.*
11. A. S. Gadre, *Five Valā Plates*, *Jour. University of Bombay*, III, 82.
12. Dhruvasena II's grant of G. E. 319 ; *Jour, University, Bom.* III, 90.
13. Gārulaka Varāhadāsa's grant of G. E. 239 *Jour. University Bombay* III, 79.

13a Some *five* Vihāras would have been known to us, had their names been well-preserved on the following records. *Bhandarkar's Nos.* 1330, 1331, 1595 and 1600 ; Śilāditya I's grant of 287. G. E. *Jour. University of Bombay*, III, p. 80.

14. Dharasena II's grant of 269 G. E. ; *Ind. Ant.* VI, p. 12.
15. According to Dr. Fleet, the word Bappa-Pāda, however, stands for Bappa (Bāp in Marathi) the Prākṛt for Father. *Corpus Ins. Ind.* III, 152 ; Ind. Ant. XXII
16. Watters, On Yuan Chwang II, p. 169
17. Śilāditya I's two grants of G. E. 286 ; *J. B. B. R. A. S.* (n. s.) I, pp. 27, 33.

(3) *Yodhāvaka Vihāra*[18]. This Vihāra was built by Skandabhaṭṭa, who figures as the Dīvīrapati in the Maitraka copper-plates. It was situated in the Yodhāvaka village.

These monasteries were places where not only monachism was preached and practised but scientific education was imparted to the students on the basis of religion. The long duration of time, through which these have been endowed with gifts show how Buddhism became popular and held its sway over the population of Valabhi during those days.

Though the names of the several Vihāras are known through them being almost stereotyped in their descriptions, the copper-plate grants of the Maitraka kings do not much help us to know anything about the activities of these monasteries. Only occasionally some glimpse into the life and the conditions in them may be obtained from them. Most of these provide for the daily necessities of the monks such as Piṇḍapāta, (alms), Śayanāsana (beds), Glānāpratyaya (attendance on the sick), Bhēṣhajya (medicine), Chivarakas (clothes) etc., for the worship of the Buddha images and the current repairs to the monasteries. Some important variations are met with when the annointing of the images,[19] the performances of Dance and Music[20], or the covering of the floors[21] is referred to. One grant provides for the purchase of religious books for the monastery[22]. In some, the fortifications[23] and the well-laid gardens[24] around these Vihāras are mentioned. Elsewhere[25] also we get interesting descriptions of the tasteful decorations in these monasteries.

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18. Dharasena IV's grant of G. E. 326 ; *Indian Antiquary*, I, p. 45.
19. Dhruvasena III's undated plate. *J. B. B. R. A. S.* (n. s.) I. p. 35.
20. Śīlāditya (Dharmāditya) I's grant, *Ibid*, ;
21. *Epigraphia Indica*, XIII, p. 339 ; *Indian Antiquary*. IV, p. 174.
22. Guhasena's grant of 240 G. E. *Ind. Ant.* VII, p. 67.
23. Śīlāditya's grant of 290 G. E. *Ind. Ant.* IX, p. 237.
24. Dr. Bhandarkar's List. *Ep. Ind.* XIX-XXIII, Nos. 1333, 1341, 1360 etc.
25. *Arya-Manjuśri-Mula-Kalpa*,, 587-591. Jayaswal, *Imperial History*, p. 24.

On the scholastic and educational activities of Valabhi, the accounts of the Chinese Travellers, are an important source of our information.

Hiuen Thsang or Yuan Chwang, the first Chinese traveller to visit Valabhi, describes that its warehouses were full of merchandise imported from different parts of the globe and the wealth of many rich people amounted to a million[26].

"There are over a thousand monasteries in Valabhi", he writes, "with 6,000, Sammatiya (Hinayana) adherents". He also refers to the famous monk Achārya Sthiramati and Guṇamaṇi, who resided in the monastery outside the town. Sthirmati who was the pupil of Vasubandhu, the famous Paṇḍit from Nāḷandā, had written a treatise on the Abhidhamma-kośa (An Introduction to Mahāyāna), which was already translated into Chinese when he visited India and was very popular there[27]. Many of Huien Thsang's statements are now confirmed by the Maitraka plates.

Thus the Vihāra mentioned by him as built by arhat Ochelo has been identified with the Bappapādiya Vihāra of Bhikshu Sthiramati. His references to the monks from foreign countries and as belonging to the Hinayana sect are borne out by the expressions such as "नानादेशसमत्वागताार्य्यभिक्षुसंघस्य" and " अष्टादशनिकायाभ्यन्तरार्य्यभिक्षुसंघस्य " occurring in the copper-plate grants.

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26. Beal, *A Record of the Western World*, II, p. 266. We have the following other references to the trading activities in Valabhi:

आस्ति सौराष्ट्रेषु वलभी नाम नगरी । तस्यां गृहयुग्रेनाम्ना युद्धकेन्द्रतुल्यविभवस्य नाविकपतेः दुहिता रत्नवती नाम ।

तां किल मधुमत्याः समुपगम्य बलभद्रो नाम सार्थवाहपुत्रः पर्यणैषीत् ।

दण्डिन्–दशकुमारचरितम्.

6th Uchchvāsa. (B. S. S. Edn.) Part II. p. 54.

नगर्यां वलभीनाम्न्यां महाधनवणिक्सुतः । वसुदत्ताभिधानः सन्वृद्धिं च गतवानहम् ।।
कालेन यौवनस्थश्च पित्रा कृतपरिच्छदः । द्विपान्तरं गतोऽभूवं वणिज्यायै तदाज्ञया ।।

कथासरित्सागर.

Chap. XXII, 2nd Taranga V. 60-61. (Nirnayasagara Edn).

पुरे पाटालिपुत्राख्ये धुर्यो धनवतां वणिक् । नाम्ना यथार्थेन पुरा धनपालित इत्यभूत् । ...
...एकदा स पतिस्तस्या देवसेनो वणिज्यया । गन्तुं प्रवृत्ते बन्धुभ्यो वलभीं पुरीम् ।।

Ibid, Chap. XXII, 3rd, V. 69-75.

27. Beal, *Ibid*, p. 266 ; Watters, *On Yuan Chwang's Travels*, II, p. 246.

I'tsing, was another Chinese traveller who recognised the real merit of the University of Valabhi. In fact, without the accounts left by him, we could hardly have known anything about its importance as a great centre of education.

He tells us that in his life-time (671–695 A. D.) Valabhi and Nāḷandā were the only two monasteries in India which compared favourably with the Universities like Chinma, Shih-chu, Lungmen & Chiue-li, in China[28].

Though no definite information regarding the curricula of the subjects taught in the monasteries at Valabhi has been given by him it would not be far wrong to state that it was the same as at Nāḷandā, another University with which he has compared it, and which he has fortunately described in great detail.[29]

Like the Nāḷandā University, Valabhi specialised in the advanced study of religion, and the education must have been free to all. "Eminent scholars and accomplished men" he states, "used to gather there in crowds to discuss possible and impossible doctrines. They proceeded to the Royal court to try the sharpness of their wits, to present their schemes and to show their political talents with a view to be appointed in the Government political services". They became famous only after they were assured of the excellence and correctness of their opinions from the "Doctors" of Valabhi and after having spent at least two years in their monasteries[30].

As Dharmma-Śāstra, Arṭha-Śāstra, the Tripiṭaka, the Jātaka-Mālā, Literature and Accountancy[31] formed the chief items of study at Nāḷandā and Valabhi, under the expert guidance of monks like Vasu-Bandhu and Sthiramati it was no wonder that the fame of the Universities spread all over the Buddhist world, and scholars flocked to these centres to take advantage of every facility that was offered to them.

28. Takakusu, *Records of the Buddhist World*, p. 177.
29. Takakusu, *I'tsing—Records of the Buddhist world*, p. 178.
30. Takakusu, *Ibid.* p. 177.
31. Altekar, *Education in Ancient India*, p. 274.

About Sthiramati, Hiuen Tsiang writes[32] that "the streams of his knowledge had spread abroad" even in his days. This is partly borne out by the Tibetan Catalogue[33] which ascribes to him the following works which have been recovered from the Tibetan translations.

(१) षडाङ्ग योग (२) लक्षणाभिधानोधृत लघुतंत्रपिण्डार्थविवरण
(३) श्री बुद्धकपाल महातंत्र राजटीका अभय पद्धति.

"He is known to the Tibetans as a great interpreter. Being a grammarian himself he translated many books on Grammar from Sanskrit into Tibetan"[34].

It was probably under such eminent grammarians at Valabhi that the rulers like Dhruvasena II must have received a thorough training which made them proficient in Śālāturiya i. e. grammar of Pāṇini, as mentioned in the copper-plate-grants.

Guṇamaṇi is another famous monk of Valabhi, who has been referred to by the Chinese monk, but unfortunately we possess no information about him. Das Gupta,[35] mentions him as the author of a commentary on अभिधर्मकोशभाष्य along with Vasumitra.

The Arya-Manjusri-Mula Kalpa[36] refers to another famous monk, Piṇḍachārika, during the days of Sīlāditya, who is described as—

तत्रदेशे समाख्यातो भिक्षुः पिण्डचारिकः ॥ 590 ॥
शीलवान् बुद्धिसंपन्नो बुद्धानां शासने रतः।
कालचारी महात्मासौ प्रविष्टो पिण्डचारिकम् ॥ 591 ॥

A.M.M.K. (35th Paṭala.)

As an indication of the superior training obtained in Valabhi we may also refer to the discussion and the subsequent mastery of the famous monk Nanda alias Buddhānanda

32. Beal, *op. cit.*, p. 171 ; Watters, *op, cit.*, II p. 169.
33. Cordier, *Catalogue du Fonds Tibetan de Bibliotheque Nationale.*
34. Bose, *Indian Pandits in the Land of Snow.* p. 133.
35. Das Gupta. *Buddhist Philosophy.* p. 120.

from Valabhi over the Jaina monk Jinānandasuri at Bharukachchha[36].

From the number of the Buddhist Vihāras the part played by the Bhikshuṇis in carving out a name for Valabhi must not have been negligible.

Here a word may be said about the religion at Valabhi. Even though so much has been said about the Buddhistic learning at Valabhi, it would be wrong to say that the educational activities of Valabhi were restricted to that sect alone. The Maitraka rulers who had done so much to foster the cause of Buddhism in Valabhi through their tolerant spirit, were staunch Śaivaites, and in their copper-plate grants we find references to many Brahmins coming from far off places and residing in Valabhi to conduct their religious rites. We know that Bharṭṛihari, [36a] the author of the famous Bhaṭṭi-Kāvya or Rāvaṇa-vaḍha, wrote his works under the patronage of Dharasena IV. The Kathā-sarit-sāgara[37] also refers to the story of a Brahmin youth of Antarvedi who was sent to Valabhi for his further education even though centres like Benares were not far off. We have also similar instances of learned Brahmins from Valabhi[38] migrating from one place to another. All this leads one to think that the Hindoo quota for learning and other cultural activities must have been as great and important as the Buddhist.

Some sort of misunderstanding seems to prevail amongst scholars about the nature of Buddhist sects in Valabhi. They[39]

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36. प्रभावकचरित, cited hy R. C. Shah, Historical Introduction to *Kāvyānuśāsana*, II. p. lxxvi.

36a. काव्यमिदं राचितं मया वलभ्यां श्रीधरसेन नरेन्द्रपालितायाम् ।
Colophon of Bhaṭṭikāvya,

37. अन्तर्वेद्यामभूत्पूर्वं वसुदत्त इति द्विजः । विष्णुदत्ताभिधानश्च पुत्रस्तस्योपपद्यत ॥
स विष्णुदत्तो वयसा पूर्णषोडशवत्सरः । गंतुं प्रवृत्ते विद्याप्राप्तये वलभीपुरम् ॥
Chap. XXXII, 42-43.

38. Baroda Grant of Rāṣṭrakuṭa (Gurjjara) Karkka, Suvarṇavaosha Śaka 734
Ind. Ant. XII, p. 160.

39. Sankalia, *The University of Nalanda*, p. 180.
Diskalkar, *Report 7th All India Oriental Conf.* Baroda, p. 818.

have laid undue stress on the preponderence of the Hinayāna on the testimony of Hiuen Thsang's statement. It was really not so.

It cannot be doubted that Buddhism certainly had its leanings towards the Hinayāna sect in the early stages of its development. But in the heyday of Valabhi in the sixth and the seventh centuries, as elsewhere in India, the chief form of religion must have been Mahāyānic. We have the testimony of Hiuen Thsang[40] himself who speaks of the monks Sthiramati and Guṇamaṇi, whom we know as champions of Abhidharmma or beginnings of Mahāyānism. In the numerous copper-plates of the Maitrakas we have direct references to the annointing and bathing of the Buddha images. Sometimes the identity of the Buddha images can be inferred from expressions like "Buddha-Bhaṭṭāraka"[41] occurring in them. Again we have a copper-plate grant of Dharasena IV, where the Yodhavaka monastery is donated with gifts specially meant for the Mahāyāna monks staying in it.[42] Further the Ābbhāl Girāsia's field in Vāḷa, has yielded five Bronze statues[43] of Buddha, which are now preserved in the Prince

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40. Beal, *op. cit.*, p. 268. Watters, *op. cit.* p. 246.

41. Cf. Dhruvasena III's undated Plate. (Bhandarkar's No. 1598) *J.B. B. R. A. S. (N.S.)* I. p. 35.

42. *Indian Antiquary* I, p. 45. The *unpublished* relevant text of this plate reads.

सुराश्रेषु हस्तवप्राहारे योधावक ग्रामे ।दिविरपतिस्कंदभट्ट का (रित) (विहाराय) नानादेशा... भ्यागत महायानिकार्य्याभक्षुसंघाय योधावक ग्रामस्यैव etc. lines 12–13.

43. *Progress Report* of the A. S. I. *Western Circle.* Year 1915, *Appendix* G. ; p. 30.

Three of these five images have inscriptions on their pedestals. One of them has been read by Dr. Bhandarkar as follows,..... *dharmmaya prati (mā) Maghayaṇasu.*

The inscriptions on the other two read :

(1) Sam va 200 20—; (=Circa 539. A. D.)

(2) U pā vi (si) ka (?) ;

On account of the Kāyotssargga pose and the unusual way of tying the knot of the garment between the loins round the waist, these images have been classified as Jaina (Svetāmbara) in the Museum Catalogue. Dr. Bhandarkar, however, distinctly states that these are Buddhist images, probably on account of the circumstances of their discovery. (*ibid*, p. 8) The distinction between the Buddhist and the Jaina images in Gujrat appears to be too subtle. Recently some Jaina images from Māhuḍi were wrongly identified as Buddhist.

Cf. Hirananda Śāstri, *Annual Report, Baroda Arch. Dept.* (1938–39) and discussions thereon.

H. D. Sankalia, *Deccan College Research Inst. Bulletin, I.* p. 185.

Sārābhai Nabab, *Bhāratiya Vidya* (Hindi), I. p. 178.

of Wales Museum of Western India, Bombay. Some Mahāyānic clay-seals are[44] also reported to have been found in Vaḷā as well as in the excavations conducted by Rev. Father Heras, on the site of an ancient Buddhist Monastery. Recently a full length statue of Buddha,[45] which was mistaken for the image of Dhunḍhāli Mal, a local Saint, was found lying on the top of the Isalva hill near Vala.

From this archæological as well as epigraphical evidence, Buddhism in Valabhi should not be estimated as leaning towards any particular sect only. It was universal in spirit and in the rightness of things worthy of the fame that Valabhi acquired as the seat of learning.

Antiquities of Vala.

Even though the hoary antiquity of Vala has long been known, very little by way of any systematic exploration of its sites seems to have been done. On account of the nature of the soil, and the apparent destruction at the hands of the Moslem invaders and the natural silting up of the Valabhi harbour there are no signs of any archæological "tells" in Valabhi.

Both Forbes[46] and Dr. Bhagwanlal Indraji[47] were not impressed by the ruins of Vala. All the important finds at Vala were only accidental discoveries. Only occasionally the area round about the find-spots of these antiquities was cleared in the hope of getting some more finds.

Excavations of some note are reported to have been conducted by the State in 1900 and in June 1930. Rev. Father Heras, the Director of the Indian Historical Research Institute, Bombay, conducted some excavations at the site of a Buddhist Monastery, in October 1930, mainly at the instance of the Thakore Saheb of Vala. The antiquities and the finds of these excavation are preserved in the local Museum at Vala and in the Museum of the Indian Historical Research Institute,

44. *J. B. B R. A. S.* XI, p. 334.

45. *Annual Report* Of the *Watson Museum.* Rajkot, 1938-39. p. 29.

46. *J. R. A. S.* (1860), p. 267.

47. Bhagwanlal Indraji. *History of Gujarat, Bombay Gazetteer, Vol. I.* Part I. page 78.

Bombay. They have been partly catalogued in a handy form by Dr. H. D. Sankalia.

Father Heras struck upon the foundations of the monastery. He recovered numerous fragments of potsherds and painted pottery. The most notable among his finds are:

(1) A number of grinding stones represented by the *type E* in the Catalogue.[48] *C b 12-14.*

(2) A small black-stone image of Buddha (?) with the Uṣhniṣha well preserved. Type K. *C b 26.*

(3) The Harmikā of a very beautiful small terra cotta Stupa. *C b 77.*

(4) Some earthen troughs called *Kodiyas* or Oil-burners. *C b 111-128.*

Besides these numerous fragments of Nandis and Shivalings were also found. They are not recorded in the catalogue.

(5) Numerous votive clay seals with the Buddhist creed in characters of about the 6th century.

MORESHWAR G. DIKSHIT

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48. From the *unpublished Catalogue* of the Finds in Valabhi in the Museum of the I. H. R. Institute, St. Xavier's College, Bombay. (Prepared by Dr. H. D.Sankalia.)

In the preparation of this article I am obliged to Mr. R. C. Gyani, M. A., the Curator, Prince of Wales Museum, for allowing me to utilise the unpublished material from the P. W. Museum and to Dr. H. D. Sankalia M. A., Ph. D., for the details about the Valā excavations.

THE STATE AND THE INDIVIDUAL

With the advent of the totalitarian doctrine in the conduct of states, it has become necessary to give serious thought to the place and importance of the individual in the mightiest of all human organizations. The problem is really not new. As every student of political science knows, the idea of a conflict and a compromise is inherent in the very concept of the state. That unique institution embodies a reconciliation between forces which are mutually antagonistic, but which in the reconciliation become indispensable to each other. Law and liberty, authority and freedom, communal good and individual gain are some of the essential contradictions of political life. It is a fascinating effort of human civilization to harmonize these opposites into a creative union.

The significance and urgency of the problem have increased, and the difficulty of its solution has been aggravated, as a result of the dictatorial exuberance that has recently overwhelmed some of the most advanced countries of the world. Dictators have of course existed in the history of all nations. Many of them were needed and created by circumstances, and were looked upon as the saviours of their people. But, generally, their autocratic powers and absolute rule were tolerated only as long as they were believed to be necessary in combating exceptional calamities. Even a popular despotism which outlived the completion of that task became often the cause of its own destruction. The modern totalitarian dictatorships, however, give a different impression. They seem to annihilate the individual, and with him the creative stimulus of the community. The Superman's reign of terror must, it seems, be not merely glorified but also perpetuated.

It was one of the fundamental tenets of 19th century Liberalism that the interference of the state in the affairs of human life should be the minimum possible. Man was supposed to understand and safeguard his own interests, and was required to be left alone in his endeavour to elevate himself. To many thinkers who contributed to build up the philosophy of individual freedom, the state was a necessary evil. It had

to be accepted only because the unlimited freedom which its absence would imply was nothing less than pure confusion and anarchy. The dissolution of society was evidently a far greater evil than the suppression involved in the existence of the state. In such a view, the state was predominantly an instrument for performing a negative though a very necessary service. It was not conceived as possessing any other potentiality, any other mission to fulfil, than to serve as an external cement for preventing the disintegration of social life.

Such an extreme principle of non-intervention is no longer advocated or applied in modern states, not even in democracies which are supposed to uphold individual rights and liberties to the utmost. Ideas about the utility and purpose of the state have undergone a revolutionary change during the last century. It is now increasingly appreciated that the qualitative betterment and advance of any member of society is as much a social as it is an individual achievement. The moral and material progress of an individual is known to be conditioned to a great extent by the environment in which he lives. Even in the pursuit of such purely personal ideals as self-realization, the effect of certain forces and facilities provided by society is acknowledged to be immensely helpful. And as the state is the basis of all social life, the scope of its influence and operation has automatically expanded.

This process has received particular impetus after the growth of representative institutions and universal franchise. In this variety of political arrangement the distance between the ruling classes in a country and the mass of its citizens is narrowed down to smaller proportions. The democratic aspect and content of the state have inevitably helped to make it a tremendous instrument for the performance of positive good of every kind. A popular government functioning in all the multiplicity of its powers has today come to signify a whole nation consciously at work for bringing about its own salvation.

Another important factor has contributed materially to develop the new outlook about the functions of the state. The

introduction of the machine for productive and other essential purposes and the abundance of material conveniences and comforts that it has made possible could not but radically alter the old concept of individual freedom. The very qualities of the machine became a source of grave social danger when the situation created by its use was dominated and controlled only by the greed of private capitalists. Restrictions were obviously necessary on the privilege of the financially strong employer to exploit the poor, ignorant and disorganized workers. Industrialism created a new class of economic tyrants and new laws were required to limit the freedom of their oppression.

For some time during the transitional period from the mediæval order to the machine age, the false appearance of equality and equity of contract was mistaken for their reality. The mere illusion of fairness and liberty was identified with the things themselves. But such a self-deception could not last long. The grim experience of the actual conditions of things soon revealed that the so-called freedom of contract between a starving labourer with no bargaining power and the wealthy employer with plenty of resources was only a cruel camouflage for the degradation and bondage of the large mass of the people. The large amount of industrial legislation which has recently been passed in many countries was misrepresented in the beginning as an unwarranted invasion upon individual rights and liberty. In fact it was just the contrary. Laws of this type guaranteed better justice and possibilities of greater happiness to a considerable portion of the community.

The vast productive operations facilitated by the machine and the high standard of life that it may make possible even for the comparatively poor man necessitate a new orientation of economic and political thought. The machine has till now proved to be a potent weapon of personal aggrandizement in the hands of the fortunate few. But this cannot be considered to be its inherent characteristic. Indeed, with the continuous advance of scientific knowledge and inventions, absence of social control over the means of production is bound to precipitate the destruction of civilized man. His admirable

mastery over the secrets of nature must be equalled by a clear perception of the social and moral purpose of that mastery. The advancement of the human brain obviously ought to lead not to the enslavement but to the emancipation of mankind. Economic prosperity must cease to be equated only with high prices ; it should signify a real bounty of enjoyable commodities and utilities to all the people.

The realization of the immense possibilities of man's control over mechanical power has resulted in the initiation of what is now known as planned economy. It is a new approach to the problem of wealth production and a new method of organizing economic and cultural life. In this system, the whole community is supposed to be functioning as a single unit. The natural resources with which its territory is endowed are taken to be the property of the citizens collectively. They are not dissipated in the chaotic management of private ownership with a view to earning profit. With a unified sense of its common interests, both immediate and distant, the community decides its own requirements, and then so exploits its raw materials and man power as to produce the articles which can satisfy as many of those requirements as possible. All this would mean an elaborately premeditated programme and its vigorous execution.

It is important to emphasize that such a collectively organized national life does not necessarily postulate the complete elimination of the individual and the destruction of human personality. A planned society, even as an unplanned one, has ultimately to depend upon the talent and capacity of its individual members. Those qualities are the very pillars of its existence. A powerful instrument for drawing them out has been the lure of private profit and the material comfort that can be secured by the possession of property. The emergence of the machine as a vital factor in shaping human affairs has made a change in this position. The facility and abundance of its production have tended to spread certain substantial benefits to the whole community and bring them within the reach of the man of ordinary means. This process of the universalization of many of the conveniences and pleasures of life is likely to be accelerated in the future. It

naturally weakens the incentive of exclusive enjoyment which was so dominant in the past. As a result, the enterprize, initiative and originality of the individual will be contributed to the communal effort almost as a matter of course. But this cannot be described as the suppression of the individual.

The consequences of an economic and political expansion are, on the whole, expected to be healthy. The organization of society has to be continuously modified and evolved for ensuring the progressive good of a nation in the light of that expansion. The direction of social energy may have for that reason to vest largely in the hands of the state. All the same, it is extremely important to remember that though discipline, restraint and sacrifice are essential for civilized life, there is a definite limit to state action in this connection. Its laws may have to be numerous and its government may have to be coercive. But they must not be so conceived and so allowed to operate as to kill the creative urge and talent of its citizens. The ability to go out of the rut, the courage to depart from tradition, the strength to become a rebel against accepted dogmas must not be extinguished. They are an asset of progress and a guarantee of an ever-widening, glorious stream of human achievement.

Modern totalitarianism, whether fascist or communist, seems to be an apotheosis of efficiency as well as of intolerance. Its technique is to crush ruthlessly all ideas, persons and institutions which may be suspected of being even remotely discordant with what the dictators decree to be correct. In a parliamentary democracy, the Opposition is not only tolerated but welcomed. It is believed to be performing a national service by the very fact of its opposition to the government. In a country like England nowadays the Leader of the Opposition is actually paid a salary out of the public funds. The dictatorial mind is too egoistic and impatient of criticism to appreciate the wisdom of such a principle. But when it goes further and evolves an ideology in which freedom of speech, thought, faith, press, association, elections and even knowledge is deliberately banished as being a mortal disease and a curse, it is a terrible disaster for mankind. Such a conception of the state is the very denial of humanity to man. It

exacts from him a subjugation which amounts to nothing less than his extinction.

The story of human civilization is the story of a patient struggle. For centuries man has been fighting against nature and also against his own kind for self-preservation. He has not been content with a mere animal existence, but has aspired for something fuller and richer. A human being has not only physical but also intellectual and emotional appetites. He is conscious of a certain individuality within him, of something that is distinctively personal in his mental and moral framework, and is eager to satisfy the cravings of this ego. In doing so he fulfils himself and helps in the upliftment of others. It is absurd to deny that man is endowed with brain, feelings and will, and that all these three are live forces the free operation of which helps to promote his happiness. A proper scope ought to be given for the manifestation and utilization of those forces. A political philosophy and practice which is based on their negation is intrinsically vicious. It does not lead to the exaltation but to the devastation of mankind.

The liberal democracy of the 19th century appreciated the value of the individual and his gifts, but left them to be safeguarded only by the crude and ineffective mechanism of the ballot box. Its equalitarian doctrine became in practice a monstrous joke, particularly after the growth of industrialism. The so-called liberty and equality which it was alleged to have established merely created the despotism of a wealthy oligarchy over a major portion of the community. Fascist and communist dictatorships have got themselves rid of many fatal defects of such a democracy, as for instance, a certain self-centred outlook, a tendency to ignore the general good for selfish ends, an intellectual slothfulness and lassitude, an inordinate love of debate and dispute, and the consequent serious inefficiency of action. But those dictatorships seem to be perpetrating a much graver tragedy by deliberately attaching a penalty to independence of thought and by systematically drying up the fresh springs of the human mind. The technique of their government appears to be so devised and deified as to bring about the imprisonment of the human spirit

either by hypnotism or by terrorism. This is equivalent to wiping out the very centre and living principle of human civilization.

It is essential to avoid both these types of political organization. Man would have to attempt to build up a state in which no individual will have the freedom to make slaves of others and in which no individual will be commanded into a life of physical or psychological slavery. In such a state, if it can be brought into existence, education will be a process not to blind but to enlighten man, not to deaden but to enliven his sensibilities. The exercise of authority even by the most popular and idolized person will not then charm or oppress the people into mental servitude. The virtue of loyalty will not involve the surrender of reason and judgment. All this may perhaps be achieved in a socialized democracy.

The first grand experiment of a socialistic state is identified with a sweeping dictatorial rule. Communist Russia is governed more by a master than by its people. It has of course to fight against its own difficulties and adverse circumstances. But it would hardly be correct to generalize from the limited experience of a great pioneer country that socialism and democracy are inherently incompatible and must work as poison to each other. The truth seems to lie just in the opposite direction. Both these systems embody the same vital principle, namely the supremacy and happiness of the masses. The natural relationship between them should be one of coherence and even assimilation. Therefore, a socialized democracy is not merely a compromise. It is not a hybrid. It may be taken to be the culmination of an evolutionary process and an absolute good in itself which may go a long way in solving many problems which are baffling the ingenuity of the modern man.

M. R. PALANDE

WHAT SHALL WE DO WITH OUR INDIAN STATES?

I

To the average Indian political leader from any part of British India, the States are almost as unknown as Africa is to most Europeans. Even to those who are personally interested in the affairs of any of them, not much is known in regard to the States in other parts of India. Men can talk intelligently about the affairs of Assam and Madras or of the Punjab and Orissa but either hesitate to discuss the affairs of a neighbouring Indian State or make ridiculous mistakes about its problems. The Indian States have suffered from their isolation from British India and their isolation from each other. When Britain came to deal with them she was afraid of a combination amongst them, as such a combination if supported by a foreign power like the French, would probably have overthrown the British rule in India. Isolation and subordination was thus a policy imposed upon Britain by the political necessity of the times and even though there is no reason to justify its continuation at the present juncture, the policy has continued, as many things in India do, through sheer inertia. It was the Great War of 1914–18 that revealed the existence of these States as an important entity in Indian Politics both to British India and to the Princes themselves. The Political Department too began to take serious notice and it was the late Mr. Montague who first formulated the theory that Indian States could not be ignored when dealing with Indian Politics if justice was to be the motto of Britain in her dealings with India. Till then British India took notice only of such advanced States as Baroda and Travancore with a view to twit the Britisher with his backwardness in regard to the spread of education or the promotion of social legislation. Occasionally a ruler attracted the attention of the Indian Press either by his follies and crimes or by his interest in sports and the fine arts and deserved a passing notice. But in current political discussion the States were as good as non-existent. In the

interminable discussions about the Montford Reforms, the States are conspicuously absent.

It was only in the early twenties of the present century that two political thinkers, the late Mr. A. V. Patwardhan of the Servants of India Society and Mr. N. C. Kelkar took upon themselves the ventilation of grievances of the subjects of Indian States in the Deccan. The former was related to some of the smaller Indian Princes and had a personal knowledge of conditions in several of them. He was, besides, a disciple of the late Mr. G. K. Gokhale and like him was scrupulously fair to friend and foe. Mr. N. C. Kelkar was unjustly accused of joining the movement because he was driven out from the main current of Indian Politics by the activities of Mr. Gandhi. His great influence in Maharashtra and particularly the hold that his political group had upon the orthodox Hindus was a great asset to the new movement. For several years the silent work of these two and a small band that had gathered round them went unnoticed ; the Nehru Report, the one great constructive effort of Indian politicians had very little to say about Indian States beyond taking notice of the intimate relationship between the two Indias.

It was only in 1928 that the Congress and the Liberal Federation took official notice of the Indian States by passing resolutions upon them. The Princes had, however, been silently organising themselves under the able guidance of the Maharaja of Bikaner and when they made their debut in the opening session of the First Round Table Conference they almost took political India by storm. The implications of their joining British India in a single polity were hardly appreciated by the leaders of British India and that gave the States a great advantage in the negotiations. Many of their extravagant claims were accepted without demur and British India repented at leisure and, it was feared, repented too late. When the complete picture of the new constitution was given by the Act of 1935, there was a tremendous awakening and now the pendulum has swung to the other extreme. The Prince has become an ' obstacle to Swaraj,' ' an ally of British Imperialism ' and so violently has he been abused that justice is not done to him. There is a

tendency to coax him, to coerce him by setting his subjects against him, to ignore him, to curse him but hardly is there any serious attempt to study him and his problems. Such interest in the States as is being taken by the Muslim League and the Hindu Sabha and the other communal groups of smaller size, is mainly to secure the Princes' support for their particularist aims. There is hardly any genuine interest shown by them to understand the peculiar problems of the Princes and their subjects. There are no doubt honourable exceptions to this rule but unfortunately they are too few to remove the dense ignorance of the general mass of politically minded persons.

II

If these States formed a negligible portion of India, this ignorance would perhaps have been pardonable. The States cover more than a fourth of the total area of the country and their total population is close upon a fourth of its total population. To ignore this bulk would be fatal even if they had occupied a contiguous portion of India more or less isolated from the other parts. The fact is that in very many cases their territories are so interwoven with British Indian Districts that they are almost one with it in race, language, religion and social and economic relations. They are, an integral part of the Indian nation and cannot be ignored if any 'national' solution of the Indian political problem is to be achieved. In their political outlook the Princes, as a class, are not yet out of their mediæval ideas of autocracy and in very many cases even the subjects over whom they rule do not expect anything beyond a benevolent despotism from them. Neither the Princes nor their subjects have any chance of escaping from the general political awakening of the 20th century; but it is not to be expected that they would immediately or even in the near future be able to keep pace with the advanced political ideals and ideas of British India. There is bound to be a time-lag and this presents a very tough problem for our impatient patriots who would like in half a dozen years to place India on a par with the most modern democracies of the world both in political and economic achievements.

Their number presents another very peculiar problem. There are some 562 of them even if the smaller jagirs are eliminated. Their sizes also vary. The larger ones among them can easily compare with the smaller British Provinces but the smaller have in many cases an area of one square mile or even less and a population that is to be counted by the dozen rather than by the thousand. This extreme Balkanization is surely going to be politically fatal and can be compared to the fragmentation of agricultural holdings which is one of the most serious of our economic problems. But the notions of prestige of even the smallest of these rulers are such that every one of them regards himself as possessing the fullest attributes of sovereignty. India has a hoary past and she is justly proud of it. Some of these States trace their ancestries directly to the heroes of the Ramayan and the Mahabharat. Two of them believe that they are the direct descendants of Alexander the Great and in the case of nearly all of them they are older than the British provinces. Here in passing I note a fantastic idea that they are the creations of Britain. If Gandhiji had not supported this unfounded notion no serious student of history would care to discuss it.

The fact is that when Britain established her rule as the suzerain power in India in the early years of the last century, they dared not follow a full career of conquest. England had nearly exhausted herself in the terrible struggle against Napoleon and wanted peace at almost any price in India. The easiest thing to do was to give the pettiest State an assurance that its internal sovereignty would remain untouched provided that its relations to foreign powers and to other States should be entrusted to the East India Company. With the progress of time such promises could be kept with increasing difficulty and Lord Dalhousie was in a way justified when he thought that no fair opportunity of absorbing a State into British Territory should be lost. Some of his actions in the pursuit of the doctrine of lapse were undoubtedly questionable and many who doubted the correctness of his view found a justification in the terrible ordeal of the Sepoy Mutiny. Panic reigned for a time and the doctrine of lapse was given up forever. Indians who,

as a result of English education, were slowly awakening to the evils of a foreign rule, developed a fierce attachment to these relics of their political greatness in the past and the States have now an assured safety from any visible encroachment upon their sovereignty. Even the encroachments of the mysterious Paramountcy are resented by them, even when they are clearly in the interests of efficient administration which in modern times has to be uniform over considerable areas if national consciousness is to have any political meaning. The Princes as a result of their spendid loyalty during the Great War of 1914-18 improved their position even further and developed a corporate consciousness through the Chamber of Princes. Union is strength even in their case and has made their willing consent a *sine qua non* of an all-India Constitution.

Another problem is the smallness of size that makes for administrative inefficiency. I have known States where the Government pleader had never passed his law examinations, and the head-master was doing duty as private tutor to the Prince and was also working as the Inspector of Schools. This is no fault of the Prince, for the small annual revenue makes it impossible for him to employ well-qualified persons even where specially trained persons are necessary. Occasionally the work of the appellate court is hired out on a contract basis to an experienced pleader from a neighbouring British district, and the result need not be discussed. A third difficulty is presented by the personal character of the administration. No single person is capable of undertaking upon his own shoulders the multifarious duties of a modern ruler. The Prince has to keep up an obsolete tradition and as in many cases he cannot employ, for want of funds, qualified men to help him, he has perforce to rely upon his native intelligence. He is surrounded by flattery and palace intrigues and the result for his subjects may best be imagined. No wonder then that the ruler of an Indian State finds himself to be an anamoly in advancing India. His education whether at home or in a Rajkumar College, lays too much stress on physical development and polished manners of an exclusive society, but has hardly any time for those deeper values of life, the love of the true, the good and the beautiful, courage and charity, and a readiness to sacrifice time and

money and energy in the pursuit of noble ends. That education succeeds in weaning him away from his ancient traditions, without giving him the time and the skill to lay new foundations for building up his career or sustaining the heavy duties of his station.

Recently the shrewder of the Princes, both old and young, have recognised the new forces of democracy realeased by the World War and, partly on their own account and partly due to the slow but steady pressure of the Paramount power, have set about modernising their administrative machinery by introducing representative bodies for legislation and responsive though certainly not responsible executives. Their attempts are of a rather halting character and the large majority of them are not yet prepared to announce parliamentary government even as a distant goal. The States on the whole are both economically and politically backward and they cannot help being conservative in their attitude. The Princes are in almost every case regarded by the orthodox, both Hindu and Muslim, as the repositories of the glorious traditions of the past. The more progressive elements in British India naturally regard them as so many obstacles in the path of a fullfledged democracy. The end of the Great War saw the European thrones going down like ninepins and many of our impatient idealists anticipate a similar fate for the Indian Princes. If they do not yield to persuasion, as Mr. Gandhi hopes they would, they are to be faced with a whirlwind agitation which would bring them to their knees. Some even go so far as to threaten them with annihilation if they do not join them in compelling Britain to agree to their demand for 'independence'. The Princes naturally demur and appeal to the treaties of protection signed by them with the Paramount power. The latter is naturally reluctant to countenance any violent agitation against the Princes and helps them with measures like the Princes' Protection Act of 1922.

The pressure exerted by the Paramount power in favour of political reform in the States is more silent and even slow as it cannot refuse to take note of the time-lag between progressive British India and the backward Indian States

This it is, that leads to a belief among certain of our leaders that the States are in league with British Imperialism even though the States often have expressed their desire to reduce the power of Paramountcy. They refuse to see, however, that the States are supported by a very powerful section of the people themselves, the Gurkhas, the Rajputs, the Shikhs and the Marathas together with the Muslims, who rightly believe them to be the relics of the old glory that continues to inspire them even now. Now these very classes are the mainstay of the Indian Army and Britain can hardly be expected to exasperate them by coercing the Princes to accept the notions of these leaders. Even if Britain were to hold herself aloof, British Indians can hardly be expected by themselves to overcome the Princes. If to-morrow Britain is removed from the scene altogether and even if no foreign power intervenes—pure academic suppositions, no doubt—the chances are that the Princes with the help of the military classes would succeed in holding the politicians down. Even as it is, their money-power is such that few leaders can avoid the temptation to be their secret tools. The Princes know this and make full use of their patronage. The Arts, the Sports, the literatures of modern Indian languages and many other aspects of Indian life find in the Princes very powerful patrons. Even in regard to industry and commerce, the private fortunes of Princely families provide an appreciable portion of the necessary capital and our commercial classes would not care seriously to antagonise the Princes.

These are unpleasant facts but they must be faced if our politics is not to be a mere game of words, words and words. The best way is, therefore, to try to persuade the Princes that the political interests of India and their own interests in the long run do not clash. The Princes must be offered solutions which are not suddenly violating their traditions of benevolent autocracy and their unquestioning loyalty to the British connection. The Britisher feels himself obliged to the Princes for the splendid help that they rendered to the Empire in 1914–18 and are rendering in the present war against Hitlerism. However liberal he may be he cannot be fairly asked to coerce them. Independence therefore, is not the solution of

the Indian problem, it cannot be so as long as the States are not to be conquered or ignored. They must be allowed to form a part of the Indian Polity. Confederation or Federation, therefore, are the only two alternatives. Confederation can be dismissed forthwith as it cannot give us a strong central government which is absolutely necessary to keep in check the numerous fissiparous tendencies in India and also to raise her quickly to an equality with the rapidly advancing States of the modern world.

A weak federation is no good either. But the Princes, cautious by nature, would not consent to have a strong centre unless they exercise a fair check upon the wilder enthusiasms of our radicals. To give them weightage and safeguards, in the way in which the 1935 constitution gives them, would be doing positive injustice to the progressive majority as already the Muslims and other minorities and also the British commercial classes are demanding weightages and safeguards for themselves. Indeed if all their claims are conceded there would be practically nothing left for the majority—which is an equally dangerous proposition in a modern democracy. Right thinking persons from all sections, therefore, have a duty to assert themselves in all these groups if chaos is to be avoided. With a reasonable spirit of give and take and a will to find a solution in the end, they would succeed. Britain must play her part in this and that is not to countenance any absurd claims from any group whatsoever. A peaceful solution of the Indian problem is necessary not only for the safety of the Commonwealth but also for the peace of the World as a whole. The present war with its visions of a new World Order, would, it is hoped, bring out the necessity of a compromise fair to all concerned and also the spirit that is necessary to bring it about.

III

I now turn to the internal problems of the States as a body, which are mainly caused by their large number, small size and meagre resources. It needs little argument to convince oneself that a way must be found to absorb the smaller of these States into larger units, without British

India being allowed to destroy their claims to a kind of sovereignty.

The best way out is to make use of their traditions and group them into sub-federations. History tells us that most of the Kathiawar States were once subordinate either to Junagad or Baroda. The Rajput States have a traditional respect for Udaipur, the Maratha States for Kolhapur and so on. The bigger States like Kashmir and Mysore can stand out by themselves, perhaps absorbing some of the smaller ones within their range. These groups are not to be there only for purposes of election of delegates to the Federation as at present but also for administrative purposes. Only the other day some of the smaller Kathiawar Princes have expressed their willingness to federate with Baroda. Even now at Rajkot and Ajmer appellate courts are common to many States. Educational inspectors of neighbouring districts control in some measure the educational departments of several States and the Universities do likewise with their High Schools and Colleges. It would not be quite easy at the present moment to develop many more common administrative agencies, but the tendency can be encouraged. If, for instance, some of the departments involving the use of Princely prerogatives are for the present reserved under the exclusive control of the individual Princes and others, like the nation-building departments of the Montford Reforms, are transferred to sub-federal control, a kind of diarchy is capable of being worked out and the Princes, once they get used to it, may transfer more departments from the reserved to the common list. From the very beginning the common departments should be entrusted to a ministry, first responsive and later responsible to a common legislature. One house of this legislature being composed of elected representatives of the peoples of the States, the other composed of the representatives of the States as such. The German Federation of the days before the War of 1914–18 may serve us as a model. The President of the sub-federation may be either the Prince traditionally the most honoured of all, or if there are more than one who lay claim to that position, it may be shared by rotation amongst them.

This common ministry will solve many of the problems of the smaller States. By pooling together their resources, they can have efficient administrators on adequate payment. This would no doubt be very welcome to the subjects and I am sure to many of the more progressive Princes. Once the ministers are selected, they will be the instruments of the common will of the Princes and their peoples and as such will *ipso facto* be free from the whims and idiosyncrasies of individual Princes and would certainly be an improvement upon the present position. The Princes would not complain for they would have a voice in selecting the administrators as nominees of the group.

Responsible Government in the States will be secured if only the peoples of the States and the politicians of British India recognise the inevitability of gradualness. Some of the more progressive Princes have already moved in that direction and I am sure their traditional loyalty to the King-Emperor, if properly evoked, may reconcile them to do for their own subjects what their suzerain has done for his British Indian subjects.

If in the All-India Federation any decent weightage that is demanded by the Princely order is given them with the proviso that these extra seats may be filled only by those States who proclaim responsible government as their goal and have taken certain minimum steps by way of first instalments, a great step forward will have been taken. Britain can lend a hand here by using all her moral pressure in favour of responsible government. The representatives of these groups in the All-India Federation will again be free, like the ministers in the sub-federations, from the 'palace-intrigues' of individual Princes and will thus be more open to arguments and compromises than the nominees of individual Princes.

It is calculated that these groups should not in size be much smaller than the smaller Indian Provinces and in number should not exceed twenty or twenty-five. These with the British Indian Provinces, large and small, would be comparable to the number of States in the U. S. A. and would secure in a large measure uniform administrations over large areas—

without which no modern democratic nation can be sustained. The Princes have already accepted in principle the division between reserved and transferred subjects in the case of the All-India Federation, and the sub-federation in my proposal only carries the principle a stage further. Thus there is no inherent difficulty in the Princes being prepared to accept it. Already in the case of the States of Bundelkhand some such scheme is being worked out, so far as the transferred subjects are concerned, by the Agent to the Governor-General for that area. If the Crown-Representative vigorously pursues it and similar schemes in other suitable groups, the solution of the problem of the Indian States would be in sight and it would be such as to be acceptable to all concerned. Politicians in British India have to reconcile themselves to the rise of these States into a conservative Party in India for it is in their nature to be nothing else but a conservative force. Sooner or later, I have no doubt that even the Princes will come to recognise the necessity of there being a Radical Party in India much in the same way as the two Parties in the United Kingdom are reconciled to the existence of a two-party system as almost a necessity for the successful working of a Parliamentary System of Government in their country.

The present war has thrown into the melting pot, the whole of the Indian constitution of 1935. The visions of a new world order are reconciling men to changes on a large scale. The new British democracy that will arise out of the fusion of social elements in England, will be far more sympathetic to the political aspirations of India than it has hitherto been. Would it be too much to hope, that the Princes and the peoples of both the Indias would rise to the occasion and solve the very intricate constitutional problem of this country? Once this question is out of the way, the energies of the Nation can be turned fully to the many social and economic problems that are urgently demanding attention. Quarrels about the machinery of administration must, in my view, be subordinated to the solution of the vast problems of a sub-continent.

R. H. KELKAR

FOUNDATIONS OF POLITICAL SCIENCE

I

Political Science has established its claim to be an independent intellectual discipline. The institution of University Chairs and endowment of research in it have set the seal of academic as well as popular approval to that claim. Yet the way in which this 'science' has been taught and studied remains substantially what it was when no separate place was accorded to it in the scheme of social sciences. Philosophy, History and Jurisprudence with which it was formerly associated in varying degrees have still maintained their hold on its methods and conclusions. The result has been the disappointing one of having a separate science whose field is not clearly distinguished from that of other studies and whose scientific value is highly questionable. This essay is a search for (*a*) a reasonable delimitation of the subject-matter and (*b*) a scientific foundation for the study of Political Science.

II

Broadly speaking, present day Political Science falls into two main divisions: Political Philosophy, and what we may call, Descriptive Politics. Political Philosophy includes what is known as political theory, and deals with an ideal set of relationships between the State and (*a*) the individual and (*b*) groups of individuals, based on an explicit or implied scheme of ethical values. An attempt is made in its exposition to find out the conditions of an ethically valid basis for the authority of the State. This generally takes the form of postulating certain ends or purposes[1] to be fulfilled by the State; and building on these postulates a more or less elaborate structure of governmental functions, powers and institutions.

1. "Political theory is primarily concerned with the purpose or purposes, which man proposes to himself as a moral being..... It is a study of ends .... and since ends have supreme value, and determine the value of other things which serve as their means, it is a study of value or values." E. Barker, *The Study of Political Science and its Relation to Cognate Studies*, p. 39.

Political theory is often reinforced by reference to the history of political ideas. The latter is a record of past political theories from Plato onwards. A good deal of labour is spent on its study with a view to understand the schemes of political relationships put forth by thinkers in the past. Most of these thinkers seem to have set out on their intellectual journey through political life with the determination to reach a Purpose or End of social organisation. Not only that, but they all seem to have had a perfect knowledge of their respective destinations, though none was fortunate enough to have reached his. Having fixed the destination and endowed it with such pleasing aspects as they fancied, their only concern was to seek a suitable means of transportation. But not all of them bothered about this last, and those who did invariably failed in the attempt.

The outcome of this process has been a vast and growing mass of literature which in the variety of the ends treated and means suggested, and, in many cases, in the beauty of the language, makes highly interesting reading. All kinds of ideals from a vague "good life" to the sordid "preservation of property," and all manner of means from the dictatorship of a single individual to a democracy based on full equality of opportunity, have been expounded with great learning and forceful argument. The wide disagreement among political theorists on these issues which they would regard as of fundamental importance to political science makes nonsense of the term "science" as applied to their study.

The growth of Descriptive Politics, the other division of present day political science, is of comparatively recent origin. It deals mainly with the machinery of government. Along with the executive, legislative, and judicial organs of government, it considers such usually extra-constitutional institutions as the Electorate, the Party System and Public Opinion. It discusses the relationship between the different organs of government by classifying States into parliamentary, presidential etc. It examines the relations between the governments of different geographical areas within a State as when States are classified into unitary and federal. Comparisons are

instituted between different systems of government, and differences and contrasts as well as points of similarity between them are explained in terms of conditions, historical, economic social etc., peculiar to each system. There is a tendency, latterly, to study the historical development of governmental institutions like the Civil Service, or of some great office like that of the American President, with a view to throw light on its present position and future prospect.

This branch of political science differs from the first in that it studies political phenomena much more objectively. It tries to put in place the numerous facts concerning government, and to present, as it were, an instantaneous picture of the governmental process. But beyond that it does not go. It does not, for instance, explain why the governmental process is what they describe it to be.

Nor is that all. For there is an area of present day political science which overlaps the two divisions considered. It includes discussions which take the form of suggestions for the improvement of current institutions of government. Here, in the light of political theory and descriptive politics, the political scientist comes out with his plans for a better political order. The consequence of this activity is, for political science to become a queer mixture of facts and ideals and for the scientist to gain a precarious position as crank and pundit. This mixture of facts and ideals is also responsible for the necessity and justification which some political philosophers have claimed for the powers that be to continue unchallenged on their authoritarian road.

In all this, despite professions to the contrary of some political scientists, the subject matter of the science is too closely circumscribed by the almost exclusive attention paid to the State and its accessory institutions.[2] There are, besides the State, a number of other human associations which raise more or less similar problems of organisation and control. Yet it is more by way of an after-thought than as an integral part

2. "Political science concerns itself with the life of men in relation to *organized States*" (Italics mine), Laski, On the Study of Politics, in *The Danger of Being a Gentleman*, p. 33.

of a comprehensive problem that these associations are treated in present day political science. That renders the science impotent of offering an adequate explanation of political phenomena in comparatively backward societies, and makes the scientist prone to ignore the often highly organised non-political associations in organised States.

The impression left on the student's mind after undergoing a course of instruction in these branches of political science can be summarised in the following propositions: that the political theories propounded by even professed realists are but elaborations of certain *a priori* notions of the moral ends of human existence; that since the acceptance of any end is arbitrary and has to be taken as an axiom, the study of political theory cannot furnish any logical ground for arriving at any one end in preference to another; that every system of government can find equally tenable philosophical arguments in its defence; that the actual organisation is never what it ought to be, without knowing why that has remained so; that political science becomes, in effect, largely a defence of or, more frequently, an attack on existing social relationships and institutions according to the prejudices of the scientist; that where institutions are subjected to an objective analysis, the results of these analyses are too uncoordinated to warrant even a tentative statement of tendency regarding political institutions as such; that there is no agreement over the methods used for the selection of the relevant aspects of a given institution thus analysed, enabling the same phenomenon to be differently regarded by different political scientists; that the scientist is weighed down with excessive pre-occupation with the State leaving other forms of social organisation almost completely outside the purview of political science; and finally, that there is nothing like a political science which attempts to summarise in terms of general propositions the numerous facts concerning a particular aspect of human behaviour in society.

It is not possible within the short compass of this essay to cite instances from the literature of political science in support of the above statements. But a study of such books

as Professor Laski's *A Grammar of Politics* and *the American Presidency*, Professor Sabine's *History of Political Theory*, Professor Beard's *American Government and Politics*, and Dr. Finer's *The Theory and Practice of Modern Government*, to mention only a few among the classics of present day political science, is enough to substantiate them.

III

The question which in the present state of political science most naturally occurs to one's mind is: Is it possible to think of a science of politics in any sense other than the one in which it is undersood today? The answer to that question depends largely on the answer to a more fundamental question about the possibility of *any* 'scientific' social study.

For it has been contended that the behaviour of man in society is such a complex process involving a great variety of influences, that no single act of behaviour can be explained with reference to any well-defined cause or causes. An act of behaviour is the result of all kinds of conscious and unconscious factors from a highly developed reason to pure instinct. How is it possible to isolate the influence of these factors? Much less is it possible to establish a causal connection between them and the act with any degree of precision. Besides, there is the influence of Will. If man were merely to react mechanically to certain stimuli, it might be possible with some effort to establish a measurable causal connection between the reactions and the stimuli by observation and induction. But such a behaviouristic view of human conduct is not tenable because of the purposive character of man's actions. And since the determination of purpose depends on the operations of a free Will, the analysis of conduct based on them is either futile or constitutes a denial of the freedom of Will.

But the development of social studies during the last hundred years and more have exploded these 'free Will objections' to the possibility of social sciences. That social phenomena are more complex and less controllable than natural phenomena is obvious. But that does not preclude the possi-

bility of simplifying the former by a process of abstraction. By concentrating on certain aspects of social behaviour to the exclusion of others, it has become possible to build generalisations about the tendency of conduct under the abstracted conditions. Thus the science of economics takes as its province human conduct in the distribution of scarce resources as between alternative uses. Isolating and studying this aspect of human conduct, it becomes possible for the economist to arrive at certain broad causal connections between conduct and scarcity relationships. Since, however, the application of scarce means to alternative ends is not the only aspect of human behaviour, the economist cannot, with the use of his analytical technique, predict human conduct in its totality. Nor can he lay down norms of behaviour, because the scientific foundations on which he bases his conclusions only partially correspond with the foundations of actual human conduct. His science, besides, does not furnish him with a tool for testing the validity of alternative *ethical* ends which are inseparable from policy. To say this, is not to deny the right of the economist to be also a good citizen. But even a good citizen cannot claim scientific, that is to say, necessary, validity for conclusions which are not warranted by science. Subject to these limitations on hasty generalisations from incomplete data, there can be no doubt that the science of economics has improved our understanding of the complex economic processes in actual life. This has been rendered easy by one important factor which is common to all but a very narrow sphere of social phenomena. That factor is the evening out of variations in the conduct of different individuals in the process of its interaction. The resulting social manifestation of conduct, therefore, does not change as much or as frequently as individual reactions to a given situation are likely to do.

The science of economics, in spite of its imperfections, has demonstrated that it is not impossible to have a social science which is really scientific in that it confines itself to objective analysis and inductive reasoning, leading to the establishment of reliable statements of tendencies. There seems to be no reason why other branches of social study should not profit by its example. Any aspect of human conduct which

manifests itself as widely, in space and time, as the economic aspect should be similarly capable of abstraction and analysis. Indeed, it is conceivable that, in course of time, as newer and newer aspects of human conduct are brought under scientific scrutiny, the whole complex of social phenomena will have been scientifically treated, and out of these specialised studies some genius might build up a unified science of society — the real sociology. That distant dream, however, can be realised only through approaching social phenomena as objectively as we can; so much so that the degree of objectivity will be a measure of our advance in that direction.

IV

The aspect of human behaviour which political science can legitimately study arises out of the gregariousness of man. It is a matter of common experience that human beings live in association with their fellows. Such has been the power of this urge for company that human life is unthinkable except as some kind of social existence. There is a fundamental sense in which man is born into society. I use 'Society' in a very wide sense. It includes any degree of relationship between two or more than two individuals. An isolated man does not give rise to society. Nor do two individuals stranded on a lonely island, each ignorant of the presence of the other, give rise to society. For the essence of society is not to be found in mere number; it is rather the existence of some community between its members. The range of that community is almost infinite, from the community between two passers-by on a public highway to the community between the members of a Jesuit society. The kind and degree of the relationship between the members of a society clearly depend on the character of the community which gives substance to that society.

Out of society thus conceived arises the need for organisation. For the relationship between the members of a society exists only so long as the forces of its disruption are held in check. A method of regulation and control of the society with a view to check these forces, both within the society and outside it, therefore, becomes indispensable. Hence the need for some kind of coercive agency. In the last resort this

coercive agency drives the disruptive forces out of the context of society. Hence also the need for submission on the part of the members of the society to the method of control. If that submission is not forthcoming as a matter of course, the society cannot hold together. Either it must disappear altogether; or it must rearrange its set of relationships, to the method of controlling which submission is forthcoming. Organisation thus implies three things: (a) the method of regulation and control of relationships in a society, (b) the existence of a coercive agency, and (c) the need for submission. In any society, whether it be a family or a class of students, a social club or a political party, the problem of organisation is essentially the same. The relationships among its members may be continuous or intermittent, the coervice agency may be an armed force or an established tradition, the submission may be voluntary or based on fear for the time being. But without the presence of these three elements no society can exist.

The task of the political scientist is to study the organisation of different societies with reference to these three elements. It will be seen that though the basic elements of social organisation are everywhere the same they manifest themselves in different ways in different societies. The aim of the political scientist in objectively studying the methods of regulation and control of social relationships and the nature of the coercive agencies and the acts of submission is to seek for general principles of organisation. Given a certain social relationship, it should be possible, as a result of the study of political science, to lay down in outline the organisation necessary for maintaining it. That is to say, a kind of organisational equilibrium must be arrived at with reference to a given relationship by the application of the technique of analysis developed by the political scientist.

The method to be followed in studying the organisation of human society is that of the observation and analysis of actual organisations. The family and the church, the trade union and the state—all typical instances of society must be subjected to critical examination. The fact that all of them arise out of the needs of social existence places them on

similar foundations in human nature. The fact that all are confronted with the task of organisation give them an essential unity. The variations in their organisation, falling under the three elements, can be correlated with the nature of the social relationship they embody.

In view of the numerous instances of organisation buried into the past, and in view of the essential unity of the problem at all times, the political scientist must study the history of social organisation. History must be regarded as a vast laboratory of human conduct in the organisation of society, from which the scientist can pick and choose with advantage. Moreover, history supplies a number of instances that are gradually modified in course of social development. So that, the scientist can analyse the changes in organisation corresponding to the changes in a given society's character. This is one way of applying, though imperfectly, the method of controlled experiment which is otherwise not practicable on a large scale in social sciences. History thus will once again become "the root of political science". It is significant to note that present day political science does not give its due to the large mass of political facts embedded in history. Its protagonists even speak of a valid theory of politics which has no definite basis in history![3]

The new approach means a complete break from present day political science in so far as that is concerned with the evaluation of social relationships. But tradition dies hard even in the domain of the intellect. The path-breaking attempt to build up a positive science of politics made by Professor Catlin[4] ten years ago met with a cold response from his fellow-scientists. His efforts to lead the new movement of thought merely resulted in isolating him from the main drift. A learned reviewer of his book, while admitting the value of Professor Catlin's work, yet asserted that "political science for some time to come will have to concern itself mainly with the traditional subject matter (the state and machinery of

3. E. Barker, *op. cit.* p. 15.

4. G. E. G. Catlin, *The Science and Method of Politics* and *Principles of Politics.*

government) for a very practical reason. There are a multitude of problems within the strictly governmental sphere for which the assistance of a systematic study of limited scope is essential"[5]. It has been a part of the tradition of present day political science to disparage objective analysis of political institutions when it cannot be fitted into the old frame of the State. But that must be changed. As far as possible, an attempt must be made to apply the methods of the natural sciences to the study of social phenomena. It is these methods which will ultimately open up the secrets of social behaviour as they have opened up the secrets of nature to the human mind.

In the objective political science here emphasised, the evaluation of social relationship has no place. Nor is this approach consistent with too much preoccupation with the State. All other associations which give rise to social relationships, like the church and the trade union, will be considered equally with the cabinet and the parliament as instances of organisation. The scope of political science is thus at once enlarged and restricted by this approach. It is enlarged because every act of organisation is brought within its purview, whatever the purpose of that organisation. It thus becomes coexistent with human life in society. It is restricted in that it is shorn of its moral pretensions which cannot be objectively examined. Political science, conceived in this manner, as a science of the organisation of society in the widest sense, will then be in a position to claim a truly scientific foundation. It will be a positive science, not a normative one. It will explain how society is organised. It will do this through enunciating a series of laws or statements of tendency. These laws will also indirectly enable us to save ourselves from many a pitfall, created by the desire to achieve the impossible, in the way of social organisation.

V

In view of certain patent criticisms of all attempts to build up a positive social science, the last point needs greater attention. It is often held by supporters of the normative

5. *Political Science Quarterly*, Vol. XLII, p. 620.

approach to social sciences that on the social scientist rests the burden of supplying a correct guidance to the statesman and the legislator in the policies they launch. Therefore, the social scientist must always so order his studies as to be of practical utility to the community. He must not shrug his shoulders and say to the politician: "Well, you see, I can tell you how you can achieve a given end in the most rational manner, but please don't press me to give my opinion on the validity of the end you have chosen. I have, of course, my opinion on that, but that is not based on the study of my science". Such frank admission of the limitations of one's study is shirking social duty! The scientist's duty, on the contrary consists in rushing into the arms of the politician and advising him as to the policies he should follow; not because the scientist as a citizen feels greatly on a certain matter, but because he studies a science which is concerned with certain aspects of the social phenomena affected by these policies. On top of it, he must proclaim that the science he has studied demands those policies for the honour of man, and the glory of God! To a certain extent the scientists are themselves to blame for this erroneous view of the efficacy of departmental studies in providing solutions for problems only partially within their scope. The all too facile way in which many social scientists play the Oracle of Delphi is a great disservice to the advancement of science.

The results of the fulfilment of this social duty have been devastating. Since social policies cannot generally be tested by reference to any single social science, two scientists working in the same branch of study often prescribe diametrically opposite solutions to the same problem. The layman is shocked at this exhibition of scientific accuracy and comes to distrust the science itself along with the particular scientists.

Not that science cannot lend any guidance to the solution of practical problems. The most important respect in which it does so is by pointing out the limitations of a given policy. The laws it propounds, even though they are no more than statements of tendency, do give an idea of what is capable of attainment within the limitations of a given situation. It can

lay its finger on those policies which are inconsistent with these tendencies in the manifestation of social phenomena. To be able to expose errors involved in the calculations of politicians and reformers is no mean service to the community. The fate of the celebrated "A + B Theorem" of Major Douglas and his 'Social Creditors' is a recent illustration of how science, even a positive science, can play its part in practical affairs without slipping into a normative costume. The fact that the Province of Alberta in Canada ignored the 'economists' and went ahead with social credit schemes and had to beat an inglorious retreat shortly afterwards, is symptomatic of the greater distrust in science than in such crankish schemes.

It is, however, unthinkable that present day political science can do in respect of any scheme of government what economics did to the A + B Theorem. The political scientist today has no body of laws concerning the organisation of government which can indicate the limitations of the human or institutional data within his observation. This deficiency offers a chance to the political exploiter to benefit at the expense of the community. The absence of a science makes for a large number of pseudo-scientific methods of social organisation which cannot be subjected to a scientific scrutiny. Germany, Italy, France, India and the United States supply some of the most recent illustrations of the resulting anarchy in the realm of political organisation.

There is yet another aspect of the problem of organisation, viz., the necessity of adjusting it to an ever changing scheme of social relationships. That it has not been possible to solve this aspect of the problem is obvious from the turmoil and confusion in which the present war has thrown European society. One at least of the reasons for this failure must be sought in the lack of an adequate basis for the determination of the scale and content of the necessary adjustment. This was a spot where a science of politics would most certainly have thrown some light. For it is a condition of the success of conscious control that there must be an adequate knowledge of the relevant factors to be controlled. A knowledge of the principles of social organisation based on the objective study of society is the only way to introduce such control.

It appears in the light of the foregoing discussion that the bewildering confusion which exists in men's minds as to the possibility and potentiality of a science of politics is the result of certain habits of thought which are a dead weight on clear thinking. The chaos of competing political philosophies and methods of organisation in which human society has been landed at the present moment is due not so much to there being too much of political science as to its complete absence. The conclusion that ' Politics can never be a science, it is an art,' which has been arrived at by some students[6] is only half true, the grain of truth lying in the second half. At the present moment politics is largely an art —and belongs to the Subjectivist school ! The present state of world affairs explains its inner significance. But it is wrong to suppose that it can never be a science. Its impossibility would mean a repetition of the present anarchy and an indefinite prolongation of insecurity and misery. The trend of other social studies does not justify this dismal prophecy.

S. V. KOGEKAR

6. Cf. J. A. Spender, preface to *the Government of Mankind.*

BASIC PRINCIPLES OF MINIMUM LIVING WAGE

(With special reference to Indian Conditions)

Growing importance of the Minimum Living Wage problem in India :—The question of a minimum living wage, which is now the basis of the wage structure in several civilised countries of the world (e. g. United Kingdom, U. S. A., New Zealand, Australia etc.), is receiving increasing attention in this country since the adoption of a draft Convention on minimum living wage by the International Labour Conference in 1928, more particularly during the last few years since its inclusion in the terms of reference to the Textile Labour Enquiry Committees appointed by the Governments of Bombay and United Provinces. It is but natural that the possibility of the application of the principle of a minimum living wage to workers employed in other trades should also be considered.

In the first place, it is desirable to elucidate the basic principles of a minimum living wage and then examine the special circumstances which must be considered in the Indian background.

Object of fixing minimum living wage :—The object of fixing a minimum living wage is to prevent the sweating of labour and raise wages in trades where payment is unduly low, either owing to overcrowding or exploitation of labour or lack of collective bargaining. The underlying motive is to secure in some measure social justice in labour conditions and support steady and frugal workers. The growing class consciousness among the workers themselves has added greatly to the urgency of this problem. Minimum wage legislation may also have certain secondary objects such as the development of organisation among workers and employers and prevention of trade disputes.

What is a Minimum Living Wage? :—It is by no means easy to define the basic or minimum living wage. The laws in

the different countries regarding minimum wage are not uniform and the definition of a living wage is hedged in by several qualifications which are incompatible with one another. The fundamental criterion is the minimum amount necessary to provide adequate maintenance and to protect health and efficiency of a worker and his family. According to this standard, the minimum wage of an adult male worker should not be less than is sufficient not only to maintain himself but also his wife and (2 to 3) unmarried or minor children in a fair and average standard of comfort. The standard of life, however, is a very elastic concept and varies from country to country, class to class and occupation to occupation. It is also a dynamic concept and varies from time to time. In general, subject to the above limitations, a reasonable standard of life should mean the provision of not only sufficient food and nourishment but also other necessaries and such other social services and amenities as education, care of health, amusements and recreation. It should also include provision in the way of saving for old age and future needs. The living wage, so defined, can serve as the foundation for creating a complex super-structure of minimum wage rates for various occupations and grades of skill. Rates could then be fixed up both on the time and piece wage systems. There should be a fixed time wage for all the workers ensuring a minimum living wage. Additional payment may be given for extra work done according to piece wage rates.

Method of determining minimum living wage:—The real wage received by a worker consists of the quantities of food, housing accommodation, clothing, fuel and lighting and other commodities which he can buy with his money wage. As an essential preliminary to the fixing of a minimum wage it is necessary to compile a budget of the necessary commodities. The money cost of the commodity budget may then be calculated at current prices and the figure thus arrived at would indicate the living wage.

(i) *Ideal or theoretical commodity budget enquiry*:—The commodity budget may be determined either by the theoretical method or the family budget enquiry method. Under the former method estimates are made of the number of calories

(i. e. energy units to be used up in supplying the human body with warmth and motive power) required by adults of either sex and also by children of different ages. An analysis of the caloric values of the different kinds of foods indicates the minimum quantity and range of food stuffs required to provide the number of calories to a family of a given size. For housing, the amount of accommodation is determined mainly according to the principle of so much cubic feet of air required for preservation of health. In the case of other groups of expenditure, estimates are based on the habits of workers and not on theoretical considerations. Apart from this limitation of the theoretical method of determining the commodity budget, it has the further defect that so far as food is concerned, the caloric value of different commodities does not in practice determine food consumption which is very largely dictated by tastes and habits. Moreover, the minimum amount of calories could be provided either by a few cheap articles of food or a variety of expensive commodities. It should also be borne in mind that an occupation which entails considerable muscular effort necessitates greater consumption of staple foods than an occupation of a lighter kind.

So far as the question of caloric value is concerned hardly any satisfactory data are available in India owing to the paucity of enquiries into the theoretical adequacy of food requirements (see however Appendix I). In these circumstances, it has been suggested that the diet prescribed for prisoners of the 'C' class in jails may be considered as the minimum necessary for health. It should be noted in this connection that the ordinary jail diet of Bengal provides for a caloric value of 3,508 per day. According to expert medical opinion in India a standard diet suitable for an Indian of average build and weight doing moderate work should be approximately as follows :

Proteins, 90 to 100 grams (3 to 3½ oz.); Carbohydrates, 360 to 450 grams (12 to 16 oz.); Fat, 80 to 90 grams (3 oz.); Salts, 20 grams. Caloric value 3,000.

The irreducible minimum requirements of clothing and housing for an adult worker in India have been estimated at

30 yards per annum and 100 square feet respectively. It is noteworthy that the average per capita consumption of cloth in India is about 15 yards per annum, i. e., about half the minimum thought to be necessary. As regards house room, section 379–A of the City of Bombay Municipal Act of 1888 lays down 25 square feet as the minimum floor space and 250 cubic feet as air space for an adult, and declares a room overcrowded if this requirement is not fulfilled. This means that as many as four persons can legally stay in a room which is 10′ × 10′ in size. (Report of the Rent Enquiry Committee Bombay, para 23). The Bombay Jail Manual adopts a more liberal standard by prescribing 40 sq. feet floor space and 560 cubic feet as air space for a prisoner. The Bombay Rent Enquiry Committee also recommend that the floor space for a person should not be less than 40 square feet. The standard adopted in England is still more liberal, since it permits only two persons to occupy a floor area of 110 square feet. All this shows that there is a great gap between the ideal and the actual. Indeed, such a disparity is found even in the advanced countries of the West.

It may be pointed out here that in determining minimum living wage the supply of free amenities of life, either by the State or public bodies like the Municipality, such as free education, medical aid, free milk to children, free reading rooms and libraries, concessional rents, etc. should be considered. On the other hand, essential social and ceremonial expenditure has to be provided for although efforts should be made to educate the workers in favour of keeping down such unproductive expenditure.

(ii) *Family Budget Enquiry method*:—The second method of compiling the commodity budget as the basis of a minimum living wage is the family budget enquiry, which is, in practice, found to be more satisfactory than the theoretical method. A representative sample enquiry into family budgets supplies information regarding the actual quantities of different commodities consumed during a given period together with the house rent. The family budgets differ from class to class in accordance with varying standards of living. Information regarding the families of unskilled workers serves as a more

useful guide for fixing a basic wage. The authorities responsible for fixing the minimum wage may however fix a wage higher than the wage indicated by the family budget enquiry more or less arbitrarily with a view to improving the standard of living. It must be frankly confessed that the elastic character of the living wage introduces an inevitably arbitrary element and may be considered as the chief defect of the living wage concept. The terms used in this connection such as a 'fair' or a 'reasonable' standard of living are very vague and make accurate estimates well nigh impossible.

Family Budget Enquiry in Bombay City:—In this connection attention may be invited to the several enquiries which have been made from time to time into working class family budgets by the Labour Office in Bombay. The principal items of group expenditure included in the family budget for these enquiries were food, cereals like rice, wheat and millets, pulses and other food articles like sugar and refined tea, milk, ghee, vegetables, oils, etc., fuel and lighting, house rent, clothing, umbrellas, shoes or sandals, bedding, household necessaries and miscellaneous items such as toilet, medical treatment, pan-supari, bidi, liquor, amusements, travelling etc. (See Appendix II). The figures thus made available may prove to be of some use in fixing the minimum wage. Such an enquiry is also necessary for indicating the size of the family and the percentage of earners and dependants. (See below pp. 102–3).

The minimum living wage in relation to national income:—It is necessary to emphasise here that since wages are paid out of the national dividend or income, the minimum living wage, which constitutes the basis of the wage system in the country, is determined by the productivity of the community as a whole without taking into account the prosperity of individual establishments or trades. Unfortunately, as the per capita income in India is low, the above economic principle is bound to depress the figure that may be chosen for the minimum wage. This, however, raises a very wide issue, and all that can be said here is that the raising of the national dividend is necessary to increase the minimum living wage for the nation.

Other factors which may influence the minimum living wage:—It may be added that the working of the minimum wage principle is modified in practice by certain factors such as the capacity of industry to pay a living wage, or the relation to the wages of workers in allied trades, or the average wages paid in a large number of industries. In so far as the capacity to pay the wage may be considered it can only be the capacity of industry in general and not of each industry or establishment. Expediency rather than justice is often the motive of such a mixed wage policy. In India the grant of a minimum wage is opposed by employers on the ground of inability of the industry to pay the minimum living wage. While there are undoubtedly difficulties in the way of introducing a minimum living wage this contention cannot be accepted as a valid enough excuse for its indefinite postponement.

Adjustment of living wage to changes in the cost of living:—Since wages are paid in money it is necessary to allow for changes in the purchasing power or value of money i. e. changes in the cost of living brought about by variations in the prices of commodities and services. This can be done by compiling a cost of living index like the one published every month by the Labour Office in Bombay. The money wage rates may be revised from time to time according to the changes in the cost of living index in order that the real wages of labour should not be lowered.

Some problems regarding the living wage:—

(i) *Size of the family.* We may now consider some problems that arise in connection with the fixing of a minimum living wage. One of the questions thus raised is the composition of the standard family in relation to which the living wage standard should be fixed. One peculiar feature of the social structure in India, especially so far as the Hindu population is concerned, is the existence of the joint family system. The Labour Office Enquiry (1932–33) into the working class family budgets in the City of Bombay divides families into two classes: the natural families and households. The natural family includes persons who, generally speaking, have a right

to be fed, housed and clothed by the head of the family, i. e., the wife and unmarried children of an individual. The joint household on the other hand, is any group of relatives living together as one household. It appears that the joint family system is by no means universal among the working classes in the Bombay City, since slightly over one-third of the families are households. It is, therefore, suggested that the basic living wage rate may be determined with reference to the natural family. The average number of persons residing with the family in the city comes to 3.70 consisting of 1.33 men, 1.26 women and 1.11 children under 14. In addition 0.65 persons are dependant upon the family although they live away from the family. Thus the economic responsibility of the head of the family pertains to 4.35 persons.

(ii) *Workers and dependants*:—An allied question is that of the workers and dependants in a family. The Bombay working class family budget enquiry shows that out of 3.7 persons, 1.53 were earners and 2.17 dependants. Of the 1.53 earners 1.19 were men and 0.33 were women. It is noteworthy that in as many as 71.43 per cent of the natural families, the only earner was the head of the family. It would, however, be simpler to neglect the earners in the family other than the head of the family and to consider each wage-earner to have to support an entire family. It is desirable that the head of the family should earn enough to maintain the family and that economic necessity should not compel the wife and the children to do outside work. The earnings of the wife and children are, moreover, uncertain and are not altogether desirable, having regard to the need for the mother to look after the household and for the children to receive proper education. It is necessary, however, that the wages of men and women should be separately fixed. A lower rate of wages for women seems to be in a sense inevitable—except where the work is of an identical character and involves unskilled labour—owing, among other factors, to the fact that women as a rule have to support themselves only, at any rate so far as conditions in the city of Bombay are concerned, and have hardly any dependants. It is noteworthy in this connection that out of the 1,469 families considered by the Bombay Labour Office in its enquiry into

family budgets in 1932–33 only in nine cases had female workers any children under 14 years of age to support and in no case was the number of dependants more than two.

Minimum wage-fixing machinery:—Various agencies may be used for fixing a minimum living wage, such as trade boards, central commissions, arbitration courts, legal enactments etc. The most common arrangement is a wage-fixing board consisting of an equal number of representatives of labour and employers and some independant persons of high standing and integrity. Such an arrangement is conducive to better relations between labour and capital.

Wages below the minimum:—In some cases it is necessary to allow the enlistment of workers on wages below the minimum living wage. This need is recognised by minimum wage legislation in different countries. In the first place, there are persons who belong to the class of sub-standard workers who either on account of their infirmity or physical injury or on account of age or some other defect cannot be regarded as average workers. If the employers are compelled to give them the minimum wage, considerable unemployment among their ranks may ensue. At the same time, it is necessary to issue permits carefully and to arrange for strict supervision of the procedure that may be adopted.

Finally, wages lower than the standard minimum wages have also to be allowed in the case of adult learners and juveniles during the period of their training. It is necessary, however, to limit the period of training and the number of such workers in any establishment to prevent abuse of such a concession by the employers.

The effects of payment of minimum wages on workers:—In conclusion, the reactions, immediate and ultimate, on the efficiency and well-being of the workers may be considered. The fear is expressed by several employers in India that, especially in the conditions of India, increase in wages secured by granting a minimum living wage is likely to be followed by adverse reactions, such as increased absenteeism and wasteful expenditure on vices like gambling and drink, instead of being benefi-

cial to workers owing to their illiteracy and backwardness. On the other hand, labour leaders and advocates of minimum living wage express the opinion that the grant of a minimum living wage will put an end to sweated labour, raise the standard of efficiency and generally increase the happiness of the worker and his family. It would also make for greater contentment of the worker and higher stake in life and would thus raise his economic and social status. Both these views are of an extremist character and exaggerate the adverse and favourable reactions respectively of the minimum living wage. While the employers' point of view refers to the immediate effects that may ensue, the other point of view is concerned with the long-range effects of minimum wages. It is feasible, however, to check the possible adverse effects and thus maximise the gains to labour, partly by paying part of the wages in kind in the way of certain amenities of life, preferably through an association of workers, and partly by carrying on an educative campaign among the workers for securing a rational use of their increased spending power. Spread of literacy would also be helpful.

Should it be decided to grant a minimum living wage the authorities concerned should keep the possible adverse reactions in view and take timely precautions against their occurrence. It may further be suggested that along with the introduction of minimum living wage a system of compulsory contribution to a provident fund by the employers should be established. The possibility of adverse reactions need not be a deterrent to the introduction of the new system of wages, provided conditions are otherwise favourable for its adoption.

It is also necessary to consider the effects of the minimum living wage on the employers and the community as a whole. The cost of production, especially of the marginal firms, may increase if the increase in wages does not bring about corresponding increase in efficiency. The rise in the cost of production may result in the loss of markets, particularly if the demand is elastic. It is also possible, however, that the higher cost may stimulate employers to go in for schemes of rationalisation. In any case, one favourable consequence of the

grant of minimum living wage would be the elimination of the marginal establishments which cannot subsist without sweated labour. Care should be taken to see that the wages are not fixed far too high lest such a course should result in unemployment of workers.

As regards the effects on the community as a whole it may have initially to put up with some increase in the cost of production and foot the bill for such unemployment as is caused by the grant of minimum wages. It would, however, ultimately gain both directly and indirectly.

While it may be admitted that the basic minimum wage must be within the reach of the great majority of the establishments the introduction of such a wage would set up a virtuous spiral and progressively raise the wage level in the country.

S. G. BERI

APPENDIX I

** Least Expensive Balanced Diet for an adult vegetarian belonging to the poor class in the City of Bombay.*

Group	Articles of food	Per day	Per month	At wholesale rates in Bombay
		Oz.	lb. oz.	Rs. as. ps.
Rice ..	Kani	11	20-10	0—7—5
	Konda (fresh)	1	1-14	0—0—8
Other cereals ..	Wheat, Bajri, Jwari, etc.	5	9—6	0—6—2
Pulses ..	Tur, peas, *Masur*	2	3-12	0—2—6
	Gram	0·8	1—8	0—0—10
Soya Bean ..	—	1·5	2-13	0—2—5
Oils ..	Sweet oil, copra	1·2	2—4	0—6—2
Fats ..	Ghee, Butter	0·75	1—7	0-14—1
Milk powder without ghee..	—	1·5 =15 oz of milk	2-13	0-14—0
Milk ..	—	—	—	—
Cake ..	Groundnut cake	0·5	0-15	0—0—6
Sugar ..	gur, refined sugar, raw gur, etc.	1·0	1-14	0—2—8
Carrot etc. .	Tomato, onions	3·0	5-10	0—3—6
Green vegetables ..	Cabbage etc.	6·0	11—4	0—6—6
Spices, salt ..	Chillies, pepper etc.	—	—	0—2—6
	Fuel	—	—	0—3—0
	Tea, Sweetmeats, Fruits	—	—	0—7—1
	Total ..	48·75	—	5—0—0

From this table it would appear that the expenses per month on food items for a family belonging to the poor class in Bombay amount to Rs. 17½ (Rs. 5 × 3½ adults). This figure may be converted into Rs. 19/- on the basis of retail rates since the rates mentioned in the Table are wholesale rates. The table in appendix II indicates that food expenses account for 46.60 per cent. of the total family expenditure. Accepting this figure as a rough basis it would appear that about Rs. 40/- per month would be the minimum living wage for an adult worker, who has to support a family consisting of himself, his wife and 3 children of the ages of 3, 6 & 9, that is, in all a family of 3½ adults. This is of course a very rough estimate and does not take into account the present prices nor the earnings of the other members of the family.

It may be added that the expenditure on diet for non-vegetarians is the same as for vegetarians, viz., Rs. 5/- per month according to the publication referred to above.

* Balanced Diet published by the Bombay Presidency Baby Health Week Association, with a Foreward by Sir Robert McCarrison, (Third edition, 1937).

APPENDIX II

**Average monthly budget of working class families in Bombay City (1932-33).*

Items	Average Monthly expenditure	Percentage of total
	Rs. as. ps.	
Food		
Cereals ...	7-12—8	16·95
Pulses ...	1—1—9	2·41
Other articles ...	12—8—5	27·24
Total, all food articles ...	21—6-10	46·60
Fuel and lighting ...	3—4—4	7·11
House Rent ...	5-14—3	12·81
Clothing ...	3—3—8	7·03
Umbrellas ...	0—2—0	0·27
Shoes or Sandals ...	0—3—4	0·45
Bedding ...	0—0—2	0·02
Household necessaries ...	0—0-10	0·11
Miscellaneous ...	11-12—4	25·60
Total expenditure on all items ...	45-15—9	100·00

* Report on an Enquiry into Working class Family Budgets in Bombay City (1935) conducted by the Bombay Labour Office from May 1932 to June 1933.

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THE PROBLEM OF UNEMPLOYMENT

(Among the Educated Classes in India)

The Problem of Unemployment among the educated classes in India—Middle-class Unemployment, as it may be alternatively called—has latterly become very acute. It is the subject of anxious thought and animated discussion everywhere. We sometimes hear of tragedies due to unemployment and consequent indigence overwhelming educated families; witness the poisoning of his wife and children by a lawyer and later on his suicide. Cases of extreme hardship and helplessness can be recalled from his own experience by any observant person. Unemployment has led to a wide-spread dissatisfaction with the present system of education and a demand for instruction of a severely practical character. Governments have also been forced to investigate the problem, and search for the means of combating it. The Sapru Committee's report on Unemployment in the U. P., may be regarded as typical of other similar attempts to envisage the problem in other Provinces. The Sapru Committee's Report reviews conditions of employment—or rather, unemployment—in different liberal and technical professions, and suggests measures for improving them. It also puts in a plea for the accelerated Indianisation of Central and Provincial Services at present partially or wholly closed to Indians. It further urges a policy of industrialisation with a view to afford scope for men with technical qualifications. That report has not much to say, however, and naturally too, about the essential character and root causes of middle-class unemployment. I propose to offer a few remarks on these aspects in the course of this article.

In a sense, middle-class unemployment is part of the wider problem of unemployment in general. It may even be questioned if it deserves to be separately dealt with. When the whole mass of the unemployed is fully absorbed into fruitful and remunerative occupations the middle-classes, too, will share in the good fortune. This, in the last analysis, is true

enough. But the middle class unemployment problem may well be studied as a passing phase.

In order to understand it properly, we must pose it against its immediate historical background. By "educated" classes, in the Indian context, we particularly mean those that have taken English education, carried it upto the matriculation standard or beyond. Education of a lesser degree than this may be considered merely as literacy. On the advent of British rule, such a huge demand for the services of English-knowing persons developed that for a long time, it may be said, the English-knowing as such, apart from every other consideration or qualification, were in a position to command scarcity value for their services. This continued to be the case, though in a progressively diminishing measure, for a long time. It was worth-while taking English education at any cost, because one was thus enabled to make one's fortune. Expense on English education was wonderful investment; it repaid itself a hundred-fold. Thus it was, that persons whose parents belonged to the lowest middle-class stratum or less, found themselves elevated to affluence through the magic of mere English education. English education did the trick; nothing else mattered: neither the intrinsic worth of that education, nor the economic worth of the services that the recipient was in a position to render. The valuation was arbitrary and overgenerous. No wonder then, if English education in every form and shape became the rage. It was the open sesame to middle-class fortune or at any rate to steady competence. The English-educated appeared to thrive and prosper in the midst of the nation's economic ruin. Indian industry might languish and die, and craftsmen starve; exports might ebb, imports swell and the country be drained of wealth; the whole population might be ruralised and the standard of life depressed; the old aristocracy might be impoverished and old learning pauperised: the smatterer in new learning forged ahead.

The crest was, however, passed by and bye and descent into the trough began. As early as 1880, we find Vishnu Sāstri warning young intellectual aspirants to fortune against too

confident an expectation of treading the rosy path ; they must be prepared for hard struggle and strenuous life. The day of the " discontented graduate " had dawned. Every year that has since passed goes on adding to the army of the discontented graduates in Arts, Science, Law, Medicine, Commerce, Technology, and what not ! The condition becomes more acute every hour : but the ranks of the graduates' army go on swelling ! ! What are we going to do about it ?

The answer to this query is clear enough. We are told that hundreds of candidates fight and jostle for one or two meagrely paid clerical posts ; that there are lawyers without number who have little chance of ever establishing themselves in practice ; and that holders of high technical degrees go without employment. The remedy would appear to be to turn young men away from these crowded fields to others that call for less intellectual equipment but more physical exertion ; that require lesser use of the tongue and the pen and more of the hand and the muscle. This, however, is easier said than done. The social respectability attaching to white-collared and soft handed occupations ; the lure of prize-posts offered by liberal professions ; the reluctance to accept back-breaking toil for one's share in life ; the prospect of a ceaseless struggle to make the two ends meet ; banishment from the higher social circles : such are the considerations that make it difficult for a young man to turn his back on the University Degrees, and apprentice himself early enough to the business of making a livelihood. He prefers to wait and postpone the crucial decision. In such a frame of mind he secures the Degree and joins the army of candidates for a few uncertain rewards.

There cannot be any doubt that compared with the number of ministerial, managerial, supervisory situations etc. that the present scale of economic development can sustain, there is an excessive number seeking for them. It is as if a number of grocers were seeking to deal in a small quantity of stores, or many members of a joint family were trying to be managers of a small ancestral estate. The primary need is a greater production of goods to go round, to be achieved by a nation-wide planning in that behalf. With increased activity in the field

of production, and resulting abundance of wealth, the demand for ministrant services of every kind will necessarily increase, and a high proportion of unemployment among the educated classes will disappear. The plan of regulating the number of entrants to the Universities and other institutions of higher technical and professional education has also been tried in totalitarian States. Such regulation must always present difficulties, and except in the case of the highest research-organisations is not to be favoured. But a close co-operation between industry and institutions of technical education is very essential. Educationists ought to know the technical requirements of industry and proceed to organise education with a view to meeting them as completely as possible.

Technical education alone cannot supply a complete or immediate cure for unemployment. A supply of skilled workers is essential but not sufficient for the rise of organised industry. Capital, business enterprise and State-support are other necessary factors. Every improvement in technical education is to be welcomed, however, because the resulting efficiency in production is bound to have an expansive influence on industry.

By way of practical advice to young men in regard to higher education, it may be said that, the days of proceeding to University education, whether liberal or professional, as a matter of course, are gone and past. The University Degree by itself is not to be depended upon to set one up in life. Secondary education must in these days be looked upon as the minimum equipment for a middle-class youth ; after it is over, the decision regarding the future must be taken by the student, with reference to his aptitude, and financial backing. University education certainly affords a good footing in life : but let it be remembered that great careers have been built up without the foundation of University education or any education at all.

P. M. LIMAYE

BOMBAY LAND REVENUE CODE (AMENDMENT) ACT OF 1939

Principles of L. R. Assessment

A well-known Irish bull tells of an order of the Irish Government. The order was that a new jail was to be built out of the materials of an old jail. But the prisoners were to be housed in the old jail itself till the new one was ready. I do not know how the Public Works Department of the Irish Government executed the order, if at all it was executed. Nevertheless it may safely be claimed that the Congress Ministry of the Bombay Province has succeeded in performing a similar curious feat. I refer to the Land Revenue Amendment Act of 1939 which the Ministry sponsored through the Legislative Assembly and which received the assent of the Governor on the 19th of October 1939. The Act is apparently amended. But the main principles of Land Revenue Assessment remain the same in effect. The Revenue Member himself admitted in the course of the third reading of the Bill that the principles of assessment were mainly the same as they were hitherto. He only claimed that they were made absolutely particular and definite by being put on the Statute Book. The Amendment Act shows the wide gap that subsists between the promise of the Congress Party regarding L. R. reforms and its performance. The demands of the people as to the reforms in the principles and the methods of L. R. Assessment in this Presidency are not satisfied and in spite of the popular Ministry the grievances of the ryot stand practically unredressed. Nor can the recommendation of the Joint Parliamentary Committee on the Government of India Bill 1919, be said to have been wholly accepted and fulfilled. The J. P. Committee distinctly stated that 'the imposition of new burdens should be gradually brought more within the purview of the legislature.' The Congress Party had promised fifty per cent. reduction of Land Revenue. But in the Act there is no provision for such reduction.

As early as in 1924, the Government of Bombay had appointed the Land Revenue Assessment Committee in

accordance with the wishes of the Legislative Council. That Committee submitted its Report in 1926. The Government of Bombay did not see its way to frame a Bill in consonance with the principal recommendations of the Committee. Some of the recommendations of the Committee were acceptable to the popular view. But that was perhaps the very reason why the Government did not choose to prepare a Bill based on them. Thus from 1919 to 1939 "the process of revising the Land Revenue Assessments" was being brought, to use the words of the Joint Parliamentary Committee, 'under close regulation by statute as soon as possible'!

The recent Act has adopted rental value as the basis of assessment and that is the chief defect in it from the ryot's point of view. As a matter of fact and principle net profits ought to be accepted as the basis. In this behalf the L. R. Assessment Committee observes in the Report (page 19, para 32): " Most of the non-official witnesses had expressed their opinion that the Land Revenue assessment should be based on the net profits of cultivation. This view was shared by several members of the Committee. The Committee by the casting vote of the Chairman have decided that it is not possible either to define net profits or to calculate, with any accuracy, the different items included in the cost of production."

Section 107 of the L. R. Code states: 'In revising assessments of land revenue regard shall be had to the value of land and, in the case of land used for the purposes of agriculture, to the profits of agriculture.' But in the actual assessments the profits were hardly ever taken into account and the Section remained a dead letter, to all intents and purposes. The L. R. Assessment Committee declined to adopt net profits as the basis and suggested the term 'profits of cultivation' instead of 'profits of agriculture.' Whatever it is, the rental value predominates in determining the assessment and even though there are no net profits, the assessment is levied. The Committee's contention that net profits are not exactly ascertainable, cannot stand to reason.

If profits of cultivation can be fairly accurately arrived at by deduction of expenditure on certain items, net profits must *ipso facto* be amenable to calculation. The objection of the L. R. Assessment Committee to net profits seems to be disingenuous, as it itself recommended that " the assessment should not exceed 25 per cent. of the profits of cultivation, *i. e.* gross profits less all the expenses incurred in deriving those profits." This means that at best there would be a few more items of expenditure added to the list drawn, for making up the expenses incurred in deriving those profits, by the L. R. Assessment Committee.

The recommendation of the Taxation Inquiry Committee in this connection is sure to be acceptable to the popular feeling. The Committee observes: " What the Committee would recommend is that for the future the basis of the Settlement should be annual value by which term they mean gross produce less cost of production including the value of the labour actually expended by the farmer and his family on the holding, and the return for enterprise, and that the functions of the Settlement Officer should for the future be limited to the ascertainment of this value on a uniform basis under such conditions as might be most appropriate in each province." In Madras, net profits are found out and assessment is levied on the same in practice. See what the Commission appointed to consider the question of the Permanent Settlement in Bengal has to say in its Report recently published. The Bengal Land Revenue Commission remarks as follows:— "The second principle governing the assessment is that having obtained figures for the gross produce of each holding, the net profit of each cultivator has to be estimated. Various deductions are made from the gross produce. To cover vicissitudes of seasons, and unproductive areas such as embankments and channels, a deduction varying from 6¼ to 25 per cent. is made; a deduction varying from 10 to 20 per cent. is made to cover the cost of cartage to the nearest market, and the difference between the local selling price and the retail price; and a deduction is made for cultivation costs, which include the seed, depreciation of cattle and agricultural implements, and the cost of manure and labour. When these deductions have

been made, and the net profit has been obtained, the Settlement Officer is in a position to fix the assessment on any holding ".

The Bombay Act ought to have accepted net profits as the only basis for assessment. In the formation of 'groups' of land fourteen items are detailed in the Act for consideration. They include some items covering a portion of the cost of production. But this cannot satisfy the people who want net profits as the direct and specific basis for L. R. assessment. Bastable in his authoritative book on 'Public Finance' says "The fairest and most productive land-tax is on the whole that which takes the net return as its standard." The L. R. Act of 1939 throws all these canons to the wind and retains the old Rental Value basis. The assessment is levied not on income but on yield. Agriculture in this Presidency is not paying, due to many causes. And hence the Land Tax presses very heavily on the ryot. The assessment in Bombay is the highest. The Finance Minister admitted the fact in his first Budget speech. The Andersonian tradition thus persists in the present Act.

I will not dwell on the minor defects in the Act. For instance, the L. R. Committee recommended that the limit of enhancement be fixed by Statute at the all round rate of 25 per cent. making no distinction between groups, villages or holdings. But the Act does make a distinction and carries the limit of enhancement of assessment of a survey number or a sub-division thereof to 50 per cent. I will leave aside similar deficiencies in the Act and deal with its second major defect. That is about the Legislature's control over assessments. The Committee observes: "In their opinion there should be statutory provision that all proposals for revision settlement should be placed before a Standing Advisory Committee consisting of six members, of whom not less than four should be elected non-official members of the Legislative Council, elected by that body itself.....They propose therefore that, if its (standing advisory committee) recommendations on any revision settlement proposals are not accepted by Government, the said proposals shall not be put into force unless the sanction of the Legislative Council is obtained. In the opinion

of the Committee it is essential that in a matter so vitally affecting the whole of the agricultural population of this Presidency, the ultimate voice in the matter of the enhancement of assessments should rest with the Legislative Council. They are aware that it is not possible for a large legislative body to go into all the intricacies and technicalities of a revision settlement proposal, but they think that after the proposed advisory committee has thoroughly gone into such proposals and discussed their details with the expert officers of Government, it is quite feasible to present the material facts of each proposal to the Legislative Council in such a form that the Council can come to a definite decision on the actual merits of every case."

This is the L. R. Assessment Committee's view and it is sure to meet with general approval. The new Act provides for neither of these things; there is no Standing Advisory Committee and there is no legislative sanction to every revised assessment. The Act only says that the settlement report is to be laid on the table of each Chamber of the Provincial Legislature and a copy thereof is to be sent to every member of each such Chamber. The said report is liable to be discussed by a resolution moved in each Chamber at its next following session. The report is not evidently subject to the vote and sanction of the Provincial Legislature. This means that the Settlement Officer's report will remain unaffected even by the views expressed by the people's representatives in the Legislature. The representatives may discuss and discuss the report and the report of the Government may still remain paramount!

In brief, in my view the new Act is vitiated by two outstanding drawbacks. The net profits basis is not accepted and the Legislature's sanction is not made obligatory. Besides these, there is no permanent reduction in assessment. The Act does not fit in with the declarations of the Congress Party; nor is it scientific in its basis. It cannot meet with the people's legitimate wishes.

D. V. DIVEKAR

POPULATION AND PROGRESS

Past and Present

1. In spite of the grave preoccupations of the Second World War the population question continues to occupy a very large portion of the public forum in all countries. In India the impending decennial census, the preliminary enumerations for which have already taken place, is awaited with almost bated breath. England, France, Italy and Germany, in the very hour of their fateful trial pine and strive for an increasing population. They indeed have cause for anxiety. Between 1922 and 1937 the birth-rate in almost all West European countries has fallen by 4 per mille, and the net reproduction rate in all of them, except Germany, is declining from year to year.

2. It seems from history that ancient and mediæval states were not free from anxiety on the score of population. Instances like those of the colonising Aryans in India, who prayed for a prolific progeny and as a rule arranged their social institutions so as to place a premium on a long and fruitful married life, may perhaps be treated as exceptional. They refer to the annals of populating new lands. But countries like ancient Rome, in its very heyday of power, felt that special steps were necessary to restrict celibacy and to promote large families. Taxing bachelors to pay for the rearing up of other men's children is by no means a modern invention. It has its counterpart in the population policies of Rome. Even the special efforts now made in Germany to encourage Aryan marriages were forestalled by the solicitude shown by the Roman Government to augment the dwindling numbers of the senatorial class.

3. During the later middle ages, when Mercantilist policies were widely adopted by European countries, an increasing population became an article of faith for the patriotic citizen. Not only by the natural increase of births, but also by immigration, numbers were sought to be augmented. Cheap and abundant labour supply in peaceful

times and powerful armies in days of conflict were intensely desired. Religious and financial aims, it is true, were mixed up with the pure desire to increase population. All the same, it is clear that nations of antiquity and of the middle ages strove for an expanding population, and in their effort laid under contribution almost all the devices suggestive of modern pro-natalist policies.

4. No less universal than the effort is, however, the failure in which it resulted. Italy, Spain, France—all countries in which intensive population policies were adopted exhibited dwindling or stationary rather than expanding populations. Among the higher classes small families were fashionable and among the very poor they were a necessity. As late as the middle of the 18th century a small family, comprising one or two children, was popular among the farmers of Japan. Abortion, infanticide and crude methods of birth restriction seem to have been widely followed. In the past, no less than in the present, a pro-natalist policy and a restrictionist society have often existed together.

In the Homeland of Malthus

5. This allusion to the failure of pro-natalist policies is bound to jar upon the susceptibilities of the Malthusians. An increasing population was for Malthus the natural course, and a special effort, he thought, was necessary to rouse the individual consciousness to the necessity of checking births. It would seem, in the light of wider and fuller experience, that restriction is natural and special effort is needed to rouse individuals to their responsibility in the matter of stocking the land. At any rate the recent experience of European countries contradicts all Malthusian prognosis.

6. Though in its amplified form the Malthusian Essay on Population claimed to have been based on the experience of almost all the nations, it is well-known that Malthus was first confirmed in his conclusions by what he knew of English population history, especially of the 19th century. In view of the almost decisive part played by the English population situation in the formulation of the Malthusian law, the following table for English population growth will prove interesting.

TABLE I*

England and Wales—Population Growth

Year	Total Population Millions	% of Natural Increase
1851	17·9	—
1861	20·1	12·7
1871	22·7	13·6
1881	26·0	15·1
1891	29·0	14·0
1901	32·5	12·4
1911	36·1	12·4
1921	38·0	6·8
1931	40·0	6·0

7. That the lower rate of population increase at each successive census since 1881 has been accompanied by a lowering both of the birth and death rates, is a fact well brought out in the following table.

TABLE II†

Birth, Death and Fertility Rates—England and Wales

Period	No. of live births per 1000 of the total population		No. of deaths per 1000 of the total population		No. of live births per 1000 women aged 15 to 49	
	Rate.	Index 1870–2 =100	Rate.	Index 1870–2 =100	Rate.	Index 1870–2 =100
1850–2	34·1	96	21·8	98	131·7	95
1860–2	34·8	98	21·5	96	134·2	96
1870–2	35·5	100	22·3	100	139·2	100
1880–2	34·1	96	19·7	88	134·2	98
1890–2	30·8	87	19·7	88	117·9	90
1900–2	28·7	81	17·2	77	104·4	81
1910–2	24·5	69	13·8	62	88·5	67
1920–2	22·8	64	12·4	56	80·5	61
1930–2	15·8	45	11·9	53	56 4	42

* Cf. D. V. Glass, *Population Policies and Movements*, p. 2.
† Cf. D. V. Glass, Ibid. p. 5.

It will be observed that while a downward movement of birth, death and fertility rates is continuous from 1870, from the beginning of the 20th century the movement is almost precipitate. During the last decade—1920-1930—the index for fertility has fallen by as much as 19 !

8. In the face of the record of these figures there is a temptation to argue that this fall in fertility is due to successful propaganda in favour of birth control. As a matter of fact such is not primarily the case. As stated in the last section, crude methods of birth restriction and the practice of abortion have been fairly widespread in older societies, no less than in the present. Even propaganda in favour of birth control was not lacking, at least after 1823, when Francis Place publicly undertook not only the propagation of the idea of birth control but also of the then known means to achieve that end. All the advertising merit that is claimed for the Besant-Bradlaugh trial of 1877, can equally be claimed for earlier trials, but for the fact that the public itself was not sufficiently receptive to the merits of the case for the defendants.

9. The greater favour bestowed upon birth control propaganda towards the end of the last century has often been attributed to the stress of the frequent depressions which characterised that period. In so far as this reference to depressions is intended to convey the view that the lowering birth rate was the consequence of economic pressure the argument is not quite sound. There were periods of greater economic distress in the earlier decades which did not lead to increasing popularity of a restrictionist policy. A deeper explanation than merely the prevalence of economic distress must be sought for the obvious popularity of birth restriction in recent years.

10. Two developments in the social policy of the English state have occasionally been mentioned as causes contributory to the fall in fertility. The rise in the upper age-limit of children undergoing compulsory education is said to have increased the cost of maintaining children while

reducing their contribution to the family income. On the other hand schemes of social insurance for sickness, unemployment and old-age are said to have reduced the economic incentive to have as many children as possible as a provident measure. Such a reasoning is no more than a speciál pleading. It will be easily seen that an increase in general education has been accompanied by average higher earnings, and the social provision for the normal disabilities of life has actually reduced the economic burden on the poorer sections. Merely within the sphere of directly economic motives an adequate explanation of reducing fertility can, thus, not be found.

11. When the movement in favour of birth-control started in England, now over a century ago, it was mainly based on the economic argument that, at any rate for the large mass of the poorer sections, poverty could not be prevented except by reduction in the size of the family. With the growing prosperity of Great Britain the earnings of even the lowest class of workers were appreciably raised. Advocates of birth-control still persisted in their appeal to economic welfare and the notion of the 'Optimum' was for a time popularised. It was only when the population trends began to show a slowing down of the rate of increase even below the optimum that the emphasis shifted from the economic to the individual, hygienic or social advantages of birth-control.

12. A smaller number of marriages and a growing employment of women in gainful occupations have also been mentioned as influences that explain lowering fertility of recent years. This contention, however, is not supported by historical facts. Frequency of marriage and the proportion of employed women have been comparatively stationary. The fertility rate has, however, appreciably fallen. This would show that a different cause is in operation than is included in the list of explanations given hitherto.

13. This cause is none other than the prevailing fashion to have a childless married life or to have an extremely small family. This preference has primarily a psychological and a moral origin. The spirit of unregulated individualism which

the 19th century philosophers in Great Britain worshipped as the source of all material progress bred a sentiment of social irresponsibility in which birth-control easily became the prevailing fashion. The means and the economic advantages were there all the while, but the mental unconcern at the ulterior effects on society was not so far developed as it did towards the end of the century. Dwindling fertility is thus primarily the consequence of an unbalanced individualism.

14. An aspect of this very spirit of individualism can be stated in economic terms rather unfamiliar in the usual argument in favour of birth control. The fact that fertility has fallen in days of expanding, no less than those of contracting, economic advantages goes to show that once the idea to live well is developed one attempts to indulge in it at all costs. Whenever the economic system yields a return more than adequate for the maintenance of the familiar standard of life, population tends to grow, as there is no occasion to indulge in the feeling of individual selfishness. On the other hand, if the economic system is compatible with a normal return less than what is necessary to sustain the generally desired standard, population tends to fall. Whenever economic expansion coincides with a stationary or slowly changing standard, population increases fast. On the other hand when the disparity between the desired standard and the condition of the economic system is pointed, either because of a depression or slow growth of the economic system, lower births take place. The economic condition has thus to be read in reference to the desired standard before ascertaining its influence on the growth of the population.

15. The Malthusian law that population tends to increase to the maximum compatible with the means of subsistence has obviously proved untrue. Equally untrue has been the inference that on account of the operation of the law of population wages will, at their best, be only subsistence wages. In place of the ever present danger of over-population, which was a pet scare of the Malthusian school, there is now the real danger of the opposite extreme—that of a stationary and eventually a

dwindling population. So much for the experience in the home-land of Malthus himself.

Pleasure-seeking Frenchmen

16. It was in the fitness of things that the first International Neo-Malthusian Conference was held in Paris instead of in any other country. The French farmers and fashionable French circles have always exhibited, though for differing reasons, a very keen preference for family limitation. In the case of the farmers the desire to prevent a sub-division of property acted as a spur to limitation. The French Revolution which was supposedly enacted in the interest of personal freedom had, however, a very sympathetic support to offer to the Mercantilist policy of an increasing population. Only during the early part of the 19th century was public policy turned in favour of birth restriction.

17. This was almost entirely due to the misguided support rendered to Malthusianism. As in several other instances of an uncontrolled period of early capitalism, the first half of the 19th century in France was a time of great trial for the wage-earning population. The French in this case, as in several others, took the English economic theories much more seriously than did the English themselves. The prefects of districts carried on an official propaganda in favour of birth restriction as a panacea against poverty. The inherent dislike of the French in the matter of shunning parenthood thus received an official recognition, which it has now been found to be well-nigh impossible to counteract. The French reproduction rate has long been below unity. In several departments deaths exceed births, and immigration is in no small measure relied upon as a normal method of restoring the population balance.

18. The mechanism of pro-natalist policy in France, of which much is heard in these days, was supplied to it from very unexpected quarters. The French employers faced with a demand for higher wages from their workers had found in family allowances a method which was at once less costly and more effective. Workers in receipt of family allowances were found to be much less uncompromising in their attitude

towards employers than their co-workers who were not recipients of such aid. With a view to equalise conditions as among competing establishments regional pooling of the employers' liability on account of family allowances was instituted. Though the state itself did not contribute anything to these funds, in all contracts given by governmental bodies a clause providing for family allowance to all workers employed by the contractor was inserted. Thus, since the beginning of this century not only vocal public opinion but also the weight of state approval supported the movement for increased fertility.

19. The system of family allowances came to be looked upon as an instrument of population policy. The contribution made was, however, so small a part of the total cost of rearing children that it had little effect on the actual rate of fertility. Other positive steps taken by the state or by public corporations were soon added to the inducements. Concessional treatment was granted to bigger families in respect of educational advantages, exemption from taxation, railway fares, house accommodation, and liability to military service. In many cases the advantages were progressive, that is to say, the rate of their award went on increasing along with the increased size of the family. The remark about economic inadequacy of the provision for family allowance applies to these concessions as well. Howsoever generous these concessions may be they have in fact proved inadequate to counteract the reluctance to have a large family which seems to have been a French trait for a much longer time than is the case in most other European countries.

20. It is doubtful whether any economic incentive will by itself be an adequate counteraction now. The pro-natalist propaganda is now a well-established feature of French public policy. But the contrary bias in favour of limited parental responsibilities has taken such deep roots in the French temperament that neither economic nor military incentive seems to be of any effectiveness. Poverty and a low standard of life have so long been pictured as the necessary concomitants of large families that Frenchmen of this and the last genera-

tion may well be pardoned for looking askance at the natalist propaganda. In fact by appealing to the people to be less selfish, a premium is put on their selfishness, as they feel that in increasing the occasions for parenthood they are being called upon to sacrifice for somebody else.

Wanted More Italians—to inhabit the Empire to come

21. Italian industrialisation has been comparatively belated. So also has been the history of the movement for birth-control in Italy. As late as the year 1924, Mussolini himself was a strong advocate of a policy of reduction in population growth. His advocacy, as that of other population reformers, did not in the first stages produce the favourable effect expected of it. In a land not only industrially backward but overridden by the catholic ban against human meddling with the gifts of heaven, the birth-control movement had naturally a more difficult career than in other European nations. But the appeal made to the individual's prospect of bettering his lot by shunning parenthood gradually produced its effect, and the Italian birth rate began to show a marked fall. 'In 1935–37 six of the eighteen departments had net reproduction rates below unity, whereas probably not more than five were below unity in 1930–2, and none below in 1910–2.'*

22. Since 1927 fascism led a determined campaign against birth-control. By repressive means, such as penalising abortions and birth-control propaganda, as also by positive aids to population policy in the way of marriage loans, family allowances, tax-concessions and the other usual methods of accommodating bigger families a reversal of the current trend towards falling fertility was sought with determination. It is curious to note that this *volte-face* was effected at a time when Italy was claiming a place under the sun, a place to breathe and live in. Judged from the prospects of economic utilisation of its resources Italy is perhaps even now over-populated. In the face of these facts a deliberate pro-natalist policy was followed with a view to increase the military advantages of Italy *vis-a-vis* its neighbours, both inimical and friendly.

* Glass, *Population Policies and Movements*, Pp. 265–6.

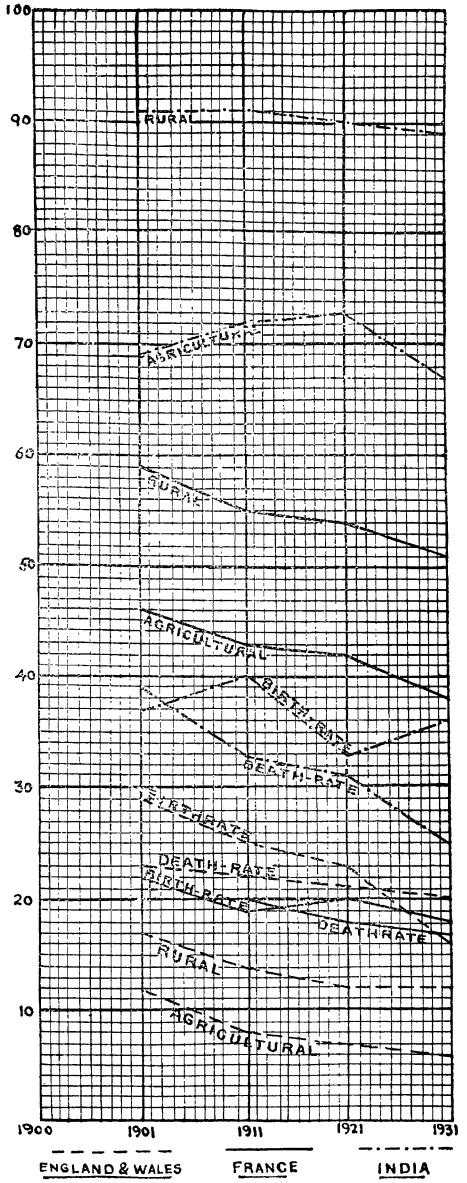
With a population in the neighbourhood of 45 millions Mussolini hoped to work up to a population of 60 millions by 1950. As has been observed there is no sign of a reversal of the trend towards a lowering fertility, leave alone a prospect of reaching the 60 million mark in another ten years.

23. With a view to appeal to the public mind in a striking way a Mother and Child day is annually organised in Italy. On the 24th of December the pro-natalist propaganda, in its most intense form is exhibited in all places. All leaders, including Mussolini, exert themselves to the full to work up enthusiasm for bigger families. Especially in rural areas an intensive effort is made to establish as many people on the land as possible. The flow towards the cities is sought to be reversed, and the attractions of rural areas are improved. It is hoped that the rural population will react to natalist stimuli far more readily than the urban population. Considering the intensity of the effort, however, the results cannot be said to be appreciable.

24. For a long time before the rise of Nazism Italy had been a principal source of emigration. In view of the overpopulated state of Italy such a tendency was only too natural, and at any rate, from an economical standpoint it was advantageous to both the emigrants and to their mother country. Since the reversal in Mussolini's outlook on the subject all emigration is stopped. Italy is no more to be, in Mussolini's own words, ' a human fishing pond ' for the rest of the world. This may for a time show an unusual rise in total Italian population. But so long as the net reproduction rate shows a tendency to fall there can be no definite reversal of the population trend. Mussolini desired first to have an Empire to find an outlet for the growing Italian population and then developed a policy by which an increasing population was desired as a means to achieve an Imperial Status. It seems that both his objectives, to have an empire and an increasing population, are as distant now as ever.

Nazi Drive against Low Fertility

25. In common with other European lands Germany experienced a falling birth-rate in the wake of great industrialisa-


100
90
80
70
60
50
40
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20
10
RURAL
AGRICULTURAL
RURAL
AGRICULTURAL
BIRTH-RATE
DEATH-RATE
INFANT DEATHS
DEATH-RATE
BIRTH-RATE
DEATHRATE
RURAL
AGRICULTURAL
1900
1901
1911
1921
1931
ENGLAND & WALES
FRANCE
INDIA

tion, which also led to a corresponding rise of urban habitations.* The falling fertility seems to have figured as a national evil at the end of the first World War. The Weimar Constitution which was enacted in 1919, provides special protection to large families. This policy was steadily pursued in Germany with all the usual repressive and positive aids. In spite of all these, however, German fertility was, before the rise of Hitler to supreme power, falling even more precipitately than that of any other European country. Had the Nazi rulers of Germany contented themselves with the usual administrative and financial policies, prevalent in other European countries, the results would undoubtedly have been disappointing.

26. The Nazis, however, are nothing if not thorough. Within four years, 1933–37, a 30% rise in fertility has been

*The close relation among industrialisation, urbanisation and low fertility is brought out in the following table and the graph. It will be observed that while the correlation has a substantial foundation in fact it has to be understood in the light of additional local factors such as degree of industrialisation and the social traditions of a people.

Correlation between ruralisation and high fertility

	1901			1911			1921			1931		
	England and Wales	France	India	England and Wales	France	India	England and Wales	France	India	England and Wales	France	India
Agricultural Employment per cent. ...	12	46	69	8	43	72	7	42	73	6	38	67
Rural Population per cent. ...	23	59	91	22	55	91	21	54	90	20	38	89
Birth rate per mille. ...	29	22	37	25	19	40	23	20	33	16	18	36
Death rate per mille. ...	17	20	39	14	20	33	12	18	31	12	17	25

registered. How far this striking result is due to the bolder economic measures undertaken by the German government is doubtful. Part, and a very important part at that, of the increased fertility is undoubtedly due to greater police vigilance in the matter of executing penal laws against abortion. If responsible authors are to be trusted, this practice, widely prevalent in all West European countries, was specially widespread in Germany. The Nazi police, by being more thorough in their execution of the anti-abortion law than their compeers in other states, have been responsible in producing a very striking rise in fertility.

27. This, however, is not the whole explanation of the new situation. If it were so, other things being the same, there is not the slightest doubt, that the German men and women will soon adjust themselves by adopting methods which no law can prevent. The well-known methods of totalitarian states to mobilise support by mass-appeal are followed in Germany far more vigorously than in Italy. Children born in large families, of course granting always that they are of Aryan parentage, are adopted by their respective communes and cities. If the family is large enough, a further birth may claim Hitler himself as God-father. With a certain class of people such appeals go a long way, and to this extent it is possible that both the marriage and fertility rates in Germany have registered a real rise.

28. Is it probable that the recent rise in German fertility is due to deeper causes? Non-German observers see in the increased fertility a natural result of the stabilising influence on German economic and social system exercised by the Nazi regime. It is claimed that in the post-war inflation days conditions were inimical to high fertility and that now they are definitely favourable to such a trend. Such a reasoning is, however, unsupported by the general estimate of the fruits of Nazi policy. In the economic sphere the Nazis have put greater strains on the people than any of their predecessors. Politically the aims of Hitler are too ambitious to inspire confidence in any except his most blind followers. There is, thus, not much truth in the view that the higher German

fertility of recent years is due to an economic and political stabilisation.

29. Most of the German authors claim that this rise in fertility is the result of a spiritual rebirth of the German people under Nazi rule. Most modern observers, and especially the economists, are rather suspicious of all things designated by the word spiritual, which in many cases covers a good deal of confused thought. Facts would, however, show that there is some truth in the analysis of the German authors. With the exception of the greater thoroughness of German administrative machinery there is nothing exceptional in the means adopted in Germany to promote higher fertility. Means and measures have been standardised and are used according as the objective is pro or anti-natalist. The peculiarity of the German situation would seem to lie at least as much in the responsiveness of the people themselves as in the efficiency of their government. Recognition of a certain social responsibility in the matter both of matrimony and parenthood seems to have been induced in Nazi Germany. Against the back-ground of unbalanced individualism of the 19th century, from which Germany suffered no less than any other century, the new social consciousness, if real, would certainly amount to a spiritual rebirth.

Hidden Springs

30. More than two generations have elapsed since the decline in fertility began in West-European countries. Researches into this problem have gone on with increasing intensity from decade to decade. We still seem to be as far away from an understanding of the *rationale* of lowering fertility as ever. Failing a satisfactory diagnosis it is no matter for surprise that remedial measures have for the most part proved ineffective. Economic and administrative measures have had only a mitigating effect. It is, therefore, being urged that large scale pronatalist propaganda is needed to prepare the necessary background for the success of these measures.

31. If, however, population propaganda is carried on in an isolated fashion it is not likely to prove of lasting benefit. Purely military or political appeals have failed to penetrate

the defences of normal commonsense, which consists in refusing to be cannon fodder for whatsoever purpose. Equally well, as observed above, any propaganda which proceeds on an admission that the selfish interests of individuals are promoted by smaller families while public interests demand bigger families is bound to strengthen rather than weaken the craze for the small family. Forecasts of future population trends which are intended to frighten people into abandoning their existing practices sometimes have quite the reverse effect—that of fixing them in their familiar ways.

32. So bewildering is the mass of psychological and social influences affecting population that it is best to treat population in a comprehensive fashion. In fact it would be more correct to say that population instead of being a problem in itself is an aspect of most of the sociological and political problems with which an individual is faced. Fortunately it has been noticed over a long period, measured in centuries rather than generations, that men of their own accord react to influences inherent in the situation. If the movement in one direction has gone too far, quite naturally it takes long for the reaction to be initiated and to gather weight. But such reactions seem to be more natural than one-sided trends towards either race suicide or choking the earth with human swarms.

33. It ought to be the object of population policy to help in initiating and promoting these natural reactions. In doing so it is no use merely carrying on a wordy propaganda. Appeals to sentiments which are unsupported by the necessary institutional transformation are bound to be futile. Thus it is quite inadequate, as a population policy to call upon the people to marry and multiply, leaving the present gulf between wants and means unbridged. A much bolder redistribution of economic advantages may have to be the rule before people in Europe can be brought to take more kindly to parenthood.

The Little Self and the Great Self

34. It has been remarked by many authors that the small family system has followed in the wake of modern industrialism. It has not been adequately realised that this close

association between the two movements is really due to the individualistic character of 19th century capitalism. For advantages as for responsibilities the individual is made the unit of calculation. The successful run away with the idea that they have none but themselves to thank for their good fortune, and the unsuccessful are left to pine away in frustration. A mere mitigation of this inherently unsocial, and therefore inhuman, order is not calculated to restore the identity between the individual and the society—the little self and the great self—on the basis of which a just and lasting social policy must be constructed.

35. The experience of some of the totalitarian states, such as that of Germany outlined above, would point to a possibility of working up a social enthusiasm in all classes by purely centralised directions. Such a development, however, has no elements of permanence in itself as it is reared on the extinction of individual choice and experience. It will not do to sacrifice either individual choice or social purpose; both ought to be there to ensure a lasting and beneficent policy. In a free state, working under the guidance of a constitutional government, the necessary consciousness of responsibility in the matter of population must be brought home to each individual, by liberal and equalitarian institutions. Not only must the decisions be voluntary but their beneficent effect must be a matter of personal experience to each citizen.

36. In states where capitalism has already advanced to a developed stage an early regulation of its most vital points can alone create the social and economic background against which a consciousness of free social responsibility can be created among citizens. In other communities, where capitalism has yet not commenced, or is in its very early stages of development, a timely orientation of social and economic policy will forestall many evils of unchecked individualism. If the maximum possible advantage, in terms of the social and economic welfare of the people, of the use of capital is to be reconciled with the need of unison between individual and group motivation it can only be possible in a regulated, as distinguished from an unrestrained, capitalism.

37. It is a matter of common experience, best illustrated in population trends, that psychological changes work out their sociological results after a considerable amount of time-lag. This lag in the case of population policies is rarely less than one generation and may often extend beyond two. One of the chief reasons for this delayed action is to be found in the conception of the desired standard of life. Early stages of capitalism have as a rule been accompanied by an increasing fertility, while developed capitalism has been attended by diminishing fertility. Among other things, this has been due to the fact that in the earlier stages available resources soon satisfy the customary requirements and render people less discriminating in adding to their responsibilities. On the other hand, once the standard itself has become a constantly rising quantity it meets a check sooner or later, and then individuals are prone to seek a qualitative relief by a quantitative limitation. Anybody who would promote a conscious population policy ought not to leave out this concept of the desired standard. In fact it is one of the long term influences that must be carefully attended to if the desired effect is to be produced on the numbers of the population.

Restraint and Responsibility in India

38. Though the quantitative implications of the Indian population situation point in a direction contrary to that indicated by West-European trends, the qualitative significance is the same in both cases. In the first place, for those whose outlook on population it is intended to modify it must be made institutionally possible really to benefit by the change. A mere exhortation, a mere dragooning or a mere inducement to change will not suffice. Political and social arrangements must be altered so as to bring within reach of all persons the full measure of their contribution to the national wealth. The economic structure must be so improved as to help labour to produce more efficiently than before. When these things are achieved, the material prospect of individual and collective betterment by improving efficiency will produce its own natural effect on the population aspect of a man's behaviour.

39. As in an underpopulated country such a situation would result in greater pro-natalism, in an overpopulated country, such as India, it would induce a restrictionist bias. In this context the choice of means is a comparatively unimportant matter. Exhortation is even less important, in as much as given a keen desire, means, and effective means, have been found under all circumstances. Whatever your objective with regard to population, make it institutionally worth while for the people to adopt it. They can then be trusted to react to the natural stimuli of the situation. It is for this reason that it is more advisable to seek a redress of the Indian population situation in the direction of greater economic and social reform than in that of birth-control propaganda.

40. In so far as a certain degree of economic degradation may have blunted the very edge of the desire to progress, some initial propaganda bringing home the possibility of progress along a given path would be desirable. But beyond these it is preferable to place more reliance in the natural appeal of the institutional environment than in the exhortations addressed either to emotion or to reason. The experience of western countries would on this point seem to be conclusive. A balance must be struck between social advantages and social responsibilities on the one hand, and individual needs and opportunities on the other, if we are not to be drowned into the deep sea of an ever-expanding community or to be stranded on the shoals of a dwindling population.

41. The first need in India is by improving the efficiency of the economic structure to make it worth the while of an average Indian to take any interest in his own actions as affecting his welfare. This is not possible without an industrial revolution in its widest sense of an economic revolution affecting the technique and organisation of almost all occupations. In so far as an industrial revolution in India is going to be state-directed or at least state-induced, it is not likely to take place without considerable, almost a revolutionary, change in the structure of our government. Only a national government can be expected to put itself at the head of a thorough-going transformation of the economic and social structure of the

community. This last is almost necessarily implied in what has been said above, about a regulated capitalism and about the need of maintaining an organic unison between the little and the great self.

False Prophets

42. Of all subjects in social and economic policy population has suffered most at the hands of prophets, mostly false. There is a great temptation to put Malthus himself in this very class in view of what has been recorded above of the recent population trends in England and other European countries. We can, however, afford at this late day to leave old Malthus in peace. We cannot, unfortunately, do the same with certain varieties of the neo-Malthusians. Thus the periodical *Malthusian* in one of its issues for 1910 carried the slogan " Necessity is the mother of prevention ". This association, perhaps unconscious, of poverty and birth-control propaganda is not only economically unjustified but is also socially vicious. It tends to absolve society from its responsibility in tolerating poverty and diverts attention from more constructive reform. Not necessity but the glamour of a richer and comparatively irresposible life has been the populariser of prevention. The evil results of an unchecked tendency in this behalf have already been noted in this article.

43. Before concluding, another *obiter dictum* on the subject of population must be noted. Mussolini observed in one of his many flamboyant speeches that, with a falling population, one does not create an Empire, but becomes a colony ! Whatever effect such a statement may have had on the Italian people who were being exhorted to multiply so as to reach the 60 million limit by 1950, it is obvious that the implied correlation between population and political status is absolutely superficial. If it is intended to say, that other things being equal, numbers make a material difference in the political and economic strength of a community, few will quarrel with the statement. But it is a matter of common knowledge that those other things are not equal as among nations, and hence a crude reference to population trends as

an indication of political potentialities is most pointless. Till the last hour of the declaration of the present war, almost all European countries had a dwindling rate of fertility. We do not yet know who is going to be an Imperial power and who a colonial possession as a result of this war. But this much is known from recent experience that colonies, even dependencies, have had expanding populations, while those who reaped the fruits of the Empire showed unmistakable signs of lowering fertility. Apart from population trends, other advantages of situation, efficiency and organisation are far more potent in making Empire-builders and setting them to lord it over dependent colonies.

D. G. KARVE

AN APPROACH TO INDIAN ECONOMICS

The aim of this paper is to attempt a brief review of the development of recent Indian Economic Thought; to interpret the general trend of the same; and in the light of a few general principles, to indicate a possible approach to the discipline we call Indian Economics.

I

The development of economic thought as such in India is a matter of only recent origin. Observations on economic policy and statecraft are not difficult to trace in our ancient works. But the Indian genius never considered different aspects of social life separately as distinct disciplines. Economic thought proper, as distinguished from social, political, ethical, or philosophical speculation may be said to have begun about the closing decades of the last century when men like Dadabhai Naoroji, Justice Ranade, and G. K. Gokhale made contributions to the solution of India's economic problems, and thereby opened out the possibilities of evolving a special study, having a coherence and homogeneity of its own, applicable to Indian conditions. The realisation that the economic condition of a people is not the result of blind circumstance or some inscrutable agency like Fate, but is the result of definite forces to be analysed and controlled is a condition precedent to a scientific enquiry into economic problems. That realisation, it seems, came to us as a result of our contact with the West. Prior to the close of the last century, the general atmosphere of fatalism in this country was inimical to the study of economic problems as such. So long as the lure of things western had a strong grip on men's minds, however, no one could have thought of Indian Economics—an attempt to study the Indian Economic problem in its proper setting, to find a solution of the same in a manner conforming to the traditions and the genius of our people. The origin of Indian Economics, we may therefore say, is in the growth of the nationalist sentiment and in the renewed confidence of our intellectuals in our destiny. But that, as we shall presently argue, need not be its end and justification.

The problem of poverty in this country had been drawing the attention of thinking people here since about the third quarter of the last century, but in works such as those of

Dadabhai Naoroji or of R. C. Dutt, the emphasis seems to be more on the political factor than on the whole complex of economic and social factors. The policy of the Government of India had all along been shaped either in terms of the old colonial policy or in terms of the conclusions arrived at by western economists, on the presumption, of course, that what is good for Britain must also be good for this country. It is to the great credit of the late Mr. Justice Ranade that he definitely raised a protest against the prevailing mis-conception. He emphasised the relativity of economic doctrines, and made out a case for developing a ' national system of political economy ' for India. And he mentioned a number of special features of economic life, a complete study of which would develop into Indian Economics.

II

Many works on Indian Economics have since been published, some dealing with the whole field of Indian Economics, and some with certain special problems. Can we say that Indian Economics has justified itself as a special study ? Has it yielded conclusions which are definitely applicable to Indian conditions, conclusions, in other words, which could not otherwise have been arrived at ? An answer to this question has to be given only at great risk, for reasons too obvious to be stated. It seems, however, that while the pursuit of Indian Economics has encouraged many desirable studies of a factual and historical type, Indian Economics, as we know it today—at any rate, as the average University student knows it,—has not lived up to the great expectations of the late Mr. Justice Ranade. The only distinctiveness of Indian Economics seems to be its 'national' bias, which means probably just that in framing our economic policy, we should value the interests of our nationals above the interests of foreigners.[1] That,

1. cf. Professor Kale's statement in his 'Indian Economics': "The distinctive feature of the Indian school of thought referred to above is its characteristically *national* interpretation of the facts of Indian life," (Vol. I, p. 2. Italics mine). He does not seem to mean by 'national' nationalistic; for, earlier, he says: "Indian Economics may well lay claim to respectful consideration like English political economy, for instance, as it deals with peculilar *political, social, intellectual* and *economic* conditions which constitute an important subject of research and study." (Italics mine) But, the word ' national ' seems, in fact, to have been somewhat narrowly interpreted by most of us.

however, can never be a sufficient justification for any special study. It would only necessitate small adjustments at the final stages of our enquiry when practical precepts of policy are to be stated. Could we not say that Indian Economics has come to mean (1) an analysis of Indian economic conditions, first of all in terms merely of the categories and canons of western science, to be followed up or sometimes preceded by (2) a few obiter dicta about the caste system, the joint family etc.? It does not seem (to me, at any rate) that a study of Indian Economics as it has so far developed can provide a student with any satisfactory answer to a question like this: To what extent or in what respects does or should the solution of the Indian economic problem differ from the solution of a similar problem, say, in England, in view of the fact that our social institutions and ideas, our customs and manners, our religious beliefs and outlook on life are different from those prevailing elsewhere? A good student would probably reel off "the advantages and disadvantages" of the caste system or the joint family. But have we been able really to envisage the Indian economic problem against its real background; have we, in other words, developed an *indigenous* approach to our problems? Indian Economics, properly understood, need not be just an application of western principles, with minor modifications, to suit the Indian palate. It can and should be a study *de novo* of the basic economic problems of our life, conditioned as they are not merely by our peculiar social and political institutions, but also by the fact that a different spirit or a different purpose pulsates through them all.

III

This immediately raises the question whether we believe ourselves to be so unique as not to need the analysis or conclusions of western economic science. Is not science one, after all? Most writers on Indian Economics have modestly confessed that Indian Economics is not a new science, not an independent discipline, different from '*the* science of Economics,' meaning by the latter economic science as developed by western thinkers. The point, however, is: Is there anything like *the* 'Science of Economics'? It is true that Adam Smith

and Ricardo gave a unity to the subject; they erected the structure of Economic Science which has since been developed and modified by various thinkers. It may also be admitted that the problem of scarce means to be devoted to alternative uses is a universal problem, that it is *the* economic problem. But, even this problem is not presented as a whole to any nation or people. Every nation or group of people sees *a* concrete economic problem, or, if we like, sees the economic problem from *a* certain angle, which, of course, is conditioned by its history, environment and culture. Compare what an authority like Professor Knight has to say on this point. "Economics", he says, "is the study of *a particular form of organisation* of human want-satisfying activity which has become prevalent in western nations and spread over the greater part of the field of conduct." (Italics mine). If, therefore, we set ourselves the task of comprehending and analysing our economic problem, so as to arrive at our own statements of cause and effect, we may find that we must start with assumptions or postulates which are different from those of economic science as developed elsewhere. We shall know what *the* economic science is only when we have put together, combined and harmonised the 'laws' of economics as developed by different nations or peoples in different parts of the world. We may find, then, that certain laws are of universal validity, universal in the sense that they would be true irrespective of differences in social context. Similarities in the economic world there would be; explanations of certain economic phenomena may turn out to be common in the end. There is no doubt that some of the conclusions of western economic science are probably of this nature. But to think that western economic science is *the* economic science, and that, therefore, our task is merely to look up the laws as enunciated therein, and to modify them in the light of our environment, is to set ourselves to a task which is logically impossible and practically futile. There is no question of self-conceit here: a nation or a people must study its own problems, economic as well as others, in their proper setting. If a systematic analysis is attempted, it *will* involve theorising. Indian Economics can come into its own and can also make its legitimate contribution to the development of economic science if it is not afraid

to theorise on the basis of its own data. To adopt any other procedure is to hamper free thought.

IV

To state this is, of course, not to solve the problem of the scope of Indian Economics. It is only to indicate that western economic thought may be one helpful way of looking at economic problems, it may be *one* approach, and that Indian Economics, the Economics of a sub-continent embracing diverse physical and social conditions, may be *another* and complementary approach. One may appreciate this better if one bears in mind that some of the postulates of economic science as we study it now are not quite applicable even to western conditions and they are much less applicable to Indian conditions. By 'postulates' is meant statements the validity of which is not challenged in the course of the particular scientific enquiry. As such they are different from assumptions which are only provisional hypotheses for purposes of simplification. One may assume, for instance, that population remains unchanged, or that capital is neither being accumulated nor decumulated, or again that tastes and fashions do not change. This may be a necessary step in the analysis of certain fundamental economic relationships. These assumptions can be subsequently modified as a clearer view of the problem emerges. But postulates are, so to say, permanent or unquestionable assumptions. They are supposed to be of universal validity, which might be challenged by a wider inquiry, such as metaphysics, but which are not to be questioned by the science itself.

Ranade has in his essay on Indian Political Economy given a list of 'assumptions' of what he calls Doctrinal Economy. Some of these are in the nature of postulates, while others are merely assumptions. If they were all assumptions, Ranade's case would evidently have been weaker than it actually is. Several western economists have, at some stage or other, tried to state the postulates of the science. Bagehot, in fact, wanted to enumerate all the postulates, but the work was not completed. Senior's four 'general propositions' are well known. W. E. Johnson in Palgrave's Dictionary mentions the

following, though not claiming them as exhaustive: (i) The Laws of Diminishing and Increasing Returns, (ii) The Law of Diminishing Marginal Utility and the Law that each individual seeks to minimise his cost, and (iii) Freedom of individuals to act according to their own will within certain limits. There are bound to be differences of opinion among economists as to what are and what are not postulates of economic science today. A discussion of this matter would take us too far. It may only be pointed out that the conception of Indian Economics is practical in origin, and hence there can be no question of ruling out welfare considerations here. Nor can we always distinguish, as some economists have been asking us to do, between ends and means, for the two are often inseparable in fact, as also in principle. How exactly the Indian economic problem should be handled in order that we may understand it truly, or how Indian economics could be pursued so that we may evolve an indigenous system of thought are questions of immense difficulty, and any attempt to answer them offhand would only show the writer's unawareness of their implications.

V

Without, therefore, attempting any such presumptuous task, one may perhaps point out that we would have, to begin with, to accept a scheme of Fundamental Rights as our starting point. It may not be easy to agree as to the definition of economic or social welfare, but an agreement as to the nature of the fundamental rights and duties to be maintained by the State as the representative of the community may not be difficult of achievement. That secured, the problem would then be to work out a consistent scheme of economic adjustments, or planning, if we like that word. It would involve an analysis of economic facts as conditioned by all the complex social forces around us. Let us mention a few points about Indian conditions which seem to be of special significance in this context.

(1) Man is not *primarily* a seeker after maximum profits. He is concerned generally with securing a decent livelihood for himself and for his dependants in the environment familiar to him. There would of course be a few exceptions, but on the

whole the number of the adventurous few whose main object is to pursue lines of greater profitability must be much smaller than the number of those who would like to make as much improvement as possible in the work which they are doing.

(2) The starting point of economic inquiry whether into production, consumption or distribution is not the individual but sometimes the individual, sometimes the family, sometimes the village and sometimes the nation as a whole. Where decisions are usually taken on a group basis, it is no use framing the theory in terms of the maximisation of the individual's pleasure or satisfaction.

(3) A healthy economic system must satisfy the following criteria: (a) Every individual must be able to get a sufficient real income to enable him to satisfy certain minimum needs, such as, food, clothing, shelter, elementary education, some recreation, and the like. (b) An increase in wants is not the necessary concomitant of progress. An increase in some wants may be desirable; in the case of others, a voluntary self-restraint induced by proper education may be in the best interests of all concerned. The exact boundary-line between the two can be shifted from time to time. (c) The economic system must secure for every citizen a certain decent minimum before anybody can be allowed to command comforts and luxuries. (d) Labour, physical or otherwise, is not a discommodity but is within limits life-giving. If a right appeal is made and if economic relationships are properly ordered, work would cease to be a burden and the worker would look upon it as a means for self-expression. (e) In a country like India the economic organisation must be built up on the basis of a healthy village life and therefore the immediate task is to bring about an increase in the wealth of these villages. The large towns and cities must return a part of the benefits they receive from the villages and there must be a mutualism between villages and cities. (f) Co-operation as well as competition has a place in life, but even competition is one phase of co-operation, which latter is the ultimate principle of social life.

VI

These are only some of the 'postulates'—if we may use the term—which seem to provide a workable starting-point.

Economic analysis of the western type assumes the individual's scales of valuation as sacrosanct, and who can doubt that the optimum of production which has been arrived at on that basis is, after all, *an* optimum, which is implied in the initial assumptions? If, therefore, we start from a definition of our objective and our means which accords more with the Indian outlook on life, we may possibly see new avenues of scientific enquiry, avenues which are closed to us today simply because we are not inclined to challenge the traditional approach.

To conclude: the speciality of Indian Economics need not lie in that its practitioners have a 'national' outlook. It must be in the fact that the postulates with which it starts are especially in accord with the needs and aspirations of the people of this country. If Indian Economics adopts this indigenous approach, it may seem for a time to drift away from western economic thought, — though even that is by no means inevitable,—but it may possibly in the long run make a valuable contribution not only to the solution of the economic problem in this country but also to the general problem of the world at large.

J. J. ANJARIA

CIVIL AVIATION IN INDIA ON THE EVE OF WAR

The history of Indian Civil Aviation dates back to the Victorian days. As early as 1877, one Mr. Joseph Lynn gave several exhibition balloon flights to the citizens of Bombay from the Lal Bagh Gardens. Another aviator, Mr. Percival Spencer, gave similar exhibition flights to the Calcutta public in March 1889 and carried passengers on occasions for a consideration. Both these instances demonstrate the interest that was shown in aviation in the two capital cities in the closing years of the last century. That aviation appears to have exacted keen interest in the early years of the twentieth century is evident from the 'Aeroplane Post' which was arranged as a part of the famous Allahabad Exhibition held in February, 1911. On 18th February, a French aviator, M. Pequet, took off from the exhibition grounds where a special Post Office was opened and carried the special mail to Naini Junction some 6 miles away. This was a pioneer enterprise and the credit of inaugurating the first official air mail in the world goes to India. No systematic efforts, however, were made in India for the development of civil aviation till the termination of the Great War. During War years, a few Indian pilots had done excellent work and they were successful in every way. The War also demonstrated for the first time the peculiar geographical position of India as a link in any airway between England and her Eastern Dominions.

As a signatory to the International Air Convention of October 1919, the Indian Government accepted certain responsibilities in matters concerning ground organization and meteorological facilities for airmen. Between 1920–1928, however, no steps were taken by the Indian Government to promote the growth of aviation in India. But very significant changes were going on in the aviation policies of other leading countries during that period. Outside India, it came to be recognised that for political and strategic needs, development of civil aviation was indispensable. Civil aviation therefore, was encouraged particularly in Europe and U. S. A.

by subsidies, direct or indirect. At the Cairo Conference in March 1929, it was decided to forge a link in the Imperial chain of air communications by opening the London-Iraq route. Subsequently at the Imperial Conference held in London in 1926, the principles and methods for the development of Empire Air Routes were discussed and decided upon. These decisions had subsequently far-reaching effects on the aviation policy of the Indian Government. In the development of the Imperial Air communications, India was expected to occupy a peculiar position as the flying centre of the East. That prophecy has now come to be true, for Karachi — the principal Airport of India — is the main junction for air-routes between the Eastern and Western hemispheres, where five air lines now converge serving twenty countries and three Continents.

Between 1920 and 1928, though no practical steps were taken by the Indian Government to encourage Civil aviation, gradual efforts were made to lay down a chain of landing grounds across the country from Karachi to Victoria Point, to afford reasonable facilities to foreign aviators, particularly the English, the Dutch and the French, who were carrying out a series of experimental flights. The survey flights of these foreign aviators across the Trans-India route paved the way for the inaugural flights of the Imperial, the Dutch and the French Air Companies which began to operate across India by 1928. So far as internal services were concerned though nothing was achieved till 1932, valuable work was done by R. A. F. pilots in occasionally carrying out responsibilities of a civil character. On several occasions the R. A. F. pilots had to carry mails due to the breakdown of the usual means of communication but their most outstanding achievement was the evacuation of the Indian and European residents at Kabul during the Civil War in Afghanisthan in 1928. The flying experience gained by these pilots was of utmost service to the Indian air operating companies which were started a few years later. These occasional services, undertaken either in an emergency or for experiment, indicated for the first time the possibilities of internal services.

Karachi came to be linked with London by a regular air service of the Imperial Airways, Ltd. in March 1929. India

thus came to be connected externally with England and by way of England with the rest of the world. The London–Karachi route was extended to Calcutta, Rangoon and Singapore in 1933. With a view to secure India's participation in the Trans-India route a new company known as the Trans-Continental Airways Ltd. was formed in May, 1933, with an authorised capital of Rs. 10 Lakhs. To this capital, Imperial Airways contributed 51 p. c.; the Government of India contributed 24 p. c. and the Indian National Airways, Ltd. (started in the same year with a view to operate internal services) contributed 24 p. c. It was the new company viz. the I. T. C. A. which was to operate the main route from Karachi to Rangoon alternately with the Imperial Airways. The terms and conditions under which I. T. C. A. was formed were, however, highly unfavourable to India. By allowing a British Company to have a holding of 51 p. c. of its capital, the fundamental prerequisites of national share holding and national control were set aside. The Indian Legislature was informed about these terms and conditions after all the arrangements were completed.

India's participation in the operations of the main route led to the expansion of the feeder services operating from Karachi to Madras and Colombo and to Lahore in the Punjab. The Tata Airways and the Indian National Airways Ltd. established in 1932 and 1933, started the two principal feeder air services, viz. Karachi-Madras and Karachi-Lahore on the basis of mail contract on a poundage rate, maintaining their frequency to the tune of the frequency maintained by the England-India service of the Imperial Airways. These feeder services were started as purely non-contract mail services, the operators undertaking the risk of uneconomic loads. The Empire Air-Mail Scheme which was extended to India in 1938 forms another landmark in the development of civil aviation in India. The scheme was the mainspring of subsequent developments and can be said to have provided the foundation for long-term and more substantial contracts for the operators carrying guaranteed annual payments for 15 years. As it concerned India the scheme involved the transfer of all first class mail between Empire countries to air and increased the frequency of service from England to India and on to Australia.

The scheme provided for five services per week to India—three flyingboat services and two land-plane services—in place of the two operating previously. On the postal side this 'all up' scheme involved an annual expenditure of Rs. 10 Lakhs. It also involved replanning and reorganisation of the main and feeder routes, widening of the ground organisation, an extension of the Karachi-Madras air service to Colombo and an increased frequency on the domestic lines.

Domestic Air Lines

The Indian National Airways Ltd., the Tata Airways Ltd. and the Air Services of India, Ltd. form the 'Big three' operators on the skyways of India. The I. N. A. established in 1933 with an authorised capital of Rs. 30 Lakhs and a subscribed capital of Rs. 11.6 Lakhs have been operating weekly five services, between Lahore and Karachi, with a recent extension to Delhi. The Delhi-Karachi service operates via Lahore, Multan and Jacobabad (688 miles) in about 8½ hours. Though the quantity of mails carried over this route has gradually increased from 11.5 tons in 1935 to 52.3 tons in 1938, the passenger traffic has hardly developed—since only 93 passengers were carried in the year 1938 against 2 in 1935. The slow development of the passenger traffic is probably due to the nature of the route which runs across a desert with no important trade centre except Multan

The Aviation Department of the Tata Sons, Ltd. was created in 1932 and operates as a private concern. The Tata Air Lines occupy the first place in the working of the domestic air lines in India. The Tata Sons started their first air service in October 1932 between Karachi and Madras on a weekly basis. Since then, the service has been extended to Colombo and has been worked four times a week in each direction. The Karachi-Colombo route (1,880 miles) is covered in 1½ days against 4 days and 14 hours by train. The Company carried 192 tons of mail at the end of the year 1938 against 10.5 tons in 1933, and 514 passengers against 8 for the corresponding years. In addition, the Tata Sons inaugurated the Bombay-Trivandrum (785 miles) Weekly Service in October 1935 and the Bombay-Delhi (805 miles) Twice-weekly Service in November 1937. Both these are seasonal. On the former route, the

air journey is accomplished only in 6½ hours against 48 hours by surface transport while in the latter case, the service offers a saving of 2 days and 2 nights on the return trip when compared with the journey by train.

Air Services of India Ltd.

This concern was started in 1937 with an authorised capital of Rs. 10 Lakhs and an issued capital of Rs. 5 Lakhs. The Company is 100 per cent Indian in personnel, capital and management. The First Weekly Service established by the company in November 1937 between Bombay and Porbander became so popular in a short time that its frequency had to be increased to six times a week. An air journey from Bombay to Porbander takes only 4 hours against 27 hours by train. The amount of time saved and the attractive fares approaching second class railway fares are outstanding features of this service. The Company carried nearly 2,175 passengers in the 1938–39 season against 933 in 1937–38. The Air Services have recently opened two more feeder services, one between Bombay and Kolhapur and the other between Baroda and Amreli. Internal mails are also carried on these services on a surcharge basis but without contract.

The progress made by the internal services is illustrated by the following table :

Indian Internal Air Services

Year	Mileage of regular Air Route	Miles flown	Passengers carried	Mails carried (in tons)
1933	5,180	153,680	155	10.5
1934	5,830	345,771	757	21.3
1935	6,395	553,754	553	43.4
1936	6,483	496,539	349	49.4
1937	7,500	622,193	1,178	61.2
1938*	6,700	1,412,334	2,104	244.6

*Figures for 1938 exclude Burma.

It will be obvious from these figures that though there has been a steady progress on the domestic routes in the miles flown and passengers carried, the rate of development cannot be said to be very satisfactory. This slow development can be seen in proper perspective from the following table which illustrates the progress in India in relation to the services operated by the principal nations of the world.

Mileage of Regular Air Routes

Year	U. S. A.	France	Germany	U. K.	India
1938	71,199	40,833	32,720	25,477	6,700

It will be clear from the table that India, with her size and population, has to make considerable leeway in the progress of civil aviation. The peculiar feature of India's skyways is that they show no planned conception, their present organisation being mainly decided by external routes, mail subsidies and subventions of the Indian States. Most of the important centres of trade and industry are still outside the orbit of the aerial organisation of the country. The aerial organisation of India is still in an embryo state and the time is not lost for India to secure the advantage of a planned and national development. Another important feature of the internal services is that none of the operating concerns have attained the stage of financial autonomy. The continuance of these services should not be taken as an indication that they are financially autonomous. The mail, passenger and the freight traffic has not fully developed and in all cases external help is sought by the operators. This has been provided by many of the Indian States through whose territories the domestic routes have been diverted. In fact, the operation of certain air services is entirely dependent upon these State-subventions. Inadequacy of traffic, heavy standing charges, lack of well-equipped ground organisation, absence of night flying facilities and indifference on the part of the State — all these have contributed to the difficulties of the operators.

Non-Regular Transport

A demand for air taxis is gradually growing in the country, particularly in those parts which are not well served by

organised transport. The Indian Princes, business magnets and a few Government officers have been recently utilising charter planes to a modest degree. The following table will illustrate this growing demand.

Years	1933	1934	1935	1936	1937	1938
Number of passengers carried.	44	326	483	401	440	385

Air line companies as well as the Flying clubs carry on charter activities as a subsidiary source of income. These operations will undoubtedly have an increased scope with an adequate growth in the number of the landing grounds. There is, however, greater scope for joy-riding operations which can be utilised for purposes of revenue, and for the creation of future traffic.

Flying Club Movement

As the military nursery was not available, civil aviation may be said to have been cradled in the flying clubs. The Aero Club of India and Burma Ltd. was established in 1928 and largely through its efforts flying clubs were organised in other parts of India. By the end of the year 1938, there were seven clubs operating in British India and three in the Indian States with a membership of 1,594. With a view to cheapen the cost of flying, the Government of India have since 1928 spent nearly Rs. 13 Lakhs in subsidising flying clubs in British India. About 1000 pilots were trained by the Indian clubs between 1930 and 1938; but the number of those on the Indian register holding current licences was less than four hundred. The renewals have been very limited due to the high cost of flying in India. The high cost also explains why few young men aspire for going in for training ab initio. In England, flying training has been considerably cheapened under the Civil Air Guard Scheme introduced in 1938 and something can be said in favour of its introduction in India. Gliding which is another kind of sport-flying has hardly begun in India. A Gliding Association was started in Bombay in 1931 by Mr. P. M. Kabali but in

the absence of State support it had practically ceased to work. After the outbreak of the present war, the association was once again reorganised with a view to train the future pilots. It is hardly necessary to emphasise the fact that gliding is an aerial education and that it is always easy for a glider-pilot to pass on to civil or military aircraft in times of emergency.

Ground Organisation

It is no exaggeration to say that an air line is on the ground. A well maintained ground organisation which includes planned aerodromes with all weather runaways, emergency landing fields, night flying facilities, and meteorological and wireless stations are indispensable for the successful operation of skyway services.

About Rs. 1½ Crores (£ 1,125,000) have been spent upto the end of the year 1938 on the ground organisation since 1919, when the Indian Government became a party to the International Air Convention. The most unsatisfactory feature of this expenditure has been that the major part of the available funds has been spent on the Trans-India route. Expenditure on the feeder routes has been restricted to the minimum with the result that the feeder routes are badly organised as regards all-weather runways, D. F. stations and night flying facilities. The funds, spent on the ground organisation, were spent not so much to meet the needs of the domestic lines, as to meet the needs of the Imperial Air Communication and the Empire Air Mail Scheme. A word may be said about the role that local bodies can play in the development of the ground organisation. The total strength of the landing grounds and emergency fields in India at the end of the year 1938 was about a hundred and forty-eight which can hardly be regarded as an encouraging figure for a country of India's dimensions. In Europe and U. S. A, municipal bodies have extensively planned landing grounds with a view to encourage private and club flying. Though municipal enterprise has not been very active in India, reservation of suitable sites for landing grounds may prove to be a wise policy even when the indication of future routes is not forthcoming.

It will be clear from the foregoing account that beyond providing an elementary ground organisation, the Indian Government have done very little to give practical assistance to the growth of civil aviation. In no country has air transport attained a stage of self-sufficiency and consequently State-aid in the form of subsidies has become indispensable to force the rate of development. The time has now come for the Indian Government to revise their aviation policy so as to make it more progressive with the changing times. Indian operators will require a certain time to build up a mail, passenger and freight traffic and unless the principle of State-aid is adopted in India only a limited advance can be made in the development of air transport. All the essential pre-requisites for the application of the infant industry principles are present in India in the case of the air transport and aircraft industries and there is ample justification for the grant of subsidies which may enable the two industries to stand on their own legs. The necessity of an aircraft industry for India follows as an inevitable corollary when flying machines become the principal weapons of war. A full sized factory capable of manufacturing all types of aeroplanes to be erected at Bangalore is therefore a step in the right direction. His Majesty's Government in England and the Government of India have also recently approved of the principle of having such a factory in India. As future growth of civil aviation in India is bound to depend upon the policy, interest, and initiative of the State, this change of attitude cannot but be considered as a welcome feature of the new times ahead of us.

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ECONOMICS SINCE MARSHALL

In this essay an attempt is made to summarise three trends of theoretical development in British Economics since Marshall. These are : (1) Scope of Economics, (2) Theory of Value, and (3) Economic Doctrine of State Action.

I

Marshall's definition of Economics is familiar to every one. "Political Economy or Economics", he said, "is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being."[1] Marshall refused to draw any sharp line of distinction between material and non-material elements of well-being; hence, he did not confine the scope of Economics to the former. He believed that questions as to whether a consideration falls within the scope of Economics or not were "scholastic inquiries." The practical procedure should be to include those considerations which are important and measurable, and to exclude others which "cannot be brought to the test of exact and well-ascertained knowledge"[2], and which, therefore, cannot be properly gripped by the machinery of economic analysis.

Following Marshall, Pigou defined Economics as a science of economic welfare, which is "that part of social welfare that can be brought directly or indirectly into relation with the measuring-rod of money."[3] Now, the study of economic welfare will necessitate an examination of the whole economic process. The scope and function of economic analysis, therefore, would be "to build up a conceptual working model of the body economic as it lives and moves; to display its anatomy and physiology, the interaction of its several parts, the response it tends to make to various kinds of stimulation and so on."[4]

1. *Principles*, P. 1.
2. *Principles*, P. 28.
3. *Economics of Welfare*, P. 11.
4. Pigou and Robertson : *Economic Essays and Addresses*, P. 9.

While Marshall and Pigou were conceiving the scope of economic inquiry in these terms, a rival conception was being worked out by Philip Wicksteed. Applying the marginal analysis to the problems of value and distribution, Wicksteed arrived at the conclusion that the essence of economic inquiry consists in exhibiting the problem of choice between alternative modes of attaining given ends.[5] Following Wicksteed, Lionel Robbins launched his famous attack on the definitions of Marshall and Cannan in his "*Nature and Significance of Economic Science,*" and formulated his own conception of the scope of economic investigation. "Economics", says Robbins, "is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses."[6]

It has been felt that this definition unduly narrows down the field of economic inquiry. It is confined to the study of the market process; this, though it is the central core of economic theory, does not exhaust it. Recently, Harrod[7] has worked out a conception similar to that of Pigou quoted above. His view seems to be that the function of economic theory is to prepare a "chart" (or as Pigou would have it, "a conceptual working model") of the economic process in its stationary and dynamic aspects.

Definitions of the Scope of Economics have an important bearing on the relation between economic theory and policy. On this question Marshall expressed himself with great caution. As a social analyst, he wanted economic theory to be an instrument of social betterment; but he knew that if economics were to be a science, its laws must be statements of causal relations, and not maxims of conduct. Again, policy making involves a choice between alternative ends and purposes, a task which is beyond the scope of economics. Hence "an economist as such cannot say which is the best course to pursue." The task of economic analysis, says Marshall, is to introduce systematic modes of reasoning relating

5. Wicksteed : *The Scope and Method of Political Economy* in his "*Commonsense of Political Economy*", P. 772-784.

6. Robbins : P. 16

7. Harrod : *Scope and Method of Economics.* (*Economic Journal, September 1938*).

to one special aspect of a problem; "having done its work, it retires and leaves to commonsense the responsibility of the ultimate decision; not standing in the way of, or pushing out any other kind of knowledge, not hampering commonsense in the use to which it is able to put any other available knowledge, not in any way hindering; helping where it could help, and for the rest keeping silence."[8]

On this point Pigou is prepared to go further. While saying that Economics is a "light-bearing" and not a "fruit-bearing" science, he argues that its ultimate goal must be social betterment. As such there is no place in the armoury of the economist for tools which cannot be used for that purpose.[9] But it has to be remembered that the tools of the economist do not yield immediate practical results. The final position is thus stated by Pigou in his memorial lecture on Marshall: "Though, for the economist, the goal of social betterment must be held ever in sight, his own special task is not to stand in the forefront of attack, but patiently behind the lines to prepare the armament of knowledge. His contribution is not with his own hand to devise detailed practical expedients, but to provide an organization of thought and method that will enable practical expedients to be devised successfully; that will prevent slow-working and hidden reactions, often more important than those which are immediate and obvious, from being left out of account; that will furnish those whom pity drives to action with the lamp of assured knowledge and the sharp sword of right analysis."[10]

As against this view, the definition of Prof. Robbins implies that economic theory does not provide any technique of choice as between alternative social ends; that it does not yield considerations in the light of which Economic policy may be appraised and recommended. Hence, all that is subsumed under the "Economics of Welfare" goes by the board.

This was a serious matter for those who, under the inspiration of Marshall and Pigou, had been taught to look upon

8. "*The Present Position of Economics.*" (printed in Pigou's *Memorials of Alfred Marshall*, Pp. 164–165).

9. Pigou and Robertson: *Economic Essays and Addresses.*

10. *Memorials of Alfred Marshall*, P. 84.

Economics as an instrument of social betterment. It was, therefore, necessary to restate their position, and recover their lost ground. Harrod, writing in a recent number of the *Economic Journal*, argues that economic theory may be made to yield a host of practical recommendations and serve as an agent of social welfare, through its doctrine of "equi-marginal net products." This field, as is well-known, has been already exploited by Pigou. More recently Professor Hicks[11] has made out a fresh plea for "Welfare Economics". Though he does not accept the whole of Professor Pigou's system, he does not think it necessary to abandon the doctrine completely. "The way is open," he says, "for a theory of economic policy that is immune from objections." His argument is that economic theory need not confine itself to the study of the implications of "scarcity". It is entitled to examine the efficiency of any particular economic organization in terms of its ultimate purpose of utilising scarce means for the satisfaction of wants. Such an examination will be a fruitful source of "welfare economics".

II

Marshall's Theory of Value represents a reconciliation of the Ricardian doctrine of cost of production and the Jevonian theory of marginal utility. The cost concept, of course, was given a greater prominence as regards the determination of the long-period normal value. The Ricardian position was thus almost reinstated. Further, Marshall elaborated the utility analysis, and derived therefrom the law of demand, consumer's surplus and the elasticity of demand. On the supply side, he introduced the three categories — market supply, short-period supply and long-period normal supply — and thus brought the time-element into the supply analysis. Again, "the general theory of economic equilibrium was strengthened and made effective as an organon of thought by two powerful subsidiary conceptions — the margin and substitution."

The development of value analysis since Marshall may be traced in three aspects: (a) Utility Analysis, (b) Cost Analysis, and (c) Equilibrium Analysis.

11. *Foundations of the Economics of Welfare.* (*Economic Journal* Dec. 1939.)

(a) Marshall's Utility Doctrine was simple. Its central point was the Law of Diminishing Marginal Utility of a commodity, — a law which could be made the basis of the doctrine of maximum satisfaction and of the law of demand. Later, the utility doctrine was stated with the help of the conception of the "scale of preferences," and this enabled the theorists like Wicksteed to exhibit the interlinking of the utilities of different commodities. Later economists, therefore, instead of saying that the marginal utility of a commodity goes on diminishing as more and more of it is supplied, stated the same thing by saying that as the supply of a commodity goes on increasing the marginal rate of substitution of that commodity for any other goes on diminishing. [12] Thus, if fruit and cigarettes are substitutable goods, then, the more fruit a man obtains, the lower is the rate of substitution of fruit with cigarettes. This analysis enables the use of the Indifference Curve, a mathematical instrument first devised by Edgeworth and made use of by Pareto.

(b) Marshall's Doctrine of Cost of Production was formulated with reference to the expenses of a Representative Firm. Marshall, however, went behind the money costs (wages, interest etc.) to discover what he called the real or subjective costs in terms of efforts and sacrifices. The real costs were supposed to be equal to money costs at the margin of working and saving.

While Marshall was working out this conception, a rival doctrine was being taught by the Austrian economist Wieser. For him the cost of producing a commodity was simply the loss of utility occasioned by the displacement of alternative opportunities of utilising the factors of production. This conception was early accepted by Wicksteed[13], and recently, restated by Robbins[14]. Even in Cambridge, where the Marshallian

12. Hicks: *Value and Capital*, Ch. I.

13. "The 'cost of production' of any one thing is only another name for the marginal significance of certain other things which have been foregone for its sake." (*Commonsense of Political Economy*, P. 380.)

14. "*Remarks on Some Aspects of the Theory of Costs.*" (*Economic Journal*, 1934.)

concept held the field for a long time, the younger economists have veered round to the Wieserian doctrine. Thus Henderson observes: "It is thus the loss of *utility* which arises from the fact that these agents of production are not available for alternative employments, that is measured by the money costs of a commodity at the margin of production."[15]

Now, this view of costs has far-reaching implications on the Doctrine of Value, and on the Theory of the Supply Curve. It implies that cost is but the reflection of utility; the duality between cost and utility—the two columns of Marshallian value —thus resolves itself into a monistic conception. This has led the marginalists to assert that value can be explained *only* in terms of utility, since cost is only a reflection of utility sacrificed. This means that there is no independent cost or supply curve. Wicksteed says: "But what about the 'supply curve' that usually figures as a determinant of price, coordinate with the demand curve? I say it boldly and baldly: there is no such thing. When we are speaking of a marketable commodity, what is usually called the supply curve is in reality the demand curve of those who possess the commodity; for it shows the exact place which every successive unit of the commodity holds in their relative scale of estimates. The so-called supply curve, therefore, is simply a part of the demand curve."[16]

(c) Marshall's Theory of Value Equilibrium was based upon two assumptions; first, that of perfect competition (and its opposite, perfect monopoly), and second, that of independence.

(i) On competitive value equilibrium Marshall's doctrine is that it is determined, in the long run, by the normal cost of production of a Representative Firm. This doctrine, however, gave rise to difficulties when the supply conditions were those of decreasing cost. It was asked, can the law of decreasing cost exist side by side with competitive conditions? Theoretically, decreasing costs ought to lead to monopolisation in various degrees; the assumption, therefore, of perfect

15. Henderson: *Supply and Demand*, P. 165.

16. Wicksteed: *Scope and Method of Pol. Economy.* (*Commonsense* Vol. II, P. 785.)

competition breaks down as soon as supply is conceived to be produced under decreasing cost. Again, the assumption of perfect monopoly also involves a large element of abstraction. Hence, the study of value equilibrium should be made with reference to the intermediate field between perfect competition and perfect monopoly. This field may be called "Imperfect Competition" or "Monopolistic Competition."

Perhaps the first to draw attention to the theoretical limitations of pure competition and to exhibit the analytical possibilities of the study of value in an imperfect market was Pierro Sraffa of Cambridge. In his path-breaking article[17] of December 1926, Sraffa pointed out that perfect competition and perfect monopoly were abstractions, and that the really fruitful study of the value problem must relate to the "intermediate zone" between these two "poles." It is well-known that the theoretical possibilities in this field of imperfect competition have been exploited by Joan Robinson[18] and Chamberlin.[19]

(ii) The second assumption underlying the Marshallian anaylsis of value equilibrium may be called "independence." Marshall studied the demand and supply conditions of a "particular" commodity in isolation from the rest of the commodities, assuming these conditions to be independent of the process of price formation of other commodities. Now, this "particular equilibrium" theory of value enabled Marshall to simplify, and to present in a clearer perspective, the laws of demand and supply and the process of equilibrium.

Other theorists, however, refused to make use of the obviously invalid assumptions necessary for "particular equilibrium." Recognising the fact that the process of price formation of all commodities is interrelated, Walras exhibited the "general equilibrium" of all prices by means of a series of simultaneous equations. This system was followed up by Pareto.

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17. "The *Laws of Returns under Competitive Conditions*." (*Economic Journal*, Dec. 1926.)

18. *Economics of Imperfect Competition.*

19. *Theory of Monopolistic Competition.*

In England, it has been expounded by Mr. R. G. D. Allen[20] and Professor Hicks.[21]

III

The Economic Doctrine of State Action is the pivotal point of Economic Philosophy. Adam Smith's position on this question may be taken as the starting point of our study. Smith exhibited with the help of the doctrine of Division of Labour that the economic system is a self-regulating organism, which attains equilibrium and progress through the internal coherence of its parts; this natural harmony of the economic organism would be disturbed if it is ignorantly interfered with by the agency of the State. This leads to the policy of *laissez faire.* Later, Ricardo and Malthus destroyed the conception of economic harmony by pointing out the essential disharmonies and conflicts which inhere in the economic process, particularly in its distributive aspect. This knocked the bottom out of the liberal doctrine of non-intervention. J. S. Mill, recognising this, turned more and more towards Socialism.

This theoretical trend towards increasing the sphere of State intervention was arrested by the Marginal Utility School and its followers in America and England. It is well-known that Marginalism provided a fresh apologetic for the economic order based upon free competition and free price. This led some Austrians to make extravagant claims for the capitalist economy which was supposed to be ultimately directed by consumers' preferences expressed through the price system. Under such a "consumers' democracy",[22] the price system offered the most rational basis for economic calculation and decisions. Hence the productive system under such an order was the "best" in the sense that it secured the most economical distribution of productive resources. It followed, therefore, that any interference by the State must necessarily be economically harmful.

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20. *A Reconsideration of the Theory of Value.* (*Economics*, 1934.)
21. Hicks: *Value and Capital.*
22. Mises: *Socialism.*

In the field of distribution the Marxian doctrine of surplus value and exploitation was met by the Marginal Productivity Theory of Distribution, according to which every factor is justly rewarded in proportion to its contribution to the productive process. John Bates Clarke wrote: "The market rate of wages.....is the full product of labour; each man is accordingly paid an amount which equals the product, which he creates." Since by marginal distribution the whole product is exhausted by being shared among the factors, there is nothing left for capital to appropriate! Wicksteed observed: "It is not open to any one who understands the facts to argue that, when by marginal distribution every factor has been satisfied, there remains any residue or surplus to be appropriated. The vague visions of this unappropriated reserve must be banished for ever to the limbo of ghostly fancies."

This illicit application of the marginal theory to justify the economic process of production and distribution, and to derive the conclusion of *laissez faire* was not acceptable to Marshall. In his celebrated chapter called "The Doctrine of Maximum Satisfaction", Marshall pointed out that the condition of free price and perfect competition was not necessarily one which led to the best results. There were, he argued, a number of limitations to Maximum Satisfaction and consequently, to *laissez faire*. Firstly, in order that a free price should lead to maximum satisfaction, it was necessary to assume that the marginal utility of money was equal for all persons, an assumption which could easily be shown to be invalid under conditions of unequal distribution of incomes. Again, it could be shown that certain types of State action—e. g. the subsidization of increasing-returns industries and the taxation of diminishing-returns industries—could increase economic welfare. "Marshall's proof", Mr. Keynes argues, "that *laissez faire* breaks down in certain conditions theoretically, and not merely practically, regarded as a principle of maximum social advantage, was of great philosophical importance. But Marshall does not carry this particular argument very far and the further exploration of that field has been left to Marshall's favourite pupil and successor, Professor Pigou." [23]

23. Keynes: *Essays in Biography.*

In the distributive field also, Marshall recognised the necessity for an increaing measure of State interference. Without subscribing to the Socialist doctrine of exploitation of labour, Marshall argued that labour is sold under special disadvantages in the matter of bargaining and that this would give rise to the possibility of an unfair wage, which obviously called for State interference. Again, the presence of glaring inequalities of income and wealth were regarded by him as a "flaw in our economic system", and hence, he looked upon "every reduction of them as a social gain."

After Marshall, the sphere of State interference was extended by his pupils, Pigou and Keynes. The former, working upon certain hints of Marshall, built up an elaborate doctrine of State action in his Economics of Welfare. The argument is familiar to every one. It consists in the demonstration that free competition and free enterprize may not bring about maximum social welfare (or, ideal distribution of productive resources), if there is a divergence between "private net product" and "social net product" of resources. These divergences represent "misdirection of resources," which ought to be corrected by appropriate forms of State action. These forms belong to two categories : first, discouragement of resources where private net product exceeds the social net product ; and secondly, encouragement of resources in the opposite case. Similarly, welfare could be increased by appropirate transference of wealth from the rich to the poor.

The Keynsian doctrine of State Action was first presented in the pamphlet called " *The End of Laissez Faire.* " It contained a vigorous attack on the assumptions of the *laissez faire* policy, and made out a strong case in favour of State control in a variety of forms. In his latest work, "*The General Theory of Employment, Interest and Money,*" the case in favour of State regulation, and its appropriate modes and agencies, has been made out afresh. Here, the view is that a condition of full employment of resources is one which cannot be attained through the automatic action of prices and interest rates. If, therefore, full employment is to be secured, the community's current expenditure and capital investment (which together make up the total " Effective Demand " for

the employment of the productive resources), ought to be properly influenced and controlled. "The central controls necessary to ensure full employment will, of course, involve a large extension of the traditional functions of government. The State will have to exercise a guiding influence on the propensity to consume partly through its scheme of taxation, partly by fixing the rate of interest, and partly, perhaps, in other ways. Furthermore, it seems unlikely that the influence of banking policy on the rate of interest will be sufficient by itself to determine an optimum rate of investment. I conceive, therefore, that a somewhat comprehensive socialization of investment will prove the only means of securing an approximation to full employment."[24]

Besides these "central controls" on production, the State would be justified in reducing the inequalities of income and wealth. "I believe", says Mr. Keynes, "that there is social and psychological justification for significant inequalities of income and wealth, but not for such large disparities as exist today." Again, the argument that over-saving is responsible for unemployment removes the only economic justification for inequalities of income.

While Marshall, Pigou, and Keynes were thus expanding the sphere of State interference in Production and Distribution, the orthodox followers of marginalism were restating the case in favour of non-intervention. This consisted in a theoretical defence of the "free" economic order, and an attack upon 'planning' in general. The chief exponents of this line of thinking—Von Mises and F. A. Hayek—have recently brought out a collection of essays under the title "*Collectivist Economic Planning.*" Throughout the writings of these economists there runs the belief that the so-called "free" price is the only rational basis of economic calculation and decision; and hence, State control and regulation of production must necessarily be "arbitrary" and "irrational."[25] On the other hand Pigou has shown the superiority of central control over

24. *General Theory*, P. 378.

25. Mises: *Economic Calculation in the Socialist Commonwealth.* (*Collectivist Economic Planning.*)

individual initiative for the solution of certain important economic problems like unemployment.[26]

In regard to the 'planning' of distribution, the fundamental objection is that of Professor Robbins. That pure economics cannot provide and lay down any pattern of distribution must, we think, be accepted. Further, Prof. Robbins's argument that the Law of Diminishing Utility of Income cannot be used to justify reduction of inequalities, because it assumes the possibility of inter-personal comparisons of utility, has also not been adequately answered as yet. Hence, we have to take resort to Ethics and Politics for laying down a distributive scheme different from the present.

T. M. JOSHI

26. Pigou: *Socialism versus Capitalism.*

THE BUILDING UP OF ECONOMICS

"Well, in *our* country", said Alice, still panting a little, "you'd generally get to somewhere else if you ran very fast for a long time, as we've been doing."

"A slow sort of country!" said the Queen. Now *here*, you see, it takes all the running *you* can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

Through the Looking-Glass

I

Economists today are speaking with a bewildering confusion of voices.

The Science is now more than a hundred and fifty years old. During these years it has had the devoted attention of not a few master minds. True, there have been schisms in its ranks, — rebels and saboteurs and fifth columnists, — as well as attacks from rank outside enemies, so that in the confusing mêlée of warring voices, the voice of its true disciples seemed at times to have been well-nigh lost. Still when the storm subsided the science emerged once again, cork-like, unsunk. Now and again arose a Mill and a Marshall, and gathering together the separate strands, giving due weight to the voices of critics and followers, created a new pattern, a fresh symphony, that won the approval of the instructed intelligence of its time. After the great work of Alfred Marshall it seemd that the infant had finally found its feet, and academic self-complacency settled down to watch the rapid strides by which progress could be achieved.

The publication of Prof. Robbins's book in 1932 created quite a stir in the academic world. It roused the economists to a lively sense of the acute differences on fundamentals that divided them. The cloud of iconoclastic criticism, no bigger than a man's hand on the morrow of the War, but which had been gathering shape ever since, now assumed menacing pro-

portions. The economists, so averred the London professor, did not know what they were talking about. After all these years, there was no consensus of opinion among the serious students of the subject as to the nature and significance of economic science. Prof. Robbins thought he would rally the economists to the precise, logical conception of the nature of the economic problem which he had figured in his mind; but as he drove home argument after argument of his thesis by the sharp, rapier-like thrusts of his clear, incisive logic, he succeeded in furnishing one more confirmation of the old taunt flung at economists that no two of them ever agree. His book proved to be a signal for a general uprising. Controversies which time seemed to have laid to rest raised their head again; the ghosts of old theories began to stalk abroad; wounds that were about to heal began to bleed afresh. Voices were heard claiming their rightful place in the House of Economics, which they protested, under the Robbinsian dispensation, had been unjustly denied to them. Others, on the contrary, feared that economics had become like a colossus that seemed to bestride the whole world. Still others were not slow to point out that though under the new definition economics extended over the whole wide field of human behaviour, it concerned itself merely with one aspect of such behaviour, and thus had become in the process weak, anaemic, devoid of flesh and blood like the mathematical formulæ in which it delighted to couch itself, and utterly powerless to help the solution of practical problems. And what is the use of gaining the whole world if thereby you lose your own soul? So sang one spirited lady, in serious and unmistakable notes her *Lament for Economics*. The latest to enter the lists was the Indian Economic Conference. At its 1940 session, the scope of economics formed a special subject for discussion. It was thrashed from every side and no doubt much goodly grain gathered.

It is a fashion among historians to distinguish between creative and critical ages. Such a distinction is useful, if it is properly understood. It becomes misleading if it is made to suggest, as is usually done, that criticism is an occupation of decadence. We read, for instance, in a recent book 'that the interest that has been taken during recent years in every form

of technical experiment in the arts points to the fact that our civilization is crumbling.' On this view, the interest in technique, in discussions of definition, scope and method of any science is a sign of the decay of civilisation, of the fact that no great issues of life, crying for solution, exercise the minds of our great men. This is surely a mistake. The important moment for the appearance of critical enquiry seems to be the time when the institutional framework of society ceases to be the expression of the mind of a whole people. It is a symptom of great social changes. We seem to be attempting today 'a transvaluation of all values', in all spheres of thought. The old values no longer satisfy us ; nor can the old bottles serve for the new wine. The chaos of conflicting opinions in economics, therefore, is part of a general movement of thought. It is not a sign of the creative impotence of contemporary economics. It merely points to the fact that we are on the eve of great changes ; that a new synthesis is at hand. The old synthesis expressed by the Classical and the Neo-Classical schools no more satisfies the dominant intellectual minds in economics today ; it has ceased to be the expression of the main currents in contemporary economic life. An economist speaking in purely Classical accents today must be content to soliloquise or at best to talk to a coterie. The new voices apparently have not yet found a common language ; hence the confusion.

It may help the formulation of such a synthesis if a historical review is taken of the building up of economics, what manner of thing economics has meant to successive generations. It is with such a hope that this subject has been taken up, though to many it might appear like whipping a dead horse to discuss anew the scope and allied questions regarding economics. It is not claimed that anything new is added to the subject, nor is any attempt made to justify any particular statement about the definition and scope of economics. It is generally agreed that in order to understand properly existing ideas and institutions, it is useful to follow them back to their sources, that a survey of what is should be prefaced with a review of what has been. If this review furnishes the necessary background against which the trends in

modern economics can be correctly appreciated, it will have more than achieved its purpose.

II

Writers on Western thought begin by first paying a tribute to the memory of Aristotle, and, his master, Plato. The early thinkers had the advantage of having been born early. With their fresh and eager minds they could gaze upon the whole world, unencumbered by the weight of accumulated learning. While not unaware of the subtle distinctions and nice differences between things, it was their essential similarity that impressed them most. All their intellectual pursuits and scientific investigations were informed by the idea of the fundamental unity of things and of our knowledge about them. This unity found expression in their teleological view of the world. Everything was regarded as determined towards an end, and as there could not be a number of uncorrelated ends, the world was conceived as a kingdom of ends. Whatever might be the proximate end of anything, it served as a means to a still higher end. Thus, the whole creation, each thing in its separate way, was moving towards one grand end which, in Plato, was the Idea of the Good. There could, therefore, be no rigorous differentiation of knowledge, for all knowledge, in the last analysis, was knowledge of the conditions of achieving the highest Good. That is why the *Republic* comes to be a complete philosophy of man. 'What is a good man and how is a good man made?' asks Plato, and for answer formulates a whole system of Metaphysics, Politics, Ethics, Education and Economics. The last, however, plays but a subordinate, almost a negative role, in the making of a good man. Its function is merely to create an environment best suited for the development of the soul. Plato advocates communism for the guardians for the express purpose of abstracting the contaminating influences of filthy lucre which may thwart the soul's proper growth.

Thus, for Plato, the economic problem in our modern sense of the term, did not exist at all. It was merely an obstacle, which must be overcome, if the highest moral life was to be attained. Similarly for Aristotle economics was vitally

bound up with moral considerations. He, too, like Marshall in our days, emphasized the human aspect of economics. 'Economy' did not mean to him merely a study of the acquisition of the material necessaries of life; but it was a science dealing also with moral problems. The aim of economics was virtue rather than wealth. Production and acquisition were but the necessary conditions of a healthy, moral life. Economics was merely prolegomena to Ethics.

Under the Romans and throughout the Middle Ages, conditions were not favourable for the building up of an economic science. Undoubtedly, then as always, men's minds must have been exercised about the sources of their weal and woe, and we know as a matter of fact that a comprehensive code of economic regulations was built up under the Romans. Still economic matters hardly formed the subject of scientific investigation. The Roman, proud of his martial glory, considered purely economic pursuits *infra dig*; while the mediæval mind was dominated by visions of life after death. The one grand aim of existence, during these long centuries, was the purification of the soul so as to make it a worthy inhabitant of the other world. Pursuit of worldly gain was bad form and the church spared no pains to denounce it roundly. Asceticism became the rule of life and submission to the decrees of the church the supreme virtue. It was a stationary, stolid society that looked askance at innovations of any sort. Art and science, freedom of thought and expression, free enterprize were cribbed, cabined and confined within the strictest limits. The mediæval mind was content to mark time and lived under the empire of custom and status.

It was only when the shackles of this authoritarian regime were finally thrown off that any social science could take shape at all. With the decline of the authority of the church by the end of the thirteenth century and the subsequent flowering of the Renaissance and the Reformation, a veritable intellectual revolution took place. The Humanists preached a new view of life. This earth was good and worth living for. Men rediscovered a fresh joy in life. Scepticism was abroad and men began to question the old values of life.

To this restless spirit of questioning are to be traced the beginnings of modern science and philosophy. Men refused to take anything on faith and trust. They wanted to make sure that things were as they were stated. Personal observation and detailed experimentation were the principal rules of all scientific investigation. In these various ways an atmosphere was created in which a systematic study of social events could take place.

Environmental changes synchronized with these rapid developments in thought and science. Gunpowder helped to destroy the basis of feudal society. Printing democratised education. The Mariner's Compass led to the great geographical discoveries that resulted in the extension of trade and the accumulation of commercial capital. Organizational changes also proceeded *pari passu*. The guild system declined and the newly-risen class of bourgeois traders slowly introduced modern capitalist organisation in its place. Large cities arose and with them the modern nation-states. The rivalry between these nation-states necessitated the maintenance of large standing armies and recourse to increased taxation. The huge cost of warfare, increased in a measure by the great rise in prices, consequent on the influx of gold and silver from America, created difficult problems of public finance. Mercantilism and Kameralism were attempts to aid the statesmen in the solution of these problems by devising ways and means to increase the wealth and power of the nation.

Though these writers wrote on an impressive array of subjects, we cannot find in their writings any of those ideas which are fundamental to the rise of a social science. Economics, one would think by a perusal of their treatises, was concerned only with questions of public administration. There was no attempt in their writings at scientific deduction from premises of human nature, nor did they seem to deal with any measurable laws of human behaviour. It was necessary, before any attempt could be made at a scientific study of social phenomena on these lines, to close the gap between free will and natural law and to assert that law reigned everywhere; that in spite of the whims and caprices of the human will, social phenomena were subject to laws of their own. The

Physiocrats were the first economists to hold that the seemingly haphazard human behaviour was governed by laws and, therefore, a unified science of society was possible. And though a good deal of immanent teleology is mixed up in their conception of such laws, still, from this point of view, they may rightly be allowed to divide with Adam Smith the laurels for laying the foundations of modern economic science.

III

All these currents and cross-currents that brought about the transition from mediæval to modern times bore their final fruit in Smith's great synthesis, '*The Wealth of Nations.*' Smith reared his structure on very broad bases. The classical doctrine as it appears in him is at once economic theory, economic history, economic policy and a theory of economic development.

Smith came to Political Economy by way of Moral Philosophy, his lectures on Political Economy forming part of the larger subject. Hence though Political Economy emerged as a separate body of doctrines due mainly to his labours, it did not lose touch with the sister social sciences. Smith was at great pains to demonstrate the natural origin of economic institutions, and that constituted the proof, after the fashion of the eighteenth century philosophers, of their beneficent character. Smith certainly was no devotee of pure economics. A mere glance at the title of his book is enough to show that to him Political Economy was a broad study of all the forces that contributed to national wealth. That wealth to him was not synonymous with money but meant welfare is shown by the emphasis he put on consumption, which, he declared, was the sole end and purpose of all production. His defence of the Navigation Laws, the various limitations he recognized to the principle of Laissez-faire, his sympathy for the working-classes and genuine concern for their welfare, are instances to show that his conception of economics was clearly broader than that of the modern advocate of 'price economics.' On the contrary, it has recently been suggested that the problem of value was by no means *the* problem of economics to Smith and that he

regarded the organization and control of economic activities as the paramount economic problem of the day. It is, therefore, wrong to suggest as has been done by some critics, that the Classicists in general or Smith in particular, were not concerned with the solution of practical problems. On the other hand, everyone of them, not excluding Ricardo, was in the thick of controversial issues of great moment to his contemporaries. No one of them was a worshipper at the shrine of pure economics. "It is only necessary to mention Adam Smith and free trade ; Ricardo, the corn laws and the bullion controversy ; Malthus, the poor laws and revolutionary radicalism ; Cairnes, the wages fund and trade unionism. Even Jevons, in his *Coal Question* and *Studies in Currency and Finance*, grappled with practical problems."

The charge of excessive and 'fully developed individualism' which has been preferred against Smith's system by his German critics and in recent times by Spann requires to be more fully substantiated before it can be accepted. True, that is the general impression created in one's mind by a superficial reading of the *Wealth of Nations*, but a closer examination of his position reveals that Smith was no apostle of individualism, pure and simple. Far from regarding the individual in isolation, acting atomistically under the influence of self-interest alone, he recognized sympathy as a twin motive of human conduct. Sympathy which was 'fellow-feeling with any passion whatever' determined for us the judgments of our moral sense ; and as a being brought up in vacuo could not possess the capacity to distinguish between right and wrong, man as a moral agent was necessarily social. It is to the working of sympathy that Smith traces the origin of such important institutions as division of labour, money, government etc. It is sympathy again which accounts for the alchemy of turning private interest into public good. It has been said that if instead of sympathy we postulate gregariousness as the original cause of division of labour and exchange, we would find the great master as one of the founders of social psychology. Smith also recognized the influence of the institutional structure on the conduct and well-being of individuals. The celebrated passage in which he attributes the prosperity of

Great Britain to its legal system is too well-known to be quoted here.

Scholars are not agreed on the question of Smith's method, some holding that it was purely deductive, others that it was altogether inductive. The question of methodology in the social sciences had not as yet assumed any importance. Bacon had declared that induction was the only method of discovering truth in the natural sciences. Hobbes considered deduction to be suitable for the social sciences as they must start from fundamental facts about human nature. In Smith himself there is no clear-cut discussion on this point, though his practice shows that he made, as was only natural, judicious use of both methods. He possessed the intuitive habit of mind as well as the verifying one, and his *a priori* conclusions were verified by a close observation of facts, as in the case of his opinion about the beneficent character of natural economic institutions.

Such was the character of Smith's work. Just because he was the founder of the science, he could not found any distinct school. His eclecticism could hardly be crystallized into a set of dogmas. The 'Smithianismus' of German critics is not strictly applicable to the doctrines of Smith, but to the popularised version of the *Wealth of Nations* by Say and others.

IV

It was Ricardo who switched the science on to the fruitless paths of abstraction and deduction. His habit of saying Alice-like 'let's suppose' is well-known. But though Ricardo loved to imagine strong cases, it must be remembered as already pointed out earlier, that it was the practical problems of the day that aroused his interest in economic analysis. His emphasis on distribution as the principal problem in political economy points in the same direction. It was his haste in applying bodily the conclusions reached by his abstract method to the solution of the complex problems of his time, without making the necessary modifications, that laid political economy vulnerable to the attacks of historians, socialists and interventionists.

It is not proposed to go into the details of such criticism, for it is a commonplace of the history of economic thought. Sismondi defined political economy as a philosophy of history, and desired that the economist should study not merely wealth, but at least material welfare. As an historian, Sismondi was chiefly interested in periods of transition. The economic analysis of the Classical school had started with a period of equilibrium and ended with another, and thinking that there was a tendency towards a harmony of economic forces in the long run, they had failed to take sufficient account of the misery and suffering for the innocent involved during the process of transition. The classical writers in effect had acted upon the rule of the Red Queen, 'jam yesterday, jam tomorrow never jam today.' And for evermore the worker went without receiving any jam. Sismondi asserted the importance of 'today', for in the long run 'we are all dead'. From this point of view, the tendency in recent times to enthrone short-period economics in place of the main theory may be looked upon as a sign of healthy realism.

Friedrich List and others attacked the free Trade doctrine of the Classical school and its general policy of laissez-faire. They attacked the cosmopolitanism of the Classical writers and contended that political economy was a relative science which was to teach how each nation in the then state of the world and its own particular conditions was to achieve its economic well-being.

The Saint-Simonions, Proudhon and other socialists attacked the very basis of Classical political economy by an elaborate criticism of the institution of private property. Both from the point of view of production as well as distribution, they asserted that it had developed into an unmixed evil. While everything else was changing, the Classical writers had wrongly assumed that the institution of private property alone would endure from eternity to eternity. By thus making an abstraction of the particular historico-legal structure in which alone their laws were efficacious they had turned their theory into mere apologetics for capitalism.

V

After such criticism of the Classicists it was time that a fresh reconstruction was attempted, retaining what was of value in the old theories and making modifications in the light of the new criticism. This was the work of J. S. Mill. It has been suggested that it was his ambition to become the Adam Smith of his time and produce a work like, *The Wealth of Nations*. His work has been called a skilful restatement of the Classical doctrines by one not insensible of the criticism of the intervening years. As such, it represents an attempt at a fusion of diverse irreconcilable currents of thought. Mill stood between two worlds, he revived the old that was dying but also helped the birth of the new. In his single person he bridged the gulf between the old and the new Liberalism; hence his eclecticism, his inconsistencies, his many contradictions. He built chiefly on Ricardian foundations, yet emphasized the influence of institutions upon distribution, and thought it necessary to discuss the principles of political economy with some of their applications to social philosophy. He declared the moralist out of court so far as pure science was concerned; yet it was he who wrote, 'if therefore, the choice were to be made between communism with all its chances and the present state of society with all its sufferings and injustices,...all the difficulties, great or small, of communism, would be as dust in the balance'. He clung to competition, yet admitted that co-operation was the noblest ideal. He insisted on the indispensability of the inducement of private interest, advocated peasant proprietorship, but at the same time drew up a socialist programme of reform. While declaring that deduction was the proper method for the social sciences, he was not unmindful of the usefulness of the historical method urged by Comte, which 'consists in attempting, by a study and analysis of the general facts of history, to discover...the law of progress.' He thus tried to link up in some measure the static premises of Utilitarian economics with the dynamics of Comte's method. Mill was thus on every side 'eminently unfinal.' Yet to appreciate the true significance of his place in a history of economic thought he must be judged by his ideals and aspirations, by what he

set out to achieve rather than by his specific contributions to the subject.

VI

Mill succeeded in placing political economy on its pedestal once more ; but soon after the old lines of criticism were revived with redoubled vigour. The Historical school raised once again the controversy over method. Should economics be a deductive or an inductive science ? Such was their enthusiasm for induction that the members of the school desired to destroy the whole structure of abstract theory altogether and devote themselves for a generation or two to the collection of historical data alone ; after that it would be time to make a fresh attempt at generalizing. The State Socialists enunciated all the old arguments against laissez-faire and sought in state intervention a means to effect a peaceful transition from the present capitalist society to the socialist society of the future. At about the same time, a most unorthodox theorist was preparing to deliver a mighty blow to the whole structure of economic Classicism. Marx's system was at once a philosophy of history, economic theory and political propaganda. Marx was primarily interested in discovering the laws of movement of society, and dialectical materialism was his explanation of the principles which determined social change. According to it, capitalism was a purely historical category and having performed its historical task of bringing into existence a revolutionary proletariat, it was bound to give place to a socialist organisation of society. Marx was thus an early thinker in the line of those who saw in ' the cumulative changes of economic institutions ' the central problem of political economy.

Within a few years of the publication of *Das Kapital*, an altogether new type of economic theory, as its author, Stanley Jevons, believed it to be, was announced to the world. He called it ' the mechanics of utility.' At about the same time, similar ideas were developed in Austria by Menger and others, and in France by Walras. A little later, J. B. Clark expounded a similar theory in U. S. A. The Historical school had swung the pendulum too much in the direction of inductive studies ;

the new theory of marginal utility restored deduction to its position of honour in economic analysis. It also served to rehabilitate capitalism by finding a substitute answer to the problem which Marx had posed, viz. the source of the capitalist's profit. The new theory asserted that every agent of production got a share of the total product equal to its own marginal productivity. There was, therefore, no surplus value and no exploitation. It was felt no neater refutation of Marx was possible.

What Jevons and the Austrians really accomplished was rescuing the Classical theory from the attacks of Marx and his kind. For all their emphasis on subjective factors, the new theory was not radically different from the classical type of theory. The fundamental assumptions regarding human behaviour underlying both were the same, both employed the same methods. While the Classicists had emphasised supply conditions and cost analysis, the new theorists emphasised demand and utility analysis. It was reserved for Alfred Marshall to take account of both sets of factors, and to suggest that the two together, like the blades of a pair of scissors, determined value.

VII

Not merely the theory of value, but the whole Classical doctrine received its final touches at the hands of Alfred Marshall and appeared in its most perfect, symmetrical form. His *Principles* are regarded as 'the most authoritative rendering of the school of thought known as Classical economics.' Davenport expressly states that, both his starting point and point of arrival were and were avowedly at Classical positions. But in this respect, he is surely not to be compared with Ricardo, but with Smith and J. S. Mill. He greatly improved the Classical conception of economics in the direction of greater comprehensiveness and realism. He too, has been dubbed eclectic because he was too cautious to give his wholehearted allegiance to any partial and one-sided body of doctrines.

Marshall's definition of economics is well-known. Economics was to be not merely a science of wealth; it was to

examine 'that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being.' Economics must be a fruit-bearing science; it must provide criteria of economic policy and help to alleviate the suffering of the poor.

He also gave a decent burial to the atomistic, isolated individual of the Classical school. He recognized that economics deals with individuals chiefly as members of the social organism. Biology had by his time made considerable progress and there were numerous applications of it in the field of social sciences. He was, therefore, able to rise above the purely mechanistic analogy of equilibrium in supply and demand theories, and view, from an organic standpoint, the efforts and valuations of individuals as related to a particular social milieu. In this connection reference may be made to the Hegelian Principle of Continuity mentioned by him in his preface to the first edition of his *Principles*. According to it, the world cannot be divided into water-tight compartments, but is a single interconnected system. The individual, therefore, is part of a related order, in which there is continuous action and interaction. Interpreted in this way, the conception helps towards a proper understanding of the relation between man and his environment. But considered historically, it is apt to make one blind to the influence of the institutional structure on the human mind. For, all change being continuous, with reference to any particular period, it is necessarily gradual; hence economists in their analysis may well treat as negligible changes in institutional organisation. Assuming that the institutional structure had achieved a more or less permanent form or changed but slowly, Marshall concentrated mainly on the problems of value and distribution, without sufficient attention to the modifying effects of institutional factors. This was perhaps what Dobb had in his mind when he remarked that Marshall's motto 'Natura non facit saltum' had at times received a conservative interpretation. Still it helped him to maintain a sense of healthy realism and to preserve closer contact between his theory and the facts of economic life than most other writers were able to do.

As regards the question of methodology, Marshall recognizes the need of employing both the methods. The economist, according to him, has to use 'all the devices for the discovery of the relations between cause and effect which are described in treatises on scientific method.'

On the whole, therefore, Marshall succeeded in building up by means of his analytical genius a sufficiently comprehensive theory that secured general acceptance among a large number of the economists of his time.

VIII

An instructive comparison has been drawn between the rise of Classical political economy after the Napoleonic wars and the fresh vitality infused in modern economics after the war of 1914–18. Malthus and Ricardo were attracted to economic studies chiefly by the problems, such as the corn laws controversy, created by the period of reconstruction that followed Waterloo. The Peace of Versailles, too, set many a difficult problem for the modern economist to solve; only these problems were so complex and of so far-reaching a character that economists were unable to agree among themselves as to the best method of solving them, or whether as economists, they were competent to tackle them at all. Thus once more they found themselves in the thick of those controversies on fundamentals, which, as noted above, have accompanied the science ever since its beginning.

At least four separate strands can be detected in the modern conception of economics: (1) 'Scientific' or pure economics; (2) Welfare economics; (3) Institutional economics; and (4) Inductive economics based on experimental research and quantitative analysis. It will easily be seen that none of these is an entirely new current.

The Physiocrats and the Classical writers professed to be students of pure economics. It was their aim to establish in political economy laws modelled on generalizations of the natural sciences. The laws of economics were to be equally eternal, invariable and universal. Now the ambition to

establish natural laws in economics was a legitimate one ; the trouble arose because of the eighteenth century habit of judging whatever was natural to be good because it was natural. The 'natural' laws of economics thus came to possess ethical qualities. Laissez-faire became the only rational policy, since interference with what was not merely inevitable and eternal but also beneficent was clearly futile and mischievous. The modern advocate of pure economics is careful to avoid any such confusion. There is no 'penumbra of approbations' round the conclusions of the science. The strictly scientific attitude is neutral as between ends. Science is 'the virgin pursuit of knowledge for its own sake.' Economics should, therefore, confine itself to an accurate but colourless description of phenomena. It will thus be able to furnish tools which the social reformer might employ in realizing a greater amount of common welfare. But, within the limits so strictly defined, the corollaries of economic science will have the widest generality, they will be true of each and every type of society. For the laws of economics are independent of any particular institutional setting. The institutional frame-work may determine, for example, the alternatives of choice and fix the limits within which choice can be exercised ; but, still there will be general laws of choice that will be valid for all types of society. In other words, the content of economic laws will be dependent upon institutional factors, but their form will be universally valid. And science, said Aristotle deals with 'forms' : matter as matter is unknowable because it is in a constant flux. Economic activity, being at bottom, rational activity, economics formulates the formal laws of all rational conduct. 'From a rational or scientific point of view, all practically real problems are problems in economics. The problem of life is to utilize resources 'economically'.....The general theory of economics is therefore simply the rationale of life,"

The Welfare economist is impatient of such advocacy of pure economics. According to him pure theory in this sense will be merely useless academic amusement. Its empty formalism will have no place in a world bristling with all manner of difficult problems on every side. It is a luxury which the

world in its present state can ill afford. What it demands of its social scientists is not the discovery of any truth, but of significant truth—significant from the point of view of the solution of its crying problems. Truth for truth's sake should be discarded as was the other doctrine of Art for Art's sake, and Truth for life's sake should be substituted for it. Truth only deserves the name if it is useful.

The pure science idea, it is further pointed out, is practically an impossibility. Modern psychology teaches that men can think only when they face some problem, when the mind finds itself in some 'intellectual quandary'. A pure economist will have to shut himself up in a social vacuum in order to secure complete isolation from the *Zeitgeist* of the society in which he lives.

Coming lower down in the scale of objections to pure theory, it is insisted, that if economics is concerned with economising, if it involves the economical, and efficient use of resources to achieve a given end, then the very meaning of economy and efficiency necessitates the recognition of an ethical norm for economics. If efficiency is not to be understood in a purely technological sense, what other criterion is there of efficiency but social welfare ?

It is worth noting that some economists, notably the advocates of experimental economics, have taken up the extreme position that economics should be wholly ethical. Tugwell cites the case of Prof. W. H. Hamilton who recently worked out his Theory of the Rate of Wages with the assumption clearly implied that wages ought to be raised in the interest of human welfare. 'The inquiry', he wrote 'has three objects : The first is to find a theory of wages relevant to the problem of how real wages are to be raised'. Economic theory thus becomes the formulation of concrete suggestions for the attainment of desirable results.

Finally, an interesting argument is put forward that even admitting for the sake of argument that the distinction between pure and applied science is a valid one and that economics should have no contact with ethics, still such are the existing logical inter-relationships of problems, that it is

better in the interests of an efficient division of academic labour, that the economist deals with problems of welfare.

The Institutionalists emphasise the importance of the influence of institutions upon human behaviour. It is said that human nature is unchangeable, that our fundamental traits, the equipment of instincts, interests, and passions with which we are all born changes but little if at all through milleniums. What changes more swifty is the institutional setting. Organic evolution tarries but institutional evolution continues. The cumulative changes of institutions in their long evolution, therefore, determine the channels of expression for the more or less permanent fundamental instincts and interests of any given generation of men. To attempt to study human behaviour, isolated from its institutional setting, is not only to miss its whole significance but positively to misunderstand it. Take, for example, the case of human wants which are regarded as the fundamental driving force of all economic activity. But the nature and characteristics of these wants are dependent on institutional factors. As Dobb points out, as soon as we try to make concrete the statement that 'individuals *choose*' by saying that 'individuals choose *in a particular way*', it becomes the false statement that individuals choose *freely*. Because, as a matter of fact, in a capitalist society, the choice of individuals is affected by the basic productive relations which are characteristic of it. There are other interesting applications of the same idea as when distinction is made between claims to shares in distribution that are held 'by right of productive contribution' and others that are due to 'bad political and property institutions'. The Institutionalists therefore assert that economists to be really 'scientific' must take a dynamic view of their science and make the study of the cumulative changes of institutions their chief concern.

A last group of economists announces the inauguration of an 'inductive' era in economics. Economic generalizations must be based on factual data. The collection and use of statistics in relation to economic problems must therefore be the chief task of the economist. Already a good deal of progress has been made in this direction in tackling such

problems as business cycles, unemployment, computation of national income, war-time price control etc.

The method of deduction, it is pointed out, cannot give exact results because it is restricted to a qualitative analysis of economic forces. Most of the problems, however, which economists have to face, as war conditions clearly demonstrate, are problems of how much ? how large ? how soon ? Quantitative analysis is most significant in relation to them.

Quantitative methods, further, are useful for purposes of verification. Most of the assumptions of the Classical economists, such as the motives of human conduct, or mobility of capital and labour, if they had been put to the test of quantitative investigation, would have been found as resting on very slender bases. Not only that, but such methods may prove useful even in the solution of fundamental problems such as the alleged unchangeability of human nature. They will demonstrate how far human nature is itself plastic and how far it is determined by environmental factors.

Such reasoning is further reinforced by more abstract arguments. All science, it is said, is measurement. 'When you cannot measure what you are speaking about,' said Lord Kelvin, '... you have scarcely in your thoughts advanced to the stage of science.' Science has also established that all our knowledge about events in the world is of a statistical character, and that it is useless to attempt to establish invariant laws of cause and effect of a mechanistic character. Economics therefore should become pre-eminently a quantitative science.

Finally may be noted Wesley C. Mitchell's definition of economics, which is wide enough to include these several viewpoints. Economics, according to him, is a science of human behaviour. There is, therefore, a close organic relation between economic history, economic theory and applied economics. In developing as a science of human behaviour, Economics will lay increasing emphasis upon quantitative methods, upon the cumulative changes of institutions, and upon problems of welfare. Thus, at long last, will be built that

palace of Economics, of harmonious proportions, wherein will dwell all the different economists in peace and amity for ever after.

IX

It is significant that thrice in three centuries more or less similar problems have pressed for solution at the hands of economists. Does it not suggest that back of these controversies, there is a still deeper conflict on a more fundamental issue? It seems to the present writer that such an ultimate issue concerns the relations between man and his world, and unless economists are able to secure a minimum of agreement on it, no progress is possible regarding the scientific treatment of economic problems. To work out the implications of such a view will take one far afield into the realms of metaphysical enquiry; and the intelligent reader is best left to work them out for himself.

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THE EDUCATED MIDDLE CLASS TAKES TO INDUSTRIES

Initial difficulties in Maharashtra

The backwardness of India in industrial development is proverbial and needs no elaboration. The province of Bombay is supposed to be the most industrialised province in India, chiefly due to the cotton mills in Bombay and Ahmedabad, but that only proves how backward all the provinces are in this respect. In Bombay province itself, while the soil in Gujrat is very fertile and most of the Karnatak tract has an assured rainfall, Maharashtra contains large tracts of uncultivable land and its eastern portion suffers from uncertainty of rainfall. A few sugar factories have now been recently started there, but they are only oases in the desert. Thus, in the matter of the gifts of nature. Maharashtra is not very fortunate. There is a heavy rainfall over the western ghats and it is utilised for developing hydro-electric power. The rain water finds its way to the sea through innumerable rivers like the Godavari, and the Krishna but Maharashtra generally meanwhile remains barren and poor while the city of Bombay utilises for industrial production over 90% of the energy generated below the ghats, and flourishes!

The standard of living of Indians can rise only when there is an improvement in agriculture and the burden on land is lessened by industrialization on a large scale. We are concerned here with industrial development. This question assumed particular importance since the policy of discriminating protection was adopted in this country. In Maharashtra it was the problem of unemployment among the educated middle class people that gave prominence to the importance of industries. So long as the educated people were very comfortably absorbed in government service, they did not realise the value of industries. Only when that source of employment was stopped did they realise that the next generation must turn somewhere else for its sustenance.

The educated middle class is taking to industries, not because it is attracted by its large profits. The young men are doing so with great reluctance.

Industrial development requires large scale production and, as a consequence, investment of capital on a big scale. Such large amounts cannot, naturally, be supplied by a single individual or by groups of a few individuals. The application of the principle of joint stock enterprise with limited liability, however, makes large scale production possible, and a limited liability company is the typical business organisation which carries into effect the above principle. The industrial development in Maharashtra is also going along the same lines. But the joint stock organisation is a comparatively new introduction in India, and, as Maharashtra is becoming industrially-minded since only very recently, it is but natural that people should feel some difficulty in starting and conducting industries on that basis.

If a joint stock company is not able to collect enough capital, the very purpose of its formation is frustrated. In Maharashtra, the chief source of income of the educated middle class people is their salaries in government or semi-government services or their earnings in the legal or the medical profession. These people have to take no risk while earning their income and consequently, they are not temperamentally inclined to invest their savings where there is the slightest risk of losing even the interest on their sums. To them security of capital and income is of the first importance. It is from this class that the promoter is required to find money for his schemes. The continued fall in the rate of interest on government securities has, however, resulted in making industrial investment a little more attractive and people have now begun to keep their money in fixed deposits with joint stock companies. But, they continue to keep away from investment in shares. As there must be some relation between the share capital and the deposits of the companies, it becomes necessary for them to have a large share capital and a time will soon come when companies will be enabled to refuse to accept deposits from non-share-holders.

The difficulty of securing share capital from the public has created some very strange problems, not really connected with finance. Many well-to-do, well-intentioned people are not inclined to part with their money unless they are made directors of the companies in which they are being pressed to invest. Thereby they hope to exercise some control over their money. The promoter of a company is therefore required to take up on the Board of Directors some gentlemen, who know nothing about business but are there only to oblige the organiser or because without them the company could not have come into being. If these gentlemen were in a position to advance money in thousands, that would be some relief. But, beyond their commitment, they do not go. There are others who are necessary on the Board because of their public status, (in other walks of life). The result is that the Board of Directors very often does not become competent enough to direct the affairs of the company and the promoters, who become the managing agents, get a free hand. If the promoters themselves were very competent, the harm would have lessened. Unfortunately, it is not always so.

The promoters of joint stock companies become self-appointed managing agents of the companies they bring into existence. The chief justification for the existence of the managing agency system is that managing agents undertake to supply the working capital required to conduct the industry. In Maharashtra, the managing agency system is becoming popular, but the agents in many cases have not enough money of their own to advance to their company, nor can they arrange for it. According to the Indian Companies Act, the remuneration of the managing agents shall be a sum based on a fixed percentage of the net annual profits of the company, with provision for a minimum payment in the case of absence of or inadequacy of profits, together with an office allowance to be defined in the agreement of management. This means that the income of the managing agents should be dependent on the profits earned by the company. In Maharashtra, there seems to be a tendency on the part of the managing agents to give more importance to the provision

for minimum payment than to a share in the profits. The managing agents see security in the provision of the monthly allowance and they are prepared to sacrifice their share in the profit if thereby they can get a few rupees more by way of monthly allowance. This monthly allowance is generally not a very large sum, but taking into account the total capital and turnover of the company, it becomes rather a heavy charge. Many of the agents do not bring in money and the company very often suffers from lack of funds. The company is also required to appoint specialists and technicians on a high salary. The payment to the agents, therefore, is in many cases disproportionate to the services they render to the company. As the average size of a company is very small, the allowance payable to the managing agents becomes a burden on the company though the amount of the allowance is just enough to maintain the Agents. The prosperity of the agents should, by all means, be dependent on the prosperity of the company, but their livelihood and daily bread should not be dependent on the company's working. It is necessary that they should have a separate private income to keep them going. This is not always so.

As most of the joint stock companies in Maharashtra are comparatively new, it is to be expected that they should experience some difficulties in their initial stages. The reluctance of the people to invest in joint stock companies has created a major problem and an attempt to solve it brings in its train a number of difficulties. People do not take up shares on the merit of the proposed enterprise. Share canvassing has, therefore, become an art and a number of devices have to be resorted to, in order to guile a prospective shareholder. The management of a joint stock company becomes a specialised business, especially when the companies have to work with an inadequate capital. The difficulty of it is not realised by the majority of the share-holders and their advice and suggestions are very often beside the mark. Slowly, but surely, people are being trained in the joint stock system of business management and it is hoped that very soon the initial difficulties will vanish. The educated middle class youth is taking to industries in right earnest, but the better

type of student is still attracted to government service. If industries can offer him the same inducement, there is no reason why he should not try to find a career in them. Ultimately, the success of an undertaking depends upon its personnel and when there is an improvement in its recruitment, industrial advance will surely be facilitated.

S. V. KALE

THE COMPETITIVE SYSTEM

I

1. During recent times the competitive system of economic organisation has come in for a good deal of criticism. While most of this criticism has been helpful in revealing imperfections in the system and challenging its moral complacency, some of it has been misguided, has attributed to the working of the system unconnected shortcomings, and from the hypothesis of such shortcomings has deduced unjustified conclusions as regards the fundamental impossibility of such a system satisfactorily serving as an instrument for the attainment of material happiness in a community. The large volume of socialistic literature that has inundated the world during the last 80 years or so has served the immensely valuable purpose of bringing home to us the homely truth that, poverty in the contemporary world is not the penalty of incompetence or laziness or vice nor affluence an index of merit or virtue. It has taught us that grave inequalities of income are intolerable, that all human beings no matter what their birth or heredity, have an undeniable and an *equal* right to the material instruments necessary for the development of personality, that inequalities of income even when proportioned to inequalities of usefulness are not ethically defensible in a world where opportunity is gravely unequal.

On the side of distribution this insistent volume of criticism has led to a very considerable attempt in progressive countries to alleviate inequalities by State action Some measure of equal opportunity in the sphere of education and public services has been achieved by free education and State scholarships etc.; a realisation that hunger and dire poverty must not be allowed to exist, has been translated into practice by widowhood pensions, unemployment doles, old-age pensions, and so forth ; essential services have been divorced from capacity to pay for them by making them available generally e. g., State-subsidised sickness insurance schemes, maternity benefits, free medical attendance, State-subsidised life insurance schemes, legal aid societies, free or cheap transport for workers,

milk for children and slum-clearance. The considerable cost of these expensive State and Municipal services has been met by mulcting the rich. The Municipal and Central budgets o modern nations represent a very much higher percentage of total national income than did budgets of, say, 50 years ago, and as the major portion of the taxes naturally comes from the rich, and the major part of the benefits goes to the poor, public finance effects a large measure of transference of purchasing power, and modifies the existing inequalities of income.

Probably a great deal more can be done and ought to be done in this direction than has been attempted anywhere so far. Opportunity is not yet nearly equal in even the most advanced countries : the material equipment of a good life is by no means available to all : the provision of essential services in medicine, sanitation, housing and the supply of nutritious and sufficient food, is by no means yet adequate for the poorer members of society. On the other hand there are still large chunks of income which can be taxed without hurt to the productive effort such as, some kinds of rents, unearned incomes, windfall profits, increments in the value of land etc. : even generally, there is reason to believe that inequalities of income are grave enough to justify a greater measure of progression in income and capital taxes : we have by no means reached the limit of inheritance taxation and need not fear that there will be an undue shortage of savings if the screw is applied further : luxury trades can be taxed so as to subsidise essential trades and services. Politics apart, there is every reason to believe that this tendency will go on and a greater measure of transfer of purchasing power from the rich to the poor by means of State action will be achieved. Fortunately, man has greatly increased his command over the natural forces, and with advancement, societies have come to have stationary, or even declining populations and there is every reason to hope that the fruits of the earth will be sufficient to satisfy the essential needs of all of us, with perhaps a six-hour day, a shorter working period than which will probably be very boring. If such a time comes and the essentials of a good life be secured to all, inequalities of income over and above the minimum level will no longer bother us as much as they do

today. Nor is such a time far distant, at any rate for societies in the vanguard of civilisation, if the politicians will manage their business so as not to waste our substance in building armaments or destroying each other's wealth by using them.

In this article I propose to examine the competitive system first on the side of distribution and later, on the side of production, with a view to see whether the imperfections of the system cannot be remedied without scrapping it altogether as some critics of the system would have us believe.

Here a word may be said, by way of parenthesis, regarding how far this tendency of State action to rob the rich and pay the poor, a further extention of which we advocated above, is defensible.

2. The present economic organisation throws out a certain income-structure; a different economic organisation will throw out a different one. There is nothing natural, or moral, or divinely ordained about the existing incomes in the contemporary competitive societies. The laws of the State backed by the physical power of the State secure certain norms of behaviour for economic activity. Freedom of contract, freedom of enterprise, enforcement of contracts in cases of default, security of property by means of law-courts and the police, prevention of fraud and deceit, the rights of bequest and inheritance—these are some of the most important of these norms in contemporary competitive societies. These, in more or less measure, with individual variations are enforced in most so-called capitalistic countries of the world today. But there is no finality or moral significance about any of these institutions or any of their many variants. There have been instances in history where one or many of them were absent or entirely opposite norms were established. There was no freedom of enterprise in societies where work was distributed on a rigid professional caste system: there was no freedom of contract in societies where slaves were owned, could be mortgaged or sold, where the progeny of slaves belonged to their owners, where the master exercised powers of life and death over them: there was no security of property in autocratic States, where the sovereign being a law unto himself could take all he

wanted and forbore simply because he did not want. The limited liability joint-stock company which runs the major portion of our economic life today is itself not over a century old. In many States even today freedom of enterprise is excluded from certain spheres of economic life which the State works as a State monopoly, or farms out to the highest bidder. Labour legislation is a restriction of the principle of free contract. The law in most civilised societies would not allow a man to contract himself into life-long slavery because such a contract is declared void in law. Attempts are made through commercial legislation to limit the powers of monopolistic combines to exploit the consumer which is an abridgement of freedom of enterprise. Laws regarding dangerous drugs, adulteration, trade marks, all more or less modify or alter conditions in their pure state which we have learnt to associate with a competitive economic system. And there is perhaps no single economic principle that has suffered more numerous mutations and has exhibited greater variety, and which even today illustrates so many practical variations, as the law of inheritance.

The income structure of society is conditioned by its economic laws and institutions and has therefore nothing natural, final, or ethical about it. Economic laws and institutions *can* be altered and *ought* to be altered by society if they produce results incompatible with its fundamental aims. The happiness of all men has an equal urgency for the State. If its economic institutions result in the denial of the instruments of a good life to any class of its citizens, it is not only the right but the duty of the State to alter, modify, annul any of these institutions or impose other suitable ones or modify their results in any wise in pursuance of its purpose, which is to secure a good life for all its members.

The fact that the competitive economic system works to a large extent *automatically* is again no defence of the income structure to which it gives rise. The competitive economic system works automatically in the sense that the resources are employed in different industries and different commodities are produced, not according to a scheme thought out by a single brain or a body of individuals, but according to a pattern that

is the resultant of several unconnected decisions taken by different individuals in their own spheres, within the limits of the current laws and economic institutions of the particular society. Individual consumers bid for different commodities and services and determine the prices of consumption goods. Acting on the evidence of these prices individual producers bid for the resources of production and thus determine which goods will be produced and in what quantities. The fact that several persons taking separate unconnected decisions build up the common body of opinion which determines the final pattern is no evidence of any inherent superiority of the competitive system over a planned system. Indeed the so-called automatic working of the system puts it on the defensive. Whereas a centrally directed system is likely to be rational or self-consistent at any rate, it remains to be shown that the competitive system left to itself produces a rational, self-consistent pattern of economic activity. This will be done in some detail below. Here I am concerned to remove the misconception that the competitive system, because it is automatic, is in a sense natural, and therefore ethical, and rebut the inference that interference with its results is unjustifiable.

3. A word may be said regarding the rewards to different factors of production. After all, although we may speak of factors of production as inanimate agencies, behind these are real men whose incomes are indicated by the rewards to factors of production. Each unit of a factor gets a reward equal to the value of the marginal unit of output it may have produced. There is some rough and ready justification for such a system, surely. By the scheme of differential rewards, the factors get distributed according to the best interests of production. The most suitable piece of land gets a higher rent but is also put to its most desirable use. Similarly uncommon qualities are rewarded, although a high level of reward will attract more persons to the occupation and reduce it so as to cut it down to the general level of rewards for similar effort. Foresight and ability and readiness to take risks are suitably rewarded in a competitive system : but it is also in the interest of society that they should be so rewarded. The rewards may be highly unequal

but they secure the best distribution of the productive factors and agencies. Even in a planned communistic society, unless some other complicated method of allocating the proper man to the proper place and the proper piece of land to the proper use is evolved, there will be incalculable hurt to the productive effort. Besides, the fact that high rewards are given in the first instance does not mean that they will be retained in full proportion. Here, death duties, steeply graded taxes, direct taxation of articles of consumption of the rich come in, and play their part. By permitting high rewards to be given and then mulcting them we secure the interests of distribution without injury to productive effort. I do not mean that there is no limit to the length we can go this way; I do feel, however, that we are yet far from the limit.

4. So far as the distribution of the fruits of the economic process is concerned, I conclude from this analysis that the competitive system admits of being modified so as to alleviate these inequalities of income which are justly complained of by its socialist critics. The pure communistic formula of "from each according to his ability to each according to his need," cannot be fitted into the framework of a competitive system. But it is highly doubtful whether the formula in its purity can be applied even to a communistic society without inflicting a very grave hurt on the total sum of goods and services produced. Human beings being what they are, there can be no doubt that men will not do their best or their utmost if their incomes are a function of their needs and not of what they do or can do. Most communists will agree that the pure formula is outside the realm of practical politics. Besides, the main attack against inequalities is not against inequalities as such, but against the disparity as between great riches and dire poverty. If therefore, it is possible within the framework of the competitive system to secure the material equipment of a good life for the majority of the population, as I have argued it is, there could be no serious objection to any inequalities of incomes that may still persist, especially as the removal of these inequalities will have the deleterious effect of reducing the heap of goods and services we are anxious to distribute more satisfactorily.

5. I believe this will convince most communists and socialists, as a pure economic thesis, apart from the political aspect of it. They will however object to my conclusion that satisfactory distribution can be achieved by a steady process of increasing State interference through public finance and transfer of purchasing power in favour of the poor, on the ground that each such concession, which they will think, is thrown out as a sop, will merely retard the attainment of the ideal by watering down class consciousness and clamour against inequality. Nor would an extension of their argument to its logical conclusion that the growing poverty of the masses is a consummation devoutly to be wished for in the interest of revolutionary consciousness, deter some of them. To refute this contention I should have to enter upon an argument in politics which is beyond the subject-matter of this article. I am content therefore to point out the scientific possibility of redressing to entire satisfaction the wrongs of the competitive system on the side of distribution and would now consider it on the side of production.

II

6. Under the competitive system people are free to bid for different articles of consumption and the process of this bidding gives rise to the price structure of these goods. For the production of these goods entrepreneurs are free to bid for the resources of production. They may combine these resources as they like and have as many of each of them, at the prevailing price, as they may want. The difference between the cost of producing any article and its prevailing market price constitutes the reward of the entrepreneur. The cost of production is not the same for each firm or unit of production as resources can be combined in infinite ways, and for the same unit of production the average as well as marginal cost varies according to the output. If in any industry, the difference between the price of the commodity and the cost of producing it is abnormally great, more entrepreneurs transfer their energies to that industry, there is increased output and consequently the market price is reduced until the profits of this industry are comparable to the profits of other industries.

This is a very much simplified picture of the working of the competitive system on the side of production but it will do for the present purposes of the argument. Presently we will examine how far the divergence of real economic life from this simplified abstraction entails a modification of our conlcusions.

The building up of a price system of goods of consumption as a result of individual and free choices results in the distribution of goods as between individuals, *given their purchasing power*, so as to maximise material happiness with the same stock of goods. If I prefer to have a book rather than a pair of shoes and the other fellow prefers the other way round, by barter, we both benefit. The preferences of different individuals acting and reacting build up the price structure of the goods of consumption. In the same fashion entrepreneurs bidding on their own for resources in the factor market, on the evidence of the market prices of the commodities they produce, secure for every industry that quantity of resources which results in the *ideal* output for that industry. When there is a free pricing system for articles of consumption and a free market for factors of production there is a steady trend for the ideal quantity of resources to be employed in different industries. If in any industry the output is less than the people's preference for the commodity produced would justify, there will be abnormal profit in that industry and a consequent rush to transfer resources to it until the balance is restored.

There can be no question that the competitive system, *given* the total resources to be employed, secures their best distribution in different places and employments, assuming that peoples' choices represent their best preferences. As a statement in pure theory this position is unassailable.

7. I will now take in succession each factor which distinguishes this picture from that of a contemporary capitalist society and examine how far the disparity modifies this conclusion.

In the first place this argument assumes the quantity of resources employed as given. It assumes that all the available resources will somehow be employed, and the only question is

how best they may be distributed in different employments. We are told that conclusions valid on the assumption of conditions of *full employment* cannot be held to be valid for situations where resources are not fully employed as a permanent feature, apart from the frictional causes. We need not here enter into a long argument along these lines. Those who believe that conditions of equilibrium *can* exist where a certain proportion of available resources is steadily unemployed, point to wrong policies of money and credit as the genesis of such a situation. Problems of credit and monetary policy are common factors and may be excluded so far as comparison of the results of the competitive system and a system of planned or communistic production is concerned. Those who argue that we want a different monetary policy to secure full employment as a permanent condition have not suggested that competitive organisation of society in any way hampers the inauguration of such a new policy. A competitive system can co-exist with a credit and banking system giving the controlling authority adequate sanctions to enforce any monetary policy it may choose to. Whatever may have been said against them it has never yet been suggested by their critics that the English and American Banking Systems, for instance, do not possess sufficient sanctions to enforce any monetary policy they wanted to. There is no agreed opinion as to what this new monetary policy should be in detail, but there can be no doubt about the proposition that such a policy when evolved will be found compatible with the existence of the competitive system.

8. I would pass on to another objection to the competitive system on the side of production. It is true that a competitive society secures the best distribution of resources in different places and employments, on the evidence of the price system as regards the desirability of different commodities to society. But the price system is no sure indication of what society really wants. The price system is in a sense a function of the distribution of purchasing power in society. Everyone lays out his purchasing power so as to secure equal marginal satisfaction in respect of every article. But the poor man's satisfaction from the purchase of his last shilling is not the same as the rich man's. A rich man with a money income equal to

that of ten persons less well-off exerts on the price system the same pull as these ten persons do together. In a just society the needs of all must be treated with equal urgency. In a capitalist society where purchasing power is so unequally distributed as in our contemporary societies the price system is unduly weighted in favour of the rich people. It is as if we talked of a democracy when one man had a hundred votes as against others having one each. The luxury trades in a competitive society produce a larger output and the essential trades a smaller output, than is relevant to the best interests of society.

The justice of this criticism is plain. I would however urge against it two considerations. In the first section of this article it has been advocated that State action should be taken to achieve a far greater degree of equality of incomes, by transference of purchasing power from the rich to the poor, than obtains with us today. To the extent to which such equality is reached, to that extent this particular argument will be robbed of its force. In particular, if the *minimum* essentials of civilized life are secured to all it will not be a cause for great complaint how the rich dispose of their *surplus* of purchasing power. Secondly, even apart from such taxation measures, the State can directly subsidise suitable poor men's industries and tax rich men's industries, and thus bring the distribution of resources as between these more nearly to what it should be. One way of doing this will be taxing luxury imports and allowing essential imports across the customs barrier free of duty. Excise duties can achieve the same as regards indigenous industries. Industries such as those concerned with the supply of nutritious food can be subsidised so that they may attract greater investment of resources and produce a larger output than they otherwise would. Countless other ways of doing so can be instanced. Indeed this is being done today to quite a considerable extent in some countries. My point is that even this very fundamental criticism of the competitive system can be met a long way by the modification of the results of the competitive system which leaves its basis and working intact.

9. Next, we may consider another criticism of more or less the same type. All the results of production, for good or bad, do not enter into the price system and cannot

always be made chargeable at the door of the employer or industry concerned. To take the classic instance, chimnies of factories give out smoke and increase the laundry bill of the metropolitan population, and from the point of view of society the cost of this bill should be debited to the account of the factory when determining the ideal investment of resources justifiable in it. In real life however, the factory owner invests in the factory without taking this social loss into account. It is possible to think of many other instances where the same result is produced by certain factors not entering the price system or being accountable to the proper source. In the words of Professor Pigou, competition secures equality of marginal *private* net products of resources in different places and employments but this may in particular cases differ from equality of marginal *social* net products of resources which is really the desideratum. The remedy against this is however clear. The State must step in and discourage output in those industries where the ideal is likely to be exceeded by the actual due to private net product being in excess of social net product, by building up suitable tax-systems: in industries where social net product is in excess of private, subsidies may be given. Here again, although the justification is a little technical, in practice, all Governments have been doing this to more or less extent. There is of course the difficulty that although the point is quite unambiguous in theory, in practice it is bound to be difficult to know what industries may be so taxed or encouraged and to what extent. It is difficult to say what tax may be levied on factories in a City because they soil people's clothes, in a concrete case, or say, discourage tourist traffic by making the City look ugly.

This difficulty is however not likely to be avoided in any alternative system of economic organisation. The difficulty is inherent in the complexity of economic life, where some goods and services do not enter the price system at all, where some results are not chargeable to the source, where innumerable industries are inter-related due to their having effect on each other's demand and supply. I should like to know how the planners will allow for this factor in the elaborate calculations they will be making to decide in

what proportion different industries may produce. How will they allow for the repulsion of tourist traffic due to the prospect being spoilt by ugly factories? How will they allow for those *external economies* or *diseconomies of production* whereby the increase of a unit of output in one factory affects the costs in other industries, or other factories in the same industry? It is not difficult to persuade an impartial critic that this imperfection does not justify our scrapping the competitive system.

10. There is yet another very considerable criticism against the competitive system. The argument that was employed in para. 6 above, assumed the existence of competition in the commodity market as well as in the factor market when superior results were claimed for the competitive system. It is well known that in the world of today this does not hold good of a considerable portion of industrial life. In many industries monopolistic combines control an overwhelming proportion of the output. Even where there may not be such advanced monopoly, there may exist various degrees of "imperfect competition" in different industries which would defeat our conclusions. However, it is well to recall, that even when a monopoly obtains in respect of any one product it is never perfect. The monopolist has always got to be afraid of potential competition. In the market of resources even with every industry as a monopoly there will be almost perfect competition, as the monopolies will compete with each other. But it must be admitted that notwithstanding the fact that substantial fields remain and must remain competitive, monopolies and monopolistic competition water down the axioms on which the competitive system is based. Monopolies restrict supply below the level of *ideal* output. It is the duty of the State which protects a competitive system to combat monopolies and prevent their formation, and, where the cost conditions in the industry may be such that large units of output representing a substantial proportion of the total industry are most economical, to regulate and control monopolies so as to compel them to produce as near as possible the ideal output.

The problem of controlling monopolies in a satisfactory fashion represents a new chapter in the book of economic policy. There are sure to be many difficulties in doing so, but there can be no doubt that with time commercial legislation can be perfected to a great extent so as to achieve the ideal. There will be no single way of controlling such monopolistic industries but an infinity of ways corresponding to the infinity of possible conditions covered by the term 'imperfect competition'. Each industry will be a case in itself and will need almost a special solution. Thus it may be found that the marketing of a particular industry is cluttered up and wasteful and a marketing scheme will have to be brought about in that industry. Standardisation of commodities, concentration upon particular patterns, or specialisation along certain lines in different units of output, may be found to be necessary for reduction of costs in another. In conditions of perfect competition almost all these difficulties are absent. But we know that positions of equilibrium, of diverse types, are possible, and in situations of imperfect competition, it is the business of economic statesmanship to discover and impose the correct solution in each case. Where it may be found that the monopoly or monopolistic industry cannot be prevented from the exploitation of the consumer by control merely, the state may itself take it over and run it as a public service on a commercial basis. Licenses for working trams, electric companies, railways, air-ways, shipping concerns etc., represent the attempts of the modern state to control monopolies. On the other hand State Railways, Post and Telegraph, Government Insurance, Port Trusts, Broadcasting, State Banking, and State Irrigation Schemes represent the notable cases of public administration of monopoly services.

In some industries due to technical reasons the cost of production is lowest for a unit of output that represents a substantial proportion of the total output of the industry. In such industries it will be erroneous to try and create an unnatural state of perfect competition by making units of output smaller than what they should be. In such industries there will be a natural tendency for combination. There can be no point in fighting such a tendency. The thing to do is to

acknowledge it and try to secure low costs and at the same time prevent exploitation of consumers by either controlling monopolies, or where that may prove to be impracticable, publicly administering them. It is perfectly natural to have a few industries run by the State as public services, a few merely controlled by the State with various degrees of stringency and the rest run on the lines of free enterprise and competition. There is nothing illogical about such an arrangement.

11. I believe I have examined all the most important arguments levelled against the competitive system on the side of production. While I have admitted the truth of some of this criticism I have argued that it can be met, (indeed in some respects as far as such criticism can be met by any system whatsoever) without upsetting the cardinal principles on which the competitive system is based. If the many suggestions made in this article so far on the side of distribution and on the side of production are introduced, the Competitive System that will emerge will be vastly different from the system as it obtains anywhere today. But nevertheless in fundamental particulars it will be the same system.

12. And now I come to the final section of this long article. But why should we proceed on the basis of the competitive system, and then try to see how far the imperfections of its working are capable of remedy by modifications of the system or by direct interference with its results? Why should we not scrap the system altogether, abolish the so-called sovereignty of consumers' choices, and set up an economic machine where all instruments of production were publicly owned and all industries were run as public services?

If I were writing this article from the political point of view I should reply that it was most necessary and indeed meet, that we should inquire into the possibility of improving the existing system so as to remedy the defects noticed rather than commit our destiny to an academic abstraction the real problems of which we can only imagine at a long shot today. The burden of proving the necessity of a violent change rests on those who advocate the change. Today the productive resources are privately owned; people have started and have

been for many years running industries small and large in the expectation of private enterprise being continued to be allowed; people have saved money, rich and poor, in the hope that it will reach their dear offspring and that the institution of inheritance will continue. This entire nexus of economic relationships, with which are entwined the hopes and fears of men, cannot just be scrapped because a few "economists, arithmeticians and calculators" will not bear with the existing system for a while and have no patience with its results. Public ownership can be instituted in place of private ownership, public enterprise in place of private enterprise and public inheritance in place of private inheritance, either by violence and exploitation or by a process of compensation and buying out which will take many many years to complete and may mortgage a very large portion of the national dividend towards payment to the erstwhile holders of these privileges. A violent overthrowal is possible if the existing state is submerged under a revolutionary uprising and the new State-power exerts itself to establish the new order on lines of equality and justice. This is by no means certain on the evidence of history. Violent general revolutions have invariably miscarried, and the possibility of a new set of masters and exploiters coming in place of the old set is ever-present when we entrust our destinies to (what we hope will be) a temporary dictatorship of force.

13. On political grounds alone I think we will be justified in rejecting the hypothetical systems of communists and planners. But even in pure economic theory, assuming we have a clean slate, the superiority of a planned economic system is by no means manifest. There is difference of opinion among planners as to how far competitive forces will be allowed to work in the system. Some would not allow a free pricing system to build up even in articles of consumption. The State will decide that a man needs so much of each article, produce it and give it to the individual. Even when incomes are equal people will not spend them on the same articles and I do not see how the State will make its decisions as regards how many books to produce and how many boots, if there is no competitive pricing system in

the market of consumption goods. Again, unless there is competition in the factor market how will resources be distributed by the State as between different industries where their supply may be restricted with reference to total need? What part of its annual economic dividend will the State apply to compensating waste in capital equipment and in building new capital equipment for future use? What guarantee is there that the State will change technique and scrap old equipment when scientific advance has made this economical? In a competitive system where there is an infinity of producers, any such cost-saving machine is sure to be fully exploited regardless of the cost to other producers due to their equipment being rendered obsolete. It is very difficult to imagine that this will be so in a planned society. In the first place, there will not be an equal urge to exploit new inventions, and secondly, the fear of rendering large capital equipment obsolete will work far more strongly.

The fact is that there is no unanimity of ideals in the economic sphere in society apart from times of war and no single deciding authority can, therefore, say with any measure of accuracy what articles and in what proportions, the members of the community would like to be produced by the economic machine, or how much of their substance they would like to be spent on future needs and how much on current consumption. In times of war the nation has a single definite aim and planned production is possible. In peace time the ends are various and divergent. The only thing to do therefore is to let people exert their choices freely and let the economic machine respond to these impulses. That economic dividend is most relevant to people's material happiness which contains the goods they want and in the proportions they want, and not any other. People's wishes are sometimes not the true index of their real needs. Peoples' desires are divorced from real needs by considerations of vanity, uniformity, fancy, ostentation: they are deceived by advertisement and display and the arts of salesmanship. (It must be noted however, that expenditure on advertisements is profitable only in conditions short of perfect competition. The control of monopolies and monopolistic

combinations should reduce the total expenditure on advertisement as such, apart from advertisements merely giving information). All these factors shake the thesis of the sovereignty of consumers' wishes. *But there is no alternative criterion whatever and we must be content with the one we have, no matter what its shortcomings.* The shortcomings can to some extent be removed. People can be taught to spend on what they really want: seductive advertisements can be banned or controlled: after all, while some people may be deceived for sometime, all cannot be deceived at all times. It is possible that people may fail to make good the using-up of capital equipment and exhaust limited stocks of resources such as mines and forests, when the distribution of substance, as between needs of today and tomorrow, is left to be determined by private saving. If and when this happens, the State, as guardian of the future equally with the present, can and must interfere to redress the balance. While this may be done in particular cases, the general question of how the people will discount the future in terms of the present must be decided by the people themselves, because the question is tied up with their hopes and fears and choices. The economic science has no ideal rate of investment or saving to recommend.

14. If the competitive system were subjected to the many alterations and adaptations we have noticed above it will be changed almost out of recognition. On the other hand, if we were given a blank cheque and asked to construct a new economic order and we started with a planned society, and then tried to introduce competitive elements wherever we felt that decision could not rightly be taken by the planning authority, we may reach a position intermediate between communism and the competitive system, not far distant from the one to which we may arrive from the other end. If again, in a communistic society we tried to introduce a system of additional reward for additional effort, and greater reward for the more uncommon kind of work with a view to promoting productive effort, we may reach a state of inequality of incomes not far different from the one I envisaged in Section I of this article starting from the other end. The point is that it is an empirical question and

not a question of dogma as to what extent a particular industry may be run on the private profit basis and to what extent on the basis of public service. Both private benefit and public service motives inspire the actions of men and it is quite possible to evolve an economic system where regulated private enterprise obtains in some industries, some industries are publicly controlled and others publicly managed. Indeed, this is what is done today to more or less extent in all countries, and historically the tendency is clear. From a time when people kept private armies and balanced costs of their upkeep against the additional security obtained, we have progressed to a time when the Police and Defence Services are maintained by the State as a system of public service divorced from the motive of profit. We no longer relate the economic value of the system of criminal and civil justice to the cost of its upkeep. Railways, telephone systems, public utility concerns, post and telegraph and irrigation works, power systems and many other industries are run on commercial lines by the State. Several others are publicly controlled. There is no sanctity about any system of economic production: there is no mutual exclusion about systems of private enterprise and public control. It is all a question of the technical conditions of production in a particular industry or branch of it. That system is best in application to a particular industry which gives the best results, for the time being.

It is my humble conviction that history, as on so many other occasions, will surprise both those who advocate the competitive system pure and simple and those who advocate the planned system simple and pure, by evolving a compromise of an empirical nature wherein neither will be treated as a dogma and the principles of both will obtain in the appropriate sections of economic life.

S. G. BARVE

THE FUTURE OF FOREIGN CAPITAL IN INDIA

The menace of the establishment of non-Indian concerns behind the Indian tariff wall is increasing so rapidly in recent years that it is time when all thoughtful people examined the full implications of this development and devised suitable measures to check some of its objectionable features. The question of the growth of non-Indian concerns is essentially a part of the wider problem of the desirability or otherwise of free and unrestricted entry of foreign capital into the country. An attempt has been made in the following pages to discuss the appropriate place of foreign capital in the future economy of India.

Superficially, it would appear strange that any objection should be raised to the unrestricted entry of foreign capital into the country at a time when India stands on the threshold of a new industrial era. It is, therefore, necessary to emphasise those aspects of foreign capital which Indian nationals regard as harmful and to separate them from some of the beneficial effects of the entry of foreign capital into India.

Broadly, foreign capital may enter a country in two ways :—

(*a*) Indirect capital investments and

(*b*) Direct capital investments.

(*a*) *Indirect Capital Investments*

An indirect capital investment means the foreign capital which enters a country purely as a loan capital. The chief feature of these investments is that the holders of such capital are entitled to a stipulated rate of interest and they cannot take control of the industries in which the capital is invested, except in case of default of interest payment or capital repayment. Some of the Government loans in India or the capital raised by way of debentures and bonds capital in Japan are instances of this kind of foreign borrowing. The main

considerations which govern the policy of a country in contracting such liabilities are :—

(1) a relative scarcity of capital at home and

(2) relative differences in interest rates which lead a country to raise its loans in the cheapest market.

So far as this kind of borrowing is concerned, it can be asserted that, as a general rule, these considerations should guide our policy in deciding the desirability of raising such funds in an organised international money market like that of London or New York. But, at the same time, it should be realised that, in view of the proverbial shyness of Indian capital, the Government, as the Report of the External Capital Committee emphasised, should not mind raising such capital in India, even at relatively higher rates of interest, with a view to tap the capacity of the Indian money market and to contribute to the growth of the banking and investment habit amongst the people.

(b) Direct Capital Investments

A direct capital investment means the foreign capital which enters a country and brings along with it foreign enterprise, foreign management and foreign control of industries in which such capital is invested. Most of the foreign capital which is invested in the plantation industries in India, such as tea, rubber, coffee, or in the mining enterprises such as manganese or oil concerns, are instances of these foreign-controlled and foreign-managed direct capital investments. A direct capital investment may arise in the country in three ways :—

First, companies with capital in terms of a foreign currency such as the Sterling Tea and Jute companies, may operate within the country.

Secondly, in some cases, the parent companies may invest their Indian-earned Rupee profits in new enterprises and thus manage and control them.

Finally, large number of foreign-controlled and foreign-owned companies with Rupee capital which are, in the main, the subsidiaries of similar companies in Great Britain, are

tending to increase in India in recent years. The glaring instances of this kind of direct investments are Soap (Lever Brothers), Rubber (Dunlop), Boots and Shoes (Batas), Cigarettes (Carreras), Chemicals (Imperial Chemicals Ltd.) and Typewriters (Remington).

The direct investments may be further divided into two classes, namely, commercial or trading capital and industrial capital. For example, there are a large number of foreign-owned and foreign-controlled firms in this country which are mainly engaged in the purchase and sale of commodities manufactured in their own countries, while there are others, such as the jute or the mining and oil enterprises, which control and manage some important Indian industries. In order to avoid misunderstanding of the issues that are involved in any discussion of foreign capital, it should be clearly recognised that it is not the finance on short-term or long-term basis by foreigners to which Indian opinion takes an exception but it is mainly the foreign control and foreign management of industries, in which the capital is invested, that is regarded as an unhealthy and undesirable development by the Indian public opinon. The best way to appreciate the harm that might be done to the Indian economy, as a whole, by the unregulated exploitation of Indian economic resources by foreign capitalists is to examine the various advantages that are claimed for the work of foreign investments in the country. The main argument on which the case for the continuance of the present policy of unrestricted and free entry of foreign capital is based and which received the sanction of such an authoritative body as the Fiscal Commission, is as follows :—

It is argued that India's industrial progress has not been commensurate with her own resources and her requirements. India stands in need of rapid industrialisation in order to increase her wealth and diminish her appalling poverty. At the same time, it is generally known that Indian capital is too shy of investment on a large scale in purely industrial enterprises. The foreign capitalists, besides providing the funds which India requires, bring with them technical knowledge and technical skill, and thus help to develop her resources and

hasten the process of industrialisation. Any restriction or regulation of the entry of foreign capital along with foreign control and management, therefore, would retard our industrialisation, and, in some cases, our natural resources would remain undeveloped and idle. The argument is very impressive in its general significance but a close examination would show that the advantages claimed for foreign capital are more imaginary than real. The argument outlined above always poses the issue in the following terms: 'Have your natural resources developed by foreign capital, and thus enrich the country, or let them remain idle and undeveloped and thus retard the process of industrialisation to which you aspire.' But the real issue involved is not whether we want our resources to be developed or to remain idle. The issue is whether the development of our natural resources brought about either by Indian or foreign capital ultimately contributes to a genuine increase in the total wealth and diminution in the poverty of the masses. After all, industrialisation is not an end in itself, but it is regarded by all its advocates as a means to increase the total output of wealth, to diminish poverty and to relieve unemployment. The sole test, therefore, that should be applied to estimate the advantages of the unhindered and free working of foreign enterprises in this country is not whether they have succeeded in developing our national resources which might—even conceding for the sake of argument—otherwise have remained idle, but, whether such development of our resources, with the aid of foreign enterprise, substantially contributes to our ultimate objective, viz. an increase in national wealth, improvement in the standard of life of the mass of the people and a large-scale relief to our unemployment situation.

Apart from the indirect advantages such as the creation of a general industrial atmosphere or the possibilities of the economies of large-scale production, the main advantages that the advocates of industrialisation look for, can be classified under the following heads:—

(1) A new field for the employment of labour resources within the country.

(2) Increase in the indirect and secondary industries which cater for the needs of the primary industries by way of providing raw materials, or the necessities of life of those who are engaged in the primary industries.

(3) The profits of the industry which increase the total wealth as well as provide the main source of new capital investments.

(4) Increase in the technical skill and growth of a general industrial environment.

If it could be proved in the case of any particular industry that, by its development, the country in question has relieved its unemployment or derived profits which have resulted in new capital investments, and also made considerable progress in technical skill amongst its population, then surely it is difficult to deny that the development of the national resources was more advantageous than the alternative of allowing those resources to remain undeveloped. Let us, therefore, examine how far some of the well-known foreign-controlled and foreign-owned enterprises in this country have contributed to the increase in the total wealth and have thus enabled us to realise the advantages mentioned above.

So far as the creation of an additional field for employment is concerned, it is true that some of the foreign enterprises such as the plantation enterprises, or the Jute industry, have created a field for the employment of unskilled workers, or, indirectly, a field for the employment of those who supply the raw materials of these industries, such as the jute-growers in Bengal. But, while recognising this, it should not be forgotten that these gains on the employment score are insignificant compared to the gains which might have accrued if the industries in question were controlled and managed by the nationals of this country. For example, it is common knowledge that the main lucrative field of employment such as the higher services and the superior staff in industries like rubber, tea, coffee plantations and oil or mining enterprises, is the virtual preserve and the monopoly of the foreigners who control these enterprises. Again, so far as the creation of a demand for raw

materials for these industries is concerned, it is well-known that, except the essential raw materials, the enterprises tend to import everything from the country to which they belong, while there is a world of difference between the prices offered for the raw materials, such as jute fibre, and the prices of manufactured goods and the profits made by the firms engaged in such industries. It is interesting to note in this connection that the British financial circles regarded their investments in the Indian or the Argentine Railways, not merely as an outlet for their capital but primarily as a market for the products of their heavy capital goods industries. It will be clear from this that the lion's share of the total benefits on the primary or the secondary employment score goes to the foreign nationals alone.

So far as the earning of profits is concerned, the whole of the profits earned by a company—which are almost fabulous, as will be seen from the balance-sheets of some of the oil or tea companies—go to the foreign shareholders of the company. The fact that profits constitute the cream of the working of an enterprise, and, as such, the fact that the profits going to the foreigners, is something to be lamented, is a matter which is commonly understood in India, but the full significance of the role of profits in modern enterprise has not received the attention it deserves. For, it should not be ignored that profits are not only the fruits of the operation of the company during the previous year but in all industrial countries the distributed and the undistributed profits of a company constitute the most important source from which new capital investments are made in the country. Unfortunately, in India, it appears to be quite legitimate for the foreigners to send out the profits by way of 'Home remittances', and thus starve the industry of the most important single source of new capital investments, and then come out with the proposition that the lack of industrial progress is due to the shyness of Indian capital. Another harmful result of this fact is that even if some of the industrial enterprises have the desire to invest their Indian earned profits in India itself, the possession of profits gives them the deciding voice as to the direction in which the profits are to be invested and the industrial

enterprise to be promoted. The foreign entrepreneurs show all their pioneering spirit in building up in India only such industries—irrespective of the considerations of Indian resources—as are not likely to offer competition to the industries in their mother country. The comments of Dr. (Mrs.) Vera Anstey, who cannot be accused of any bias in favour of Indian capital, are interesting in this connection. Writing about this, she says: "Capital is dear, much of the interest and profits earned are payable in England, whilst only those industries have been promoted which appear most desirable in the English eyes."

As regards the question of the provision of technical education and technical training for Indians, the record of foreign enterprises is as unsatisfactory as it is in respect of the provision of employment or profits to the Indian people. It is true that technical skill is not a matter that can be manufactured but is necessarily a gradual growth consequent on the development of an industrial environment in a country. But, at the same time, it remains true that the responsibility of giving an impetus to the growth of facilities for technical training lies on the shoulders of an industry which has been allowed to develop the national resources within a country.

So far an attempt has been made to examine the benefits which are supposed to accrue from the unrestricted operation of foreign capital and foreign enterprise within a comparatively less developed country like India. It would be clear that in all respects the foreign enterprises do not satisfy the main test, viz. how far they increase the total wealth of the country which enriches not merely those who are in charge, but, in the main, the common mass of people within the country. The obvious conclusion that seems to emerge from the analysis presented above is that we should completely shut out the entry of foreign capital lest it should create some sort of monopolistic enterprises which derive far too many benefits from the exploitation of our national resources compared to the insignificant benefits which they confer on the country as a whole. Such a course may appear all the more justifiable and practicable in view of the fact that while Indian efficiency and Indian enterprise have made rapid strides in recent years,

as seen in the development of a highly technical branch of production like the Iron and Steel industry, the establishment of a genuine National Government at the centre, which alone would attract and harness internal capital resources for the industrial development of the country is only a question of time. Despite these considerations, however, a complete shutting out of the foreign capital would not appear to be a well-advised policy for the country in the present stage of her economic development.

For, it should be realised that some of the important functions which foreign capital enterprises perform, are not being increasingly taken by Indian capital enterprise at present. For example, the foreign enterprises, with the accumulated knowledge of technique and skill which extends over a century, and with the vast capital resources at their disposal, are in a far better position to show the enterprising spirit to introduce an altogether new line of production, to popularise it and to nurse it in its early days than the most advanced of the Indian enterprises can hope to do. Industrialisation does not merely mean the growth of a large number of industries within a country but it must also aim at a diversification on all fronts with a view to meet all the requirements within the country itself. Such a task does require a pioneering and enterprising spirit as well as vast resources to experiment which the foreign enterprises are at present best able to supply. For instance, take the case of mining enterprises such as the collieries, the manganese, copper and oil concerns. The huge resources that are required at the stage of prospecting for the sources of oil or coal or bauxite within a particular area, as well as the difficult task of bringing such enterprises to a level where they can stand on their own, are within the reach of the foreign enterprises alone. There is no denying the fact that Indian enterprises would not take to such risky lines of production as easily and willingly as the foreign enterprises, for a long time to come. To take another instance, because of the early stage of industrial development in the country, Indian enterprise is not likely to display, in the near future, that quick adaptation to changed conditions of demand and the quick adjustment of productive capacity to new lines

of demand which foreign enterprise, with a century-old tradition of business, is likely to display. The case of a company like the Bata Company Ltd. naturally occurs to the mind. India is a typical tropical country. While it has a vast and abundant supply of hides and skins, surprisingly enough, however, no firm had taken advantage of the situation and exploited the idea of a large-scale production of boots and shoes within the country at a price which could bring them within the reach of the ordinary consumer before the Batas started on this scheme. The same may be said of certain cigarette manufacturers who have taken to the idea of producing cigarettes out of better-quality Indian tobacco within the country itself. This kind of pioneering spirit is largely an offspring of a general industrial atmosphere which quickens the minds of entrepreneurs and keeps them alert to initiate or introduce new lines of production in anticipation of popular demand. It is reasonable, therefore, to hold that foreign capital has an important role to play at the present stage of economic progress in India. The real task, therefore, that we have to attempt is not to devise measures to shut out the foreign supply of capital altogether but to devise measures to make the foreign enterprises a virtual engine of all the benefits that ought to result from industrial progress and to make them contribute a substantial share to the increase in the wealth of the mass of people in India. Various methods have been suggested to achieve this objective but space forbids a comprehensive analysis of all these measures. Briefly, the important measures are as follows :—

(1) A general licensing system, under which all firms, Indian or foreign, would be required to take out a licence for operating in India, the grant of the licence being subject to the fulfilment of certain conditions such as registration in India and Rupee capital, a guarantee of a definite proportion of Indian directorate, provision of facilities for technical training and adequate employment of Indians in the higher services and so on.

(2) The adoption of the principle of nationalisation of public utility concerns, with a view to transfer their control to the State.

(3) A modification of the government's Stores Purchase policy with a view to give further impetus to the development of bona fide Indian enterprise.

(4) The building up of a special Sterling Fund for gradual repatriation of the foreign capital.

(5) The enactment of a drastic legislation on the lines of the " Irish Control of Manufacture Bill, 1932 " for prohibiting non-nationals from operating a concern so far as the protected industries are concerned.

It should be realised that 90 per cent. of the total foreign capital invested in India, which is estimated to be in the neighbourhood of £ 1,000 million (exclusive of the Rupee capital owned and controlled by non-nationals) is of British origin. The commercial safeguards under the new constitution forbid any discriminatory legislation against British nationals, and require them to be treated on the same footing as the Indian nationals. The choice of the particular method of regulation of the entry of foreign capital must, therefore, depend on its efficacy on the one hand and its constitutional feasibility on the other.

So far we have discussed the general case for regulation of foreign-controlled and foreign-managed enterprises and have mentioned some of the important measures which are proposed to regulate their working. An important aspect of the matter which may be briefly touched here, is that the urgency of regulating foreign enterprise is different in various lines of production in India. For example, the danger of a rapid growth of foreign controlled enterprises is likely to be the greatest in the sphere of protected industries or industries which receive an indirect protection from the relatively high revenue tariff. The history of foreign-controlled plantation industries like rubber, tea, coffee, or manufacturing industries like jute or the mining industries like coal, oil and manganese, does not justify the belief that they have contributed substantially to an increase in the wealth and welfare of the Indian masses as a whole. The case for regulation of foreign capital is all the more urgent in respect of industries which we have deliberately decided to protect and develop within our own borders. Unless stringent methods of regulation are put in force,

the free entry of foreign capital would defeat the avowed purpose of the policy of Discriminating Protection, viz. the development of Indian enterprise and Indian industries.

As regards the case of industries which receive substantial concessions from the State, such as the Railways or the mining industries, it goes without saying that the State should have every right to make the grant of such concessions dependent on the acceptance of the necessary conditions.

The same considerations hold valid in the case of industries which are regarded as key industries, such as iron and steel, chemicals and the projected industries like the manufacture of ammunitions or aeroplanes or dockyards for building ships, industries which belong to the future India, but which nonetheless require such a far-sighted policy. The danger of allowing foreigners to control such industries by a predominant participation in the shareholding of the company can be well grasped by the reflection about the strategic and political advantages which go with the control of an industry like the Rumanian Oil Industry.

So far as the quasi-Government or Municipal enterprises are concerned, such as the Public Utility companies and the railways, the State should aim at the policy of nationalisation of these enterprises which would automatically give it control over the management and employment policies of such concerns.

It will be clear from this discussion that the only sphere in which foreign enterprises should be allowed to work, provided they accept the necessary conditions with regard to the training and employment of Indians, is the general field of industries exclusive of the fields which are specifically mentioned above. It is in this sphere that foreign capitalists may and would have to play the role of pioneering entrepreneurs, so that their efforts mean the enrichment of the common mass of the poverty-stricken people, and not a mere exploitation of our national resources at the expense of the ignorant and illiterate masses in the country.

N. G. ABHYANKAR

TOWARDS NATIONAL SELF-SUFFICIENCY.

" We have been all along exclusively agricultural. Our contact with the outside world has resulted in consequence in one most undesirable result. It has aggravated the situation by making us more than ever dependent on a precarious source. The industry and commerce of the country is passing out of our hands and the country is fed, warmed, clothed, lighted, helped, comforted by a thousand arts and industries. Foreign competition is transferring the monopoly not only of wealth, but what is more important, of skill and activity to others. Every class of artisans—the spinners, the weavers, the dyers, papermakers, silkweavers, sugar and metal workers, unable to bear up against western competition resort to the land, leave the towns, and go into the country....."

Thus did the late Mr. Justice Ranade write at a time when India was in the earlier stages of the process of transition and her local economy was suddenly exposed to international currents. Since the days of Ranade, vast changes have occurred. The nation is slowly adapting itself to the factory organisation but the basic problem of poverty has remained the same. Perhaps it has been aggravated by the immense growth of population, the impact of the last 'Great Depression,' the penetration of foreign and local industrialisation in the stable economic life of the villages, the maldistribution of wealth, low agricultural and industrial efficiency and foreign exploitation. The problem challenges our attention because it is the root cause of a number of other evils stalking in our land. Our economic policy must be planned with a steady regard to this basic problem. The crying need of the hour is to raise the standard of living, to increase our economic productivity, to balance the lopsided economic development, to put the mass of cultivators on a progressive economic plan of life by providing better markets for raw materials, to provide employment to the middle classes who are gradually being crowded out from all avenues of life, and to facilitate the process of investment of the saving of the business classes into new channels of industry.

From the beginning of this century, especially since the last World War, spectacular progress in industrialisation has been made in this country. It seems as if we are going to be self-sufficient in a number of ways and the dependence on foreign countries, which was viewed with such gloomy forebodings by Ranade, has lessened. The progress towards self-sufficiency has been very rapid. India supplies 80 to 84 p. c. of her requirements in cloth. Sugar imports are wiped out. The cement industry was established in 1912 and in two decades foreign cement has been eliminated. The paper industry has progressed marvellously. Indian steel supplies 90 p. c. of our market. Owing to the intensification of rearmament and the rapid industrialisation of this country, the industry has a vast prospect of development. Oil and paint industries look forward to expansion though our dependence on foreign countries has not diminished. The handloom industry still holds its own against the powerful competition of Indian and foreign mills and supplies nearly a third of India's market for cotton goods. Our production has expanded remarkably in the output of cotton, jute, sugar and steel.

Not only have we reached the stage of supplying our requirements but our productive capacity has, in many cases, outgrown our absorptive capacity. Surfeit seems to have been reached in some directions resulting in overproduction, low prices, and fratricidal competition. There is an apparent overproduction in the sugar and cement industries. The overcrowding of mills in sugar, cement and paper presents a menacing outlook. The U. P. and Bihar Governments have passed laws to check the inflow of capital in a few industries. It seems that the policy of Discriminating Protection, halting and hesitating though it was, has achieved remarkable success in the cotton, sugar and steel industries.

The question then arises—can India be self-sufficient ? Since the Great War the whole world has already drifted into an era of economic isolation in which nations are forced more and more to concentrate on their own resources. Recently, a distinguished Russian author has pointed out that the nations of the world are divided into three groups. In the first place are

the British Empire and the U. S. A. whose interests are bound up with a comparatively free commercial intercourse with the world; secondly, the totalitarian countries who seek to build up autarchic economic systems; thirdly the raw-material producing countries who are economically and politically dependent and who lack the immense drive and energy of the totalitarian regimes to fulfil their industrial aspirations. The third group stands on a different footing from the totalitarian countries. Whereas the totalitarian countries are deficient in raw materials and natural resources, the raw-material producing countries have vast potential resources awaiting development. Similarly the totalitarian countries lack huge populations to carry out industrial and agricultural production at cheap rates based on the low standard of living. The third group enjoys a distinct advantage on this score. Moreover the totalitarian countries have to take infinite pains to develop substitutes to make up the deficiency of genuine raw materials and thus to undertake new economic ventures. The aim of their autarchic systems is not necessarily linked with the rise in the standard of living. It is essentially the attainment of economic autonomy in case of war and hence they have regimented their economic life at a lower level at the cost of a lower standard of living. The aim of the policy of self-sufficiency in raw-material producing countries is to regain a balanced economic structure, to eliminate their slavish tutelage to western countries, and to reconstruct their economic life with a view to attain a higher standard of living. Such a policy will prove of incalculable benefit to India, both in war and peace, as it has beneficial influence on employment, mobilisation of capital, industrial efficiency and standard of living.

We are a vanquished and dependent nation. We suffer from an inferiority-complex. Our economists also labour under such narrow misconceptions and many of them, drawing their inspiration from the orthodox British economic theory, look askance at India's industrial aspirations. To them self-sufficiency is a wasteful and ruinous course. Do away with these barriers, they say, in the interest of international order; let trade be unhampered and do not restrict the international division of

labour. We are continuously reminded of the dangers of national planning, of the diminution of international trade, and of the wasteful utilisation of world resources. Capital does not flow where it is scarce; population does not move where there is greater demand for labour. Division of labour and the economies of mass production will be limited to national areas and this unhappy planet will be divided into isolated fragments. The resources of one industry will not be useful to the sister nations and the result will be an all-round impoverishment of the world.[1]—Thus runs the argument.

Among the Indian economists there are two schools—the older and the younger ones. The main bugbears that are raised by the latter in support of their arguments are: antagonism between the interests of the producer and the consumer, conflict between agricultural and industrial provinces, the possibility of drastic reduction of our exports in case of reduction of imports and its repercussions on the agriculturist, the absence of an incentive for improvement owing to the diminution of imports and the great unemployment in export industries, the aggravation of our regressive tax system, the falling yield of our customs revenue and its consequences for the central expenditure, the high prices of Indian goods, the burden on poor agriculturists, and the maldistribution of wealth between the rural masses and the industrialists. The implied conclusion is that industrialisation in India must be a slow process and the protective system is unsuitable as a means to that goal.

The above noted arguments are in fact formidable and they seem to explode the case for protection. But we must consider a number of other factors which they conveniently ignore.

Is not rapid industrialisation a desirable goal in itself worthy of the sacrifices which it entails? In view of the world-wide conflict, is it not necessary to attain a greater degree of independence and domestic equilibrium with less

1. Professor Lionel Robbins, *National Planning and International Order*.

entanglement with foreign countries? Is the present irrational system of international trade, with the predominance of a few industrial countries profiting at the expense of backward countries, to be perpetual? Is it not possible for a country with vast economic resources to produce more and more for its own needs? Even a liberal like Mr. Keynes once wrote 'let goods be home-spun wherever it is reasonably and conveniently possible.....a greater measure of national self-sufficiency and economic isolation among countries may tend to serve the cause of peace'. Prof. Gregory also maintains that eastern industrialisation will have beneficial effects on the world in as much as the East possesses vast consuming power which might more than counterbalance its growing productive capacity if the standard of living rises.

Let it be granted that we will have to make sacrifices through increased costs, reduction in Government revenue and regressive taxation. But there is no royal road to industrialisation. Either India must make these sacrifices or she must condemn herself to the rustic agricultural economy which her saint-politicians dream of. Further, it is argued that even if home production replaces foreign imports, the improvement in employment will be negligible while there will be enormous loss of employment in export industries. It is fallacious to argue that the increase in employment will be negligible. If, say, India decides to produce instead of importing, motor cars worth Rs. 9 crores, what will be the consequences on employment? Owing to the increase in home investment, men will be given employment not only in the primary industry but in various subsidiary industries. The employed people as a result of receiving wages will increase their rates of consumption. They will buy more food, more clothes, more utensils etc. The producers of these articles will profit and they in their turn will give rise to additional demands. Thus a primary impulse in investment spreads ever widening ripples of prosperity and employment. As Mr. Keynes has proved, the aggregate supply function must be equal to the aggregate demand function. Hence an increase in investment leads to an increase in consumption which in its

turn increases investment. In a country like India, with untapped resources, with hoarded savings and vast markets, there is enormous scope for increased production. Increased industrialisation will not, as is alleged, injure agriculture. They are inter-dependent. Moreover, as Mrs. Joan Robinson is inclined to think, a limited indulgence in exchange depreciation, subsidies to exports and restriction of imports by tariff walls, cannot be regarded as a crime. They may be justified on the grounds of self-defence and encouragement to home investment. There is thus no reason why India should not pursue the goal of self-sufficiency when all around the flames of economic nationalism seem to blaze higher and higher.

Further, what is the moral of the Great Depression in which our agriculturists suffered so miserably? It has unmistakably shown that our dependence on foreign countries is very risky. Indian agriculture is subjected to trade cycles along with the industries of other nations. Our exports of raw cotton are subject to the widest fluctuations. A record crop in America at once forces prices down and our agriculturists suffer. During the recent depression, the more commercialised agricultural areas and classes suffered more than those which are relatively self-sufficing. Bengal, Punjab, Bihar and Orissa were the worst sufferers. Comparing the values of our pre-war and post-war export trade, it is evident that our balance of trade has diminished. It has declined from 86 crores in 1927–28 to 3 crores in 1932–33 and to 9 crores in 1937–38. The matter is of grave concern to India because an export surplus of nearly 80 crores is necessary to pay off her foreign commitments.

The question is as to how long we are going to bind our agricultural economy with foreign markets. The ebb and flow of economic activity in industrial countries affects more disastrously the economic position of agricultural countries, because the prices of primary commodities are very sensitive to cyclical fluctuations. It is thus obvious that our dependence on foreign countries needs to be diminished,

Percentage of exports to total production.
(Review of Trade of India.)

	Pre-war average	1937–38
Rice	9	0·9
Wheat	14	4·3
Tea	96	77·8
Raw cotton	56	44·3
Raw jute	51	42·7
Linseed	73	49·7

We have already lost our position in rice and wheat. The main crops of our export trade are raw cotton, jute and tea. Our position is particularly vulnerable in raw cotton and linseed. In 1937–38, out of the total production of 57 lacs of bales of cotton, our mills consumed 29 lacs and our handlooms about 7 lacs of bales. It is clear that our productive capacity outdoes our absorptive capacity. Hence we have to enter into *quid pro quo* arrangements with foreign countries. We must buy cloth from others if we have to sell our cotton to them. Attempts must be made to increase our consumption of cotton cloth. The per capita consumption of cloth is only 16 yards. The increase in per capita consumption will need more purchasing power. Increased purchasing power will only result from higher prices. Higher prices depend upon greater demand from local industrialists.

Thus the prosperity of our agriculturist is bound up with the prosperity of our industrialist. Until our standard of life increases, we must content ourselves with the temporary compromise of *quid pro quo* arrangements. Moreover, to meet our foreign obligations, a favourable balance of trade needs to be maintained. Except in cotton, jute and tea, our sales on foreign markets have already diminished to a considerable extent.

What strikes us in the composition of our exports and imports is that even now we are dependent on other countries for many of our ordinary requirements. With all the tempting opportunities and facilities like a large home market and abundant raw materials, our industrialists have developed some lines of industry to the point of saturation. It is indeed a pity that India should export raw materials and import them in a finished form. In 1938–39 India exported nearly Rs. 26 crores worth of raw cotton, 71 lacs worth of raw rubber, 275 lacs worth of raw tobacco and 3 crores worth of hides and skins and imported 140 lacs worth of rubber manufactures, 104 lacs worth of cigars, boots and shoes worth 15 lacs, and cotton goods worth 22 crores. There is no reason why India should not utilize most of the raw materials at present exported. The present war has caused a serious setback to our export trade through the economic blockade, contraband control, the menace of submarines and magnetic mines, high freight charges and the small tonnage available. The main theatre of war is rapidly expanding and the loss to India's export trade which is at present estimated to be Rs. 32 crores will rise higher still. It seems that our export trade in oilseeds, raw jute, cotton waste, oilcakes and raw hides is seriously threatened.

The following table sets out the comparative importance of several articles in our imports.

Percentage of total imports of merchandise

Imports	1927–28	1938–39
Cotton and cotton goods ...	28·77	14·88
Metals and ores	11·37	7·13
Machinery & Mill work ...	6·38	12·50
Grain, pulses	...	9·04
Sugar	5·97	0·30
Oils	5·44	10·26

Vehicles represent 4·39%, Instruments 3·84%, Dyeing and tanning substances 2·04%, Woollen goods 1·85%, Chemicals 2·01% of the total imports in 1938–39. Other items like artificial silk, drugs and medicine, liquors, raw silk, and rubber manufactures represent about 1% each of the total imports.

As our industries consume only a part of the total production of raw materials, the exportable surplus which remains raises complicated problems and makes trade agreements with other countries inevitable. On account of the present War, the existing proportion of various items in our imports is likely to decline. India must seize this opportunity to replace these imports by home production. By finding new markets, restricting the over-production of short staple cotton, fostering the growth of long staple cotton—in short, by planning the production of our staple crops, we can reduce the preponderance of raw materials in our export trade and make great strides towards national self-sufficiency.

Our economy is in fact moving towards self-sufficiency. Now that the supreme industrial nations are enveloped in the shadow of war, let us pull our energies together to ride this unexpected tide in world affairs. Industries like cotton, jute, engineering and mining, woollen, leather, and public utility services have now a precious opportunity to avail themselves of. Self-sufficiency is almost forced upon us. But mere addition of a few industries will prove pitifully inadequate to increase our national dividend. There must be a revivification of our agriculture, reorganisation of agricultural credit, and launching of public works. The present level of consumption must be raised to cope with rising production. We do not want the self-sufficiency of a hermit nation. Our wants and activity must grow together. Already Indian capital is coming out of its secluded haunt owing to the rise in gold prices and industrial profits. Thus all signs are propitious for hastening towards our goal.

In conclusion, we may ask : can India be self-sufficient ? Yes, the present trend of Indian economic development is towards self-sufficiency. The predominance of foreign countries in our

markets is seriously threatened. It is to be expected that the present war will accelerate and oil the wheels of our industries, change the direction of our trade from the Western to the Eastern countries, diminish the slavish dependence on Western markets, promote a fuller exploitation of our vast resources, increase the purchasing power of the masses, and reduce the menace of unemployment. Our future policy should be organised to provide greater opportunity to the agriculturists by increasing internal trade, to produce greater quantities of food-stuffs for an expanding population, to inculcate a new industrial consciousness among the masses. Every industry must provoke its own demand and set up ripples of prosperity —buying our raw materials, employing more capital, providing more revenue to the Government. Will these ripples of prosperity spread wide? Most probably they will.

R. C. JOSHI

SOME ASPECTS OF LOCAL FINANCE

The problem of an equitable distribution of the local tax burden has been assuming increasing importance with the growth of local expenditure. The functions of the local authorities were originally few and simple and the burden of local administration was not much felt. But with the advent of industrial democracy and the increasing complexity of modern life, conceptions of the functions of local government have widened. The local bodies are now called upon to undertake certain services which are either entirely new or which were formerly managed by private efforts. These developments compel a closer attention to the fundamental problem of an equitable distribution of local taxes. But the powers of localities to raise funds by taxation have been strictly limited by the pressure and competition of the central authority. The existing system of local administration is the result of state action. "The local institutions are not always survivals, or even revivals, of the past; they are oftan entirely new formations, devised to satisfy the needs for which devolution of authority has been deemed expedient." Therefore, the power of taxation enjoyed by the local bodies is a "concession strictly limited by the terms of the grant. Local taxation becomes, in fact, a kind of supplement to the general system, admitting of little independent movement."[1]

In every country the central authority monopolizes the more productive forms of compulsory revenue. All forms of indirect taxation are practically closed to local authorities. They are unable to levy customs duties, although they may collect the so-called octrois, that is, duties levied on goods entering the town. These entrance duties have lost much of their former importance as a source of local revenue. Localities cannot levy excise taxes as they are defective and readily lead themselves to evasion. Besides, they are likely to interfere with federal or state taxes of a like nature. Nor are all forms of direct taxation

1. Bastable, *Public Finance*, p. 392,

suitable sources of local revenue. Serious attempts made in Great Britain to introduce a local inheritance tax had to be abandoned on the ground that such a local impost would give rise to abnormal variations in the revenue structure of the localities, and would lead to evasive practices. The corporation and income taxes are equally unsuitable as sources of local revenue since in both the cases the base transgresses local boundaries. Consequently, the only possible source of revenue left to local bodies is the levying of taxes *in rem* or real taxes, either in the form of specific taxes on land, buildings, local business, etc., or in the form of a classified property tax. So far as taxes on immovable property are concerned, Bastable remarks, "both abstract reasoning and experience tend to show that a large proportion of local taxation must be obtained from this important object."[2] In almost every country the local authorities depend on real property for the major part of their revenue. This tendency "throughout the world towards reliance for local revenues upon the real estate tax is not alone indisputable, but also in complete harmony with the newer theories of finance."[3] Fixed property is local in character and it cannot be removed from place to place so as to evade taxation. As a justification for taxation of real estate it is rightly pointed out that the chief benefits from local expenditure accrue to owners of real estate within the locality; and therefore, the owners of real estate should contribute towards the expenditure of the local authorities.

The method of taxation in proportion to benefit received, which was found incomplete in national taxation, plays an important part in local finance. The overwhelming influence of the economic element in local government has tempted some writers to describe it as a "Paving, Drainage, Water Supply, Lighting, Health, and Police-Protection Company." It is contended that as "Communal impositions represent only the remuneration of services rendered by the communes to individuals, local taxation has for its base exchange and

2. Bastable, *Public Finance*, p. 396.

3. Seligman, *Essays in Taxation*, p. 344.

interest and ought only to comprehend special fees for services rendered, and special contributions for special advantages."[4] In short, all payments for local services are nothing but fees and prices. If this is true, then to describe such payments as local taxation is a misnomer or a contradiction in terms. It must be pointed out that local government, be it a local board or a municipality, is not a joint-stock company, but a unit of government like the Central or Provincial authorities. There are certain local services, it must be conceded, which admit of measurement as for example, the gas, electricity and water supply services, and in these cases payments can be made in proportion to benefit received. But there are also many other services like education, medical relief, lighting of public streets and spaces, municipal parks etc. whose benefits can neither be individualized nor measured in terms of money. Payments for the support of these services should be based on tax-paying capacity rather than on benefit received. The rule of justice, implied in the ability theory, which is accepted for national taxation has to be applied over a major portion of local finance.

In the light of these general observations we shall briefly review the local taxation systems in America, Great Britain and India. In the United States of America the local authorities derive about 65 per cent. of their total revenue from the General Property Tax. The tax is levied upon the assessed value of "all property, real and personal, not specifically exempted by law." It is based on the capital or sale value of the property and is payable by the owner. In its practical working as well as on theoretical grounds the system of general property taxation has proved to be a dismal failure. It is rightly pointed out that in the modern economic life, property is no longer a criterion of the faculty or tax-paying capacity of the individual. "The standard of ability has been shifted from property to product; the test now is not the extent, but the productivity, of wealth".[5] So far as the working of the system is concerned, it is shown that there is an appalling

4. Quoted by W. Grice, *National and Local Finance*, p. 249.
5. Seligman, *Essays in Taxation*, p. 62.

lack of uniformity in assessment. Personal property almost wholly slips from under it and the whole system leads to dishonesty. "It puts a premium on perjury and a penalty on integrity." Various financial palliatives have lately been adopted in some of the American States. These reforms have in certain cases led to the separation of State from local resources, and exemption of personal property or personality in the local tax sphere. The State assesses and collects taxes on income and corporations and the proceeds thereof are distributed among the local authorities.

Another form of property taxation, and one which is peculiar to American local finance, is a special charge imposed upon property adjacent to or in the vicinity of public improvement. The justification of this levy or special assessment is that certain public expenditures enhance the value of private property nearby, and therefore, the owners of such property should be saddled with the cost thereof, or at least with a portion of the cost. Fundamentally the principle of apportioning special assessments to benefit is sound, but the success of the plan as a means of raising revenue, without causing injustice, is largely a question of actual administration.

In Great Britain the local authorities derive the major portion of their revenue from the "Rates". These rates are levied on lands, buildings, etc. and are assessed on the annual net rental value of what has been defined as "Rateable" property. These rates contribute about 45 per cent. of the total local revenue. The Poor Rate, on which rests the present system of local taxation, was originally intended to be paid in accordance with the ability of the rate payer. With the introduction of new services more specific in character, some rates were meant to be paid in proportion to direct benefit. In the process of finding a standard of ability and a measure of benefit which could be applied to later services, the actual working compromise applicable to all the rates is the annual rental value of real property. The English local tax system is thus a single tax system since people are taxed in respect of only one type of property, viz. real estate.

It is customary to distinguish between "Beneficial" and "Onerous" rates. The beneficial rates are intended to

benefit the local real property, and it is reasonable that owners of real estate should contribute towards local beneficial expenditure. But the annual value of the fixed property is not a reliable measure of the benefits they may receive from local beneficial expenditure. So far as the occupiers are concerned it must be conceded that they too are benefited by certain local expenditure and generally look upon the rates as the price to be paid for the various conveniences and amenities. But in this case also the benefits are not always in proportion to the annual rental value of the premises they occupy. So far as the onerous rates are concerned the burden is even more inequitable. These rates are not expected to benefit owners of fixed property in proportion to its annual rental. So far as these onerous rates are based on the ability principle, the annual rental value is not an adequate or just measure of the tax paying capacity. It is, however, often suggested that the annual value though not an infallible guide, is good enough in most cases. For instance, if a man lives in a house of an annual rental value of several hundreds of pounds, it is assumed that he has the means to maintain it. But there are cases of people, who while keeping on very small business premises and a small dwelling or none at all, enjoy large incomes. On the other hand, there are those whose premises both for business and residence are necessarily large owing to the peculiar nature of their trades or family circumstances, but who make very little net profit or perhaps, even suffer a loss.

But the advocates of the present system are satisfied that while it affords some rough compromise between the theory of benefit and the theory of ability, it is overwhelmingly one that is built upon ability to pay. This compromise may or may not be a very happy one but we feel that the English system of local taxation is based on ability as measured not so much by an individual's income, as by his expenditure on a consumable commodity called a ' house ', which also happens to be one of the prime necessaries of life. Of all the bases of taxation, expenditure, by common consent, is the least equitable. The system does not take into account personal property or income from other forms of property besides real estate ; and persons

earning large incomes from bonds, securities, etc. are allowed to escape scot free. The injustice inherent in the present system is corrected to some extent by the National Income Tax. Out of every twenty shillings paid in national taxation of all kinds, the tax payer contributes approximately 3 s. 4 d. to be handed over by the Chancellor of the Exchequer to local authorities as grants-in-aid of local rates.[6]

In India, so far as the urban local authorities are concerned the major portion of the revenue is derived from octroi duties and taxes on lands and buildings. Although the octroi or entrance duties have lost much of their former importance on the continent of Europe, they still continue to be the backbone of our system of local finance. The levy of octroi duties in local finance is objected to both on theoretical and on practical grounds. These duties fall, ultimately and in the long run, on the consumer and constitute a deduction from his income when he comes to spend it Inequality of distribution is a glaring defect of the system, which varies in its incidence from place to place and between different strata of society. Octroi duties cannot, by any stretch of imagination, be said to be based on the ability principle. Their incidence presses most heavily on the poorer classes in society. Moreover, the duty is not only extremely expensive to collect and easy to evade, but is a positive hindrance to trade between town and country. But though the burden of the duties is great, so also is the need for revenue. Thus it seems that reform, rather than abolition, is advisable. The terminal tax system, introduced in the Bombay Presidency after 1915, was intended to mitigate some of the hardships of the octroi system. Under this new system which has been adopted in some towns with unequal success, light duties can be imposed on imports as well as exports. Refunds in the usual sense of the term are not allowed.

The house tax is another important source of revenue in urban localities and is assessed on the annual net rental value of lands and buildings. In certain towns, e. g. Surat, the tax is based on the capital value of real estate. The tax is payable by the owner in whose default it can be recovered from the

6. Arthur Collins, *Ratepayer's Money.*

tenants. Taxes on industrial and manufacturing premises are assessed either on their capital value (Ahmedabad), or according to measurement of the space occupied (Sholapur). Some local bodies levy a uniform or flat rate of taxation while others adopt a graded tax. The graded house tax in the case of some municipalities, e. g, Surat, is regressive in its incidence and presses more heavily on smaller properties. Here the rate of taxation decreases with the rise in property valuation.

Like the English General Rate, the house tax is considered to be a compromise between the two ideas of paying according to benefit received and paying according to the tax paying ability of the owner as represented by the annual rental value of real estate. Here also the annual value is not a reliable measure of benefits which may accrue to fixed property. Secondly, owners are taxed in respect of only one type of property. There are many people who while not owning fixed property of any sort, derive considerable income from other assets like bank investments, stocks, bonds, securities, etc. Why should not these people be made to contribute to local expenditure according to their ability? It is often said that under the octroi or terminal tax system every citizen is made to contribute to local revenue even though he does not feel the burden of the impost, for the person taxed "pays it by little and little as he has occasion to buy the goods." We have already indicated that the octroi duties are not levied in accordance with the principle of ability and that their pressure on the poorer classes is heavy. Nor can our grants-in-aid system be said to provide the necessary corrective to the inequities of local taxation as they do in Great Britain. It may be said that the Central Government should collect the income, inheritance and corporation taxes and distribute the proceeds among the Provinces and localities on the basis of population or total amount collected in their respective areas. In view, however, of the fact that even the Provincial authorities find it difficult to procure the proceeds of the income tax from the Central Government, it is most unlikely that the local authorities would be allowed a share in the yield of these taxes.

It will appear from the foregoing review of the three schemes of local taxation that, in each of them, the general

principle of payment according to ability is applied in combination with the principle of payment in proportion to direct benefit received, or "cost of the service or commodity supplied." This means that the theory of taxation according to the interests affected, cannot be a complete and absolute principle for the distribution of local finance. Local bodies all over the world are entrusted with functions whose benefits are general and can never be individualized or measured in terms of money. Local services like elementary education, medical relief and road maintenance have been assuming national importance and the burden of such services has to be distributed in proportion to the ability of the citizen to bear it. So to adopt "principles for local taxation, inconsistent with those adopted for national taxation, would be palpably indefensible." [7] It must, however, be admitted that local bodies are unable to make a reliable estimate of the personal property of the tax-payer for determining his ability. They have no efficient machinery to detect concealed income. The difficulties which are involved in localizing the wealth of a corporation or the income of the tax payer render a local income tax largely inoperative and arbitrary. Local bodies in Germany and Holland used to levy their own income taxes; but the freedom of the localities to levy such imposts has of late been taken away and these sources are now monopolized by the Central authorities. The local income tax failed chiefly because of the difficulties involved in the apportionment of taxable income among different taxable areas, and because of the resulting diversity of tax rates in different communities. Apart from immovable property holders, the freedom to move and thereby evade payment, emphasizes the personal character of the tax and displays its weakness as a reliable source of local revenue. Lord Goschen remarked, "It appears to me impossible to devise an equitable local income tax for you cannot localize income." We have already seen that this inherent defect in local taxation has in certain countries been corrected by centralizing the income tax and allowing the localities a share in its yield.

P. V. AGASHE

7. Sidgwick, *Principles of Political Economy.*

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